STRONG GROWTH IN ALL BUSINESS AREAS

JULY–SEPTEMBER 2017

- Income amounted to SEK 1,271 million (802), an increase of 58 percent
- Operating profit amounted to SEK 67 million (65) and the operating margin was 5.3 percent (8.1)
- Net profit amounted to SEK 51 million (52)
- Earnings per share after dilution amounted to SEK 2.18 (2.95)
- Operating income for the contracting operations amounted to SEK 45 million (12) and operating margin to 3.6 percent (1.5)
- Cash flow from operating activities amounted to SEK 84 million (negative 59)
- Order bookings amounted to SEK 691 million (920)

JANUARY–SEPTEMBER 2017

- Income amounted to SEK 3,873 million (2,712), an increase of 43 percent
- Operating profit amounted to SEK 209 million (377) and the operating margin was 5.4 percent (13.9)
- Net profit amounted to SEK 171 million (368)
- Earnings per share after dilution amounted to SEK 7.31 (20.91)
- The equity/assets ratio was 42.1 percent (28.8)
- Cash flow from operating activities amounted to SEK 185 million (97)
- Order bookings amounted to SEK 4,502 million (3,889)
- The order backlog loss amounted to SEK 7,765 million (6,629)

SEK million	**Jul-Sep 2017**	Jul-Sep 2016	**Jan-Sep 2017**	Jan-Sep 2016	Oct-Sep 2016/2017	Jan–Dec 2016
Income	1,271	802	3,873	2,712	5,139	3,978
Operating profit	67	65	209	377	243	411
Operating margin, %	5.3	8.1	5.4	13.9	4.7	10.3
Profit/loss for the period	51	52	171	368	197	394
Earnings per share, SEK, before dilution	2.19	3.14	7.39	22.21	8.75	22.40
Earnings per share, SEK, after dilution	2.18	2.95	7.31	20.91	8.60	21.22
Equity per share, SEK, after dilution	71.24	46.45	71.24	46.45	71.24	62.83
Equity/assets ratio, %	42.1	28.8	42.1	28.8	42.1	42.7
Net debt	-76	453	-76	453	-76	-37
Net debt/equity ratio, %	-4.6	55.1	-4.6	55.1	-7.6	-2.5
Order bookings	691	920	4,502	3,889	6,152	5,539
Order backlog	7,765	6,629	7,765	6,629	7,765	7,041

CEO STATEMENT

Continued strong and profitable growth without signs of slowdown

The Serneke Group is experiencing growth in all four business areas and showed 58 percent growth in the third quarter. Income increased to SEK 1,271 million (802), with an operating profit of SEK 67 million (65). The earnings include changes in value of investment properties of SEK 11 million (42). The largest increase is in the Construction business area, which increased income just in the quarter alone by 63 percent to SEK 1,113 million (683) with a continued improved operating margin of 3.8 percent (2.8). It is also very gratifying to see the Civil Engineering business area increase income by 16 percent to SEK 140 million (121) and with positive earnings in the quarter of SEK 3 million (loss 7), the business area has now definitely reversed the previously negative trend.

With over 90 percent of the Group's income generated from the contracting operations, it is extremely pleasing to see both Construction and Civil Engineering now showing strong and profitable growth in line with our expectations. This creates the right conditions and stability for the entire Group. In both Construction and Civil Engineering, we are experiencing good demand without signs of slowdown. Even though our industry has produced more housing in recent years than previously, there is a long road ahead in addressing the accumulated deficit created over time by population increase and urbanization. Add to this the major necessary investments in infrastructure and public properties as well as a fundamentally favorable economic situation, and our assessment is that conditions are in place for continued demand.

The positive development in the contracting operations also increased cash flow from operating activities, which amounted to SEK 84 million (negative 59) during the period. With continued strong cash flow and an equity/assets ratio of 42.1 percent (28.8), we are well-equipped for continued expansion. The number of employees is approaching a thousand, amounting to 970 (800) at the end of the period. Retaining our committed employees and bringing in new talent remains our biggest and most important challenge.

Order backlog for long-term sustainable growth

The Construction business area has in recent years made a conscious effort to prioritize the market for large projects, which we consider to be the right strategy from a long-term business perspective. Large contracts increase the order backlog duration and build long-term relationships with our customers, giving us more time to plan in advance, as well as counteracting possible effects of cyclical fluctuations in a cyclically-oriented industry. Today, 50 percent of the value in Construction's order backlog of SEK 7.3 billion is built up of projects with an order value of more than SEK 300 million. For projects with an order value of more than 100 SEK million, the figure is 88 percent. The majority of our customers are in the public sector and the remainder consists almost exclusively of major reputable property companies. The products we deliver are primarily rental properties and public properties.
For us, the composition of the order backlog is a strategic choice to ensure that the Group's long-term growth has a stable foundation.
The order bookings of SEK 691 million for the current quarter are lower than the previous year (920), as a consequence of longer lead times in the procurement of large projects. The order backlog's structure should therefore be reviewed over a longer time cycle to allow for a relevant comparison.

We are also seeing a clear trend towards increased collaboration on large projects and more and more procurement in the form of partnering or collaborative contracts where we and the client develop the project together. This entails lower risk for us and better conditions for ensuring that the end product exceeds customer expectations in both quality and price. More than 25 percent of the total order backlog currently consists of this type of agreement.

More of our own projects entering the market

Since 2015, the Project Development business area has focused on building an organization and developing a risk-adjusted project portfolio. In 2017, we have begun to see the effects of these efforts in the form of income in the current quarter increasing to SEK 56 million (11). In addition to the unique Karlastaden project in Gothenburg, a number of projects in places such as Helsingborg, Trollhättan, Borås and Landskrona are entering the market. The strategy is and has always been to engage in projects at the right price and in good locations in terms of long-term market value. We have avoided speculative bidding and instead focused on projects where our know-how and the workings of the projects align well, such as in municipal land-use competitions or in cooperation agreements with private landowners.

At a time when parts of the market, mainly the premium segments in and around Stockholm/Mälardalen, are adjusting after a time of significant supply, we in general see no diminished demand for the right projects in the right places. Project Development has a number of ongoing projects on the market, where preliminary interest has given positive indications, but even more positive for the Serneke Group is the fact that we have not invested more initially than that we are able to be selective with where and when we choose to start producing.

I consider this part of the strength of Group collaboration and the overall offering in our four business areas. Having fundamentally healthy and stable contracting operations of our own in combination with the development of our own properties allows us to decide when and how we invest our efforts.

Serneke, President and CEO

GROUP DEVELOPMENT

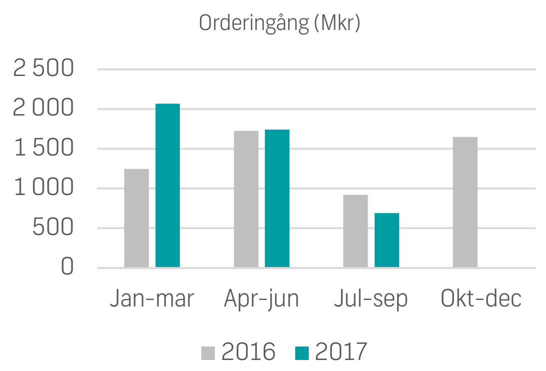
ORDER BOOKINGS AND ORDER BACKLOG

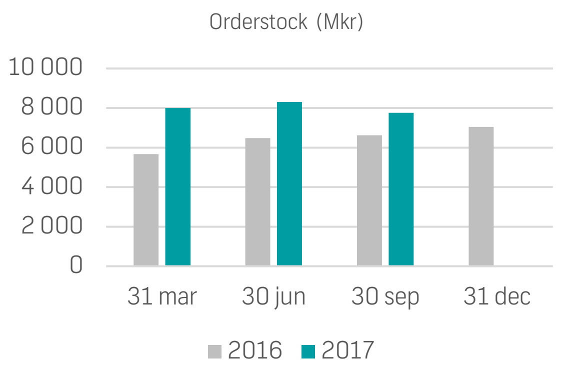
Order bookings during the third quarter of the year amounted to SEK 691 million (920). The Group is experiencing continued high demand in the market, but order bookings vary between quarters, depending on the time of contract signing, especially for the type of large projects the Company has chosen to prioritize. Order bookings during the third quarter of 2017 were primarily made up of housing projects in the urban areas. The metropolitan areas of Stockholm, Gothenburg and Malmö are continuing to be the Group's most important markets.

At the end of the third quarter, the order backlog for the Group amounted to SEK 7,765 million (6,629).

Order bookings **SEK million**	**Jul-Sep 2017**	Jul-Sep 2016	**Jan-Sep 2017**	Jan-Sep 2016	Oct-Sep 2016/2017	Jan-Dec 2016
Construction	561	858	3,997	3,665	5,361	5,029
Civil Engineering	130	62	505	224	791	510
Group	**691**	**920**	**4,502**	**3,889**	**6,152**	**5,539**

Order backlog **SEK million**	**Sept 30 2017**	Sept 30 2016	Dec 31 2016
Construction	7,342	6,478	6,753
Civil Engineering	423	151	288
Group	**7,765**	**6,629**	**7,041**





NEW ASSIGNMENTS DURING THE PERIOD JULY-SEPTEMBER 2017

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

Assignment	Location	Client	Order value (SEK million)	Anticipated start of construction
New production apartments	Malmö	Magnolia Fastigheter AB	266	First quarter 2018

INCOME AND PROFIT

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

GROUP SEK million	**Jul-Sep 2017**	Jul-Sep 2016	**Jan-Sep 2017**	Jan-Sep 2016	Oct-Sep 2016/2017	Jan–Dec 2016
Income	1,271	802	3,873	2,712	5,139	3,978
Operating profit	67	65	209	377	243	411
Net financial items	-5	-5	–14	-12	-19	-17
Earnings after financial items	62	60	195	365	224	394
Profit/loss for the period	51	52	171	368	197	394

JULY–SEPTEMBER 2017

Consolidated income amounted to SEK 1,271 million (802), an increase of 58 percent compared with the corresponding quarter the previous year. All business areas increased their sales during the quarter. The contracting operations continued to have very high activity and increased sales by 56 percent.

Operating profit amounted to SEK 67 million (65), an increase of 3 percent. The contracting operations showed a significant improvement in profitability, and operating profit amounted to SEK 45 million (12) with an operating margin of 3.6 percent (1.5). The operating profit included a change in value of investment properties of SEK 11 million (42), and share in profit of associated companies and joint ventures amounted to SEK 3 million (6).

Net financial items amounted to negative SEK 5 million (5) and the Group reported a tax expense of SEK 11 million (8), mainly due to changes in deferred tax attributable to loss carryforwards.

Profit after tax amounted to SEK 51 million (52) and earnings per share for the quarter were SEK 2.19 (3.14).

JANUARY–SEPTEMBER 2017

Consolidated income amounted to SEK 3,873 million (2,712), an increase of 43 percent compared with the corresponding period the previous year.

Operating profit amounted to SEK 209 million (377). During the period, changes in value of investment properties had a positive impact on operating profit of SEK 29 million (42), and share in profit of associated companies and joint ventures amounted to SEK 52 million (loss 4).

During the second quarter of 2016, the Company performed its largest transaction so far as 50 percent of Karlastaden project was divested, which generated income of SEK 318 million and operating profit of SEK 444 million, affecting comparative figures.

Net financial items amounted to negative SEK 14 million (12) and the Group reported a tax expense of SEK 24 million (3), mainly due to changes in deferred tax attributable to loss carryforwards.

Profit after tax amounted to SEK 171 million (368) and earnings per share for the period were SEK 7.39 (22.21).

Income

SEK million	Jul-Sep 2017	Jul-Sep 2016	Jan-Sep 2017	Jan-Sep 2016	Oct-Sep 2016/2017	Jan-Dec 2016
Construction	1,113	683	3,408	2,140	4,497	3,229
Civil Engineering	140	121	415	293	577	455
Project Development	56	11	159	336	196	373
Property Management	12	4	33	7	41	15
Group-wide	*30*	*34*	*71*	*72*	*98*	*99*
Eliminations	*-80*	*-51*	*-213*	*-136*	*-270*	*-193*
Total	**1,271**	**802**	**3,873**	**2,712**	**5,139**	**3,978**

Operating profit

SEK million	Jul-Sep 2017	Jul-Sep 2016	Jan-Sep 2017	Jan-Sep 2016	Oct-Sep 2016/2017	Jan-Dec 2016
Construction	42	19	127	46	167	86
Civil Engineering	3	-7	-3	-27	-12	-36
Project Development	3	-6	50	329	55	334
Property Management	17	46	31	27	41	37
Group-wide	*2*	*13*	*4*	*2*	*-8*	*-10*
Total	**67**	**65**	**209**	**377**	**243**	**411**
Net financial items	-5	-5	-14	-12	-19	-17
Earnings after financial items	**62**	**60**	**195**	**365**	**224**	**394**

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.

Serneke will, on behalf of Magnolia, build 275 apartments in Arlöv, just north of Malmö. Construction is scheduled to commence immediately after the turn of 2017/2018 and the project will be completed by summer 2020.

FINANCIAL POSITION

SEK million	Sept 30 2017	Sept 30 2016	Dec 31 2016
Total assets	3,968	2,858	3,437
Total equity	1,669	822	1,469
Net debt	-76	453	-37
Cash and cash equivalents	651	211	571
Equity/assets ratio, %	42.1	28.8	42.7

The equity/assets ratio was 42.1 percent (42.7) as at September 30, 2017. At the end of the period, the Group's cash and cash equivalents, including unused credit facilities, amounted to SEK 853 million (771).

Shareholders' equity has increased during the period and amounted to SEK 1,669 million (1,469) as at September 30, 2017.

Net debt amounted to SEK 76 million (37) as at September 30, 2017. The net debt/equity ratio was a negative 4.6 percent (2.5) and the average interest rate was 4.41 percent (4.49). Unused committed credit facilities amounted to SEK 202 million (200) 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.

CASH FLOW

JULY–SEPTEMBER 2017

Cash flow from operating activities amounted to SEK 84 million (negative 59). The change is mainly attributable to improved underlying operating profit and reduced capital tied up compared with the corresponding quarter the previous year. Cash flow from investments amounted to negative SEK 94 million (46). The main explanation for the change is the acquisition of the Säve Depå investment property for SEK 98 million and the acquisition of an investment property for SEK 45 million the previous year. Cash flow from financing activities amounted to SEK 103 million (291) and mainly relates to newly raised borrowings. Cash flow for the period amounted to SEK 93 million (186).

EMPLOYEES

The average number of employees was 970 individuals during the period July-September 2017, compared with 800 people in the corresponding period the previous year.

JANUARY–SEPTEMBER 2017

Cash flow from operating activities amounted to SEK 185 million (97). The change is mainly explained by changes in working capital from the corresponding period the previous year.
Cash flow from investments amounted to negative SEK 151 million (190). The main explanation is the acquisition of investment properties, but also changes in investment activities and primarily investments in other tangible fixed assets.
Cash flow from financing activities amounted to SEK 46 million (293) and mainly relates to changes in borrowing. Cash flow for the period amounted to SEK 80 million (200).

BUSINESS AREA CONSTRUCTION

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

SEK million	**Jul-Sep 2017**	Jul-Sep 2016	**Jan-Sep 2017**	Jan-Sep 2016	Oct-Sep 2016/2017	Jan-Dec 2016
Income	1,113	683	3,408	2,140	4,497	3,229
Operating profit	42	19	127	46	167	86
Operating margin, %	3.8	2.8	3.7	2.1	3.7	2.7
Order bookings	561	858	3,997	3,665	5,361	5,029
Order backlog	7,342	6,478	7,342	6,478	7,342	6,753
Average number of employees	711	605	684	574	-	593

JULY-SEPTEMBER 2017

Income amounted to SEK 1,133 million (683), an increase of 63 percent, and operating profit amounted to SEK 42 million (19), which corresponds to an increase of 121 percent. The operating margin was 3.8 percent (2.8). The improvement in profit and margin over the corresponding quarter in 2016 is mainly explained by more and larger projects in full production with a better operating margin.

Order bookings amounted to SEK 561 million (858). The Construction business area sees continued good demand in the market and is continuing with its strategic plan to compete with market leaders for major projects. Depending on when contracts are signed, order bookings fluctuate between the quarters. New assignments during the quarter were mainly in the housing sector.

JANUARY – SEPTEMBER 2017

Income amounted to SEK 3,408 million (2,140), an increase of 59 percent and operating profit amounted to SEK 127 million (46), which corresponds to an increase of 176 percent. The operating margin for the period was 3.7 percent (2.1). The improvement in profit and margin over the corresponding period in 2016 is mainly explained by more and larger projects in full production with a better operating margin.

Order bookings during the period amounted to SEK 3,997 million (3,665), and at the end of the period, total order backlog amounted to SEK 7,342 million (6,478).

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.

SEK million	**Jul-Sep 2017**	Jul-Sep 2016	**Jan-Sep 2017**	Jan-Sep 2016	Oct-Sep 2016/2017	Jan-Dec 2016
Income	140	121	415	293	577	455
Operating profit	3	-7	-3	-27	-12	-36
Operating margin, %	2.1	-5.8	-0.7	-9.2	-2.1	-7.9
Order bookings	130	62	505	224	791	510
Order backlog	423	151	423	151	423	288
Average number of employees	152	124	138	119	-	118

JULY-SEPTEMBER 2017

Income amounted to SEK 140 million (121), an increase of 16 percent over the third quarter of 2016. Operating profit amounted to SEK 3 million (loss 7) and the operating margin for the third quarter was 2.1 percent (negative 5.8). The comprehensive program of measures initiated in the spring of 2016 for gradually improving profitability in the Construction business area has begun to show results. There is still a clear trend that ongoing projects in 2017 are showing better profitability than those completed in the previous year.

Order bookings amounted to SEK 130 million (62) and at the end of the period, total order backlog amounted to SEK 423 million (151). New assignments in the third quarter were mainly within municipal and government operations.

JANUARY – SEPTEMBER 2017

Income amounted to SEK 415 million (293), an increase of 42 percent compared with the corresponding period in 2016. The increase in income is due to more major projects being in production compared with the corresponding period the previous year. Operating profit again amounted to a loss of SEK 3 million (27), and the operating margin was negative 0.7 percent (9.2).

Order bookings amounted to SEK 505 million (224) and at the end of the period, total order backlog amounted to SEK 423 million (151), an increase of 180 percent.

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 associated companies and joint ventures.

SEK million	**Jul-Sep 2017**	Jul-Sep 2016	**Jan-Sep 2017**	Jan-Sep 2016	Oct-Sep 2016/2017	Jan–Dec 2016
Income	56	11	159	336	196	373
Share in profit of associates and joint ventures	-1	-	38	-	38	-
Operating profit	3	-6	50	329	55	334
Average number of employees	35	22	31	19	-	20

JULY–SEPTEMBER 2017

Income amounted to SEK 56 million (11), an increase of 409 percent. The increase in income is explained by the fact that there are more projects underway than in the corresponding period the previous year. Operating profit amounted to SEK 3m (loss 6), which is explained by positive earnings in ongoing projects. Share in profit/loss in associated companies and joint ventures affected earnings by negative SEK 1 million (-).

JANUARY – SEPTEMBER 2017

Income amounted to SEK 159 million (336) during the period and is attributable to project income primarily from housing projects, the sale of the Mälardalen University project and internal company sales to the Property Management business area. Operating profit amounted to SEK 50 million (329), of which SEK 61 million was attributable to the Mälardalen University project, of which SEK 38 million was reported as share in profit of associated companies and joint ventures.

During the second quarter of 2016, the Company performed its largest transaction so far as 50 percent of Karlastaden project was divested, which generated income of SEK 318 million and operating profit of SEK 444 million, affecting comparative figures.

JV Karlastaden

Serneke is a partner in a joint venture with NREP, in which the parties each own 50 percent. Serneke recognizes its holdings as investments in joint ventures in the consolidated balance sheet.

Karlastaden is a project that will accommodate approximately 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. The project is in an intensive phase, in which the Gothenburg City Council on June 16, 2017 approved the detailed development plan for the project. The estimated project value is approximately SEK 13 billion over a five-year period. The JV company is planning to sell development rights by the end of 2017.

The Group's share of JV Karlastaden

SEK million	**Sept 30 2017**	Sept 30 2016	Dec 31 2016
Ownership share %	50	50	50
Share of equity	340	318	330
Share in profit	-1	0	0

Income statement JV SEK million	**Jul-Sep 2017**	Jul-Sep 2016
Rental income	1	0
Profit for the year	-1	0

Balance sheet JV SEK million	**Sept 30 2017**	Dec 31 2016
ASSETS		
Properties	533	333
Other assets	70	19
Total assets	**603**	**352**
EQUITY AND LIABILITIES		
Shareholders' equity	53	10
Interest-bearing liabilities	467	302
Other liabilities	83	40
Total equity and liabilities	**603**	**352**

Karlastaden and the Karlatornet tower at Lindholmen in Gothenburg.

SUMMARY OF PROJECT PORTFOLIO AS PER SEPTEMBER 30, 2017

Estimated areas are explained by new detailed development plans not yet adopted

Project	Municipality	Estimated area (m^2 GFA)	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
Ingared 5:274 and 5:240 (part)	Alingsås	561	Housing	Detailed development plan	Development rights on own balance sheet	100
Jägaren 10	Alingsås	2,720	Housing	Planning in progress	Development rights on own balance sheet	100
Björnflokan 5	Borås	17,000	Housing	Planning in progress	Development rights on own balance sheet	100
Karlastaden	Gothenburg	238,799	Residential/commercial	Planning in progress	joint venture	50
Gårdsten 7:1, 45:1 (part) and 10:10 (part)	Gothenburg	26,500	Residential/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	Residential/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	19,700	Residential/commercial	Planning in progress	Agreed development rights not yet taken into possession	100
Tomaten 1 (part)	Landskrona	8,000	Housing	Detailed development plan	Agreed development rights not yet taken into possession	100
Sege Park	MALMÖ	10,000	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 Törnskogen 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	Agreed development rights not yet taken into possession	6
Koholmen 1:89	Tjörn	300	Housing	Detailed development plan	Development rights on own balance sheet	100
Järfälla Idrottsstad	Järfälla	134,000	Residential/commercial	Pre-planning	Agreed development rights not yet taken into possession	100
Fotkvarnen	Trollhättan	3,000	Housing	Planning in progress	Development rights on own balance sheet	100
Gullön 8	Trollhättan	2,000	Housing	Detailed development plan	Development rights on own balance sheet	100
Gullön 10	Trollhättan	3,000	Housing	Planning in progress	Agreed development rights not yet taken into possession	100
Nabbensberg	Vänersborg	1,900	Housing	Detailed development plan	Development rights on own balance sheet	100
Offerhällsparken park	Trollhättan	1,700	Housing	Detailed development plan appealed	Agreed development rights not yet taken into possession	100
Sadelmakaren	Strömstad	4,000	Housing	Detailed development plan	Development rights on own balance sheet	100
Kv Haren	Vänersborg	4,400	Housing	Detailed development plan appealed	Agreed development rights not yet taken into possession	100
Onsjö	Vänersborg	9,000	Housing	Detailed development plan	Agreed development rights not yet taken into possession	100
		637,456				

The total book value of the project development portfolio amounted to SEK 319 million as at September 30, 2017 and is reported as project and development properties on the balance sheet. The holdings in the Karlastaden project are reported as a joint venture under investments in associates/joint ventures on the balance sheet at a value of SEK 340 million as at September 30, 2017.

Serneke's estimated value of the project portfolio amounted to approximately SEK 1,725 million, based on an external valuation made in the third quarter of 2016, plus additions for acquisitions and subsequent activations. Serneke as a rule has an external valuation of the project development portfolio conducted at least once a year, which will take place before the 2017 annual accounts.

Of the assessed value of the project portfolio of SEK 1,725 million, SEK 210 million represents the value of development rights on the Company's own balance sheet, agreed development rights of which the Company has yet to take possession are estimated at about SEK 663 million and development rights held through joint ventures or associated companies are estimated at approximately SEK 852 million.

Of the total project development portfolio of an estimated 637,456 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 43 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 utilized when the detailed development plan for each property gains legal force or building permits are granted. Only then is access gained and payment made.

Project Tre Vågor in Helsingborg. There will be 49 oceanside apartments on the Öresund sound in the new Oceanhamnen district. Serneke was the first to start selling in Oceanhamnen in early September, to great

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 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 associated companies.

SEK million	**Jul-Sep 2017**	Jul-Sep 2016	**Jan-Sep 2017**	Jan-Sep 2016	Oct-Sep 2016/2017	Jan–Dec 2016
Income	12	4	33	7	41	15
Earnings from property management	2	-2	-3	-11	-1	-9
Changes in value of properties	11	42	19	42	19	42
Share in profit of associates and joint ventures	4	6	15	-4	23	4
Operating profit	17	46	31	27	41	37
Average number of employees	14	0	14	0	-	3

JULY–SEPTEMBER 2017

Income amounted to SEK 12 million (4), an increase of 200 percent. The increase in income is primarily due to increased rental income within Säve Flygplats and surrounding properties.

Earnings from property management amounted to SEK 2 million (loss 2).

The properties are valued internally in connection with each quarterly report by means of a ten-year cash flow model for all properties. An external valuation of all properties is performed annually in order to quality-assure the internal valuation. The latest external valuation was made in the third quarter of 2016 with the exception of Säve Flygplats where an external valuation took place on September 30, 2017. In conjunction with the annual accounts, external valuation will be made for all properties. For the third quarter, a net change in value of SEK 11 million (42) has been reported.

The share in profit of associated companies amounted to SEK 4 million (6), primarily attributable to the associate Änglagården Holding AB, which manages Prioritet Serneke Arena. Of the share in profit, the total amount of SEK 4 million is attributable to property management income in associated companies.

The total book value of the investment properties amounted to SEK 486 million as at September 30, 2017, compared with SEK 234 million in September 2016.

JANUARY–SEPTEMBER 2017

Income for the period amounted to SEK 33 million (7), an increase of 371 percent. The increase in income is primarily due to increased rental income within Säve Flygplats and surrounding properties.

Earnings from property management amounted to negative SEK 3 million (11), of which a non-recurring expense of SEK 11 million relating to a provision for guaranteed net operating earnings attributable to the associate Änglagården burdened the period. Adjusted for the provision for guaranteed net operating earnings, Property Management generated a positive operating profit.

Changes in value of properties amounted to SEK 19 million (42), and profit for the period from associated companies amounted to SEK 15 million (loss 4), mainly attributable to Änglagården Holding AB.

SUMMARY OF PROPERTY PORTFOLIO AS PER SEPTEMBER 30, 2017

Project	Property	Municipality	Land area (m²)	Lettable area (m²) Housing	Lettable area (m²) Commercial	Letting ratio (%)	Ownership share (%)
Investment properties							
Consinum	Kinna 24:133	Land	39,866	0	4,722	47	75
Serneke Industrifastigheter	Krattan 1	Alingsås	7,250	0	2,429	12	100
Säve Flygplats Property	Åseby	Gothenburg	2,100,225	0	22,999	82	100
Änglagården	Kviberg 741:191	Gothenburg	20,248	0	44,769	98	40
Härbärget	Åseby 9:1	Gothenburg	17,470	0	6,325	51	100
HB Nolvik	Nolvik 9:1	Gothenburg	15,470	0	15,470	51	100
Talllhyddan	Sörhaga 2:1	Alingsås	5,100	0	350	0	100
Conpol	Golczewo	Poland	81,651	0	0	0	100
Säve Depå	Åseby 7:2	Gothenburg	1,138,300	0	5,337	47	100
Operating properties							
Alingsås Plåtmekano	Bulten 7	Alingsås	7,419	0	1,074	100	100
Nybergsgruppens Fastighet	Bulten 13	Alingsås	18,449	0	2,800	100	100
7H Bil AB	Kinna 24:191	Land	6,529	0	2,502	100	30

Änglagården Holding

Business Area Property Management owns 40 percent of Änglagården Holding AB, which, in turn, owns Prioritet Serneke Arena. Other shareholders are Prioritet Finans, which holds 50 percent, and Lommen Holding, which holds 10 percent.

The Group's share of Änglagården Holding AB SEK million	Sept 30 2017	Sept 30 2016	Dec 31 2016
Ownership as a percentage	40	40	40
Share in associated companies*	106	78	91
Share in profit for the period	15	-5	3
Of which:			
Earnings from property management	15	12	18
Change in value of property	0	-17	-15

*) The Group's participation in the associate Änglagården Holding is calculated based on shareholders' equity less the preferential dividend right of SEK 55 million (77) which applies to the other shareholders. The closing value is subsequently reduced by an internal profit of SEK 19 million (19).

Income statement Änglagården Holding AB SEK million	Jul-Sep 2017	Jul-Sep 2016
Rental income	19	14
Profit for the year	10	13

Balance Sheet Änglagården Holding AB SEK million	Sept 30 2017	Sept 30 2016	Dec 31 2016
ASSETS			
Properties	889	880	888
Other assets	195	201	215
Total assets	**1,084**	**1,081**	**1,103**
EQUITY AND LIABILITIES			
Shareholders' equity	367	332	352
Interest-bearing liabilities	472	490	488
Other liabilities	245	259	263
Total equity and liabilities	**1,084**	**1,081**	**1,103**

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.

Income for July–September 2017 amounted to SEK 28 million (31) and operating profit amounted to SEK 3 million (11).

The Parent Company is indirectly affected by the risks described in the section Significant risks and uncertainty factors.

RELATED-PARTY TRANSACTIONS

Related-party transactions in the Serneke Group are normally attributed to contracting assignments, financing and purchasing of consulting services. 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.

The nature and extent of transactions by related parties can be found in the 2016 Annual Report, Note 34. Significant related-party transactions have occurred with the property company Adapta AB, JV Karlastaden and JV Project Mälardalen University. Transactions with related parties 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. The transactions consisted mainly of construction income and rental of Serneke's headquarters, and sales amounted to SEK 267 million and purchases to SEK 9 million as at September 30, 2017. Transactions with JV Karlastaden consist mainly of project income, and sales amounted to SEK 44 million as at 30 September 2017.

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.

Certain significant risks are accounted for 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 prevail involving both clients and suppliers. Large-scale and complicated disputes can be costly, time 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 upon the adoption of a detailed development plan, with Gothenburg City Council giving its approval on June 16, 2017. The detailed development may enter legal force after the appeal period has expired. In the event that Serneke's expenses and commitments become more expensive than expected, no detailed development plan is adopted, 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; 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 based on the Group's accounting policies, which include estimates and assessments made of various balance sheet items' value, and of when and how income is 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 on risks and uncertainties, see the published Annual Report for 2016 at www.serneke.group.

OTHER SIGNIFICANT EVENTS DURING THE REPORT PERIOD

In June, Serneke acquired a property at Säve Depå through a corporate acquisition for an underlying property value of SEK 98 million, and the transfer date was September 1. The current land area comprises about 1 million square meters and is directly adjacent to Säve Flygplats, which Serneke acquired in May 2016.

Changes in Group Management

Serneke Group AB has appointed Anders Düring as new CFO. Anders has many years of experience as CFO from companies such as KappAhl, Volvo IT and Ballingslöv. Anders will report to the CEO and be part of Serneke's Group Management. He will assume the position as CFO for Serneke in the autumn, however no later than January 2018.

EVENTS AFTER THE REPORTING PERIOD

No significant events have taken place after the end of the reporting period.

PRESS RELEASES IN THE THIRD QUARTER OF 2017

July 1 Serneke to build apartments and preschool in Lund
July 11 Serneke Civil Engineering receives assignment in Upplands Väsby
July 18 Interim Report January–June 2017
July 24 Anders Düring appointed CFO for Serneke Group AB
Sept 14 Serneke to construct 275 apartments in Arlöv

THE SERNEKE SHARE (SRNKE)

Serneke Group AB (publ) has two share classes: A shares and B shares. On November 24, 2016, the Company's Series B shares were introduced on Nasdaq Stockholm, Mid Cap. Serneke had over 5,500 shareholders on September 30, 2017 and the closing price on September 30, 2017 was SEK 126.

Serneke's ten largest shareholders, September 30, 2017

Name	Shares of Series A	Shares of Series B	Total number of shares	Proportion of shares, %	Percentage of votes, %
Ola Serneke Invest AB	3,710,000	2,295,527	6,005,527	25.8	55.1
Lommen Holding AB	540,000	3,457,803	3,997,803	17.2	12.4
Christer Larsson i Trollhättan AB	380,000	497,000	877,000	3.8	6
Ledge Ing AB	330,000	450,000	780,000	3.4	5.3
Vision Group i väst AB	250,000	536,000	786,000	3.4	4.3
AB Stratio	150,000	0	150,000	0.7	2.1
Carnegie Fonder	0	1,364,126	1,364,126	5.9	1.9
Svolder Aktiebolag	0	1,150,000	1,150,000	4.9	1.6
Cliens fonder	0	923,976	923,976	4	1.3
AMF Aktiefond småbolag (small cap share fund)	0	396,855	396,855	1.7	0.6
Total, 10 largest	**5,360,000**	**11,071,287**	**16,431,287**	**70.8**	**90.6**
Other shareholders	0	6,817,165	6,817,165	29.2	9.4
Total	**5,360,000**	**17,888,452**	**23,248,452**	**100**	**100**

Source: Euroclear and Serneke

Share class, number of shares and votes, September 30, 2017

Share class	Shares	Votes
Series A shares	5,360,000	5,360,000.0
Series B shares	17,888,452	1,788,845.2
Total	23,248,452	7,148,195.2

INCENTIVE PROGRAMS

The Annual General Meeting of June 29, 2016, resolved 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 term of the convertibles, holders are entitled, on certain occasions, to request conversion into new Series B shares. As of September 30, 2017, a total of 850 convertibles were converted into Class B shares and 131,500 convertibles remain.

At the Annual General Meeting of May 3, 2017, a long-term incentive program was adopted in the form of employee convertibles for employees in the Group. The program entails that the Company take a convertible loan of a maximum nominal value of SEK 20 million through the issue of convertible debentures. The subscribed amount amounted to approximately SEK 7.6 million, which means that a maximum of 48,503 Class B shares can increase share capital by no more than SEK 4,850.3 at full conversion. The conversion rate was fixed at SEK 157.70. The convertible debentures fall due September 8, 2020, provided conversion has not taken place before this date. The convertible debentures will carry an annual interest rate of 2.60 percent.

The decision to offer all employees convertibles was made on market terms whereby each employee was given the right to subscribe to convertibles. The purpose of the offers has been to boost long-term financial commitment among Serneke's employees. The employees have paid the market price for the convertibles received and the programs are not associated with any condition of continued employment or performance of the employee.

Serneke has assessed that the issue has been carried out on market terms and that the terms of the convertibles program are designed in such a way that no benefit exists for employees. *Thus, no cost, in addition to interest, is recognized in relation to the convertibles.*

FINANCIAL CALENDAR

Year-end Report 2017, February 9, 2018
Annual Report 2017, Week 14 2018
Interim Report January–March 2018, May 3, 2018
Annual General Meeting 2017, May 3, 2018
Interim Report January–June 2018, July 17, 2018
Interim Report January–September 2018, October 25, 2018

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

Gothenburg, October 27, 2017
Serneke Group AB (publ)

Board

Kent Sander Chairman	Mari Broman Member	Ludwig Mattsson Member
Ola Serneke CEO	Anders Wennergren Member	Kristina Willgård Member

For further information:

Michael Berglin, Deputy CEO
e-mail: Michael.berglin@serneke.se
tel: +46 (0) 31 712 97 00

Anders Antonsson, Investor Relations
e-mail: anders.antonsson@serneke.se
tel: +46 (0)709 994 970

This information is such that Serneke Group AB (publ) is obliged to publish pursuant to the EU Market Abuse Regulation. This information was submitted for publication on October 27, 2017, at 08.00 a.m. (CET).

AUDITOR'S REVIEW REPORT

INTRODUCTION

We have reviewed the condensed interim financial information (Interim Report) of SERNEKE Group AB (publ) for the period January 1, 2017 to September 30, 2017. The Board of Directors and the CEO are responsible for the preparation and presentation of the interim financial information in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this Interim Report based on our review.

SCOPE AND EXTENT OF THE REVIEW

We conducted our review in accordance with the International Standard on Review Engagements ISRE 2410, Review of Interim Report Performed by the Independent Auditor of the Entity. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing, ISA, and other generally accepted auditing standards in Sweden. The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. The conclusion expressed is based on a limited review and does not give the same degree of assurance as a conclusion expressed based on an audit.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the Interim Report is not prepared, in all material respects, in accordance with IAS 34 and the Swedish Annual Accounts Act, regarding the Group, and with the Swedish Annual Accounts Act, regarding the Parent Company.

Gothenburg, October 27, 2017
Deloitte AB

Harald Jagner
Authorized Public Accountant

QUARTERLY DATA AND MULTI-YEAR REVIEW

SEK million	**Jul-Sep 2017**	Apr–Jun 2017	Jan–Mar 2017	Oct–Dec 2016	**Jul-Sep 2016**	Apr–Jun 2016	Jan–Mar 2016	Oct–Dec 2015
Income								
Construction	1,113	1,292	1,003	1,089	683	809	648	701
Civil Engineering	140	152	123	162	121	93	79	117
Project Development	56	53	50	37	11	323	2	363
Property Management	12	9	12	8	4	2	1	1
Group-wide	30	33	8	27	34	20	18	3
Eliminations	-80	-75	-58	-57	-51	-38	-47	-175
Total	**1,271**	**1,464**	**1,138**	**1,266**	**802**	**1,209**	**701**	**1,010**
Operating profit								
Construction	42	44	41	40	19	13	14	14
Civil Engineering	3	-2	-4	-9	-7	-12	-8	-16
Project Development	3	47	0	5	-6	343	-8	172
Property Management	17	3	11	10	46	-19	0	-1
Group-wide	2	3	-1	-12	13	-7	-4	-47
Total	**67**	**95**	**47**	**34**	**65**	**318**	**-6**	**122**
Operating margin, %	5.3	6.5	4.1	2.7	8.1	26.3	-0.9	12.1
Profit after net financial items	62	93	40	29	60	313	-8	119
Profit/loss for the period	51	87	33	26	52	321	-5	138
Balance sheet								
Fixed assets	1,353	1,274	1,212	1,160	1,032	986	340	408
Current assets	2,615	2,514	2,393	2,277	1,826	1,520	1,405	1,244
Total assets	**3,968**	**3,788**	**3,605**	**3,437**	**2,858**	**2,506**	**1,745**	**1,652**
Shareholders' equity	1,669	1,621	1,530	1,469	822	769	448	453
Non-current liabilities	920	738	725	764	919	662	403	398
Current liabilities	1,379	1,429	1,350	1,204	1,117	1,075	894	801
Total equity and liabilities	**3,968**	**3,788**	**3,605**	**3,437**	**2,858**	**2,506**	**1,745**	**1,652**
Orders								
Order bookings	691	1,742	2,069	1,650	920	1,724	1,245	1,988
Order backlog	7,765	8,308	7,995	7,041	6,629	6,480	5,666	5,125
Employees								
Average number of employees	970	919	878	847	800	759	713	665

KEY INDICATORS

IFRS-based key indicators

SEK million	**Jul-Sep 2017**	Jul-Sep 2016	**Jan-Sep 2017**	Jan-Sep 2016	Oct-Sep 2016/2017	Jan–Dec 2016
Income	1,271	802	3,873	2,712	5,139	3,978
Earnings per share, SEK, before dilution	2.19	3.14	5.20	22.21	8.75	22.40
Earnings per share, SEK, after dilution	2.18	2.95	5.13	20.91	8.60	21.22
Weighted average number of shares before dilution	23,248,452	16,565,785	23,143,041	16,565,785	22,523,571	17,590,630
Weighted average number of shares after dilution	23,396,120	17,654,018	23,385,342	17,595,196	22,910,510	18,567,901

Other key indicators

SEK million	**Jul-Sep 2017**	Jul-Sep 2016	**Jan-Sep 2017**	Jan-Sep 2016	Oct-Sep 2016/2017	Jan–Dec 2016
Operating profit	67	65	209	377	243	411
Growth, %	58.5	-1.6	42.8	29.3	25.0	28.0
Order bookings	691	920	4,502	3,889	6,152	5,539
Order backlog	7,765	6,629	7,765	6,629	7,765	7,041
Organic growth, %	56.5	-1.6	41.7	29.3	37.2	28.0
Operating margin, %	5.3	8.1	5.4	13.9	4.7	10.3
Cash flow before financing	-10	-105	34	-93	-29	-156
Cash flow from operations per share, before dilution	3.61	-3.56	1.94	5.86	5.90	2.56
Cash flow from operations per share, after dilution	3.59	-3.34	1.92	5.51	5.81	2.42
Equity per share, SEK, before dilution	71.79	49.62	71.79	49.62	71.79	64.67
Equity per share, SEK, after dilution	71.24	46.45	71.24	46.45	71.24	62.83
Working capital	1,236	709	1,236	709	1,236	1,073
Capital employed	2,242	1,466	2,242	1,466	2,242	1,985
Return on capital employed, %	15.4	46.9	15.4	46.9	15.4	31.8
Return on equity after taxes, %	15.8	88.9	15.8	88.9	15.8	41.0
Equity/assets ratio, %	42.1	28.8	42.1	28.8	42.1	42.7
Net debt	-76	453	-76	453	-76	-37
Net debt/equity ratio, %	-4.6	55.1	-4.6	55.1	-4.6	-2.5

SUMMARY FINANCIAL STATEMENTS

SUMMARY OF CONSOLIDATED INCOME STATEMENT

SEK million	Jul-Sep 2017	Jul-Sep 2016	Jan-Sep 2017	Jan-Sep 2016	Oct-Sep 2016/2017	Jan–Dec 2016
Income	1,271	802	3,873	2,712	5,139	3,978
Production and administration expenses	-1,193	-765	-3,665	-2,535	-4,868	-3,738
Gross profit	**78**	**37**	**208**	**177**	**271**	**240**
Sales and administration expenses	-25	–20	-80	-64	-113	–97
Change in value of investment properties	11	42	29	42	29	42
Revaluation of joint ventures	-	-	-	226	-	226
Share in profit of associates and joint ventures	3	6	52	-4	56	0
Operating profit	**67**	**65**	**209**	**377**	**243**	**411**
Net financial items	-5	-5	–14	-12	-19	-17
Earnings after financial items	**62**	**60**	**195**	**365**	**224**	**394**
Tax	-11	-8	-24	3	-27	0
Profit/loss for the period	51	52	171	368	197	394
Attributable to:						
Parent Company shareholders	51	52	171	368	197	394
Non-controlling interests	0	0	0	0	0	0
Earnings per share before dilution, SEK	2.19	3.14	7.39	22.21	8.75	22.40
Earnings per share after dilution, SEK	2.18	2.95	7.31	20.91	8.60	21.22
Average number of shares before dilution	23,248,452	16,565,785	23,143,041	16,565,785	22,523,571	17,590,630
Average number of shares after dilution	23,396,120	17,654,018	23,385,342	17,595,196	22,910,510	18,567,901

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

SEK million	Jul-Sep 2017	Jul-Sep 2016	Jan-Sep 2017	Jan-Sep 2016	Oct-Sep 2016/2017	Jan–Dec 2016
Profit/loss for the period	**51**	**52**	**171**	**368**	**197**	**394**
Other comprehensive income	**0**	**0**	**0**	**0**	**0**	**0**
Total comprehensive income	**51**	**52**	**171**	**368**	**197**	**394**

CONDENSED CONSOLIDATED BALANCE SHEET

SEK million	**Sept 30 2017**	Sept 30 2016	Dec 31 2016
Assets			
Fixed assets			
Intangible fixed assets	23	23	23
Investment properties	486	234	329
Other tangible fixed assets	89	72	75
Investments in associates/joint ventures	452	407	424
Deferred tax assets	23	43	48
Non-current interest-bearing receivables	21	22	30
Other non-current receivables	259	231	231
Total fixed assets	**1,353**	**1,032**	**1,160**
Current assets			
Project and development properties	319	226	242
Inventories	2	4	2
Accounts receivable	729	587	589
Accrued but not invoiced income	217	208	252
Other current receivables	697	590	621
Cash and bank balances	651	211	571
Total current assets	**2,615**	**1,826**	**2,277**
Total assets	**3,968**	**2,858**	**3,437**
Equity and liabilities			
Shareholders' equity	**1,669**	**822**	**1,469**
Non-current liabilities			
Non-current interest-bearing liabilities	550	491	436
Other non-current liabilities	225	317	208
Other provisions	145	111	120
Total long-term liabilities	**920**	**919**	**764**
Current liabilities			
Current interest-bearing liabilities	46	195	128
Current tax liabilities	5	14	10
Accounts payable	671	439	541
Invoiced but not accrued income	343	243	172
Other current liabilities	314	226	353
Total current liabilities	**1,379**	**1,117**	**1,204**
Total equity and liabilities	**3,968**	**2,858**	**3,437**

SUMMARY OF CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY

SEK million	Sept 30 2017	Sept 30 2016	Dec 31 2016
Equity attributable to Parent Company shareholders			
Balance at beginning of period	1,469	453	453
New share issue	-	-	598
Conversion, convertible debenture loans	29	-	23
Convertible debentures – equity portion	-	1	1
Comprehensive income for the period	171	368	394
Balance at end of period	**1,669**	**822**	**1,469**

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

SEK million	Jul-Sep 2017	Jul-Sep 2016	Jan-Sep 2017	Jan-Sep 2016	Oct-Sep 2016/2017	Jan–Dec 2016
Operating activities						
Cash flow before change in working capital	72	24	143	-31	163	-11
Change in working capital	12	-83	42	128	-30	56
Cash flow from operating activities	**84**	**-59**	**185**	**97**	**133**	**45**
Investment activities						
Acquisitions of investment properties	-98	-45	-98	-175	-98	-175
Acquisitions of businesses	-	-	-8	-10	-8	-10
Increase/decrease in investing activities	4	-1	-45	-5	-56	-16
Cash flow from investment activities	**-94**	**-46**	**-151**	**-190**	**-162**	**-201**
Cash flow before financing	**-10**	**-105**	**34**	**-93**	**-29**	**-156**
Financing activities						
Convertible loan	8	16	8	16	8	16
Newly raised borrowings	98	305	116	547	116	547
New share issue	-	-	-	-	598	598
Amortization of liabilities	-4	-33	-74	-289	-212	-427
Increase/decrease in financing activities	1	3	-4	19	-41	-18
Cash flow from financing activities	**103**	**291**	**46**	**293**	**469**	**716**
Cash flow for the period	**93**	**186**	**80**	**200**	**440**	**560**
Cash and cash equivalents at beginning of period	558	25	571	11	211	11
Cash and cash equivalents at end of period	**651**	**211**	**651**	**211**	**651**	**571**

PARENT COMPANY CONDENSED INCOME STATEMENT

SEK million	Jul-Sep 2017	Jul-Sep 2016	Jan-Sep 2017	Jan-Sep 2016	Oct-Sep 2016/2017	Jan-Dec 2016
Income	28	31	84	64	108	88
Sales and administration expenses	-25	-20	-81	-64	-114	-97
Operating profit	**3**	**11**	**3**	**0**	**-6**	**-9**
Net financial items	-6	-1	-17	-5	-21	-9
Earnings after financial items	**-3**	**10**	**-14**	**-5**	**-27**	**-18**
Appropriations	-	-	-	-	-39	-39
Profit/loss before tax	**-3**	**10**	**-14**	**-5**	**-66**	**-57**
Tax	1	-2	3	1	11	9
Profit/loss for the period	**-2**	**8**	**-11**	**-4**	**-55**	**-48**

PARENT COMPANY STATEMENT OF COMPREHENSIVE INCOME

SEK million	Jul-Sep 2017	Jul-Sep 2016	Jan-Sep 2017	Jan-Sep 2016	Oct-Sep 2016/2017	Jan-Dec 2016
Profit/loss for the period	-2	8	-11	-4	-55	-48
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income	-2	8	-11	-4	-55	-48

PARENT COMPANY CONDENSED CONSOLIDATED BALANCE SHEET

SEK million	Sept 30 2017	Sept 30 2016	Dec 31 2016
Assets			
Fixed assets			
Tangible fixed assets	5	5	6
Investments in Group companies	101	54	75
Deferred tax assets	56	38	54
Other non-current receivables	2	2	1
Total fixed assets	**164**	**99**	**136**
Current assets			
Project and development properties	3	3	3
Other current receivables	809	728	721
Cash and bank balances	521	187	476
Total current assets	**1,333**	**918**	**1,200**
Total assets	**1,497**	**1,017**	**1,336**
Equity and liabilities			
Shareholders' equity	**701**	**107**	**683**
Non-current liabilities			
Non-current interest-bearing liabilities	320	311	312
Total long-term liabilities	**320**	**311**	**312**
Current liabilities			
Current interest-bearing liabilities	1	53	27
Accounts payable	7	8	15
Other current liabilities	468	538	299
Total current liabilities	**476**	**599**	**341**
Total equity and liabilities	**1,497**	**1,017**	**1,336**

NOTES

NOTE 1 – Accounting policies

This Interim Report has been prepared in accordance with IAS 34, Interim Financial Reporting. The Interim Report has been prepared in accordance with International Financial Reporting Standards (IFRS), as well as interpretations of current International Financial Reporting Interpretations Committee (IFRIC) standards as adopted by the EU. The Parent Company's reports have been prepared in compliance with the Annual Accounts Act and the Financial Reporting Board's recommendation RFR 2, Accounting for Legal Entities. New standards and interpretations have not had any material impact on the consolidated accounts. From June 2016, ESMA's guidelines on alternative key ratios are applied.

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.

IFRS 15 Revenue from Contracts with Customers, replaces from 2018 existing standards related to revenue recognition. Serneke does not plan to apply IFRS 15 prematurely. An analysis of the effects of IFRS 15 is ongoing, but no significant effects have yet been identified. However, the analysis must be completed before final effects can be quantified.

IFRS 9 Financial Instruments replaces IAS 39 Financial Instruments: Recognition and Measurement, from 2018. Serneke is currently working to analyze the effects of IFRS 9, but no significant effects have yet been identified. However, the analysis must be completed before final effects can be quantified.

In addition, the Interim Report has been prepared in accordance with the same accounting principles and calculation methods as in the Annual Report for 2016. For detailed information regarding accounting policies, see Serneke's 2016 Annual Report, see www.serneke.se.

NOTE 2 – Financial assets and liabilities at fair value

Financial assets and financial liabilities measured at fair value on 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 2016 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 SEK million	Sept 30 2017	Dec 31 2016
Financial assets		
Available-for-sale financial assets*	1	1
Total financial assets	**1**	**1**
Financial liabilities		
Other short- and long-term liabilities	48	31
Of which, additional purchase considerations**	48	31
Total financial liabilities	**48**	**31**

* 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 associated company's liabilities to credit institutions in the event that the associated company is unable to pay.

Pledged assets and contingent liabilities in the consolidated balance sheet:

Group	**Sept 30 2017**	Sept 30 2016	Dec 31 2016
Pledged assets	662	928	920
Contingent liabilities/contingent liabilities	406	235	243
Parent Company			
Pledged assets	321	225	222
Contingent liabilities/contingent liabilities	985	609	519

FINANCIAL DEFINITIONS

Key indicator	Definition	Purpose
Income	Within the contracting operations, income is reported in accordance with the percentage-of-completion method. This income is recognized in pace with contracting projects within the Company being completed. For project development, income 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, income corresponds to invoiced sales of Group-wide services and rental income.	In the Company's view, the key indicator allows investors, who so wish, to assess the Company's earnings capacity.
Growth	Income for the period less income for the previous period divided by income for the previous period.	In the Company's view, the key indicator allows investors, who so wish, to assess the Company's capacity to increase its earnings.
Organic growth	Income for the period, adjusted for acquired growth, less income for the previous period, adjusted for acquired growth, divided by income for the previous period, adjusted for acquired growth.	In the Company's view, the key indicator allows investors, who so wish, to assess the Company's capacity to increase its income without acquiring operating companies.

Calculation of organic growth	**Jul-Sep 2017**	Jul-Sep 2016	**Jan-Sep 2017**	Jan-Sep 2016	Oct-Sep 2016/2017	Jan–Dec 2016
Income current period	1,271	802	3,873	2,712	5,139	3,978
Income corresponding period previous period	802	815	2,712	2,097	3,722	3,107
Income change	**469**	**-13**	**1,161**	**615**	**1,417**	**871**
Adjustment for structural effect	-16	0	-31	0	-31	0
Total organic growth	**453**	**-13**	**1,130**	**615**	**1,386**	**871**
Total organic growth (%)	56.5%	-1.6%	41.7%	29.3%	37.2%	28.0%

Key indicator	Definition	Purpose
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 the Company's view, the key indicator allows investors, who so wish, to assess the Company's income through Business Area Construction and Business Area Civil Engineering in future periods.
Operating margin	Operating profit divided by income.	In the Company's view, the key indicator allows investors, who so wish, to assess the Company's profitability.
Operating capital	Current assets less current liabilities.	In the Company's view, the key indicator allows investors, who so wish, to assess the

Key indicator	Definition	Purpose
		Company'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 the Company's view, the key indicator allows investors, who so wish, to assess the total capital placed at the Company's disposal by shareholders and creditors.

Calculation of capital employed	Sept 30 2017	Sept 30 2016	Dec 31 2016
Total assets	**3,968**	**2,858**	**3,437**
Deferred tax assets	-23	-43	-48
Less non-interest-bearing liabilities including deferred tax liabilities	-1,703	-1,350	-1,404
Capital employed	**2,242**	**1,465**	**1,985**

Key indicator	Definition	Purpose
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 the Company's view, the key indicator allows investors, who so wish, to assess the Company's capacity to generate a return on the total capital placed at the Company's disposal by shareholders and creditors.

Calculation of average capital employed	Sept 30 2017	Sept 30 2016	Dec 31 2016
September 30, 2017 (2,242) September 30, 2016 (1,465) / 2	1,854		
September 30, 2016 (1,465) + September 30, 2015 (681) / 2		1,074	
December 31, 2016 (1,985) + December 31, 2015 (670) / 2			1,328

Calculation of return on capital employed	Sept 30 2017	Sept 30 2016	Dec 31 2016
Profit after net financial items	224	484	394
Plus financial expenses	61	20	28
Average capital employed	1,854	1,074	1,328
Return on capital employed	**15.4%**	**46.9%**	**31.8%**

<table>
<tr><th>Key indicator</th><th>Definition</th><th>Purpose</th></tr>
<tr><td>Return on equity</td><td>Profit for the period as a percentage of average shareholders' equity. Accumulated interim periods are based on rolling 12-month earnings.</td><td>In the Company'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.</td></tr>
<tr><td></td><td colspan="2">
<table>
<tr><th>Calculation of average shareholders' equity</th><th>Sept 30 2017</th><th>Sept 30 2016</th><th>Dec 31 2016</th></tr>
<tr><td>September 30, 2017 (1,669) September 30, 2016 (822) / 2</td><td>1,246</td><td></td><td></td></tr>
<tr><td>September 30, 2016 (822) September 30, 2015 (316) / 2</td><td></td><td>569</td><td></td></tr>
<tr><td>December 31, 2016 (1469) + December 31, 2015 (453) / 2</td><td></td><td></td><td>961</td></tr>
</table>
<table>
<tr><th>Calculation of return on shareholders' equity</th><th>Sept 30 2017</th><th>Sept 30 2016</th><th>Dec 31 2016</th></tr>
<tr><td>Profit/loss for the period</td><td>197</td><td>506</td><td>394</td></tr>
<tr><td>Average shareholders' equity</td><td>1,246</td><td>569</td><td>961</td></tr>
<tr><td>Return on equity</td><td>15.8%</td><td>88.9%</td><td>41.0%</td></tr>
</table>
</td></tr>
<tr><td>Equity/assets ratio</td><td>Shareholders' equity less minority interests as a percentage of total assets.</td><td>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.</td></tr>
<tr><td>Net debt</td><td>Interest-bearing liabilities less liquid assets less interest-bearing receivables.</td><td>Net debt is a measure deemed relevant for creditors and credit rating agencies.</td></tr>
<tr><td>Net debt/equity ratio</td><td>Interest-bearing net debt divided by shareholders' equity.</td><td>Net debt/equity ratio is a measure deemed relevant for creditors and credit rating agencies.</td></tr>
<tr><td>Equity per share</td><td>Total equity according to the balance sheet divided by the number of shares outstanding on the closing date.</td><td>The Company believes that key ratios give investors a better understanding of historical return per share at the closing date.</td></tr>
<tr><td>Cash flow from operations per share</td><td>Cash flow from operating activities divided by the average number of shares during the period.</td><td>It is the Company'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.</td></tr>
<tr><td>Earnings per share</td><td>Profit for the period divided by the average number of shares during the period.</td><td>It is the Company's view that the key indicator gives investors a better understanding of profit per share.</td></tr>
</table>

SERNEKE IN BRIEF

Serneke is a rapidly growing corporate group active in construction, civil engineering, project development and property management with around 950 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.

Serneke Group AB (publ)
Headquarters:
Kvarnbergsgatan 2
SE-411 05 Gothenburg
Phone: +46 (0) 31-712 97 00 | info@serneke.se

Presentation of the Interim Report January–September 2017

On October 27, 2017 at 09:00 a.m. (CET), Serneke Group will comment on this Interim Report in a conference call with an online presentation for investors, analysts and the 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:	08 5664 2700
From the UK:	+44 20 3008 9803