



SKANSKA

Q3 2020

Press release, November 5, 2020, 7:30 a.m. CET

We build for a better society.
Citygate, Gothenburg, Sweden

Nine month report, January–September 2020

Highlights according to segment reporting

- Revenue decreased 9 percent and amounted to SEK 114.6 billion (125.4); adjusted for currency effects revenue decreased 8 percent.
- Operating income decreased 2 percent and amounted to SEK 5.3 billion (5.4); adjusted for currency effects operating income decreased 1 percent.
- Earnings per share decreased 6 percent and amounted to SEK 10.09 (10.75).
- Operating cash flow from operations amounted to SEK 4.9 billion (–4.5), according to IFRS.
- Adjusted interest-bearing net receivables(+)/net debt(–) totaled SEK 8.0 billion (June 30, 2020: 6.8), according to IFRS.
- Order bookings in Construction amounted to SEK 110.0 billion (96.8); adjusted for currency effects order bookings increased 15 percent. The order backlog amounted to SEK 182.9 billion (June 30, 2020: 189.0).
- Operating income in Construction amounted to SEK 2.4 billion (2.7).
- Operating margin in Construction was 2.3 percent (2.3).
- Operating income in Project Development amounted to SEK 3.3 billion (2.8).
- Return on capital employed in Project Development was 11.0 percent (10.6).
- Return on equity was 17.8 percent (21.6).
- The Board of Directors proposed a dividend of SEK 3.25 (6.00) per share. Distributed on October 29, 2020.

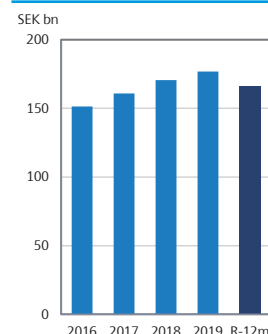
Performance Analysis

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

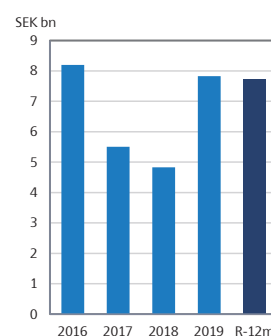
SEK M	Jan-Sep 2020	Jan-Sep 2019	Change, %	Jul-Sep 2020	Jul-Sep 2019	Change, %
Revenue						
Construction	106,295	117,168	-9	34,442	40,969	-16
Residential Development	9,564	7,191	33	4,763	2,384	100
Commercial Property Development	6,237	10,787	-42	901	3,886	-77
Central and Eliminations	-7,490	-9,761	-23	-2,157	-2,725	-21
Total	114,606	125,385	-9	37,949	44,514	-15
Operating income						
Construction	2,416	2,680	-10	1,050	1,127	-7
Residential Development	1,068	818	31	480	224	114
Commercial Property Development	2,204	2,020	9	101	865	-88
Central	-340	-141	141	-98	-81	21
Eliminations	-76	-2	-	-7	15	-
Operating income	5,272	5,375	-2	1,526	2,150	-29
Net financial items	-177	-69	157	-62	31	-
Income after financial items	5,095	5,306	-4	1,464	2,181	-33
Taxes	-921	-876	5	-303	-389	-22
Profit for the period	4,174	4,430	-6	1,161	1,792	-35
Earnings for the period per share, SEK	10.09	10.75	-6	2.80	4.34	-36
Revenue for the period according to IFRSs	117,719	122,155	-4	36,678	42,466	-14
Operating income for the period according to IFRSs	6,230	4,661	34	1,710	1,611	6
Earnings for the period per share according to IFRSs, SEK	12.00	9.34	28	3.14	3.25	-4
Operating cash flow from operations	4,906	-4,504	-	1,613	-2,007	-
Interest-bearing net receivables(+)/net debt(–)	-1,329	-14,446	-91	-1,329	-14,446	-91
Return on capital employed in Project Development, % ¹	11.0	10.6				
Adjusted interest-bearing net receivables(+)/net debt(–)	8,018	-3,895	-			
Return on equity, % ¹	17.8	21.6				

1 Rolling 12 months.

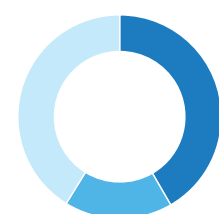
Revenue



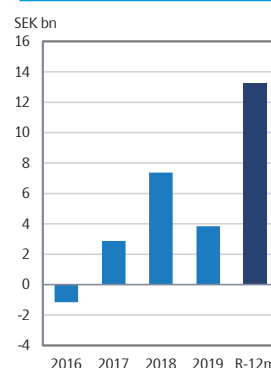
Operating income



Operating income per segment, Sep 30, 2020, R-12



Operating cash flow from operations



Construction continues its steady path of profitability improvement



Anders Danielsson,
President and Chief Executive Officer

During the third quarter, we experienced a partial recovery from the initial impacts of the pandemic. In our operations, the Construction stream continues its steady path of profitability improvement. In Residential Development, volumes were strong and in Commercial Property Development investor interest in our developments is promising but leasing is challenging. Our cash generation and balance sheet remain strong. Prior to the end of the third quarter, the Board of Directors proposed a dividend that

was approved at an Extraordinary general meeting and was distributed to our shareholders in October.

In our construction operations, where we employ tens of thousands of people, I am very proud of how we have handled the pandemic, avoiding major production disruptions. Financially, we continue to improve profitability, despite a lower revenue, due to an improved gross margin and cost control. The lower revenue is to some extent a result of Covid-19 disruptions and customers' decisions to postpone the ramp-up of new projects, but also a result of our strategic actions to focus our operations and be more selective in our bidding in order to improve profitability. The order bookings have been negatively impacted for the same reasons. Our strategy remains to be selective in our bidding, and to make sure we build an order backlog with a favorable balance of risk and return for the long-term.

In Residential Development, the volumes picked up significantly during the third quarter and the profitability was kept at a solid level. We divested a significant portfolio of rental apartments, proving the benefit of having a diversified portfolio to offer the market. Despite the uncertainty in the economic outlook, consumer confidence picked up remarkably after the summer. Longer term, the outlook is more uncertain, as unemployment rates have increased. It remains to be seen where these rates will stabilize. There is, however, still a structural shortage of housing in many of our markets.

In Commercial Property Development, the economic uncertainty has a negative impact. On the leasing market, tenants remain hesitant to sign new leases. During the latter part of the third quarter, tenant activity started to pick up somewhat. When it comes to divestments, transactions are still few in our markets, but we are experiencing good investor interest in our high-quality pipeline of development projects. The smaller divestments made in the third quarter were made at strong profitability levels and yields remain at a pre-Covid-19 level.

This pandemic is putting an immense strain on our societies. We at Skanska are doing our utmost to contribute to building a better society through our day to day activities. Our talented and dedicated people have navigated this pandemic at all of our sites and offices in a responsible and impressive way. We will continue to work in line with our strategy, which we believe is the best way to generate an industry-leading total shareholder return; improve profitability in Construction by reducing costs and risks, improve commercial management and grow Project Development while maintaining a strong balance sheet.



Citygate, Gothenburg, Sweden

Skanska has signed a 10-year lease agreement with its own Gothenburg operations to move into just over 5,300 square meters in the Citygate office project in Gårda, Gothenburg, Sweden. The occupancy will begin take place during the summer of 2022. The office building with its strong sustainability profile will be 36 storeys high, corresponding to 144 meters, and a total leasable area of approximately 42,000 square meters. To create additional positive imprint in connection with the project, Skanska, together with the City of Gothenburg, has developed sustainability initiatives where the project takes extensive social responsibility to promote employment among young adults in the neighbourhood. For example, the project has extensive collaborations with schools regarding programs for mentoring and homework assistance. This is a project that also creates healthy workplaces with the ambition to certify according to WELL and LEED.

Market outlook, next 12 months

● Weaker outlook compared to previous quarter.
 ● Unchanged outlook compared to previous quarter.
 ● Improved outlook compared to previous quarter.

➡ Very strong market coming 12m
 ➡ Strong market coming 12m
 ➡ Stable market coming 12m
 ➡ Weak market coming 12m
 ➡ Very weak market coming 12m

Construction

Covid-19 still creates uncertainty, predominantly in the UK and the USA. Disruption to the supply chain of equipment, materials and subcontractors is still impacting negatively to some extent. The most common factor disrupting the productivity is the social distance requirements. There is a lower demand from the private clients, especially in commercial and residential building construction. Public spending into social infrastructure and infrastructure is keeping up and is expected to do so, even though some decisions currently are being postponed. Funding could be a challenge as a lot of public budgets are now being consumed to fight the pandemic and stimulate the economies. In the UK, Brexit adds an extra uncertainty to the construction market. In the USA, competition in civil construction is increasing.

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

¹ Including Slovakia.

Residential Development

Low interest rate policies to support a recovery in the economies are improving affordability which strengthens the consumer confidence and the housing market which in many areas are experiencing a housing shortage as new developments have slowed significantly. The risk of increasing unemployment levels, as a consequence of an economic slowdown due to the pandemic, could potentially impact demand negatively. To some extent, a structural shortage of housing in many of our markets could mitigate that situation.

Nordics	
Sweden	➡
Norway	➡
Finland	➡
Europe	

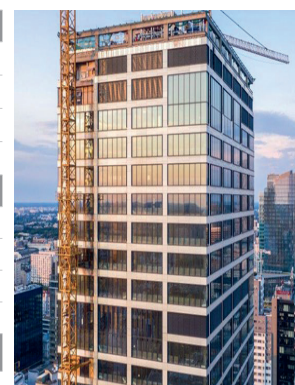


Brf Fritiden, Gothenburg, Sweden

Commercial Property Development

Transactions and new developments have been reduced due to the market uncertainty. The credit market has however recovered and remains stable. Investor appetite for high quality developments is expected to be solid at about current yield levels. Leasing has slowed significantly, partly due to tenant uncertainty but also practical issues when showing available spaces to potential tenants. The activity is expected to recover but there will likely be a change in demand and behaviors in the office market.

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

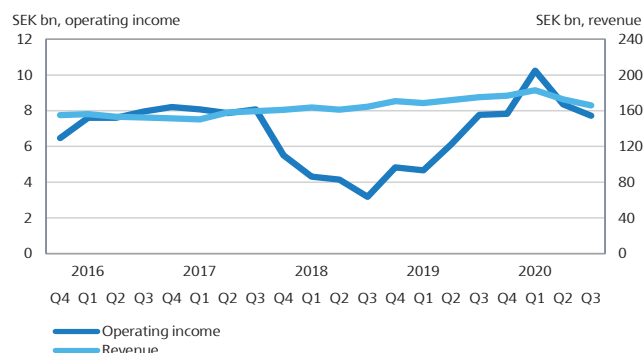


Generation Park Y, Warsaw, Poland

Performance analysis

Group

Revenue and operating income, rolling 12 months



Revenue and earnings

SEK M	Jan-Sep 2020	Jan-Sep 2019	Change, %	Jul-Sep 2020	Jul-Sep 2019	Change, %
Revenue	114,606	125,385	-9	37,949	44,514	-15
Operating income ^{1,2}	5,272	5,375	-2	1,526	2,150	-29
Net financial items	-177	-69	157	-62	31	-
Income after financial items	5,095	5,306	-4	1,464	2,181	-33
Taxes	-921	-876	5	-303	-389	-22
Profit for the period	4,174	4,430	-6	1,161	1,792	-35
Earnings for the period per share, SEK ³	10.09	10.75	-6	2.80	4.34	-36
Earnings for the period per share according to IFRSs, SEK ³	12.00	9.34	28	3.14	3.25	-4

1 Central, SEK -340 M (-141).

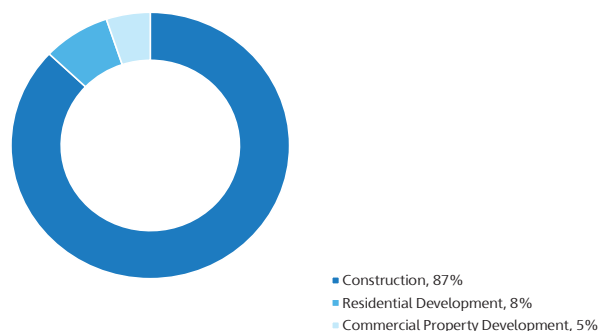
2 Eliminations, SEK -76 M (-2).

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

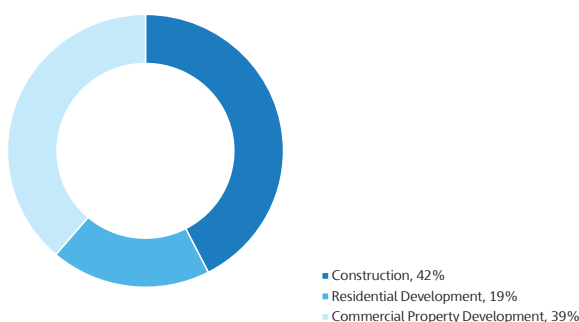
Changes and currency rate effects

	Jan-Sep 2020 / Jan-Sep 2019		
	Change in SEK	Change in local currency	Currency effect
Revenue	-9%	-8%	-1%
Operating income	-2%	-1%	-1%

Revenue per segment, January–September 2020



Operating income per segment, January–September 2020



Revenue decreased 9 percent and amounted to SEK 114.6 billion (125.4); adjusted for currency effects revenue decreased 8 percent.

Operating income decreased 2 percent and amounted to SEK 5,272 M (5,375); adjusted for currency effects operating income decreased 1 percent.

Central expenses totaled SEK -340 M (-141) of which SEK -7 M (53) relate to the PPP-portfolio. Central expenses in the comparable period was positively affected by a release of a provision totaling SEK 212 M related to the legal case concerning the R4 project in Czech Republic.

The elimination of gains in Intra-Group projects amounted to SEK -76 M (-2).

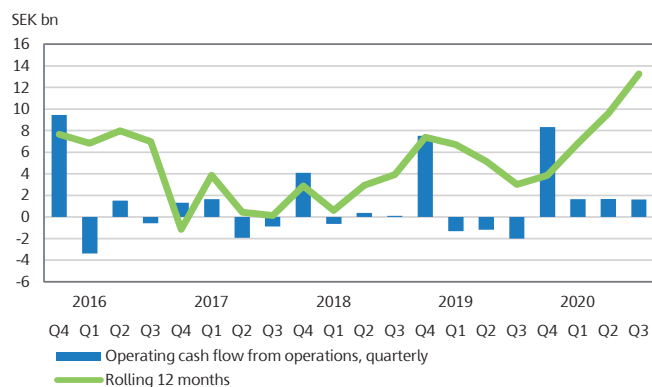
Net financial items amounted to SEK -177 M (-69).

Taxes for the period amounted to SEK -921 M (-876), corresponding to an effective tax rate of 18 percent (17).

Cash flow

Group

Operating cash flow from operations



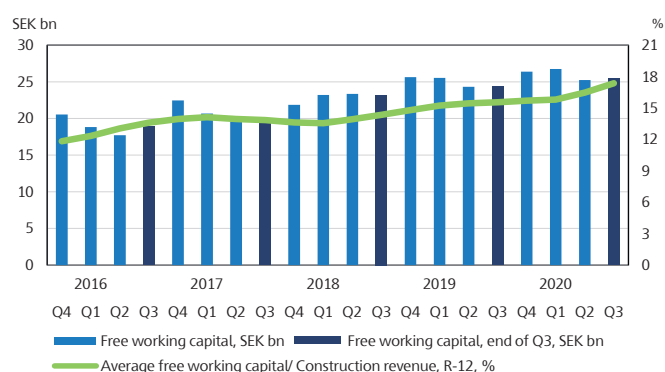
Operating cash flow

SEK M	Jan-Sep 2020	Jan-Sep 2019	Change, %	Jul-Sep 2020	Jul-Sep 2019	Change, %
Cash flow from business operations	3,584	3,562	1	1,710	1,177	45
Change in working capital	-490	-3,888	-87	272	-1,516	-
Net divestments(+)/investments(-)	4,009	-2,581	-	114	-951	-
Cash flow adjustment	-294	246	-	-88	-18	389
Cash flow from business operations before taxes paid	6,809	-2,661	-	2,008	-1,308	-
Taxes paid in business operations	-1,090	-1,264	-14	-141	-472	-70
Cash flow from financing operations	-813	-579	40	-254	-227	12
Operating cash flow from operations	4,906	-4,504	-	1,613	-2,007	-
Net strategic divestments(+)/investments(-)	0	-6	-	0	1	-
Dividend etc	-69	-2,473	-97	-45	-11	309
Cash flow before change in interest-bearing receivables and liabilities	4,837	-6,983	-	1,568	-2,017	-
Change in interest-bearing receivables and liabilities excluding lease liabilities	1,447	-699	-	116	858	-86
Cash flow for the period	6,284	-7,682	-	1,684	-1,159	-

Operating cash flow from operations amounted to SEK 4,906 M (-4,504), where an increase in divestments in Commercial Property Development is the main reason for the change in cash flow.

Taxes paid in business operations amounted to SEK -1,090 M (-1,264). Commercial Property Development assets sold but not transferred will have a positive effect on cash flow of SEK 4.6 billion, of which SEK 0.6 billion will be received during 2020. The remainder will affect cash flow during 2021 and 2022.

Free working capital in Construction



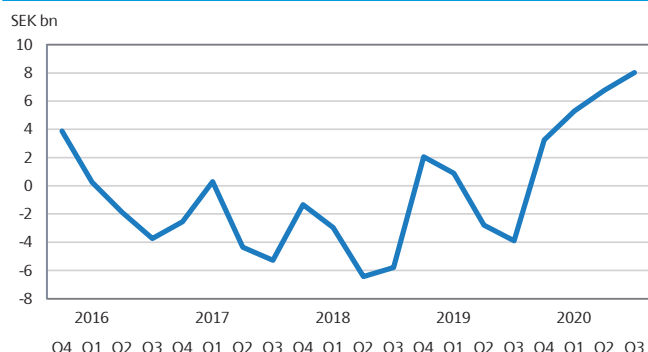
Free working capital in Construction amounted to SEK 25.4 billion (24.4). The average free working capital in relation to Construction revenue in the past 12 months was 17.4 percent, partly driven by lower volumes. Free working capital in Construction remained at a good level due to favorable cash flow profiles in several projects and continued focus on cash generation in the Construction stream. Cash flow due to changes in working capital in Construction amounted to SEK -321 M (-3,217).



Skanska rehabilitates Benjamin Franklin Bridge, Philadelphia, USA

Financial position

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



Balance sheet - Summary

SEK bn	Sep 30, 2020	Sep 30, 2019	Dec 31, 2019
Total assets	128.2	128.4	126.0
Total equity	35.7	30.3	33.0
Interest-bearing net receivables (+)/net debt(-)	-1.3	-14.4	-4.9
Adjusted interest-bearing net receivables(+)/net debt(-)	8.0	-3.9	3.2
Capital employed, closing balance	59.6	55.6	55.9
Equity/assets ratio, %	27.8	23.6	26.2

Change in net interest-bearing receivables and liabilities

SEK M	Jan-Sep 2020	Jan-Sep 2019	Jul-Sep 2020	Jul-Sep 2019	Jan-Dec 2019
Opening balance interest-bearing net receivables(+)/net debt(-)	-4,917	3,231	-1,376	-11,315	3,231
Change in accounting principle ¹	-	-7,469	-	-	-7,469
Adjusted opening balance	-4,917	-4,238	-1,376	-11,315	-4,238
Cash flow for the period	6,284	-7,682	1,684	-1,159	-2,074
Less change in interest-bearing receivables and liabilities	-1,447	699	-116	-858	3,415
Cash flow before change in interest-bearing receivables and liabilities	4,837	-6,983	1,568	-2,017	1,341
Translation differences, net receivables/net debt	-541	97	-231	42	129
Remeasurements of pension liabilities	-1,342	-1,840	-1,523	-1,178	-751
Interest-bearing liabilities acquired/divested	0	-515	0	-7	-505
Other changes, interest-bearing net receivables/net debt	634	-967	233	29	-893
Change in interest-bearing net receivables/net debt	3,588	-10,208	47	-3,131	-679
Closing balance interest-bearing net receivables(+)/net debt(-)	-1,329	-14,446	-1,329	-14,446	-4,917
Restricted cash	-5,385	-5,102	-5,385	-5,102	-6,084
Pension liability, net	6,640	6,385	6,640	6,385	5,321
Lease liabilities	8,092	9,268	8,092	9,268	8,921
Closing balance adjusted interest-bearing net receivables(+)/net debt(-)	8,018	-3,895	8,018	-3,895	3,241

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

Adjusted interest-bearing net receivables (+)/net debt (-) amounted to SEK 8.0 billion (June 30, 2020: 6.8). Interest-bearing net debt amounted to SEK -1.3 billion (June 30, 2020: -1.4) and include SEK 8.1 billion in interest-bearing lease liabilities according to IFRS 16.

At the end of the quarter, cash, cash equivalents and committed unutilized credit facilities amounted to SEK 22.7 billion (June 30, 2020: 21.1), of which SEK 16.6 billion (June 30, 2020: 19.7) is available within one week. The Group central loan portfolio amounted to SEK 4.4 billion (June 30, 2020: 4.5) consisting of SEK 1.0 billion in Medium-Term Note (MTN) program with an average maturity of 1.4 years and SEK 3.4 billion in bilateral loans with an average maturity of 3.6 years. At September 30, the Group's unutilized credit facilities totaled SEK 7.8 billion. The central loan portfolio, including committed unutilized credit facilities, had an average maturity of 3.2 years (June 30, 2020: 3.4).

At the end of the quarter, capital employed amounted to SEK 59.6 billion (June 30, 2020: 59.7).

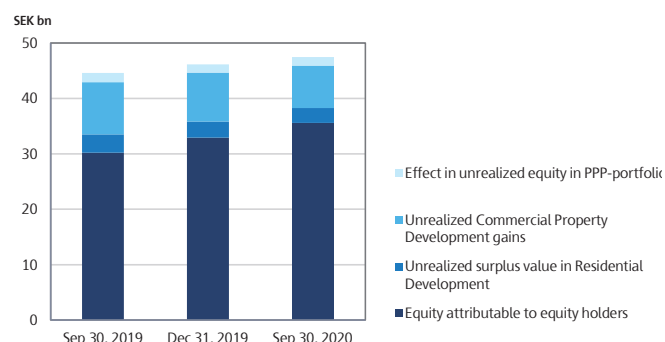
Equity

Changes in equity

SEK M	Jan-Sep 2020	Jan-Sep 2019	Jul-Sep 2020	Jul-Sep 2019	Jan-Dec 2019
Opening balance	33,021	29,347	36,138	29,585	29,347
Change in accounting principle ¹	-	-67	-	-	-67
Adjusted opening balance	33,021	29,280	36,138	29,585	29,280
Dividend to shareholders	0	-2,462	0	0	-2,462
Other changes in equity not included in total comprehensive income for the year	139	164	24	46	219
Profit for the period	4,962	3,852	1,304	1,345	6,054
Other comprehensive income					
Translation differences	-1,070	1,463	-408	624	679
Effects of remeasurements of pensions	-1,221	-1,784	-1,344	-1,166	-729
Effects of cash flow hedges	-146	-202	-29	-123	-20
Closing balance	35,685	30,311	35,685	30,311	33,021

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

Adjusted equity, less standard tax of 10 percent



The Group's equity amounted to SEK 35.7 billion (30.3), resulting in an equity/assets ratio of 27.8 percent (23.6) and a net debt/equity ratio of 0.0 (0.5). The absence of a dividend pay-out and higher profit contributed positively in the reporting period.

Translation differences amounted to SEK -1,070 M (1,463).

The effects of remeasurements of pensions amounted to SEK -1,221 M (-1,784). This can be explained by lower discount rates in Sweden, Norway and the UK.

Unrealized surplus values in Project Development including the PPP-portfolio amounted to SEK 13.2 billion of which SEK 0.5 billion was realized according to segment reporting. Corresponding amounts less standard tax were SEK 11.9 billion and SEK 0.5 billion.

Investments and divestments

Investments and divestments



The Group's investments amounted to SEK –14,395 M (–17,302), while divestments amounted to SEK 18,404 M (14,715), resulting in net divestments of SEK 4,009 M (–2,587).

In Construction, investments totaled SEK –999 M (–1,667). These investments mainly relate to property, plant and equipment for the Group's own operations. Net investments in Construction amounted to SEK –814 M (–1,025). Depreciation of property, plant and equipment and depreciation of property, plant and equipment right-of-use assets amounted to SEK –1,976 M (–1,997).

In Residential Development, investments totaled SEK –7,087 M (–6,847), of which SEK –1,026 M (–1,294) relates to land acquisitions, corresponding to 1,378 building rights. Divestments amounted to SEK 8,192 M (8,311). Net divestments in Residential Development amounted to SEK 1,105 M (1,464).

In Commercial Property Development, investments totaled SEK –6,313 M (–8,727), of which SEK –921 M (–836) relates to investments in new land, while divestments amounted to SEK 10,107 M (5,750). Net divestments in Commercial Property Development amounted to SEK 3,794 M (–2,977).

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

SEK M	Jan-Sep 2020	Jan-Sep 2019	Change, %	Jul-Sep 2020	Jul-Sep 2019	Change, %
Investments						
Construction	-999	-1,667	-40	-320	-304	5
Residential Development	-7,087	-6,847	4	-1,906	-2,294	-17
Commercial Property Development	-6,313	-8,727	-28	-1,967	-2,571	-23
Other	4	-61	-	13	-12	-
Total	-14,395	-17,302	-17	-4,180	-5,181	-19
Divestments						
Construction	185	642	-71	52	164	-68
Residential Development	8,192	8,311	-1	2,539	1,877	35
Commercial Property Development	10,107	5,750	76	1,723	2,207	-22
Other	-80	12	-	-20	-17	18
Total	18,404	14,715	25	4,294	4,231	1
Net divestments(+)/investments(-)						
Construction	-814	-1,025	-21	-268	-140	91
Residential Development	1,105	1,464	-25	633	-417	-
Commercial Property Development	3,794	-2,977	-	-244	-364	-33
Other	-76	-49	55	-7	-29	-76
Total	4,009	-2,587	-	114	-950	-
Of which strategic	0	-6	-	0	1	-

Capital employed in Project Development

SEK M	Sep 30, 2020	Sep 30, 2019	Dec 31, 2019
Residential Development	12,810	13,444	12,954
Commercial Property Development	33,951	36,744	34,495
Total in Project Development	46,761	50,188	47,449



Investment, P180 office building, Warsaw, Poland

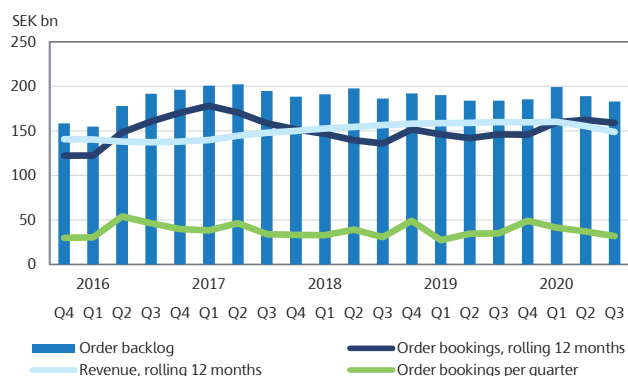


Divestment, Villa Brogård retirement home, Alingsås, Sweden

Performance analysis, business streams

Construction – Order situation

Order backlog, revenue and order bookings



Order bookings and order backlog in Construction

SEK bn	Jan-Sep 2020	Jan-Sep 2019	Jul-Sep 2020	Jul-Sep 2019
Order bookings	110.0	96.8	31.8	34.9
Order backlog ¹	182.9	183.7	-	-

¹ Refers to the end of each period.

Order bookings amounted to SEK 110.0 billion (96.8); adjusted for currency effects order bookings increased 15 percent. On a rolling 12-month basis the book-to-build ratio was 107 percent (June 30, 2020: 104). Compared to last year, order bookings are higher in Europe, which includes the SEK 13.9 billion order booking of the high speed rail in the UK, but lower in the Nordics and the USA. In Sweden, the comparable period for the third quarter contains some significant order bookings. For more information, see page 27.

At the end of the quarter, the order backlog amounted to SEK 182.9 billion compared to SEK 189.0 billion at the end of the previous quarter. The order backlog corresponds to 15 months of production (June 30, 2020: 15).

Changes and currency rate effects

	Change in SEK	Change in local currency	Currency effect
Jan-Sep 2020 / Jan-Sep 2019			
Order bookings	14%	15%	-1%
Sep 30, 2020 / Jun 30, 2020			
Order backlog	-3%	-1%	-2%

Major orders in the quarter

Geography	Contract	Amount SEK M	Client
Nordic	Water supply system	2,800	The Agency for Water and Wastewater Service in Oslo Municipality
USA	School	1,300	Evergreen Public Schools
USA	Viaduct replacement	932	Rhode Island Department of Transportation (RIDOT)
Nordic	Tram depot	847	Västfastigheter
Europe	Commercial office building	825	Sateria Investments Limited



Commercial office building, Swindon, UK

Construction

Revenue and operating margin, rolling 12 months



Revenue and earnings

SEK M	Jan-Sep 2020	Jan-Sep 2019	Change, %	Jul-Sep 2020	Jul-Sep 2019	Change, %
Revenue	106,295	117,168	-9	34,442	40,969	-16
Gross income	6,791	7,262	-6	2,383	2,530	-6
Selling and administrative expenses	-4,400	-4,608	-5	-1,350	-1,414	-5
Income from joint ventures and associated companies	25	26	-4	17	11	55
Operating income	2,416	2,680	-10	1,050	1,127	-7
Gross margin, %	6.4	6.2		6.9	6.2	
Selling and administrative expenses, %	-4.1	-3.9		-3.9	-3.5	
Operating margin, %	2.3	2.3		3.0	2.8	
Employees	31,523	33,454				

Changes and currency rate effects

	Jan-Sep 2020 / Jan-Sep 2019		
	Change in SEK	Change in local currency	Currency effect
Revenue	-9%	-8%	-1%
Operating income	-10%	-9%	-1%

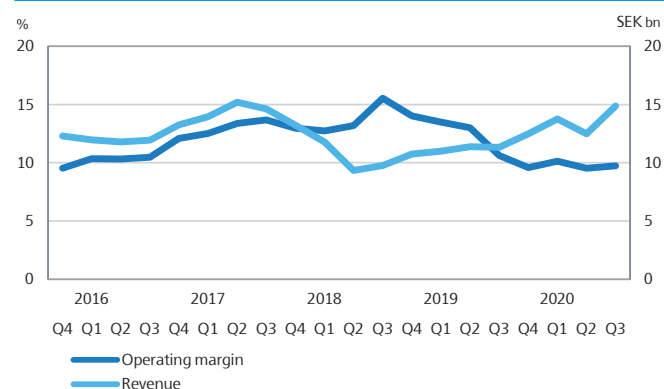
Revenue in the Construction business stream decreased 9 percent and amounted to SEK 106.3 billion (117.2); adjusted for currency effects revenue decreased by 8 percent. This is to some extent related to Covid-19 disruptions, mainly in Europe and USA, and decisions by clients to postpone ramp-up of new projects. But it is also a result of the strategic actions to focus the operations and be more selective in bidding in order to improve profitability. These effects have to some extent coincided with each other. The operating margin was 2.3 percent (2.3) and for the third quarter 3.0 percent (2.8). Operating income decreased 10 percent and amounted to SEK 2,416 M (2,680); adjusted for currency effects operating income decreased by 9 percent. The operating income for the Nordics in the comparable period was positively impacted by SEK 196 M related to awarded damages by the Court of Appeal in the legal case Follo EPC Oslo S, Norway.



Digital tools on site, Slussen, Stockholm, Sweden

Residential Development

Revenue and operating margin, rolling 12 months



Revenue and earnings

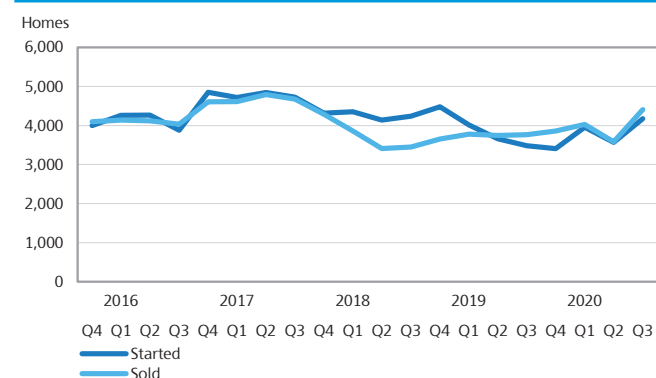
SEK M	Jan-Sep 2020	Jan-Sep 2019	Change, %	Jul-Sep 2020	Jul-Sep 2019	Change, %
Revenue	9,564	7,191	33	4,763	2,384	100
Gross income	1,530	1,318	16	652	382	71
Selling and administrative expenses	-462	-500	-8	-172	-158	9
Operating income	1,068	818	31	480	224	114
Gross margin, %	16.0	18.3		13.7	16.0	
Selling and administrative expenses, %	-4.8	-7.0		-3.6	-6.6	
Operating margin, %	11.2	11.4		10.1	9.4	
Return on capital employed, % ¹	12.1	9.5		-	-	

1 Rolling 12 months. For definition see page 17.

Revenue in the Residential Development business stream amounted to SEK 9,564 M (7,191). The number of homes sold totaled 2,879 (2,328) and construction started on 2,495 homes (1,729). Operating income amounted to SEK 1,068 M (818). The operating margin was 11.2 percent (11.4). In the third quarter the divestment of a multifamily housing portfolio of about 600 homes in Sweden for SEK 1.5 billion was included.

Return on capital employed was 12.1 percent (9.5).

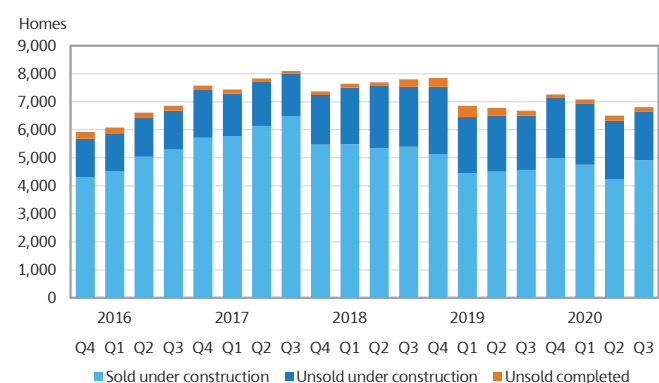
Homes sold and started, rolling 12 months



Homes sold and started

	Jan-Sep 2020	Jan-Sep 2019
Homes sold	2,879	2,328
Homes started	2,495	1,729

Homes under construction and unsold



Homes under construction and unsold

	Sep 30, 2020	Sep 30, 2019	Dec 31, 2019
Homes under construction	6,637	6,508	7,130
of which sold, %	74	70	70
Completed unsold, number of homes	173	176	134

At the end of the quarter, 6,637 homes (June 30, 2020: 6,330) were under construction. Of these, 74 percent (June 30, 2020: 67) were sold. The number of completed unsold homes amounted to 173 (June 30, 2020: 178). The number of completed homes amounted to 2,991 (2,760) for the first nine months.

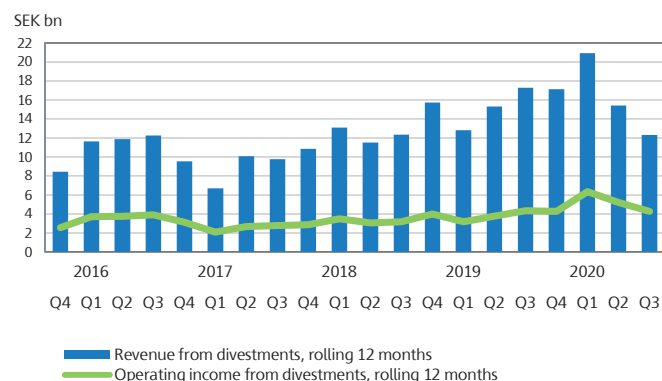
Breakdown of carrying amounts

SEK M	Sep 30, 2020	Sep 30, 2019	Dec 31, 2019
Completed projects	687	558	567
Ongoing projects	8,299	8,204	7,902
Undeveloped land and development properties	7,767	8,455	8,196
Total	16,753	17,217	16,665

A breakdown of the carrying amounts for Residential Development is presented in the table above. Ongoing projects amounted to SEK 8.3 billion (June 30, 2020: 8.1) and undeveloped land and development properties amounted to SEK 7.8 billion (June 30, 2020: 8.1). The estimated unrealized surplus value in unsold homes in construction and undeveloped land and development properties amounted to SEK 3.0 billion. The undeveloped land and development properties correspond to Skanska-owned building rights for 24,400 homes and 1,200 building rights held by joint ventures. In addition, subject to certain conditions, the business stream has the right to purchase 13,600 building rights.

Commercial Property Development

Revenue and operating income from property divestments



Revenue and earnings

SEK M	Jan-Sep 2020	Jan-Sep 2019	Change, %	Jul-Sep 2020	Jul-Sep 2019	Change, %
Revenue	6,237	10,787	-42	901	3,886	-77
of which from divestment of properties	5,526	10,334	-47	646	3,720	-83
Gross income	2,811	2,550	10	284	1,087	-74
Selling and administrative expenses	-598	-673	-11	-182	-232	-22
Income from joint ventures and associated companies	-9	143	-	-1	10	-
Operating income	2,204	2,020	9	101	865	-88
of which from divestment of properties	2,656	2,665	0	202	1,137	-82
Return on capital employed, % ¹	10.6	11.1				

1 Rolling 12 months. For definition see page 17.

In the Commercial Property Development business stream, divestments worth SEK 5,526 M (10,334) were made in the first nine months of 2020. Operating income amounted to SEK 2,204 M (2,020) and included gains from property divestments totaling SEK 2,656 M (2,665). Divestment of properties was low in the third quarter, which impacts revenue and operating income negatively.

Return on capital employed was 10.6 percent (11.1).

Breakdown of investment value and market values

SEK M	Investment value, end of period	Investment value upon completion	Market value ^{1,2}	Occupancy rate, %	Degree of completion, %
Ongoing projects ³	15,126	25,013	31,219	57	62
Completed projects ^{4,5}	5,852	5,852	7,207	68	100
Undeveloped land and development properties	10,590	10,590	11,532		
Total	31,568	41,455	49,958		
of which carrying amount ⁶	31,416	41,303	0		
of which completed projects sold according to segment reporting	202	202	211		
of which ongoing projects sold according to segment reporting	2,526	3,886	4,411		

1 Market value according to appraisal on December 31, 2019.

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

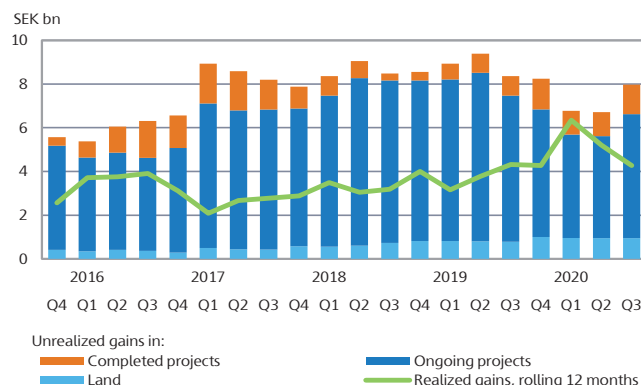
3 Including tenant improvement and leasing commissions in CDUS amounted to SEK 901 M.

4 Including tenant improvement and leasing commissions in CDUS amounted to SEK 549 M.

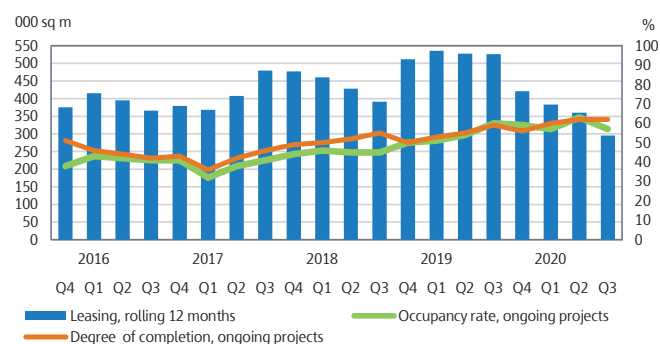
5 Skanska's share of total production cost in JVs is SEK 282 M end of period and upon completion.

6 Includes Skanska's total equity investment in JV of SEK 130 M.

Unrealized and realized gains, segment reporting



Leasing and degree of completion



At the end of the quarter, Commercial Property Development had 39 ongoing projects. During the quarter, four new projects were started, and five were completed. The 39 ongoing projects represent leasable space of about 806,000 sq m with an occupancy rate of 57 percent, measured in rent. The projects' degree of completion was 62 percent. Their investment value upon completion is expected to total SEK 25.0 billion, with an estimated market value of SEK 31.2 billion.

Of the ongoing projects, 13 have been divested according to segment reporting. These projects represent an investment value upon completion of SEK 3.9 billion, with a sales value of SEK 4.4 billion. By the end of the first nine months the total number of completed projects amounted to 14. The market value of these projects, excluding property divested according to segment reporting, was SEK 7.0 billion. The occupancy rate, measured in rent, totaled 68 percent (June 30, 2020: 71).

At the end of the quarter, unrealized gains, excluding properties divested according to segment reporting totaled SEK 8.0 billion. These gains related to SEK 5.7 billion in ongoing projects, SEK 1.4 billion in completed projects and SEK 0.9 billion in undeveloped land and development properties.

Accumulated eliminations of Intra-Group project gains amounted to SEK 508 M. These eliminations are released at the Group level as each project is divested. During first nine months new leases were signed for 135,000 sq m (261,000).

Personnel

During the period, the average number of employees in the Group was 33,051 (34,969). At the end of the quarter, the number of employees totaled 33,282 people (June 30, 2020: 33,263).

Transactions with related parties

For the nature and extent of transactions with related parties, see the Annual and Sustainability Report 2019, 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 2019, pages 50-54, Note 2 and 6, as well as the section above on market outlook. Aside from the uncertainty from Covid-19, no significant changes occurred that affected these reported risks. Covid-19 and its effects on real economies will create uncertainty and risks for some time.

Other matters

Financial targets

Despite the economic uncertainties due to Covid-19, Skanska's current financial targets for the Group remain until otherwise is communicated and are as follows:

- Operating margin $\geq$ 3.5 percent in the Construction stream
- Return on Capital Employed $\geq$ 10 percent in Project Development
- Return on Equity $\geq$ 18 percent for the Group
- Adjusted net debt limit of SEK –9 billion for the Group

Dividend

On September 23, 2020, the Board of Directors of Skanska decided to propose dividend to shareholders of SEK 3.25 per share on an Extraordinary General Meeting.

Events after the end of the report period

Extraordinary General Meeting

At the Extraordinary General Meeting on October 22, 2020, the dividend for 2019 was approved in accordance with the Board's proposal of SEK 3.25 per share. The record date for the dividend was October 26, 2020.

Financial reports for 2020

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

The Group's remaining interim reports for 2020 will be published on the following dates:

February 5, 2021	Year-end Report
------------------	-----------------

Stockholm November 5, 2020

Anders Danielsson

President and Chief Executive Officer

Accounting Principles

For the Group, this interim report has been prepared in compliance with IAS 34 Interim Financial Reporting, the Annual Accounts Act and the Securities Market Act. 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.

As of January 1, 2020, the Group applies the amendments to IFRS 9 and IFRS 7 attributable to the Interest Rate Benchmark Reform. In connection with the reform, the amendment provides temporary relief regarding specific requirements when hedge accounting is applied. The relief aims to ensure that hedge accounting does not end in connection with the reform. The change has not had any significant impact on the Group's financial reports.

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 2019, Note 35.

Segment and IFRS reporting

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

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

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

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

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

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

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

Auditors' Review Report concerning this interim report

Introduction

We have reviewed the condensed interim report for Skanska AB (publ.) as at September 30, 2020 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 5, 2020
Ernst & Young AB

Hamish Mabon
Authorized public accountant

Anders Kriström
Authorized public accountant

Definitions

For further definitions, see the Annual and Sustainability Report 2019, Note 43.

Non-IFRS financial measures

Definition	Reason for use														
	The following measures are used as they are viewed as the best and most accurate ways to measure Skanska's operations; reflecting its business model and strategy. Thus assisting investors and management in analyzing trends and performance in Skanska.														
Revenue Segment	Revenue segment is the same as revenue IFRS in all streams except for the Residential Development stream and the Commercial Property Development stream, where revenue is recognised for when signing binding agreement for sale of homes and properties. As segment reporting of joint ventures in Residential Development applies the proportional method, revenue segment is affected by this.														
Gross income	Revenue minus cost of sales.														
Gross margin	Gross income as a percentage of revenue.														
Selling and admin expenses %	Selling and administrative expenses as a percentage of revenue.														
Operating income	Revenue minus cost of sales, selling and administrative expenses and income from joint ventures and associated companies.														
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.														
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.														
Operating margin	Operating income as a percentage of revenue.														
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.														
Income after financial items	Operating income minus net financial items.														
Earnings per share, segment	Profit for the period, segment, attributable to equity holders divided by the average number of shares outstanding.														
Book-to-build, rolling 12 months	Order bookings divided by construction revenue, rolling 12 months.														
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.														
Capital employed, Group	Total assets minus non-interest-bearing liabilities.														
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.														
Capital employed Residential Development (RD) SEK M	<table> <tr><td>Total assets</td><td>20,880</td></tr> <tr><td>- tax assets</td><td>-278</td></tr> <tr><td>- deposits in internal bank</td><td>-626</td></tr> <tr><td>- pension receivable</td><td>-33</td></tr> <tr><td>- non-interest-bearing liabilities (excluding tax liabilities)</td><td>-7,060</td></tr> <tr><td>- capitalized interest expense</td><td>-73</td></tr> <tr><td></td><td>12,810</td></tr> </table>	Total assets	20,880	- tax assets	-278	- deposits in internal bank	-626	- pension receivable	-33	- non-interest-bearing liabilities (excluding tax liabilities)	-7,060	- capitalized interest expense	-73		12,810
Total assets	20,880														
- tax assets	-278														
- deposits in internal bank	-626														
- pension receivable	-33														
- non-interest-bearing liabilities (excluding tax liabilities)	-7,060														
- capitalized interest expense	-73														
	12,810														
Capital employed Commercial Property Development (CD) SEK M	<table> <tr><td>Total assets</td><td>38,221</td></tr> <tr><td>- tax assets</td><td>-358</td></tr> <tr><td>- deposits in internal bank</td><td>-57</td></tr> <tr><td>- pension receivable</td><td>0</td></tr> <tr><td>- non-interest-bearing liabilities (excluding tax liabilities)</td><td>-3,528</td></tr> <tr><td>- capitalized interest expense</td><td>-327</td></tr> <tr><td></td><td>33,951</td></tr> </table>	Total assets	38,221	- tax assets	-358	- deposits in internal bank	-57	- pension receivable	0	- non-interest-bearing liabilities (excluding tax liabilities)	-3,528	- capitalized interest expense	-327		33,951
Total assets	38,221														
- tax assets	-358														
- deposits in internal bank	-57														
- pension receivable	0														
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- capitalized interest expense	-327														
	33,951														

Non-IFRS financial measures

measures	Definition	Reason for use																																																																																				
Capital employed average	Calculated on the basis of five measuring points; see below.																																																																																					
ROCE in RD segment, rolling 12 months SEK M	<table><tr><td>Operating income</td><td></td><td></td><td></td><td>1,445</td><td></td></tr><tr><td>+ capitalized interest expense</td><td></td><td></td><td></td><td>126</td><td></td></tr><tr><td>+/- financial income and other financial items</td><td></td><td></td><td></td><td>6</td><td></td></tr><tr><td>– interest income from internal bank</td><td></td><td></td><td></td><td><u>-2</u></td><td></td></tr><tr><td>Adjusted profit</td><td></td><td></td><td></td><td>1,575</td><td></td></tr><tr><td>Capital employed average*</td><td></td><td></td><td></td><td>12,965</td><td></td></tr><tr><td>ROCE RD</td><td></td><td></td><td></td><td>12.1%</td><td></td></tr><tr><td colspan="6">* Capital employed average</td></tr><tr><td>Q3 2020</td><td>12,810</td><td>x</td><td>0.5</td><td>6,405</td><td></td></tr><tr><td>Q2 2020</td><td>12,478</td><td></td><td></td><td>12,478</td><td></td></tr><tr><td>Q1 2020</td><td>13,301</td><td></td><td></td><td>13,301</td><td></td></tr><tr><td>Q4 2019</td><td>12,954</td><td></td><td></td><td>12,954</td><td></td></tr><tr><td>Q3 2019</td><td>13,444</td><td>x</td><td>0.5</td><td><u>6,722</u></td><td></td></tr><tr><td></td><td></td><td></td><td></td><td>51,860 / 4</td><td>12,965</td></tr></table>	Operating income				1,445		+ capitalized interest expense				126		+/- financial income and other financial items				6		– interest income from internal bank				<u>-2</u>		Adjusted profit				1,575		Capital employed average*				12,965		ROCE RD				12.1%		* Capital employed average						Q3 2020	12,810	x	0.5	6,405		Q2 2020	12,478			12,478		Q1 2020	13,301			13,301		Q4 2019	12,954			12,954		Q3 2019	13,444	x	0.5	<u>6,722</u>						51,860 / 4	12,965	Measure the performance (profitability and capital efficiency) in RD.
Operating income				1,445																																																																																		
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ROCE in CD segment, rolling 12 months SEK M	<table><tr><td>Operating income</td><td></td><td></td><td></td><td>3,471</td><td></td></tr><tr><td>+ capitalized interest expense</td><td></td><td></td><td></td><td>187</td><td></td></tr><tr><td>+/- financial income and other financial items</td><td></td><td></td><td></td><td>5</td><td></td></tr><tr><td>– interest income from internal bank</td><td></td><td></td><td></td><td><u>0</u></td><td></td></tr><tr><td>Adjusted profit</td><td></td><td></td><td></td><td>3,663</td><td></td></tr><tr><td>Capital employed average*</td><td></td><td></td><td></td><td>34,658</td><td></td></tr><tr><td>ROCE CD</td><td></td><td></td><td></td><td>10.6%</td><td></td></tr><tr><td colspan="6">* Capital employed average</td></tr><tr><td>Q3 2020</td><td>33,951</td><td>x</td><td>0.5</td><td>16,976</td><td></td></tr><tr><td>Q2 2020</td><td>33,885</td><td></td><td></td><td>33,885</td><td></td></tr><tr><td>Q1 2020</td><td>34,905</td><td></td><td></td><td>34,905</td><td></td></tr><tr><td>Q4 2019</td><td>34,495</td><td></td><td></td><td>34,495</td><td></td></tr><tr><td>Q3 2019</td><td>36,744</td><td>x</td><td>0.5</td><td><u>18,372</u></td><td></td></tr><tr><td></td><td></td><td></td><td></td><td>138,633 / 4</td><td>34,658</td></tr></table>	Operating income				3,471		+ capitalized interest expense				187		+/- financial income and other financial items				5		– interest income from internal bank				<u>0</u>		Adjusted profit				3,663		Capital employed average*				34,658		ROCE CD				10.6%		* Capital employed average						Q3 2020	33,951	x	0.5	16,976		Q2 2020	33,885			33,885		Q1 2020	34,905			34,905		Q4 2019	34,495			34,495		Q3 2019	36,744	x	0.5	<u>18,372</u>						138,633 / 4	34,658	Measure the performance (profitability and capital efficiency) in CD.
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ROCE in Project Development, segment, rolling 12 months SEK M	Is calculated as the summarized adjusted profit for RD and CD divided by the summarized capital employed average for RD and CD. The total ROCE from RD and CD. <table><tr><td></td><td>Adjusted profit</td><td>CE avg</td><td>ROCE</td></tr><tr><td>RD</td><td><u>1,575</u></td><td><u>12,965</u></td><td><u>12.1%</u></td></tr><tr><td>CD</td><td><u>3,663</u></td><td><u>34,658</u></td><td><u>10.6%</u></td></tr><tr><td></td><td>5,238</td><td>47,623</td><td>11.0%</td></tr></table>		Adjusted profit	CE avg	ROCE	RD	<u>1,575</u>	<u>12,965</u>	<u>12.1%</u>	CD	<u>3,663</u>	<u>34,658</u>	<u>10.6%</u>		5,238	47,623	11.0%	Measure the performance (profitability and capital efficiency) in Project Development.																																																																				
	Adjusted profit	CE avg	ROCE																																																																																			
RD	<u>1,575</u>	<u>12,965</u>	<u>12.1%</u>																																																																																			
CD	<u>3,663</u>	<u>34,658</u>	<u>10.6%</u>																																																																																			
	5,238	47,623	11.0%																																																																																			

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. 6,090 / 34,137 =	Measure profitability on invested equity.
	17.8%	
Equity average attributable to equity holders SEK M	Calculated on the basis of five measuring points. Q3 2020 35,589 x 0.5 17,795 Q2 2020 36,035 36,035 Q1 2020 34,692 34,692 Q4 2019 32,924 32,924 Q3 2019 30,204 x 0.5 15,102 136,548 / 4	
	34,137	
Operating cash flow from operations	Cash flow from business operations including taxes paid and cash flow from financing operations.	Measure total cash flow generated from operations.
Net divestments/investment	Total investments minus total divestments.	Measure the balance between investments and divestments.
Free working capital	Non-interest-bearing receivables less non-interest-bearing liabilities excluding taxes.	Measure the funding stemming from the negative working capital.
Average free working capital in Construction SEK M	Calculated on the basis of five measuring points. Q3 2020 -25,401 x 0.5 -12,701 Q2 2020 -25,245 -25,245 Q1 2020 -26,740 -26,740 Q4 2019 -26,401 -26,401 Q3 2019 -24,371 x 0.5 -12,186 -103,273 / 4	Measure the funding stemming from the negative working capital generated in Construction.
	-25,818	
Interest-bearing net receivables/net debt	Interest-bearing assets minus interest-bearing liabilities.	Measure financial position.
Adjusted interest-bearing net receivables/net debt	Interest-bearing net receivables/net debt excluding restricted cash, lease liabilities and interest-bearing net pension liabilities.	Measure financial position and investment capacity. The latter is derived by comparing adjusted interest-bearing net receivables/net debt to limits set by the Board of Directors.
Equity/assets ratio	Equity including non-controlling interest as a percentage of total assets.	Measure financial position.
Net debt/equity ratio	Interest-bearing net debt divided by equity including non-controlling interest.	Measure leverage of financial position.
Adjusted equity attributable to equity holders SEK bn	Equity attributable to equity holders Unrealized surplus value in RD Unrealized CD gains Effect in unrealized equity in PPP-portfolio Less standard corporate tax, 10% Adjusted equity	35.6 3.0 8.5 1.7 -1.3 47.5 Measure financial position adjusted for surplus values in Project Development net of taxes. The standard corporate tax represents an approximation of the average corporate income tax within the Group.

Reconciliation between segment reporting and IFRSs

	External revenue		Intra-Group revenue		Total revenue		Operating income	
SEK M	Jan-Sep 2020	Jan-Sep 2019	Jan-Sep 2020	Jan-Sep 2019	Jan-Sep 2020	Jan-Sep 2019	Jan-Sep 2020	Jan-Sep 2019
Construction	98,689 ¹	107,196 ¹	7,606	9,972	106,295	117,168	2,416	2,680
Residential Development	9,564	7,166	0	25	9,564	7,191	1,068	818
Commercial Property Development	6,156	10,781	81	6	6,237	10,787	2,204	2,020
Total operating segments	114,409	125,143	7,687	10,003	122,096	135,146	5,688	5,518
Central	197	242	11	301	208	543	-340	-141
Eliminations	0	0	-7,698	-10,304	-7,698	-10,304	-76	-2
Total Group	114,606	125,385	0	0	114,606	125,385	5,272	5,375
Reconciliation to IFRSs²	3,113	-3,230	0	0	3,113	-3,230	958	-714
Total IFRSs	117,719	122,155	0	0	117,719	122,155	6,230	4,661

1 Of which external revenue from joint ventures in PPP-portfolio, SEK 3,881 M (5,293).

2 Of which effect from joint ventures in Residential Development proportionally

Of which effect of different revenue recognitions

Revenue by geographical area (IFRS)

	Construction		Residential Development		Commercial Property Development		Central and Eliminations		Total	
SEK M	Jan-Sep 2020	Jan-Sep 2019	Jan-Sep 2020	Jan-Sep 2019	Jan-Sep 2020	Jan-Sep 2019	Jan-Sep 2020	Jan-Sep 2019	Jan-Sep 2020	Jan-Sep 2019
Nordics	41,960	43,260	6,499	7,686	6,045	3,849	-5,092	-5,263	49,412	49,532
of which Sweden	24,078	24,689	4,043	4,424	4,475	1,815	-3,394	-3,610	29,202	27,318
Europe	17,977	22,827	1,607	694	2,810	789	-2,046	-2,980	20,348	21,330
USA	46,358	51,081	0	0	1,963	1,559	-362	-1,347	47,959	51,293
Total operating segments	106,295	117,168	8,106	8,380	10,818	6,197	-7,500	-9,590	117,719	122,155

	Segment	IFRS	Segment	IFRS	Segment	IFRS	Segment	IFRS
SEK M	Jan-Sep 2020	Jan-Sep 2020	Jan-Sep 2019	Jan-Sep 2019	Jul-Sep 2020	Jul-Sep 2020	Jul-Sep 2019	Jul-Sep 2019
Revenue								
Construction	106,295	106,295	117,168	117,168	34,442	34,442	40,969	40,969
Residential Development	9,564	8,106	7,191	8,380	4,763	2,436	2,384	1,901
Commercial Property Development	6,237	10,818	10,787	6,197	901	1,979	3,886	2,369
Central and Eliminations	-7,490	-7,500	-9,761	-9,590	-2,157	-2,179	-2,725	-2,773
Skanska Group	114,606	117,719	125,385	122,155	37,949	36,678	44,514	42,466
Operating income								
Construction	2,416	2,416	2,680	2,680	1,050	1,050	1,127	1,127
Residential Development	1,068	1,028	818	1,243	480	266	224	239
Commercial Property Development ¹	2,204	3,144	2,020	965	101	494	865	380
Central	-340	-340	-141	-141	-98	-98	-81	-81
of which PPP-portfolio	-7	-7	53	53	1	1	19	19
Eliminations ¹	-76	-18	-2	-86	-7	-2	15	-54
Operating income	5,272	6,230	5,375	4,661	1,526	1,710	2,150	1,611
Net financial items	-177	-174	-69	-48	-62	-62	31	32
Income after financial items	5,095	6,056	5,306	4,613	1,464	1,648	2,181	1,643
Taxes	-921	-1,094	-876	-761	-303	-344	-389	-298
Profit for the period	4,174	4,962	4,430	3,852	1,161	1,304	1,792	1,345
Earnings for the period per share, SEK ²	10.09		10.75		2.80		4.34	
Earnings for the period per share according to IFRSs, SEK ²		12.00		9.34		3.14		3.25
1 Of which gains from divestments of commercial properties reported in:								
Commercial Property Development	2,656	3,596	2,665	1,610	202	595	1,137	652
Eliminations	193	267	108	77	29	47	51	9

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 2020	Jan-Sep 2019	Jul-Sep 2020	Jul-Sep 2019	Jan-Dec 2019
Revenue	117,719	122,155	36,678	42,466	172,846
Cost of sales	-105,798	-111,760	-33,215	-39,069	-156,540
Gross income	11,921	10,395	3,463	3,397	16,306
Selling and administrative expenses	-5,855	-6,263	-1,824	-1,924	-9,469
Income from joint ventures and associated companies	164	529	71	138	591
Operating income	6,230	4,661	1,710	1,611	7,428
Financial income	107	158	19	74	188
Financial expenses	-281	-206	-81	-42	-276
Net financial items ¹	-174	-48	-62	32	-88
Income after financial items	6,056	4,613	1,648	1,643	7,340
Taxes	-1,094	-761	-344	-298	-1,286
Profit for the period	4,962	3,852	1,304	1,345	6,054
1 Of which					
Interest income	107	120	19	44	152
Financial net pension costs	-44	-59	-16	-19	-84
Interest expenses	-152	-170	-57	-38	-209
Interest expenses from lease liabilities	-186	-199	-56	-61	-272
Capitalized interest expenses	148	247	43	78	307
Net interest items	-127	-61	-67	4	-106
Change in fair value	-4	-2	-1	1	4
Other net financial items	-43	15	6	27	14
Net financial items	-174	-48	-62	32	-88
Profit attributable to:					
Equity holders	4,943	3,836	1,296	1,338	6,031
Non-controlling interests	19	16	8	7	23
Earnings per share, SEK ²	12.00	9.34	3.14	3.25	14.68
Earnings per share after dilution, SEK ³	11.94	9.30	3.13	3.24	14.62

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 2020	Jan-Sep 2019	Jul-Sep 2020	Jul-Sep 2019	Jan-Dec 2019
Profit for the period	4,962	3,852	1,304	1,345	6,054
Other comprehensive income					
Items that will not be reclassified to profit and loss					
Remeasurements of defined benefit plans	-1,552	-2,255	-1,681	-1,480	-895
Tax related to items that will not be reclassified to profit and loss	331	471	337	314	166
	-1,221	-1,784	-1,344	-1,166	-729
Items that have been or will be reclassified to profit and loss					
Translation differences attributable to equity holders	-1,084	1,411	-395	588	672
Translation differences attributable to non-controlling interests	-5	5	0	0	3
Hedging of exchange rate risk in foreign operations	19	47	-13	36	4
Effects of cash flow hedges ¹	-129	-48	-63	-78	31
Share of other comprehensive income of joint ventures and associated companies ²	-40	-157	25	-58	-41
Tax related to items that have been or will be reclassified to profit and loss	23	3	9	13	-10
	-1,216	1,261	-437	501	659
Other comprehensive income after tax	-2,437	-523	-1,781	-665	-70
Total comprehensive income	2,525	3,329	-477	680	5,984
Total comprehensive income attributable to					
Equity holders	2,511	3,308	-485	673	5,958
Non-controlling interests	14	21	8	7	26
1 Of which transferred to income statement	-3	-4	-3	-4	2
2 Of which transferred to income statement	119	-77	49	-126	148

Summary statement of financial position (IFRS)

SEK M	Sep 30, 2020	Sep 30, 2019	Dec 31, 2019
ASSETS			
Non-current assets			
Property, plant and equipment	7,070	7,791	7,742
Property, plant and equipment right-of-use assets	4,072	4,793	4,616
Goodwill	3,811	4,576	4,057
Intangible assets	752	949	865
Investments in joint ventures and associated companies	2,658	3,241	3,442
Financial non-current assets ^{1,3}	1,799	1,940	2,528
Deferred tax assets	1,629	2,749	1,862
Total non-current assets	21,791	26,039	25,112
Current assets			
Current-asset properties ²	46,589	49,001	46,373
Current-asset properties right-of-use land	3,726	4,198	3,980
Inventories	1,060	1,143	1,128
Financial current assets ³	5,971	5,701	6,899
Tax assets	1,097	629	670
Contract assets	6,006	8,013	5,898
Trade and other receivables	26,998	30,474	27,213
Cash	14,922	3,245	8,745
Total current assets	106,369	102,404	100,906
TOTAL ASSETS	128,160	128,443	126,018
of which interest-bearing financial non-current assets	1,748	1,894	2,483
of which interest-bearing current assets	20,865	8,903	15,517
Total interest-bearing assets	22,613	10,797	18,000
EQUITY			
Equity attributable to equity holders	35,589	30,204	32,924
Non-controlling interests	96	107	97
Total equity	35,685	30,311	33,021
LIABILITIES			
Non-current liabilities			
Financial non-current liabilities ³	3,449	3,187	2,565
Lease liabilities	7,001	8,218	7,843
Pensions	7,341	7,086	6,866
Deferred tax liabilities	1,137	908	1,045
Total non-current liabilities	18,928	19,399	18,319
Current liabilities			
Financial current liabilities ³	5,194	5,752	4,617
Lease liabilities	1,091	1,050	1,078
Tax liabilities	546	796	564
Current provisions	9,346	9,345	10,021
Contract liabilities	21,040	20,897	20,419
Trade and other payables	36,330	40,893	37,979
Total current liabilities	73,547	78,733	74,678
TOTAL EQUITY AND LIABILITIES	128,160	128,443	126,018
of which interest-bearing financial liabilities	16,601	18,157	16,051
of which interest-bearing pensions and provisions	7,341	7,086	6,866
Total interest-bearing liabilities	23,942	25,243	22,917
1 Of which shares	45	45	44
2 Current-asset properties			
Commercial Property Development	29,836	31,784	29,708
Residential Development	16,753	17,217	16,665
3 Items regarding non-interest-bearing unrealized changes in derivatives/financial instruments are included in the following amounts:			
Financial non-current assets	6	1	1
Financial current assets	28	43	127
Financial non-current liabilities	4	7	2
Financial current liabilities	130	43	50

Note: Contingent liabilities amounted to SEK 59.9 bn on September 30, 2020 (Dec 31, 2019: 38.8) and relates to joint operations in Construction and joint ventures in Project Development. For more information see 2019 Annual and Sustainability Report, Note 20B, 20C and 33. During the period, contingent liabilities increased by SEK 21.1 bn.

Summary statement of changes in equity (IFRS)

SEK M	Jan-Sep 2020	Jan-Sep 2019	Jul-Sep 2020	Jul-Sep 2019	Jan-Dec 2019
Opening balance	33,021	29,347	36,138	29,585	29,347
of which non-controlling interests	97	97	103	111	97
Change in accounting principle ¹	-	-67	-	-	-67
Adjusted opening balance	33,021	29,280	36,138	29,585	29,280
of which non-controlling interests	97	97	103	111	97
Dividend to shareholders ²	0	-2,462	0	0	-2,462
Dividend to non-controlling interests	-15	-11	-15	-11	-26
Effects of equity-settled share-based payments	208	175	69	57	245
Repurchase of shares	-54	0	-30	0	0
Total comprehensive income attributable to					
Equity holders	2,511	3,308	-485	673	5,958
Non-controlling interests	14	21	8	7	26
Closing balance	35,685	30,311	35,685	30,311	33,021
of which non-controlling interests	96	107	96	107	97

1 Change in accounting principles is attributable to the implementation 2019 of IFRS 16. For further information see the Annual and Sustainability Report 2019, Note 1.

2 The Extraordinary General Meeting on October 22, 2020, resolved to pay a dividend to the shareholders of SEK 3.25 per share. Equivalent to a dividend payout totaling SEK 1,340 M (2,462) distributed on October 29, 2020.

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

SEK M	Jan-Sep 2020	Jan-Sep 2019	Jul-Sep 2020	Jul-Sep 2019	Jan-Dec 2019
Cash flow from operating activities before change in working capital, according to IAS 7	2,509	2,351	1,574	732	3,395
Cash flow from change in working capital, according to IAS 7	3,989	-5,042	464	-2,335	2,643
Net investments in property, plant and equipment and intangible assets	-764	-1,181	-166	-150	-1,453
Tax payments on sold property, plant and equipment and intangible assets	-15	-53	-5	-27	-62
Cash flow from business operations including taxes paid according to operating cash flow	5,719	-3,925	1,867	-1,780	4,523
Less net investments in property, plant and equipment and intangible assets	764	1,181	166	150	1,453
Less tax payments on sold property, plant and equipment and intangible assets	15	53	5	27	62
Cash flow from operating activities, according to IAS 7	6,498	-2,691	2,038	-1,603	6,038
Cash flow from net strategic divestments(+)/investments(-) according to operating cash flow	0	-6	0	1	-6
Net investments in property, plant and equipment and intangible assets	-764	-1,181	-166	-150	-1,453
Increase and decrease in interest-bearing receivables	554	1,128	1,003	332	307
Taxes paid on sold property, plant and equipment and intangible assets	-15	-53	-5	-27	-62
Cash flow from investing activities, according to IAS 7	-225	-112	832	156	-1,214
Cash flow from financing operations according to operating cash-flow statement	-813	-579	-254	-227	-688
Change in interest-bearing receivables and liabilities excluding lease liabilities	1,447	-699	116	858	-3,415
Increase and decrease in interest-bearing receivables	-554	-1,128	-1,003	-332	-307
Dividend etc ¹	-69	-2,473	-45	-11	-2,488
Cash flow from financing activities, according to IAS 7	11	-4,879	-1,186	288	-6,898
Cash flow for the period	6,284	-7,682	1,684	-1,159	-2,074

1 Of which repurchases of shares SEK -54 M.

Operating cash flow (IFRS), supplementary information

SEK M	Jan-Sep 2020	Jan-Sep 2019	Jul-Sep 2020	Jul-Sep 2019	Jan-Dec 2019
Construction					
Cash flow from business operations	4,444	4,378	1,698	1,641	6,614
Change in working capital	-321	-3,217	581	-924	-262
Net divestments(+)/investments(-)	-814	-1,025	-268	-140	-1,503
Total Construction	3,309	136	2,011	577	4,849
Residential Development					
Cash flow from business operations	-213	-442	150	-136	-707
Change in working capital	-307	960	-981	84	1,055
Net divestments(+)/investments(-)	1,105	1,462	633	-417	2,354
Total Residential Development	585	1,980	-198	-469	2,702
Commercial Property Development					
Cash flow from business operations	-616	-305	-130	-240	-917
Change in working capital	-214	-1,200	402	-728	-1,130
Net divestments(+)/investments(-)	3,794	-2,969	-244	-365	775
Cash flow adjustment	-294	247	-88	-17	209
Total Commercial Property Development	2,670	-4,227	-60	-1,350	-1,063
Central and eliminations					
Cash flow from business operations	-31	-69	-8	-88	-286
Change in working capital	352	-431	270	52	-314
Net divestments(+)/investments(-)	-76	-49	-7	-29	6
of which PPP-portfolio	24	37	8	7	124
Cash flow adjustment	0	-1	0	-1	0
Total central and eliminations	245	-550	255	-66	-594
Total cash flow from business operations	3,584	3,562	1,710	1,177	4,704
Total change in working capital	-490	-3,888	272	-1,516	-651
Total net divestments(+)/investments(-)	4,009	-2,581	114	-951	1,632
Total cash flow adjustment	-294	246	-88	-18	209
Cash flow from business operations before taxes paid	6,809	-2,661	2,008	-1,308	5,894
Taxes paid in business operations	-1,090	-1,264	-141	-472	-1,371
Cash flow from business operations including taxes paid	5,719	-3,925	1,867	-1,780	4,523
Net interest items, other net financial items and amortization of lease liabilities	-1,162	-827	-364	-324	-983
Taxes paid in financing operations	349	248	110	97	295
Cash flow from financing operations	-813	-579	-254	-227	-688
Operating cash flow from operations	4,906	-4,504	1,613	-2,007	3,835
Net strategic divestments(+)/investments(-)	0	-6	0	1	-6
Dividend etc. ¹	-69	-2,473	-45	-11	-2,488
Cash flow before change in interest-bearing receivables and liabilities	4,837	-6,983	1,568	-2,017	1,341
Change in interest-bearing receivables and liabilities excluding lease liabilities	1,447	-699	116	858	-3,415
Cash flow for the period	6,284	-7,682	1,684	-1,159	-2,074
Cash and cash equivalents at the beginning of the period	8,745	10,722	13,328	4,302	10,722
Exchange rate differences in cash and cash equivalents	-107	205	-90	102	97
Cash and cash equivalents at the end of the period	14,922	3,245	14,922	3,245	8,745

¹ Of which repurchases of shares SEK -54 M.

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

SEK M	Jan-Sep 2020	Jan-Sep 2019	Jul-Sep 2020	Jul-Sep 2019	Jan-Dec 2019
OPERATIONS - INVESTMENTS					
Intangible assets	-56	-108	-39	-25	-116
Property, plant and equipment	-1,051	-1,651	-303	-319	-2,566
Shares and participations	-13	-108	0	0	-108
Current-asset properties	-13,275	-15,429	-3,838	-4,838	-22,173
of which Residential Development	-6,984	-6,755	-1,818	-2,294	-9,308
of which Commercial Property Development	-6,291	-8,674	-2,020	-2,544	-12,865
Investments in operations	-14,395	-17,296	-4,180	-5,182	-24,963
STRATEGIC INVESTMENTS					
Businesses	0	-6	0	1	-6
Strategic investments	0	-6	0	1	-6
Total Investments	-14,395	-17,302	-4,180	-5,181	-24,969
OPERATIONS - DIVESTMENTS					
Intangible assets	0	5	0	0	25
Property, plant and equipment	173	642	52	183	1,028
Shares and participations	183	39	124	11	284
Current-asset properties	18,048	14,029	4,118	4,037	25,258
of which Residential Development	8,045	8,285	2,423	1,852	11,740
of which Commercial Property Development	10,003	5,744	1,695	2,185	13,518
Divestments in operation	18,404	14,715	4,294	4,231	26,595
Total divestments	18,404	14,715	4,294	4,231	26,595
TOTAL NET DIVESTMENTS(+)/INVESTMENTS(-)	4,009	-2,587	114	-950	1,626
Depreciation, non-current assets	-2,243	-2,267	-728	-735	-3,043

Capital employed in Project Development (IFRS)

SEK M	Sep 30, 2020	Sep 30, 2019	Dec 31, 2019
Residential Development	12,810	13,444	12,954
Commercial Property Development	33,951	36,744	34,495
Total in Project Development	46,761	50,188	47,449

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 2020	Jan-Sep 2019	Jul-Sep 2020	Jul-Sep 2019
Revenue	487	472	134	150
Selling and administrative expenses	-402	-366	-123	-93
Operating income	85	106	11	57
Net financial items	2,979	2,974	-8	-6
Income after financial items	3,064	3,080	3	51
Taxes	-15	-18	-1	-11
Profit for the period	3,049	3,062	2	40
Total comprehensive income	3,049	3,062	2	40

Summary balance sheet (IFRS)

SEK M	Sep 30, 2020	Sep 30, 2019	Dec 31, 2019
ASSETS			
Intangible non-current assets	8	11	11
Financial non-current assets ²	12,326	12,095	11,810
Total non-current assets	12,334	12,106	11,821
Current receivables	88	63	157
Total current assets	88	63	157
TOTAL ASSETS	12,422	12,169	11,978
EQUITY AND LIABILITIES			
Equity	11,794	8,606	8,788
Provisions	222	257	254
Non-current interest-bearing liabilities ²	319	3,203	2,816
Current liabilities	87	103	120
TOTAL EQUITY AND LIABILITIES	12,422	12,169	11,978

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

² Of these amounts, SEK 915 M (Dec 31, 2019: 318) were intra-Group receivables and SEK 319 M (Dec 31, 2019: 2,816) intra-Group liabilities.

Note: The Parent Company's contingent liabilities totaled SEK 195.7 bn on September 30, 2020 (Dec 31, 2019: 173.5), of which SEK 151.4 bn (Dec 31, 2019: 155.0) were related to obligations on behalf of Group Companies. Other obligations, SEK 44.3 bn on September 30, 2020 (Dec 31, 2019: 18.5), were related to commitments to outside parties.

Share data

	Jan-Sep 2020	Jan-Sep 2019	Jul-Sep 2020	Jul-Sep 2019	Jan-Dec 2019
Earnings per share according to segment reporting, SEK ¹	10.09	10.75	2.80	4.34	15.46
Earnings per share, SEK ¹	12.00	9.34	3.14	3.25	14.68
Earnings per share after dilution, SEK ²	11.94	9.30	3.13	3.24	14.62
Equity per share, SEK ³	86.35	73.46			80.01
Adjusted equity per share, SEK ⁴	115.18	108.55			112.04
Average number of shares outstanding	411,907,812	410,514,015			410,720,937
Average number of shares outstanding after dilution	414,080,485	412,381,185			412,585,074
Average dilution, %	0.52	0.45			0.45
Number of shares, at balance sheet date	419,903,072	419,903,072			419,903,072
Average price, repurchased shares, SEK	138.06	137.54			137.54
Number of Series B shares repurchased	27,184,228	26,888,228			26,888,228
of which repurchased during the year	296,000	0	164,000	0	0
Number of shares in Skanska's own custody	7,752,124	8,758,302			8,394,479
Number of shares outstanding	412,150,948	411,144,770			411,508,593

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

⁴ Adjusted equity divided by the number of shares outstanding.

Five-year Group financial summary

SEK M	Jan-Sep 2020	Jan-Sep 2019	Jan-Sep 2018	Jan-Sep 2017	Jan-Sep 2016
Revenue	114,606	125,385	120,805	117,204	109,070
Operating income	5,272	5,375	2,444	4,766	4,899
Profit for the period	4,174	4,430	2,091	4,346	3,823
Earnings per share, SEK	10.09	10.75	5.07	10.58	9.30
Return on capital employed, %	13.6	15.7	7.6	19.6	21.6
Return on equity, %	17.8	21.6	9.8	27.1	28.1
Operating margin, %	4.6	4.3	2.0	4.1	4.5
Return on capital employed according to IFRSs, %	15.8	15.6	9.4	14.8	20.4
Cash flow per share according to IFRSs, SEK ¹	11.74	-17.01	-8.87	-12.12	-14.34

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

Exchange rates for the most important currencies

SEK	Average exchange rates			Exchange rates on the closing day		
	Jan-Sep 2020	Jan-Sep 2019	Jan-Dec 2019	Sep 30, 2020	Sep 30, 2019	Dec 31, 2019
US dollar	9.41	9.41	9.46	9.00	9.81	9.33
British pound	11.95	11.97	12.07	11.55	12.07	12.24
Norwegian krone	0.99	1.08	1.07	0.95	1.08	1.06
Euro	10.56	10.57	10.58	10.54	10.71	10.45
Czech koruna	0.40	0.41	0.41	0.39	0.42	0.41
Polish zloty	2.39	2.46	2.46	2.32	2.45	2.45

Construction

Revenue and earnings

SEK M	Jan-Sep 2020	Jan-Sep 2019	Jul-Sep 2020	Jul-Sep 2019	Jan-Dec 2019
Revenue	106,295	117,168	34,442	40,969	159,579
Gross income	6,791	7,262	2,383	2,530	10,437
Selling and administrative expenses	-4,400	-4,608	-1,350	-1,414	-6,702
Income from joint ventures and associated companies	25	26	17	11	37
Operating income	2,416	2,680	1,050	1,127	3,772
Investments	-999	-1,667	-320	-304	-2,542
Divestments	185	642	52	164	1,039
Net divestments(+)/investments(-)	-814	-1,025	-268	-140	-1,503
Gross margin, %	6.4	6.2	6.9	6.2	6.5
Selling and administrative expenses, %	-4.1	-3.9	-3.9	-3.5	-4.2
Operating margin %	2.3	2.3	3.0	2.8	2.4
Order bookings, SEK bn	110.0	96.8	31.8	34.9	145.8
Order backlog, SEK bn	182.9	183.7	-	-	185.4
Employees	31,523	33,454	-	-	33,225

Revenue

SEK M	Jan-Sep 2020	Jan-Sep 2019	Jul-Sep 2020	Jul-Sep 2019	Jan-Dec 2019
Nordics	41,662	42,864	13,642	14,564	59,600
of which Sweden	24,712	25,155	8,163	8,360	35,233
Europe	18,276	23,215	6,359	8,005	31,366
USA	46,357	51,089	14,441	18,400	68,613
Total	106,295	117,168	34,442	40,969	159,579

Operating income

SEK M	Jan-Sep 2020	Jan-Sep 2019	Jul-Sep 2020	Jul-Sep 2019	Jan-Dec 2019
Nordics	1,408	1,576	592	565	2,299
of which Sweden	778	846	356	344	1,330
Europe	165	455	142	301	473
USA	843	649	316	261	1,000
Total	2,416	2,680	1,050	1,127	3,772

Operating margin, %

Jan-Sep 2020	Jan-Sep 2019	Jul-Sep 2020	Jul-Sep 2019	Jan-Dec 2019
3.4	3.7	4.3	3.9	3.9
3.1	3.4	4.4	4.1	3.8
0.9	2.0	2.2	3.8	1.5
1.8	1.3	2.2	1.4	1.5
2.3	2.3	3.0	2.8	2.4

Order backlog

SEK M	Sep 30, 2020	Sep 30, 2019	Dec 31, 2019
Nordics	61,970	63,759	62,244
of which Sweden	37,068	39,702	37,771
Europe	38,486	26,259	24,699
USA	82,449	93,691	98,427
Total	182,905	183,709	185,370

Order bookings

Jan-Sep 2020	Jan-Sep 2019	Jul-Sep 2020	Jul-Sep 2019	Jan-Dec 2019
42,737	43,640	14,649	16,308	59,437
24,038	29,443	7,538	12,591	37,596
33,963	12,660	6,753	3,193	18,953
33,262	40,490	10,379	15,402	67,428
109,962	96,790	31,781	34,903	145,818

Book-to build, R-12m

Sep 30, 2020	Sep 30, 2019	Dec 31, 2019
100	106	100
93	114	107
152	65	60
94	91	98
107	91	91

Residential Development

Revenue and earnings

SEK M	Jan-Sep 2020	Jan-Sep 2019	Jul-Sep 2020	Jul-Sep 2019	Jan-Dec 2019
Revenue	9,564	7,191	4,763	2,384	12,483
Gross income	1,530	1,318	652	382	1,986
Selling and administrative expenses	-462	-500	-172	-158	-791
Operating income	1,068	818	480	224	1,195
Operating margin, %	11.2	11.4	10.1	9.4	9.6
Investments	-7,087	-6,847	-1,906	-2,294	-9,437
Divestments	8,192	8,311	2,539	1,877	11,793
Net divestments(+)/investments(-)	1,105	1,464	633	-417	2,356
Capital employed, SEK bn	12.8	13.4	-	-	13.0
Return on capital employed, % ¹	12.1	9.5	-	-	9.8
Employees	557	544	-	-	551

¹ Rolling 12 months.

Revenue

SEK M	Jan-Sep 2020	Jan-Sep 2019	Jul-Sep 2020	Jul-Sep 2019	Jan-Dec 2019
Nordics	8,686	6,422	4,337	2,173	11,296
of which Sweden	5,316	3,517	3,073	1,161	6,569
Europe	878	769	426	211	1,187
Total	9,564	7,191	4,763	2,384	12,483

Operating income¹

SEK M	Jan-Sep 2020	Jan-Sep 2019	Jul-Sep 2020	Jul-Sep 2019	Jan-Dec 2019
Nordics	931	684	438	163	1,034
of which Sweden	562	353	289	73	675
Europe	137	134	42	61	161
Total	1,068	818	480	224	1,195

Operating margin, %¹

Jan-Sep 2020	Jan-Sep 2019	Jul-Sep 2020	Jul-Sep 2019	Jan-Dec 2019
10.7	10.7	10.1	7.5	9.2
10.6	10.0	9.4	6.3	10.3
15.6	17.4	9.9	28.9	13.6
11.2	11.4	10.1	9.4	9.6

¹ Development gain only. Construction margin reported under Construction.

Homes started

	Jan-Sep 2020	Jan-Sep 2019	Jul-Sep 2020	Jul-Sep 2019	Jan-Dec 2019
Nordics	2,086	1,519	1,197	589	2,847
of which Sweden	1,308	1,213	872	469	2,003
Europe	409	210	0	0	560
Total	2,495	1,729	1,197	589	3,407

Homes sold

Jan-Sep 2020	Jan-Sep 2019	Jul-Sep 2020	Jul-Sep 2019	Jan-Dec 2019
2,575	1,853	1,477	621	3,203
1,803	1,116	1,161	347	2,057
304	475	91	122	650
2,879	2,328	1,568	743	3,853

Homes under construction

	Sep 30, 2020	Sep 30, 2019	Dec 31, 2019
Nordics	5,536	5,030	5,672
of which Sweden	3,595	3,370	3,789
Europe	1,101	1,478	1,458
Total	6,637	6,508	7,130

Completed unsold, number of homes

Sep 30, 2020	Sep 30, 2019	Dec 31, 2019
153	171	121
74	105	56
20	5	13
173	176	134

Homes under construction of which sold, %

Sep 30, 2020	Sep 30, 2019	Dec 31, 2019
78	66	69
83	63	70
54	84	72
74	70	70

Commercial Property Development

Revenue and earnings

SEK M	Jan-Sep 2020	Jan-Sep 2019	Jul-Sep 2020	Jul-Sep 2019	Jan-Dec 2019
Revenue	6,237	10,787	901	3,886	17,850
of which from divestment of properties	5,526	10,334	646	3,720	17,133
Gross income	2,811	2,550	284	1,087	4,101
Selling and administrative expenses	-598	-673	-182	-232	-960
Income from joint ventures and associated companies	-9	143	-1	10	146
Operating income	2,204	2,020	101	865	3,287
of which gain from divestments of properties ¹	2,656	2,665	202	1,137	4,275
of which writedowns/reversal of writedowns	-32	-70	0	-1	-89
¹ Additional gains included in eliminations	193	108	29	51	240
Investments	-6,313	-8,727	-1,967	-2,571	-12,946
Divestments	10,107	5,750	1,723	2,207	13,713
Net divestments(+)/investments(-)	3,794	-2,977	-244	-364	767
Capital employed, SEK bn	34.0	36.7	-	-	34.5
Return on capital employed, % ²	10.6	11.1	-	-	10.5
Employees	467	432	-	-	427

² Rolling 12 months.

Revenue

SEK M	Jan-Sep 2020	Jan-Sep 2019	Jul-Sep 2020	Jul-Sep 2019	Jan-Dec 2019
Nordics	4,761	5,654	679	278	6,665
Europe	1,048	3,573	42	3,503	4,398
USA	428	1,560	180	105	6,787
Total	6,237	10,787	901	3,886	17,850

of which from divestments

Jan-Sep 2020	Jan-Sep 2019	Jul-Sep 2020	Jul-Sep 2019	Jan-Dec 2019
4,603	5,490	645	222	6,435
924	3,512	1	3,484	4,283
-1	1,332	0	14	6,415
5,526	10,334	646	3,720	17,133

Operating income

SEK M	Jan-Sep 2020	Jan-Sep 2019	Jul-Sep 2020	Jul-Sep 2019	Jan-Dec 2019
Nordics	1,878	1,054	110	-5	1,323
Europe	354	778	-24	935	695
USA	-28	188	15	-65	1,269
Total	2,204	2,020	101	865	3,287

of which from divestments

Jan-Sep 2020	Jan-Sep 2019	Jul-Sep 2020	Jul-Sep 2019	Jan-Dec 2019
2,154	1,337	177	86	1,702
488	1,064	26	1,037	1,155
14	264	-1	14	1,418
2,656	2,665	202	1,137	4,275

Capital employed

SEK M	Sep 30, 2020	Sep 30, 2019	Dec 31, 2019
Nordics	11,324	11,206	11,595
Europe	9,628	10,598	9,803
USA	12,999	14,940	13,097
Total	33,951	36,744	34,495

PPP-portfolio value

Unrealized development gain in PPP-portfolio

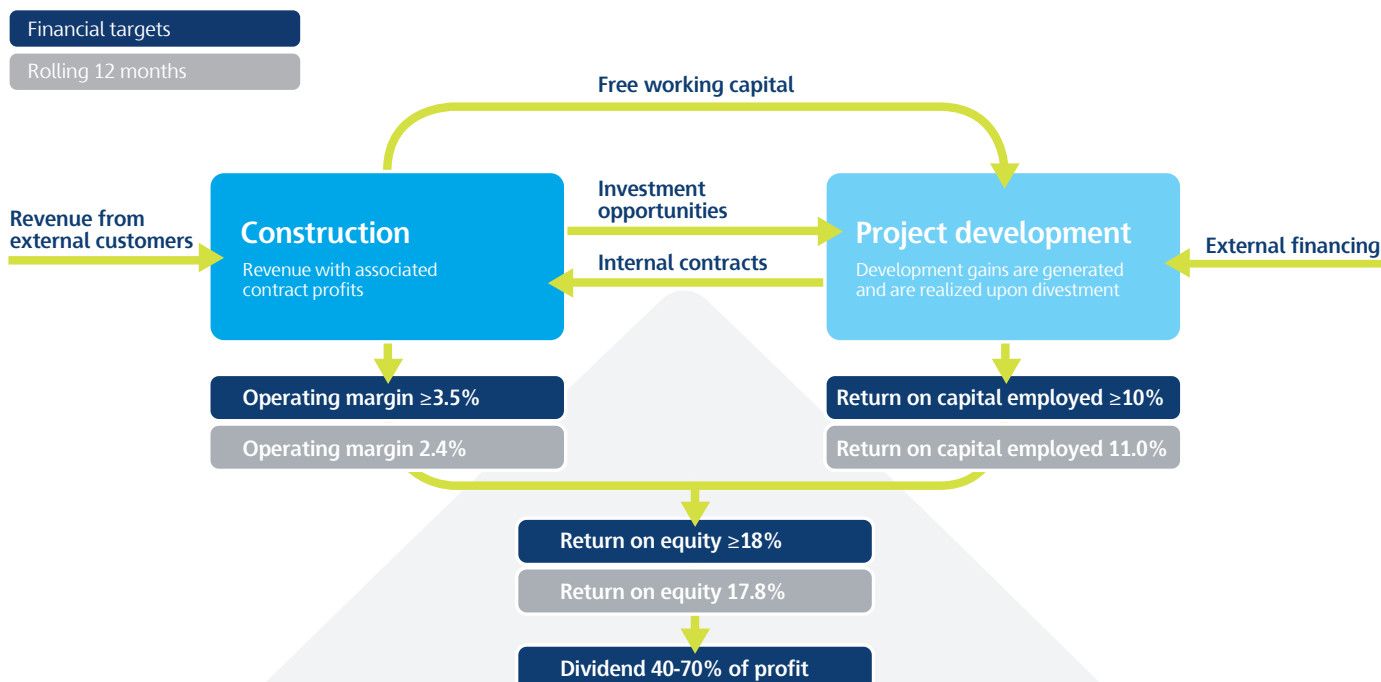
SEK bn	Sep 30, 2020	Sep 30, 2019	Dec 31, 2019
Present value of cash flow from projects	4.4	5.0	4.9
Present value of remaining investments	-0.9	-1.1	-1.1
Net present value of projects	3.5	3.9	3.8
Carrying amount before Cash flow hedge / Carrying amount	-2.1	-2.6	-2.5
Unrealized development gain	1.4	1.3	1.3
Cash flow hedge	0.3	0.5	0.3
Effect in unrealized equity ¹	1.7	1.8	1.6

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

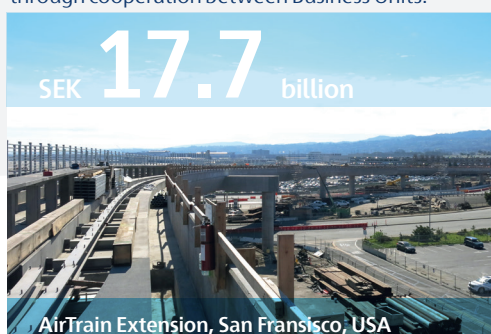
Operational and financial synergies are, amongst other things, achieved through investments in Project Development, generating internal contracts for Skanska's Construction stream, as well as through the collaboration between Business Units from different markets. Currently, SEK 17.7 billion of Skanska's total order backlog are contracts involving more than one Business Unit, with revenue from internal contracts amounting to SEK 16.7 billion.

Construction revenue from internal Project Development contracts amounted to:



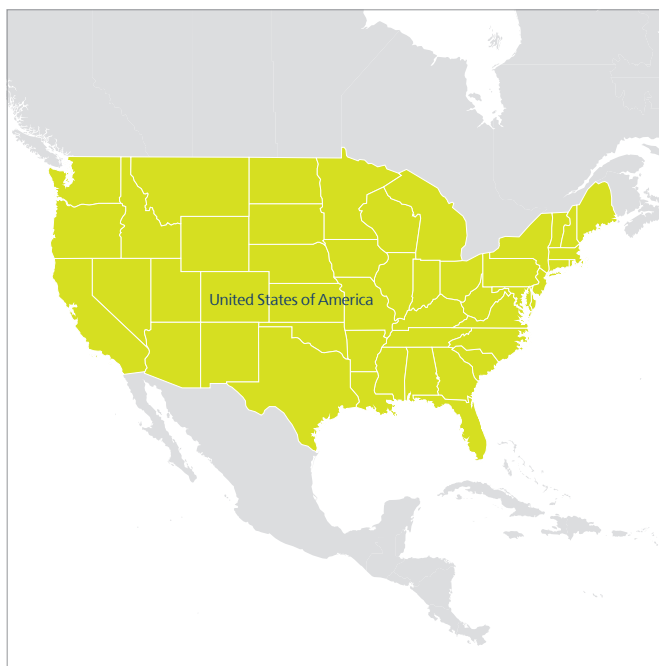
Skanska has invested in a climate neutral office project, which comprises 12 storeys and a total leasable area of 14,000 square meters in Malmö, Sweden. It is the first project in Sweden to pass tough ZeroCO₂ pre-certification, which means that the property will achieve net-zero climate impact during its life-time from material production to disassembling. The office building is slated for completion during end of 2022.

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



For San Francisco's airport, Skanska's US Civil and US Building units are collaborating to design and deliver a new elevated guideway extension and superstructure, long-term parking lot, and AirTrain station for the airport's hotel. The station will be designed to LEED Gold certification.

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 5, 2020.
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 50917385#.
This and previous releases can also be found at www.skanska.com/investors.

This information is such that Skanska AB is obliged to make public in accordance with the EU Market Abuse Regulation.
The information was submitted for publication, through the agency of the contact persons set out above, at 07.30 a.m. (CET) on November 5, 2020.