

January 17, 2018
08:00 am CET

Skanska presents preliminary year-end results after taking charges related to restructuring and propose maintained dividend

Following a strategic review initiated in the fall 2017 Skanska will undertake a comprehensive restructuring to improve profitability. The review and following changes result in a charge of a total of about SEK 1.1 billion in the fourth quarter, and about SEK 600 M in 2018. Operating income for full-year 2017 is expected to be about SEK 5.3 billion corresponding to earnings per share of SEK 12. Skanska's Board of Directors propose a maintained dividend of SEK 8.25 per share.

In order to improve profitability Skanska will reduce the size of unprofitable business units and increase focus on cost control and risk management. Skanska will also make a number of organizational and leadership changes. Due to the unsatisfactory performance of several construction units Skanska will take the following actions: restructure the construction operations in Poland, leave the power sector in the USA, focus on the core business in the UK and continue to adapt to tougher market conditions in the Czech Republic.

Skanska's Nordic construction units continue to deliver strong results.

In Residential and Commercial Property Development the opportunities and growth ambitions remain.

Due to a thin project pipeline in Europe Infrastructure Development will reduce the organization and mainly focus on the opportunities in the USA.

Restructuring of the construction units will result in an impairment charge totaling SEK 1.0 billion, with no cash flow impact, and a restructuring cost amounting to SEK 100 M in the fourth quarter 2017.

The unsatisfactory performance in the construction stream outside the Nordics during the fourth quarter of 2017 include write-downs amounting to a total of SEK 400 M, which relates to the construction operations in Skanska Poland.

After the impairment charge, restructuring cost and project write-downs, the operating income for the full year 2017 is expected to be about SEK 5.3 billion and the earnings per share SEK 12.

Operating income per business stream is expected as follows for the full year 2017

SEK billion	Jan-Dec 2017 excl one-offs	One-offs (Impairment and restructuring)	Jan-Dec 2017 incl one-offs	Jan-Dec 2016
Operating income				
Construction	2.1	-1.0	1.1	3.5
Residential Development	1.7		1.7	1.6
Commercial Property Development	2.7		2.7	2.3
Infrastructure Development	0.9		0.9	1.8
Central and eliminations	-1.0	-0.1	-1.1	-1.1
Total	6.4	-1.1	5.3	8.2
Earnings per share, SEK			12	15.89

The restructuring process will continue this year and also encompass a review of Group Governance in order to reduce costs and increase organizational effectiveness. The charges related to these activities are estimated to be about SEK 600 M in 2018, and connected to lay-offs of about 3,000 employees. Cost savings from these lay-offs are expected to amount to about SEK 1 billion annually.

Based on full-year financial results, Skanska's Board of Directors proposes a maintained dividend of SEK 8.25 per share.

A telephone conference will be held at 9:00 am (CET), today Wednesday January 17. During the conference call, Skanska's President and CEO Anders Danielsson and CFO Peter Wallin will describe the situation and respond to participants' questions.

To participate in the telephone conference, with the possibility to ask questions, please dial +46 8-505 564 74, or +44 20 3364 5374, or +1 855 753 2230.

All other information related to the fourth quarter 2017, will be presented in Skanska's year-end Report on February 1, 2018.

For further information please contact:

Edvard Lind, Head of Media Relations, Skanska AB,
tel +46 (0)10 448 88 08

André Löfgren, Senior Vice President Investor Relations, Skanska AB, tel
+46 (0)10 448 13 63

Direct line for media, tel +46 (0)10 448 88 99

This and previous releases can also be found at www.skanska.com

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

Skanska is one of the world's leading project development and construction groups with expertise in construction, development of commercial and residential premises, and public-private partnerships projects. Based on its global green experience, Skanska aims to be the clients' first choice for Green solutions. The Group currently has 41,000 employees in selected home markets in Europe and North America. Skanska's sales in 2016 totaled SEK 151 billion.