



SKANSKA

Q3 2018

Press release, November 8, 2018, 7:30 a.m. CET

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

Nine month report, January – September 2018

Highlights according to segment reporting

- Revenue amounted to SEK 120.8 billion (117.2); adjusted for currency effects revenue increased 1 percent.
- Operating income decreased 49 percent to SEK 2.4 billion (4.8); adjusted for currency effects operating income decreased 50 percent.
- Earnings per share decreased 52 percent to SEK 5.07 (10.58).
- Operating cash flow from operations amounted to SEK –0.1 billion (–1.2), according to IFRS.
- Operating net financial assets totaled SEK 7.3 billion (June 30, 2018: 6.5), according to IFRS.
- Order bookings in Construction decreased 13 percent to SEK 102.6 billion (118.6); adjusted for currency effects order bookings decreased 15 percent. The order backlog amounted to SEK 186.3 billion (June 30, 2018: 197.6).
- Operating income in Construction amounted to SEK 0.2 billion (1.4) and includes previously announced restructuring charges, project write-downs and goodwill impairment charges.
- Operating income in Project Development (Residential, Commercial Property and Infrastructure) decreased 29 percent to SEK 2.9 billion (4.1); adjusted for currency effects operating income decreased 31 percent.
- Return on capital employed in Project Development was 13.9 percent (16.3).
- Net investments in Project Development amounted to SEK –0.1 billion (–1.3), according to IFRS.

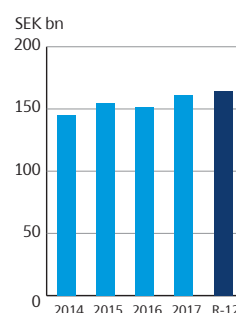
Performance analysis

Tables referring to segment reporting are in shaded background. For more information see page 17.
For definitions of non-IFRS financial measures see pages 18-20.

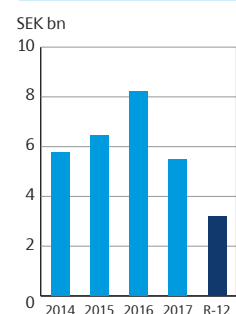
SEK M	Jan-Sep 2018	Jan-Sep 2017	Change, %	Jul-Sep 2018	Jul-Sep 2017	Change, %
Revenue						
Construction	115,314	108,976	6	40,261	38,208	5
Residential Development	6,619	10,101	–34	2,453	2,033	21
Commercial Property Development	9,189	7,755	18	1,879	1,074	75
Infrastructure Development	86	59	46	52	20	160
Central and eliminations	–10,403	–9,687	7	–3,308	–3,249	2
Total	120,805	117,204	3	41,337	38,086	9
Operating income						
Construction	231	1,426	–84	–310	918	–
Residential Development	1,122	1,322	–15	504	219	130
Commercial Property Development	1,788	1,851	–3	456	594	–23
Infrastructure Development	–11	885	–	64	–25	–
Central	–628	–616	2	–174	–199	–13
Eliminations	–58	–102	–43	–33	–41	–20
Operating income	2,444	4,766	–49	507	1,466	–65
Net financial items	53	32	66	44	2	2,100
Income after financial items	2,497	4,798	–48	551	1,468	–62
Taxes	–406	–452	–10	–58	–139	–58
Profit for the period	2,091	4,346	–52	493	1,329	–63
Earnings for the period per share, SEK	5.07	10.58	–52	1.18	3.23	–63
Revenue for the period according to IFRSs	121,252	112,575	8	43,084	38,868	11
Operating income for the period according to IFRSs	2,584	3,198	–19	916	1,144	–20
Earnings for the period per share according to IFRSs, SEK	5.37	7.11	–25	2.02	2.51	–20
Operating cash flow from operations	–141	–1,199	–88	123	–893	–
Interest-bearing net receivables(+)/net debt(–)	–3,717	–5,560	–33	–3,717	–5,560	–33
Return on capital employed in Project Development, % ¹	13.9	16.3				
Operating net financial assets(+)/liabilities(–)	7,256	6,246	16			
Return on equity, % ¹	9.8	27.1				

1 Rolling 12 months.

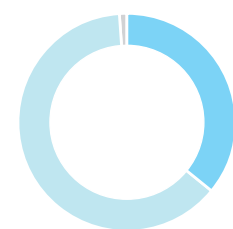
Revenue



Operating income

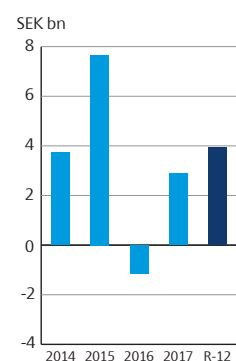


Operating income per segment, R-12m, Sep 30, 2018



- Construction, 0%
- Residential Development, 36%
- Commercial Property Development, 63%
- Infrastructure Development, 1%

Operating cash flow from operations



Comments from Skanska's President and CEO Anders Danielsson



As communicated on October 18, 2018, project write-downs in two projects and a goodwill impairment charge in USA have significantly impacted the quarter. The performance is not acceptable and overshadows the strong performance of several other business units in Skanska. Additional measures to restore performance in the Construction operations are being taken.

In USA we are exiting the power sector and will no longer bid for mega design-build public-private partnership (PPP) or Engineering Procurement and Construction (EPC)-projects. It is clear that the risk-reward profile in the mega design-build projects is not attractive. The focus on performance improvement in our US Civil operations continues under new leadership. In Poland the restructuring is progressing according to plan. In the UK and Czech Republic we are continuing to focus on projects within our core business. These strategic initiatives to reduce risks in the Construction operations result in lower order bookings. The implementation of a more effective organization working closer to the operations is progressing. All of this, I strongly believe is the right way forward to improve the profitability in Construction.

In our Residential Development stream the strong profitability is being maintained but significantly impacted by gains from land divestments and release of provisions. The Swedish market, especially

Stockholm, continues to be slow as the current oversupply must be absorbed and the willingness of customers to buy a home in early stages of construction has decreased. Thanks to our diversification across markets and segments we have the ability to shift the mix in our portfolio. Our financial strength also enables us to pursue opportunities in current market environment. Long term we see a strong demand for housing in most of our markets.

The Commercial Property Development stream is continuing its strong performance, and investor interest and tenant demand is strong. Even though transaction volumes were on the low side in the third quarter profitability was the opposite. The recently announced divestment of the office building 121 Seaport in Boston, our largest office divestment ever, ensures a strong start of the last quarter of 2018. The number of ongoing projects, currently at all-time-high-levels, and unrealized values in this portfolio shows good potential going forward.

In our Infrastructure Development stream the operations will, going forward, be concentrated on securing and developing the value of our existing public-private partnership (PPP) assets and realize these development gains over time.

During my first nine months as the CEO of Skanska a lot of attention has been put on reviewing the low performing units within our Construction stream. I am convinced that the changes and actions undertaken, including downsizing our operations in certain markets and risk reduction, will lead to the performance improvements needed and we will continue to execute on the strategic decisions. With the help of all the great people we have in Skanska I am certain that we are building a stronger and more profitable construction and project development company.



Powerhouse Brattørkaia in Trondheim, Norway, will be the world's northernmost energy positive office building. As a Powerhouse, it goes even further. Powerhouses, produced by a consortium of companies, including Skanska, are industry leading buildings that over a 60-year life cycle will generate more renewable energy than the energy required for construction, including material production; daily operations; and eventually demolition. To help achieve that demanding requirement with Powerhouse Brattørkaia, which will be completed in March 2019, the building is shaped to harness energy and light from the sun. The architecturally striking atrium – shown on the cover – will bring sunlight deep into the building.

Market outlook, next 12 months

Slightly weaker market outlook since last 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 and civil markets in Sweden are very strong, although the landscape is competitive. The residential building market is slowing down from a high activity level. In Norway, the outlook for the civil market remains positive, but with significant competition in new bids. The non-residential market also benefits from increased public investments, while investments in the residential building market are lower. The overall market situation in Finland continues to gradually improve.

In the UK there is still uncertainty related to Brexit limiting investments in the non-residential building market. The civil market is stable. In Central Europe there is a high activity level in general, even though the Czech Republic civil market is experiencing significant competition. In both Poland and Czech Republic, construction related inflation continues increasing rapidly.

In USA the overall market is strong. The civil construction market remains good, although competition is intense, and the building construction market is strong in sectors such as aviation, education, data centers and healthcare.

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

¹ Including Slovakia.

Residential Development

The overall Swedish residential market is weak but focusing on the market segments that Skanska's product range is targeting the situation is a bit more stable, even if it has slowed down significantly after a period of strong growth. Uncertainty about the direction of home prices is impacting the market negatively. The underlying housing needs should however be supportive long-term. The situation is similar in Norway while the Finnish market is solid and the Central European market is good. Common to all home markets is the challenge to acquire and develop land due to high prices and long permitting processes.

Nordics	
Sweden	➡
Norway	➡
Finland	➡
Europe	



Örgryte torp, Gothenburg, Sweden.

Commercial Property Development

Vacancy rates for office space in most of the Nordic and Central European cities where Skanska has operations are stable. In Sweden vacancy rates are low and rents are increasing. Demand for office space is strong in Poland and continues to improve in other parts of Central Europe. In USA, demand from tenants remains strong in Boston and Seattle, while somewhat weaker in Washington D.C. and Houston's energy corridor.

Modern properties with high quality tenants are in demand from property investors, resulting in attractive valuations for these properties. Investor appetite remains strong in the Nordics, especially Sweden, USA and Central Europe. Yield levels in Sweden and in USA have likely bottomed out.

In all home markets there is a challenge to acquire and develop land due to high prices and long permitting processes.

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

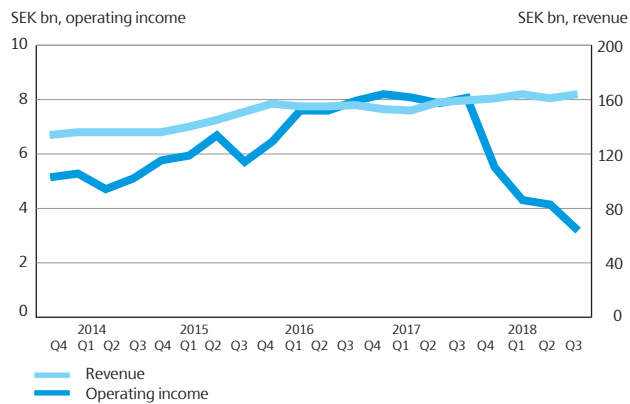


Sthlm 04, Stockholm, Sweden.

Performance analysis

Group

Revenue and operating income, rolling 12 months



Revenue and earnings

SEK M	Jan-Sep 2018	Jan-Sep 2017	Change, %	Jul-Sep 2018	Jul-Sep 2017	Change, %
Revenue	120,805	117,204	3	41,337	38,086	9
Operating income ^{1,2}	2,444	4,766	-49	507	1,466	-65
Net financial items	53	32	66	44	2	2,100
Income after financial items	2,497	4,798	-48	551	1,468	-62
Taxes	-406	-452	-10	-58	-139	-58
Profit for the period	2,091	4,346	-52	493	1,329	-63
Earnings for the period per share, SEK ³	5.07	10.58	-52	1.18	3.23	-63
Earnings for the period per share according to IFRSs, SEK ³	5.37	7.11	-25	2.02	2.51	-20

1 Central, SEK -628 M (-616).

2 Eliminations, SEK -58 M (-102).

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

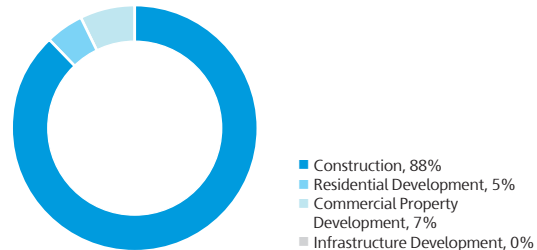
Changes and currency rate effects

	Jan-Sep 2018 / Jan-Sep 2017		
	Change in SEK	Change in local currency	Currency effect
Revenue	3%	1%	2%
Operating income	-49%	-50%	1%

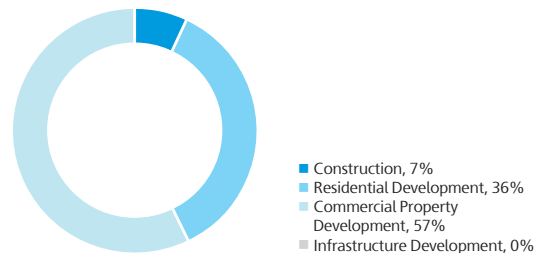
Revenue amounted to SEK 120.8 billion (117.2); adjusted for currency effects revenue increased 1 percent.

Operating income decreased 49 percent and amounted to SEK 2,444 M (4,766); adjusted for currency effects operating income decreased 50 percent. In the third quarter operating income was, as previously announced, negatively affected by project write-downs

Revenue per segment, January–September 2018



Operating income per segment, January–September 2018



of about SEK 0.9 billion and a goodwill impairment charge of about SEK 0.4 billion. Both are related to the US construction operations. During the first and second quarter operating income was negatively affected by restructuring charges of about SEK 0.7 billion and project write-downs in the Polish and the US construction operations of about SEK 1.1 billion in total. During the first quarter claims resolutions in the US civil operations and effects from pension curtailments in the UK had a positive impact of about SEK 0.5 billion. In Residential Development land divestments and release of reserves had a positive impact of about SEK 0.2 billion and SEK 0.3 billion respectively during the first nine months. In the comparable period the divestment of the PPP-investment in the A1 motorway in Poland and project write-downs in the US and the UK construction operations impacted operating income significantly.

Central expenses totaled SEK -628 M (-616) and include restructuring charges of SEK 120 M. The elimination of gains in Intra-Group projects amounted to SEK -58 M (-102).

Net financial items amounted to SEK 53 M (32).

Taxes for the period amounted to SEK -406 M (-452), corresponding to an effective tax rate of about 16 (9) percent. The lower tax rate in the comparable period is related to a higher proportion of income sources with a lower tax rate.

Cash flow

Group

Operating cash flow from operations



Operating cash flow

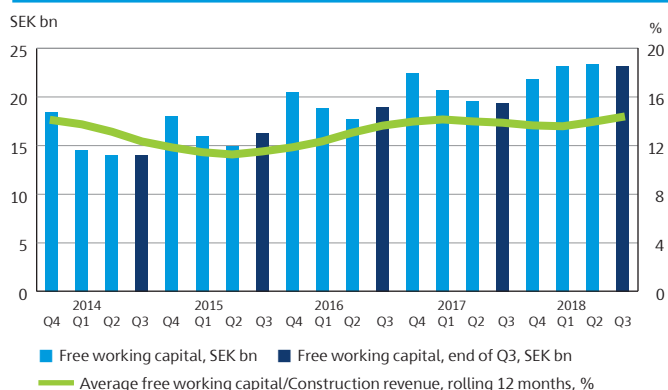
SEK M	Jan-Sep 2018	Jan-Sep 2017	Change, %	Jul-Sep 2018	Jul-Sep 2017	Change, %
Cash flow from business operations	806	1,001	-19	522	918	-43
Change in working capital	1,247	895	39	254	-83	-
Net divestments(+)/investments(-)	-1,772	-2,696	-34	-186	-1,452	-87
Cash flow adjustment	-285	-3	9,400	-297	-18	1,550
Cash flow from business operations before taxes paid	-4	-803	-100	293	-635	-
Taxes paid in business operations	-162	-565	-71	-98	-299	-67
Cash flow from financing operations	25	169	-85	-72	41	-
Operating cash flow from operations	-141	-1,199	-88	123	-893	-
Net strategic divestments(+)/investments(-)	-16	0	-	-6	0	-
Dividend etc	-3,472	-3,764	-8	0	-223	-
Cash flow before change in interest-bearing receivables and liabilities	-3,629	-4,963	-27	117	-1,116	-
Change in interest-bearing receivables and liabilities	743	3,892	-81	653	1,167	-44
Cash flow for the period	-2,886	-1,071	169	770	51	1,410

Operating cash flow from operations amounted to SEK -141 M (-1,199). The improved cash flow is due to increased divestments in Commercial Property Development.

Taxes paid in business operations amounted to SEK -162 M (-565).

Commercial Property Development assets sold but not yet transferred will have a positive effect on cash flow of about SEK 5.6 billion, of which SEK 1.1 billion will be received during the fourth quarter of 2018.

Free working capital in Construction



Free working capital in Construction amounted to SEK 23.2 billion (19.4), with average free working capital in relation to Construction revenue in the past 12 months at 14.3 percent. Free working capital in Construction remained at a good level due to favorable cash flow profiles in a number of projects and continued focus on cash generation in the Construction stream. Cash flow due to changes in working capital in Construction amounted to SEK 125 M (-2,197). Settlements and increased provisions largely account for the change in cash flow.

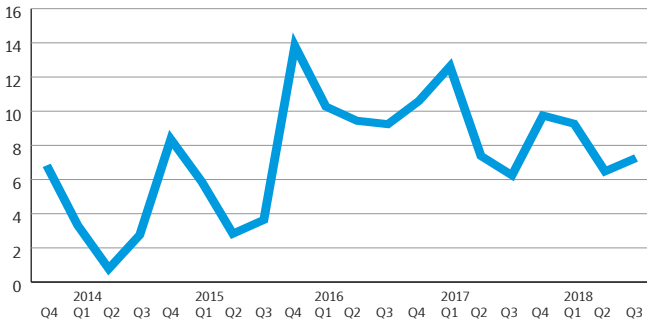


A14, highway project, Cambridge to Huntingdon, UK.

Financial position

Operating net financial assets/liabilities

SEK bn



Balance sheet – Summary

SEK bn	Sep 30, 2018	Sep 30, 2017	Dec 31, 2017
Total assets	116.9	107.4	109.4
Total equity	28.0	25.3	27.2
Interest-bearing net receivables (+)/net debt (–)	–3.7	–5.6	–1.1
Operating net financial assets(+)/liabilities(–)	7.3	6.2	9.7
Capital employed, closing balance	45.6	42.6	44.1
Equity/assets ratio, %	24.0	23.6	24.8

Change in net interest-bearing receivables and liabilities

SEK M	Jan-Sep 2018	Jan-Sep 2017	Jul-Sep 2018	Jul-Sep 2017	Jan-Dec 2017
Opening balance interest-bearing net receivables(+)/net debt(–)	–1,126	1,219	–4,041	–4,323	1,219
Change in accounting principle ¹	–30	–	–	–	–
Adjusted opening balance	–1,156	1,219	–4,041	–4,323	1,219
Cash flow for the period	–2,886	–1,071	770	51	1,619
Less change in interest-bearing receivables and liabilities	–743	–3,892	–653	–1,167	–2,619
Cash flow before change in interest-bearing receivables and liabilities	–3,629	–4,963	117	–1,116	–1,000
Translation differences, net receivables/net debt	243	–801	57	–267	–941
Remeasurements of pension liabilities	622	–831	193	309	–334
Interest-bearing liabilities acquired/divested	–8	0	–1	0	0
Other changes, interest-bearing net receivables/net debt	211	–184	–42	–163	–70
Change in interest-bearing net receivables/net debt	–2,561	–6,779	324	–1,237	–2,345
Closing balance interest-bearing net receivables(+)/net debt(–)	–3,717	–5,560	–3,717	–5,560	–1,126
Pension liability, net	3,854	5,396	3,854	5,396	4,910
Loans to housing co-ops	7,119	6,410	7,119	6,410	5,961
Closing balance operating net financial assets(+)/liabilities(–)	7,256	6,246	7,256	6,246	9,745

¹ Change in accounting principle is attributable to the implementation of IFRS 9. For further information on IFRS 9, see the Annual Report 2017, Note 1.

Operating net financial assets amounted to SEK 7.3 billion (June 30, 2018: 6.5). Interest-bearing net debt amounted to SEK –3.7 billion (June 30, 2018: –4.0).

At the end of the quarter, cash, cash equivalents and committed unutilized credit facilities amounted to about SEK 12.9 billion

(June 30, 2018: 12.2), of which SEK 11.2 billion (June 30, 2018: 10.7) is available within one week. The Group central loan portfolio amounted to SEK 4.7 billion (June 30, 2018: 4.8) and had an average maturity of 3.5 years (June 30, 2018: 3.8), including committed unutilized credit facilities. Loans to housing co-ops totaled SEK 7.1 billion (June 30, 2018: 6.5) and net pension liabilities totaled SEK 3.9 billion (June 30, 2018: 4.0). At the end of the quarter, capital employed amounted to SEK 45.6 billion (June 30, 2018: 44.5).

Equity

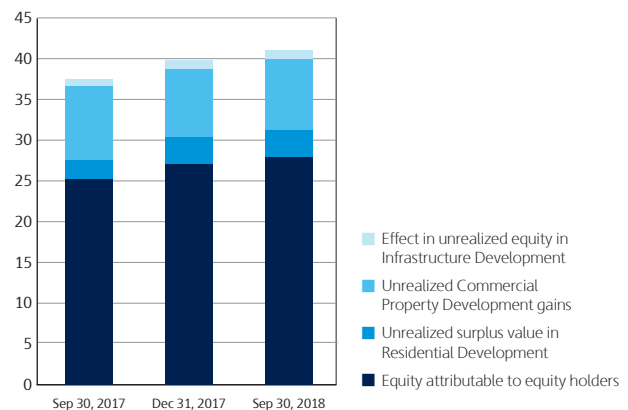
Changes in equity

SEK M	Jan-Sep 2018	Jan-Sep 2017	Jul-Sep 2018	Jul-Sep 2017	Jan-Dec 2017
Opening balance	27,185	27,506	27,157	24,448	27,506
Change in accounting principle ¹	–140	–	–	–	–
Adjusted opening balance	27,045	27,506	27,157	24,448	27,506
Dividend to shareholders	–3,373	–3,380	0	0	–3,380
Other changes in equity not included in total comprehensive income for the year	67	–155	27	–145	–202
Profit for the period	2,211	2,926	833	1,038	4,111
Other comprehensive income					
Translation differences	1,389	–917	–248	–287	–716
Effects of remeasurements of pensions	421	–782	183	277	–330
Effects of cash flow hedges	274	101	82	–32	196
Closing balance	28,034	25,299	28,034	25,299	27,185

¹ Change in accounting principle is attributable to the implementation of IFRS 9. For further information on IFRS 9, see the Annual Report 2017, Note 1.

Adjusted equity, less standard tax of 10 percent

SEK bn



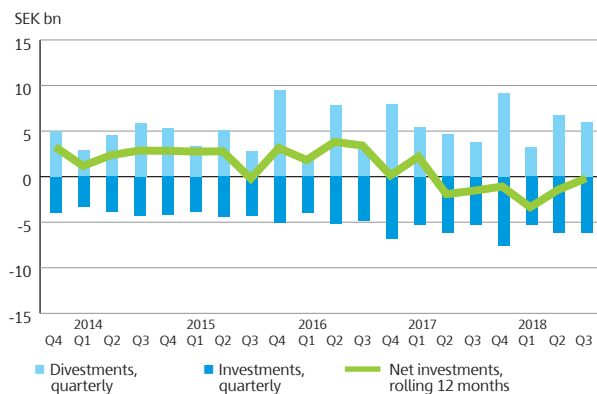
The Group's equity amounted to SEK 28.0 billion (25.3), resulting in an equity/assets ratio of 24.0 percent (23.6) and a net debt/equity ratio of 0.1 (0.2).

The effects of remeasurements of pensions amounted to SEK 421 M (–782), mainly due to higher discount rates in Norway and the UK. The comparable period was impacted by lower discount rates in Sweden, Norway and the UK. The effects of cash flow hedges, SEK 274 M (101), are mainly related to changes in interest-rate swaps attributable to Infrastructure Development projects. Translation differences amounted to SEK 1,389 M (–917), mainly attributable to a weaker Swedish krona.

Unrealized surplus values less standard tax in Project Development amounted to SEK 13.2 billion (June 30, 2018: 14.2), of which SEK 1.2 billion was realized according to segment reporting.

Investments and divestments

Investments and divestments



The Group's investments amounted to SEK –17,619 M (–16,633), while divestments amounted to SEK 15,831 M (13,937), resulting in net investments of SEK –1,788 M (–2,696).

In Construction, investments totaled SEK –1,822 M (–1,609). These investments mainly relates to property, plant and equipment for the Group's own operations. Net investments in Construction amounted to SEK –1,637 M (–1,430). Depreciation of property, plant and equipment amounted to SEK –1,099 M (–998).

In Residential Development, investments totaled SEK –7,516 M (–7,906), of which about SEK –1,077 M (–1,772) relates to land acquisitions, corresponding to 2,362 building rights. Divestments amounted to SEK 7,584 M (8,347). Net divestments in Residential Development amounted to SEK 68 M (441).

In Commercial Property Development, investments totaled SEK –8,203 M (–7,239), of which SEK –582 M (–707) relates to investments in new land, while divestments amounted to SEK 7,997 M (4,244). Net investments in Commercial Property Development amounted to SEK –206 M (–2,995).

Investments in Infrastructure Development amounted to SEK –65 M (–71), while divestments amounted to SEK 65 M (1,368). Net divestments in Infrastructure Development amounted to SEK 0 M (1,297).



Investment in Nordic Light, Budapest, Hungary.

Investments, divestments and net divestments/investments

SEK M	Jan-Sep 2018	Jan-Sep 2017	Change, %	Jul-Sep 2018	Jul-Sep 2017	Change, %
Investments						
Construction	–1,822	–1,609	13	–606	–496	22
Residential Development	–7,516	–7,906	–5	–2,595	–2,031	28
Commercial Property Development	–8,203	–7,239	13	–2,908	–2,740	6
Infrastructure Development	–65	–71	–8	0	0	–
Other	–13	192		–19	30	
Total	–17,619	–16,633	6	–6,128	–5,237	17
Divestments						
Construction	185	179	3	27	72	–63
Residential Development	7,584	8,347	–9	2,620	2,132	23
Commercial Property Development	7,997	4,244	88	3,247	1,620	100
Infrastructure Development	65	1,368	–95	42	0	–
Other	0	–201		0	–39	
Total	15,831	13,937	14	5,936	3,785	57
Net divestments(+)/ investments(–)						
Construction	–1,637	–1,430	14	–579	–424	37
Residential Development	68	441	–85	25	101	–75
Commercial Property Development	–206	–2,995	–93	339	–1,120	–
Infrastructure Development	0	1,297	–	42	0	–
Other	–13	–9		–19	–9	
Total	–1,788	–2,696	–34	–192	–1,452	–87
Of which strategic	–16	0		–6	0	

Capital employed in Project Development

SEK M	Sep 30, 2018	Sep 30, 2017	Dec 31, 2017
Residential Development	14,658	11,992	12,652
Commercial Property Development	27,116	23,558	24,481
Infrastructure Development	2,156	2,211	1,809
Total in Project Development	43,930	37,761	38,942

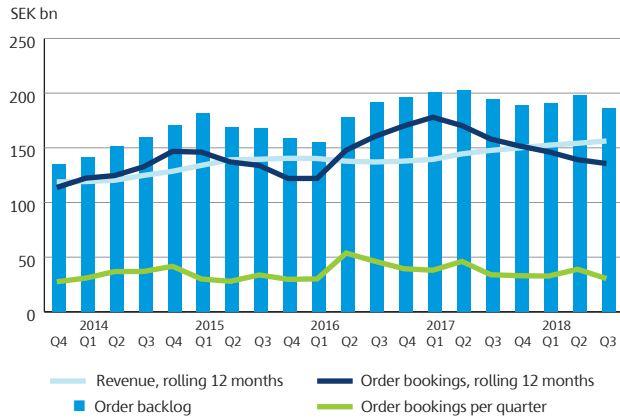


Divestment, Fairview 400, Seattle, USA.

Performance analysis, business streams

Construction – Order situation

Order backlog, revenue and order bookings



Order bookings and order backlog in Construction

SEK bn	Jan-Sep 2018	Jan-Sep 2017	Jul-Sep 2018	Jul-Sep 2017
Order bookings	102.6	118.6	30.6	34.1
Order backlog ¹	186.3	194.7	–	–

¹ Refers to the end of each period.

Order bookings decreased 13 percent and amounted to SEK 102.6 billion (118.6); adjusted for currency effects order bookings decreased 15 percent. On a rolling 12-month basis the book-to-build ratio was 87 percent (June 30, 2018: 90). The lower order bookings are mainly a result of the strategic initiatives to downsize our operations in certain markets and reduce risks in the Construction stream.

At the end of the quarter, the order backlog amounted to SEK 186.3 billion compared to SEK 197.6 billion at the end of the previous quarter. The order backlog corresponds to about 14 months of production (June 30, 2018: 15).

Changes and currency rate effects

	Change in SEK	Change in local currency	Currency effect
Jan-Sep 2018 / Jan-Sep 2017			
Order bookings	–13%	–15%	2%
Sep 30, 2018 / Jun 30, 2018			
Order backlog	–6%	–5%	–1%

Major orders in the quarter

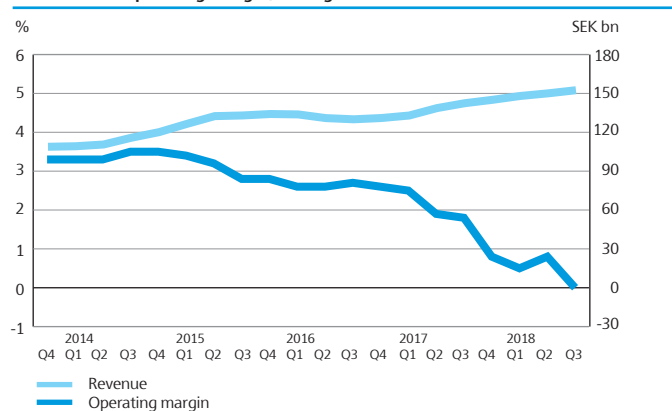
Geography	Contract	Amount SEK M	Client
USA	College campus	1,200	Collin College
USA	Renovation of museum	1,000	Metropolitan Museum of Art
USA	Renovation of academic facility	1,000	Confidential
USA	Rehabilitation of bridge	675	New York City Department of Transportation
Nordic	Hydroelectric power plant	630	Eidsiva Vannkraft



Storåselva, hydroelectric power plant, Hedmark, Norway.

Construction

Revenue and operating margin, rolling 12 months



Revenue and earnings

SEK M	Jan-Sep 2018	Jan-Sep 2017	Change, %	Jul-Sep 2018	Jul-Sep 2017	Change, %
Revenue	115,314	108,976	6	40,261	38,208	5
Gross income	5,440	6,254	-13	1,553	2,393	-35
Selling and administrative expenses	-5,234	-4,850	8	-1,876	-1,490	26
Income from joint ventures and associated companies	25	22		13	15	
Operating income	231	1,426	-84	-310	918	-
Gross margin, %	4.7	5.7		3.9	6.3	
Selling and administrative expenses, %	-4.5	-4.5		-4.7	-3.9	
Operating margin, %	0.2	1.3		neg	2.4	
Employees	37,556	39,291				

Changes and currency rate effects

	Jan-Sep 2018 / Jan-Sep 2017		
	Change in SEK	Change in local currency	Currency effect
Revenue	6%	4%	2%
Operating income	-84%	-82%	-2%

Revenue in the Construction business stream increased 6 percent and amounted to SEK 115.3 billion (109.0); adjusted for currency effects revenue increased 4 percent. Operating income amounted to SEK 231 M (1,426).

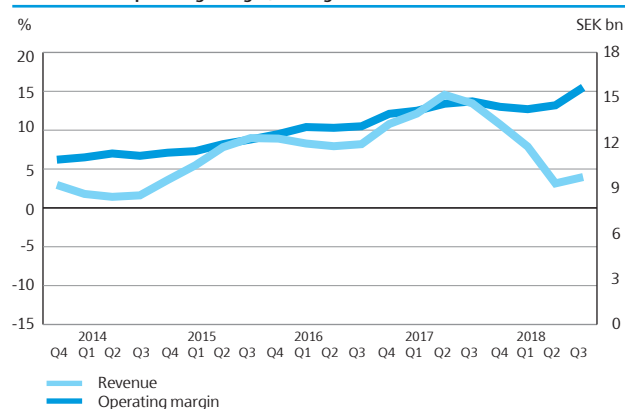
The performance in the Nordics was stable and strong, mainly driven by Sweden. Operating income in Europe was during the first quarter negatively impacted by restructuring charges of SEK 0.4 billion in total, and project write-downs of about SEK 0.6 billion in the Polish operations. In the second quarter, project write-downs in the US operations of about SEK 0.5 billion negatively affected the operating income. In the third quarter, as previously announced, additional project write-downs and a goodwill impairment charge in USA totaling SEK 1.3 billion had a negative impact. The project write-downs of about SEK 0.9 billion relate to the construction works of two ongoing PPP-projects in USA and are caused by additional cost overruns due to lower production rates and delays. The goodwill impairment charge of about SEK 0.4 billion are associated with the process of exiting the US power sector. Claim resolutions in the US civil operations and effects of pension curtailments in the UK had a positive impact of about SEK 0.5 billion in total during the first quarter. The year to date comparable period contains project write-downs in USA and in the UK of about SEK 1 billion in total.



Nationalmuseum, Stockholm, Sweden.

Residential Development

Revenue and operating margin, rolling 12 months



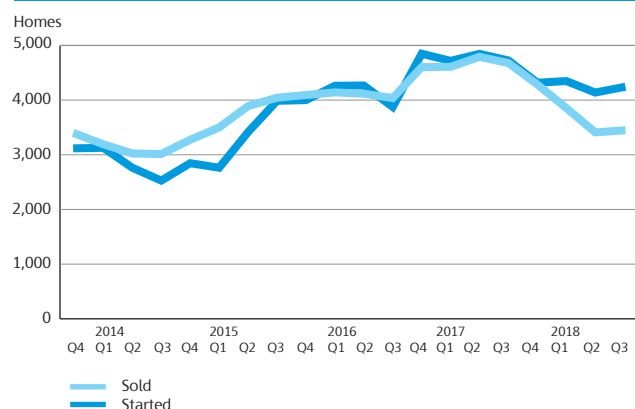
Revenue and earnings

SEK M	Jan-Sep 2018	Jan-Sep 2017	Change, %	Jul-Sep 2018	Jul-Sep 2017	Change, %
Revenue	6,619	10,101	-34	2,453	2,033	21
Gross income	1,619	1,815	-11	651	384	70
Selling and administrative expenses	-497	-493	1	-147	-165	-11
Operating income	1,122	1,322	-15	504	219	130
Gross margin, %	24.5	18.0		26.5	18.9	
Selling and administrative expenses, %	-7.5	-4.9		-6.0	-8.1	
Operating margin, %	17.0	13.1		20.5	10.8	
Return on capital employed, % ¹	11.9	18.2		-	-	

1 Rolling 12 months. For definition see page 19.

Revenue in the Residential Development business stream amounted to SEK 6,619 M (10,101). The number of homes sold totaled 2,214 (3,052). The decrease in revenue is related to slower markets in Sweden and Norway. Operating income amounted to SEK 1,122 M (1,322) and includes a positive effect from release of reserves amounting to about SEK 300 M related to completion of projects, as well as land divestment gains amounting to SEK 200 M. The operating margin amounted to 17.0 percent (13.1). Excluding the release of reserves and land divestments the operating margin was 10 percent.

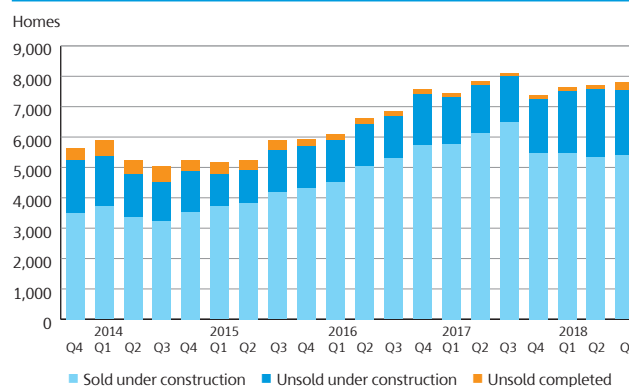
Homes sold and started, rolling 12 months



Homes sold and started

	Jan-Sep 2018	Jan-Sep 2017
Homes sold	2,214	3,052
Homes started	2,725	2,803

Homes under construction and unsold



Homes under construction and unsold

	Sep 30, 2018	Sep 30, 2017	Dec 31, 2017
Homes under construction	7,538	8,006	7,243
of which sold, %	72	81	76
Completed unsold, number of homes	261	90	122

Return on capital employed decreased to 11.9 percent (18.2) as a result of lower profit and higher capital employed.

At the end of the quarter, 7,538 homes (June 30, 2018: 7,564) were under construction. Of these, 72 percent (June 30, 2018: 71) were sold. The number of completed unsold homes totaled 261 (June 30, 2018: 133), with the majority located in Sweden. In the first nine months of 2018, construction started on 2,725 homes (2,803).

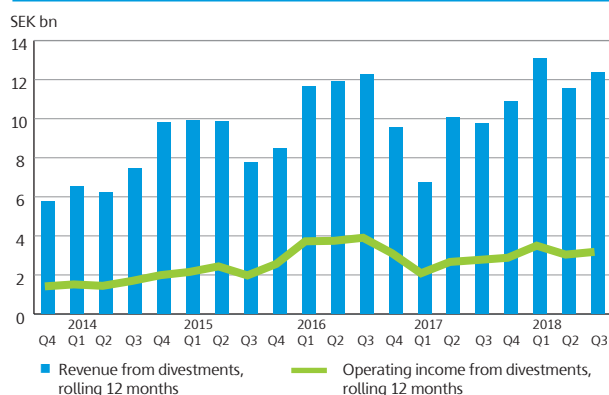
Breakdown of carrying amounts

SEK M	Sep 30, 2018	Sep 30, 2017	Dec 31, 2017
Completed projects	592	682	655
Ongoing projects	9,152	7,770	7,750
Undeveloped land and development properties	7,649	6,447	6,990
Total	17,393	14,899	15,395

A breakdown of the carrying amounts for Residential Development is presented in the table above. Ongoing projects amounted to SEK 9.2 billion (June 30, 2018: 9.0) and undeveloped land and development properties amounted to SEK 7.6 billion (June 30, 2018: 7.4). The estimated unrealized surplus value in unsold homes in construction and undeveloped land and development properties amounted to about SEK 3.7 billion. The undeveloped land and development properties correspond to Skanska-owned building rights for 26,380 homes and 1,400 building rights held by joint ventures. In addition, subject to certain conditions, the business stream has the right to purchase 13,460 building rights.

Commercial Property Development

Revenue and operating income from property divestments



Revenue and earnings

SEK M	Jan-Sep 2018	Jan-Sep 2017	Change, %	Jul-Sep 2018	Jul-Sep 2017	Change, %
Revenue	9,189	7,755	18	1,879	1,074	75
of which from divestment of properties	8,777	7,280	21	1,757	915	92
Gross income	2,377	2,169	10	575	485	19
Selling and administrative expenses	-630	-624	1	-209	-199	5
Income from joint ventures and associated companies	41	306		90	308	
Operating income	1,788	1,851	-3	456	594	-23
of which from divestment of properties	2,352	2,049	15	595	454	31
Return on capital employed, % ¹	13.8	13.8				

1 Rolling 12 months. For definition see page 19.

In the Commercial Property Development business stream, divestments worth SEK 8,777 M (7,280) were made in the first nine months of 2018.

Breakdown of investment value and market value

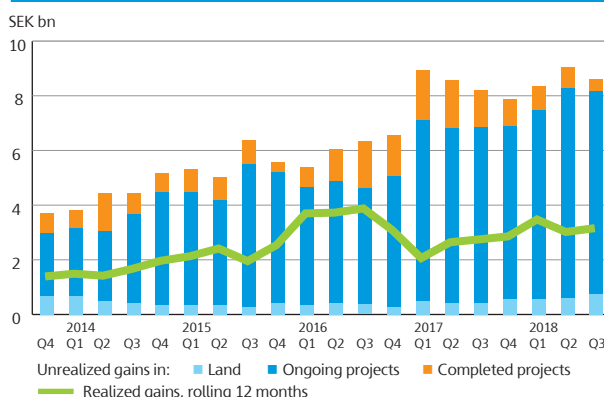
SEK M	Investment value, end of period	Investment value upon completion	Market value ¹	Occupancy rate, %	Degree of completion, %
Ongoing projects	17,877	33,257	41,883	45	55
Completed projects ²	3,011	3,011	3,439	71	100
Undeveloped land and development properties	7,708	7,708	8,444		
Total	28,596	43,976	53,766		
of which carrying amount ³	28,414	43,794			
of which completed projects sold according to segment reporting	279	279	396		
of which ongoing projects sold according to segment reporting	2,712	4,387	5,584		

1 Market value according to appraisal on December 31, 2017. Estimated market value at completion fully leased.

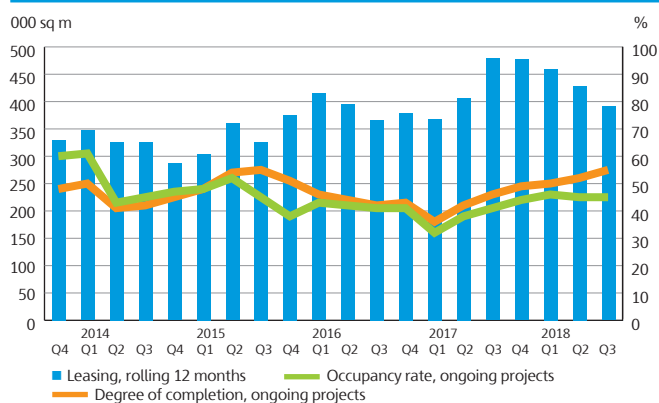
2 Skanska's share of total production cost in JVs is SEK 545 M end of period and upon completion.

3 Includes Skanska's total equity investment in JV of SEK 363 M (end of period) and SEK 363 M (upon completion) and tenant improvement and leasing commissions in CDUS of SEK 240 M (Completed projects) and SEK 657 M (ongoing projects).

Unrealized and realized gains, segment reporting



Leasing and degree of completion



Operating income amounted to SEK 1,788 M (1,851) and included gains from property divestments totaling SEK 2,352 M (2,049). Return on capital employed amounted to 13.8 percent (13.8).

At the end of the quarter, Commercial Property Development had 56 ongoing projects. In the third quarter, eleven new projects were started and three were completed. The 56 ongoing projects represent leasable space of about 1,143,000 sq m with an occupancy rate of 45 percent, measured in rent. The projects' degree of completion was 55 percent. Their investment value upon completion is expected to total SEK 33.3 billion, with an estimated market value of SEK 41.9 billion.

Of the ongoing projects, 17 have been divested according to segment reporting. These projects represent an investment value upon completion of SEK 4.4 billion, with a sales value of SEK 5.6 billion.

The market value of completed projects, excluding properties divested according to segment reporting, was SEK 3.0 billion. The occupancy rate, measured in rent, totaled 71 percent (June 30, 2018: 79).

At the end of the quarter, unrealized gains, excluding properties divested according to segment reporting, totaled SEK 8.6 billion. These gains related to SEK 7.5 billion in ongoing projects, SEK 0.4 billion in completed projects and SEK 0.7 billion in undeveloped land and development properties.

Accumulated eliminations of Intra-Group project gains amounted to SEK 507 M. These eliminations are released at the Group level as each project is divested. During the first nine months new leases were signed for 246,000 sq m (332,000).

Infrastructure Development

Revenue and earnings

SEK M	Jan-Sep 2018	Jan-Sep 2017	Change, %	Jul-Sep 2018	Jul-Sep 2017	Change, %
Revenue	86	59	46	52	20	160
Gross income	-29	-80	-64	34	-24	-
Selling and administrative expenses	-116	-97	20	-16	-28	-43
Income from joint ventures and associated companies	134	1,062	-87	46	27	70
Operating income	-11	885	-	64	-25	-
of which gains from divestments of shares in projects	58	912	-94	35	-1	-
Return on capital employed, % ¹	26.9	25.3				

¹ Rolling 12 months. For definition see page 19.

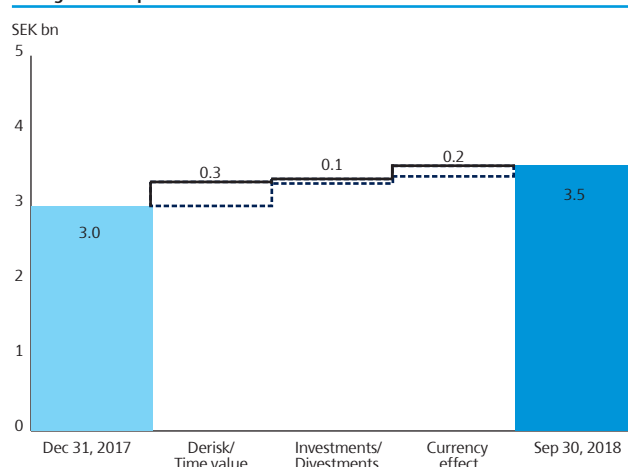
Operating income in the Infrastructure Development business stream totaled SEK -11 M (885) and includes restructuring charges of SEK 120 M during the first quarter as well as a success fee from the financial close of Rv3 in Norway during the second quarter. During the third quarter an additional payment from a previous divestment was received. The comparable period contains the gain of about SEK 0.9 billion from the divestment of the investment in the A1 motorway project in Poland. Return on capital employed amounted to 26.9 percent (25.3).

Unrealized development gains

SEK bn	Sep 30, 2018	Sep 30, 2017	Dec 31, 2017
Present value of cash flow from projects	4.5	3.8	3.8
Present value of remaining investments	-1.0	-0.9	-0.8
Net present value of projects	3.5	2.9	3.0
Carrying amount before Cash flow hedge / Carrying amount	-2.5	-2.6	-2.5
Unrealized development gain	1.0	0.3	0.5
Cash flow hedge	0.2	0.6	0.6
Effect in unrealized equity ¹	1.2	0.9	1.1

¹ Tax effects not included.

Changes in net present value

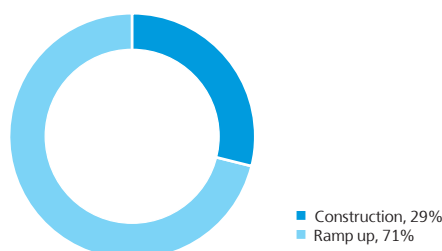


The net present value of projects at the end of the period increased to SEK 3.5 billion (Dec 31, 2017: 3.0). Remaining investment obligations relating to ongoing Infrastructure Development projects amounted to about SEK -1.0 billion (Dec 31, 2017: -0.8).

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 2.5 billion (Dec 31, 2017: 2.5), while unrealized development gains totaled about SEK 1.0 billion (Dec 31, 2017: 0.5).

Cash flow hedges, for which the change in value is recognized as other comprehensive income, reduced the carrying amount and thereby equity by SEK 0.2 billion (Dec 31, 2017: 0.6).

Estimated gross present value by phase



Rv3, road project, Løten to Elverum, Norway.

Personnel

During the year, the average number of employees in the Group was 39,217 (41,082). At the end of the quarter, the number of employees totaled 38,653 people (June 30, 2018: 39,716).

Transactions with related parties

For the nature and extent of transactions with related parties, see the 2017 Annual Report, Note 39. There were no new significant transactions during the quarter.

Material risks and uncertainties

For information about risks and a description of key estimates and judgments, see the 2017 Annual Report, Report of the Directors and Note 2 and 6, as well as the section above on market outlook.

Other matters

Repurchase of shares

At the Board meeting on April 13, 2018, 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 2019, not more than 3,000,000 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 (2017-2019) Seop 4.

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 later than the Annual General Meeting in 2019, not more than 700,000 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 (2014-2016) Seop 3.

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, 2018, Skanska held 10,563,560 Series B shares in its own custody.

Events after the end of the report period

Skanska has divested its 121 Seaport office tower development in Boston, USA for about SEK 4 billion, with a gain of about SEK 1.2 billion, during the fourth quarter 2018. The transfer of the property will also take place during the fourth quarter 2018.

Financial reports for 2018

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

The Group's remaining interim reports in 2018 will be published on the following dates:

February 8, 2019 Year-end Report

Stockholm, November 8, 2018

Anders Danielsson

President and Chief Executive Officer

Auditors' Review Report concerning this interim report

Introduction

We have reviewed the condensed interim report for Skanska AB (publ.) as at September 30, 2018 and for the nine months period then ended. The Board of Directors and the Managing Director are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

Scope of review

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

Conclusion

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

Stockholm, November 8, 2018
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, the Securities Market Act, and Swedish Financial Reporting Board's Recommendation RFR 2. Two new standards, IFRS 15 Revenue from contracts with customers and IFRS 9 Financial instruments, apply from January 1, 2018. The accounting principles for these two reporting standards are presented in Note 1 in the 2017 Annual Report, with the explanations below regarding the application of IFRS 15 for each business stream. (As described under "Segment and IFRS reporting," the point in time for recognition of revenue differs from segment reporting for Residential Development and Commercial Property Development).

The Construction stream builds and renovates buildings, industrial facilities, and infrastructure. It also executes service-related assignments, in areas such as construction services and facility operations and maintenance. This business serves both public and private clients. A combination of contracts happens rarely, but contract modifications, such as those related to additional orders, are common. In most cases the added goods or services are not distinct and therefore form part of a single performance obligation that is partially met at the time of the contract modification and is reported as being a part of the existing contract. Most often the contracts, within this business stream, contain only one performance obligation. Performance obligations in the Construction stream are the construction contract or the service that is to be delivered, for example the construction of a building on the customer's land or the maintenance of facilities, such as roads. If an agreement involves operations in different geographic locations, delivered during different time periods or with different risk exposures, the breakdown of several performance obligations may be relevant. If there is a right to variable remuneration, such as incentive agreements, this is taken into account to the extent that it is highly unlikely it will be reversed at a later date. Revenue is recognized over time in the Construction stream, when the customer simultaneously receives and consumes the benefits provided through the entity's performance or when Skanska creates or enhances an asset, that the customer controls. Revenue is recognized over time, determined each quarter, on the basis of accumulated project expenses in relation to estimated accumulated project expenses upon completion. Costs such as wasted building costs or set-up costs incurred on site that do not contribute to the fulfillment of the performance obligation are not taken into account.

The Residential Development stream develops and sells new residential units. Its customers consist almost exclusively of private persons. The reason for recognizing revenue is usually an agreement to sell a specific asset, such as a residential apartment. Contract modifications are rare but are included in the original contract. Even though Skanska formally concludes an agreement with a Swedish cooperative housing association or a Finnish housing corporation, the individual home buyer is considered the customer. Skanska is responsible for a residential property's sales operations and is in communication with the buyers of its units. Unsold apartments remain with Skanska as current-asset properties.

The performance obligation in the Residential Development stream is the handing over of an apartment that is ready for occupation. The transaction price is a fixed price according to the terms of the sales agreement. Revenue is recognized at the point in time when the keys to the home are handed over to the individual buyer. In other words, it is recognized when the buyer has taken possession of the apartment and has full control over it as the owner. This is based on Skanska being deemed not to be entitled to full payment until fulfillment of its contract obligation. Even if a certain advance payment is made by the buyer, Skanska is not entitled to full payment for the work completed to date. This is due to the fact that sales contracts contain clauses that allow the buyer in certain situations to withdraw from the contract during construction without reimbursing Skanska in the manner required for the recognition of revenue over time. Apartments under construction and not yet transferred to customers are reported as current-asset properties. Remuneration received from a Swedish cooperative housing association or a Finnish housing corporation for services performed and for transfer of property is reported as a current liability.

In the Commercial Property Development stream Skanska initiates, invests in, develops, and leases commercial properties that it sells to real estate investors. The combination of contracts rarely occurs. Within this business stream the performance obligation to the customer is to deliver an investment property in the form of a commercial property usually with tenants. If land is sold prior to the commencement of construction work, the sale of land is a performance obligation on its own, which means that the construction work becomes a separate performance obligation within the construction stream. The development of commercial projects is a continuous process with a number of clearly defined phases. The average development cycle from the initial project idea to its completion is five to seven years. Divestment normally occurs at the end of the cycle, when a project is completed. The performance obligation is to hand over a fully developed property that usually becomes an investment holding of the customer. In some cases, Skanska also assists the investor with renting the property, an undertaking that may be a separate performance obligation. The transaction price is the price specified in the contract. When the contract with the customer is signed, there is no alternative use for the property. If Skanska is entitled to payment for any work performed to date, this would depend on the contractual terms and conditions. Skanska's assessment is, however, that it usually assumes this right only when fulfilling a contract obligation. Prior to the completion of a project, Skanska normally only has the right to an indemnity not equal to work performed to date. Revenue is therefore recognized at a point in time when the property is handed over to the customer.

The Infrastructure Development stream develops hospitals, airports, roads and other necessary social structures. The accounting of the stream's projects complies with IFRIC 12 Service Concession Arrangements, which in turn accounts for revenue according to IFRS 15.

The standard IFRS 15 Revenue from contracts with customers has been implemented retrospectively, which has resulted in a reclassification from contract liabilities and from trade and other payables to provisions for onerous contracts, within the line for provisions.

The reclassifications are distributed with the following numbers per quarter:

SEK M	Jan 1, 2017	Mar 31, 2017	Jun 30, 2017	Sep 30, 2017	Dec 31, 2017
Contract liabilities	-151	-239	-275	-282	-370
Trade and other payables	-236	-244	-256	-244	-204
Provisions for losses	387	483	531	526	574

The implementation of the standard IFRS 9 Financial instruments has not resulted in any effects on the accounting, except for the new impairment model for expected credit losses due to possible future deficiency in customer's ability to pay. The new model applies from January 1, 2018. Comparative information is not adjusted.

As of January 1, 2018, the credit loss reserve for financial instruments has increased with SEK 180 M, of which SEK 30 M refers to interest-bearing financial receivables and SEK 150 M refers to accounts receivables. This has a direct effect in equity amounting to SEK 140 M, net of deferred tax.

The new standard IFRS 16 Leases will be applied from January 1, 2019. Skanska has chosen to implement the standard retroactively with cumulative effect, i.e., without restating the comparison periods. A preliminary assessment shows that the statement of financial position will be affected by right-of-use assets and lease liabilities of about SEK 9 billion. Additional information regarding the impact of the new standard will be presented in the Year-end Report 2018.

From this year tax in joint ventures and associated companies are included in "Income from joint ventures and associated companies".

The accounting principles and assessment methods presented in the 2017 Annual Report 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 2017 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 over time for both segment and IFRS reporting.

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

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

Infrastructure Development specializes in developing privately financed infrastructure projects, such as highways, hospitals and power-generation plants. Construction assignments are in most markets performed by Skanska's Construction segment. Revenues and earnings are reported over time 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.

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

Definitions

For further definitions, see the 2017 Annual Report, Note 44.

Non-IFRS financial measures

	Definition	Reason for use
		The following measures are used as they are viewed as the best and most accurate ways to measure Skanska's operations; reflecting its business model and strategy. Thus assisting investors and management in analyzing trends and performance in Skanska.
Revenue Segment	Revenue segment is the same as revenue IFRS in all streams except for the Residential Development stream and the Commercial Property Development stream, where revenue is recognised for when signing binding agreement for sale of homes and properties. As segment reporting of joint ventures in Residential Development applies the proportional method, revenue segment is affected by this.	Measure revenue generated in current market environment.
Gross income	Revenue minus cost of sales.	Measure profit generated from projects.
Gross margin	Gross income as a percentage of revenue.	Measure profitability in projects.
Selling and admin expenses %	Selling and administrative expenses as a percentage of revenue.	Measure cost efficiency in selling and administrative expenses.
Operating income	Revenue minus cost of sales, selling and administrative expenses and income from joint ventures and associated companies.	Measure profit generated from operations.
Operating income segment	Revenue minus cost of sales, selling and administrative expenses and income from joint ventures and associated companies, according to segment reporting, and where Residential Development applies the proportional method for reporting of joint ventures.	Measure profit generated from operations in current market environment.
Operating income rolling 12 months	Revenue minus cost of sales, selling and administrative expenses and income from joint ventures and associated companies, rolling 12 months.	Measure profit generated from operations.
Operating margin	Operating income as a percentage of revenue.	Measure profitability in operations.
Net financial items	The net of interest income, financial net pension cost, interest expense, capitalized expense, change in fair value and other net financial items.	Measure total net for financial activities.
Income after financial items	Operating income minus net financial items.	Measure profit generated before taxes.
Earnings per share, segment	Profit for the period, segment, attributable to equity holders divided by the average number of shares outstanding.	Measure earnings per share, segment.
Book-to-build, rolling 12 months	Order bookings divided by construction revenue, rolling 12 months.	Measures to which extent new orders are replacing work put in place.
Unrealized gains, Commercial Property Development (CD)	Market value minus investment value upon completion for ongoing projects, completed projects and land. Excluding projects sold according to segment reporting.	Measure potential realization of future gains in Commercial Property Development.
Capital employed, Group	Total assets minus non-interest-bearing liabilities.	Measure capital usage and efficiency.
Capital employed, Stream	Total assets less tax assets, deposits in Skanska's treasury unit and pension receivable minus non-interest-bearing liabilities excluding tax liabilities. Capitalized interest expense is removed from total assets for the Residential Development and Commercial Property Development segments.	Measure capital usage and efficiency in a Stream.
Capital employed Residential Development (RD) SEK M	Total assets 21,856 - tax assets -387 - deposits in internal bank -237 - pension receivable -30 - non-interest-bearing liabilities (excluding tax liabilities) -6,456 - capitalized interest expense -88 14,658	Measure capital usage and efficiency in Residential Development.
Capital employed Commercial Property Development (CD) SEK M	Total assets 31,352 - tax assets -525 - deposits in internal bank -23 - pension receivable 0 - non-interest-bearing liabilities (excluding tax liabilities) -3,310 - capitalized interest expense -378 27,116	Measure capital usage and efficiency in Commercial Property Development.
Capital employed Infrastructure Development (ID) SEK M	Total assets 2,656 - tax assets -328 - deposits in internal bank 0 - pension receivable 0 - non-interest-bearing liabilities (excluding tax liabilities) -172 2,156	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 RD segment, rolling 12 months excluding RD UK (as this is closing down) SEK M	Operating income				1,516	Measure the performance (profitability and capital efficiency) in RD.
	+ capitalized interest expense				68	
	+/- financial income and other financial items				28	
	– interest income from internal bank				–4	
	Adjusted profit				1,608	
	Capital employed average*				13,520	
	ROCE RD				11.9%	
	* Capital employed average					
	Q3 2018	14,693	x	0.5	7,347	
	Q2 2018	14,091			14,091	
	Q1 2018	13,942			13,942	
	Q4 2017	12,686			12,686	
	Q3 2017	12,026	x	0.5	6,013	
				54,079 / 4	13,520	
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.					Measure the performance (profitability and capital efficiency) in CD.
	Operating income				2,651	
	+/- adjustments as mentioned above				811	
	+ capitalized interest expense				60	
	+/- financial income and other financial items				4	
	– interest income from internal bank				7	
	Adjusted profit				3,533	
	Capital employed average*				25,645	
	ROCE CD				13.8%	
	* Capital employed average					
	Q3 2018	27,116	x	0.5	13,558	
	Q2 2018	26,742			26,742	
	Q1 2018	26,021			26,021	
Q4 2017	24,481			24,481		
Q3 2017	23,558	x	0.5	11,779		
				102,581 / 4	25,645	
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.					Measure the performance (profitability and capital efficiency) in ID.
	Operating income				29	
	+/- adjustments as mentioned above				611	
	Adjusted profit				640	
	Capital employed average*				1,994	
	+/- adjustments as mentioned above				384	
	Adjusted Capital Employed				2,378	
	ROCE ID				26.9%	
	* Capital employed average					
	Q3 2018	2,156	x	0.5	1,078	
	Q2 2018	2,216			2,216	
	Q1 2018	1,770			1,770	
	Q4 2017	1,809			1,809	
Q3 2017	2,211	x	0.5	1,105		
				7,978 / 4	1,994	

Non-IFRS financial measures

ROCE in Project Development, segment SEK M	Is calculated as the summarized adjusted profit for RD, CD and ID divided by the summarized capital employed average for RD, CD and ID. The total ROCE from RD, CD and ID. <table><tr><td></td><td>Adjusted profit</td><td>CE avg</td><td>ROCE</td></tr><tr><td>RD</td><td>1,608</td><td>13,520</td><td>11.9%</td></tr><tr><td>CD</td><td>3,533</td><td>25,645</td><td>13.8%</td></tr><tr><td>ID</td><td>640</td><td>2,378</td><td>26.9%</td></tr><tr><td></td><td>5,781</td><td>41,543</td><td>13.9%</td></tr></table>		Adjusted profit	CE avg	ROCE	RD	1,608	13,520	11.9%	CD	3,533	25,645	13.8%	ID	640	2,378	26.9%		5,781	41,543	13.9%	Measure the performance (profitability and capital efficiency) in Project Development.				
	Adjusted profit	CE avg	ROCE																							
RD	1,608	13,520	11.9%																							
CD	3,533	25,645	13.8%																							
ID	640	2,378	26.9%																							
	5,781	41,543	13.9%																							
Return on equity segment, rolling 12 months SEK M	Profit attributable to equity holders as a percentage of average equity attributable to equity holders. 2,659 / 27,172 = 9.8%	Measure profitability on invested equity.																								
Equity average attributable to equity holders SEK M	Calculated on the basis of five measuring points. <table><tr><td>Q3 2018</td><td>27,943</td><td>x 0.5</td><td>13,972</td></tr><tr><td>Q2 2018</td><td>27,049</td><td></td><td>27,049</td></tr><tr><td>Q1 2018</td><td>28,011</td><td></td><td>28,011</td></tr><tr><td>Q4 2017</td><td>27,064</td><td></td><td>27,064</td></tr><tr><td>Q3 2017</td><td>25,185</td><td>x 0.5</td><td>12,593</td></tr><tr><td></td><td></td><td></td><td>108,689 / 4</td></tr></table> 27,172	Q3 2018	27,943	x 0.5	13,972	Q2 2018	27,049		27,049	Q1 2018	28,011		28,011	Q4 2017	27,064		27,064	Q3 2017	25,185	x 0.5	12,593				108,689 / 4	
Q3 2018	27,943	x 0.5	13,972																							
Q2 2018	27,049		27,049																							
Q1 2018	28,011		28,011																							
Q4 2017	27,064		27,064																							
Q3 2017	25,185	x 0.5	12,593																							
			108,689 / 4																							
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. <table><tr><td>Q3 2018</td><td>-23,209</td><td>x 0.5</td><td>-11,605</td></tr><tr><td>Q2 2018</td><td>-23,359</td><td></td><td>-23,359</td></tr><tr><td>Q1 2018</td><td>-23,211</td><td></td><td>-23,211</td></tr><tr><td>Q4 2017</td><td>-21,849</td><td></td><td>-21,849</td></tr><tr><td>Q3 2017</td><td>-19,414</td><td>x 0.5</td><td>-9,707</td></tr><tr><td></td><td></td><td></td><td>-89,731 / 4</td></tr></table> -22,433	Q3 2018	-23,209	x 0.5	-11,605	Q2 2018	-23,359		-23,359	Q1 2018	-23,211		-23,211	Q4 2017	-21,849		-21,849	Q3 2017	-19,414	x 0.5	-9,707				-89,731 / 4	Measure the funding stemming from the negative working capital generated in Construction.
Q3 2018	-23,209	x 0.5	-11,605																							
Q2 2018	-23,359		-23,359																							
Q1 2018	-23,211		-23,211																							
Q4 2017	-21,849		-21,849																							
Q3 2017	-19,414	x 0.5	-9,707																							
			-89,731 / 4																							
Interest-bearing 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 attributable to equity holders SEK bn	<table><tr><td>Equity attributable to equity holders</td><td>27.9</td></tr><tr><td>Unrealized surplus value in RD</td><td>3.7</td></tr><tr><td>Unrealized CD gains</td><td>9.8</td></tr><tr><td>Effect in unrealized equity in ID</td><td>1.2</td></tr><tr><td>Less standard corporate tax, 10%</td><td>-1.4</td></tr><tr><td>Adjusted equity</td><td>41.2</td></tr></table>	Equity attributable to equity holders	27.9	Unrealized surplus value in RD	3.7	Unrealized CD gains	9.8	Effect in unrealized equity in ID	1.2	Less standard corporate tax, 10%	-1.4	Adjusted equity	41.2	Measure financial position adjusted for surplus values in Project Development net of taxes. The standard corporate tax represents an approximation of the average corporate income tax within the Group.												
Equity attributable to equity holders	27.9																									
Unrealized surplus value in RD	3.7																									
Unrealized CD gains	9.8																									
Effect in unrealized equity in ID	1.2																									
Less standard corporate tax, 10%	-1.4																									
Adjusted equity	41.2																									

Reconciliation between segment reporting and IFRSs

	External revenue		Intra-Group revenue		Total revenue		Operating income	
SEK M	Jan-Sep 2018	Jan-Sep 2017	Jan-Sep 2018	Jan-Sep 2017	Jan-Sep 2018	Jan-Sep 2017	Jan-Sep 2018	Jan-Sep 2017
Construction	104,819 ¹	99,266 ¹	10,495	9,710	115,314	108,976	231	1,426
Residential Development	6,619	10,101	0	0	6,619	10,101	1,122	1,322
Commercial Property Development	9,182	7,508	7	247	9,189	7,755	1,788	1,851
Infrastructure Development	86	59	0	0	86	59	-11	885
Total operating segments	120,706	116,934	10,502	9,957	131,208	126,891	3,130	5,484
Central	99	270	309	741	408	1,011	-628	-616
Eliminations	0	0	-10,811	-10,698	-10,811	-10,698	-58	-102
Total Group	120,805	117,204	0	0	120,805	117,204	2,444	4,766
Reconciliation to IFRSs²	447	-4,629	0	0	447	-4,629	140	-1,568
Total IFRSs	121,252	112,575	0	0	121,252	112,575	2,584	3,198

1 Of which external revenue from joint ventures in Infrastructure Development, SEK 5,558 M (6,972).

2 Of which effect from joint ventures in
Residential Development proportionally

	-74	-746					-81	-211
Of which effect of different revenue recognitions	521	-3,883					221	-1,357

SEK M	Segment Jan-Sep 2018	IFRS Jan-Sep 2018	Segment Jan-Sep 2017	IFRS Jan-Sep 2017	Segment Jul-Sep 2018	IFRS Jul-Sep 2018	Segment Jul-Sep 2017	IFRS Jul-Sep 2017
Revenue								
Construction	115,314	115,314	108,976	108,976	40,261	40,261	38,208	38,208
Residential Development	6,619	7,626	10,101	8,401	2,453	2,632	2,033	2,167
Commercial Property Development	9,189	8,401	7,755	4,610	1,879	3,370	1,074	1,670
Infrastructure Development	86	86	59	59	52	52	20	20
Central and eliminations	-10,403	-10,175	-9,687	-9,471	-3,308	-3,231	-3,249	-3,197
Skanska Group	120,805	121,252	117,204	112,575	41,337	43,084	38,086	38,868
Operating income								
Construction	231	231	1,426	1,426	-310	-310	918	918
Residential Development	1,122	1,180	1,322	1,026	504	509	219	205
Commercial Property Development ¹	1,788	1,864	1,851	626	456	782	594	304
Infrastructure Development	-11	-11	885	885	64	64	-25	-25
Central	-628	-628	-616	-616	-174	-173	-199	-200
Eliminations ¹	-58	-52	-102	-149	-33	44	-41	-58
Operating income	2,444	2,584	4,766	3,198	507	916	1,466	1,144
Net financial items	53	55	32	32	44	45	2	2
Income after financial items	2,497	2,639	4,798	3,230	551	961	1,468	1,146
Taxes	-406	-428	-452	-304	-58	-128	-139	-108
Profit for the period	2,091	2,211	4,346	2,926	493	833	1,329	1,038
Earnings for the period per share, SEK ²	5.07		10.58		1.18		3.23	
Earnings for the period per share according to IFRSs, SEK ²		5.37		7.11		2.02		2.51
1 Of which gains from divestments of commercial properties reported in:								
Commercial Property Development	2,352	2,089	2,049	1,058	595	919	454	401
Eliminations	184	193	118	75	51	130	43	29

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 2018	Jan-Sep 2017	Jul-Sep 2018	Jul-Sep 2017	Jan-Dec 2017
Revenue	121,252	112,575	43,084	38,868	157,877
Cost of sales	-112,319	-103,888	-40,028	-35,762	-145,103
Gross income	8,933	8,687	3,056	3,106	12,774
Selling and administrative expenses	-7,027	-6,754	-2,358	-2,091	-9,851
Income from joint ventures and associated companies	678	1,265	218	129	1,655
Operating income	2,584	3,198	916	1,144	4,578
Financial income	153	133	77	23	170
Financial expenses	-98	-101	-32	-21	-125
Net financial items¹	55	32	45	2	45
Income after financial items	2,639	3,230	961	1,146	4,623
Taxes	-428	-304	-128	-108	-512
Profit for the period	2,211	2,926	833	1,038	4,111
1 Of which					
Interest income	101	66	44	13	89
Financial net pension costs	-79	-76	-27	-25	-102
Interest expenses	-224	-192	-84	-66	-266
Capitalized interest expenses	224	178	87	71	257
Net interest items	22	-24	20	-7	-22
Change in fair value	11	20	4	6	24
Other net financial items	22	36	21	3	43
Net financial items	55	32	45	2	45
Profit attributable to:					
Equity holders	2,195	2,914	824	1,031	4,095
Non-controlling interests	16	12	9	7	16
Earnings per share, SEK ²	5.37	7.11	2.02	2.51	10.00
Earnings per share after dilution, SEK ³	5.34	7.07	2.00	2.50	9.94

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 2018	Jan-Sep 2017	Jul-Sep 2018	Jul-Sep 2017	Jan-Dec 2017
Profit for the period	2,211	2,926	833	1,038	4,111
Other comprehensive income					
Items that will not be reclassified to profit and loss					
Remeasurements of defined benefit plans	580	-994	217	355	-399
Tax related to items that will not be reclassified to profit and loss	-159	212	-34	-78	69
	421	-782	183	277	-330
Items that have been or will be reclassified to profit and loss					
Translation differences attributable to equity holders	1,574	-887	-292	-284	-599
Translation differences attributable to non-controlling interests	4	4	-3	2	8
Hedging of exchange rate risk in foreign operations	-189	-34	47	-5	-125
Effects of cash flow hedges ¹	-58	40	62	-54	138
Share of other comprehensive income of joint ventures and associated companies ²	322	70	32	15	83
Tax related to items that have been or will be reclassified to profit and loss	10	-9	-12	7	-25
	1,663	-816	-166	-319	-520
Other comprehensive income after tax	2,084	-1,598	17	-42	-850
Total comprehensive income	4,295	1,328	850	996	3,261
Total comprehensive income attributable to					
Equity holders	4,275	1,312	844	987	3,237
Non-controlling interests	20	16	6	9	24
1 Of which transferred to income statement	0	0	0	0	0
2 Of which transferred to income statement	121	194	28	65	226

Summary statement of financial position (IFRS)

SEK M	Sep 30, 2018	Sep 30, 2017	Dec 31, 2017
ASSETS			
Non-current assets			
Property, plant and equipment	7,723	6,993	6,874
Goodwill	4,444	5,103	4,554
Intangible assets	1,026	1,022	962
Investments in joint ventures and associated companies	3,308	3,695	3,314
Financial non-current assets ¹	2,716	842	2,276
Deferred tax assets	1,685	1,882	1,757
Total non-current assets	20,902	19,537	19,737
Current assets			
Current-asset properties ²	44,547	38,119	39,010
Inventories	1,215	1,094	1,058
Financial current assets ³	7,024	6,737	6,671
Tax assets	963	1,393	1,188
Contract assets	8,975	8,877	6,997
Trade and other receivables	29,026	27,359	27,778
Cash	4,262	4,293	6,998
Total current assets	96,012	87,872	89,700
TOTAL ASSETS	116,914	107,409	109,437
of which interest-bearing financial non-current assets	2,674	796	2,228
of which interest-bearing current assets	11,166	10,934	13,572
Total interest-bearing assets	13,840	11,730	15,800
EQUITY			
Equity attributable to equity holders	27,943	25,185	27,064
Non-controlling interests	91	114	121
Total equity	28,034	25,299	27,185
LIABILITIES			
Non-current liabilities			
Financial non-current liabilities	3,941	4,173	3,857
Pensions	4,988	5,697	5,603
Deferred tax liabilities	926	1,646	1,235
Non-current provisions	0	3	0
Total non-current liabilities	9,855	11,519	10,695
Current liabilities			
Financial current liabilities ³	8,672	7,594	7,624
Tax liabilities	626	522	312
Current provisions	8,452	7,933	9,131
Contract liabilities	18,295	17,128	16,266
Trade and other payables	42,980	37,414	38,224
Total current liabilities	79,025	70,591	71,557
TOTAL EQUITY AND LIABILITIES	116,914	107,409	109,437
of which interest-bearing financial liabilities	12,569	11,590	11,323
of which interest-bearing pensions and provisions	4,988	5,700	5,603
Total interest-bearing liabilities	17,557	17,290	16,926
1 Of which shares	41	43	42
2 Current-asset properties			
Commercial Property Development	27,154	23,220	23,615
Residential Development	17,393	14,899	15,395
3 Items regarding non-interest-bearing unrealized changes in derivatives/ financial instruments are included in the following amounts:			
Financial non-current assets	1	3	6
Financial current assets	120	96	97
Financial non-current liabilities	2	28	21
Financial current liabilities	42	149	137

Note: Contingent liabilities amounted to SEK 49.2 bn on September 30, 2018 (Dec 31, 2017: 48.9) and relates to joint operations in Construction and joint ventures in Project Development. For more information see 2017 Annual Report, Note 20B, 20C and 33. During the period, contingent liabilities increased by SEK 0.3 bn.

Summary statement of changes in equity (IFRS)

SEK M	Jan-Sep 2018	Jan-Sep 2017	Jul-Sep 2018	Jul-Sep 2017	Jan-Dec 2017
Opening balance	27,185	27,506	27,157	24,448	27,506
of which non-controlling interests	121	156	108	106	156
Change in accounting principle ¹	-140	-	0	-	-
Adjusted opening balance	27,045	27,506	27,157	24,448	27,506
of which non-controlling interests	121	156	108	106	156
Dividend to shareholders	-3,373	-3,380	0	0	-3,380
Change in group composition	-23	0	-23	0	0
Dividend to non-controlling interests	-27	-58	0	-1	-59
Effects of equity-settled share-based payments	189	229	50	78	297
Repurchase of shares	-72	-326	0	-222	-440
Total comprehensive income attributable to					
Equity holders	4,275	1,312	844	987	3,237
Non-controlling interests	20	16	6	9	24
Closing balance	28,034	25,299	28,034	25,299	27,185
of which non-controlling interests	91	114	91	114	121

1 Change in accounting principle is attributable to the implementation of IFRS 9. For further information on IFRS 9, see the Annual Report 2017, Note 1.

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

SEK M	Jan-Sep 2018	Jan-Sep 2017	Jul-Sep 2018	Jul-Sep 2017	Jan-Dec 2017
Cash flow from operating activities before change in working capital, according to IAS 7	658	456	424	628	197
Cash flow from change in working capital, according to IAS 7	885	-1,669	324	-1,196	2,649
Net investments in property, plant and equipment and intangible assets	-1695	-135	-553	-357	-112
Tax payments on property, plant and equipment and intangible assets divested and divestments of assets in Infrastructure Development	-14	-20	0	-9	-32
Cash flow from business operations including taxes paid according to operating cash flow	-166	-1,368	195	-934	2,702
Less net investments in property, plant and equipment and intangible assets	1,695	135	553	357	112
Less tax payments on property, plant and equipment and intangible assets divested and divestments of assets in Infrastructure Development	14	20	0	9	32
Cash flow from operating activities, according to IAS 7	1,543	-1,213	748	-568	2,846
Cash flow from strategic investments according to operating cash flow	-16	0	-6	0	0
Net investments in property, plant and equipment and intangible assets	-1,695	-135	-553	-357	-112
Increase and decrease in interest-bearing receivables	-74	2,554	196	1,092	1,734
Taxes paid on property, plant and equipment and intangible assets divested and divestments of assets in Infrastructure Development	-14	-20	0	-9	-32
Cash flow from investing activities, according to IAS 7	-1,799	2,399	-363	726	1,590
Cash flow from financing operations according to operating cash-flow statement	25	169	-72	41	177
Change in interest-bearing receivables and liabilities	743	3,892	653	1,167	2,619
Increase and decrease in interest-bearing receivables	74	-2,554	-196	-1,092	-1,734
Dividend etc. ¹	-3,472	-3,764	0	-223	-3,879
Cash flow from financing activities, according to IAS 7	-2,630	-2,257	385	-107	-2,817
Cash flow for the period	-2,886	-1,071	770	51	1,619

1 Of which repurchases of shares SEK -72 M.

Operating cash flow (IFRS), supplementary information

Operating cash flow

SEK M	Jan-Sep 2018	Jan-Sep 2017	Jul-Sep 2018	Jul-Sep 2017	Jan-Dec 2017
Construction					
Cash flow from business operations	1,602	2,798	548	1,451	3,735
Change in working capital	125	-2,197	-95	184	226
Net divestments(+)/investments(-)	-1,621	-1,430	-573	-424	-1,825
Cash flow adjustment	0	0	0	0	0
Total Construction	106	-829	-120	1,211	2,136
Residential Development					
Cash flow from business operations	-303	-462	26	-170	-692
Change in working capital	-234	557	-232	42	1,008
Net divestments(+)/investments(-)	68	441	25	101	680
Cash flow adjustment	8	-23	6	-33	233
Total Residential Development	-461	513	-175	-60	1,229
Commercial Property Development					
Cash flow from business operations	39	-539	16	-123	-868
Change in working capital	1,113	-388	351	-339	-400
Net divestments(+)/investments(-)	-206	-2,995	339	-1,120	-1,375
Cash flow adjustment	-293	20	-303	15	-476
Total Commercial Property Development	653	-3,902	403	-1,567	-3,119
Infrastructure Development					
Cash flow from business operations	58	-196	93	-50	-261
Change in working capital	40	2,848	6	12	2,856
Net divestments(+)/investments(-)	0	1,297	42	0	1,501
Cash flow adjustment	0	0	0	0	0
Total Infrastructure Development	98	3,949	141	-38	4,096
Central and eliminations					
Cash flow from business operations	-590	-600	-161	-190	-857
Change in working capital	203	75	224	18	176
Net divestments(+)/investments(-)	-13	-9	-19	-9	-67
Cash flow adjustment	0	0	0	0	0
Total central and eliminations	-400	-534	44	-181	-748
Total cash flow from business operations	806	1,001	522	918	1,057
Total change in working capital	1,247	895	254	-83	3,866
Total net divestments(+)/investments(-)	-1,772	-2,696	-186	-1,452	-1,086
Total cash flow adjustment	-285	-3	-297	-18	-243
Cash flow from business operations before taxes paid	-4	-803	293	-635	3,594
Taxes paid in business operations	-162	-565	-98	-299	-892
Cash flow from business operations including taxes paid	-166	-1,368	195	-934	2,702
Net interest items and other net financial items	36	241	-103	58	253
Taxes paid in financing operations	-11	-72	31	-17	-76
Cash flow from financing operations	25	169	-72	41	177
Operating cash flow from operations	-141	-1,199	123	-893	2,879
Net strategic divestments(+)/investments(-)	-16	0	-6	0	0
Dividend etc. ¹	-3,472	-3,764	0	-223	-3,879
Cash flow before change in interest-bearing receivables and liabilities	-3,629	-4,963	117	-1,116	-1,000
Change in interest-bearing receivables and liabilities	743	3,892	653	1,167	2,619
Cash flow for the period	-2,886	-1,071	770	51	1,619
Cash and cash equivalents at the beginning of the period	6,998	5,430	3,484	4,253	5,430
Exchange rate differences in cash and cash equivalents	150	-66	8	-11	-51
Cash and cash equivalents at the end of the period	4,262	4,293	4,262	4,293	6,998

¹ Of which repurchases of shares SEK -72 M.

Group net divestments/investments (IFRS)

SEK M	Jan-Sep 2018	Jan-Sep 2017	Jul-Sep 2018	Jul-Sep 2017	Jan-Dec 2017
OPERATIONS – INVESTMENTS					
Intangible assets	-159	-136	-53	-26	-255
Property, plant and equipment	-1,692	-1,521	-568	-498	-1,876
Assets in Infrastructure Development	-65	-71	0	0	-449
Shares and participations	-37	-42	0	-6	-154
Current-asset properties	-15,650	-14,863	-5,501	-4,707	-21,451
of which Residential Development	-7,512	-7,678	-2,593	-1,981	-10,801
of which Commercial Property Development	-8,138	-7,185	-2,908	-2,726	-10,650
Investments in operations	-17,603	-16,633	-6,122	-5,237	-24,185
STRATEGIC INVESTMENTS					
Businesses	-16	0	-6	0	0
Strategic investments	-16	0	-6	0	0
Total Investments	-17,619	-16,633	-6,128	-5,237	-24,185
OPERATIONS – DIVESTMENTS					
Intangible assets	0	0	0	-3	1
Property, plant and equipment	181	151	26	63	213
Assets in Infrastructure Development	65	1,368	42	0	1,950
Shares and participations	12	116	0	113	458
Current-asset properties	15,573	12,302	5,868	3,612	20,477
of which Residential Development	7,585	8,346	2,621	2,133	11,767
of which Commercial Property Development	7,988	3,956	3,247	1,479	8,710
Divestments in operations	15,831	13,937	5,936	3,785	23,099
STRATEGIC DIVESTMENTS					
Businesses	0	0	0	0	0
Strategic divestments	0	0	0	0	0
Total divestments	15,831	13,937	5,936	3,785	23,099
TOTAL NET DIVESTMENTS(+)/INVESTMENTS(-)	-1,788	-2,696	-192	-1,452	-1,086
Depreciation, non-current assets	-1,270	-1,148	-457	-417	-1,587

Capital employed in Project Development (IFRS)

SEK M	Sep 30, 2018	Sep 30, 2017	Dec 31, 2017
Residential Development	14,658	11,992	12,652
Commercial Property Development	27,116	23,558	24,481
Infrastructure Development	2,156	2,211	1,809
Total capital employed in Project Development	43,930	37,761	38,942

Parent Company¹

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 2018	Jan-Sep 2017	Jul-Sep 2018	Jul-Sep 2017
Revenue	84	96	0	0
Selling and administrative expenses	-166	-241	-6	-66
Operating income	-82	-145	-6	-66
Net financial items	3,960	4,350	-10	-13
Income after financial items	3,878	4,205	-16	-79
Taxes	26	44	3	18
Profit for the period	3,904	4,249	-13	-61
Total comprehensive income	3,904	4,249	-13	-61

Summary balance sheet (IFRS)

SEK M	Sep 30, 2018	Sep 30, 2017	Dec 31, 2017
ASSETS			
Intangible non-current assets	14	17	16
Property, plant and equipment	1	2	2
Financial non-current assets ²	11,958	11,646	11,639
Total non-current assets	11,973	11,665	11,657
Current receivables	97	112	163
Total current assets	97	112	163
TOTAL ASSETS	12,070	11,777	11,820
EQUITY AND LIABILITIES			
Equity	7,694	6,933	7,213
Provisions	329	261	307
Non-current interest-bearing liabilities ²	3,922	4,470	4,177
Current liabilities	125	113	123
TOTAL EQUITY AND LIABILITIES	12,070	11,777	11,820

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

² Of these amounts, SEK 686 M (Dec 31, 2017: 247) were Intra-Group receivables and SEK 3,922 M (Dec 31, 2017: 4,177) intra-Group liabilities.

Note: The Parent Company's contingent liabilities totaled SEK 160.6 bn on September 30, 2018 (Dec 31, 2017: 155.7), of which SEK 134.4 bn (Dec 31, 2017: 129.3) was related to obligations on behalf of Group companies. Other obligations, SEK 26.2 bn on September 30, 2018 (Dec 31 2017: 26.4), were related to commitments to outside parties.

Share data

	Jan-Sep 2018	Jan-Sep 2017	Jul-Sep 2018	Jul-Sep 2017	Jan-Dec 2017
Earnings per share according to segment reporting, SEK ¹	5.07	10.58	1.18	3.23	12.01
Earnings per share, SEK ¹	5.37	7.11	2.02	2.51	10.00
Earnings per share after dilution, SEK ²	5.34	7.07	2.00	2.50	9.94
Equity per share, SEK ³	68.26	61.58			66.22
Adjusted equity per share, SEK ⁴	100.56	91.61			97.23
Average number of shares outstanding	408,999,442	409,620,854			409,447,407
Average number of shares outstanding after dilution	411,237,349	412,117,145			411,905,245
Average dilution, %	0.54	0.61			0.60
Number of shares, at balance sheet date	419,903,072	419,903,072			419,903,072
Average price of total repurchased shares, SEK	137.54	136.01			137.31
Number of total Series B shares repurchased	26,888,228	25,823,228			26,453,228
of which repurchased during the year	435,000	1,720,000	0	1,225,000	2,350,000
Number of shares in Skanska's own custody	10,563,560	10,939,228			11,190,028
Number of shares outstanding	409,339,512	408,963,844			408,713,044

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 2018	Jan-Sep 2017	Jan-Sep 2016	Jan-Sep 2015	Jan-Sep 2014
Revenue	120,805	117,204	109,070	111,688	101,557
Operating income	2,444	4,766	4,899	3,401	3,454
Profit for the period	2,091	4,346	3,823	2,395	2,412
Earnings per share, SEK	5.07	10.58	9.30	5.81	5.85
Return on capital employed, % ¹	7.6	19.6	21.6	15.9	14.7
Return on equity, % ¹	9.8	27.1	28.1	19.1	17.0
Operating margin, %	2.0	4.1	4.5	3.0	3.4
Return on capital employed according to IFRSs, % ¹	9.4	14.8	20.4	13.6	14.8
Cash flow per share according to IFRSs, SEK ²	-8.87	-12.12	-14.34	-11.10	-9.88

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 2018	Jan-Sep 2017	Jan-Dec 2017	Sep 30, 2018	Sep 30, 2017	Dec 31, 2017
US dollar	8.58	8.62	8.55	8.89	8.15	8.20
British pound	11.59	10.99	11.00	11.60	10.91	11.08
Norwegian krone	1.07	1.04	1.03	1.09	1.02	1.00
Euro	10.24	9.58	9.64	10.30	9.63	9.83
Czech koruna	0.40	0.36	0.37	0.40	0.37	0.38
Polish zloty	2.41	2.25	2.26	2.41	2.23	2.35

Construction

Revenue and earnings

SEK M	Jan-Sep 2018	Jan-Sep 2017	Jul-Sep 2018	Jul-Sep 2017	Jan-Dec 2017
Revenue	115,314	108,976	40,261	38,208	150,050
Gross income	5,440	6,254	1,553	2,393	8,299
Selling and administrative expenses	-5,234	-4,850	-1,876	-1,490	-7,132
Income from joint ventures and associated companies	25	22	13	15	38
Operating income	231	1,426	-310	918	1,205
Investments	-1,822	-1,609	-606	-496	-2,062
Divestments	185	179	27	72	237
Net divestments(+)/investments(-)	-1,637	-1,430	-579	-424	-1,825
Gross margin, %	4.7	5.7	3.9	6.3	5.5
Selling and administrative expenses, %	-4.5	-4.5	-4.7	-3.9	-4.8
Operating margin, %	0.2	1.3	-0.8	2.4	0.8
Order bookings, SEK bn	102.6	118.6	30.6	34.1	151.8
Order backlog, SEK bn	186.3	194.7	-	-	188.4
Employees	37,556	39,291	-	-	39,002

Revenue by business/reporting unit

SEK M	Jan-Sep 2018	Jan-Sep 2017	Jul-Sep 2018	Jul-Sep 2017	Jan-Dec 2017
Nordics	41,099	39,173	14,307	13,044	54,596
of which Sweden	24,847	24,025	8,677	7,990	33,780
Europe	25,455	24,253	9,572	9,182	33,441
USA	48,760	45,550	16,382	15,982	62,013
Total	115,314	108,976	40,261	38,208	150,050

Operating income

SEK M	Jan-Sep 2018	Jan-Sep 2017	Jul-Sep 2018	Jul-Sep 2017	Jan-Dec 2017
Nordics	1,577	1,593	543	672	2,298
of which Sweden	1,192	1,093	453	473	1,579
Europe	-564	-284	151	167	-1,040
USA	-782	117	-1,004	79	-53
Total	231	1,426	-310	918	1,205

Operating margin, %

Jan-Sep 2018	Jan-Sep 2017	Jul-Sep 2018	Jul-Sep 2017	Jan-Dec 2017
3.8	4.1	3.8	5.2	4.2
4.8	4.5	5.2	5.9	4.7
neg	neg	1.6	1.8	neg
neg	0.3	neg	0.5	neg
0.2	1.3	neg	2.4	0.8

Order backlog

SEK M	Sep 30, 2018	Sep 30, 2017	Dec 31, 2017
Nordics	59,977	58,425	53,779
of which Sweden	34,693	37,075	34,954
Europe	36,462	38,765	38,158
USA	89,889	97,553	96,474
Total	186,328	194,743	188,411

Order bookings

Jan-Sep 2018	Jan-Sep 2017	Jul-Sep 2018	Jul-Sep 2017	Jan-Dec 2017
45,837	43,810	13,021	11,976	54,720
24,550	25,681	8,580	7,871	33,317
22,155	24,723	5,837	8,748	32,401
34,580	50,046	11,770	13,386	64,690
102,572	118,579	30,628	34,110	151,811

Book-to build, R-12m

Sep 30, 2018	Sep 30, 2017	Dec 31, 2017
100	111	100
93	110	99
86	106	97
75	104	104
87	107	101

Residential Development

Revenue and earnings

SEK M	Jan-Sep 2018	Jan-Sep 2017	Jul-Sep 2018	Jul-Sep 2017	Jan-Dec 2017
Revenue	6,619	10,101	2,453	2,033	13,237
Gross income	1,619	1,815	651	384	2,382
Selling and administrative expenses	-497	-493	-147	-165	-666
Income from joint ventures and associated companies	0	0	0	0	0
Operating income	1,122	1,322	504	219	1,716
Operating margin, %	17.0	13.1	20.5	10.8	13.0
Investments	-7,516	-7,906	-2,595	-2,031	-11,093
Divestments	7,584	8,347	2,620	2,132	11,773
Net divestments(+)/investments(-)	68	441	25	101	680
Capital employed, SEK bn	14.7	12.0	-	-	12.7
Return on capital employed, % ¹	11.9	18.2	-	-	15.4
Employees	557	512	-	-	482

1 Rolling 12 months.

Revenue

SEK M	Jan-Sep 2018	Jan-Sep 2017	Jul-Sep 2018	Jul-Sep 2017	Jan-Dec 2017
Nordics	5,862	9,293	2,178	1,594	12,214
of which Sweden	3,144	5,332	1,234	976	7,089
Europe	757	808	275	439	1,023
Total	6,619	10,101	2,453	2,033	13,237

Operating income¹

SEK M	Jan-Sep 2018	Jan-Sep 2017	Jul-Sep 2018	Jul-Sep 2017	Jan-Dec 2017
Nordics	1,003	1,244	455	190	1,624
of which Sweden	536	817	196	115	1,083
Europe	119	78	49	29	92
Total	1,122	1,322	504	219	1,716

Operating margin, %¹

Jan-Sep 2018	Jan-Sep 2017	Jul-Sep 2018	Jul-Sep 2017	Jan-Dec 2017
17.1	13.4	20.9	11.9	13.3
17.0	15.3	15.9	11.8	15.3
15.7	9.7	17.8	6.6	9.0
17.0	13.1	20.5	10.8	13.0

1 Development gain only. Construction margin reported under Construction.

Homes started

	Jan-Sep 2018	Jan-Sep 2017	Jul-Sep 2018	Jul-Sep 2017	Jan-Dec 2017
Nordics	1,889	2,456	554	469	3,864
of which Sweden	1,348	1,449	403	363	2,408
Europe	836	347	210	193	454
Total	2,725	2,803	764	662	4,318

Homes sold

Jan-Sep 2018	Jan-Sep 2017	Jul-Sep 2018	Jul-Sep 2017	Jan-Dec 2017
1,768	2,640	552	486	3,748
1,105	1,560	365	296	2,289
446	412	168	197	537
2,214	3,052	720	683	4,285

Homes under construction

	Sep 30, 2018	Sep 30, 2017	Dec 31, 2017
Nordics	6,100	7,157	6,464
of which Sweden	4,061	4,834	4,144
Europe	1,438	849	779
Total	7,538	8,006	7,243

Completed unsold, number of homes

Sep 30, 2018	Sep 30, 2017	Dec 31, 2017
233	84	116
135	13	29
28	6	6
261	90	122

Homes under construction of which sold, %

Sep 30, 2018	Sep 30, 2017	Dec 31, 2017
75	82	76
75	86	78
59	72	71
72	81	76

Commercial Property Development

Revenue and earnings

SEK M	Jan-Sep 2018	Jan-Sep 2017	Jul-Sep 2018	Jul-Sep 2017	Jan-Dec 2017
Revenue	9,189	7,755	1,879	1,074	11,440
of which from divestment of properties	8,777	7,280	1,757	915	10,867
Gross income	2,377	2,169	575	485	2,989
Selling and administrative expenses	-630	-624	-209	-199	-899
Income from joint ventures and associated companies	41	306	90	308	624
Operating income	1,788	1,851	456	594	2,714
of which gain from divestment of properties ¹	2,352	2,049	595	454	2,879
of which write-downs/reversal of write-downs	-3	-7	0	0	-6
1 Additional gains included in eliminations	184	118	51	43	197
Investments	-8,203	-7,239	-2,908	-2,740	-10,716
Divestments	7,997	4,244	3,247	1,620	9,341
Net divestments(+)/investments(-)	-206	-2,995	339	-1,120	-1,375
Capital employed, SEK bn	27.1	23.6	-	-	24.5
Return on capital employed, % ²	13.8	13.8	-	-	15.5
Employees	412	389	-	-	389

2 Rolling 12 months.

Revenue

SEK M	Jan-Sep 2018	Jan-Sep 2017	Jul-Sep 2018	Jul-Sep 2017	Jan-Dec 2017
Nordics	5,103	6,157	320	1,018	6,677
Europe	3,792	1,511	1,513	29	4,660
USA	294	87	46	27	103
Total	9,189	7,755	1,879	1,074	11,440

of which from divestments

Jan-Sep 2018	Jan-Sep 2017	Jul-Sep 2018	Jul-Sep 2017	Jan-Dec 2017
4,909	5,868	271	920	6,285
3,676	1,412	1,482	-5	4,582
192	0	4	0	0
8,777	7,280	1,757	915	10,867

Operating income

SEK M	Jan-Sep 2018	Jan-Sep 2017	Jul-Sep 2018	Jul-Sep 2017	Jan-Dec 2017
Nordics	1,099	1,776	91	596	1,816
Europe	742	147	293	-17	709
USA	-53	-72	72	15	189
Total	1,788	1,851	456	594	2,714

of which from divestments

Jan-Sep 2018	Jan-Sep 2017	Jul-Sep 2018	Jul-Sep 2017	Jan-Dec 2017
1,343	1,720	154	414	1,850
1,006	329	440	40	1,029
3	0	1	0	0
2,352	2,049	595	454	2,879

Capital employed

SEK M	Sep 30, 2018	Sep 30, 2017	Dec 31, 2017
Nordics	9,182	9,800	8,702
Europe	6,810	7,060	8,128
USA	11,124	6,698	7,651
Total	27,116	23,558	24,481

Infrastructure Development

Revenue and earnings

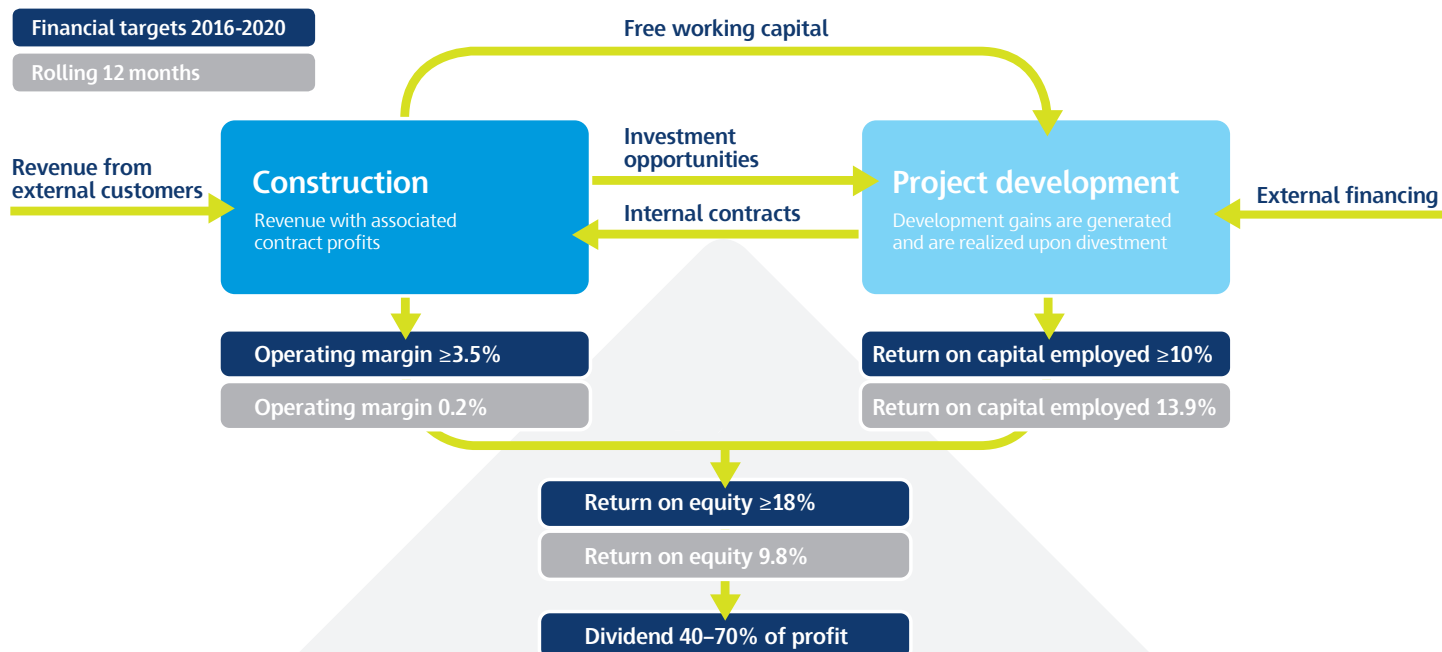
SEK M	Jan-Sep 2018	Jan-Sep 2017	Jul-Sep 2018	Jul-Sep 2017	Jan-Dec 2017
Revenue	86	59	52	20	81
Gross income	-29	-80	34	-24	-96
Selling and administrative expenses	-116	-97	-16	-28	-121
Income from joint ventures and associated companies	134	1,062	46	27	1,142
Operating income	-11	885	64	-25	925
of which gains from divestments of shares in projects	58	912	35	-1	985
Investments	-65	-71	0	0	-449
Divestments	65	1,368	42	0	1,950
Net divestments(+)/investments(-)	0	1,297	42	0	1,501
Capital employed, SEK bn	2.2	2.2	-	-	1.8
Return on capital employed, % ¹	26.9	25.3	-	-	3.6
Employees	62	98	-	-	94

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 Nordics, Europe and USA. Supported by global trends in urbanization and demographics, and by being at the forefront in sustainability, Skanska offers competitive solutions for both simple and the most complex assignments, helping to build a sustainable future for customers and communities.

Skanska's business model



Internal contracts and cooperation

Operational and financial synergies are, amongst other things, achieved through investments in Project Development, generating internal contracts for Skanska's Construction stream, as well as through the collaboration between Business Units from different markets. Currently, SEK 27.0 billion of Skanska's total order backlog are contracts involving more than one Business Unit, with revenue from internal contracts amounting to SEK 22.3 billion on a rolling 12-month basis.

Construction revenue from internal Project Development contracts amounted to:

SEK 22.3 billion

Drydock, Boston Seaport, Boston, USA.

Skanska is developing and building a 12-story, about 21,000-square-meter office building in Boston's Seaport District. Construction began in June 2018 and is expected to be completed in December 2019. This is Skanska's sixth Commercial Development project in Boston.

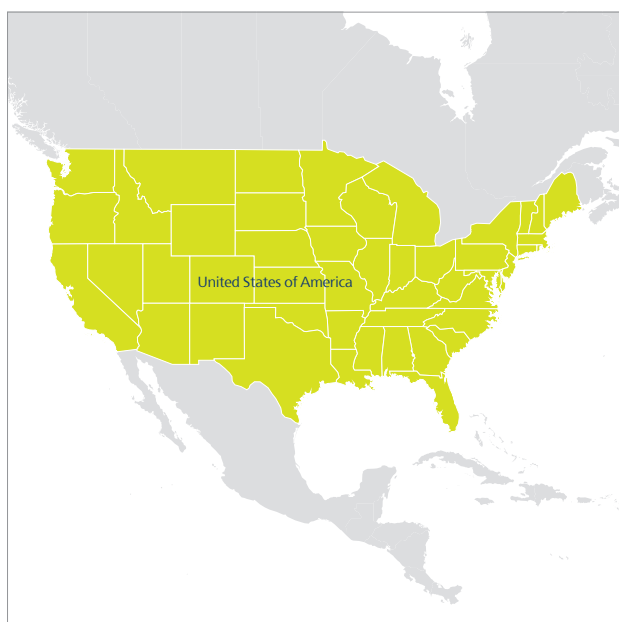
Value of orders in backlog generated through cooperation between Business Units:

SEK 27.0 billion

ESS, European spallation source, Lund, Sweden

In Lund, Sweden, Skanska has a key role in creating the European Spallation Source (ESS), which will be the most powerful research facility of its type. The Group, leveraging expertise from Sweden and the UK, is delivering this project through a highly collaborative, values-based partnership with the customer.

Skanska's home markets



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This report will also be presented via a telephone conference and a webcast at 10:00 a.m. (CET) on November 8, 2018. 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, +44 203 364 5374, 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.