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Nine Month Report 2015

Slussen, Stockholm, Sweden

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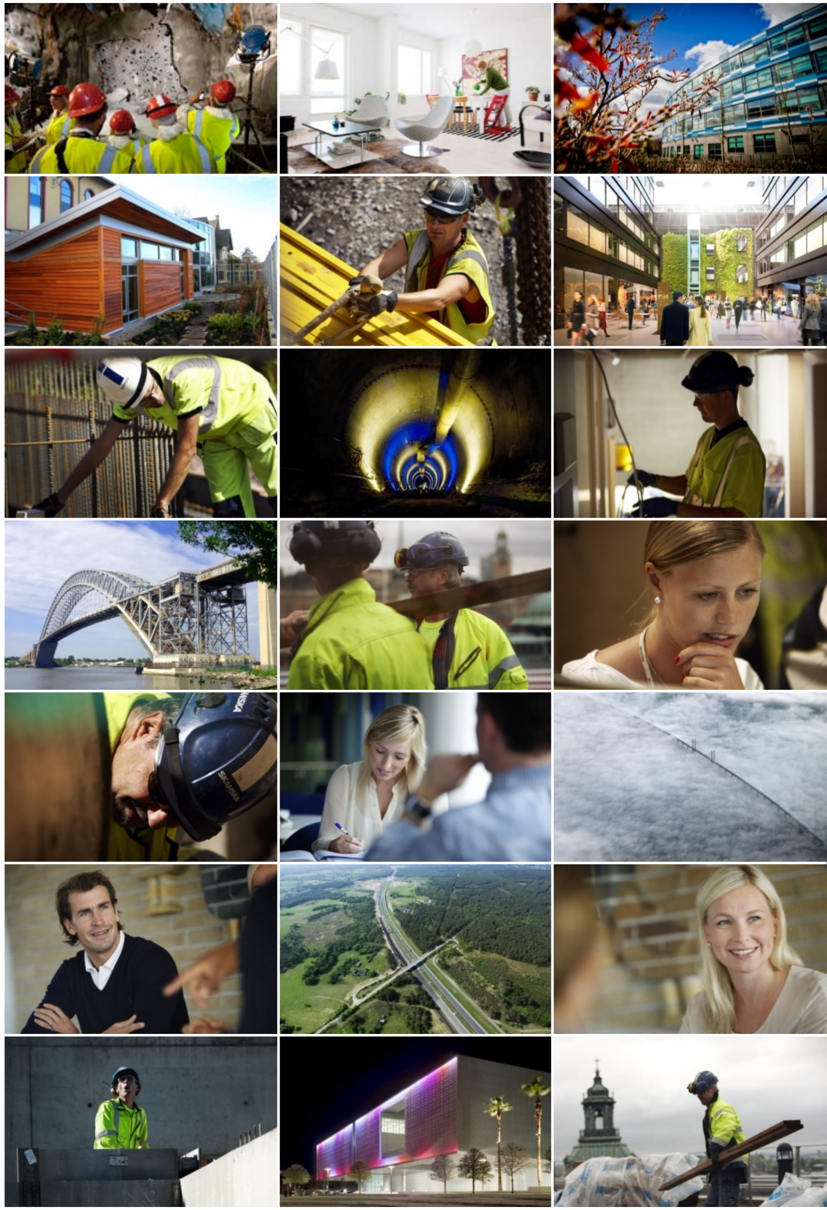

- Charges in the U.S. Construction operations
- Solid performance outside the U.S.
- Strong performance in Project Development
- All time high ongoing projects in Commercial Development
- Solid financial position
- Operating income SEK 3.4 bn (3.5)
- ROCE Project Development 14.6% (9.5)
- Continued positive market outlook

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Construction

- Revenue SEK 102.7 bn (91.6)
- Order bookings SEK 92.2 bn (105.1)
  - Sweden and UK strong
  - Book-to-build, R-12: 96%
- Operating income SEK 2.5 bn (3.1)
  - Solid performance in Sweden, Finland and Czech Republic
  - Write-downs in the U.S. affecting the profitability

Tahoma High School, Florida, U.S.

Construction
Charges in the U.S. Q3 2015

SEK 470 M in USA Civil and SEK 160 M in USA Building mainly related to six projects with completions in 2015–2019

Reasons

- Cost increases in projects, partly related to design changes by the client
- Tougher environment

Total expected project costs taken as soon as they are known

Recovery of costs expected, but not accounted for until commercial agreement is reached with the client

Actions

- Slow down growth
- Strengthen organization and risk processes

Residential Development

- Revenue SEK 9.1 bn (6.3)
  - 3,035 (2,265) homes sold
  - 3,051 (1,910) homes started
- Operating income SEK 848 M (442)
  - Good performance in Sweden and Central Europe
  - Norway mixed
  - Finland stable in a weak market
- Continued improved profitability
  - Operating margin 9.3% (7.0)
  - ROCE 12.7% (6.2)

Solallén, Växjö, Sweden

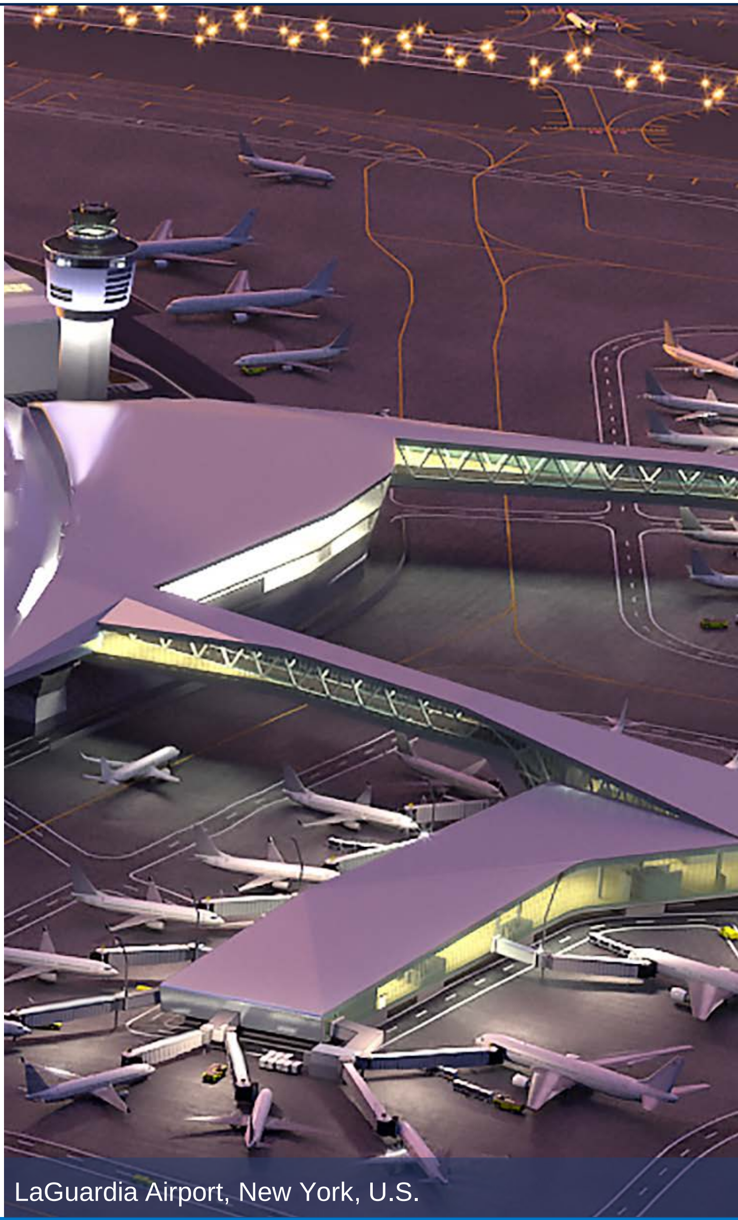
Commercial Property Development

- Divestments of SEK 3.3 bn (5.3)
- Gain from divestments SEK 1.1 bn (1.1)
- 48 ongoing projects
  - SEK 19.3 bn in investment value
  - 45% pre-leasing rate
  - 55% completion rate
  - 7 project starts in Q3
- 241,000 sq m leased

Silesia Business Park, Katowice, Poland

Infrastructure Development

- Project portfolio's net present value increased SEK 0.6 bn to SEK 5.9 bn year-to-date
- Continued high activity in the U.S. market
- Full speed ahead financial close LaGuardia Airport



LaGuardia Airport, New York, U.S.

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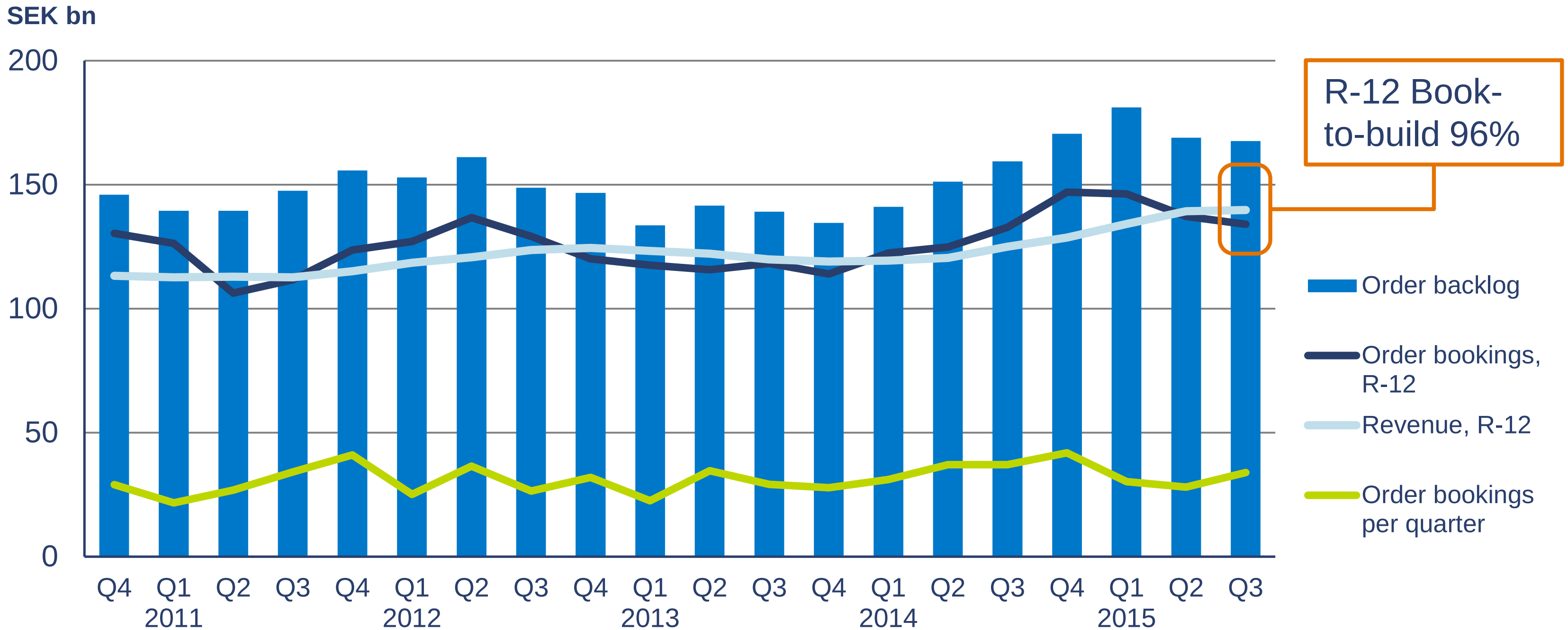
New orders in Construction in Q3

SEK M

Public transport hub, Sweden	2,000
Office, U.S.	1,300
Highway, Finland	630
Tunnel, Norway	620
Research facility, U.S.	570
Office, U.S.	470
Total bookings in Q3	33,862

Hagaplan Hotel, Stockholm, Sweden

Construction
Order situation



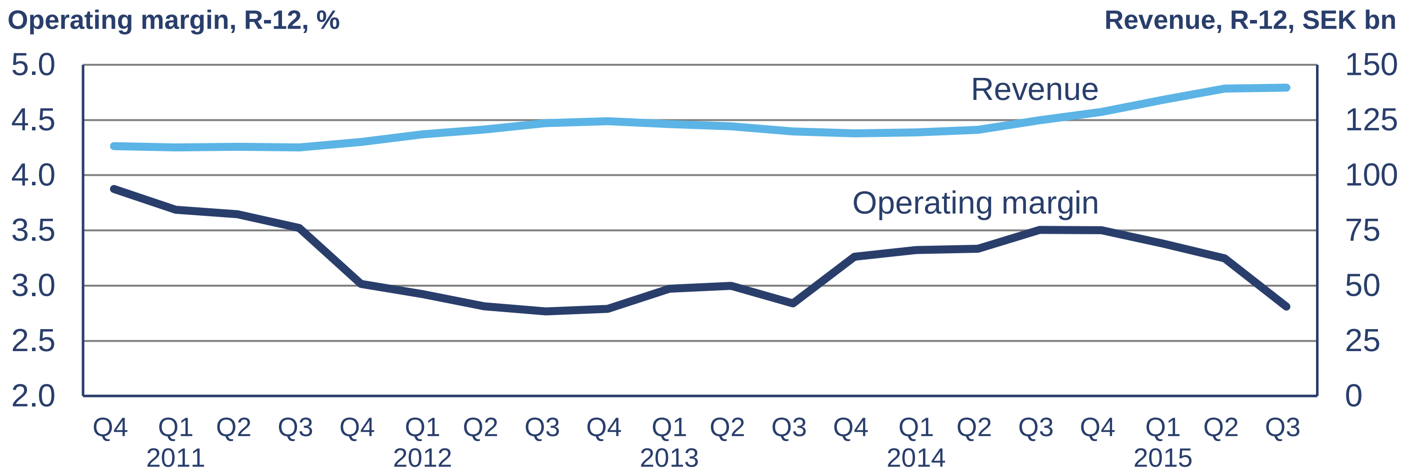
SEK bn	Jan–Sep 2015	Jan–Sep 2014	Jan–Dec 2014
Revenue	102.7	91.6	128.7
Order bookings	92.2	105.1	146.9
Order backlog	167.5	159.3	170.5

Latin American operations excluded from 1/1 2013

Construction
Order bookings

SEK bn	Jan–Sep 2015	Jan–Sep 2014	Book-to-build, R-12, %	Months of production
Sweden	25.0	22.0	115	13
Norway	9.5	12.1	92	10
Finland	5.8	4.5	115	13
Poland	7.3	7.6	98	8
Czech Republic	4.3	3.6	97	11
UK	16.7	13.7	127	22
USA Building	14.3	24.9	66	12
USA Civil	9.2	16.8	90	23
Total	**92.2**	**105.1**	**96**	**15**

Construction
Income statement



SEK bn	Jan–Sep 2015	Jan–Sep 2014	Jan–Dec 2014
Revenue	102.7	91.6	128.7
Gross income	**7.0**	**7.2**	**10.3**
Selling and administrative expenses	-4.5	-4.2	-5.8
Operating income	**2.5**	**3.1**	**4.5**
Gross margin, %	6.8	7.9	8.0
Selling and administrative expenses, %	-4.4	-4.6	-4.5
Operating margin, %	2.4	3.3	3.5

Latin American operations excluded from 1/1 2013

Construction
Income statement

	Operating income, SEK M		Operating margin, %	
	Jan–Sep 2015	Jan–Sep 2014	Jan–Sep 2015	Jan–Sep 2014
Sweden	1,062	991	4.8	4.7
Norway	265	274	2.9	2.8
Finland	161	185	3.5	3.7
Poland	225	229	3.4	3.3
Czech Republic	78	21	2.0	0.7
UK	319	343	2.4	3.1
USA Building	109	269	0.4	1.2
USA Civil	257	746	1.7	6.3
Total	**2,476**	**3,058**	**2.4**	**3.3**

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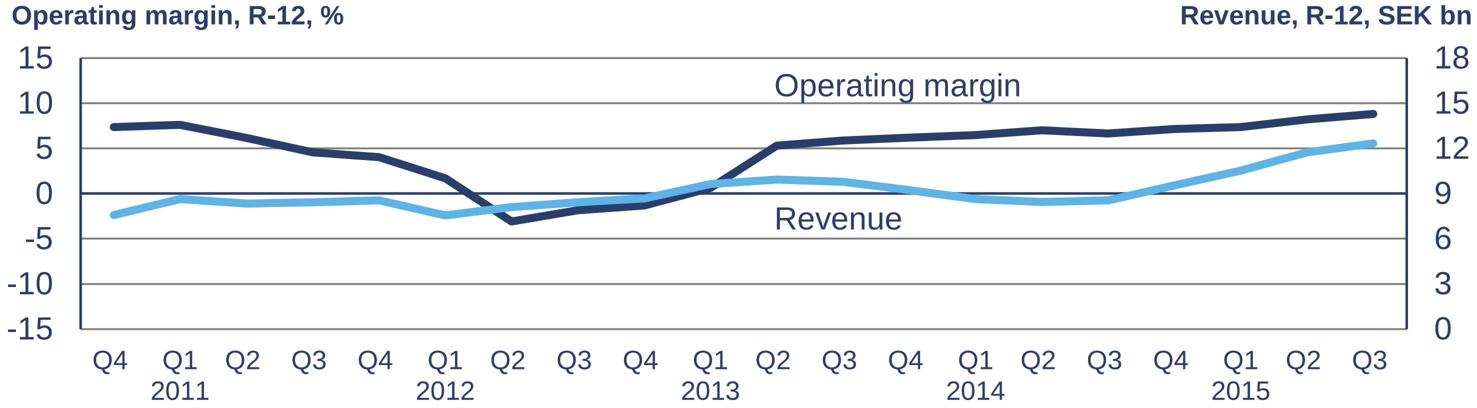
Residential Development
Income statement, segment reporting



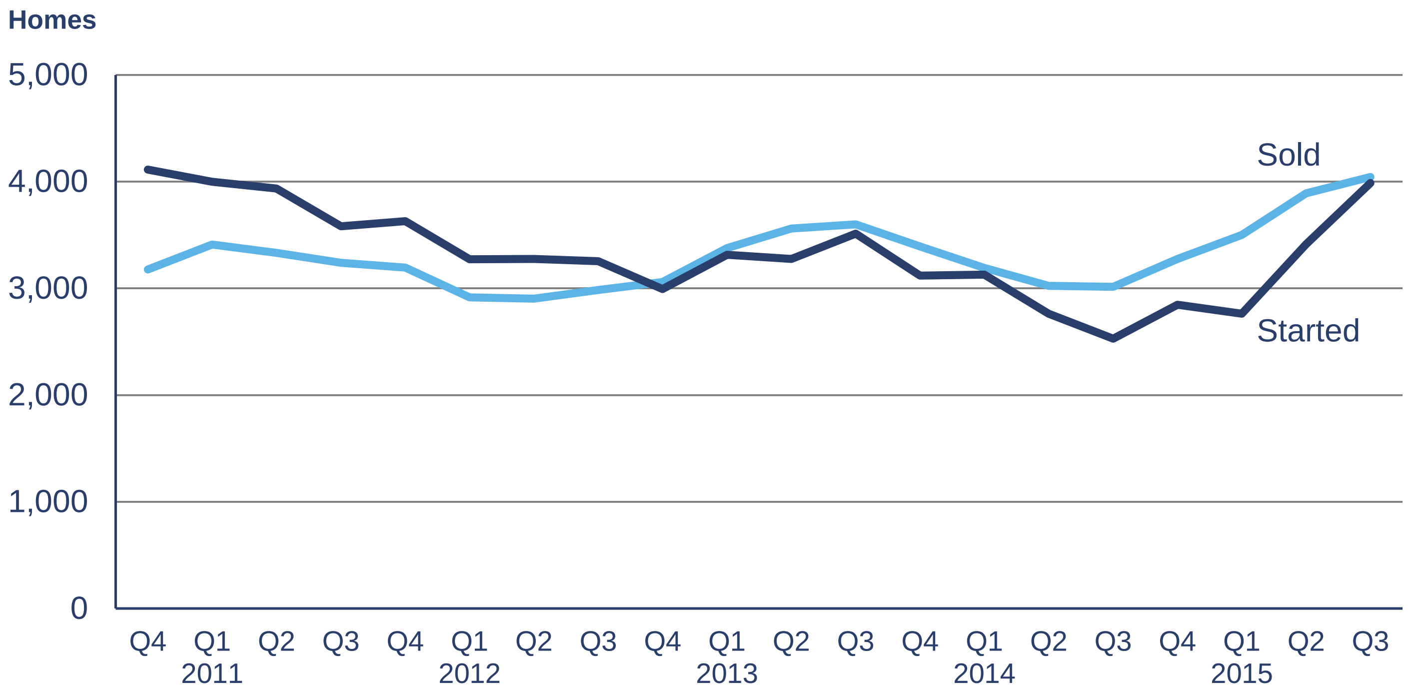
SEK M	Jan–Sep 2015	Jan–Sep 2014	Jan–Dec 2014
Revenue	9,101	6,326	9,558
Gross income	**1,271**	**834**	**1,204**
Selling and administrative expenses	-423	-393	-521
Income from joint ventures	0	1	0
Operating income	**848**	**442**	**683**
Gross margin, %	14.0	13.2	12.6
Selling and administrative expenses, %	-4.6	-6.2	-5.5
Operating margin, %	9.3	7.0	7.1

Residential Development
Income statement

	Operating income, SEK M[1]		Operating margin, %[1]	
	Jan–Sep 2015	Jan–Sep 2014	Jan–Sep 2015	Jan–Sep 2014
Sweden	593	273	10.8	8.4
Norway	110	89	7.1	10.0
Finland	91	71	5.8	5.3
Nordics	**794**	**433**	**9.2**	**7.9**
Central Europe[2]	54	9	10.5	1.1
Total	**848**	**442**	**9.3**	**7.0**

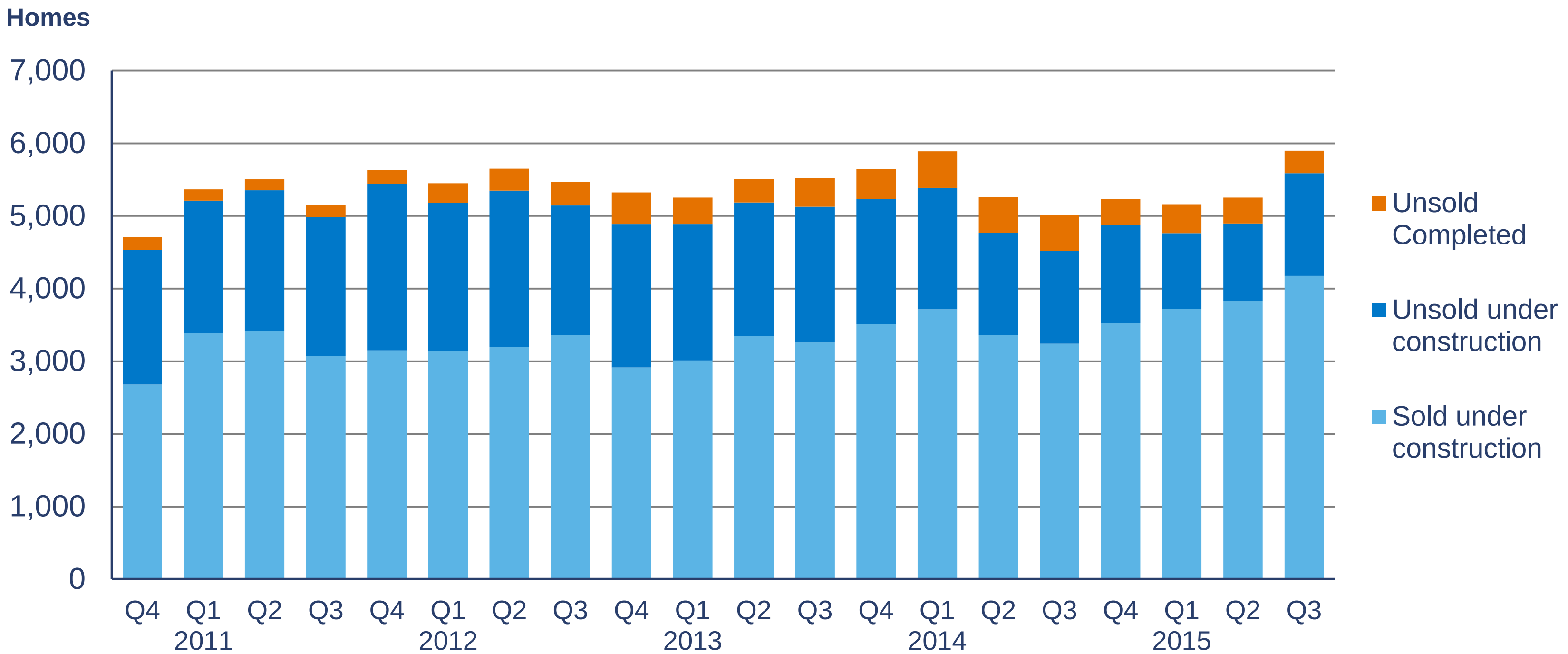
1 Development gain only, construction margin reported under Construction
2 Czech Republic, Poland and the UK

Residential Development
Homes started and sold, R-12



	Homes started			Homes sold	
Jan–Sep 2015	Jan–Sep 2014	Jan–Dec 2014	Jan–Sep 2015	Jan–Sep 2014	Jan–Dec 2014
3,051	1,910	2,846	3,035	2,265	3,274

Residential Development
Homes in production



Homes in production		Of which sold, %		Unsold completed homes	
Sep 30, 2015	**Sep 30, 2014**	**Sep 30, 2015**	**Sep 30, 2014**	**Sep 30, 2015**	**Sep 30, 2014**
5,589	4,518	75	72	308	500

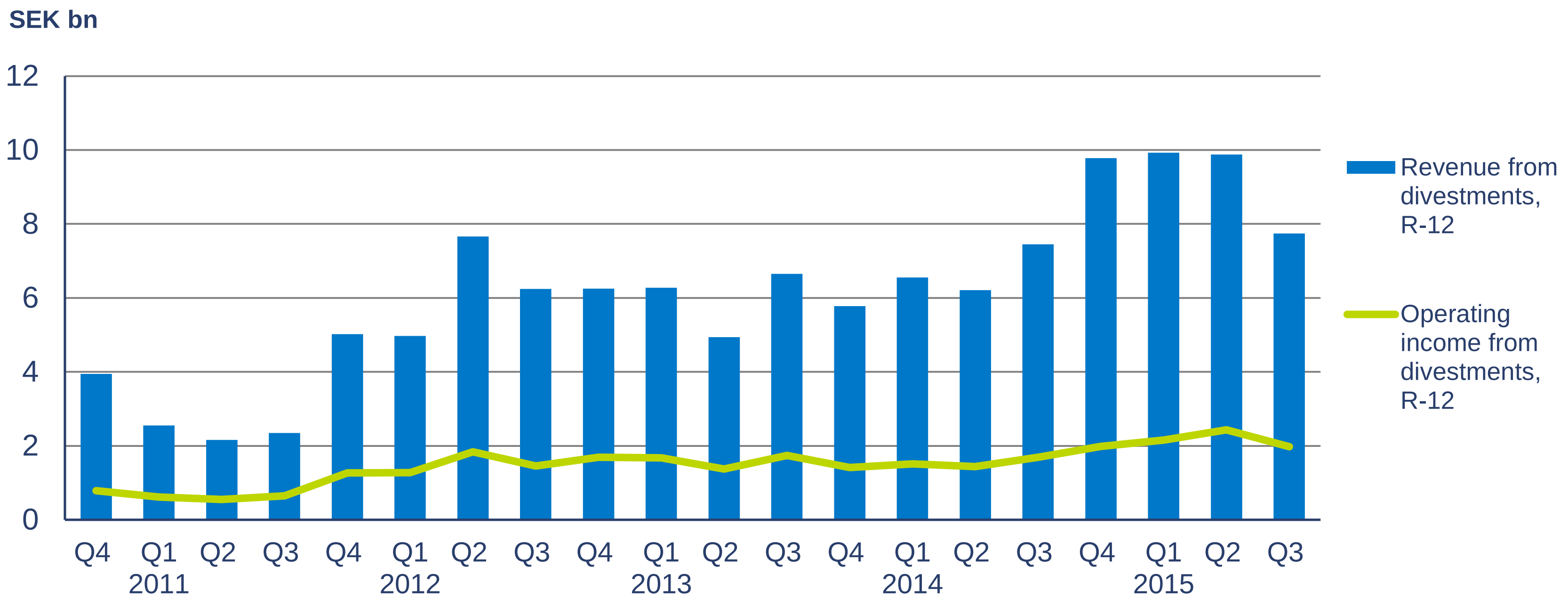
Commercial Property Development

Income statement, segment reporting

SEK M	Jan–Sep 2015	Jan–Sep 2014	Jan–Dec 2014
Revenue	3,629	5,659	10,228
Gross income	**1,138**	**1,236**	**2,191**
Selling and administrative expenses	-470	-364	-526
Income from joint ventures and associated companies	8	6	35
Operating income	**676**	**878**	**1,700**
of which gain from divestments of properties[1]	1,051	1,064	1,989
of which write downs/reversal of write downs	-56	-51	43
1 Additional gain included in eliminations	81	147	279

Development gain only, construction margin reported under Construction

Commercial Property Development
Divestments



Sale of commercial properties

SEK M	Sales price	Capital gain
Year-to-date	3,267	1,051

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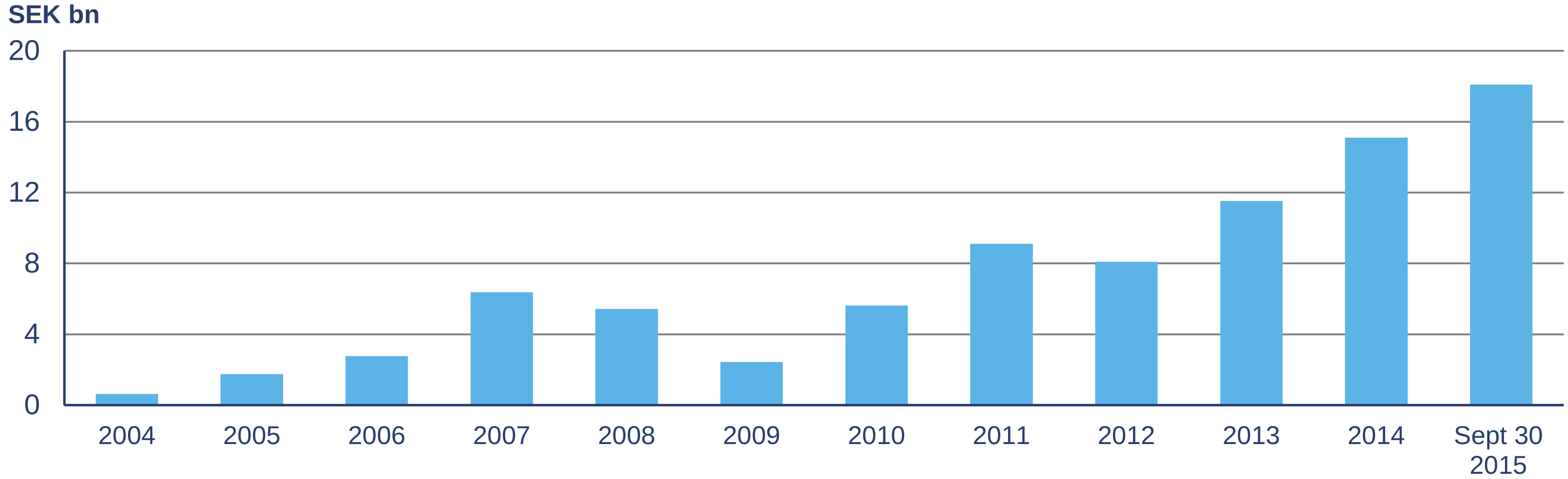
Commercial Property Development

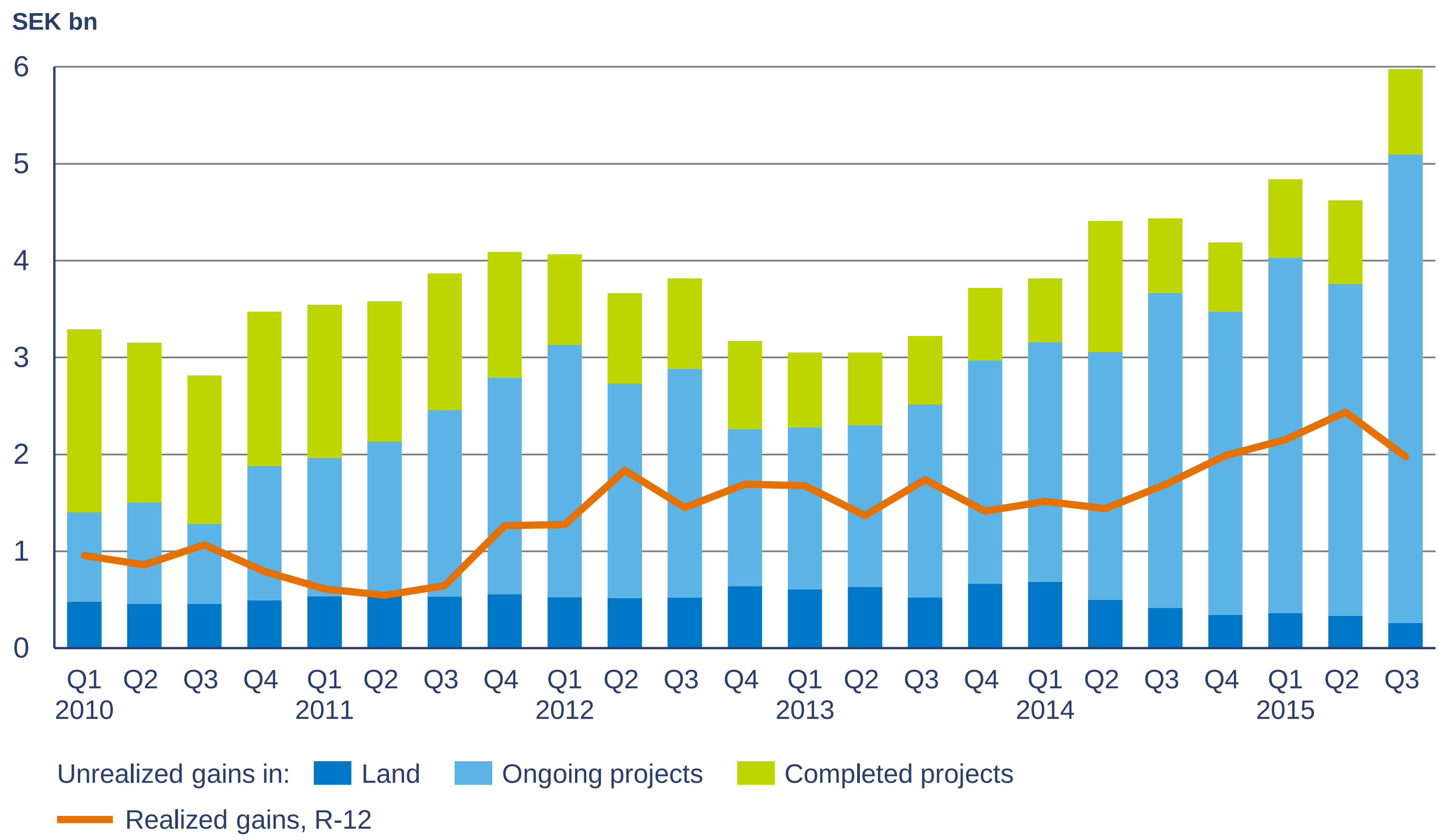
Ongoing projects

Ongoing projects, total investment value upon completion

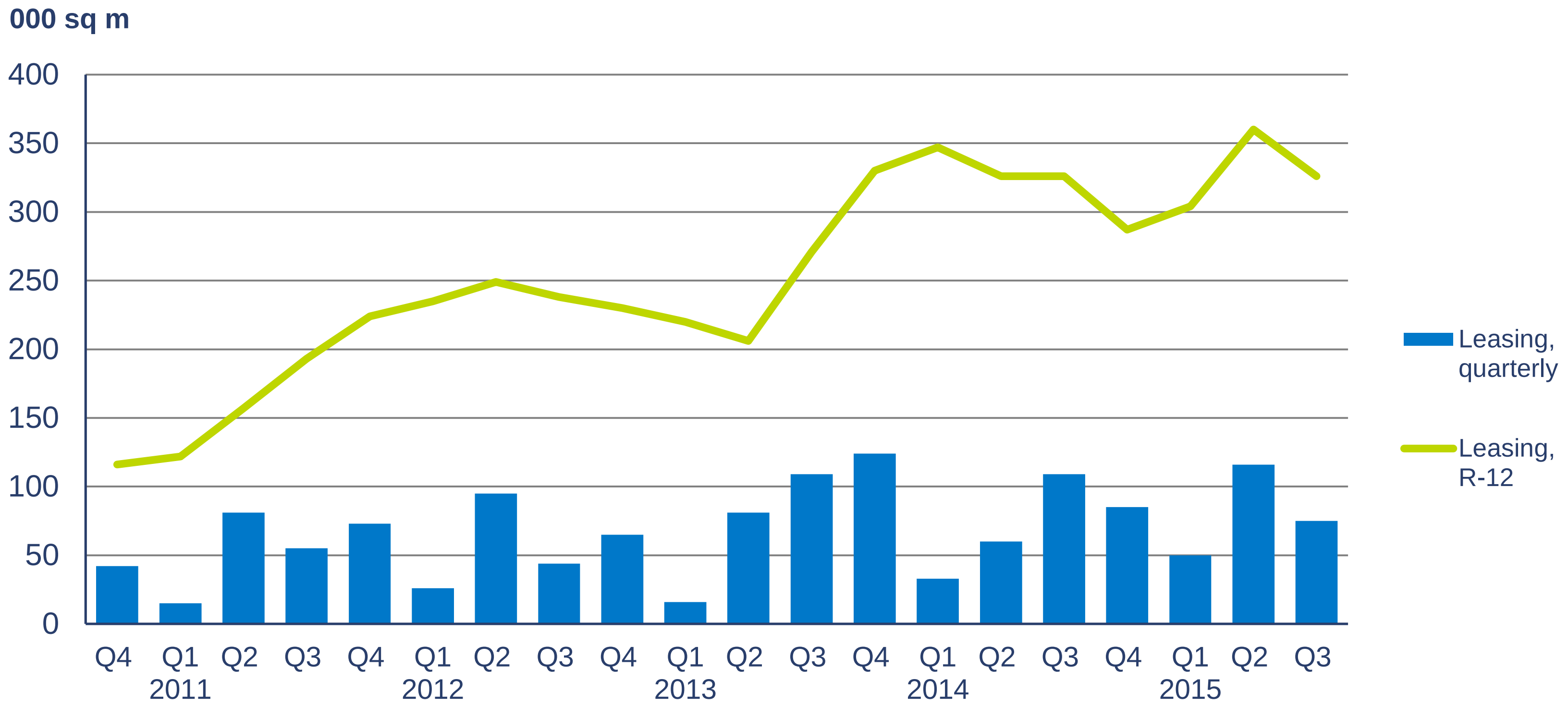


SEK bn	Carrying amount, end of period	Carrying amount, upon completion	Market value	Occupancy rate, %	Degree of completion, %
Completed projects	3.7	3.7	4.7	82	100
Undeveloped land and development properties	5.7	5.7	6.0		
Ongoing projects	9.6	18.1	23.6	46	54
Total	**19.0**	**27.4**	**34.2**		
of which ongoing projects sold according to segment reporting	1.7	2.4	3.1		

Commercial Property Development
Unrealized and realized gains



Commercial Property Development
Leasing



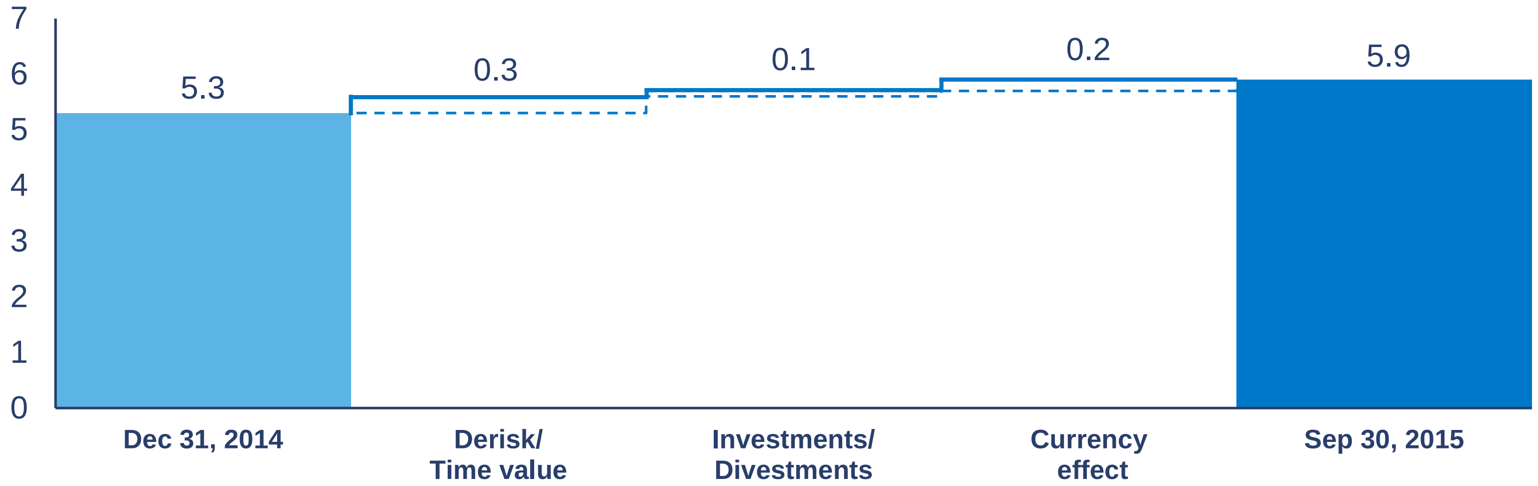
New leases of space were signed for 241,000 sq m year-to-date

Infrastructure Development
Income statement

SEK M	Jan–Sep 2015	Jan–Sep 2014	Jan–Dec 2014
Revenue	77	134	163
Gross income	**-87**	**-39**	**-46**
Selling and administrative expenses	-112	-101	-128
Income from joint ventures	604	501	637
Operating income	**405**	**361**	**463**
of which gains from divestments of shares in projects	0	0	127

Infrastructure Development
Project portfolio

Net present value of projects, SEK bn



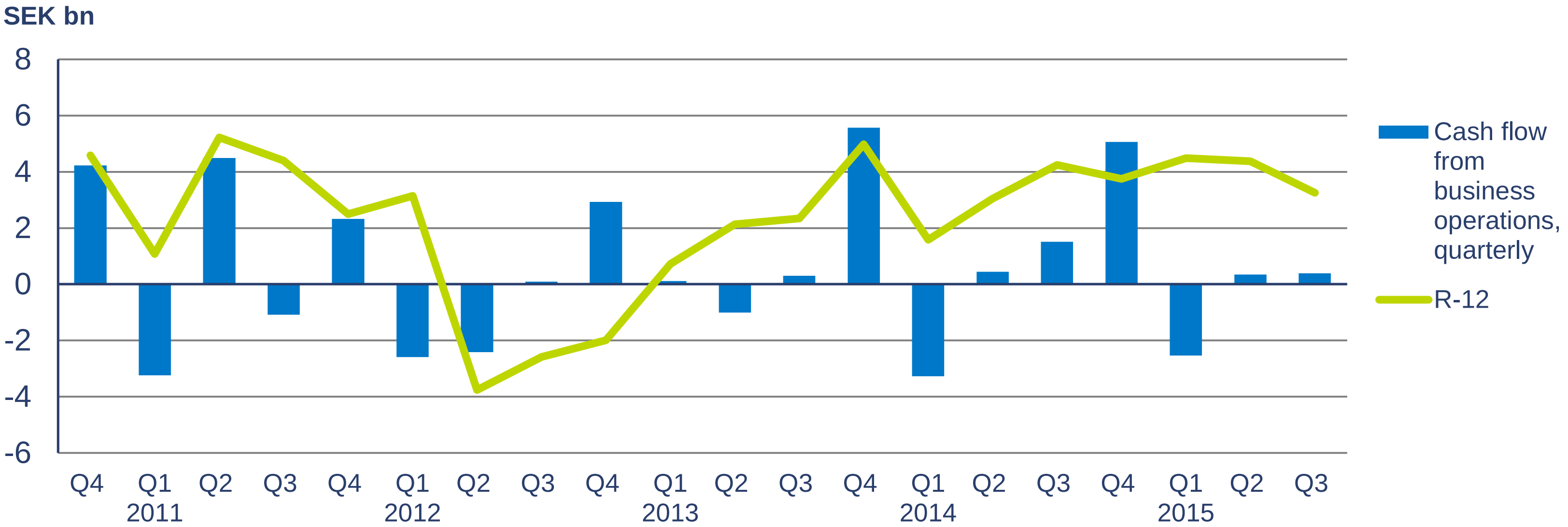
SEK bn	Sep 30, 2015	Sep 30, 2014	Dec 31, 2014
Present value of cash flow from projects	7.2	6.7	6.5
Net present value of projects	**5.9**	**5.5**	**5.3**
Carrying amount	-3.7	-3.6	-3.2
Unrealized development gain	**2.2**	**1.9**	**2.1**
Cash flow hedge	1.8	1.5	1.8
Effect in unrealized Equity	**4.0**	**3.4**	**3.9**

Group
Income statement

SEK M	Jan–Sep 2015	Jan–Sep 2014	Jan–Dec 2014
Operating income from business streams	4,405	4,739	7,354
Central[1]	-955	-1,261	-1,604
Eliminations	-49	-24	16
Operating income	**3,401**	**3,454**	**5,766**
Net financial items	**-371**	**-196**	**-293**
Income after financial items	**3,030**	**3,258**	**5,473**
Taxes	-635	-846	-1,365
Profit for the period	**2,395**	**2,412**	**4,108**
Earnings per share, SEK	5.81	5.85	9.98
Tax rate, %	21	26	25

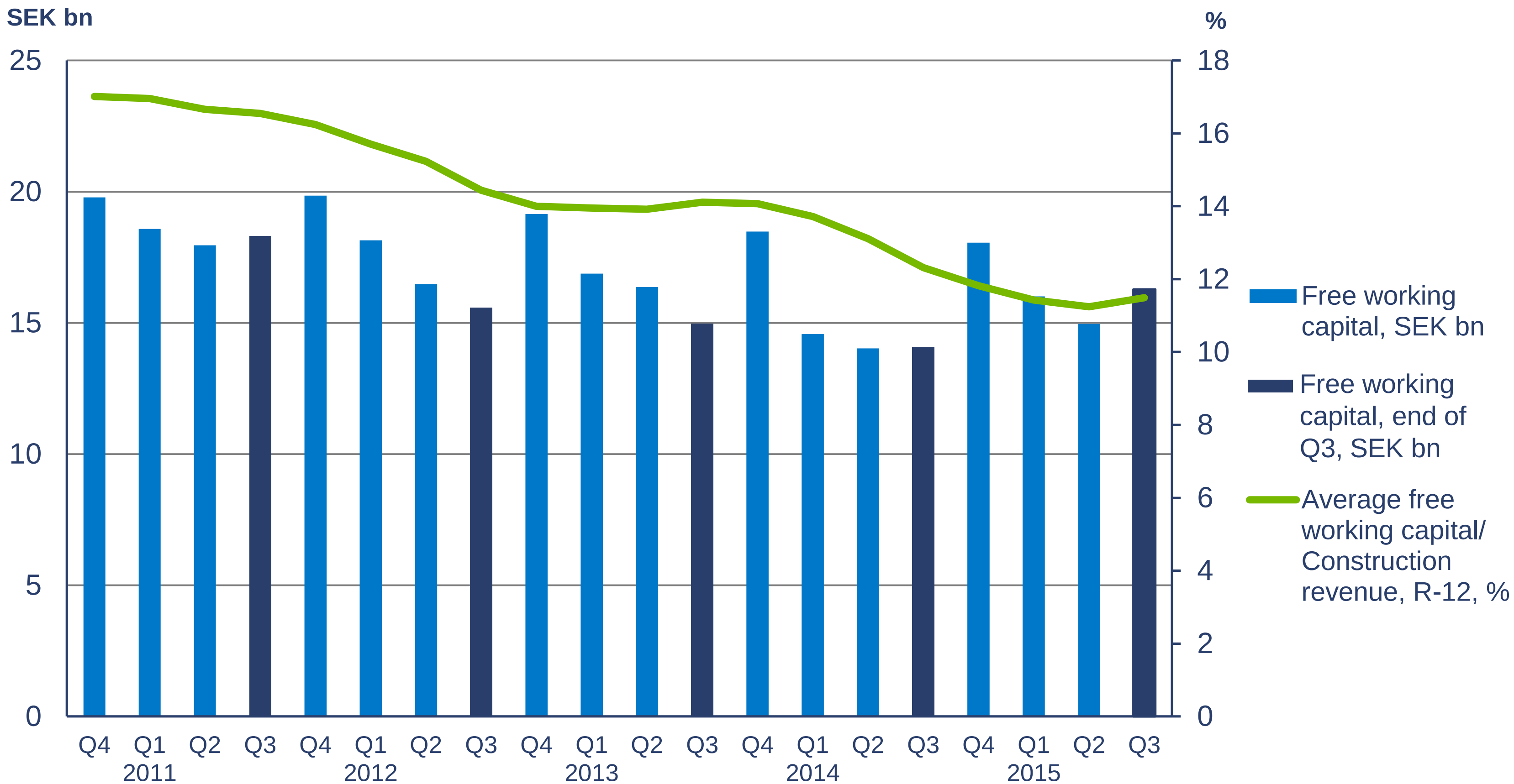
1 Latin American operations included from 1/1 2013

Group
Cash flow



SEK bn	Jan–Sep 2015	Jan–Sep 2014	Jan–Dec 2014
Cash flow from operations	-1.8	-1.3	3.7
Net strategic divestments	0.4	0.1	0.1
Dividend etc.	-3.1	-2.8	-2.9
Cash flow before change in interest-bearing receivables and liabilities	-4.6	-4.1	0.9

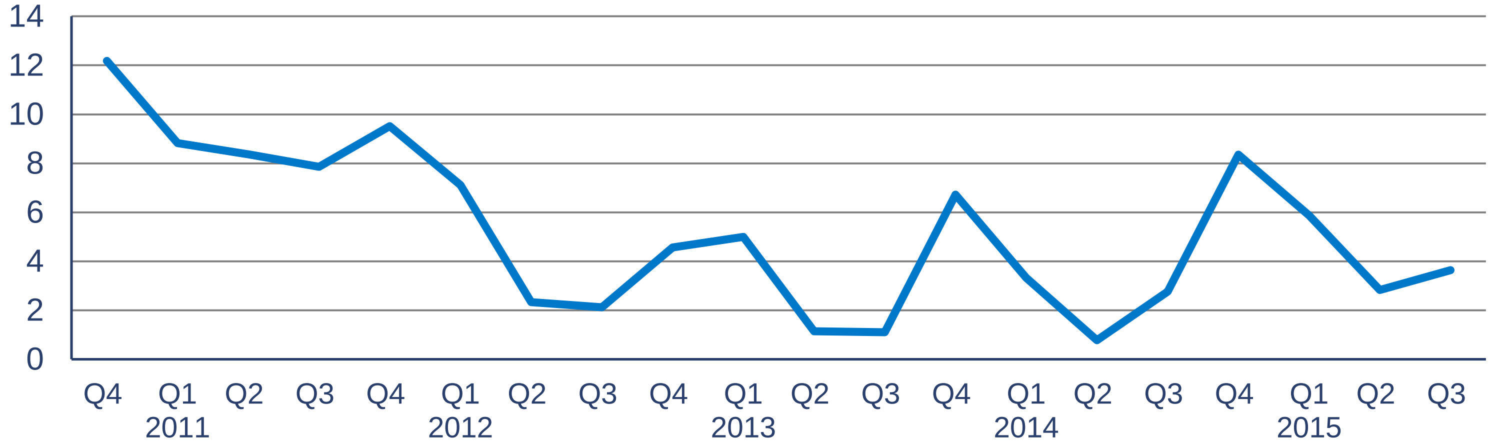
Construction
Free working capital



Latin American operations excluded from 1/1 2013

Group
Financial position

Operating net financial assets/liabilities, SEK bn



SEK bn	Sep 30 2015	Sep 30 2014	Dec 31 2014
Total assets	94.5	91.5	92.8
Equity attributable to equity holders	21.4	20.3	21.4
Interest-bearing net receivables (+)/net debt (-)	-3.4	-4.2	0.7
Operating net financial assets/liabilities	3.6	2.8	8.4
Capital employed, closing balance	36.3	36.7	36.8
Equity/assets ratio, %	22.7	22.2	23.1

Group
Change in financial position

SEK bn	Jan–Sep 2015	Jan–Sep 2014	Jan–Dec 2014
Opening balance interest-bearing net receivables	**0.7**	**1.0**	**1.0**
Cash flow before change in interest-bearing receivables and liabilities	-4.6	-4.1	0.9
Change in pension liability	0.2	-1.6	-2.0
Other changes	0.3	0.5	0.8
Change in interest-bearing net receivables	**-4.1**	**-5.2**	**-0.3**
Closing balance interest-bearing net receivables/net debt	**-3.4**	**-4.2**	**0.7**
Pension liability, net	4.1	3.9	4.4
Interest-bearing debt co-ops	2.9	3.0	3.2
Operating net financial assets/liabilities	**3.6**	**2.8**	**8.4**

Group
Change in equity

SEK bn	Jan–Sep 2015	Jan–Sep 2014	Jan–Dec 2014
Opening balance	**21.4**	**21.4**	**21.4**
Dividend to shareholders	-2.8	-2.6	-2.6
Other changes in equity not included in total comprehensive income for the year	-0.2	-0.1	-0.1
Profit for the period	2.2	2.6	3.9
Other comprehensive income			
Translation differences	0.4	1.0	1.5
Effects of remeasurements of pensions	0.2	-1.4	-1.8
Effects of cash flow hedges	0.1	-0.5	-0.8
Closing balance	**21.4**	**20.3**	**21.4**

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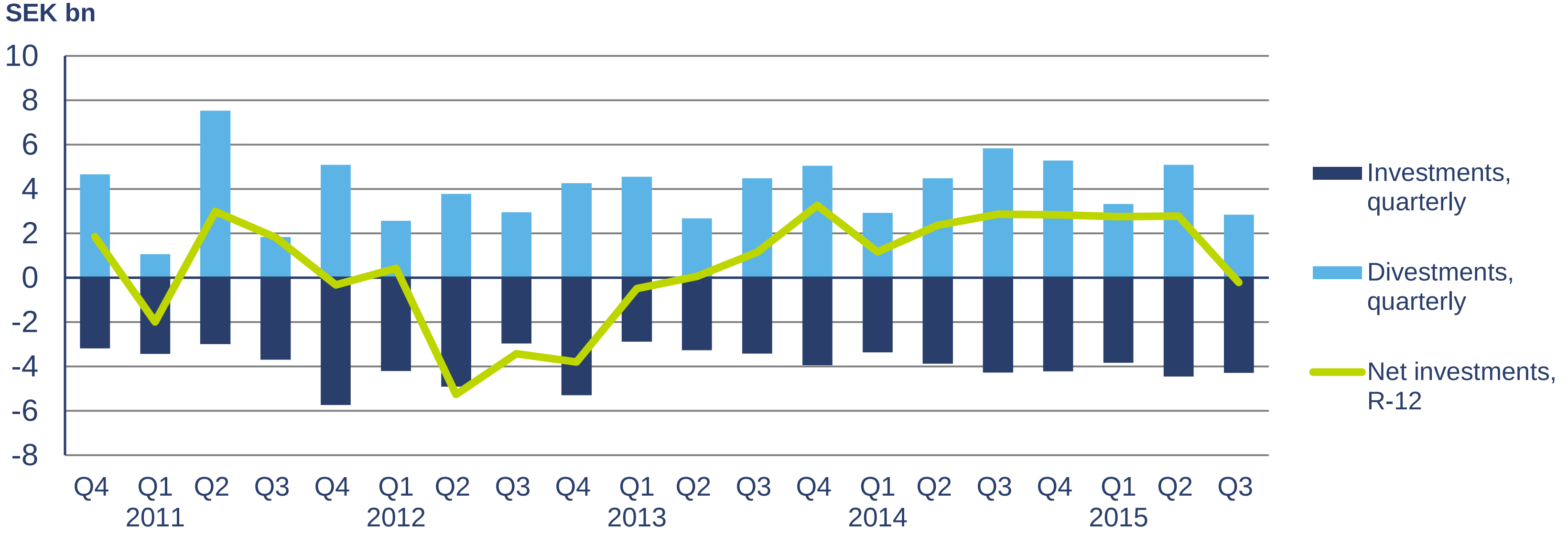
Group
Investments and capital employed



SEK bn	Jan–Sep 2015	Jan–Sep 2014	Jan–Dec 2014
Capital employed in:			
Residential Development	8.7	11.1	10.4
Commercial Property Development	18.5	13.7	15.0
Infrastructure Development	2.1	2.2	1.9
Total in Development Streams	**29.3**	**27.0**	**27.3**

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Market outlook
Construction

Overall a positive market outlook

- Nordic countries
  - Strong building market in Sweden, mixed in Norway
  - Strong civil market with fierce competition in Norway and Sweden, Finland weak
- Other European countries
  - UK and Polish market strong
  - Czech Republic and Slovakia continue to improve
- North America
  - The U.S. continues to be a good market, but with fierce competition

Alderwood Middle School, Lynnwood, U.S.

Market outlook
Residential Development

General

- Challenge to acquire land in all home markets except for Finland

Nordic countries

- Sweden very strong
- Norway mixed
- Finland weak

Central Europe

- Volumes and prices continue to increase

Uppsala Entré, Sweden

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Market outlook
Commercial Property Development

General

- Tenants: Strong demand, vacancy rates low
- Investors: Strong demand, valuations attractive

Nordic countries

- High interest from investors and low vacancy rates in Sweden

Central Europe

- High demand in Poland and improving in other parts of Central Europe

North America

- Strong investor appetite and good tenant demand

Axis, Kraków, Poland

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Market outlook
Infrastructure Development

- All countries
  - Continued improving potential for PPPs in the U.S., but competition is considerable
  - Norwegian market improving
  - Thin pipeline in the other markets

New Karolinska Solna, Stockholm, Sweden