



SKANSKA

Q1 2019

Press release, April 26, 2019, 7:30 a.m. CET

We build for a better society.
Waterloo Station, London, UK

Three month report, January–March 2019

Highlights according to segment reporting

- Revenue amounted to SEK 35.1 billion (37.0); adjusted for currency effects revenue decreased 11 percent.
- Operating income amounted to SEK 0.5 billion (0.7); adjusted for currency effects operating income decreased 30 percent.
- Earnings per share decreased 30 percent to SEK 0.87 (1.25).
- Operating cash flow from operations amounted to SEK –1.3 billion (–0.6), according to IFRS.
- Adjusted net financial assets/liabilities totaled SEK 0.9 billion (Dec. 31, 2018: 2.1), according to IFRS.
- Order bookings in Construction amounted to SEK 27.3 billion (32.9); adjusted for currency effects order bookings decreased 22 percent. The order backlog amounted to SEK 190.1 billion (Dec. 31, 2018: 192.0).
- Operating income in Construction amounted to SEK 371 M (–41). The comparable period includes restructuring charges and project write-downs impacting negatively and claims resolutions and pension curtailments impacting positively.
- Operating income in Project Development amounted to SEK 0.3 billion (1.1); adjusted for currency effects operating income decreased 75 percent.
- Return on capital employed in Project Development was 9.7 percent (13.9).
- Net investments in Project Development amounted to SEK –0.4 billion (–1.6), according to IFRS.

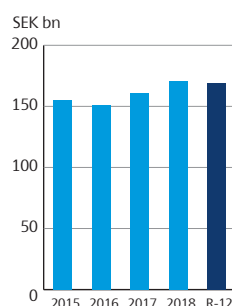
Performance analysis

Tables referring to segment reporting are in shaded background. For more information see page 14.
For definitions of non-IFRS financial measures see pages 15-17.

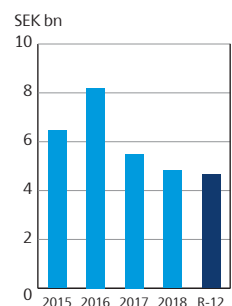
SEK M	Jan-Mar 2019	Jan-Mar 2018	Change, %
Revenue			
Construction	35,333	34,631	2
Residential Development	2,141	1,884	14
Commercial Property Development	884	3,780	–77
Central and eliminations	–3,256	–3,345	–3
Total	35,102	36,950	–5
Operating income			
Construction	371	–41	–
Residential Development	198	220	–10
Commercial Property Development	84	860	–90
Central	–148	–415	–64
Eliminations	–17	28	–
Operating income	488	652	–25
Net financial items	–62	–13	377
Income after financial items	426	639	–33
Taxes	–71	–129	–45
Profit for the period	355	510	–30
Earnings for the period per share, SEK	0.87	1.25	–30
Revenue for the period according to IFRSs	37,115	34,666	7
Operating income for the period according to IFRSs	1,084	283	283
Earnings for the period per share according to IFRSs, SEK	2.11	0.53	301
Operating cash flow from operations	–1,319	–647	104
Interest-bearing net receivables(+)/net debt(–)	–7,151	–1,645	335
Return on capital employed in Project Development, % ¹	9.7	13.9	
Adjusted net financial assets(+)/liabilities(–)	887	–2,949	–
Return on equity, % ¹	13.4	14.6	

¹ Rolling 12 months.

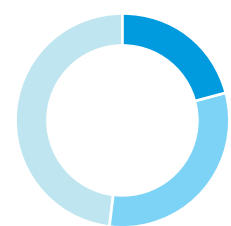
Revenue



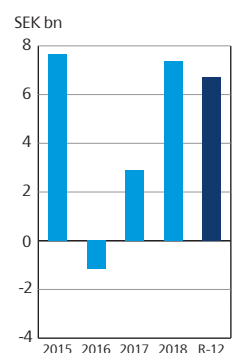
Operating income



Operating income per segment, Mar 31, 2019, R-12



Operating cash flow from operations



Comments from Skanska's President and CEO Anders Danielsson



Our main focus is to improve profitability in Construction and maintain the strong performance and high activity in Project Development. The first quarter 2019 results demonstrate that we are on the right track, as the strategic initiatives continue to show good results. Historically the first quarter is a period with relatively low activity and this year was no exception. Nonetheless, we are improving profitability in Construction and

upholding a good profitability in Project Development. We are also maintaining a strong balance sheet.

In Construction, the improvement in profitability that we started to see by the end of last year is continuing. We expect the recovery to be gradual over the coming years. We are executing on our strategic initiatives and completing a number of projects with low profitability, and refilling the backlog with new projects. The profitability improvement is mainly expected to come from Poland and the USA, with continued strong performance in the Nordics. The strategic initiatives have driven a focusing of operations, a simplified and decentralized structure and more selective bidding. In short, profit before volume, which is reflected in our order bookings. On a rolling 12-month basis our order bookings are lower than our revenue in operating units where we have had weak performance, and vice versa in the well performing units.

In Residential Development, the number of sold homes increased slightly and we kept a good profitability level during the first quarter in the business stream. The Swedish market remains slow leading us to start fewer homes and are therefore reviewing our cost structure. The risk exposure in terms of unsold homes stays at an acceptable level, and we are positioning ourselves to strengthen our market position longer term.

For Commercial Property Development, the favorable market conditions remain and we have a strong portfolio of ongoing projects with good leasing momentum. As in previous years, the number of divestments during the first quarter were lower but we expect to continue realizing gains in the quarters and years to come. Size and number of transactions varies between quarters and the comparable period includes more sizeable divestments. The divestment gains during the first quarter clearly show that investor interest stays at historically high levels.

When analyzing our total Project Development portfolio, including our PPP-assets, I see great values. We have, according to our segment reporting, conservatively estimated unrealized gains of SEK 12.9 billion in the portfolio. The ambition is to realize these values over the coming years. Compared to year-end, this is an increase by SEK 0.4 billion. In a longer term perspective the value creation is even more impressive, especially in Commercial Property Development. During the past three years the unrealized gains in Commercial Property Development increased by SEK 3.5 billion, while we during the same time period realized gains on divestments totaling SEK 8.8 billion.

Our overall positive market outlook is basically unchanged compared to the year-end assessment. However, political and macroeconomic uncertainties make it difficult to predict how long these relatively favorable market conditions will last. We have a strong position in markets where urbanization is one of the main long-term drivers for investments in infrastructure, housing, and offices.



Skanska, in alliance with Network Rail, Aecom, Colas Rail and Mott MacDonald, designed and constructed improvements that will increase Waterloo Station's capacity by up to 30 percent. Sustainability, collaboration and innovation were key to executing this complex assignment. For example, the re-use of existing foundations instead of installing new piles reduced carbon emissions equivalent to taking 292 cars off the road for a year and saved customer Network Rail nearly SEK 60 M. Also, the use of 4-D digital models helped ensure the lowest possible impacts to passenger service, including during work periods lasting 24 hours a day.

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

In Sweden, the civil market remains very strong and the non-residential market is strong, although the landscape is competitive. The Swedish residential building market is slow. 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 slightly lower. The overall market situation in Finland is stable except for a slight slowdown in the residential building market.

In the UK the uncertainty related to Brexit is limiting investments in the non-residential building market. The civil market is stable. In Central Europe there is a high activity level in general and construction related inflation is high. In Czech Republic the civil market is still very competitive but contract conditions are gradually improving.

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 and there is an oversupply of new built homes which impacts Skanska's market segments and product range negatively. Uncertainty about factors impacting the direction of home prices such as future economic growth, employment, interest rates and credit supply is expected to continue impacting the market negatively going forward. The underlying housing needs should however be supportive long-term. In Norway the market situation is more stable than in Sweden and the Finnish market is solid. The Central European market has slowed down after a period of strong growth.

Nordics	
Sweden	➡
Norway	➡
Finland	➡
Europe	

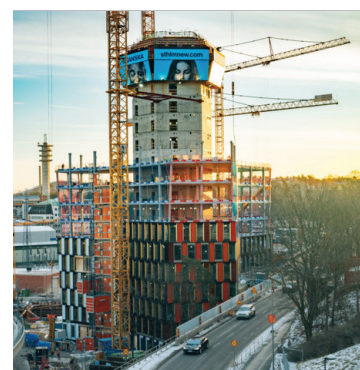


BoKlok Glasörten, Malmö, Sweden

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 high. Demand for office space is strong in Poland and in other parts of Central Europe as well. In USA, demand from tenants is good in Boston and Seattle, while somewhat weaker in Washington, DC, 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, but the number of shortlisted investors in transactions are fewer and more selective regarding investment objects. Yield levels in Sweden and in USA have likely bottomed out.

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

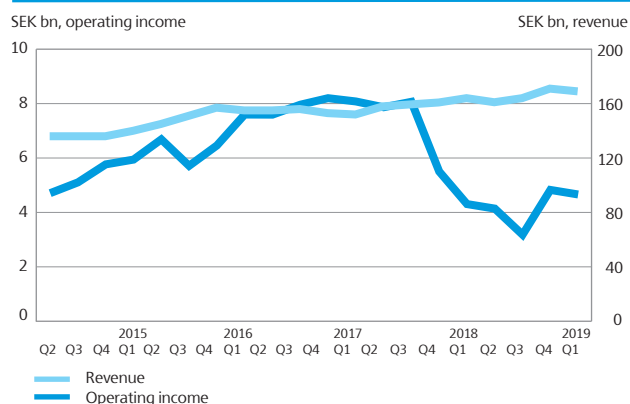


Sthlm New, Stockholm, Sweden

Performance analysis

Group

Revenue and operating income, rolling 12 months



Revenue and earnings

SEK M	Jan-Mar 2019	Jan-Mar 2018	Change, %
Revenue	35,102	36,950	-5
Operating income ^{1,2}	488	652	-25
Net financial items	-62	-13	377
Income after financial items	426	639	-33
Taxes	-71	-129	-45
Profit for the period	355	510	-30
Earnings for the period per share, SEK ³	0.87	1.25	-30
Earnings for the period per share according to IFRS, SEK ³	2.11	0.53	301

1 Central, SEK -148 M (-415).

2 Eliminations, SEK -17 M (28).

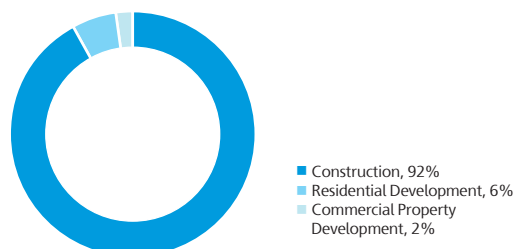
3 Earnings for the period attributable to equity holders divided by the average number of shares outstanding.

Changes and currency rate effects

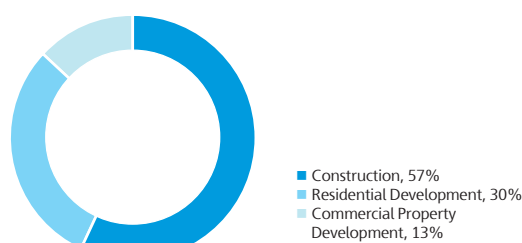
	Jan-Mar 2019 / Jan-Mar 2018		
	Change in SEK	Change in local currency	Currency effect
Revenue	-5%	-11%	6%
Operating income	-25%	-30%	5%

Revenue decreased 5 percent and amounted to SEK 35.1 billion (37.0); adjusted for currency effects revenue decreased 11 percent.

Revenue per segment, January–March 2019



Operating income per segment, January–March 2019



Operating income decreased 25 percent and amounted to SEK 488 M (652); adjusted for currency effects operating income decreased 30 percent. The comparable period include negative impact from restructuring charges and project write-downs, and positive impact from claims resolutions and effects from pension curtailments, totaling SEK -0.8 billion, net.

Central expenses totaled SEK -148 M (-415) of which SEK 25 M (-116) relate to the PPP-portfolio. The comparable period includes restructuring charges of SEK -220 M in total, of which SEK -120 M relate to the PPP-portfolio. The elimination of gains in Intra-Group projects amounted to SEK -17 M (28).

Net financial items amounted to SEK -62 M (-13).

Taxes for the period amounted to SEK -71 M (-129), corresponding to an effective tax rate of 17 (20) percent.

Cash flow

Group

Operating cash flow from operations



Operating cash flow

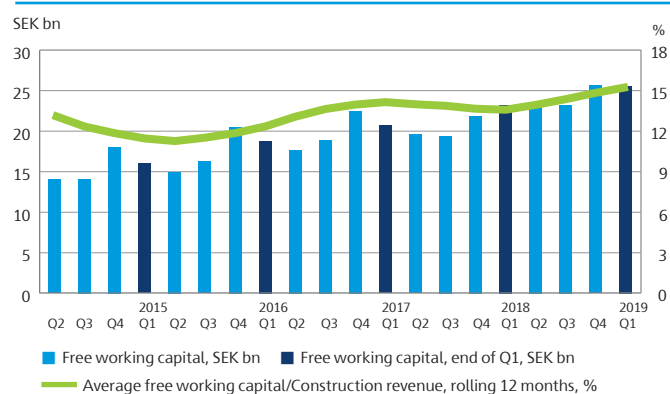
SEK M	Jan-Mar 2019	Jan-Mar 2018	Change, %
Cash flow from business operations	831	-90	-
Change in working capital	-525	1,598	-
Net divestments(+)/investments(-)	-1,160	-2,041	-43
Cash flow adjustment	34	12	183
Cash flow from business operations before taxes paid	-820	-521	57
Taxes paid in business operations	-351	-192	83
Cash flow from financing operations	-148	66	-
Operating cash flow from operations	-1,319	-647	104
Net strategic divestments(+)/investments(-)	-6	-10	-40
Dividend etc	0	-63	-
Cash flow before change in interest-bearing receivables and liabilities	-1,325	-720	84
Change in interest-bearing receivables and liabilities excluding lease liabilities	-1,200	-791	52
Cash flow for the period	-2,525	-1,511	67

Operating cash flow from operations amounted to SEK -1,319 M (-647). Change in working capital in Construction during the first quarter is the main reason for the change in cash flow.

Taxes paid in business operations amounted to SEK -351 M (-192).

Commercial Property Development assets sold but not transferred will have a positive effect on cash flow of SEK 5.3 billion, of which SEK 1.8 billion will be received during 2019. The remainder will affect cash flow during 2020-2021.

Free working capital in Construction



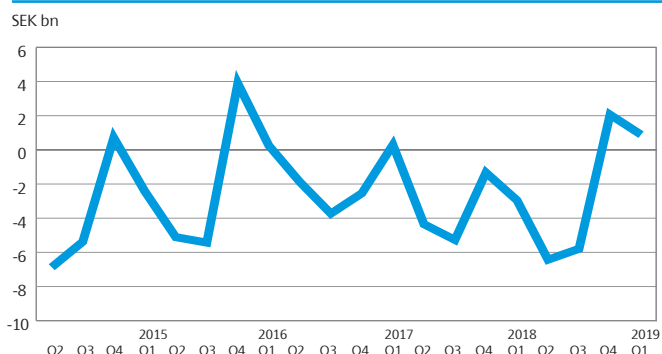
Free working capital in Construction amounted to SEK 25.5 billion (23.2), with average free working capital in relation to Construction revenue in the past 12 months at 15.2 percent. Free working capital in Construction remained at a good level due to favorable cash flow profiles in a number of projects and continued focus on cash generation in the Construction stream. Cash flow due to changes in working capital in Construction amounted to SEK -892 M (957). During 2019, a cash outflow is expected due to a normalization of changes in working capital.



Spark, Warsaw, Poland

Financial position

Adjusted net financial assets/liabilities



Balance sheet – Summary

SEK bn	Mar 31, 2019	Mar 31, 2018	Dec 31, 2018
Total assets	125.6	110.5	116.3
Total equity	28.0	28.1	29.3
Interest-bearing net receivables (+)/net debt (-)	-7.2	-1.6	3.2
Adjusted net financial assets(+)/liabilities(-)	0.9	-2.9	2.1
Capital employed, closing balance	52.8	44.2	46.2
Equity/assets ratio, %	22.3	25.5	25.2

Change in net interest-bearing receivables and liabilities

SEK M	Jan-Mar 2019	Jan-Mar 2018	Jan-Dec 2018
Opening balance interest-bearing net receivables(+)/net debt(-)	3,231	-1,126	-1,126
Change in accounting principle ¹	-7,469	-30	-30
Adjusted opening balance	-4,238	-1,156	-1,156
Cash flow for the period	-2,525	-1,511	3,578
Less change in interest-bearing receivables and liabilities	1,200	791	311
Cash flow before change in interest-bearing	-1,325	-720	3,889
Translation differences, net receivables/net debt	120	-90	282
Remeasurements of pension liabilities	-445	77	-271
Interest-bearing liabilities acquired/divested	-615	-7	-7
Other changes, interest-bearing net receivables/net debt	-648	251	494
Change in interest-bearing net receivables/net debt	-2,913	-489	4,387
Closing balance interest-bearing net receivables(+)/net debt(-)	-7,151	-1,645	3,231
Restricted cash	-6,000	-5,797	-5,941
Pension liability, net	4,960	4,493	4,765
Lease liabilities	9,078	-	-
Closing balance adjusted net financial assets(+)/liabilities(-)	887	-2,949	2,055

¹ Change in accounting principle is attributable to the implementation of IFRS 16 (2019) and IFRS 9 (2018). For further information see the Annual and Sustainability Report 2018, Note 1 (on IFRS 16) and Note 3 (on IFRS 9).

Adjusted net financial assets/liabilities amounted to SEK 0.9 billion (Dec. 31, 2018: 2.1). Interest-bearing net debt amounted to SEK -7.2 billion (Dec. 31, 2018: 3.2) and include SEK 9.1 billion in interest-bearing lease liabilities according to IFRS 16 effective from January 1, 2019.

At the end of the quarter, cash, cash equivalents and committed unutilized credit facilities amounted to SEK 17.3 billion (Dec. 31, 2018: 19.3), of which SEK 13.0 billion (Dec. 31, 2018: 14.1) is available within one week. The Group central loan portfolio amounted to SEK 4.3 billion (Dec. 31, 2018: 4.3) and had an average maturity of 3.3 years (Dec. 31, 2018: 3.6), including committed unutilized credit facilities. Restricted cash totaled SEK 6.0 billion (Dec. 31, 2018: 5.9), net pension liabilities totaled SEK 5.0 billion (Dec. 31, 2018: 4.8) and lease liabilities totaled SEK 9.1 billion. At the end of the quarter, capital employed amounted to SEK 52.8 billion (Dec. 31, 2018: 46.2).

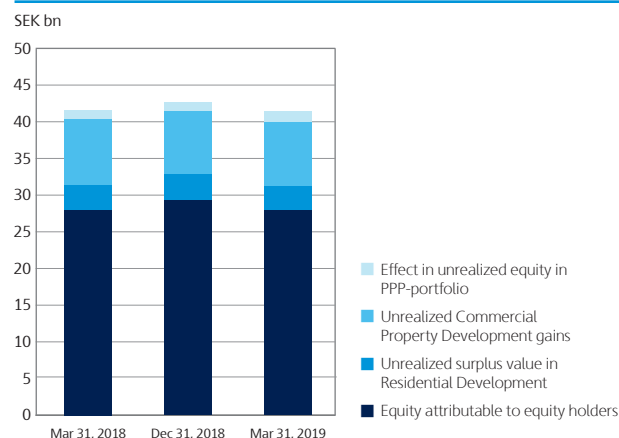
Equity

Changes in equity

SEK M	Jan-Mar 2019	Jan-Mar 2018	Jan-Dec 2018
Opening balance	29,347	27,185	27,185
Change in accounting principle ¹	-67	-140	-140
Adjusted opening balance	29,280	27,045	27,045
Dividend to shareholders	-2,462	0	-3,373
Other changes in equity not included in total comprehensive income for the year	60	23	132
Profit for the period	864	216	4,594
Other comprehensive income			
Translation differences	705	775	1,119
Effects of remeasurements of pensions	-361	65	-419
Effects of cash flow hedges	-52	16	249
Closing balance	28,034	28,140	29,347

¹ Change in accounting principle is attributable to the implementation of IFRS 16 (2019) and IFRS 9 (2018). For further information see the Annual and Sustainability Report 2018, Note 1 (on IFRS 16) and Note 3 (on IFRS 9).

Adjusted equity, less standard tax of 10 percent



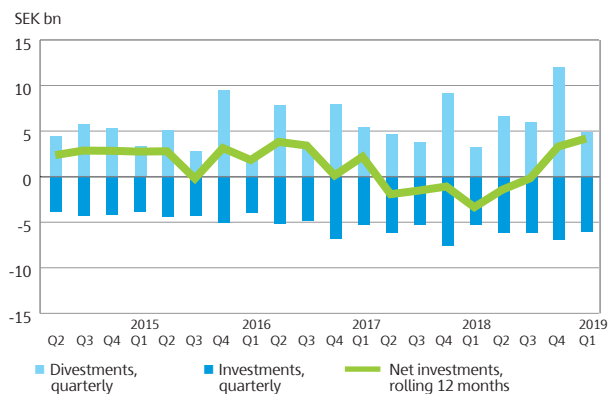
The Group's equity amounted to SEK 28.0 billion (28.1), resulting in an equity/assets ratio of 22.3 percent (25.5) and a net debt/equity ratio of 0.3 (0.1).

The effects of remeasurements of pensions amounted to SEK -361 M (65). This can be explained by lower discount rates in Sweden, Norway and the UK. The effect is partly offset by higher actual return on plan assets than estimated. Translation differences amounted to SEK 705 M (775) and are due to a weaker Swedish krona.

Unrealized surplus values less standard tax in Project Development including the PPP-portfolio amounted to SEK 13.5 billion (Dec. 31, 2018: 13.3), of which SEK 0.6 billion was realized according to segment reporting.

Investments and divestments

Investments and divestments



The Group's investments amounted to SEK –6,075 M (–5,283), while divestments amounted to SEK 4,909 M (3,232), resulting in net investments of SEK –1,166 M (–2,051).

In Construction, investments totaled SEK –859 M (–479). These investments mainly relates to property, plant and equipment for the Group's own operations. Net investments in Construction amounted to SEK –735 M (–389). Depreciation of property, plant and equipment amounted to SEK –651 M (–348).

In Residential Development, investments totaled SEK –2,222 M (–2,269), of which SEK –366 M (–94) relates to land acquisitions, corresponding to 1,315 building rights. Divestments amounted to SEK 3,403 M (2,478). Net divestments in Residential Development amounted to SEK 1,181 M (209).

In Commercial Property Development, investments totaled SEK –2,976 M (–2,469), of which SEK –225 M (–48) relates to investments in new land, while divestments amounted to SEK 1,360 M (665). Net investments in Commercial Property Development amounted to SEK –1,616 M (–1,804).



Investment, Citygate, Gothenburg, Sweden

Investments, divestments and net divestments/investments

SEK M	Jan-Mar 2019	Jan-Mar 2018	Change, %
Investments			
Construction	–859	–479	79
Residential Development	–2,222	–2,269	–2
Commercial Property Development	–2,976	–2,469	21
Other	–18	–66	
Total	–6,075	–5,283	15
Divestments			
Construction	124	90	38
Residential Development	3,403	2,478	37
Commercial Property Development	1,360	665	105
Other	22	–1	
Total	4,909	3,232	52
Net divestments(+)/investments(–)			
Construction	–735	–389	89
Residential Development	1,181	209	465
Commercial Property Development	–1,616	–1,804	–10
Other	4	–67	
Total	–1,166	–2,051	–43
of which strategic	–6	–10	

Capital employed in Project Development

SEK M	Mar 31, 2019	Mar 31, 2018	Dec 31, 2018
Residential Development	12,843	13,907	13,605
Commercial Property Development	32,828	26,021	26,672
Total in Project Development	45,671	39,928	40,277

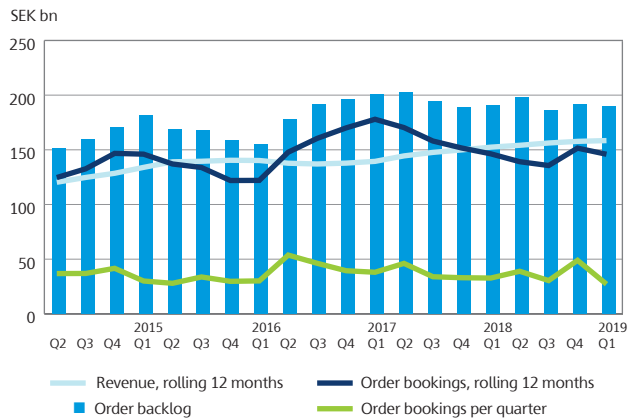


Divestment, The Harlo, Boston, USA

Performance analysis, business streams

Construction – Order situation

Order backlog, revenue and order bookings



Order bookings and order backlog in Construction

SEK bn	Jan-Mar 2019	Jan-Mar 2018	Jan-Dec 2018
Order bookings	27.3	32.9	151.7
Order backlog ¹	190.1	190.9	192.0

¹ Refers to the end of each period.

Order bookings amounted to SEK 27.3 billion (32.9); adjusted for currency effects order bookings decreased 22 percent. On a rolling 12-month basis the book-to-build ratio was 92 percent (Dec. 31, 2018: 96). The lower order bookings are mainly a result of the strategic initiatives to

focus our operations in certain markets and reduce risks in the Construction stream. Order bookings are lower than revenue in operating units where performance have been weaker, and vice versa in the well performing units. For more information see page 26.

At the end of the quarter, the order backlog amounted to SEK 190.1 billion compared to SEK 192.0 billion at the end of the previous quarter. The order backlog corresponds to 14 months of production (Dec. 31, 2018: 14).

Changes and currency rate effects

	Change in SEK	Change in local currency	Currency effect
Jan-Mar 2019 / Jan-Mar 2018			
Order bookings	-17%	-22%	5%
Mar 31, 2019 / Dec 31, 2018			
Order backlog	-1%	-4%	3%

Major orders in the quarter

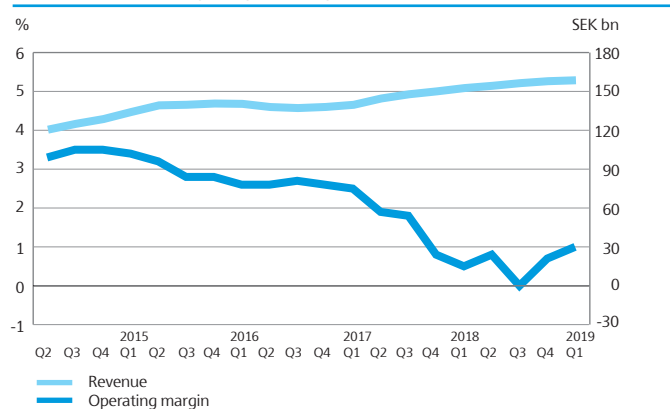
Geography	Contract	Amount SEK M	Client
USA	Highway	860	Riverside County Transportation Commission
USA	Industrial manufacturing facility	810	Confidential
Nordic	Tunnel	640	Statens Vegevesen
USA	School buildings	630	Lake Oswego School District
Nordic	Foundry	600	Scania



Prisma, Helsingborg, Sweden

Construction

Revenue and operating margin, rolling 12 months



Revenue and earnings

SEK M	Jan-Mar 2019	Jan-Mar 2018	Change, %
Revenue	35,333	34,631	2
Gross income	1,945	1,641	19
Selling and administrative expenses	-1,574	-1,678	-6
Income from joint ventures and associated companies	0	-4	
Operating income	371	-41	-
Gross margin, %	5.5	4.7	
Selling and administrative expenses, %	-4.5	-4.8	
Operating margin, %	1.1	neg	
Employees	34,351	37,862	

Changes and currency rate effects

	Jan-Mar 2019 / Jan-Mar 2018		
	Change in SEK	Change in local currency	Currency effect
Revenue	2%	-5%	7%
Operating income	-	-	68%

Revenue in the Construction business stream increased 2 percent and amounted to SEK 35.3 billion (34.6); adjusted for currency effects revenue decreased 5 percent. Operating income amounted to SEK 371 M (-41).

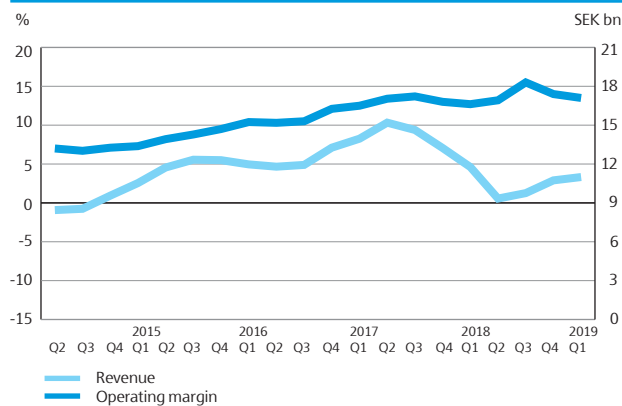
The comparable period include restructuring charges and project write-downs in Poland, but also positive claims resolutions in the USA and effects from pension curtailments in the UK affected operating income. Total net impact of SEK -0.5 billion. The comparable period is also positively impacted by an unusually strong first quarter performance in Sweden which relates to the completion of projects with high profitability.



Scandinavia's first zero energy hotel, Solna, Sweden

Residential Development

Revenue and operating margin, rolling 12 months



Revenue and earnings

SEK M	Jan-Mar 2019	Jan-Mar 2018	Change, %
Revenue	2,141	1,884	14
Gross income	368	396	-7
Selling and administrative expenses	-170	-176	-3
Operating income	198	220	-10
Gross margin, %	17.2	21.0	
Selling and administrative expenses, %	-7.9	-9.3	
Operating margin, %	9.2	11.7	
Return on capital employed, % ¹	11.3	13.0	

1 Rolling 12 months. For definition see page 16.

Revenue in the Residential Development business stream amounted to SEK 2,141 M (1,884). The number of homes sold totaled 740 (615) and construction started on 423 homes (888). Operating income amounted to SEK 198 M (220). The operating margin amounted to 9.2 percent (11.7) where the comparable period includes a larger positive effect from release of provisions related to completion of projects, especially in Sweden. The Swedish operations are in the first quarter impacted by low volumes due to seasonality while selling and administrative expenses are more equally distributed over the quarters.

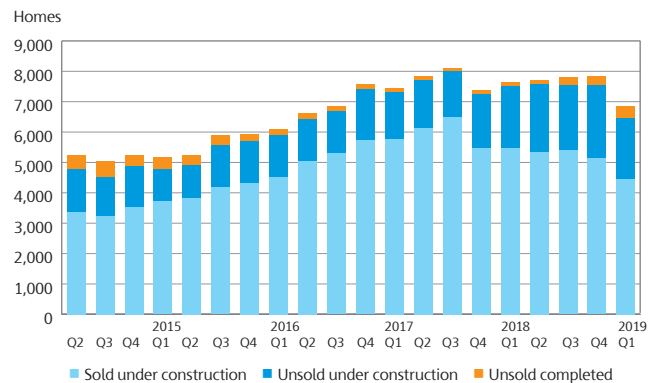
Homes sold and started, rolling 12 months



Homes sold and started

	Jan-Mar 2019	Jan-Mar 2018
Homes sold	740	615
Homes started	423	888

Homes under construction and unsold



Homes under construction and unsold

	Mar 31, 2019	Mar 31, 2018	Dec 31, 2018
Homes under construction	6,454	7,511	7,539
of which sold, %	69	73	68
Completed unsold, number of homes	403	135	314

Return on capital employed decreased to 11.3 percent (13.0) mainly as a result of higher capital employed. At the end of the quarter, 6,454 homes (Dec. 31, 2018: 7,539) were under construction. Of these, 69 percent (Dec 31, 2018: 68) were sold. The number of completed unsold homes totaled 403 (Dec. 31, 2018: 314), mainly in Sweden and Finland. The number of completed homes amounted to 1,508 (620) in the first quarter.

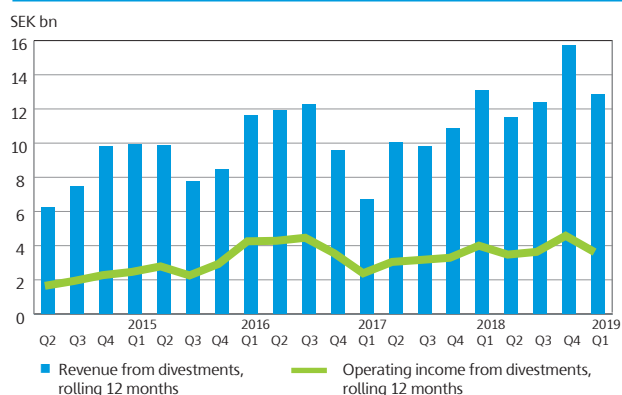
Breakdown of carrying amounts

SEK M	Mar 31, 2019	Mar 31, 2018	Dec 31, 2018
Completed projects	1,164	492	903
Ongoing projects	7,240	8,619	8,213
Undeveloped land and development properties	7,823	7,133	7,446
Total	16,227	16,244	16,562

A breakdown of the carrying amounts for Residential Development is presented in the table above. Ongoing projects amounted to SEK 7.2 billion (Dec. 31, 2018: 8.2) and undeveloped land and development properties amounted to SEK 7.8 billion (Dec. 31, 2018: 7.4). The estimated unrealized surplus value in unsold homes in construction and undeveloped land and development properties amounted to SEK 3.8 billion. The undeveloped land and development properties correspond to Skanska-owned building rights for 26,500 homes and 1,300 building rights held by joint ventures. In addition, subject to certain conditions, the business stream has the right to purchase 12,000 building rights.

Commercial Property Development

Revenue and operating income from property divestments

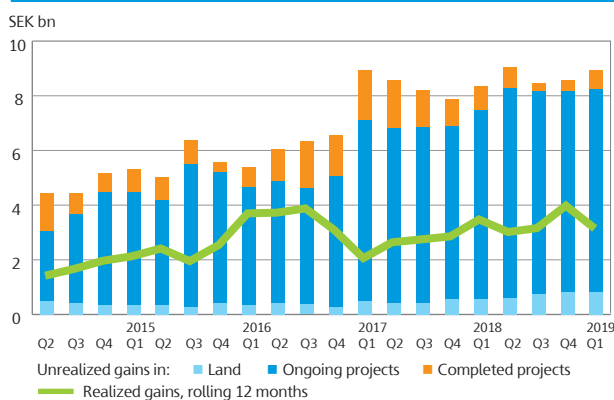


Revenue and earnings

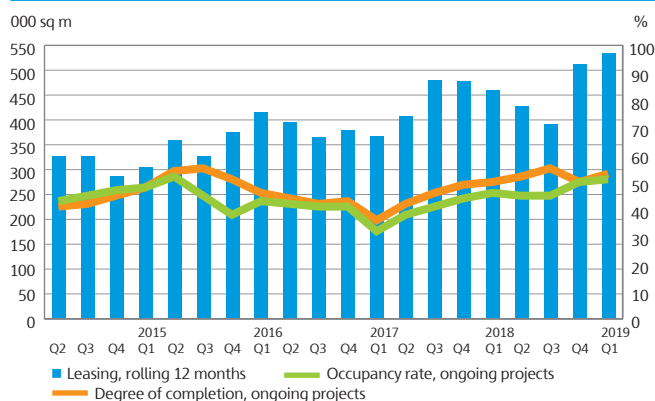
SEK M	Jan-Mar 2019	Jan-Mar 2018	Change, %
Revenue	884	3,780	-77
of which from divestment of properties	747	3,638	-79
Gross income	182	1,083	-83
Selling and administrative expenses	-229	-216	6
Income from joint ventures and associated companies	131	-7	
Operating income	84	860	-90
of which from divestment of properties	214	1,050	-80
Return on capital employed, % ¹	8.9	14.5	

1 Rolling 12 months. For definition see page 16.

Unrealized and realized gains, segment reporting



Leasing and degree of completion



In the Commercial Property Development business stream, divestments worth SEK 747 M (3,638) were made in the first quarter of 2019. Operating income amounted to SEK 84 M (860) and included gains from property divestments totaling SEK 214 M (1,050) as well as income from joint ventures totaling SEK 131 M (-7).

Breakdown of investment value and market value

SEK M	Investment value, end of period	Investment value upon completion	Market value ^{1,2}	Occupancy rate, %	Degree of completion, %
Ongoing projects ³	17,146	32,991	41,038	51	53
Completed projects ⁴	4,279	4,279	4,995	63	100
Undeveloped land and development properties	7,795	7,795	8,617		
Total	29,220	45,065	54,650		
of which carrying amount	29,220	45,065			
of which completed projects sold according to segment reporting	0	0	0		
of which ongoing projects sold according to segment reporting	2,143	4,615	5,271		

1 Market value according to appraisal on December 31, 2018.

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

3 Including tenant improvement and leasing commissions in CDUS amounted to SEK 139 M.

4 Including tenant improvement and leasing commissions in CDUS amounted to SEK 574 M.

Return on capital employed decreased to 8.9 percent (14.5) as a result of lower operating income and higher capital employed.

At the end of the quarter, Commercial Property Development had 52 ongoing projects. During the quarter, five new projects were started and six were completed. The 52 ongoing projects represent leasable space of about 1,151,000 sq m with an occupancy rate of 51 percent, measured in rent. The projects' degree of completion was 53 percent. Their investment value upon completion is expected to total SEK 33.0 billion, with an estimated market value of SEK 41.0 billion.

Of the ongoing projects, 16 have been divested according to segment reporting. These projects represent an investment value upon completion of SEK 4.6 billion, with a sales value of SEK 5.3 billion.

The market value of completed projects, excluding properties divested according to segment reporting, was SEK 5.0 billion. The occupancy rate, measured in rent, totaled 63 percent (Dec. 31, 2018: 69).

During the first quarter, unrealized gains, excluding properties divested according to segment reporting, increased by SEK 0.3 billion and totaled SEK 8.9 billion. These gains related to SEK 7.4 billion in ongoing projects, SEK 0.7 billion in completed projects and SEK 0.8 billion in undeveloped land and development properties.

Accumulated eliminations of Intra-Group project gains amounted to SEK 521 M. These eliminations are released at the Group level as each project is divested.

During the first quarter new leases were signed for 86,000 sq m (62,000).

Personnel

During the period, the average number of employees in the Group was 35,924 (39,536). At the end of the quarter, the number of employees totaled 35,886 people (Dec. 31, 2018: 37,450).

Transactions with related parties

For the nature and extent of transactions with related parties, see the Annual and Sustainability Report 2018, 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 Annual and Sustainability Report 2018, pages 20–24, Note 2 and 6, as well as the section above on market outlook.

Other matters

Annual General Meeting

At the Annual General Meeting on March 28, 2019, the dividend for 2018 was approved in accordance with the Board's proposal of SEK 6.00 per share. The record date for the dividend was April 1, 2019. The meeting re-elected Hans Biörck, Pär Boman, Fredrik Lundberg, Catherine Marcus, Jayne McGivern, Charlotte Strömberg and elected Jan Gurander as Board members. Hans Biörck was re-elected as Chairman of the Board.

Events after the end of the report period

In the case Follo EPC Oslo S, and after the Norwegian Supreme Court's decision not to grant the client (National Rail Administration) a permission of appeal on April 15, the Skanska Norway /Zublin 50/50-joint venture has been awarded damages with an amount totaling SEK 293 M by the Court of Appeal. Skanska's share of this amount will be reported in the second quarter 2019.

Financial reports for 2019

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 for 2019 will be published on the following dates:

July 24, 2019	Six Month Report
November 7, 2019	Nine Month Report
February 7, 2020	Year-end Report

Stockholm April 26, 2019

Anders Danielsson

President and Chief Executive Officer

This interim report has not been subject to a review by the company's auditors.

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.

The new standard IFRS 16 Leases apply from January 1, 2019. Skanska has implemented the standard retroactively with cumulative effect, i.e., without restating the comparison periods. Lines are added to the balance sheet for property, plant and equipment right-of-use assets, current-asset properties right-of-use assets as well as interest-bearing lease liabilities. Right-of-use assets are depreciated over the term of the lease, except for current-asset properties right-of-use assets, which are recognized in the same way as current-asset properties. The lease payments are divided into an interest portion and an amortization portion. Operating income increases and financial items decrease. Cash flow from operating activities increases and cash flow from financing activities decreases. The effects of IFRS 16 are described in Note 1 in the Annual and Sustainability Report 2018.

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

The difference between the operating cash flow statement and the summary cash flow statement in compliance with IAS 7 Cash flow Statements, is presented in the Annual and Sustainability Report 2018, Note 35.

Segment and IFRS reporting

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

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

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

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

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

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

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

Definitions

For further definitions, see the Annual and Sustainability Report 2018, Note 44.

Non-IFRS financial measures

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 20,953 - tax assets -320 - deposits in internal bank -638 - pension receivable -30 - non-interest-bearing liabilities (excluding tax liabilities) -7,046 - capitalized interest expense -76 12,843	Measure capital usage and efficiency in Residential Development.
Capital employed Commercial Property Development (CD) SEK M	Total assets 37,000 - tax assets -478 - deposits in internal bank 0 - pension receivable 0 - non-interest-bearing liabilities (excluding tax liabilities) -3,312 - capitalized interest expense -382 32,828	Measure capital usage and efficiency in Commercial Property 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				1,483
	+ capitalized interest expense				72
	+/- financial income and other financial items				26
	– interest income from internal bank				–1
	Adjusted profit				1,580
	Capital employed average*				13,957
	ROCE RD				11.3%
	* Capital employed average				
	Q1 2019	12,873	x 0.5	6,437	
	Q4 2018	13,636		13,636	
	Q3 2018	14,693		14,693	
	Q2 2018	14,091		14,091	
	Q1 2018	13,942	x 0.5	6,971	
					55,828 / 4
				13,957	
ROCE in CD segment, rolling 12 months SEK M	Operating income				2,293
	+ capitalized interest expense				143
	+/- financial income and other financial items				5
	– interest income from internal bank				–1
	Adjusted profit				2,440
	Capital employed average*				27,489
	ROCE CD				8.9%
	* Capital employed average				
	Q1 2019	32,828	x 0.5	16,414	
	Q4 2018	26,672		26,672	
	Q3 2018	27,116		27,116	
	Q2 2018	26,742		26,742	
	Q1 2018	26,021	x 0.5	13,011	
					109,955 / 4
				27,489	
ROCE in Project Development, segment SEK M	Is calculated as the summarized adjusted profit for RD and CD divided by the summarized capital employed average for RD and CD.				Measure the performance (profitability and capital efficiency) in Project Development.
	The total ROCE from RD and CD.				
		Adjusted profit	CE avg	ROCE	
	RD	1,580	13,957	11.3%	
	CD	2,440	27,489	8.9%	
		4,020	41,446	9.7%	

Non-IFRS financial measures	Definition	Reason for use																														
Return on equity segment, rolling 12 months SEK M	Profit attributable to equity holders as a percentage of average equity attributable to equity holders. 3,752 / 28,054 =13.4%	Measure profitability on invested equity.																														
Equity average attributable to equity holders SEK M	Calculated on the basis of five measuring points. <table><tr><td>Q1 2019</td><td>27,935</td><td>x</td><td>0.5</td><td>13,968</td></tr><tr><td>Q4 2018</td><td>29,250</td><td></td><td></td><td>29,250</td></tr><tr><td>Q3 2018</td><td>27,943</td><td></td><td></td><td>27,943</td></tr><tr><td>Q2 2018</td><td>27,049</td><td></td><td></td><td>27,049</td></tr><tr><td>Q1 2018</td><td>28,011</td><td>x</td><td>0.5</td><td>14,006</td></tr><tr><td></td><td></td><td></td><td></td><td> 112,216 / 428,054 </td></tr></table>	Q1 2019	27,935	x	0.5	13,968	Q4 2018	29,250			29,250	Q3 2018	27,943			27,943	Q2 2018	27,049			27,049	Q1 2018	28,011	x	0.5	14,006					112,216 / 428,054	
Q1 2019	27,935	x	0.5	13,968																												
Q4 2018	29,250			29,250																												
Q3 2018	27,943			27,943																												
Q2 2018	27,049			27,049																												
Q1 2018	28,011	x	0.5	14,006																												
				112,216 / 428,054																												
Operating cash flow from operations	Cash flow from business operations including taxes paid and cash flow from financing operations.	Measure total cash flow generated from operations.																														
Net divestments/investment	Total investments minus total divestments.	Measure the balance between investments and divestments.																														
Free working capital	Non-interest-bearing receivables less non-interest-bearing liabilities excluding taxes.	Measure the funding stemming from the negative working capital.																														
Average free working capital in Construction SEK M	Calculated on the basis of five measuring points. <table><tr><td>Q1 2019</td><td>-25,526</td><td>x</td><td>0.5</td><td>-12,763</td></tr><tr><td>Q4 2018</td><td>-25,641</td><td></td><td></td><td>-25,641</td></tr><tr><td>Q3 2018</td><td>-23,209</td><td></td><td></td><td>-23,209</td></tr><tr><td>Q2 2018</td><td>-23,359</td><td></td><td></td><td>-23,359</td></tr><tr><td>Q1 2018</td><td>-23,211</td><td>x</td><td>0.5</td><td>-11,606</td></tr><tr><td></td><td></td><td></td><td></td><td> -96,578 / 4-24,145 </td></tr></table>	Q1 2019	-25,526	x	0.5	-12,763	Q4 2018	-25,641			-25,641	Q3 2018	-23,209			-23,209	Q2 2018	-23,359			-23,359	Q1 2018	-23,211	x	0.5	-11,606					-96,578 / 4-24,145	Measure the funding stemming from the negative working capital generated in Construction.
Q1 2019	-25,526	x	0.5	-12,763																												
Q4 2018	-25,641			-25,641																												
Q3 2018	-23,209			-23,209																												
Q2 2018	-23,359			-23,359																												
Q1 2018	-23,211	x	0.5	-11,606																												
				-96,578 / 4-24,145																												
Interest-bearing net receivables/net debt	Interest-bearing assets minus interest-bearing liabilities.	Measure financial position.																														
Adjusted net financial assets/liabilities (adjusted net debt)	Interest-bearing net receivables/liabilities excluding restricted cash, lease liabilities and interest-bearing net pension liabilities.	Measure financial position and investment capacity. The latter is derived by comparing adjusted net debt to limits set by the Board of Directors.																														
Equity/assets ratio	Equity including non-controlling interest as a percentage of total assets.	Measure financial position.																														
Net debt/equity ratio	Interest-bearing net 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>3.8</td></tr><tr><td>Unrealized CD gains</td><td>9.6</td></tr><tr><td>Effect in unrealized equity in PPP-portfolio</td><td>1.6</td></tr><tr><td>Less standard corporate tax, 10%</td><td> -1.541.4 </td></tr><tr><td>Adjusted equity</td><td></td></tr></table>	Equity attributable to equity holders	27.9	Unrealized surplus value in RD	3.8	Unrealized CD gains	9.6	Effect in unrealized equity in PPP-portfolio	1.6	Less standard corporate tax, 10%	-1.541.4	Adjusted equity		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	3.8																															
Unrealized CD gains	9.6																															
Effect in unrealized equity in PPP-portfolio	1.6																															
Less standard corporate tax, 10%	-1.541.4																															
Adjusted equity																																

Reconciliation between segment reporting and IFRSs

	External revenue		Intra-Group revenue		Total revenue		Operating income	
SEK M	Jan-Mar 2019	Jan-Mar 2018	Jan-Mar 2019	Jan-Mar 2018	Jan-Mar 2019	Jan-Mar 2018	Jan-Mar 2019	Jan-Mar 2018
Construction	31,916 ¹	31,227 ¹	3,417	3,404	35,333	34,631	371	-41
Residential Development	2,140	1,884	1	0	2,141	1,884	198	220
Commercial Property Development	882	3,777	2	3	884	3,780	84	860
Total operating segments	34,938	36,888	3,420	3,407	38,358	40,295	653	1,039
Central	164	62	4	100	168	162	-148	-415
Eliminations	0	0	-3,424	-3,507	-3,424	-3,507	-17	28
Total Group	35,102	36,950	0	0	35,102	36,950	488	652
Reconciliation to IFRSs²	2,013	-2,284	0	0	2,013	-2,284	596	-369
Total IFRSs	37,115	34,666	0	0	37,115	34,666	1,084	283

1 Of which external revenue from joint ventures in PPP-portfolio, SEK 1,587 M (2,188).

2 Of which effect from joint ventures in
Residential Development proportionally

	59	34		20	29
Of which effect of different revenue recognitions	1,954	-2,318		576	-398

SEK M	Segment Jan-Mar 2019	IFRS Jan-Mar 2019	Segment Jan-Mar 2018	IFRS Jan-Mar 2018
Revenue				
Construction	35,333	35,333	34,631	34,631
Residential Development	2,141	3,416	1,884	2,492
Commercial Property Development	884	1,499	3,780	806
Central and eliminations	-3,256	-3,133	-3,345	-3,263
Skanska Group	35,102	37,115	36,950	34,666
Operating income				
Construction	371	371	-41	-41
Residential Development	198	475	220	370
Commercial Property Development ¹	84	406	860	398
Central	-148	-148	-415	-414
of which PPP-portfolio	25	25	-116	-116
Eliminations ¹	-17	-20	28	-30
Operating income	488	1,084	652	283
Net financial items	-62	-47	-13	-12
Income after financial items	426	1,037	639	271
Taxes	-71	-173	-129	-55
Profit for the period	355	864	510	216
Earnings for the period per share, SEK ²	0.87		1.25	
Earnings for the period per share according to IFRSs, SEK ²		2.11		0.53
1 Of which gains from divestments of commercial properties reported in:				
Commercial Property Development	214	536	1,050	266
Eliminations	22	42	80	16

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-Mar 2019	Jan-Mar 2018	Jan-Dec 2018
Revenue	37,115	34,666	171,730
Cost of sales	-34,128	-32,277	-157,465
Gross income	2,987	2,389	14,265
Selling and administrative expenses	-2,156	-2,505	-9,473
Income from joint ventures and associated companies	253	399	855
Operating income	1,084	283	5,647
Financial income	35	24	192
Financial expenses	-82	-36	-153
Net financial items¹	-47	-12	39
Income after financial items	1,037	271	5,686
Taxes	-173	-55	-1,092
Profit for the period	864	216	4,594
1 Of which			
Interest income	32	20	144
Financial net pension costs	-19	-27	-103
Interest expenses	-69	-71	-335
Interest expenses from lease liabilities	-71	0	0
Capitalized interest expenses	92	69	325
Net interest items	-35	-9	31
Change in fair value	0	4	11
Other net financial items	-12	-7	-3
Net financial items	-47	-12	39
Profit attributable to:			
Equity holders	864	215	4,571
Non-controlling interests	0	1	23
Earnings per share, SEK ²	2.11	0.53	11.17
Earnings per share after dilution, SEK ³	2.10	0.52	11.11

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-Mar 2019	Jan-Mar 2018	Jan-Dec 2018
Profit for the period	864	216	4,594
Other comprehensive income			
Items that will not be reclassified to profit and loss			
Remeasurements of defined benefit plans	-431	84	-478
Tax related to items that will not be reclassified to profit and loss	70	-19	59
	-361	65	-419
Items that have been or will be reclassified to profit and loss			
Translation differences attributable to equity holders	685	955	1,299
Translation differences attributable to non-controlling interests	2	7	3
Hedging of exchange rate risk in foreign operations	18	-187	-183
Effects of cash flow hedges ¹	-2	-6	-30
Share of other comprehensive income of joint ventures and associated companies ²	-46	19	272
Tax related to items that have been or will be reclassified to profit and loss	-4	3	7
	653	791	1,368
Other comprehensive income after tax	292	856	949
Total comprehensive income	1,156	1,072	5,543
Total comprehensive income attributable to			
Equity holders	1,154	1,064	5,517
Non-controlling interests	2	8	26
1 Of which transferred to income statement	0	0	0
2 Of which transferred to income statement	28	62	154

Summary statement of financial position (IFRS)

SEK M	Mar 31, 2019	Mar 31, 2018	Dec 31, 2018
ASSETS			
Non-current assets			
Property, plant and equipment	7,970	7,074	7,645
Property, plant and equipment right-of-use assets	4,645	–	–
Goodwill	4,521	4,786	4,324
Intangible assets	989	996	975
Investments in joint ventures and associated companies	3,238	3,162	3,288
Financial non-current assets ^{1,3}	2,760	2,483	2,345
Deferred tax assets	2,250	1,990	1,933
Total non-current assets	26,373	20,491	20,510
Current assets			
Current-asset properties ²	44,734	42,385	42,391
Current-asset properties right-of-use land	4,154	–	–
Inventories	1,334	1,216	1,256
Financial current assets ³	6,827	6,539	7,117
Tax assets	321	1,182	396
Contract assets	7,541	7,750	6,661
Trade and other receivables	26,043	25,433	27,243
Cash	8,281	5,528	10,722
Total current assets	99,235	90,033	95,786
TOTAL ASSETS	125,608	110,524	116,296
of which interest-bearing financial non-current assets	2,719	2,432	2,302
of which interest-bearing current assets	14,945	12,030	17,769
Total interest-bearing assets	17,664	14,462	20,071
EQUITY			
Equity attributable to equity holders	27,935	28,011	29,250
Non-controlling interests	99	129	97
Total equity	28,034	28,140	29,347
LIABILITIES			
Non-current liabilities			
Financial non-current liabilities ³	3,742	3,887	3,912
Lease liabilities	9,078	–	–
Pensions	6,061	5,297	5,669
Deferred tax liabilities	808	1,278	711
Total non-current liabilities	19,689	10,462	10,292
Current liabilities			
Financial current liabilities ³	5,958	7,078	7,310
Tax liabilities	598	263	615
Current provisions	9,851	9,451	9,922
Contract liabilities	21,601	17,615	20,738
Trade and other payables	39,877	37,515	38,072
Total current liabilities	77,885	71,922	76,657
TOTAL EQUITY AND LIABILITIES	125,608	110,524	116,296
of which interest-bearing financial liabilities	18,754	10,810	11,171
of which interest-bearing pensions and provisions	6,061	5,297	5,669
Total interest-bearing liabilities	24,815	16,107	16,840
1 Of which shares	40	43	41
2 Current-asset properties			
Commercial Property Development	28,507	26,141	25,829
Residential Development	16,227	16,244	16,562
3 Items regarding non-interest-bearing unrealized changes in derivatives/financial instruments are included in the following amounts:			
Financial non-current assets	1	8	2
Financial current assets	163	37	70
Financial non-current liabilities	4	21	3
Financial current liabilities	20	134	48

Note: Contingent liabilities amounted to SEK 45.4 bn on March 31, 2019 (Dec 31, 2018: 47.6) and relates to joint operations in Construction and joint ventures in Project Development. For more information see Annual and Sustainability Report 2018, Note 20B, 20C and 33. During the period, contingent liabilities decreased by SEK 2.2 bn.

Summary statement of changes in equity (IFRS)

SEK M	Jan-Mar 2019	Jan-Mar 2018	Jan-Dec 2018
Opening balance	29,347	27,185	27,185
of which non-controlling interests	97	121	121
Change in accounting principle ¹	-67	-140	-140
Adjusted opening balance	29,280	27,045	27,045
of which non-controlling interests	97	121	121
Dividend to shareholders	-2,462	0	-3,373
Change in group composition	0	0	-23
Dividend to non-controlling interests	0	0	-27
Effects of equity-settled share-based payments	60	86	254
Repurchase of shares	0	-63	-72
Total comprehensive income attributable to			
Equity holders	1,154	1,064	5,517
Non-controlling interests	2	8	26
Closing balance	28,034	28,140	29,347
of which non-controlling interests	99	129	97

¹ Change in accounting principle is attributable to the implementation of IFRS 16 (2019) and IFRS 9 (2018). For further information see the Annual and Sustainability Report 2018, Note 1 (on IFRS 16) and Note 3 (on IFRS 9).

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

SEK M	Jan-Mar 2019	Jan-Mar 2018	Jan-Dec 2018
Cash flow from operating activities before change in working capital, according to IAS 7	486	-274	-20
Cash flow from change in working capital, according to IAS 7	-806	25	9,474
Net investments in property, plant and equipment and intangible assets	-845	-456	-2,157
Tax payments on sold property, plant and equipment and intangible assets	-6	-8	-29
Cash flow from business operations including taxes paid according to operating cash flow	-1,171	-713	7,268
Less net investments in property, plant and equipment and intangible assets	845	456	2,157
Less tax payments on sold property, plant and equipment and intangible assets	6	8	29
Cash flow from operating activities, according to IAS 7	-320	-249	9,454
Cash flow from strategic investments according to operating cash flow	-6	-10	-16
Net investments in property, plant and equipment and intangible assets	-845	-456	-2,157
Increase and decrease in interest-bearing receivables	266	69	-165
Taxes paid on sold property, plant and equipment and intangible assets	-6	-8	-29
Cash flow from investing activities, according to IAS 7	-591	-405	-2,367
Cash flow from financing operations according to operating cash-flow statement	-148	66	109
Change in interest-bearing receivables and liabilities excluding lease liabilities	-1,200	-791	-311
Increase and decrease in interest-bearing receivables	-266	-69	165
Dividend etc ¹	0	-63	-3,472
Cash flow from financing activities, according to IAS 7	-1,614	-857	-3,509
Cash flow for the period	-2,525	-1,511	3,578

¹ Of which repurchases of shares SEK 0 M.

Operating cash flow (IFRS), supplementary information

Operating cash flow

SEK M	Jan-Mar 2019	Jan-Mar 2018	Jan-Dec 2018
Construction			
Cash flow from business operations	980	103	2,755
Change in working capital	-892	957	2,600
Net divestments(+)/investments(-)	-735	-379	-2,080
Cash flow adjustment	0	0	0
Total Construction	-647	681	3,275
Residential Development			
Cash flow from business operations	-220	-225	-476
Change in working capital	739	-644	26
Net divestments(+)/investments(-)	1,179	209	1,604
Cash flow adjustment	0	0	0
Total Residential Development	1,698	-660	1,154
Commercial Property Development			
Cash flow from business operations	197	341	-1,193
Change in working capital	-278	958	1,393
Net divestments(+)/investments(-)	-1,609	-1,804	3,823
Cash flow adjustment	34	12	-39
Total Commercial Property Development	-1,656	-493	3,984
Central and eliminations			
Cash flow from business operations	-126	-309	-692
Change in working capital	-94	327	21
Net divestments(+)/investments(-)	5	-67	-31
of which PPP-portfolio	22	-65	17
Cash flow adjustment	0	0	0
Total central and eliminations	-215	-49	-702
Total cash flow from business operations	831	-90	394
Total change in working capital	-525	1,598	4,040
Total net divestments(+)/investments(-)	-1,160	-2,041	3,316
Total cash flow adjustment	34	12	-39
Cash flow from business operations before taxes paid	-820	-521	7,711
Taxes paid in business operations	-351	-192	-443
Cash flow from business operations including taxes paid	-1,171	-713	7,268
Net interest items, other net financial items and amortization of lease liabilities	-211	94	156
Taxes paid in financing operations	63	-28	-47
Cash flow from financing operations	-148	66	109
Operating cash flow from operations	-1,319	-647	7,377
Net strategic divestments(+)/investments(-)	-6	-10	-16
Dividend etc ¹	0	-63	-3,472
Cash flow before change in interest-bearing receivables and liabilities	-1,325	-720	3,889
Change in interest-bearing receivables and liabilities excluding lease liabilities	-1,200	-791	-311
Cash flow for the period	-2,525	-1,511	3,578
Cash and cash equivalents at the beginning of the period	10,722	6,998	6,998
Exchange rate differences in cash and cash equivalents	84	41	146
Cash and cash equivalents at the end of the period	8,281	5,528	10,722

1 Of which repurchases of shares SEK 0 M.

Group net divestments/investments (IFRS)

SEK M	Jan-Mar 2019	Jan-Mar 2018	Jan-Dec 2018
OPERATIONS – INVESTMENTS			
Intangible assets	–50	–48	–225
Property, plant and equipment	–830	–432	–2,351
Shares and participations	–93	–65	–99
Current-asset properties	–5,096	–4,728	–21,849
of which Residential Development	–2,131	–2,269	–10,449
of which Commercial Property Development	–2,965	–2,459	–11,400
Investments in operations	–6,069	–5,273	–24,524
STRATEGIC INVESTMENTS			
Businesses	–6	–10	–16
Strategic investments	–6	–10	–16
Total Investments	–6,075	–5,283	–24,540
OPERATIONS – DIVESTMENTS			
Intangible assets	0	0	6
Property, plant and equipment	108	89	428
Shares and participations	20	0	84
Current-asset properties	4,781	3,143	27,322
of which Residential Development	3,401	2,478	12,068
of which Commercial Property Development	1,380	665	15,254
Divestments in operations	4,909	3,232	27,840
Total divestments	4,909	3,232	27,840
TOTAL NET DIVESTMENTS(+)/INVESTMENTS(–)	–1,166	–2,051	3,300
Depreciation, non-current assets	–733	–402	–1,780

Capital employed in Project Development (IFRS)

SEK M	Mar 31, 2019	Mar 31, 2018	Dec 31, 2018
Residential Development	12,843	13,907	13,605
Commercial Property Development	32,828	26,021	26,672
Total in Project Development	45,671	39,928	40,277

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-Mar 2019	Jan-Mar 2018
Selling and administrative expenses	-12	-146
Operating income	-12	-146
Net financial items	-7	-11
Income after financial items	-19	-157
Taxes	4	35
Profit for the period	-15	-122
Total comprehensive income	-15	-122

Summary balance sheet (IFRS)

SEK M	Mar 31, 2019	Mar 31, 2018	Dec 31, 2018
ASSETS			
Intangible non-current assets	13	15	13
Property, plant and equipment	1	2	1
Financial non-current assets ²	11,798	11,692	11,768
Total non-current assets	11,812	11,709	11,782
Current receivables	66	93	149
Total current assets	66	93	149
TOTAL ASSETS	11,878	11,802	11,931
EQUITY AND LIABILITIES			
Equity	5,523	7,039	7,996
Provisions	302	390	315
Non-current interest-bearing liabilities ²	3,470	4,225	3,500
Current liabilities	2,583	148	120
TOTAL EQUITY AND LIABILITIES	11,878	11,802	11,931

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

² Of these amounts, SEK 436 M (Dec 31, 2018: 301) were intra-Group receivables and SEK 3,470 M (Dec 31, 2018: 3,500) intra-Group liabilities.

Note: The Parent Company's contingent liabilities totaled SEK 172.0 bn on March 31, 2019 (Dec 31, 2018: 167.8), of which SEK 148.3 bn (Dec 31, 2018: 144.0) was related to obligations on behalf of Group companies. Other obligations, SEK 23.7 bn on March 31, 2019 (Dec 31 2018: 23.8), were related to commitments to outside parties.

Share data

	Jan-Mar 2019	Jan-Mar 2018	Jan-Dec 2018
Earnings per share according to segment reporting, SEK ¹	0.87	1.25	9.55
Earnings per share, SEK ¹	2.11	0.53	11.17
Earnings per share after dilution, SEK ²	2.10	0.52	11.11
Equity per share, SEK ³	68.09	68.53	71.40
Adjusted equity per share, SEK ⁴	101.00	101.76	103.99
Average number of shares outstanding	410,035,632	408,800,900	409,130,770
Average number of shares outstanding after dilution	412,146,787	411,207,349	411,415,278
Average dilution, %	0.51	0.59	0.56
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	137.48	137.54
Number of total Series B shares repurchased	26,888,228	26,834,228	26,888,228
of which repurchased during the year	0	381,000	435,000
Number of shares in Skanska's own custody	9,637,666	11,151,640	10,224,634
Number of shares outstanding	410,265,406	408,751,432	409,678,438

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-Mar 2019	Jan-Mar 2018	Jan-Mar 2017	Jan-Mar 2016	Jan-Mar 2015
Revenue	35,102	36,950	34,182	35,297	34,065
Operating income	488	652	1,849	1,969	832
Profit for the period	355	510	1,596	1,519	519
Earnings per share, SEK	0.87	1.25	3.90	3.69	1.26
Return on capital employed, %	10.5	10.4	20.8	20.8	16.7
Return on equity, %	13.4	14.6	27.4	26.5	20.3
Operating margin, %	1.4	1.8	5.4	5.6	2.4
Return on capital employed according to IFRSs, %	14.4	7.9	21.9	15.9	15.7
Cash flow per share according to IFRSs, SEK ¹	-3.23	-1.76	3.95	-8.57	-6.42

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

Exchange rates for the most important currencies

SEK	Average exchange rates			Exchange rates on the closing day		
	Jan-Mar 2019	Jan-Mar 2018	Jan-Dec 2018	Mar 31, 2019	Mar 31, 2018	Dec 31, 2018
US dollar	9.18	8.11	8.70	9.26	8.30	8.94
British pound	11.95	11.29	11.60	12.14	11.74	11.35
Norwegian krone	1.07	1.04	1.07	1.07	1.07	1.03
Euro	10.42	9.97	10.26	10.40	10.28	10.25
Czech koruna	0.41	0.39	0.40	0.40	0.40	0.40
Polish zloty	2.42	2.39	2.41	2.42	2.44	2.38

Construction

Revenue and earnings

SEK M	Jan-Mar 2019	Jan-Mar 2018	Jan-Dec 2018
Revenue	35,333	34,631	157,894
Gross income	1,945	1,641	8,045
Selling and administrative expenses	-1,574	-1,678	-6,998
Income from joint ventures and associated companies	0	-4	52
Operating income	371	-41	1,099
Investments	-859	-479	-2,526
Divestments	124	90	430
Net divestments(+)/investments(-)	-735	-389	-2,096
Gross margin, %	5.5	4.7	5.1
Selling and administrative expenses, %	-4.5	-4.8	-4.4
Operating margin, %	1.1	neg	0.7
Order bookings, SEK bn	27.3	32.9	151.7
Order backlog, SEK bn	190.1	190.9	192.0
Employees	34,351	37,862	37,006

Revenue

SEK M	Jan-Mar 2019	Jan-Mar 2018	Jan-Dec 2018
Nordics	13,133	12,315	57,819
of which Sweden	7,627	7,557	35,490
Europe	6,932	7,012	34,735
USA	15,268	15,304	65,340
Total	35,333	34,631	157,894

Operating income

SEK M	Jan-Mar 2019	Jan-Mar 2018	Jan-Dec 2018
Nordics	270	385	2,177
of which Sweden	149	279	1,617
Europe	-94	-820	-421
USA	195	394	-657
Total	371	-41	1,099

Operating margin, %

Jan-Mar 2019	Jan-Mar 2018	Jan-Dec 2018
2.1	3.1	3.8
2.0	3.7	4.6
neg	neg	neg
1.3	2.6	neg
1.1	neg	0.7

Order backlog

SEK M	Mar 31, 2019	Mar 31, 2018	Dec 31, 2018
Nordics	61,958	58,407	61,639
of which Sweden	36,148	35,315	35,388
Europe	33,740	40,114	34,941
USA	94,435	92,412	95,462
Total	190,133	190,933	192,042

Order bookings

Jan-Mar 2019	Jan-Mar 2018	Jan-Dec 2018
12,505	15,716	65,239
8,369	7,895	35,922
3,900	6,911	30,557
10,861	10,257	55,923
27,266	32,884	151,719

Book-to build, R-12m

Mar 31, 2019	Mar 31, 2018	Dec 31, 2018
106	95	113
102	93	101
79	96	88
87	96	86
92	96	96

Residential Development

Revenue and earnings

SEK M	Jan-Mar 2019	Jan-Mar 2018	Jan-Dec 2018
Revenue	2,141	1,884	10,739
Gross income	368	396	2,181
Selling and administrative expenses	-170	-176	-676
Operating income	198	220	1,505
Operating margin, %	9.2	11.7	14.0
Investments	-2,222	-2,269	-10,542
Divestments	3,403	2,478	12,146
Net divestments(+)/investments(-)	1,181	209	1,604
Capital employed, SEK bn	12.8	13.9	13.6
Return on capital employed, % ¹	11.3	13.0	11.4
Employees	571	548	542

1 Rolling 12 months.

Revenue

SEK M	Jan-Mar 2019	Jan-Mar 2018	Jan-Dec 2018
Nordics	1,836	1,672	9,574
of which Sweden	908	705	4,863
Europe	305	212	1,165
Total	2,141	1,884	10,739

Operating income¹

SEK M	Jan-Mar 2019	Jan-Mar 2018	Jan-Dec 2018
Nordics	164	202	1,358
of which Sweden	44	82	752
Europe	34	18	147
Total	198	220	1,505

1 Development gain only. Construction margin reported under Construction.

Operating margin, %¹

Jan-Mar 2019	Jan-Mar 2018	Jan-Dec 2018
8.9	12.1	14.2
4.8	11.6	15.5
11.1	8.5	12.6
9.2	11.7	14.0

Homes started

	Jan-Mar 2019	Jan-Mar 2018	Jan-Dec 2018
Nordics	423	588	3,512
of which Sweden	314	452	2,183
Europe	0	300	968
Total	423	888	4,480

Homes sold

Jan-Mar 2019	Jan-Mar 2018	Jan-Dec 2018
539	474	2,968
303	241	1,861
201	141	685
740	615	3,653

Homes under construction

	Mar 31, 2019	Mar 31, 2018	Dec 31, 2018
Nordics	5,186	6,432	5,969
of which Sweden	3,436	4,193	3,725
Europe	1,268	1,079	1,570
Total	6,454	7,511	7,539

Completed unsold, number of homes

Mar 31, 2019	Mar 31, 2018	Dec 31, 2018
385	131	301
207	25	187
18	4	13
403	135	314

Homes under construction of which sold, %

Mar 31, 2019	Mar 31, 2018	Dec 31, 2018
67	74	68
70	74	72
77	64	68
69	73	68

Commercial Property Development

Revenue and earnings

SEK M	Jan-Mar 2019	Jan-Mar 2018	Jan-Dec 2018
Revenue	884	3,780	16,271
of which from divestment of properties	747	3,638	15,720
Gross income	182	1,083	3,936
Selling and administrative expenses	-229	-216	-928
Income from joint ventures and associated companies	131	-7	61
Operating income	84	860	3,069
of which gain from divestment of properties ¹	214	1,050	4,005
of which write-downs/reversal of write-downs	-69	-1	-107
1 Additional gains included in eliminations	22	80	321
Investments	-2,976	-2,469	-11,452
Divestments	1,360	665	15,275
Net divestments(+)/investments(-)	-1,616	-1,804	3,823
Capital employed, SEK bn	32.8	26.0	26.7
Return on capital employed, % ²	8.9	14.5	12.3
Employees	428	407	414

2 Rolling 12 months.

Revenue

SEK M	Jan-Mar 2019	Jan-Mar 2018	Jan-Dec 2018	Jan-Mar 2019	Jan-Mar 2018	Jan-Dec 2018
Nordics	783	2,551	7,549	731	2,464	7,278
Europe	36	1,020	4,421	16	992	4,291
USA	65	209	4,301	0	182	4,151
Total	884	3,780	16,271	747	3,638	15,720

Operating income

SEK M	Jan-Mar 2019	Jan-Mar 2018	Jan-Dec 2018	Jan-Mar 2019	Jan-Mar 2018	Jan-Dec 2018
Nordics	115	699	1,306	203	775	1,628
Europe	-81	207	704	11	273	1,113
USA	50	-46	1,059	0	2	1,264
Total	84	860	3,069	214	1,050	4,005

Capital employed

SEK M	Mar 31, 2019	Mar 31, 2018	Dec 31, 2018
Nordics	10,597	9,748	9,584
Europe	8,500	7,966	7,135
USA	13,731	8,307	9,953
Total	32,828	26,021	26,672

PPP–Portfolio value

Unrealized development gain in PPP-portfolio

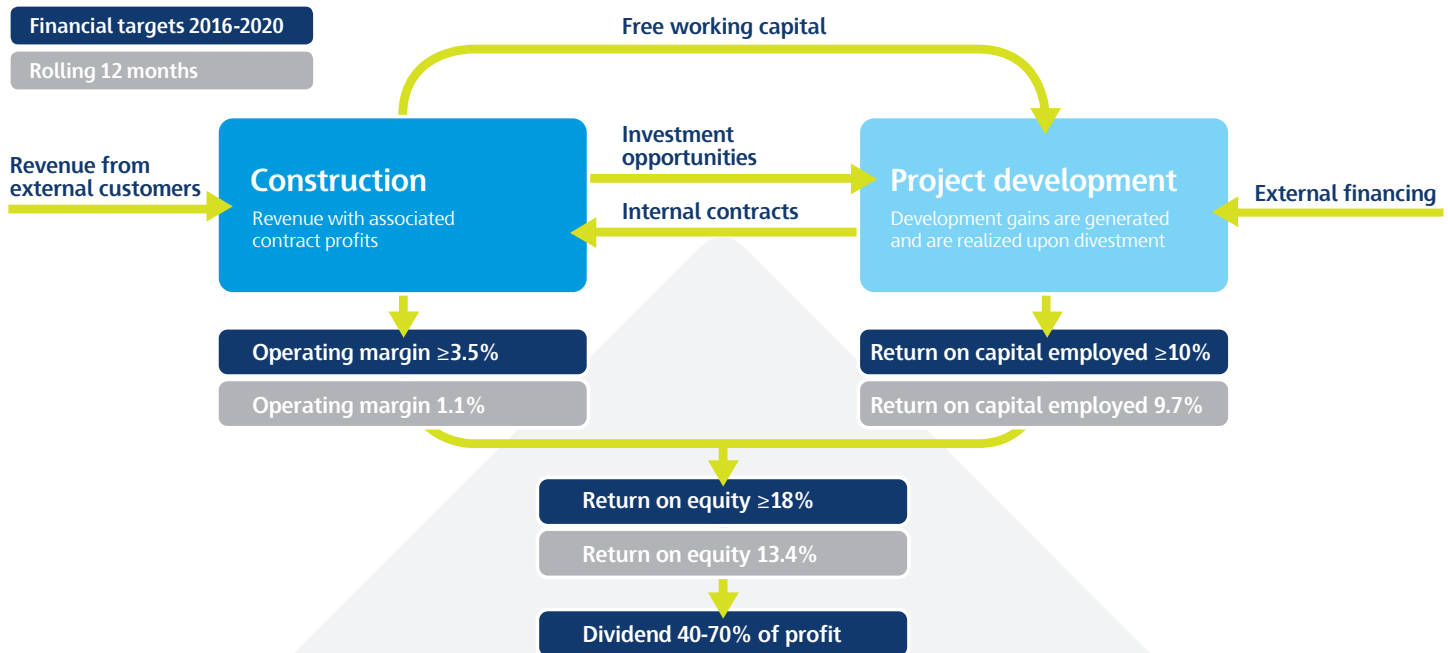
SEK bn	Mar 31, 2019	Mar 31, 2018	Dec 31, 2018
Present value of cash flow from projects	4.8	4.1	4.7
Present value of remaining investments	-1.0	-0.8	-1.1
Net present value of projects	3.8	3.3	3.6
Carrying amount before Cash flow hedge / Carrying amount	-2.5	-2.5	-2.5
Unrealized development gain	1.3	0.8	1.1
Cash flow hedge	0.3	0.5	0.3
Effect in unrealized equity¹	1.6	1.3	1.4

1 Tax effects not included.

About Skanska

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

Skanska's business model



Internal contracts and cooperation

Operational and financial synergies are, amongst other things, achieved through investments in Project Development, generating internal contracts for Skanska's Construction stream, as well as through the collaboration between Business Units from different markets. Currently, SEK 25.0 billion of Skanska's total order backlog are contracts involving more than one Business Unit, with revenue from internal contracts amounting to SEK 21.6 billion.

Construction revenue from internal Project Development contracts amounted to:

SEK 21.6 billion

The Harlo, Boston, USA

Skanska developed and built The Harlo, a 17-story, 17,000-square-meter tower with 212 boutique apartments. The project has achieved LEED Gold environmental certification. Skanska and equity partner PGIM Real Estate divested The Harlo to Invesco Real Estate, a global real estate investment.

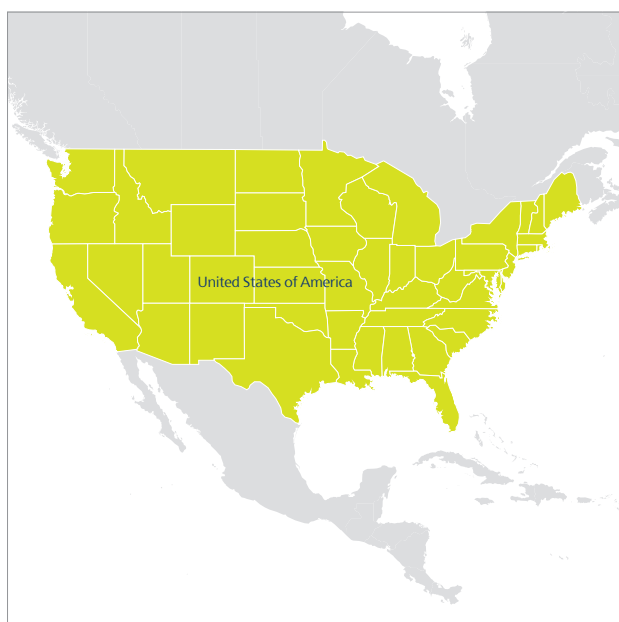
Value of orders in backlog generated through cooperation between Business Units:

SEK 25.0 billion

European Spallation Source (ESS), Lund, Sweden

Skanska has a key role in creating the European Spallation Source, 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 April 26, 2019. 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 8 566 426 51, or +44 333 300 0804, or +1 631 913 1422. PIN code 25718891#. 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.