

RECORD SALES AND STRONG EARNINGS FOR 2016

October–December 2016

- Revenues amounted to SEK 1,266 million (1,010), an increase of 25 percent
- Operating profit amounted to SEK 34 million (122) and the operating margin was 2.7 percent (12.1)
- Profit for the period amounted to SEK 26 million (138)
- Order bookings amounted to SEK 1,650 million (1,988)
- Serneke series B shares were listed on the Nasdaq Stockholm exchange on November 24
- A new share issue was carried out in connection with the listing and raised a net of SEK 598 million

January–December 2016

- Revenues amounted to SEK 3,978 million (3,107), an increase of 28 percent
- Operating profit amounted to SEK 411 million (128) and the operating margin was 10.3 percent (4.1)
- Profit for the period amounted to SEK 394 million (137)
- Earnings per share after dilution amounted to SEK 21.22 (8.11)
- The equity/assets ratio was 42.7 percent (27.4)
- Order bookings amounted to SEK 5,539 million (5,094)
- The order backlog loss amounted to SEK 7,041 million (5,125)
- In June, 50 percent of the Karlastaden project in Gothenburg was sold to private equity firm Nordic Real Estate Partners (NREP)
- The Board of Directors proposes that no dividend be paid for 2016 (0)

SEK million	Oct–Dec 2016	Oct–Dec 2015	Jan–Dec 2016	Jan–Dec 2015
Revenues	1,266	1,010	3,978	3,107
Operating profit	34	122	411	128
Operating margin, %	2.7	12.1	10.3	4.1
Profit/loss for the period	26	138	394	137
Earnings per share, SEK, before dilution	1.26	8.33	22.40	8.49
Earnings per share, SEK, after dilution	1.21	7.86	21.22	8.11
Equity per share, SEK, after dilution	68.37	25.79	79.12	26.82
Equity/assets ratio, %	42.7	27.4	42.7	27.4
Net debt	-37	223	-37	223
Net debt/equity ratio, %	-2.5	49.2	-2.5	49.2
Order bookings	1,650	1,988	5,539	5,094
Order backlog	7,041	5,125	7,041	5,125

CEO STATEMENT

Serneke's business model and long-term business plan are delivering results – profit in our largest business area, Construction, is rising sharply.

Serneke is the next generation contractor. Between 2002 and 2015, our strategy has been to capture market share to reach our goal of becoming one of the leaders in our industry. We continued our long-term efforts in 2016, and consolidated sales rose from SEK 3,107 million to SEK 3,978 million, an increase of 28 percent compared with 2015. Our largest business area, Construction, contributed strong growth and good margin improvement, from 1.9 to 2.7 percent. Historically, we have managed to generate continuous profitable growth, through periods of expansion, price pressure and recession. We have invested the surplus in continued expansion of our construction activities, as well as in properties and project development initiatives where we have identified favorable potential returns.



Ola Serneke, President and CEO

In 2016, Serneke took another important step towards achieving its future objectives. With the listing of its Series B shares and a bond loan of SEK 300 million on the Nasdaq Stockholm exchange, we established the conditions for the Company, its employees and its investors to all benefit from the increase in value. For me personally, as the founder and principal owner, this is a milestone and our current position is an acknowledgment of the hard work put in by many dedicated employees.

Today, Serneke has a strong balance sheet as a result of the new share issue implemented in connection with the listing, continued strong order bookings and a motivated organization that is ready to deliver. We see good opportunities to now reap the benefits of that work. Our long-term objective remains strong growth focused on profitability, and we are convinced that correct pricing is crucial to stable development of benefit to all stakeholders. We continue to target an operating margin of at least 5 percent in our contracting operations and a return on capital employed of 20 percent in our Project Development operations.

Current demand and the fundamental conditions of the construction and property markets have not been this favorable since Sweden's million homes program of the 60s and 70s, when central and local government authorities were largely able to finance the comprehensive construction program. We now have a market with considerably more private players, which accelerates activity in the sector and means that transactions can be made more quickly. This benefits us further in our Project Development operations where, in 2016, we advanced our positions in all three metropolitan regions, opening doors for pioneering collaborations and innovative project opportunities. We have presented ideas and proposals for many new projects, which have been very well received, and we continue working to bring these to fruition so that we, together with both local government authorities private players, can move forward with planning and development.

The housing shortage and urbanization trend are driving demand in the market and we see no slowdown in order bookings in our contracting segments Construction and Civil Engineering. The operating margin in Construction strengthened in the fourth quarter, amounting to 3.7 percent (2.0). We can see that the years in which we prioritized growth to achieve a competitive size are now paying off as we shift our focus to increased profitability while maintaining our cost awareness and commitment. We are building up our Civil Engineering operations and carried out a major action program over the year to achieve profitability. The segment's main focus is to now derive effects from this and to show well-controlled, profitable growth in 2017.

With the prevailing conditions in our contracting segments, we view our growth model – which is mostly focused on organic growth – as our continued priority. Although this will initially be at the cost of increased initiatives, we see clear benefits in pursuing a familiar path that has proven to be successful historically. It may be necessary to complement organic growth with acquisitions to achieve our long-term strategic goals.

During the year, we completed two major transactions. With the purchase of Säve flygplats, we are creating exciting opportunities for the Group's four segments, and their combined offering, to further develop the area and generate long-term value growth for the approximately 2 million square meters of land and associated buildings included in the acquisition. Our

sale of 50 percent and the joint venture with NREP for the Karlastaden project strengthens the entire project and gives it a strong long-term platform, which will enter an exciting phase in 2017 with the detailed development plan now under review and expected to gain legal force. Satisfyingly, we note that the apartments we are offering in the Karlatornet Tower have been very favorably received, with about 80 percent of the more than 300 apartments offered to date now having been signed.

With our recent recruitment of Krister Johansson as Managing Director of Business Area Property Management, Serneke – previously recognized mainly as a skilled contractor and developer – will also, in the longer term, become known as a successful player in the property market. We will leverage the Group's various business areas to sign long-term, secure leases, building a strong property portfolio generating favorable growth in value.

At the end of the year, the Group had nearly 850 employees – growing by more than 100 new employees in a year once again. It is through our employees' high level of commitment and ability to innovate that we lay the foundation for an even stronger Serneke. I thank you all for that.

Ola Serneke, President and CEO

PRESENTATION OF THE YEAR-END REPORT

Today, February 28, 2017 at 10:00 a.m. (CET), Serneke Group will hold a conference call with a web presentation for investors, analysts and media. The presentation will be in Swedish and can be followed live via webcast at www.serneke.group. Presentation materials for the presentation will be available on the website one hour before the webcast begins.

To participate, please dial:

From Sweden: +46 (0)8-5664 2669

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Group development

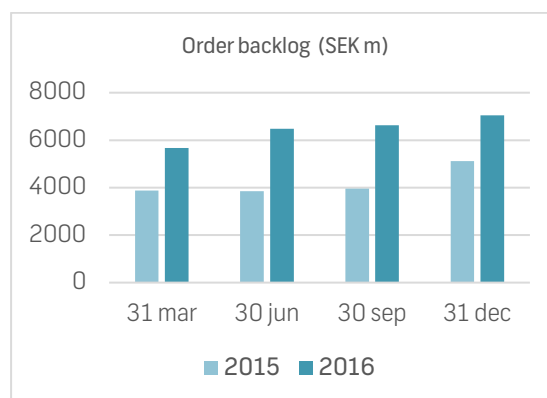
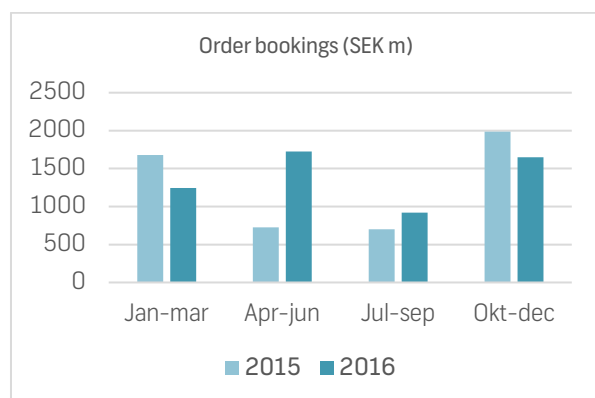
ORDER BOOKINGS AND ORDER BACKLOG

Orders intake for October–December amounted to SEK 1,650 million (1,988). Order bookings for the final quarter of 2016, consisted primarily of residential projects in the urban regions of Stockholm and Gothenburg, the new construction of a shopping center, as well as various other new construction and remodeling projects. The Stockholm and Gothenburg metropolitan regions continue to be the Group's most important markets.

Order bookings for January–December 2016 rose by 9 percent to SEK 5,539 million (5,094), and were largely driven by a continued strong housing market. At the end of 2016, the order backlog was SEK 7,041 million, compared with SEK 5,125 million at year-end 2015, an increase of 37 percent. The order backlog rose steadily over the year and is now at the highest level in the Group's history.

Order bookings SEK million	Oct–Dec 2016	Oct–Dec 2015	Jan–Dec 2016	Jan–Dec 2015
Construction	1,364	1,894	5,029	4,805
Civil Engineering	286	94	510	289
Group	1,650	1,988	5,539	5,094

Order backlog SEK million	Dec 31 2016	Dec 31 2015
Construction	6,753	4,881
Civil Engineering	288	244
Group	7,041	5,125



NEW ASSIGNMENTS DURING THE PERIOD OCTOBER–DECEMBER 2016

Listed below are the Group's new projects for more than SEK 100 million:

Assignment	Location	Clients	Order value (SEK million)	Anticipated start of construction
New construction of shopping center	Kungälv	Adapta	838	October 2016
New production rental homes	Ekerö	Ekerö Bostäder	136	Second quarter 2017

REVENUES AND PROFIT

The operations of the Serneke Group are organized into four business areas: Construction, Civil Engineering, Project Development and Property Management.

GROUP	Oct–Dec	Oct–Dec	Jan–Dec	Jan–Dec
SEK million	2016	2015	2016	2015
Revenue	1,266	1,010	3,978	3,107
Operating profit	34	122	411	128
Net financial items	-5	-3	-17	-16
Profit/loss before tax	29	119	394	112
Profit/loss for the period	26	138	394	137

October–December 2016

Consolidated revenues in the fourth quarter of 2016 amounted to SEK 1,266 million, compared with SEK 1,010 million for the corresponding quarter in the preceding year. Operating profit decreased to SEK 34 million (122) which is explained by the fourth quarter of 2015 having included the sale of a number of projects and development properties. Net financial items amounted to a negative SEK 5 million (3) and the Group reported a tax expense of SEK 3 million (income: 19).

Business Area Construction's operating profit for the fourth quarter of 2016 amounted to SEK 40 million (14), an increase of 186 percent compared with the corresponding quarter in the preceding year. The foremost explanations for the increase are increased volumes and better margins in existing projects. In the final quarter of 2015, project impairment was recognized and impacted earnings negatively.

Business Area Construction made an operating loss of SEK 9 million (16) for the fourth quarter of 2016. The loss for the quarter was primarily attributable to impairment of a project by SEK 8 million. The final inspection of the project took place in December 2016 and it has now been completed. The comprehensive program of measures initiated during the second quarter of 2016 to increase the business area's profitability is expected to achieve full effect in 2017.

Business Area Project Development's operating profit amounted to SEK 5 million in the fourth quarter, compared with SEK 172 million for the corresponding quarter in the preceding year. Among other things, Project Development reports profit from sales of project and development properties, meaning that revenue and profit may vary substantially between quarters, which explains the difference between the fourth quarters of 2015 and 2016, where the fourth quarter of 2015 included a larger number of transactions.

Business Area Property Management's operating profit was SEK 10 million (loss 1) in the third quarter. SEK 2 million of operating profit represented earnings from property management and SEK 8 million was attributable to shares in the profits of associates.

January–December 2016

Consolidated revenue for the period January–December 2016 amounted to SEK 3,978 million (3,107), an increase of 28 percent compared with the corresponding period in the preceding year. The foremost explanation for the increase is that there were higher sales in construction operations compared with the corresponding period in the preceding year. There has been an increase in construction activity around the metropolitan regions, meaning we have had more and larger projects in production.

Consolidated operating profit for the year amounted to SEK 411 million, compared with SEK 128 million in the corresponding period of 2015. The improvement of SEK 283 million is explained by income from the sale of 50 percent of the Karlstaden project, but also by higher earnings from the Group's construction operations, which achieved both higher sales and improved profitability.

In the period January–December 2016, Business Area Construction increased its operating profit to SEK 86 million (48), representing an increase of 79 percent compared with the corresponding period in the preceding year. The foremost reason for the improvement is increased sales and strong focus on profitability.

Business Area Civil Engineering reported a loss of SEK 36 million (15) for 2016. The deterioration in earnings is mainly due to the impairment of four projects that combined impacted profit negatively by SEK 33 million in 2016. The business area is in a growth phase with a strategy to shadow Construction's establishment geographically and in terms of the efforts made. These efforts are the reason for the business area's increased overheads of SEK 7 million compared with the corresponding period in 2015. A comprehensive program of measures is also underway to improve both internal processes and profitability.

Business Area Project Development reported improved profit amounting to SEK 334 million for January–December 2016 compared with SEK 166 million in the corresponding period of the preceding year. The main explanation is the result of SEK 444 million on the sale of 50 percent of the Karlastaden project. Additionally, impairment of SEK 50 million on two project properties, non-recurring expenses of SEK 23 million, as well as increased expenses due the strengthening of the organization impacted operating profit.

Business Area Property Management's operating profit during the period amounted to SEK 37 million (0). The improvement in profit is mainly explained by the revaluation of investment properties in the third quarter of 2016 by SEK 42 million (-), but also by positive earnings of SEK 5 million from property management and share in the profits of associates of SEK 4 million. The provision to the net operating income guarantee affected earnings negatively by SEK 14 million relating to the associate Änglagården.

Group-wide consists of other operations as well as central companies and Group functions. In 2015, operating profit was affected by eliminations of Group-internal losses of SEK 71 million and, in 2016, primarily non-recurring expenses of approximately SEK 10 million related to the IPO that affected operating profit.

Recognized tax for the year was SEK 0 million (25), which was mainly attributable to non-taxable gains on divested properties and non-taxable profit from participations in associates and joint ventures. Last year's tax income was mainly attributable to a non-taxable gain from divested properties.

REVENUE	Oct-Dec	Oct-Dec	Jan-Dec	Jan-Dec
SEK million	2016	2015	2016	2015
Construction	1,089	701	3,229	2,466
Civil Engineering	162	117	455	389
Project development	37	363	373	540
Property Management	8	1	15	3
Group-wide	27	3	99	61
Eliminations	-57	-175	-193	-352
Total	1,266	1,010	3,978	3,107

OPERATING PROFIT	Oct-Dec	Oct-Dec	Jan-Dec	Jan-Dec
SEK million	2016	2015	2016	2015
Construction	40	14	86	48
Civil Engineering	-9	-16	-36	-15
Project Development	5	172	334	166
Property Management	10	-1	37	0
Group-wide	-12	-47	-10	-71
Total	34	122	411	128
Net financial items	-5	-3	-17	-16
Profit/loss before tax	29	119	394	112

SEASONAL VARIATIONS

Serneke's operations largely lack clear seasonal effects. The contracting operations (Business Areas Construction and Civil Engineering) normally experience lower activity in the first quarter of the year due to fewer production days and, to a greater extent than normal, the effects of weather during the winter months. Profits are also affected by public holidays falling within a certain interim period, leading to fewer production days.

FINANCIAL POSITION

SEK million	Dec 31 2016	Dec 31 2015
Total assets	3,437	1,652
Total equity	1,469	453
Net debt	-37	223
Cash and cash equivalents	571	11
Equity/assets ratio, %	42.7	27.4

On December 31, 2016 the equity/assets ratio was 42.7 percent (27.4). At the end of the period, the Group's disposable liquid funds, including unutilized credit facilities, amounted to SEK 771 million (147). In the third quarter of 2016, the Group issued a bond loan with a nominal value of SEK 300 million (-) as well as a convertible debenture loan to employees of SEK 16 million (50).

Over the period, shareholders' equity rose to SEK 1,469 million (453). Of this increase, the new share issue accounted for SEK 625 million after deducting net issue expenses of SEK 27 million reported in shareholders' equity after tax effects. Additionally, conversions of convertible bonds and profit for the year contributed SEK 24 million and SEK 394 million respectively.

On December 31, 2016, net borrowing amounted to SEK 37 million (223). Net debt was affected positively by the issue proceeds of SEK 598 million in connection with the IPO in the fourth quarter. The net debt/equity ratio was a negative 2.5 percent (positive 49.2) and the average interest rate was 4.49 percent (2.70). Unutilized committed credit facilities amounted to SEK 200 million (136) at the end of the period. The bank overdraft with Nordea carries a covenant, which means that the Group shall have an equity/assets ratio of 25 percent.

INVESTMENTS AND DIVESTMENTS

During the period January–December 2016, investments in machinery and equipment amounted to SEK 8 million (4), of which SEK 3 million (0) is attributable to the fourth quarter.

CASH FLOW***October–December***

Cash flow from operating activities for the quarter was negative in the amount of SEK 52 million (positive 149). The change is mainly explained by an increase in capital tied-up as a result of an increased business volume.

Cash flow from investments was negative in the amount of SEK 11 million (0). The main reason for the change is a loan of SEK 8 million in the Group's other financial investments.

Cash flow from financing activities amounted to SEK 423 million (negative 182). During the quarter, a new share issue was implemented, raising a net SEK 598 million (-), while various debts were amortized in the amount of SEK 175 million, of which, SEK 130 million involved a loan from Collector.

January–December

Cash flow from operating activities amounted to SEK 45 million (36). Cash flow before changes in working capital was negative in the amount of SEK 11 million (91) and changes in working capital made a positive contribution of SEK 56 million (127).

Cash flow from investing activities for the period was negative in the amount of SEK 201 million (4). The main explanation for the change is the purchase consideration for Säv flygplats which amounted to SEK 175 million, the settlement of a promissory note in connection with acquisitions for SEK 10 million and various other investments of SEK 16 million.

Cash flow from financing activities for the period amounted to SEK 716 million (negative 105). The net of new borrowings and loan amortizations amounted to SEK 118 million (negative 91) and the new share issue raised a net SEK 598 million (36).

Cash flow for the period amounted to SEK 560 million (negative 73).

EMPLOYEES

The Group had an average 779 employees in January–December 2016, compared with 618 in the corresponding period last year.

Business areas

BUSINESS AREA CONSTRUCTION

All of the Group's construction-related operations are conducted within Business Area Construction. The business area performs contracting for both external customers, as well as for the Project Development and Property Management business areas.

Business Area Construction	Oct-Dec	Oct-Dec	Jan-Dec	Jan-Dec
SEK million	2016	2015	2016	2015
Revenue	1,089	701	3,229	2,466
Operating profit	40	14	86	48
Operating margin, %	3.7	2.0	2.7	1.9
Order bookings	1,364	1,894	5,029	4,805
Order backlog	6,753	4,881	6,753	4,881
Average number of employees	646	505	593	483

October–December 2016

During the fourth quarter of 2016, revenue in Business Area Construction amounted to SEK 1,089 million (701), an increase of 55 percent. Operating profit rose by SEK 26 million to a total SEK 40 million (14) and the operating margin for the period amounted to 3.7 percent (2.0). The improvement in earnings and margin compared with the corresponding quarter in 2015 is mainly explained by a larger number of major projects being in full production with better project margins. A number of projects were also concluded in the final quarter, with positive margin effects. In 2016, two non-strategic units engaged in masonry, tiling and service contracts were phased out, incurring expenses for the quarter of SEK 5 million.

Order bookings remained strong in October–December 2016. New assignments in the fourth quarter were mainly in the housing sector but also in municipal services and retail. The largest assignments include the construction of a shopping center for SEK 669 million, the construction of rental apartments in Ekerö for SEK 136 million and the construction of rental properties in Lund for SEK 85 million.

January–December 2016

In the period January–December 2016, revenue for Business Area Construction was SEK 3,229 (2,466), an increase of 31 percent, while operating profit amounted to SEK 86 million (48), an increase of 79 percent. The improved operating profit was explained by higher volumes and higher project margins. The operating margin for the period rose to 2.7 percent (1.9).

In 2016, it was decided to phase out two non-strategic units engaged in masonry, tiling and service contracts. For the period January–December 2016, these operations affected operating profit adversely by SEK 11 million. The phase-outs have been completed and no further expenses relating to these operations are anticipated.

Order bookings in January–December 2016 remained strong and amounted to SEK 5,029 million, driven primarily by new projects in the housing sector. At period-end, the total order backlog amounted to SEK 6,753 million.

BUSINESS AREA CIVIL ENGINEERING

All of the Group's civil engineering and infrastructure-related operations are conducted within Business Area Civil Engineering. The business area operates in local markets with both national and regional infrastructure projects and maintenance services. The business area performs works for both external customers, as well as the Group's other business areas.

Business Area Civil Engineering	Oct–Dec	Oct–Dec	Jan–Dec	Jan–Dec
SEK million	2016	2015	2016	2015
Revenue	162	117	455	389
Operating profit	-9	-16	-36	-15
Operating margin, %	-5.6	-13.7	-7.9	-3.9
Order bookings	286	94	510	289
Order backlog	288	244	288	244
Average number of employees	117	102	118	77

October–December 2016

In the fourth quarter, Business Area Civil Engineering generated revenue of SEK 162 million (117), an increase of 38 percent. The increase in revenue is due to more major projects being in production compared with the corresponding period in the preceding year. The operating loss for the quarter was SEK 9 (16), mainly explained by the impairment of a project by SEK 8 million. The final inspection of this project took place in December and it has thus been completed.

Order bookings in October–December 2016 remained good. New assignments the fourth quarter were mainly in the public sector and retailing. The largest projects included ground-laying work for a shopping center for SEK 169 million and the construction of wastewater treatment plants in Strömstad about 80 million.

January–December 2016

In the period January–December 2016, revenue rose by 17 percent to SEK 455 million (389). The increase in revenue is due to more major projects being in production compared with the preceding year. The period was affected by a low level of activity during the winter months in the first quarter, which is in line with expected seasonal variations. The operating loss for the period January–December was SEK 36 million (15).

The deterioration in earnings is partly due to the strong growth phase that began in 2015, when revenue rose rapidly and a larger organization, adapted to this growth, was built up. Overhead expenses have increased by SEK 7 million compared with the previous year and the organization is now well-positioned for future growth.

To make the operations profitable, a comprehensive program of measures was initiated in the second quarter, primarily to inventory and clarify processes. In this process, shortcomings have been confirmed in the implementation of four projects, resulting in combined impairment of SEK 33 million in 2016. Of these projects, the final inspection of three took place in the final quarter of 2016 and have thus been completed, with the fourth project being expected to be completed in the summer of 2017.

Order bookings for January–December 2016 remained strong, amounting to SEK 510 million (289). At period-end, the total order backlog amounted to SEK 288 million (244).

BUSINESS AREA PROJECT DEVELOPMENT

Business Area Project Development includes Serneke's development of housing and commercial properties. Project development is performed through wholly owned projects or in collaboration with third parties through associates and joint ventures.

Business Area Project Development	Oct-Dec	Oct-Dec	Jan-Dec	Jan-Dec
SEK million	2016	2015	2016	2015
Revenue	37	363	373	540
Operating profit	5	172	334	166
Operating margin %	13.5	47.4	89.5	30.7
Return on capital employed, %			52.3	48.1
Average number of employees	24	13	20	13

October–December 2016

Revenue for Business Area Project Development for the quarter amounted to SEK 37 million (363) and operating profit amounted to SEK 5 million (172). The change compared with the previous year was due to land and development rights relating to development properties in Karlastaden and Skövde having been sold in the final quarter of 2015. No property transactions took place in the final quarter of 2016, with revenue consisting instead of accrued project income.

January–December 2016

Over the period January–December, revenue for Business Area Project Development amounted to SEK 373 million (540) and operating profit was SEK 334 million (166). In June, 50 percent of the Karlastaden project was sold. The transaction is based on the upcoming detailed development plan and was implemented with an expected value of approximately SEK 1,500 million for the development rights, of which SEK 318 million was recognized as revenue and SEK 218 million as profit from the sale of shares. Furthermore, a revaluation has been made of the remaining joint venture at fair value, affecting the share in the profit of joint ventures positively by SEK 226 million. Total profit for the joint venture transaction amounted to SEK 444 million.

Impairment totaling SEK 50 million was also recognized in two projects properties, and expenses of SEK 23 million were charged against the business area, consisting of expenses related to previous projects in the development of the Karlastaden project prior to the transaction with NREP. The strengthening of the organization that began in 2015 has resulted in increased expenses during 2016 compared with 2015.

SUMMARY OF PROJECT PORTFOLIO AS PER DECEMBER 31, 2016
Estimated areas are explained by new detailed development plans not yet adopted

PROJECT	MUNICIPALITY	Estimated area (GFA m ²)	Type	Planning phase	Type of asset	Proportion of capital (%)
Utby 20:1 (part)	Ale	8,130	Housing	Planning in progress	Agreed development rights not yet taken into possession	100%
Starrkärr 4:48, Starrkärr 4:60 and Svenstorp 1:5	Ale	4,000	Commercial	Detailed development plan	Agreed development rights not yet taken into possession	100%
Ingared 5:274 and 5:240 (part)	Alingsås	4,117	Housing	Detailed development plan	Development rights on own balance sheet	100%
Sörhaga 2:1	Alingsås	300	Housing	Pre-planning	Development rights on own balance sheet	100%
Jägaren 10	Alingsås	2,720	Housing	Planning in progress	Agreed development rights not yet taken into possession	100%
Björnflokan 5	Borås	17,000	Housing	Planning in progress	Development rights on own balance sheet	100%
Karlastaden	Gothenburg	238,799	Housing/Commercial	Planning in progress	Joint venture	50%
Gårdsten 7:1, 45:1 (part) and 10:10 (part)	Gothenburg	26,500	Housing/Commercial	Planning in progress	Agreed development rights not yet taken into possession	100%
Gårdsten 45:24	Gothenburg	82,100	Industry/warehousing	Detailed development plan	Development rights on own balance sheet	100%
Lorensberg 706:32	Gothenburg	25,000	Housing/Commercial	Pre-planning	Agreed development rights not yet taken into possession	100%
Oceanhamnen, Kvarter 3A	Helsingborg	4,750	Housing	Detailed development plan	Agreed development rights not yet taken into possession	100%
Jäntan 2	Landskrona	18,000	Housing/Commercial	Pre-planning	Agreed development rights not yet taken into possession	100%
Tomaten 1 (part)	Landskrona	8,100	Housing	Planning in progress	Agreed development rights not yet taken into possession	100%
Vägeröd 1:69	Lysekil	20,000	Housing	Planning in progress	Agreed development rights not yet taken into possession	100%
Törnskogen 4:14 and 4:15	Sollentuna	8,396	Housing	Planning in progress	Development rights on own balance sheet	100%
Fjällbacka 136:2 and 136:3	Tanum	2,500	Housing	Planning in progress	Associates	6%
Koholmen 1:89	Tjörn	300	Housing	Detailed development plan	Development rights on own balance sheet	100%
Goleczewo	Poland	12,500	Commercial	Detailed development plan	Development rights on own balance sheet	100%
		483,212				

Serneke's share of the valuation of the project portfolio amounts to SEK 1,661 million. Of this amount, SEK 161 million represents the value of development rights on the Company's own balance sheet; agreed development rights of which the Company has not taken possession are estimated at about SEK 648 million; and development rights held through joint ventures or associates are estimated at approximately SEK 852 million.

Operations in Business Area Project Development continue to have a high level of activity. As per December 31, 2016 the book value of the project development portfolio totaled SEK 242 million on the Company's own balance sheet and SEK 333 million via joint ventures. Of the total project development portfolio of an estimated 483,212 square meters of gross floor area, options on development rights, that is, agreed development rights of which the Company has yet to take possession, accounted for 24 percent. The options pertain to properties located in different parts of the country, and agreements have been signed with various parties. The options can be exercised when the detailed development plan for the relevant property gains legal force or a building permit is granted. Only then is access gained and payment made.

JV Karlastaden

Through the sale of half of the Karlastaden project, Serneke is, as of June 2016, a partner in a joint venture with NREP, with an ownership of 50 percent each. Ownership is governed by a shareholder agreement that gives the partners equal decision-making power, that is, neither of the owners has a controlling influence. In the consolidated balance sheet Serneke recognizes this as a participation in joint venture.

Karlastaden will contain some 2,000 homes and 70,000 square meters of commercial space. The area will also be the site of the Nordic region's tallest residential building, Karlatornet Tower. Until June 2016, Serneke was running the project in-house. At the end of June 2016, Serneke formed a jointly owned joint venture company ("JV company") with NREP as its strategic partner. Construction is scheduled to commence in the second half of 2017 and the estimated value of the project is about SEK 13 billion over about five years. Through the JV company, sales of tenant-owner homes will begin in the autumn of 2017. Sales of homes in the Karlatornet Tower have been in progress since June 2016 and interest for the homes is considerable. Of the 341 apartments released for sale, 271 had been reserved by December 31, 2016.

JV Karlastaden SEK million	Dec 31 2016
Share of equity	5
Ownership share, %	50
Share of equity, Jan–Dec	0
Of which:	
Earnings from property management	0
Rental income	2
Earnings from property management of the year	0
of which, Serneke's share	0
Properties	333
Other assets	19
Interest-bearing liabilities	302
Other liabilities	40
Shareholders' equity	10

Ingared

Sales of tenant-owner homes in Ingared, Alingsås are progressing according to plan and the majority of the 20 townhouses and 37 apartments for which sales have begun have been sold, and construction of the project took place in December 2016.

Väsjön

In the spring of 2016, the business area entered an agreement for the acquisition of two properties in Väsjön, Sollentuna. When the detailed development plan gains legal force, tentatively in 2017, the building rights will permit construction of some 100 apartments on the properties.

BUSINESS AREA PROPERTY MANAGEMENT

Business Area Property Management manages and develops properties for long-term capital appreciation. Commercial properties are managed. The business area is working actively to acquire properties with development potential and to generate growth by investing, developing, streamlining and rationalizing property management. Investment properties are managed through wholly owned companies or in collaboration with third parties through associates.

Business Area Property Management	Oct-Dec	Oct-Dec	Jan-Dec	Jan-Dec
SEK million	2016	2015	2016	2015
Revenue	8	1	15	3
Earnings from property management	2	-5	-9	-5
Changes in value of properties	0	-	42	-
Share in profit of associates and joint ventures	8	4	4	5
Operating profit	10	-1	37	0
Average number of employees	10	-	3	-

October–December 2016

For the period January–December 2016, revenue for Business Area Property amounted to SEK 8 million (1). The increase in revenue is explained mainly by rental income from Säve flygplats.

During the period October–December 2016, profit from property management amounted to SEK 2 million (loss 5), including a non-recurring expense of SEK 1 million relating to a provision for guaranteed net operating earnings for the associate Änglagården burdening the quarter.

The properties are valued internally in connection with each quarterly report by means of a ten-year cash flow model for all properties. Once a year, an external evaluation is made of all properties to quality assure the internal valuation. The latest external valuation was made in the third quarter, and the internal property valuation made during the fourth quarter has not entailed any change in value.

Profit from shares in associates amounted to SEK 8 million (4) and is entirely attributable to the associate Änglagården Holding AB, which manages Priority Serneke Arena. Of the share in profits, SEK 6 million is attributable to profit from property management and the remaining SEK 2 million to changes in the value of the property.

January–December 2016

For the period January–December 2016, revenue for Business Area Property Management amounted to SEK 15 million (3). The increase in revenue is explained mainly by rental income from Säve flygplats.

In the period January–December 2016, revenue from property management was negative in the amount of SEK 9 million (5), of which a provision of SEK 14 million for guaranteed net operating earnings for the associate Änglagården burdened the period.

Property revaluations for the period resulted in a change in value of SEK 42 million (-).

The share in the profits of associates amounted to SEK 4 million (5), of which profit from property management totaled SEK 19 million (5), while the change in value of properties had a negative impact of SEK 15 million (-).

Operations in Business Area Property Management continue to have a high level of activity. As per December 31, 2016 the book value of the investment properties totaled SEK 329 million (13) on the Company's own balance sheet.

SUMMARY OF PROPERTY PORTFOLIO AS PER DECEMBER 31, 2016

Investment properties				Lettable area (m ²)		Letting ratio (%)	Ownership share (%)
Project	Property	Municipality	Land area (m ²)	Housing	Commercial		
Consinum	Kinna 24:133	Mark	39,866	0	4,722	43	75
Serneke Industrifastigheter	Krattan 1	Alingsås	7,250	0	2,429	11	100
Säve Flygplats Holding	Åseby	Gothenburg	2,100,225	0	22,871	72	100
Änglagården	Kviberg 741:191	Gothenburg	20,248	0	44,769	98	40
Härbärgat	Åseby 9:1	Gothenburg	17,470	0	6,345	55	100
HB Novik	Nolvik 9:1	Gothenburg	15,470	0	15,470	0	100

Operating properties				Lettable area (m ²)		Letting ratio (%)	Ownership share (%)
Project	Property	Municipality	Land area (m ²)	Housing	Commercial		
Alingsås Plåtmekano AB	Bulten 7	Alingsås	7,419	0	1,074	100	100
Nyberg Gruppens Fastighets AB	Bulten 13	Alingsås	18,449	0	2,800	100	100
7H Bil AB	Kinna 24:191	Mark	6,529	0	2,502	100	30

Säve flygplats

The development of Säve flygplats is underway with Serneke as an active owner and manager. Work is underway to establish a strategy for the development of the area in cooperation with the relevant authorities and the City of Gothenburg, and to develop a dialogue with existing tenants and other stakeholders in the area. The area's large unutilized land area offers exciting opportunities, and the Company is analyzing different arrangements in cooperation with several different players to find opportunities to activate the potential of the area. The general aviation and emergency call-center operations will remain key elements in the future Säve flygplats, and development is envisaged to lean towards operations that complement and interact with these. Serneke has signed a new lease agreement to lease approximately 4,500 square meters of premises with a new external tenant. The new contract has also contributed to higher market valuation of the property in the third quarter.

In addition to the purchase consideration of SEK 175 million, Serneke is to pay to the seller an additional purchase consideration of a maximum SEK 200 million if a number of conditions specified in the share purchase agreement are met, which, among other things, assumes that detailed planning and development of the property takes place and that a sale is made to an external party for the condition to be met. It is currently Serneke's assessment that the specified conditions for the disbursement of a possible additional purchase consideration will not be fulfilled and consequently it has not reserved funds for this.

Acquisition of properties at Säve flygplats

On November 1, 2016, Serneke acquired the Nolvik 9:1 and Åseby 9:1 properties, which are situated directly adjacent to Serneke's properties located at Gothenburg City Airport (also known as Säve flygplats), just north of Gothenburg. The properties comprise approximately 33,000 square meters of land area, with tenants including the Swedish Maritime Administration and Svensk Pilotutbildning, as well as hotel and restaurant operations and associated parking spaces. One of the properties is a newly built parking facility with a total of 720 parking spaces. The transaction took the form of a corporate acquisition, with the underlying property value amounting to approximately SEK 86 million.

Änglagården Holding

Business Area Property Management owns 40 percent of Änglagården Holding AB. Other shareholders are Prioritet Finans, which holds 50 percent, and Lommen Holding, which holds 10 percent. Änglagården Holding owns Prioritet Serneke Arena, whose operations are progressing as planned, with a letting ratio of 98 percent as per December 31.

Änglagården Holding SEK million	Dec 31 2016	Dec 31 2015
Share of equity*	91	96
Ownership share %	40	40
Associated, Jan–Dec	3	3
Of which:		
Earnings from property management	18	3
Change in value of property	-15	0
Rental income	54	27
Comprehensive income for the year	43	7
of which, Serneke's share	18	3
Properties	888	935
Other assets	215	199
Interest-bearing liabilities	488	495
Other liabilities	263	280
Shareholders' equity*	352	359

*) The Group's participation in the associate Änglagården Holding is calculated based on shareholders' equity less the preferential dividend right of SEK 77 million (90) which applies to the other shareholders. The closing value is subsequently reduced by an internal profit of SEK 19 million (12).

Other investment properties

Within the business area, some smaller properties are managed whereby warehouses, garages and industrial premises are leased to municipal and private operations through wholly-owned subsidiaries.

Parent Company

The operations of Serneke Group AB (publ) consist mainly of Group Management and Group-wide services. Sales for the period January–December 2016 amounted to SEK 88 million (58). The operating loss for the same period amounted to SEK 9 million (10).

Related party transactions

Related party transactions in the Serneke Group are normally attributed to contracting assignments, financing and purchasing of consulting services. Remuneration approved by the Annual General Meeting for Board work is not reported as related party transaction. The main objective is to generate more transactions, primarily in the form of construction projects. These vary depending on the level of activity in the project operations.

RELATED PARTY TRANSACTIONS JANUARY–DECEMBER 2016

Adapta	SEK million	Ola Serneke Invest AB	SEK million	Glimstedt	SEK million
Purchases from Adapta	11	Purchases from Ola Serneke Invest AB	0	Purchases from Glimstedt	2
Sales to Adapta	235	Sales to Ola Serneke Invest AB	4		

All transactions have been made on market terms.

Transactions with Adapta are considered to constitute related party transactions since the principal owner, Ludwig Mattsson, is a member of the Board of Serneke Group AB. The transactions consist mainly of construction revenues and rental of Serneke's headquarters. Transactions with Ola Serneke Invest AB are considered to be related party transactions since Ola Serneke is the principal owner, CEO and a member of the Board of Serneke Group AB. The transactions consist primarily of disposals of tangible fixed assets. Transactions with Glimstedt are considered to constitute related party transactions since one of the partners, Anders Wennergren, is a member of the Board of Serneke Group AB. These transactions consist primarily of consulting fees.

Significant risks and uncertainties

All business operations are associated with risk. Risks that are well managed can lead to opportunities and create value, while risks that are not managed properly can result in damage and losses. Controlled risk taking is essential for good profitability. Serneke works with risk management from both a Group perspective and an operational perspective. The capacity to identify, assess, manage and follow up risks is an important part of the governance and control of Serneke's business operations.

Some significant risks are described below.

External risks

- Political decisions, such as amended tax regulations, conditions of tenure, changed regulations on housing construction, infrastructure investments and municipal planning could change the conditions of the market and of Serneke's operations.

Operational risks

- Project risks: Serneke operates in an industry in which various risks involving both clients and suppliers prevail. Large-scale and complicated disputes can be costly, time intensive and resource intensive, and may disrupt normal operations.
- The transaction for the sale of 50 percent of the Karlastaden project includes operational risks. The purchase consideration is calculated based on the assumption that the development rights above ground will amount to a certain number of square meters multiplied by a pre-determined price per square meter. The purchase consideration will be adjusted in the event that the potential number of square meters in accordance with the final details of the development rights diverges from the Company's assumption. In addition, the purchase consideration may be adjusted in the event that the development rights are resold at a price lower than that agreed between the parties in determining the purchase consideration. In accordance with the agreement, Serneke shall also be responsible for all property registration expenses and for certain other obligations and services involved in advancing the project, including decontamination, demolition and development measures. Serneke has estimated what the final cost is expected to be. The agreement is conditional on the approval of a detailed development plan within a given period of time and that the approved detailed development plan is essentially consistent with the proposed plan currently being considered by the City of Gothenburg. In the event that Serneke's expenses and commitments become more expensive than expected, no detailed development plan is adopted, or the detailed development plan is significantly delayed or deviates significantly from what was expected, this could have a negative effect on Serneke's operations, performance and financial position.

Financial risks

- Interest rate risks: Changes in interest rates could have a negative effect on performance and financial position.
- Liquidity: Liquidity risk is the risk of being unable to meet payment obligations.

- Financing: Financing risk is the risk that financing cannot be secured or renewed on maturity, or can only be obtained or renewed at significantly increased expense, which could have a significant negative impact on the Company's operations and financial position.
- Credit risks: Credit risk refers to the risk that the Company's customers and suppliers and sub-contractors are unable to meet their obligations.
- Risks in the financial reporting: Serneke's financial reporting is based on the Group's accounting policies, which include estimates and assessments made of various balance sheet items' value, and estimates of when and how revenues are reported. For certain areas, there is a significant risk of material adjustments to the carrying values of assets and liabilities in future periods, which could, in turn, affect important key indicators.

For further information regarding risks and uncertainties, see the prospectus published in connection with the listing on the Nasdaq Stockholm exchange.

Other significant events during the report period

Serneke listed on the Nasdaq Stockholm exchange

Serneke shares began trading on the Nasdaq Stockholm exchange on November 24, 2016 at an introductory price of SEK 110 per share. It was decided to implement a new share issue in connection with Serneke's IPO, and this was fully subscribed with 5,681,818 new Series B shares being issued. In connection with the issue, Serneke received gross proceeds of SEK 625 million. Net proceeds amounted to SEK 598 million after issuing costs of SEK 27 million and tax effects.

Events after the reporting period

Land owned by Serneke in Poland to be part of a special economic zone

Just over ten years ago, Serneke acquired 50,000 square meters of land in Golczewo in northwestern Poland, near the German border and the port cities of Szczecin and Swinoujscie. Through a decision by the Polish government, the area – which is known as the Sweden Industrial Center (SIC) – is to be included in a special economic zone, enabling the development of an industrial center with favorable tax conditions. The plan is to build an industrial park that can support a strong construction market in Sweden. Serneke plans to produce prefabricated steel, concrete and wood elements for delivery to the Group's construction sites. In addition to production facilities, offices are also included for project planners and designers in the construction industry.

Eskilstuna Campus

Serneke has entered into an implementation agreement to construct a new campus for Mälardalen University in Eskilstuna. In January 2017, Serneke acquired the shares in the property-owning company NYAB for slightly more than SEK 6 million from the Municipality of Eskilstuna. Serneke Project Development will head the development of the project, with the aim of selling the property to a property company. The lease for the property expires in 20 years.

Karlstaden project comes one step closer to start of construction

The City of Gothenburg Building Committee resolved on February 7 to submit the detailed development plan for the Karlatornet Tower and the Karlstaden district for review. Accordingly, one of Gothenburg's most important construction projects moves one step closer to the start of construction.

This stage in the planning process involves interested parties having the opportunity to learn about the project and provide feedback that will ultimately be summarized in a review report. The next stage in the process is that the Building Committee will decide on the detailed development plan, to then pass this on to the City Council for final approval in May.

Planning permission will be sought in parallel with the planning and approval processes and if everything progresses well with these, planning permission will be in place during the summer. Groundbreaking is planned for the early autumn this year.

Serneke's shares

Serneke Group AB has two share series, Series A and Series B. On November 24, 2016 the Company's Series B shares – available to the public for acquisition – were introduced on the Nasdaq Stockholm exchange, Mid Cap list. The offer comprised a total 5,786,818 share, of which 5,681,818 were newly issued Series B shares. The subscription price for the offer was SEK 110 per share. On December 31, 2016, Serneke had more than 5,000 shareholders and the closing price on December 31, 2016 was SEK 105.

Serneke's ten largest shareholders, December 31, 2016

Name	Series A shares	Series B shares	Total number of shares	Percentage of shares, %	Percentage of votes, %
Ola Serneke Invest AB	3,710,000	2,229,887	5,939,887	26.1	55.4
Lommen Holding AB	540,000	3,486,424	4,026,424	17.7	12.5
Christer Larsson i Trollhättan	380,000	497,000	877,000	3.9	6.1
Ledge Ing	330,000	450,000	780,000	3.4	5.3
Vision Group i väst	250,000	536,000	786,000	3.5	4.3
AB Stratio	150,000	75,000	225,000	1.0	2.2
Ernström Finans	0	1,000,000	1,000,000	4.4	1.4
Clients fonder	0	740,000	740,000	3.3	1.0
Svolder	0	698,000	698,000	3.0	1.0
Carnegie Fonder	0	681,818	681,818	3.0	1.0
Total, 10 largest	5,360,000	10,394,129	15,754,129	69.4	90.2
Other shareholders	0	6,960,723	6,960,723	30.6	9.8
Total	5,360,000	17,354,852	22,714,852	100.0	100.0

Source: Euroclear and Serneke

Share series, number of shares and votes, December 31, 2016

Share series	Shares	Votes
Series A shares	5,360,000	5,360,000.0
Series B shares	17,354,852	1,735,485.2
Total	22,714,852	7,095,485.2

Incentive program

At the General Meeting of April 13, 2015, the Company decided to issue convertibles with a nominal value of SEK 49.5 million. The convertibles are valid up to and including April 28, 2017, carry 4.0 percent annual interest and have a conversion price of SEK 49.50. During the validity of the convertibles, holders are entitled to request conversion into new Series B shares. Upon conversion, a maximum of 1,000,000 Series B shares may be added and share capital may increase by a maximum of SEK 100,000.

At the General Meeting of June 29, 2016, a decision was made to issue convertibles with a nominal value of approximately SEK 15.9 million. The convertibles are valid up to and including August 26, 2019, carry 1.6 percent annual interest and have a conversion price of SEK 120. Upon conversion, a maximum of 132,350 Series B shares may be added and share capital may increase by a maximum of SEK 13,235. During the validity of the convertibles, holders are entitled, on certain occasions, to request conversion into new Series B shares. On December 31, 2016, a total of 467,249 convertibles were converted to series B shares and 665,101 convertibles were remaining.

Annual General Meeting 2017

The Annual General Meeting of Serneke Group AB's will be held on May 3, 2017 in Gothenburg, Sweden. Shareholders wishing to have matters considered at the Annual General Meeting on May 3, 2017 can submit proposals to Serneke's Chairman by e-mail at: bolagsstamma@serneke.se or by mail at: Serneke, Att.: Inger Svanholm, P.O. Box 3194, SE-400 10 Gothenburg, Sweden. To be certain of being included in the agenda of the Annual General Meeting, proposals must be received by the Company no later than March 17, 2017.

Financial calendar

Annual report 2016	Week commencing Monday, April 3, 2017
Interim report January 1–March 31, 2017	May 3, 2017
Annual General Meeting 2017. Location: Gothenburg	May 3, 2017
Interim report January 1–June 30, 2017	July 18, 2017
Interim report January 1–September 30, 2017	October 27, 2017

This report has not been reviewed by the Company's auditors.

The Board of Directors and the CEO certify that this interim report provides a fair overview of the Parent Company's and Group's operations, position and performance, and describes significant risks and uncertainties facing the Company.

Gothenburg, February 28, 2017
Serneke Group AB (publ)

Board of Directors

Ulf Ivarsson
Chairman

Mari Broman
Member

Anders Wennergren
Member

Ludwig Mattsson
Member

Ola Serneke
CEO

Kristina Willgård
Member

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This information is such that Serneke Group AB (publ) is obliged to publish pursuant to the EU Market Abuse Regulation. The information was submitted for publication on February 28, 2017, at 8:00 a.m. CET.

QUARTERLY DATA AND MULTI-YEAR REVIEW

SEK million	Oct-Dec 2016	Jul-Sep 2016	Apr-Jun 2016	Jan-Mar 2016	Oct-Dec 2015	Jul-Sep 2015	Apr-Jun 2015	Jan-Mar 2015
Revenue								
Construction	1,089	683	809	648	701	558	714	493
Civil Engineering	162	121	93	79	117	111	101	60
Project Development	37	11	323	2	363	165	5	7
Property Management	8	4	2	1	1	0	1	1
Group-wide	27	34	20	18	3	28	17	13
Eliminations	-57	-51	-38	-47	-175	-47	-67	-63
Total	1,266	802	1,209	701	1,010	815	771	511
Operating profit								
Construction	40	19	13	14	14	22	19	-7
Civil Engineering	-9	-7	-12	-8	-16	2	0	-1
Project Development	5	-6	343	-8	172	-7	-1	2
Property Management	10	46	-19	0	-1	2	-1	0
Group-wide	-12	13	-7	-4	-47	-7	-12	-5
Total	34	65	318	-6	122	12	5	-11
Operating margin, %	2.7	8.1	26.3	-0.9	12.0	1.5	0.5	-2.1
Profit after net financial items	29	60	313	-8	119	8	0	-15
Profit for the period	26	52	321	-5	138	13	-1	-13
Balance sheet								
Fixed assets	1,160	1,032	986	340	408	223	213	206
Current assets	2,277	1,826	1,520	1,405	1,244	1,224	1,287	1,115
Total assets	3,437	2,858	2,506	1,745	1,652	1,447	1,500	1,321
Shareholders' equity	1,469	822	769	448	453	316	266	267
Non-current liabilities	764	919	662	403	398	225	307	202
Current liabilities	1,204	1,117	1,075	894	801	906	927	852
Total equity and liabilities	3,437	2,858	2,506	1,745	1,652	1,447	1,500	1,321
Orders*								
Order bookings	1,650	920	1,724	1,245	1,988	702	724	1,680
Order backlog	7,041	6,629	6,480	5,665	5,125	3,953	3,852	3,884
Employees								
Average number of employees	849	799	757	713	665	640	601	566

IFRS-based key indicators

	Oct-Dec 2016	Oct-Dec 2015	Jan-Dec 2016	Jan-Dec 2015
SEK million				
Income	1,266	1,010	3,978	3,107
Earnings per share, SEK, before dilution	1.26	8.33	22.40	8.49
Earnings per share, SEK, after dilution	1.21	7.86	21.22	8.11
Weighted average number of shares before dilution	20,665,163	16,565,785	17,590,630	16,141,542
Weighted average number of shares after dilution	21,486,014	17,565,785	18,567,901	16,891,542

Other key indicators

	Oct-Dec 2016	Oct-Dec 2015	Jan-Dec 2016	Jan-Dec 2015
SEK million				
Operating profit	34	122	411	128
Growth, %	25.3	39.1	28.0	72.6
Order bookings	1,650	1,988	5,539	5,094
Order backlog	7,041	5,125	7,041	5,125
Organic growth, %	25.3	39.1	28.0	51.8
Operating margin, %	2.7	12.1	10.3	4.1
Cash flow before financing	-63	149	-156	32
Cash flow from operations per share, before dilution	-2.52	8.99	2.56	2.23
Cash flow from operations per share, after dilution	-2.42	8.48	2.42	2.13
Equity per share, SEK, before dilution	71.09	27.35	83.51	28.06
Equity per share, SEK, after dilution	68.37	25.79	79.12	26.82
Working capital	1,073	443	1,073	443
Capital employed	1,985	670	1,985	670
Return on capital employed, %	31.8	19.0	31.8	19.0
Return on equity after taxes, %	41.0	37.4	41.0	37.4
Equity/assets ratio, %	42.7	27.4	42.7	27.4
Net debt	-37	223	-37	223
Net debt/equity ratio, %	-2.5	49.2	-2.5	49.2

SUMMARY FINANCIAL STATEMENTS

Summary of consolidated income statement

SEK million	Oct–Dec 2016	Oct–Dec 2015	Jan–Dec 2016	Jan–Dec 2015
Income	1,266	1,010	3,978	3,107
Production and administration expenses	-1,203	-890	-3,738	-2,931
Gross profit	63	120	240	176
Sales and administration expenses	-33	-20	-97	-68
Change in value of investment properties	0	-	42	-
Revaluation of joint ventures	-	-	226	-
Share in profit of associates and joint ventures	4	22	0	20
Operating profit	34	122	411	128
Net financial items	-5	-3	-17	-16
Profit after financial items	29	119	394	112
Tax	-3	19	0	25
Profit/loss for the period	26	138	394	137
Attributable to:				
Parent Company shareholders	26	138	394	137
Non-controlling interests	-	-	-	-
Earnings per share before dilution, SEK	1.26	8.33	22.40	8.49
Earnings per share after dilution, SEK	1.21	7.86	21.22	8.11
Weighted average number of shares before dilution	20,665,163	16,565,785	17,590,630	16,141,542
Weighted average number of shares after dilution	21,486,014	17,565,785	18,567,901	16,891,542

Consolidated statement of comprehensive income

SEK million	Oct–Dec 2016	Oct–Dec 2015	Jan–Dec 2016	Jan–Dec 2015
Profit/loss for the period	26	138	394	137
Other comprehensive income	0	0	0	0
Total comprehensive income	26	138	394	137

Condensed consolidated balance sheet

SEK million	Dec 31 2016	Dec 31 2015
Assets		
<i>Fixed assets</i>		
Intangible fixed assets	23	23
Investment properties	329	13
Other tangible fixed assets	75	74
Investments in associates/joint ventures	424	94
Deferred tax assets	48	37
Non-current interest-bearing receivables	30	21
Other non-current receivables	231	146
Total fixed assets	1,160	408
<i>Current assets</i>		
Project and development properties	242	629
Inventories	2	4
Accounts receivable	589	352
Accrued but not invoiced income	252	197
Other current receivables	621	51
Cash and bank balances	571	11
Total current assets	2,277	1,244
Total assets	3,437	1,652
Equity and liabilities		
Shareholders' equity	1,469	453
<i>Non-current liabilities</i>		
Non-current interest-bearing liabilities	436	107
Other non-current liabilities	208	190
Other provisions	120	101
Total non-current liabilities	764	398
<i>Current liabilities</i>		
Current interest-bearing liabilities	128	147
Current tax liabilities	10	13
Accounts payable	541	349
Invoiced but not accrued income	172	165
Other current liabilities	353	127
Total current liabilities	1,204	801
Total equity and liabilities	3,437	1,652

Summary of changes in consolidated shareholders' equity

SEK million	Dec 31 2016	Dec 31 2015
Equity attributable to Parent Company shareholders		
Balance at beginning of period	453	280
New share issue	598	36
Conversion of debentures	23	-
Convertible debentures – equity portion	1	-
Comprehensive income for the period	394	137
Balance at end of period	1,469	453

Condensed consolidated cash flow statement

SEK million	Oct-Dec 2016	Oct-Dec 2015	Jan-Dec 2016	Jan-Dec 2015
<i>Operating activities</i>				
Cash flow before change in working capital	20	-116	-11	-91
Change in working capital	-72	265	56	127
Cash flow from operating activities	-52	149	45	36
<i>Investing activities</i>				
Acquisitions of investment properties	-	-	-175	-
Acquisitions of businesses	-	-	-10	-
Increase/decrease in investing activities	-11	0	-16	-4
Cash flow from investing activities	-11	0	-201	-4
Cash flow before financing	-63	149	-156	32
<i>Financing activities</i>				
Convertible loan	-	-	16	50
Newly raised borrowings	-	20	547	39
New share issue	598	0	598	36
Amortization of liabilities	-138	-130	-427	-130
Increase/decrease in financing activities	-37	-72	-18	-100
Cash flow from financing activities	423	-182	716	-105
Cash flow for the period	360	-33	560	-73
Cash and cash equivalents at beginning of year	211	44	11	84
Cash and cash equivalents at end of year	571	11	571	11

Parent Company condensed income statement

SEK million	Oct-Dec 2016	Oct-Dec 2015	Jan-Dec 2016	Jan-Dec 2015
Income	24	15	88	58
Sales and administration expenses	-33	-20	-97	-68
Operating profit	-9	-5	-9	-10
Net financial items	-4	-1	-9	-2
Profit after financial items	-13	-6	-18	-12
Appropriations	-39	-44	-39	-44
Profit/loss before tax	-52	-50	-57	-56
Tax	8	29	9	30
Profit/loss for the period	-44	-21	-48	-26

Parent Company statement of comprehensive income

SEK million	Oct-Dec 2016	Oct-Dec 2015	Jan-Dec 2016	Jan-Dec 2015
Profit/loss for the period	-44	-21	-48	-26
Other comprehensive income	0	0	0	0
Total comprehensive income	-44	-21	-48	-26

Parent Company condensed consolidated balance sheet

SEK million	Dec 31 2016	Dec 31 2015
Assets		
<i>Fixed assets</i>		
Tangible fixed assets	6	9
Investments in Group companies	75	28
Deferred tax assets	54	37
Other non-current receivables	1	1
Total fixed assets	136	75
<i>Current assets</i>		
Project and development properties	3	3
Other current receivables	721	447
Cash and bank balances	476	3
Total current assets	1,200	453
Total assets	1,336	529
Equity and liabilities		
Shareholders' equity	683	110
<i>Non-current liabilities</i>		
Non-current interest-bearing liabilities	312	57
Total non-current liabilities	312	57
<i>Current liabilities</i>		
Current interest-bearing liabilities	27	2
Accounts payable	15	4
Other current liabilities	299	355
Total current liabilities	341	361
Total equity and liabilities	1,336	529

NOTES

NOTE 1 – ACCOUNTING POLICIES

This interim report has been prepared in accordance with IAS 34, Interim Financial Reporting. The Parent Company's financial statements have been prepared in accordance with the Annual Accounts Act and RFR 2. New standards and interpretations have not had any material impact on the consolidated accounts. During the period, the Group acquired and sold assets through companies that were not deemed to be corporate acquisitions/disposals of business. IFRS lacks specific guidance for such transactions. The Group has therefore, in adopting an accounting policy that provides a fair picture of these transactions and reflects their implications, sought guidance in other standards addressing similar transactions in accordance with IAS 8. Against this background, the Group has chosen to apply the relevant parts of the standard for business combinations, IFRS 3, in accounting for acquisitions and sales of assets through companies. Effective from June 2016, the ESMA guidelines for alternative key figures will be applied. For detailed information regarding accounting policies, see Serneke's 2015 Annual Report, see www.serneke.group.

NOTE 2 – FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE

Financial assets and financial liabilities measured at fair value in the balance sheet are classified according to one of three levels based on the information used to establish the fair value. The Group only holds financial assets and liabilities valued in level 3, which is why levels 1 and 2 have been omitted in the table below. No transfers have been made between the levels during the periods. A more detailed description of the levels can be found in Note 4 of the 2015 Annual Report.

Level 1 – Valuation is made according to prices in active markets for identical instruments.

Level 2 – Financial instruments for which the fair value is established based on valuation models that are based on observable data for the asset or liability other than quoted prices included in Level 1.

Level 3 – Financial instruments for which fair value is established based on valuation models where significant inputs are based on non-observable data.

Group	Dec 31 2016	Dec 31 2015
<i>Financial assets</i>		
Available-for-sale financial assets*	2	1
Total financial assets	2	1
<i>Financial liabilities</i>		
Other short- and long-term liabilities	30	30
<i>Of which, additional purchase considerations**</i>	30	30
Total financial liabilities	30	30

* In the fair value calculation of available-for-sale financial assets at level 3, the market price method has been applied.

** In the fair value calculation of the additional purchase considerations at level 3, project estimates, budgets and forecasts have been applied.

For the Group's other financial assets and financial liabilities, the reported values are assessed as corresponding to the actual values. No significant changes in valuation models, assumptions or inputs were made during the period.

NOTE 3 – PLEDGED ASSETS AND CONTINGENT LIABILITIES

The Group pledges collateral for external loans. The Group's contingent liabilities arise primarily in connection with different property disposals, whereby various operational guarantees may occur, as well as performance guarantees for future contracts. Serneke Group AB (publ) has also entered into a guarantee undertaking, which means that the co-owners in Prioritet Serneke Arena are jointly responsible for the correct fulfillment of interest and repayment of the associate's liabilities to credit institutions in the event that the associate is unable to pay.

Pledged assets and contingent liabilities in the consolidated balance sheet:

	Dec 31	Dec 31
Group	2016	2015
Pledged assets	920	448
Contingent liabilities	243	219
Parent Company		
Pledged assets	222	110
Contingent liabilities	519	401

Financial definitions

Indicator	Definition	Purpose			
Revenues	Within the construction operations, revenues are reported in accordance with the percentage of completion method. These revenues are recognized in pace with construction project within the Company being completed. For project development, revenues and gains on disposals of land and development rights are recognized at the point in time at which the material risks and benefits are transferred to the buyer, which normally coincides with the transfer of ownership, as well as other income, such as rental income. In the Parent Company, revenues correspond to invoiced revenues of Group-wide services and rental income.	In Serneke's view, the key indicator allows investors, who so wish, to assess the Company's earnings capacity.			
Growth	Revenues for the period less revenues for the previous period divided by revenues for the previous period.	In Serneke's view, the key indicator allows investors, who so wish, to assess the Company's capacity to increase its earnings.			
Organic growth	Revenues for the period, adjusted for acquired growth, less revenues for the previous period, adjusted for acquired growth, divided by revenues for the previous period, adjusted for acquired growth.	In Serneke's view, the key indicator allows investors, who so wish, to assess the Company's capacity to increase its earnings without acquiring operating companies.			
		Oct-Dec	Oct-Dec	Jan-Dec	Jan-Dec
	Calculation of organic growth	2016	2015	2016	2015
	Revenue current period	1,266	1,010	3,978	3,107
	Revenue corresponding period previous period	1,010	726	3,107	1,800
	Revenue change	256	284	871	1,307
	Adjustment for structural effect	0	0	0	-630
	Total organic growth	256	284	871	677
	Total organic growth, %	25.3%	39.1%	28.0%	51.8%
Order bookings	The value of new projects and changes in existing projects during the period.	In Serneke's view, the key indicator allows investors, who so wish, to assess the Group's sales by Business Area Construction and Business Area Civil Engineering for the current period.			
Order backlog	The value of the Company's undelivered orders at the end of the period.	In Serneke's view, the key indicator allows investors, who so wish, to assess the Group's revenues through Business Area Construction and Business Area Civil Engineering in future periods.			

Indicator	Definition	Purpose
Operating margin	Operating profit divided by revenues.	In the Company's view, the key indicator allows investors, who so wish, to assess the Group's profitability.
Working capital	Current assets less current liabilities.	In Serneke's view, the key indicator allows investors, who so wish, to assess the Group's tied-up capital in relation to its competitors.
Capital employed	Consolidated total assets less deferred tax assets less non-interest-bearing liabilities including deferred tax liabilities. For the business areas, the net of Group-internal receivables and liabilities is also deducted.	In Serneke's view, the key indicator allows investors, who so wish, to assess the total capital placed at the Group's disposal by shareholders and creditors.
		Dec 31 Dec 31
	Calculation of capital employed	2016 2015
	Total assets	3,437 1,652
	Other deferred tax assets	-48 -37
	Less non-interest-bearing liabilities including deferred tax liabilities	-1,404 -945
	Capital employed	1,985 670
Return on capital employed	Profit after net financial items plus financial expenses divided by average capital employed for the period. Accumulated interim periods are based on rolling 12-month earnings.	In Serneke's view, the key indicator allows investors, who so wish, to assess the Group's capacity to generate a return on the total capital placed at the Company's disposal by shareholders and creditors.
		Dec 31 Dec 31
	Calculation of average capital employed	2016 2015
	December 31, 2016 (1985) + December 31, 2015 (670) / 2	1,328
	December 31, 2015 (670) + December 31, 2014 (695) / 2	683
		Dec 31 Dec 31
	Calculation of return on capital employed	2016 2015
	Profit after net financial items	394 112
	Plus financial expenses	28 18
	Average capital employed	1,328 683
	Return on capital employed	31.8% 19.0%
Return on equity	For accumulated interim periods, profit for the period as a percentage of shareholders' equity is based on rolling 12-month earnings.	In Serneke's view, the key indicator allows investors, who so wish, to assess the Company's capacity to generate a return on the capital shareholders have placed at the Company's disposal.
		Dec 31 Dec 31
	Calculation of average shareholders' equity	2016 2015
	December 31, 2016 (1469) + December 31, 2015 (453) / 2	961
	December 31, 2015 (453) + December 31, 2014 (280) / 2	367
		Dec 31 Dec 31
	Calculation of return on shareholders' equity	2016 2015
	Profit/loss for the period	394 137
	Average shareholders' equity	961 367
	Return on shareholders' equity	41.0% 37.4%

Equity/assets ratio	Shareholders' equity less minority interests as a percentage of total assets.	The equity/assets ratio shows the proportion of total assets represented by shareholders' equity and has been included to allow investors to be able to assess the Company's capital structure.
Net debt	Interest-bearing liabilities less liquid assets less interest-bearing receivables.	Net debt is a measure deemed relevant for creditors and credit rating agencies.
Net debt/equity ratio	Interest-bearing net debt divided by shareholders' equity.	Net debt/equity ratio is a measure deemed relevant for creditors and credit rating agencies.
Equity per share	Total equity according to the balance sheet divided by the number of shares outstanding on the closing date.	It is Serneke's view that the key indicator gives investors a better understanding of the historical return per share adjusted for changes in the number of shares during the period.
Cash flow from operations per share	Cash flow from operating activities divided by the average number of shares during the period.	It is Serneke's view that the key indicator gives investors a better understanding of the operations' cash flow in relation to the number of shares, adjusted for changes in the number of shares during the period.
Earnings per share	Profit for the period divided by the average number of shares during the period.	It is Serneke's view that the key indicator gives investors a better understanding of profit per share.

Serneke in brief

Serneke is a rapidly growing corporate group active in construction, civil engineering, project development and property management with around 850 employees. Through novel thinking, we drive development and create more effective and more innovative solutions for responsible construction. The business has a good mix of public and commercial assignments, providing strength over economic cycles.

Serneke's annual reports and other financial information are available under the tab Investors at www.serneke.group

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