



SKANSKA

Q3 2016

Press release, October 28, 2016, 7:30 a.m. CET

We build for a better society.
BoKlok Lingonriset, Huddinge, Sweden

Nine month report, January–September 2016

Highlights

- Revenue amounted to SEK 109.1 billion (111.7); adjusted for currency effects, revenue was unchanged.
- Operating income amounted to SEK 4.9 billion (3.4); adjusted for currency effects, operating income increased by 45 percent.
- Earnings per share increased by 60 percent to SEK 9.30 (5.81).
- Operating cash flow from operations amounted to SEK –2.5 billion (–1.8).
- Operating net financial assets totaled SEK 9.2 billion (Jun. 30, 2016: 9.4).
- Order bookings in Construction amounted to SEK 130.6 billion (92.2); adjusted for currency effects, order bookings increased by 45 percent. The order backlog amounted to SEK 191.6 billion (Jun. 30, 2016: 177.9).
- Operating income in Construction amounted to SEK 2.3 billion (2.5), corresponding to an operating margin of 2.3 percent (2.4); adjusted for currency effects, operating income decreased by 6 percent.
- Operating income in Project Development amounted to SEK 3.3 billion (1.9); adjusted for currency effects, operating income increased by 66 percent.
- Return on capital employed in Project Development was 15.8 percent (14.6).
- Net investments in Project Development amounted to SEK –0.3 billion (–0.5).

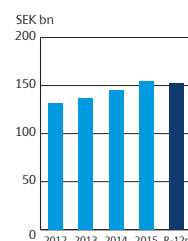
Performance analysis

Tables referring to segment reporting are in shaded background, for more information see page 16.
For definitions of non-IFRS financial measures see page 17-19.

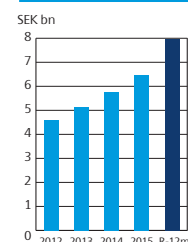
SEK M	Jan-Sep 2016	Jan-Sep 2015	Change, %	Jul-Sep 2016	Jul-Sep 2015	Change, %
Revenue						
Construction	99,174	102,669	–3	34,969	35,764	–2
Residential Development	8,735	9,101	–4	2,596	2,459	6
Commercial Property Development	7,553	3,629	108	1,339	970	38
Infrastructure Development	202	77	162	28	23	22
Central and eliminations	–6,594	–3,788	74	–2,411	–1,947	24
Skanska Group	109,070	111,688	–2	36,521	37,269	–2
Operating income						
Construction	2,282	2,476	–8	942	789	19
Residential Development	925	848	9	250	217	15
Commercial Property Development	2,014	676	198	202	109	85
Infrastructure Development	343	405	–15	126	153	–18
Central	–709	–955	–26	–226	–352	–36
Eliminations	44	–49	–	–28	–15	87
Operating income	4,899	3,401	44	1,266	901	41
Net financial items	–58	–371	–84	–17	–127	–87
Income after financial items	4,841	3,030	60	1,249	774	61
Taxes	–1,018	–635	60	–263	–116	127
Profit for the period	3,823	2,395	60	986	658	50
Earnings for the period per share, SEK	9.30	5.81	60	2.41	1.59	51
Earnings for the period per share according to IFRSs, SEK	8.31	5.36	55	1.99	1.34	48
Operating cash flow from operations	–2,482	–1,807	37	–596	389	–
Interest-bearing net receivables(+)/net debt(–)	–3,210	–3,376	–5	–3,210	–3,376	–5
Return on capital employed in Project Development, % ¹	15.8	14.6				
Operating net financial assets(+)/liabilities(–)	9,243	3,641	154			
Return on equity, % ¹	28.1	19.1				

¹ Rolling 12 months.

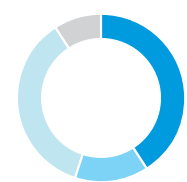
Revenue



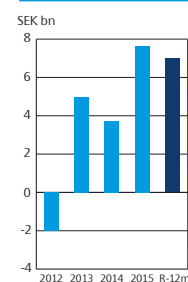
Operating income



Operating income per segment, R-12m, Sep 30, 2016



Operating cash flow from operations



Comments from Skanska's President and CEO Johan Karlström:



When comparing the first nine months of 2016 with the same period in 2015, we are delivering unchanged revenue in local currency, a significant increase in operating income and strong order bookings. The increased operating income is due to the continuously strong performance in Project Development. With a favorable market outlook, diversified development

portfolio, strong balance sheet and additional investments in Project Development, we expect this development to continue.

Performance in our **Construction** stream is stable in all units except for Poland, and we also have a continued challenging situation in USA Civil. As communicated earlier, the market in Poland is being negatively impacted by delays in the allocation of designated EU funds. This has led to a rapid decline in small to medium sized projects. During the third quarter we restructured and rightsized the Polish organization to achieve an adequate cost structure in relation to revenue. Unfortunately, this has led to more than one thousand employees leaving the company. This, together with weak performance in certain projects, is having a negative impact on the Polish operating margin. In the long term, the Polish market is expected to be robust as EU funds are in place. Profitability in USA Civil continues to be affected by the previously communicated design changes, lower revenue and increased S&A costs. We are working intensely to reach agreements with the clients about the design changes, but the processes are lengthy.

Order bookings were strong for the first nine months of 2016. In the U.S. a very strong second quarter was followed by a strong third quarter. As expected, order bookings in the UK picked up during the third quarter and we are maintaining a positive outlook for the remainder of the year. In the UK, Brexit will likely impact the non-residential building sector negatively, although the civil sector will improve as a result of increased investments to stimulate the British economy.

The **Residential Development** stream is maintaining its strong performance. The market is good in all Nordic countries and especially strong in Sweden, where we continue to see good affordability levels. The Swedish housing market has now absorbed the new mortgage amortization requirements implemented in June, as well as the initial uncertainty relating to Brexit, both of which impacted consumer confidence, which is a very important factor affecting willingness to buy a new home. In general we expect to see a continued strong residential development market going forward.

In our **Commercial Property Development** stream the divestment gains in 2016 are approaching the high level achieved for the full year 2015. During the year we have delivered divestments in the U.S. and the Nordics. Given our portfolio's size, diversification and continuous investments into it, we are expecting to see divestment opportunities in a strong leasing market and a low yield environment going forward.

In the **Infrastructure Development** stream we continue to bid for new projects. Market activity is high in the U.S. and we are also seeing positive signals in the Norwegian market. In October we announced the signing of a sales and purchase agreement for our ownership in the M25 orbital motorway in London, UK. We expect to report a divestment amounting to about SEK 2.9 billion in the first quarter of 2017. There is no doubt that the current low yield environment is having a positive impact on our portfolio valuation.

In summarizing our position and performance, I would like to point out that even though a majority of our Construction units are performing well, we are not satisfied with the performance in the Construction stream and we are working hard to improve the situation. Performance is, however, strong in our Project Development streams, and a solid development portfolio, strong balance sheet and very good market conditions are enabling us to continue investing and delivering strong results.



BoKlok Lingonriset in Huddinge, Sweden, a housing concept developed by Skanska and IKEA, providing affordable homes for everyone. This is a great example of synergies that is being created in Skanska, both financially and operationally. It involves both Skanska's Residential Development stream and Construction stream. The free working capital in Construction combined with the profits generated by the Group enables the financing of investments in development projects such as Lingonriset, which in turn generates an internal construction contract to the Construction stream. In close cooperation between Development and Construction a cost efficient process has been developed, and at the end of the cycle it also generates a development gain at divestment.

Market outlook, next 12 months

Minor revisions to the market outlook during the quarter

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

Construction

The overall construction market outlook continues to be positive.

The non-residential, residential building and civil markets in Sweden are strong although the landscape is competitive. In Norway, the outlook for the civil market remains positive but with significant and increasing competition in new bids. The non-residential market is improving due to increased public investments, while the residential building market is stable, with the exception of certain regions that are dependent on the energy sector. The overall market situation in Finland remains weak, with signs of the residential building market improving.

The civil market remains strong in the UK, whilst the uncertainty in the non-residential building market post Brexit continues. The civil market in Poland and Czech Republic are further impacted by delays in the allocation of designated EU funds.

In the U.S. the market for large and complex civil construction projects remains good, although competition is intense. The building construction market is experiencing a positive development in the aviation, education, mission critical and life science and healthcare sectors.

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

¹ Including Slovakia.

Residential Development

The Swedish residential market is still strong and the new amortization requirements has led to a more balanced market. The Norwegian market is stable but is being negatively affected by low oil prices in certain regions that are dependent on the energy sector. There are signs of improvement in the Finnish market.

In Central Europe the market is solid, with high transaction volumes and slightly higher sales prices.

Common to all home markets, except for Finland, is the challenge to acquire and develop land due to increasing prices and long permitting processes.

Nordic countries	
Sweden	➔
Norway	➔
Finland	➔
Central Europe	



Gjønneshagen, Oslo, Norway.

Commercial Property Development

Vacancy rates for office space in most of the Nordic and Central European cities where Skanska has operations are stable. Vacancy rates are low in Sweden in particular. Demand for office space is strong in Poland and continues to improve in other parts of Central Europe. In the U.S., demand from tenants continues to improve in Washington D.C. and remains strong in Boston and Seattle, while demand in Houston is weaker due to low oil prices.

Modern properties with high quality tenants are in demand from property investors, resulting in attractive valuations for these properties. In Sweden there is very strong demand from investors in newly developed properties. Investor appetite remains strong in the other Nordic countries and in Central Europe as well, especially in the major cities. Investor appetite is also strong in the U.S.

In all home markets, except for Finland, there is a challenge to acquire and develop land due to increasing prices and long permitting processes.

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

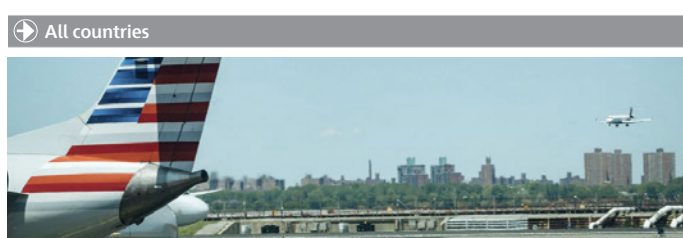


Hotel Hagaplan, Stockholm, Sweden.

Infrastructure Development

The Public Private Partnership (PPP) market in the U.S. is strong, albeit with considerable competition. The market in Norway is showing signs of improvement.

In the other markets the outlook for new PPP projects remains weak.

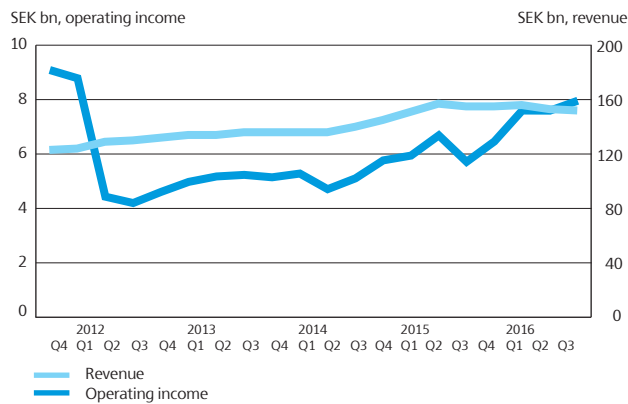


LaGuardia, New York, U.S.

Performance analysis

Group

Revenue and operating income, rolling 12 months



Revenue and earnings

SEK M	Jan-Sep 2016	Jan-Sep 2015	Change, %	Jul-Sep 2016	Jul-Sep 2015	Change, %
Revenue	109,070	111,688	-2	36,521	37,269	-2
Operating income ^{1,2}	4,899	3,401	44	1,266	901	41
Net financial items	-58	-371		-17	-127	
Income after financial items	4,841	3,030	60	1,249	774	61
Taxes	-1,018	-635		-263	-116	
Profit for the period	3,823	2,395	60	986	658	50
Earnings for the period per share, SEK ³	9.30	5.81	60	2.41	1.59	51
Earnings for the period per share according to IFRSs, SEK ³	8.31	5.36	55	1.99	1.34	48

1 Central, SEK -709 M (-955).

2 Eliminations, SEK 44 M (-49).

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

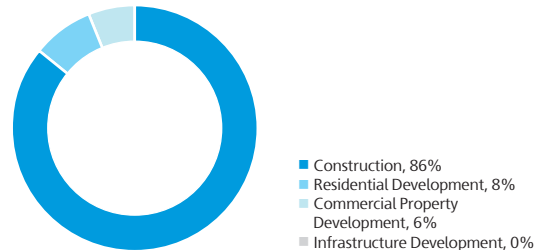
Changes and currency rate effects

	Jan-Sep 2016 / Jan-Sep 2015		
	Change in SEK	Change in local currency	Currency effect
Revenue	-2%	0%	-2%
Operating income	44%	45%	-1%

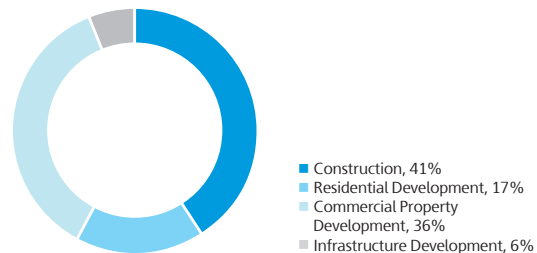
Revenue decreased by 2 percent and amounted to SEK 109.1 billion (111.7); adjusted for currency effects, revenue was unchanged.

Operating income increased by 44 percent and amounted to SEK 4.9 billion (3.4); adjusted for currency effects, operating income increased by 45 percent. The increase is mainly attributable to the Commercial Property Development stream. Currency effects had a negative impact on operating income and amounted to SEK -33 M. The comparable period includes writedowns in the U.S. Construction operations amounting to SEK 750 M.

Revenue per segment, January–September 2016



Operating income per segment, January–September 2016



The line chart above shows the revenue and operating income development over the past five years. The operating income from the second quarter of 2011 until the first quarter of 2012 includes a profit of SEK 4.5 billion from the sale of Autopista Central in Chile.

Central expenses totaled SEK -709 M (-955). As of January 1, 2013, the Latin American operation is included in Central. In the comparable period costs amounting to SEK 0.3 billion incurred in connection with closing down the Latin American operations. Skanska has no ongoing projects in Latin America. The elimination of gains in Intra-Group projects amounted to SEK 44 M (-49).

Net financial items amounted to SEK -58 M (-371). Lower interest costs and the absence of negative currency effects are the main reasons for the decrease. Non-recurring costs impacted the first quarter of 2016 by SEK -24 M, stemming from negative change in market value on interest rate swaps and in the comparable period by SEK -80 M, relating to a currency hedge closed prior to maturity.

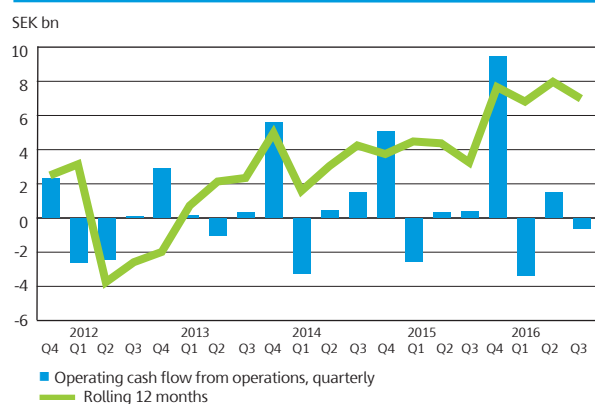
For a specification of net financial items according to IFRS, see page 21.

Taxes for the period amounted to SEK -1,018 M (-635), corresponding to an effective tax rate of about 21 (21) percent.

Cash flow

Group

Operating cash flow from operations



Operating cash flow

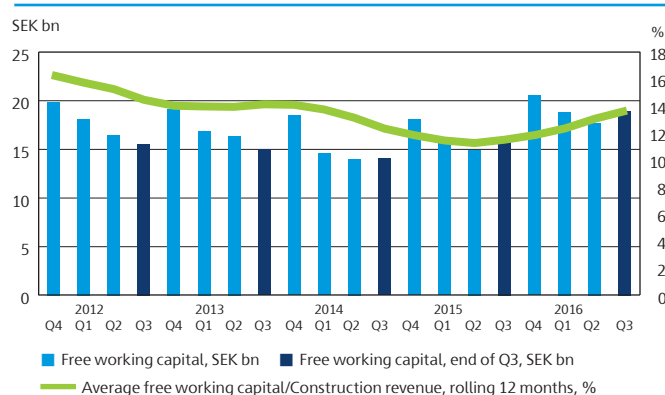
SEK M	Jan-Sep 2016	Jan-Sep 2015	Change, %	Jul-Sep 2016	Jul-Sep 2015	Change, %
Cash flow from business operations	1,836	2,138	-14	725	549	32
Change in working capital	-1,955	-1,000	96	834	1,838	-55
Net divestments(+)/investments(-)	-1,355	-1,653	-18	-2,031	-1,798	13
Cash flow adjustment	-31	-47	-34	30	14	114
Cash flow from business operations before taxes paid	-1,505	-562	168	-442	603	-
Taxes paid in business operations	-979	-834	17	-145	-250	-42
Cash flow from financing operations	2	-411	-	-9	36	-
Operating cash flow from operations	-2,482	-1,807	37	-596	389	-
Net strategic divestments(+)/investments(-)	338	368	-8	193	368	-48
Dividend etc	-3,739	-3,124	20	-132	-153	-14
Cash flow before change in interest-bearing receivables and liabilities	-5,883	-4,563	29	-535	604	-
Change in interest-bearing receivables and liabilities	-1,548	-1,898	-18	-943	-1,313	-28
Cash flow for the period	-7,431	-6,461	15	-1,478	-709	108

Operating cash flow from operations amounted to SEK -2,482 M (-1,807). Net investments totaled SEK -1,355 M (-1,653). Change in working capital impacted cash flow negatively in the amount of SEK -1,955 M (-1,000), and is the main reason for the increase in negative operating cash flow from operations compared to the first nine months of 2015.

Taxes paid in business operations amounted to SEK -979 M (-834).

Commercial properties sold but not yet transferred will have a positive effect on cash flow of about SEK 2.4 billion, of which SEK 0.8 billion in the final quarter of 2016.

Free working capital in Construction



The free working capital in Construction amounted to SEK 18.9 billion (16.3) with the average free working capital in relation to revenue in Construction in the past 12 months at 13.6 percent. The free working capital in construction has increased due to improved cash flow profile in a number of projects and the maintained focus on cash generation in the Construction stream. Cash flow due to changes in working capital in Construction amounted to SEK -2,115 M (-2,259), a normal seasonal pattern.

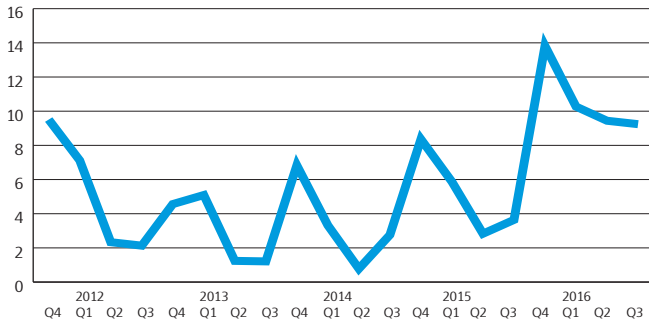


Oculus, World Trade Center, New York, U.S.

Financial position

Operating net financial assets/liabilities

SEK bn



Balance sheet – Summary

SEK bn	Sep 30, 2016	Sep 30, 2015	Dec 31, 2015
Total assets	99.0	94.5	97.7
Total equity	21.2	21.4	24.2
Interest-bearing net receivables (+)/net debt (–)	–3.2	–3.4	6.3
Operating net financial assets(+)/liabilities(–)	9.2	3.6	13.8
Capital employed, closing balance	38.7	36.3	38.4
Equity/assets ratio, %	21.4	22.7	24.8

Change in interest-bearing receivables and liabilities

SEK M	Jan-Sep 2016	Jan-Sep 2015	Jul-Sep 2016	Jul-Sep 2015	Jan-Dec 2015
Opening balance interest-bearing net receivables(+)/net debt(–)	6,317	698	–463	–3,909	698
Cash flow for the period	–7,431	–6,461	–1,478	–709	2,655
Less change in interest-bearing receivables and liabilities	1,548	1,898	943	1,313	2,235
Cash flow before change in interest-bearing receivables and liabilities	–5,883	–4,563	–535	604	4,890
Translation differences, net receivables/net debt	367	455	324	–71	266
Remeasurements of pension liabilities	–3,663	213	–2,413	25	608
Interest-bearing liabilities acquired/divested	–95	62	–95	62	120
Other changes, interest-bearing net receivables/net debt	–253	–241	–28	–87	–265
Change in interest-bearing net receivables/net debt	–9,527	–4,074	–2,747	533	5,619
Closing balance interest-bearing net receivables(+)/net debt(–)	–3,210	–3,376	–3,210	–3,376	6,317
Pension liability, net	7,099	4,135	7,099	4,135	3,740
Loans to housing co-ops	5,354	2,882	5,354	2,882	3,761
Closing balance operating net financial assets(+)/liabilities(–)	9,243	3,641	9,243	3,641	13,818

The operating net financial assets amounted to SEK 9.2 billion (Jun. 30, 2016: 9.4). The interest-bearing net debt amounted to SEK –3.2 billion (Jun. 30, 2016: –0.5). The increase is mainly attributable to an increase in the net pension liability. Proceeds from properties sold but not yet transferred will have a positive effect of about SEK 2.4 billion, of which SEK 0.8 billion in the final quarter of 2016.

Skanska's committed unutilized credit facilities of SEK 5.7 billion, in combination with operating net financial assets of SEK 9.2 billion, ensure a strong financial capacity for the Group. Loans to housing co-ops totaled SEK 5.4 billion (Jun. 30, 2016: 5.0) and the net pension liabilities totaled SEK 7.1 billion (Jun. 30, 2016: 4.9), an increase by SEK 2.2 billion mainly due to lower discount rates in the UK and Sweden. At the end of the quarter, capital employed amounted to SEK 38.7 billion (Jun. 30, 2016: 36.7).

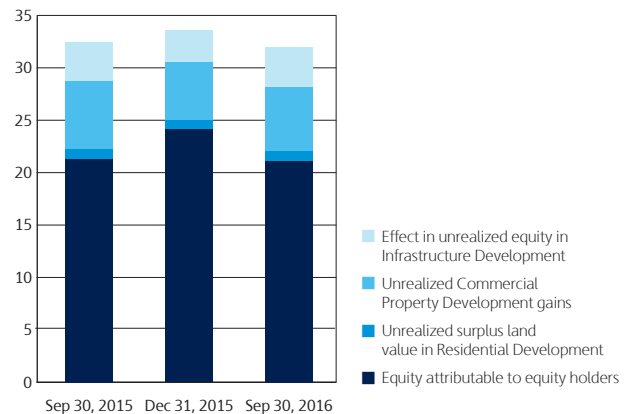
Equity

Changes in equity

SEK M	Jan-Sep 2016	Jan-Sep 2015	Jul-Sep 2016	Jul-Sep 2015	Jan-Dec 2015
Opening balance	24,206	21,405	21,938	21,057	21,405
Dividend to shareholders	–3,075	–2,775	0	0	–2,775
Other changes in equity not included in total comprehensive income for the year	–447	–158	–62	–91	–192
Profit for the period	3,417	2,209	816	554	4,791
Other comprehensive income					
Translation differences	932	434	673	17	47
Effects of remeasurements of pensions	–3,230	232	–2,124	69	610
Effects of cash flow hedges	–582	93	–20	–166	320
Closing balance	21,221	21,440	21,221	21,440	24,206

Adjusted equity, less standard tax of 10 percent

SEK bn



The Group's equity amounted to SEK 21.2 billion (21.4), the equity/assets ratio was 21.4 percent (22.7) and the net debt/equity ratio amounted to 0.2 (0.2).

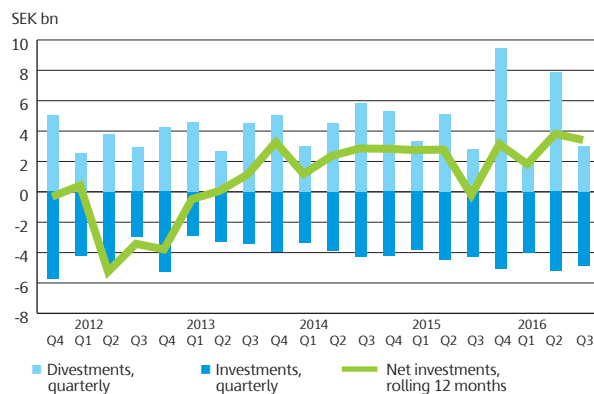
The effects of remeasurements of pensions amounted to SEK –3,230 M (232). The change is mainly related to lower discount rates in the UK and Sweden. The effects of cash flow hedges, SEK –582 M (93) are mainly related to changes in the value of interest-rate swaps attributable to Infrastructure Development projects.

Translation differences amounted to SEK 932 M (434). As of December 31, 2015, Skanska no longer hedges its equity in foreign subsidiaries against the Swedish krona.

The unrealized surplus values less standard tax in the development units amounted to SEK 10.9 billion (Jun. 30, 2016: 10.5), of which SEK 0.5 billion is realized according to segment reporting.

Investments and divestments

Investments and divestments



The Group's investments amounted to SEK –14,024 M (–12,553). Divestments amounted to SEK 13,007 M (11,268) and the Group's net investments amounted to SEK –1,017 M (–1,285).

In Construction, investments totaled SEK –1,280 M (–1,227). The investments were mainly related to property, plant and equipment for the Group's own production. Net investments in Construction amounted to SEK –792 M (–1,024). Depreciation of property, plant and equipment amounted to SEK –943 M (–1,026).

In Residential Development, investments totaled SEK –6,197 M (–5,070), of which about SEK –1,356 M (–1,262) relates to the acquisition of land corresponding to 4,019 building rights. Divestments amounted to SEK 5,054 M (6,937). Net investments in Residential Development amounted to SEK –1,143 M (1,867).

In Commercial Property Development, investments totaled SEK –5,681 M (–5,947) of which SEK –1,141 M (–992) related to investments in new land. Divestments amounted to SEK 7,282 M (3,692). Net divestments in Commercial Property Development amounted to SEK 1,601 M (–2,255).

Investments in Infrastructure Development amounted to SEK –760 M (–144). Divestments amounted to SEK 15 M (11).

Investments, divestments and net divestments/investments

SEK M	Jan-Sep 2016	Jan-Sep 2015	Change, %	Jul-Sep 2016	Jul-Sep 2015	Change, %
Investments						
Construction	–1,280	–1,227	4	–453	–413	10
Residential Development	–6,197	–5,070	22	–1,906	–1,668	14
Commercial Property Development	–5,681	–5,947	–4	–1,901	–2,101	–10
Infrastructure Development	–760	–144	428	–542	–36	1,406
Other	–106	–165		–27	–62	
Total	–14,024	–12,553	12	–4,829	–4,280	13
Divestments						
Construction	488	203	140	285	114	150
Residential Development	5,054	6,937	–27	1,718	1,435	20
Commercial Property Development	7,282	3,692	97	975	929	5
Infrastructure Development	15	11	36	0	0	–
Other	168	425		13	372	
Total	13,007	11,268	15	2,991	2,850	5
Net divestments(+)/ investments(–)						
Construction	–792	–1,024	–23	–168	–299	–44
Residential Development	–1,143	1,867	–	–188	–233	–19
Commercial Property Development	1,601	–2,255	–	–926	–1,172	–21
Infrastructure Development	–745	–133	460	–542	–36	1,406
Other	62	260		–14	310	
Total	–1,017	–1,285	–21	–1,838	–1,430	29
Of which strategic	338	368		193	368	

Capital employed in Development Streams

SEK M	Sep 30, 2016	Sep 30, 2015	Dec 31, 2015
Residential Development	10,707	8,660	9,277
Commercial Property Development	18,517	18,504	16,510
Infrastructure Development	2,071	2,143	1,843
Total in Development Streams	31,295	29,307	27,630



Investment in multi-family development, Washington, D.C., U.S.

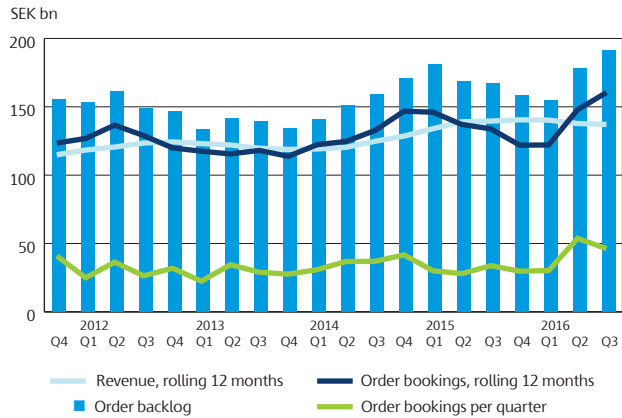


Divestment of office property, Karlstad, Sweden.

Performance analysis, business streams

Construction – Order situation

Order backlog, revenue and order bookings



Order bookings and order backlog in Construction

SEK bn	Jan-Sep 2016	Jan-Sep 2015	Jul-Sep 2016	Jul-Sep 2015
Order bookings	130.6	92.2	46.4	33.9
Order backlog ¹	191.6	167.5	–	–

¹ Refers to the end of each period.

Order bookings amounted to SEK 130.6 billion (92.2); adjusted for currency effects, order bookings increased by 45 percent. A majority of the business units had higher order bookings than revenue in the first nine months. On a rolling 12 months basis the book-to-build ratio was 117 percent (Jun. 30, 2016: 107). Order bookings in the U.S. business were especially strong, driven by the LaGuardia project.

At the end of the quarter, the order backlog amounted to SEK 191.6 billion, compared to 177.9 billion at the end of the previous quarter. The order backlog corresponds to about 17 months of production (Jun. 30, 2016: 15).

Changes and currency rate effects

	Change in SEK	Change in local currency	Currency effect
Jan-Sep 2016 / Jan-Sep 2015			
Order bookings	42%	45%	-3%
Sep 30, 2016 / Jun 30, 2016			
Order backlog	8%	6%	2%

Major orders in the quarter

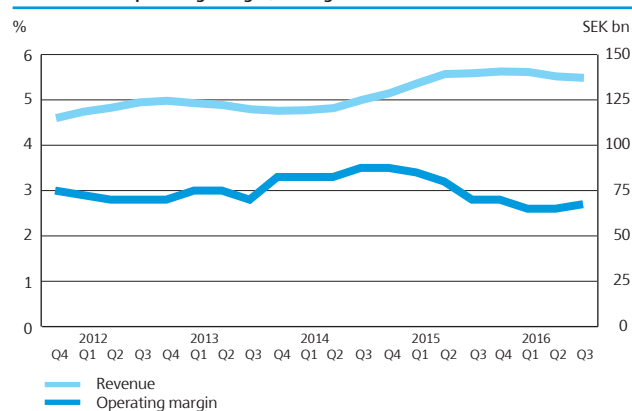
Business Unit	Contract	Amount SEK M	Client
Skanska UK	Highway	3,400	Highways England
Skanska USA Civil	Bridge	3,300	FDOT
Skanska USA Civil	Light Rail	2,600	SANDAG
Skanska Czech Republic	Highway	1,800	National Highway Authority
Skanska USA Building	Hospital	1,700	Inspira Health Network
Skanska Sweden	Bridge	1,400	City of Gothenburg Urban Transport Administration



Hisingsbron, Gothenburg, Sweden.

Construction

Revenue and operating margin, rolling 12 months



Revenue and earnings

SEK M	Jan-Sep 2016	Jan-Sep 2015	Change, %	Jul-Sep 2016	Jul-Sep 2015	Change, %
Revenue	99,174	102,669	-3	34,969	35,764	-2
Gross income	7,105	6,962	2	2,540	2,207	15
Selling and administrative expenses	-4,845	-4,513	7	-1,613	-1,433	13
Income from joint ventures and associated companies	22	27		15	15	
Operating income	2,282	2,476	-8	942	789	19
Gross margin, %	7.2	6.8		7.3	6.2	
Selling and administrative expenses, %	-4.9	-4.4		-4.6	-4.0	
Operating margin, %	2.3	2.4		2.7	2.2	
Employees	41,310	42,556				

Changes and currency rate effects

	Jan-Sep 2016 / Jan-Sep 2015		
	Change in SEK	Change in local currency	Currency effect
Revenue	-3%	-1%	-2%
Operating income	-8%	-6%	-2%

Revenue in the Construction business stream decreased by 3 percent and amounted to SEK 99.2 billion (102.7); adjusted for currency effects, the revenue decreased by 1 percent. Operating income amounted to SEK 2,282 M (2,476); adjusted for currency effects, operating income decreased by 6 percent. The operating margin was 2.3 percent (2.4). The comparable period includes writedowns in the U.S. Construction operations amounting to SEK 750 M.

The majority of the Construction units had a stable performance but as communicated earlier the market in Poland is negatively impacted by delays in the allocation of designated EU funds. This has led to a rapid decrease of small to medium sized projects. During the third quarter the Polish organization has been restructured and rightsized in order to achieve an adequate cost structure in relation to revenue. More than one thousand employees have been laid-off. This, together with weak performance in certain projects, affects the Polish operating margin negatively. Long-term, the Polish market is viewed as being robust as EU funds are in place.

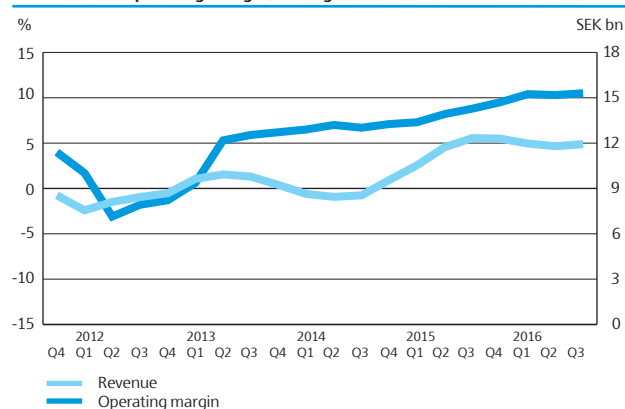
The profitability in USA Civil continues to be affected by the previous design changes, lower revenue and increased S&A costs as communicated earlier. The intense work to reach agreements with the clients about the design changes continues, but the processes are lengthy.



Hospital building, Karolinska University Hospital, Huddinge, Sweden.

Residential Development

Revenue and operating margin, rolling 12 months



Revenue and earnings

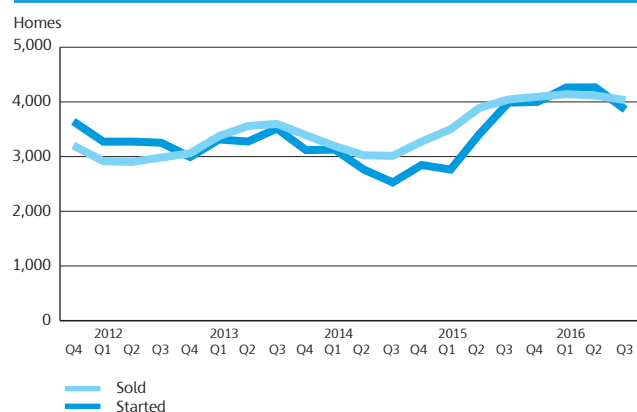
SEK M	Jan-Sep 2016	Jan-Sep 2015	Change, %	Jul-Sep 2016	Jul-Sep 2015	Change, %
Revenue	8,735	9,101	-4	2,596	2,459	6
Gross income	1,351	1,271	6	377	334	13
Selling and administrative expenses	-426	-423	1	-127	-117	9
Income from joint ventures and associated companies	0	0		0	0	
Operating income	925	848	9	250	217	15
Gross margin, %	15.5	14.0		14.5	13.6	
Selling and administrative expenses, %	-4.9	-4.6		-4.9	-4.8	
Operating margin, %	10.6	9.3		9.6	8.8	
Return on capital employed, % ¹	14.2	12.7		-	-	

¹ Rolling 12 months. See definition on page 18.

Revenue in the Residential Development business stream amounted to SEK 8,735 M (9,101). The number of homes sold totaled 2,978 (3,035) in the first nine months of 2016. Operating income amounted to SEK 925 M (848). The operating margin increased to 10.6 percent (9.3) and was especially strong in Sweden. In Central Europe a non-recurring cost related to adjustment of land value was taken in the second quarter.

The return on capital employed increased to 14.2 percent (12.7), partially due to the effects of strong volumes in a rising market where the build-up of capital employed is lagging somewhat but will catch up during the remainder of 2016.

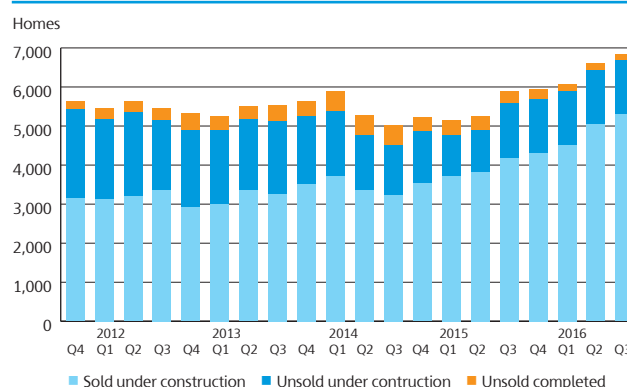
Homes sold and started, rolling 12 months



Homes sold and started

	Jan-Sep 2016	Jan-Sep 2015
Homes sold	2,978	3,035
Homes started	2,926	3,051

Homes under construction and unsold



Homes under construction and unsold

	Sep 30, 2016	Sep 30, 2015	Dec 31, 2015
Homes under construction	6,680	5,589	5,689
of which sold, %	79	75	76
Completed unsold, number of homes	174	308	237

At the end of the quarter, there were 6,680 homes (Jun. 30, 2016: 6,424) under construction. Of these, 79 percent (Jun. 30, 2016: 78) were sold. The number of completed, unsold homes totaled 174 (Jun. 30, 2016: 190) and most of these homes are in Finland and Norway. Efforts to reduce the number of unsold completed units in Finland and Norway remain. In the first nine months of 2016, construction was started on 2,926 homes (3,051).

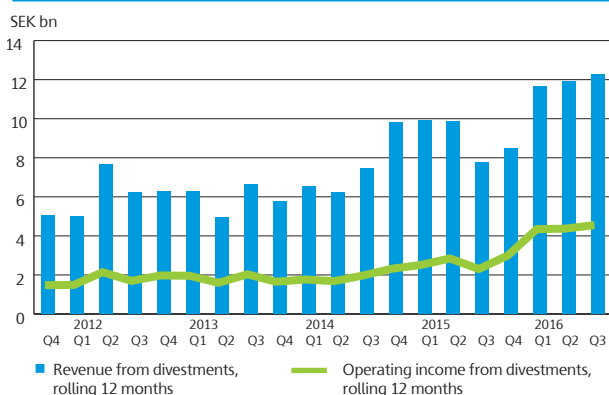
Breakdown of carrying amounts

SEK M	Sep 30, 2016	Sep 30, 2015	Dec 31, 2015
Completed projects	847	1,270	934
Ongoing projects	6,112	3,684	4,329
Undeveloped land and development properties	5,799	5,399	5,107
Total	12,758	10,353	10,370

A breakdown of the carrying amounts is presented in the table above. Undeveloped land and development properties amounted to SEK 5.8 billion (Jun. 30, 2016: 5.5), with an estimated market value of around SEK 6.8 billion (Jun. 30, 2016: 6.5). The undeveloped land and development properties correspond to Skanska-owned building rights for 25,500 homes and 520 building rights held by joint ventures. In addition, subject to certain conditions, the business stream has the right to purchase 10,990 building rights.

Commercial Property Development

Revenue and operating income from property divestments



Revenue and earnings

SEK M	Jan-Sep 2016	Jan-Sep 2015	Change, %	Jul-Sep 2016	Jul-Sep 2015	Change, %
Revenue	7,553	3,629	108	1,339	970	38
of which from divestment of properties	7,060	3,267	116	1,198	838	43
Gross income	2,531	1,138	122	364	261	39
Selling and administrative expenses	-522	-470	11	-164	-154	6
Income from joint ventures and associated companies	5	8		2	2	
Operating income	2,014	676	198	202	109	85
of which from divestment of properties	2,390	1,051	127	350	195	79
Return on capital employed, % ¹	16.5	13.9				

¹ Rolling 12 months. See definition on page 18.

In the Commercial Property Development business stream, divestments worth SEK 7,060 M (3,267) were made in the first nine months of 2016. Operating income amounted to SEK 2,014 M (676), and included gains from property divestments totaling SEK 2,390 M (1,051). The return on capital employed increased to 16.5 percent (13.9).

Breakdown of investment value and market value

SEK M	Investment value, end of period	Investment value upon completion	Market value ¹	Occupancy rate, %	Degree of completion, %
Ongoing projects ²	7,844	18,670	23,463	41	42
Completed projects ³	4,931	4,931	6,619	63	100
Undeveloped land and development properties	7,174	7,174	7,539		
Total	19,949	30,775	37,621		
of which carrying amount ⁴	19,013	29,535			
of which completed projects sold according to segment reporting	0	0	0		
of which ongoing projects sold according to segment reporting	1,207	1,820	2,354		

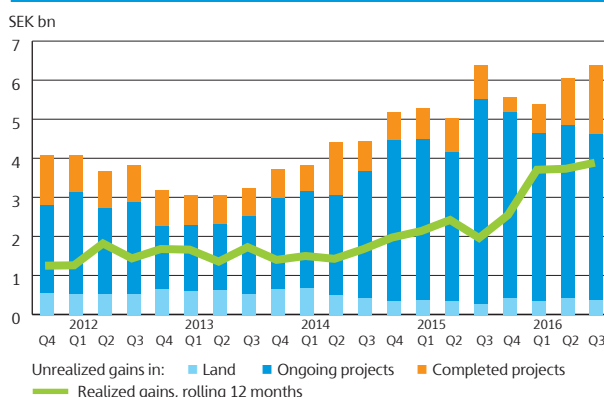
¹ Market value according to appraisal on December 31, 2015. Estimated market value at completion fully leased.

² Skanska's share of total production cost in JVs is SEK 693 M (end of period) and SEK 1,089 M (upon completion).

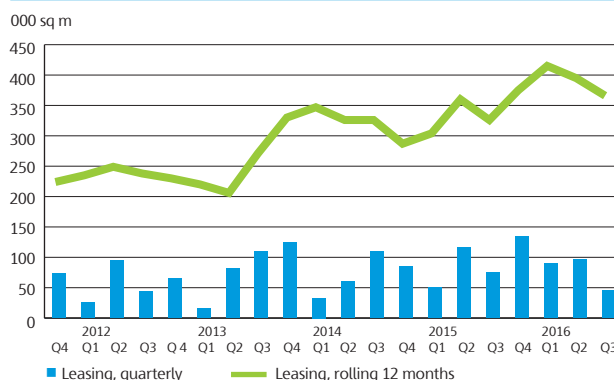
³ Skanska's share of total production cost in JVs is SEK 896 M end of period and upon completion

⁴ Includes Skanska's total equity investment in JV of SEK 653 M (end of period) and SEK 745 M (upon completion) and tenant improvement and leasing commissions in CDUS of 129 MSEK (Completed projects) and 34 MSEK (Ongoing projects).

Unrealized and realized gains



Leasing



At the end of the quarter, Commercial Property Development had 43 ongoing projects out of which two projects are developed in joint ventures. In the third quarter, five new projects were started, nine projects were completed, of which five were handed over. The 43 ongoing projects represent leasable space of about 689,000 sq m with an occupancy rate of 41 percent, measured in rent. The degree of completion is 42 percent. Their investment value upon completion is expected to total SEK 18.7 billion, with an estimated market value of SEK 23.5 billion upon completion.

Of the ongoing projects, eight were divested according to segment reporting. These projects represent an investment value upon completion of SEK 1.8 billion, with a market value of SEK 2.4 billion.

The market value of completed projects, excluding properties divested but not yet transferred to the buyers, was SEK 6.6 billion. The occupancy rate measured in rent totaled 63 percent.

At the end of the quarter the unrealized gains, excluding properties divested but not yet transferred to the buyers, totaled SEK 6.4 billion divided by SEK 4.3 billion in ongoing projects, SEK 1.7 billion in completed projects and SEK 0.4 billion in undeveloped land and development properties. Realized gains accumulated to SEK 2.4 billion (1.1) and on a rolling 12 months basis, SEK 3.9 billion.

Accumulated eliminations of intra-Group project gains amounted to SEK 296 M at the end of the period. These eliminations are released at Group level as each project is divested.

During the first nine months new leases were signed for 232,000 sq m (241,000). Notable lease contracts during the quarter include the lease for 8,600 sq m with Merck Sharp & Dohme (MSD) in Prague.

Infrastructure Development

Revenue and earnings

SEK M	Jan-Sep 2016	Jan-Sep 2015	Change, %	Jul-Sep 2016	Jul-Sep 2015	Change, %
Revenue	202	77	162	28	23	22
Gross income	55	-87	-	-29	-27	7
Selling and administrative expenses	-113	-112	1	-27	-35	-23
Income from joint ventures and associated companies	401	604	-34	182	215	-15
Operating income	343	405	-15	126	153	-18
of which gains from divestments of shares in projects	0	0	-	0	0	-
Return on capital employed, % ¹	16.6	23.1				

¹ Rolling 12 months. See definition on page 18.

The operating income for the Infrastructure Development business stream totaled SEK 343 M (405). The return on capital employed decreased to 16.6 percent (23.1).

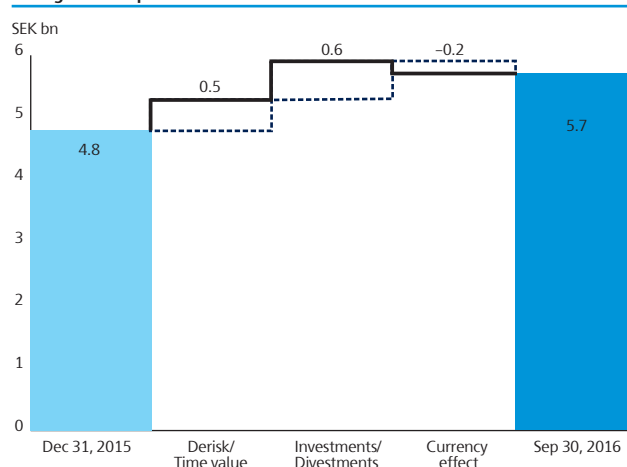
The net present value of projects at the end of the period increased to SEK 5.7 billion (Dec. 31, 2015: 4.8), mainly driven by increased investments and time value. The remaining investment obligations relating to ongoing Infrastructure Development projects amounted to about SEK -0.8 billion (Dec. 31, 2015: -1.3).

Unrealized development gains

SEK bn	Sep 30, 2016	Sep 30, 2015	Dec 31, 2015
Present value of cash flow from projects	6.5	7.2	6.1
Present value of remaining investments	-0.8	-1.3	-1.3
Net present value of projects	5.7	5.9	4.8
Carrying amount before Cash flow hedge / Carrying amount	-3.8	-3.7	-3.1
Unrealized development gain	1.9	2.2	1.7
Cash flow hedge	2.1	1.8	1.6
Effect in unrealized equity ¹	4.0	4.0	3.3

¹ Tax effects not included.

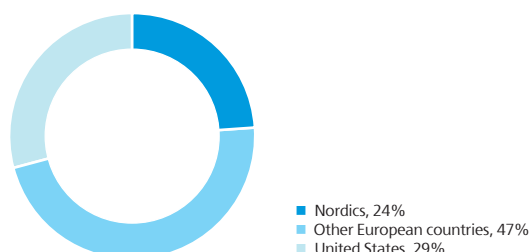
Changes in net present value



At the end of the period, the carrying amount of shares, participations, subordinated receivables and concessions in Infrastructure Development before cash-flow hedges was SEK 3.8 billion (Dec. 31, 2015: 3.1). At the end of the quarter, unrealized development gains totaled about SEK 1.9 billion (Dec. 31, 2015: 1.7).

Cash flow hedges, for which the change in value is recognized as other comprehensive income, reduced the carrying amount and thereby also equity, by an amount of SEK 2.1 billion (Dec. 31, 2015: 1.6).

Estimated present value of cash flow from projects per geographic area



New Karolinska Solna, Stockholm, Sweden.

Personnel

During the period, the average number of employees in the Group was 43,060 (53,366). The decrease is mainly attributable to the closing down of the operations in Latin America. At the end of the quarter the number of employees amounted to 42,128 (Jun. 30, 2016: 43,342). The decrease is mainly attributable to adjustments in the Polish organization.

Transactions with related parties

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

Material risks and uncertainties

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

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

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

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

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

Update on Skanska Brasil and Czech Republic

As announced in March 2015, Skanska Brasil became involved in investigations by the Brazilian Comptroller General (CGU) and the Administrative Council of Economic Defense (CADE). These investigations focused on corruption and competition matters in relation to certain Petrobras projects. In late 2015, the two entities initiated administrative proceedings against Skanska Brasil and twenty other companies. In June 2016, the CGU (now known as the Ministry of Transparency, Inspection and Control) excluded Skanska from public procurement for a period of no less than 2 years. The CADE proceeding remains in its early stages and is expected to carry on for a number of years.

Other authorities have also commenced proceedings arising from the same investigation. As Skanska announced in April 2016, the Brazilian Federal Government (AGU) brought a civil suit against seven companies, including Skanska Brasil, as well as seven individuals unrelated to Skanska. That proceeding focused on allegedly improper payments by one of Skanska Brasil's joint venture partners. The Judge has decided to reject the claim against Skanska Brasil. In the case going forward, one of our joint venture partners will remain defendant in the lawsuit. This decision has been appealed by AGU.

There is considerable uncertainty as to how all of these proceedings will develop and when they will conclude.

In July 2014, and prior to these Brazilian proceedings, Skanska

decided to exit the Latin American market, following several years of financial losses. Skanska replaced the local management in Latin America and appointed qualified personnel from Sweden to direct the closing of the Latin American operations. Skanska has had no ongoing projects in Latin America since March 2016.

Skanska has been informed by the prosecutor in Stockholm that this authority has initiated a preliminary investigation into matters relating to Skanska's businesses in Brazil and the Czech Republic.

Other matters

Repurchase of shares

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

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

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

Acquisition, or transfer, may only be made on Nasdaq Stockholm within the price interval prevailing at any given time, meaning the interval between the highest purchase price and the lowest selling price. On September 30, Skanska held 10,613,398 Series B shares in its own custody.

Events after the end of the report period

On October 6, Skanska signed a Sale and Purchase Agreement (SPA) for its investment in the M25 motorway in London, UK, for about SEK 2.9 billion. The buyer, Edge Orbital Holdings Limited, is a consortium of institutional investors arranged and advised by Macquarie Capital (Europe) Limited. The transaction is expected to be recorded by Skanska Infrastructure Development in the first quarter of 2017.

Financial reports for 2016

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

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

February 3, 2017 Year-end report

Stockholm October 28, 2016

Johan Karlström
President and Chief Executive Officer

Auditors' Review Report concerning this interim report

Introduction

We have reviewed the summary Nine Month Report (interim report) of Skanska AB (publ.) as of 30 September 2016 and the nine-month 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 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 International Standard on Review Engagements ISRE 2410 Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A review of interim financial information 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 practices and consequently does 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, for the Group in accordance with IAS 34 and the Annual Accounts Act, and for the Parent Company in accordance with the Annual Accounts Act.

Other information

The review of the interim report as of 30 September 2015 and the nine-month period then ended was performed by another audit firm, which issued an unqualified review opinion dated 28 October 2015. The audit of the annual report for 2015 was audited by the same accounting firm, which issued an unqualified audit opinion dated 4 March 2016.

Stockholm October 28, 2016
Ernst & Young AB

Hamish Mabon
Authorized public accountant

Jonas Svensson
Authorized public accountant

Accounting principles

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

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

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

Segment and IFRS reporting

Skanska’s business streams Construction, Residential Development, Commercial Property Development and Infrastructure Development 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 under the percentage of completion (“PoC”) method 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 the construction units in

the Construction segment in each market. In the segment reporting Residential Development recognizes revenue and earnings when binding 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 binding 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.

Infrastructure Development specializes in identifying, developing and investing in privately financed infrastructure projects, such as highways, hospitals and power-generation plants. The business stream focuses on creating new potential projects, mainly in the markets where the Group has operations. Construction assignments are in most markets performed by Skanska’s Construction segment. Revenues and earnings are reported under the percentage of completion (“PoC”) method for both segment and IFRS reporting.

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.

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

Definitions

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

Non-IFRS financial measures

Definition	Reason for use
The following measures are used as it is viewed as the best and most accurate way to measure Skanska's operations reflecting our business model and strategy and thus assist investors and management in analyzing trends and performance in Skanska.	
Revenue Segment	Measure revenue generated in current market environment.
Gross income	Measure profit generated from projects.
Gross margin	Measure profitability in projects.
Selling and admin expenses %	Measure cost efficiency in selling and administrative expenses.
Operating income	Measure profit generated from operations.
Operating income segment	Measure profit generated from operations in current market environment.
Operating income rolling 12 months	Measure profit generated from operations.
Operating margin	Measure profitability in operations.
Net financial items	Measure total net for financial activities.
Income after financial items	Measure profit generated before taxes.
Earnings per share, segment	Measure earnings per share, segment
Book-to-build, rolling 12 months	Measures to which extent new orders are replacing work put in place.
Unrealized gains, Commercial Property Development (CD)	Measure potential realization of future gains in Commercial Property Development.
Capital employed, Group	Measure capital usage and efficiency.
Capital employed, Stream	Measure capital usage and efficiency in a Stream.
Capital employed Residential Development (RD) SEK M	Measure capital usage and efficiency in Residential Development.
Capital employed Commercial Property Development (CD) SEK M	Measure capital usage and efficiency in Commercial Property Development.
Capital employed Infrastructure Development (ID) SEK M	Measure capital usage and efficiency in Infrastructure Development.

Non-IFRS financial measures

Definition

Reason for use

Capital employed average	Calculated on the basis of five measuring points; see below.																																																																																				
ROCE in Project Development, segment	Adjusted profit (operating income, financial income minus interest income from Skanska's treasury unit (internal bank) and other financial items. For the RD and CD segments, capitalized interest expense is removed from operating income so that the return reflects the unleveraged return) as a percentage of average capital employed. When calculating Roce for Infrastructure Development the financial income minus interest income from Skanska's treasury unit (internal bank) and other financial items are reversed. The average capital employed is adjusted for IAS39 and for tax in our US projects, that are set up as Limited liability companies, non-taxable legal entities.				Measure the performance (profitability and capital efficiency) in Project Development.																																																																																
ROCE in RD segment, rolling 12 months excluding RD UK (as this is closing down) SEK M	<table><tr><td>Operating income</td><td></td><td></td><td></td><td>1,213</td></tr><tr><td>+ capitalized interest expense</td><td></td><td></td><td></td><td>140</td></tr><tr><td>+/- financial income and other financial items</td><td></td><td></td><td></td><td>7</td></tr><tr><td>– interest income from internal bank</td><td></td><td></td><td></td><td>–2</td></tr><tr><td>Adjusted profit</td><td></td><td></td><td></td><td>1,358</td></tr><tr><td>Capital employed average*</td><td></td><td></td><td></td><td>9,537</td></tr><tr><td>ROCE RD</td><td></td><td></td><td></td><td>14.2%</td></tr><tr><td colspan="5"> </td></tr><tr><td colspan="5">* Capital employed average</td></tr><tr><td>Q3 2016</td><td>10,743</td><td>0.5</td><td>5,372</td><td></td></tr><tr><td>Q2 2016</td><td>10,280</td><td></td><td>10,280</td><td></td></tr><tr><td>Q1 2016</td><td>9,171</td><td></td><td>9,171</td><td></td></tr><tr><td>Q4 2015</td><td>9,082</td><td></td><td>9,082</td><td></td></tr><tr><td>Q3 2015</td><td>8,489</td><td>0.5</td><td>4,245</td><td></td></tr><tr><td></td><td></td><td></td><td><u>38,150 / 4</u></td><td>9,537</td></tr></table>				Operating income				1,213	+ capitalized interest expense				140	+/- financial income and other financial items				7	– interest income from internal bank				–2	Adjusted profit				1,358	Capital employed average*				9,537	ROCE RD				14.2%						* Capital employed average					Q3 2016	10,743	0.5	5,372		Q2 2016	10,280		10,280		Q1 2016	9,171		9,171		Q4 2015	9,082		9,082		Q3 2015	8,489	0.5	4,245					<u>38,150 / 4</u>	9,537	Measure the performance (profitability and capital efficiency) in RD.					
Operating income				1,213																																																																																	
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ROCE in CD segment, rolling 12 months SEK M	For the Commercial Property Development the profit is adjusted so that the change in value of projects in progress and the difference between the market value and selling price for the year is reflected. <table><tr><td>Operating income</td><td></td><td></td><td></td><td>3,285</td></tr><tr><td>+/- adjustments as mentioned above</td><td></td><td></td><td></td><td>–518</td></tr><tr><td>+ capitalized interest expense</td><td></td><td></td><td></td><td>142</td></tr><tr><td>+/- financial income and other financial items</td><td></td><td></td><td></td><td>–5</td></tr><tr><td>- interest income from internal bank</td><td></td><td></td><td></td><td>–2</td></tr><tr><td>Adjusted profit</td><td></td><td></td><td></td><td>2,902</td></tr><tr><td>Capital employed average*</td><td></td><td></td><td></td><td>17,563</td></tr><tr><td>ROCE CD</td><td></td><td></td><td></td><td>16.5%</td></tr><tr><td colspan="5"> </td></tr><tr><td colspan="5">* Capital employed average</td></tr><tr><td>Q3 2016</td><td>18,517</td><td>0.5</td><td>9,258</td><td></td></tr><tr><td>Q2 2016</td><td>17,144</td><td></td><td>17,144</td><td></td></tr><tr><td>Q1 2016</td><td>18,086</td><td></td><td>18,086</td><td></td></tr><tr><td>Q4 2015</td><td>16,510</td><td></td><td>16,510</td><td></td></tr><tr><td>Q3 2015</td><td>18,504</td><td>0.5</td><td>9,252</td><td></td></tr><tr><td></td><td></td><td></td><td><u>70,250 / 4</u></td><td>17,563</td></tr></table>				Operating income				3,285	+/- adjustments as mentioned above				–518	+ capitalized interest expense				142	+/- financial income and other financial items				–5	- interest income from internal bank				–2	Adjusted profit				2,902	Capital employed average*				17,563	ROCE CD				16.5%						* Capital employed average					Q3 2016	18,517	0.5	9,258		Q2 2016	17,144		17,144		Q1 2016	18,086		18,086		Q4 2015	16,510		16,510		Q3 2015	18,504	0.5	9,252					<u>70,250 / 4</u>	17,563	Measure the performance (profitability and capital efficiency) in CD.
Operating income				3,285																																																																																	
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ROCE in ID segment, rolling 12 months SEK M	For Infrastructure Development the profit is adjusted so that the change in value of projects in progress and the difference between the market value and selling price for the year is reflected. <table><tr><td>Operating income</td><td></td><td></td><td></td><td>801</td></tr><tr><td>+/- adjustments as mentioned above</td><td></td><td></td><td></td><td>–266</td></tr><tr><td>Adjusted profit</td><td></td><td></td><td></td><td>535</td></tr><tr><td>Capital employed average*</td><td></td><td></td><td></td><td>1,724</td></tr><tr><td>+/- adjustments as mentioned above</td><td></td><td></td><td></td><td>1,502</td></tr><tr><td>Adjusted Capital Employed</td><td></td><td></td><td></td><td>3,226</td></tr><tr><td>ROCE ID</td><td></td><td></td><td></td><td>16.6%</td></tr><tr><td colspan="5"> </td></tr><tr><td colspan="5">* Capital employed average</td></tr><tr><td>Q3 2016</td><td>2,071</td><td>0.5</td><td>1,036</td><td></td></tr><tr><td>Q2 2016</td><td>1,420</td><td></td><td>1,420</td><td></td></tr><tr><td>Q1 2016</td><td>1,524</td><td></td><td>1,524</td><td></td></tr><tr><td>Q4 2015</td><td>1,843</td><td></td><td>1,843</td><td></td></tr><tr><td>Q3 2015</td><td>2,143</td><td>0.5</td><td>1,072</td><td></td></tr><tr><td></td><td></td><td></td><td><u>6,895 / 4</u></td><td>1,724</td></tr></table>				Operating income				801	+/- adjustments as mentioned above				–266	Adjusted profit				535	Capital employed average*				1,724	+/- adjustments as mentioned above				1,502	Adjusted Capital Employed				3,226	ROCE ID				16.6%						* Capital employed average					Q3 2016	2,071	0.5	1,036		Q2 2016	1,420		1,420		Q1 2016	1,524		1,524		Q4 2015	1,843		1,843		Q3 2015	2,143	0.5	1,072					<u>6,895 / 4</u>	1,724	Measure the performance (profitability and capital efficiency) in ID.					
Operating income				801																																																																																	
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Non-IFRS financial measures

	Definition				Reason for use
ROCE in PD Segment SEK M	The total average ROCE from RD, CD and ID.				Measure profitability and capital efficiency.
		Adjusted profit	CE avg	ROCE	
	RD	1,358	9,537	14.2%	
	CD	2,902	17,563	16.5%	
	ID	535	3,226	16.6%	
		4,795	30,326	15.8%	
Return on equity segment, rolling 12 months SEK M	Profit attributable to equity holders as a percentage of average equity attributable to equity holders. 6,345 / 22,609 =				28.1%
Equity average SEK M	Calculated on the basis of five measuring points.				
	Q3 2016	21,069	0.5	10,535	
	Q2 2016	21,794		21,794	
	Q1 2016	23,368		23,368	
	Q4 2015	24,079		24,079	
	Q3 2015	21,315	0.5	10,658	
				90,434 / 4	22,609
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 in Construction	Non-interest-bearing receivables less non-interest-bearing liabilities excluding taxes.				Measure the funding stemming from the negative working capital generated in Construction.
Average free working capital in Construction SEK M	Calculated on the basis of five measuring points.				Measure the funding stemming from the negative working capital generated in Construction.
	Q3 2016	-18,943	0.5	-9,472	
	Q2 2016	-17,708		-17,708	
	Q1 2016	-18,819		-18,819	
	Q4 2015	-20,542		-20,542	
	Q3 2015	-16,274	0.5	-8,137	
				-74,678 / 4	-18,669
Interestbearing net receivables/ net debt	Interest-bearing assets minus interest-bearing liabilities.				Measure financial position.
Operating net financial assets/ liabilities (ONFAL)	Interest-bearing net receivables/liabilities excluding construction loans to cooperative housing associations and interest-bearing pension liabilities.				Measure financial position and investment capacity. The latter is derived by comparing ONFAL 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 liabilities divided by equity including non-controlling interest.				Measure leverage of financial position.
Adjusted equity SEK bn	Equity attributable to equity holders				21.1
	Unrealized surplus land value in Residential Development				1.0
	Unrealized Commercial Property Development gains				6.8
	Effect in unrealized equity in Infrastructure Development				4.0
	Less standard corporate tax, 10%				-1.0
	Adjusted equity				31.9

Reconciliation between segment reporting and IFRSs

	External revenue		Intra-Group revenue		Total revenue		Operating income	
SEK M	Jan-Sep 2016	Jan-Sep 2015	Jan-Sep 2016	Jan-Sep 2015	Jan-Sep 2016	Jan-Sep 2015	Jan-Sep 2016	Jan-Sep 2015
Construction	91,770 ¹	95,351 ¹	7,404	7,318	99,174	102,669	2,282	2,476
Residential Development	8,735	9,101	0	0	8,735	9,101	925	848
Commercial Property Development	7,539	3,608	14	21	7,553	3,629	2,014	676
Infrastructure Development	202	77	0	0	202	77	343	405
Total operating segments	108,246	108,137	7,418	7,339	115,664	115,476	5,564	4,405
Central	824	3,551	238	739	1,062	4,290	-709	-955
Eliminations	0	0	-7,656	-8,078	-7,656	-8,078	44	-49
Total Group	109,070	111,688	0	0	109,070	111,688	4,899	3,401
Reconciliation to IFRSs²	-3,255	-1,551	0	0	-3,255	-1,551	-515	-235
Total IFRSs	105,815	110,137	0	0	105,815	110,137	4,384	3,166

1 Of which external revenue from joint ventures in Infrastructure Development, SEK 3,684 M (4,271).

2 Of which effect from joint ventures in Residential Development proportionally	-958	-727					-166	-94
Of which effect of different revenue recognitions	-2,297	-824					-349	-141

SEK M	Segment Jan-Sep 2016	IFRS Jan-Sep 2016	Segment Jan-Sep 2015	IFRS Jan-Sep 2015	Segment Jul-Sep 2016	IFRS Jul-Sep 2016	Segment Jul-Sep 2015	IFRS Jul-Sep 2015
Revenue								
Construction	99,174	99,174	102,669	102,669	34,969	34,969	35,764	35,764
Residential Development	8,735	5,084	9,101	6,960	2,596	1,729	2,459	1,453
Commercial Property Development	7,553	7,771	3,629	4,053	1,339	1,112	970	1,060
Infrastructure Development	202	202	77	77	28	28	23	23
Central and eliminations	-6,594	-6,416	-3,788	-3,622	-2,411	-2,351	-1,947	-1,895
Skanska Group	109,070	105,815	111,688	110,137	36,521	35,487	37,269	36,405
Operating income								
Construction	2,282	2,282	2,476	2,476	942	942	789	789
Residential Development	925	399	848	660	250	171	217	71
Commercial Property Development ¹	2,014	2,019	676	625	202	60	109	138
Infrastructure Development	343	343	405	405	126	126	153	153
Central	-709	-710	-955	-955	-226	-226	-352	-353
Eliminations ¹	44	51	-49	-45	-28	-25	-15	-27
Operating income	4,899	4,384	3,401	3,166	1,266	1,048	901	771
Net financial items	-58	-58	-371	-371	-17	-15	-127	-126
Income after financial items	4,841	4,326	3,030	2,795	1,249	1,033	774	645
Taxes	-1,018	-909	-635	-586	-263	-217	-116	-91
Profit for the period	3,823	3,417	2,395	2,209	986	816	658	554
Earnings for the period per share, SEK ²	9.30		5.81		2.41		1.59	
Earnings for the period per share according to IFRSs, SEK ²		8.31		5.36		1.99		1.34
1 Of which gains from divestments of commercial properties reported in:								
Commercial Property Development	2,390	2,397	1,051	1,000	350	210	195	223
Eliminations	130	130	81	86	3	3	33	19

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 2016	Jan-Sep 2015	Jul-Sep 2016	Jul-Sep 2015	Jan-Dec 2015
Revenue	105,815	110,137	35,487	36,405	153,049
Cost of sales	-95,347	-101,191	-32,502	-33,864	-139,160
Gross income	10,468	8,946	2,985	2,541	13,889
Selling and administrative expenses	-6,592	-6,482	-2,157	-2,010	-8,869
Income from joint ventures and associated companies	508	702	220	240	1,270
Operating income	4,384	3,166	1,048	771	6,290
Financial income	110	77	20	32	127
Financial expenses	-168	-448	-35	-158	-441
Net financial items¹	-58	-371	-15	-126	-314
Income after financial items	4,326	2,795	1,033	645	5,976
Taxes	-909	-586	-217	-91	-1,185
Profit for the period	3,417	2,209	816	554	4,791
1 Of which					
Interest income	53	77	14	32	88
Financial net pension costs	-77	-71	-25	-23	-93
Interest expenses	-172	-318	-53	-101	-327
Capitalized interest expenses	131	150	45	45	194
Net interest items	-65	-162	-19	-47	-138
Change in fair value	-14	-29	7	-13	-25
Other net financial items	21	-180	-3	-66	-151
Net financial items	-58	-371	-15	-126	-314
Profit attributable to:					
Equity holders	3,409	2,203	813	551	4,780
Non-controlling interests	8	6	3	3	11
Earnings per share, SEK ²	8.31	5.36	1.99	1.34	11.63
Earnings per share after dilution, SEK ³	8.25	5.31	1.98	1.33	11.53

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

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

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

SEK M	Jan-Sep 2016	Jan-Sep 2015	Jul-Sep 2016	Jul-Sep 2015	Jan-Dec 2015
Profit for the period	3,417	2,209	816	554	4,791
Other comprehensive income					
Items that will not be reclassified to profit and loss					
Remeasurements of defined benefit plans	-3,993	296	-2,578	85	785
Tax related to items that will not be reclassified to profit and loss	763	-64	454	-16	-175
	-3,230	232	-2,124	69	610
Items that have been or will be reclassified to profit and loss					
Translation differences attributable to equity holders	986	431	728	20	71
Translation differences attributable to non-controlling interests	9	0	5	1	-3
Hedging of exchange rate risk in foreign operations	-63	3	-60	-4	-21
Effects of cash flow hedges ¹	35	35	37	9	54
Share of other comprehensive income of joint ventures and associated companies ²	-612	72	-54	-172	281
Tax related to items that have been or will be reclassified to profit and loss	-5	-14	-3	-3	-15
	350	527	653	-149	367
Other comprehensive income after tax	-2,880	759	-1,471	-80	977
Total comprehensive income	537	2,968	-655	474	5,768
Total comprehensive income attributable to					
Equity holders	520	2,962	-663	470	5,760
Non-controlling interests	17	6	8	4	8
1 Of which transferred to income statement	0	0	0	0	0
2 Of which transferred to income statement	485	468	211	216	516

Summary statement of financial position (IFRS)

SEK M	Sep 30, 2016	Sep 30, 2015	Dec 31, 2015
ASSETS			
Non-current assets			
Property, plant and equipment	6,655	6,942	6,504
Goodwill	5,243	5,367	5,256
Intangible assets	913	631	754
Investments in joint ventures and associated companies	3,429	3,136	2,852
Financial non-current assets ¹	1,004	1,337	1,357
Deferred tax assets	2,090	1,531	1,384
Total non-current assets	19,334	18,944	18,107
Current assets			
Current-asset properties ²	30,955	28,633	27,020
Inventories	996	940	944
Financial current assets ³	8,926	7,579	7,496
Tax assets	831	970	691
Gross amount due from customers for contract work	6,569	8,043	5,692
Trade and other receivables	26,871	26,639	25,877
Cash	4,480	2,773	11,840
Total current assets	79,628	75,577	79,560
TOTAL ASSETS	98,962	94,521	97,667
of which interest-bearing financial non-current assets	956	1,274	1,295
of which interest-bearing current assets	13,285	10,215	19,216
Total interest-bearing assets	14,241	11,489	20,511
EQUITY			
Equity attributable to equity holders	21,069	21,315	24,079
Non-controlling interests	152	125	127
Total equity	21,221	21,440	24,206
LIABILITIES			
Non-current liabilities			
Financial non-current liabilities	4,063	6,262	3,874
Pensions	7,273	4,216	3,969
Deferred tax liabilities	1,235	1,316	1,286
Non-current provisions	0	0	0
Total non-current liabilities	12,571	11,794	9,129
Current liabilities			
Financial current liabilities ³	6,323	4,657	6,555
Tax liabilities	569	402	560
Current provisions	6,431	5,554	6,432
Gross amount due to customers for contract work	17,777	16,415	15,821
Trade and other payables	34,070	34,259	34,964
Total current liabilities	65,170	61,287	64,332
TOTAL EQUITY AND LIABILITIES	98,962	94,521	97,667
of which interest-bearing financial liabilities	10,155	10,616	10,184
of which interest-bearing pensions and provisions	7,296	4,249	4,010
Total interest-bearing liabilities	17,451	14,865	14,194
1 Of which shares	44	62	61
2 Current-asset properties			
Commercial Property Development	18,197	18,280	16,650
Residential Development	12,758	10,353	10,370
3 Items regarding non-interest-bearing unrealized changes in derivatives/ financial instruments are included in the following amounts:			
Financial non-current assets	4	1	1
Financial current assets	121	137	120
Financial non-current liabilities	154	204	173
Financial current liabilities	77	99	72

Note: Contingent liabilities amounted to SEK 54.5 bn on September 30, 2016 (Dec 31, 2015: 46.2). During the period, contingent liabilities increased by SEK 8.3 bn.

Summary statement of changes in equity (IFRS)

SEK M	Jan-Sep 2016	Jan-Sep 2015	Jul-Sep 2016	Jul-Sep 2015	Jan-Dec 2015
Opening balance	24,206	21,405	21,938	21,057	21,405
of which non-controlling interests	127	154	145	155	154
Dividend to shareholders	-3,075	-2,775	0	0	-2,775
Change in group composition	14	0	0	1	0
Dividend to non-controlling interests	-6	-35	-1	-35	-35
Effects of equity-settled share-based payments	203	191	70	62	259
Repurchase of shares	-658	-314	-131	-119	-416
Total comprehensive income attributable to					
Equity holders	520	2,962	-663	470	5,760
Non-controlling interests	17	6	8	4	8
Closing balance	21,221	21,440	21,221	21,440	24,206
of which non-controlling interests	152	125	152	125	127

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

SEK M	Jan-Sep 2016	Jan-Sep 2015	Jul-Sep 2016	Jul-Sep 2015	Jan-Dec 2015
Cash flow from operating activities before change in working capital, according to IAS 7	875	1,327	587	293	2,180
Cash flow from change in working capital, according to IAS 7	-1,301	-1,419	-211	459	6,404
Net investments in property, plant and equipment and intangible assets	-2040	-1282	-956	-406	-475
Tax payments on property, plant and equipment and intangible assets divested and divestments of assets in Infrastructure Development	-18	-22	-7	7	-69
Cash flow from business operations including taxes paid according to operating cash flow	-2,484	-1,396	-587	353	8,040
Less net investments in property, plant and equipment and intangible assets	2,040	1,282	956	406	475
Less tax payments on property, plant and equipment and intangible assets divested and divestments of assets in Infrastructure Development	18	22	7	-7	69
Cash flow from operating activities, according to IAS 7	-426	-92	376	752	8,584
Cash flow from strategic investments according to operating cash flow	338	368	193	368	456
Net investments in property, plant and equipment and intangible assets	-2,040	-1,282	-956	-406	-475
Increase and decrease in interest-bearing receivables	-1,456	-1,435	-847	-943	-1,297
Taxes paid on property, plant and equipment and intangible assets divested and divestments of assets in Infrastructure Development	-18	-22	-7	7	-69
Cash flow from investing activities, according to IAS 7	-3,176	-2,371	-1,617	-974	-1,385
Cash flow from financing operations according to operating cash-flow statement	2	-411	-9	36	-380
Change in interest-bearing receivables and liabilities	-1,548	-1,898	-943	-1,313	-2,235
Increase and decrease in interest-bearing liabilities	1,456	1,435	847	943	1,297
Dividend etc. ¹	-3,739	-3,124	-132	-153	-3,226
Cash flow from financing activities, according to IAS 7	-3,829	-3,998	-237	-487	-4,544
Cash flow for the period	-7,431	-6,461	-1,478	-709	2,655

1 Of which repurchases of shares SEK -658 M.

Cash flow (IFRS)

Operating cash flow

SEK M	Jan-Sep 2016	Jan-Sep 2015	Jul-Sep 2016	Jul-Sep 2015	Jan-Dec 2015
Construction					
Cash flow from business operations	3,393	3,809	1,243	1,230	5,486
Change in working capital	-2,115	-2,259	701	1,368	2,375
Net divestments(+)/investments(-)	-972	-1,024	-348	-299	-1,058
Cash flow adjustment	0	0	0	0	0
Total Construction	306	526	1,596	2,299	6,803
Residential Development					
Cash flow from business operations	-500	-399	-103	-151	-536
Change in working capital	1,106	775	207	181	88
Net divestments(+)/investments(-)	-1,143	1,867	-188	-233	1,955
Cash flow adjustment	-93	0	0	0	2
Total Residential Development	-630	2,243	-84	-203	1,509
Commercial Property Development					
Cash flow from business operations	-363	-308	-143	-74	-506
Change in working capital	-977	-97	-34	43	406
Net divestments(+)/investments(-)	1,601	-2,255	-926	-1,172	1,088
Cash flow adjustment	62	-47	30	14	-71
Total Commercial Property Development	323	-2,707	-1,073	-1,189	917
Infrastructure Development					
Cash flow from business operations	151	37	-52	-34	3
Change in working capital	18	358	7	-12	375
Net divestments(+)/investments(-)	-745	-133	-542	-36	880
Cash flow adjustment	0	0	0	0	0
Total Infrastructure Development	-576	262	-587	-82	1,258
Central and eliminations					
Cash flow from business operations	-845	-1,001	-220	-422	-1,370
Change in working capital	13	223	-47	258	68
Net divestments(+)/investments(-)	-96	-108	-27	-58	-180
Cash flow adjustment	0	0	0	0	1
Total central and eliminations	-928	-886	-294	-222	-1,481
Total cash flow from business operations	1,836	2,138	725	549	3,077
Total change in working capital	-1,955	-1,000	834	1,838	3,312
Total net divestments(+)/investments(-)	-1,355	-1,653	-2,031	-1,798	2,685
Total cash flow adjustment	-31	-47	30	14	-68
Cash flow from business operations before taxes paid	-1,505	-562	-442	603	9,006
Taxes paid in business operations	-979	-834	-145	-250	-966
Cash flow from business operations including taxes paid	-2,484	-1,396	-587	353	8,040
Net interest items and other net financial items	3	-587	-13	-150	-542
Taxes paid in financing operations	-1	176	4	186	162
Cash flow from financing operations	2	-411	-9	36	-380
Operating cash flow from operations	-2,482	-1,807	-596	389	7,660
Net strategic divestments(+)/investments(-)	338	368	193	368	456
Dividend etc. ¹	-3,739	-3,124	-132	-153	-3,226
Cash flow before change in interest-bearing receivables and liabilities	-5,883	-4,563	-535	604	4,890
Change in interest-bearing receivables and liabilities	-1,548	-1,898	-943	-1,313	-2,235
Cash flow for the period	-7,431	-6,461	-1,478	-709	2,655
Cash and cash equivalents at the beginning of the period	11,840	9,107	5,913	3,494	9,107
Exchange rate differences in cash and cash equivalents	71	127	45	-12	78
Cash and cash equivalents at the end of the period	4,480	2,773	4,480	2,773	11,840

¹ Of which repurchases of shares SEK -658 M.

Group net divestments/investments (IFRS)

SEK M	Jan-Sep 2016	Jan-Sep 2015	Jul-Sep 2016	Jul-Sep 2015	Jan-Dec 2015
OPERATIONS – INVESTMENTS					
Intangible assets	-246	-242	-80	-124	-392
Property, plant and equipment	-1,181	-1,147	-405	-356	-1,485
Assets in Infrastructure Development	-760	-144	-542	-36	-234
Shares and participations	-187	-40	-36	-9	-136
Current-asset properties	-11,650	-10,980	-3,766	-3,755	-15,364
of which Residential Development	-6,085	-5,042	-1,901	-1,658	-6,645
of which Commercial Property Development	-5,565	-5,938	-1,865	-2,097	-8,719
Investments in operations	-14,024	-12,553	-4,829	-4,280	-17,611
STRATEGIC INVESTMENTS					
Businesses	0	0	0	0	0
Shares	0	0	0	0	0
Strategic investments	0	0	0	0	0
Total Investments	-14,024	-12,553	-4,829	-4,280	-17,611
OPERATIONS – DIVESTMENTS					
Intangible assets	1	0	0	0	0
Property, plant and equipment	302	260	107	118	636
Assets in Infrastructure Development	15	11	0	0	1,114
Shares and participations	16	21	0	2	22
Current-asset properties	12,335	10,608	2,691	2,362	18,524
of which Residential Development	5,054	6,917	1,718	1,434	8,622
of which Commercial Property Development	7,281	3,691	973	928	9,902
Divestments in operations	12,669	10,900	2,798	2,482	20,296
STRATEGIC DIVESTMENTS					
Businesses	338	368	193	368	456
Strategic divestments	338	368	193	368	456
Total divestments	13,007	11,268	2,991	2,850	20,752
TOTAL NET DIVESTMENTS(+)/INVESTMENTS(-)	-1,017	-1,285	-1,838	-1,430	3,141
Depreciation, non-current assets	-1,065	-1,177	-360	-374	-1,579

Capital employed in Development Streams (IFRS)

SEK M	Sep 30, 2016	Sep 30, 2015	Dec 31, 2015
Residential Development	10,707	8,660	9,277
Commercial Property Development	18,517	18,504	16,510
Infrastructure Development	2,071	2,143	1,843
Total in Development Streams	31,295	29,307	27,630

Parent Company

The parent company's revenue consists mainly of amounts billed to Group companies. The balance sheet consists of financial instruments almost exclusively in the form of intra-Group receivables and liabilities. The parent company does not report any significant events during the period.

Summary income statement (IFRS)

SEK M	Jan-Sep 2016	Jan-Sep 2015	Jul-Sep 2016	Jul-Sep 2015
Revenue	85	79	0	0
Selling and administrative expenses	-235	-252	-71	-105
Operating income	-150	-173	-71	-105
Net financial items	2,443	2,453	-19	-15
Income after financial items	2,293	2,280	-90	-120
Taxes	45	49	20	26
Profit for the period	2,338	2,329	-70	-94
Total comprehensive income	2,338	2,329	-70	-94

Summary balance sheet (IFRS)

SEK M	Sep 30, 2016	Sep 30, 2015	Dec 31, 2015
ASSETS			
Intangible non-current assets	0	1	1
Property, plant and equipment	2	3	3
Financial non-current assets ¹	11,586	11,602	11,495
Total non-current assets	11,588	11,606	11,499
Current receivables	137	123	176
Total current assets	137	123	176
TOTAL ASSETS	11,725	11,729	11,675
EQUITY AND LIABILITIES			
Equity	5,104	6,199	6,474
Provisions	250	290	310
Non-current interest-bearing liabilities ¹	6,265	5,090	4,769
Current liabilities	106	150	122
TOTAL EQUITY AND LIABILITIES	11,725	11,729	11,675

1 Of these amounts, SEK 474 M (Dec 31, 2015: 216) were intra-Group receivables and SEK 6,265 M (Dec 31, 2015: 4,769) intra-Group liabilities.

Note: The Parent Company's contingent liabilities totaled SEK 148.9 bn (Dec 31, 2015: 122.5), of which SEK 119.2 bn (Dec 31, 2015: 101.7) was related to obligations on behalf of Group companies. Other obligations, SEK 29.7 bn (Dec 31 2015: 20.8), were related to commitments to outside parties.

Share data

	Jan-Sep 2016	Jan-Sep 2015	Jul-Sep 2016	Jul-Sep 2015	Jan-Dec 2015
Earnings per share according to segment reporting, SEK ¹	9.30	5.81	2.41	1.59	11.96
Earnings per share, SEK ¹	8.31	5.36	1.99	1.34	11.63
Earnings per share after dilution, SEK ²	8.25	5.31	1.98	1.33	11.53
Equity per share, SEK ³	51.48	51.86			58.58
Adjusted equity per share, SEK ⁴	78.04	78.96			81.70
Average number of shares outstanding	410,321,165	411,002,094			411,059,056
Average number of shares outstanding after dilution	413,122,055	414,560,505			414,445,854
Average dilution, %	0.68	0.86			0.82
Number of shares, at balance sheet date	419,903,072	419,903,072			419,903,072
of which Series A and Series B shares	419,903,072	419,903,072			419,903,072
Average price of total repurchased shares, SEK	130.08	119.56			121.02
Number of total Series B shares repurchased	23,458,228	19,158,228			19,758,228
of which repurchased during the year	3,700,000	1,740,000	705,000	690,000	2,340,000
Number of shares in Skanska's own custody	10,613,398	8,874,179			8,866,223
Number of shares outstanding	409,289,674	411,028,893			411,036,849

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

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

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

4 Adjusted equity divided by the number of shares outstanding.

Five-year Group financial summary

SEK M	Jan-Sep 2016	Jan-Sep 2015	Jan-Sep 2014	Jan-Sep 2013	Jan-Sep 2012
Revenue	109,070	111,688	101,557	97,629	93,921
Operating income	4,899	3,401	3,454	3,493	2,865
Profit for the period	3,823	2,395	2,412	2,394	2,010
Earnings per share, SEK	9.30	5.81	5.85	5.81	4.87
Return on capital employed, % ¹	21.6	15.9	14.7	15.3	14.2
Return on equity, % ¹	28.1	19.1	17.0	18.9	16.1
Operating margin, %	4.5	3.0	3.4	3.6	3.1
Return on capital employed according to IFRSs, % ¹	20.4	13.6	14.8	15.0	14.8
Cash flow per share according to IFRSs, SEK ²	-14.34	-11.10	-9.88	-8.40	-18.48

1 Rolling 12 months.

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

Exchange rates for the most important currencies

SEK	Average exchange rates			Exchange rates on the closing day		
	Jan-Sep 2016	Jan-Sep 2015	Jan-Dec 2015	Sep 30, 2016	Sep 30, 2015	Dec 31, 2015
U.S. dollar	8.40	8.41	8.43	8.62	8.38	8.40
British pound	11.70	12.89	12.89	11.18	12.74	12.43
Norwegian krone	1.00	1.06	1.05	1.07	0.99	0.96
Euro	9.37	9.37	9.36	9.63	9.40	9.17
Czech koruna	0.35	0.34	0.34	0.36	0.35	0.34
Polish zloty	2.15	2.26	2.24	2.23	2.22	2.16

Construction

Revenue and earnings

SEK M	Jan-Sep 2016	Jan-Sep 2015	Jul-Sep 2016	Jul-Sep 2015	Jan-Dec 2015
Revenue	99,174	102,669	34,969	35,764	140,648
Gross income	7,105	6,962	2,540	2,207	10,039
Selling and administrative expenses	-4,845	-4,513	-1,613	-1,433	-6,198
Income from joint ventures and associated companies	22	27	15	15	33
Operating income	2,282	2,476	942	789	3,874
Investments	-1,280	-1,227	-453	-413	-1,645
Divestments	488	203	285	114	670
Net divestments(+)/investments(-)	-792	-1,024	-168	-299	-975
Gross margin, %	7.2	6.8	7.3	6.2	7.1
Selling and administrative expenses, %	-4.9	-4.4	-4.6	-4.0	-4.4
Operating margin, %	2.3	2.4	2.7	2.2	2.8
Order bookings, SEK bn	130.6	92.2	46.4	33.9	122.1
Order backlog, SEK bn	191.6	167.5	-	-	158.2
Employees	41,310	42,556	-	-	42,193

Revenue by business/reporting unit

SEK M	Jan-Sep 2016	Jan-Sep 2015	Jul-Sep 2016	Jul-Sep 2015	Jan-Dec 2015
Sweden	22,197	22,146	7,638	7,698	31,303
Norway	8,652	9,046	2,945	2,540	11,909
Finland	5,048	4,585	1,748	1,685	6,343
Poland	5,266	6,551	2,766	3,408	9,915
Czech Republic	3,426	3,824	1,535	1,621	5,409
UK	14,644	13,290	4,649	4,677	18,429
USA Building	26,429	27,862	8,841	8,999	37,023
USA Civil	13,512	15,365	4,847	5,136	20,317
Total	99,174	102,669	34,969	35,764	140,648

Operating income

SEK M	Jan-Sep 2016	Jan-Sep 2015	Jul-Sep 2016	Jul-Sep 2015	Jan-Dec 2015
Sweden	924	1,062	470	524	1,425
Norway	258	265	81	83	382
Finland	196	161	77	66	241
Poland	-243	225	-153	131	472
Czech Republic	53	78	71	61	121
UK	291	319	93	114	443
USA Building	384	109	151	8	309
USA Civil	419	257	152	-198	481
Total	2,282	2,476	942	789	3,874

Operating margin, %

Jan-Sep 2016	Jan-Sep 2015	Jul-Sep 2016	Jul-Sep 2015	Jan-Dec 2015
4.2	4.8	6.2	6.8	4.6
3.0	2.9	2.8	3.3	3.2
3.9	3.5	4.4	3.9	3.8
neg	3.4	neg	3.8	4.8
1.5	2.0	4.6	3.8	2.2
2.0	2.4	2.0	2.4	2.4
1.5	0.4	1.7	0.1	0.8
3.1	1.7	3.1	neg	2.4
2.3	2.4	2.7	2.2	2.8

Order backlog

SEK M	Sep 30, 2016	Sep 30, 2015	Dec 31, 2015
Sweden	33,779	32,629	31,398
Norway	13,046	9,815	10,268
Finland	6,218	6,763	6,341
Poland	6,838	6,244	4,851
Czech Republic	6,116	5,032	4,716
UK	24,351	30,989	27,705
USA Building	52,761	37,601	36,789
USA Civil	48,458	38,462	36,180
Total	191,567	167,535	158,248

Order bookings

Jan-Sep 2016	Jan-Sep 2015	Jul-Sep 2016	Jul-Sep 2015	Jan-Dec 2015
24,867	25,006	8,618	8,813	32,989
10,105	9,487	3,385	3,945	13,207
4,619	5,774	1,780	2,562	7,208
7,027	7,262	2,496	3,210	9,348
4,506	4,325	2,759	1,244	5,685
13,967	16,749	6,603	2,903	19,250
41,018	14,331	11,373	8,798	22,592
24,520	9,229	9,412	2,387	11,825
130,629	92,163	46,426	33,862	122,104

Book-to build Rolling 12 months

Sep 30, 2016	Sep 30, 2015	Dec 31, 2015
105	115	105
120	92	111
89	115	114
106	98	94
117	97	105
83	128	105
139	67	61
147	90	58
117	96	87

Residential Development

Revenue and earnings

SEK M	Jan-Sep 2016	Jan-Sep 2015	Jul-Sep 2016	Jul-Sep 2015	Jan-Dec 2015
Revenue	8,735	9,101	2,596	2,459	12,298
Gross income	1,351	1,271	377	334	1,724
Selling and administrative expenses	-426	-423	-127	-117	-550
Income from joint ventures and associated companies	0	0	0	0	0
Operating income	925	848	250	217	1,174
Operating margin, %	10.6	9.3	9.6	8.8	9.5
Investments	-6,197	-5,070	-1,906	-1,668	-6,675
Divestments	5,054	6,937	1,718	1,435	8,630
Net divestments(+)/investments(-)	-1,143	1,867	-188	-233	1,955
Capital employed, SEK bn	10.7	8.7	-	-	9.3
Return on capital employed, % ¹	14.2	12.7	-	-	14.4
Employees	410	393	-	-	389

1 Rolling 12 months.

Revenue

SEK M	Jan-Sep 2016	Jan-Sep 2015	Jul-Sep 2016	Jul-Sep 2015	Jan-Dec 2015
Sweden	4,536	5,476	1,271	1,458	7,406
Norway	1,854	1,541	625	383	1,947
Finland	1,658	1,569	574	438	2,135
Nordics	8,048	8,586	2,470	2,279	11,488
Central Europe	687	515	126	180	810
Total	8,735	9,101	2,596	2,459	12,298

Operating income¹

SEK M	Jan-Sep 2016	Jan-Sep 2015	Jul-Sep 2016	Jul-Sep 2015	Jan-Dec 2015
Sweden	576	593	135	152	799
Norway	185	110	61	28	143
Finland	107	91	49	21	122
Nordics	868	794	245	201	1,064
Central Europe	57	54	5	16	110
Total	925	848	250	217	1,174

Operating margin, %¹

Jan-Sep 2016	Jan-Sep 2015	Jul-Sep 2016	Jul-Sep 2015	Jan-Dec 2015
12.7	10.8	10.6	10.4	10.8
10.0	7.1	9.8	7.3	7.3
6.5	5.8	8.5	4.8	5.7
10.8	9.2	9.9	8.8	9.3
8.3	10.5	4.0	8.9	13.6
10.6	9.3	9.6	8.8	9.5

1 Development gain only. Construction margin reported under Construction.

Homes started

	Jan-Sep 2016	Jan-Sep 2015	Jul-Sep 2016	Jul-Sep 2015	Jan-Dec 2015
Sweden	1,764	1,663	347	581	2,257
Norway	341	309	75	92	368
Finland	611	668	295	270	830
Nordics	2,716	2,640	717	943	3,455
Central Europe	210	411	66	232	545
Total	2,926	3,051	783	1,175	4,000

Homes sold

Jan-Sep 2016	Jan-Sep 2015	Jul-Sep 2016	Jul-Sep 2015	Jan-Dec 2015
1,571	1,677	415	450	2,191
421	294	119	88	390
602	599	174	184	839
2,594	2,570	708	722	3,420
384	465	89	156	673
2,978	3,035	797	878	4,093

Homes under construction

	Sep 30, 2016	Sep 30, 2015	Dec 31, 2015
Sweden	4,115	3,385	3,441
Norway	695	413	462
Finland	1,115	947	968
Nordics	5,925	4,745	4,871
Central Europe	755	844	818
Total	6,680	5,589	5,689

Completed unsold, number of homes

Sep 30, 2016	Sep 30, 2015	Dec 31, 2015
8	12	10
74	115	95
84	160	122
166	287	227
8	21	10
174	308	237

Homes under construction of which sold, %

Sep 30, 2016	Sep 30, 2015	Dec 31, 2015
83	88	86
91	66	73
57	50	55
79	78	79
79	53	60
79	75	76

Commercial Property Development

Revenue and earnings

SEK M	Jan-Sep 2016	Jan-Sep 2015	Jul-Sep 2016	Jul-Sep 2015	Jan-Dec 2015
Revenue	7,553	3,629	1,339	970	9,034
of which from divestment of properties	7,060	3,267	1,198	838	8,457
Gross income	2,531	1,138	364	261	2,661
Selling and administrative expenses	-522	-470	-164	-154	-677
Income from joint ventures and associated companies	5	8	2	2	-37
Operating income	2,014	676	202	109	1,947
of which gain from divestment of properties ¹	2,390	1,051	350	195	2,564
of which writedowns/reversal of writedowns	0	-56	0	-6	-56
1 Additional gains included in eliminations	130	81	3	33	190
Investments	-5,681	-5,947	-1,901	-2,101	-8,826
Divestments	7,282	3,692	975	929	9,914
Net divestments(+)/investments(-)	1,601	-2,255	-926	-1,172	1,088
Capital employed, SEK bn	18.5	18.5	-	-	16.5
Return on capital employed, % ¹	16.5	13.9	-	-	15.6
Employees	363	345	-	-	344

1 Rolling 12 months.

Revenue

SEK M	Jan-Sep 2016	Jan-Sep 2015	Jul-Sep 2016	Jul-Sep 2015	Jan-Dec 2015	of which from divestments				
						Jan-Sep 2016	Jan-Sep 2015	Jul-Sep 2016	Jul-Sep 2015	Jan-Dec 2015
Nordics	3,526	2,750	1,239	544	3,281	3,265	2,557	1,169	480	3,007
Europe	104	806	45	396	3,414	0	710	0	358	3,254
U.S.	3,923	73	55	30	2,339	3,795	0	29	0	2,196
Total	7,553	3,629	1,339	970	9,034	7,060	3,267	1,198	838	8,457

Operating income

SEK M	Jan-Sep 2016	Jan-Sep 2015	Jul-Sep 2016	Jul-Sep 2015	Jan-Dec 2015	of which from divestments				
						Jan-Sep 2016	Jan-Sep 2015	Jul-Sep 2016	Jul-Sep 2015	Jan-Dec 2015
Nordics	952	763	296	101	792	1,031	908	341	128	1,004
Europe	-188	17	-66	40	505	0	143	0	67	751
U.S.	1,250	-104	-28	-32	650	1,359	0	9	0	809
Total	2,014	676	202	109	1,947	2,390	1,051	350	195	2,564

Capital employed

SEK M	Sep 30, 2016	Sep 30, 2015	Dec 31, 2015
Nordics	7,069	6,166	6,582
Europe	6,435	5,903	3,897
U.S.	5,013	6,435	6,031
Total	18,517	18,504	16,510

Infrastructure Development

Revenue and earnings

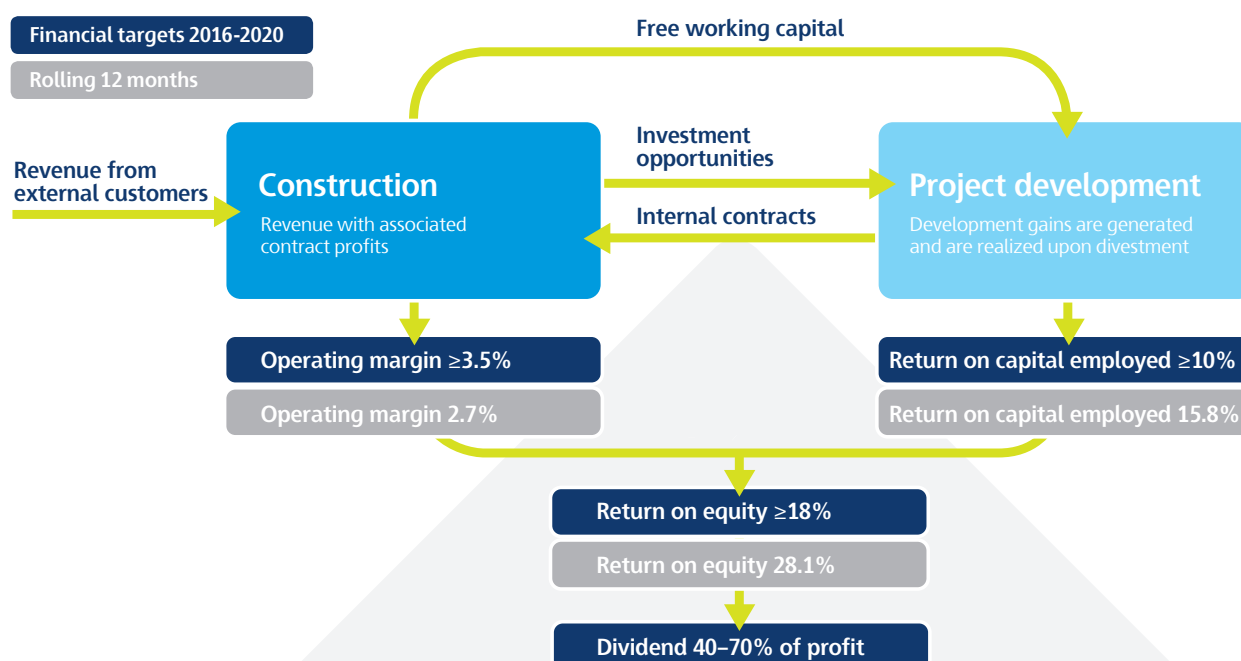
SEK M	Jan-Sep 2016	Jan-Sep 2015	Jul-Sep 2016	Jul-Sep 2015	Jan-Dec 2015
Revenue	202	77	28	23	106
Gross income	55	-87	-29	-27	-128
Selling and administrative expenses	-113	-112	-27	-35	-156
Income from joint ventures and associated companies	401	604	182	215	1,147
Operating income	343	405	126	153	863
of which gains from divestments of shares in projects	0	0	0	0	420
Investments	-760	-144	-542	-36	-234
Divestments	15	11	0	0	1,114
Net divestments(+)/investments(-)	-745	-133	-542	-36	880
Capital employed, SEK bn	2.1	2.1	-	-	1.8
Return on capital employed, % ¹	16.6	23.1	-	-	12.7
Employees	104	114	-	-	111

1 Rolling 12 months.

About Skanska

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

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 26.1 billion of Skanska's total order backlog are contracts involving more than one Business Unit and revenue from internal contracts amounted to SEK 15.6 billion on a rolling 12 months basis end of period.

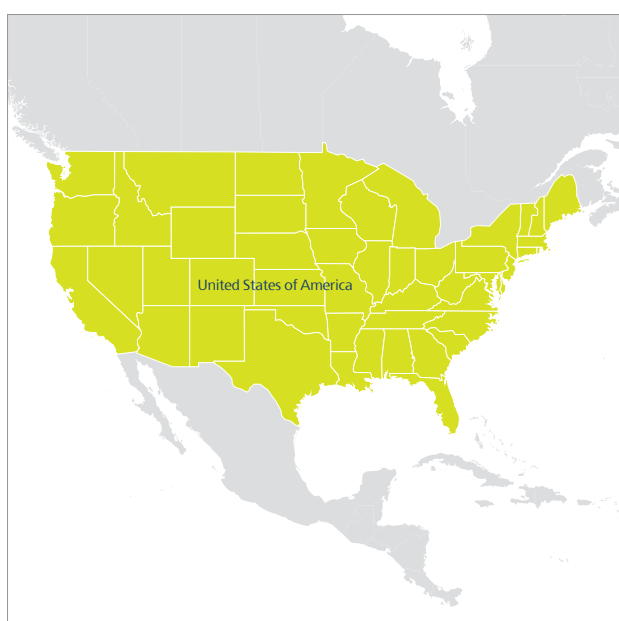
Revenue from internal contracts amounted to:



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



Skanska's home markets



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This report will also be presented via a telephone conference and webcast at 10:00 a.m. (CET) on October 28. The telephone conference will be webcasted live at www.skanska.com/investors, where a recording of the conference will also be available later. To participate in the telephone conference, please dial +46 8 505 564 74, +44 2033 645 374, or +1 855 753 2230. This and previous releases can also be found at www.skanska.com/investors.

The information provided herein is such as Skanska AB is obligated to disclose pursuant to the EU market securities act (EU) no. 596/2014.