

October 18, 2018
8:00 pm CET

The operating income in the third quarter 2018 for Skanska Group is about SEK 0.5 billion (1.5), including write downs and impairment charges in the U.S. totaling SEK 1.3 billion

Skanska makes project write downs of SEK 0.9 billion related to the construction phase of two ongoing PPP-projects in the U.S. The project write downs are caused by additional cost overruns due to low production rates and delays. Skanska also takes a goodwill impairment charge of SEK 0.4 billion, with no cash flow impact, in the third quarter associated with the process of exiting the U.S. power sector.

After the write downs and impairment charge, the operating income in the third quarter 2018 for the Skanska Group is expected to be about SEK 0.5 billion (1.5). Attached appendix includes additional preliminary financial statements.

Going forward the implications for Skanska's strategy in the U.S. will be to:

- Stop bidding for mega design-build PPP projects
- Stop bidding for Engineering, Procurement and Construction (EPC) projects
- Explore divesting the operations in the power sector
- Close down the project development function of Infrastructure Development

A telephone conference will be held at 8:00 am (CET), tomorrow Friday October 19. During the conference call, Skanska's President and CEO Anders Danielsson and CFO Magnus Persson will describe the situation and respond to questions.

To participate in the telephone conference, with the possibility to ask questions, please dial +46 8 505 564 74, or +44 203 364 5374, or +1 855 753 2230.

The complete and final Nine Month Report 2018 will be presented on November 8, 2018.

For further information please see attached appendix.

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

In the USA, Skanska is specializing in building construction, civil infrastructure and commercial property developments in select US markets. Skanska USA had sales of SEK 59 billion in 2017 and has approximately 9,500 employees.

Skanska is one of the world's leading construction and project development companies, focused on selected home markets in the Nordic region, 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. The Group has about 40,000 employees. Skanska's sales in 2017 totaled SEK 161 billion.

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

Appendix including additional preliminary financial statements
Numbers referring to segment reporting in shaded blue background.

Performance analysis

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

¹ Rolling 12 months.

Operating cash flow

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

Balance sheet – Summary

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

Construction

Revenue by business/reporting unit

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

Operating income

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

Operating margin, %

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

Residential Development

Revenue

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

Operating income

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

Operating margin, %

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

Commercial Property Development

Revenue

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

of which from divestments

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

Operating income

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

of which from divestments

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

End of appendix.