



INCREASED SALES AND PROFIT

JANUARY–MARCH

- Income amounted to SEK 1,485 million (1,138), an increase of 30 percent
- Operating profit amounted to SEK 52 million (47) and the operating margin was 3.5 percent (4.1)
- Profit for the period amounted to SEK 39 million (33)
- Earnings per share after dilution amounted to SEK 1.66 (1.41)
- The equity/assets ratio was 42.7 percent (42.4)
- Cash flow from operating activities amounted to SEK 209 million (140)
- Order bookings amounted to SEK 1,128 million (2,069)
- Order backlog amounted to SEK 7,671 million (7,995)

SEK million	Jan–Mar 2018	Jan–Mar 2017	Apr–Mar 2017/2018	Jan–Dec 2017
Income	1,485	1,138	5,952	5,605
Operating profit	52	47	424	419
Operating margin, %	3.5	4.1	7.1	7.5
Profit/loss for the period	39	33	329	323
Earnings per share, SEK, before dilution	1.68	1.44	14.15	13.94
Earnings per share, SEK, after dilution	1.66	1.41	14.05	13.81
Equity per share, SEK, after dilution	79.39	65.44	79.39	77.73
Equity/assets ratio, %	42.7	42.4	42.7	41.3
Net debt	58	-218	58	254
Net debt/EBITDA	0.1	-0.5	0.1	0.6
Net debt/equity ratio, %	3.1	-14.2	3.1	13.9
Order bookings	1,128	2,069	5,459	6,400
Order backlog	7,671	7,995	7,671	7,965

CEO STATEMENT

Serneke continues to deliver

The Group shows growth of 30 percent for the first quarter, with increased income in all business areas and a total operating profit of SEK 52 million (47). It is incredibly pleasing to see how we are continuing to deliver as planned in all areas towards achieving our long-term objectives for 2020.

Construction is continuing to grow, by 26 percent for the quarter, and with good profitability. Although the operating profit of SEK 35 million (41) was lower than in the preceding year, 2.8 percent is satisfactory for a quarter subject to seasonal effects. Overall, we are experiencing good demand in our prioritized customer segments, which are primarily public clients and major real estate companies.

The order book for Construction for the period added up to SEK 7,316 million (7,580), which had a large part of public clients. The increased proportion of cooperation agreements is a strategically important development affecting order bookings in the short-term perspective, but will have a positive long-term effect on our income. The cooperation agreements also increase opportunities for long-term resource planning and lower project risk.

Civil Engineering increased its income by 46 percent, showing an operating profit for the third consecutive quarter. We are seeing a continued favorable market with increased demand from municipalities and new infrastructure projects, for example.

Development of proprietary projects and properties continues to add value to the Group, with increased activity during the period, partly opening up business opportunities within the Group and, partly generating conditions for highly attractive turnkey transactions.

Apartment sales in Karlatornet continue to be positive and our major development project at S ve Airport continues to develop according to plan and where we see very good financial perspectives in the future.

Improved cash flow

To enable continued investment in proprietary projects, the Group's business model builds on our generating positive cash flow over time through our contracting operations.

During the period, cash flow increased to SEK 209 million (140), strengthening the image that we are continuing to develop in the right direction. With a clear business focus and stable processes, we are building investment opportunities adding to the overall offer and the Group's profitability.



By extension, this is key to delivering long-term profitability of 8 percent, which is the Group's overarching goal and one I feel our shareholders should be able to expect.

Personnel remain in focus

It has always been natural for me to place our employees in focus, and being the industry's most attractive employer is, and remains, a priority objective.

We passed 1,000 employees in the Group last year and efforts to attract new employees and retain existing ones remains our principal area of focus.

During the quarter, we prepared a number of initiatives aimed at strengthening our personnel offering. Leadership training, talent development, proprietary training centers, succession planning, more recreation and well-being for our employees all represent obvious components in the offering we are now launching.

Our employees' hard work and commitment are a prerequisite our journey towards 2020 being possible.

Accordingly, I am very proud of the new shareholder program that we have proposed to the Annual General Meeting, offering our employees an attractive opportunity to share in the company's earnings and to be able to participate in the continued growth in value.

Ola Serneke, President and CEO

GROUP DEVELOPMENT

ORDER BOOKINGS AND ORDER BACKLOG

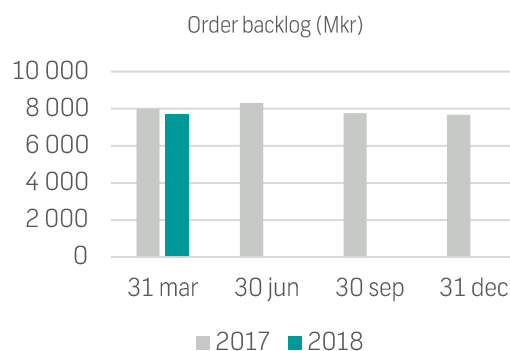
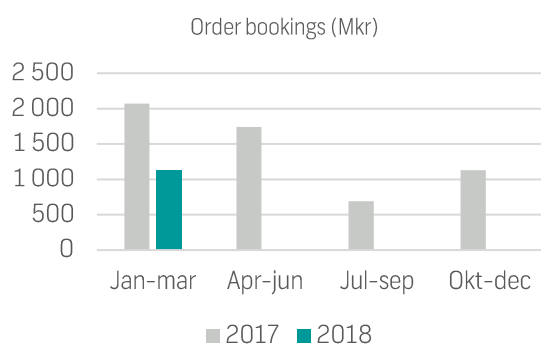
Order bookings in the first quarter amounted to SEK 1,128 million (2,069). The Group is experiencing continued high demand in the market, but order bookings vary between quarters, depending on the time of contract signing, especially for the type of large projects the company has chosen to prioritize. There has also been an increased focus on cooperation and partnership agreements. During the quarter, several important cooperation agreements were signed, although these will only be included in order bookings

when the planning and design stages have been completed and the projects progress to the production phase. Order bookings in the first quarter consisted primarily of housing projects. The metropolitan areas of Stockholm, Gothenburg and Malmö are continuing to be the Group's most important markets.

The Group's order backlog at the end of the first quarter amounted to SEK 7,671 million (7,995).

Order bookings	Jan-Mar	Jan-Mar	Apr-Mar	Jan-Dec
SEK million	2018	2017	2017/2018	2017
Construction	927	1,830	4,912	5,815
Civil Engineering	201	239	547	585
Group	1,128	2,069	5,459	6,400

Order backlog	Mar 31	Mar 31	Dec 31
SEK million	2018	2017	2017
Construction	7,316	7,580	7,649
Civil Engineering	355	415	316
Group	7,671	7,995	7,965



NEW ASSIGNMENTS IN THE PERIOD JANUARY-MARCH 2018

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

Assignment	Location	Client	Order value (SEK million)	Anticipated start of construction
Tenant-owner Apartments	Helsingborg	Magnolia	200	First quarter 2018
Apartments/townhouses	Staffanstorp	Lemacken projekt AB	100	First quarter 2018
Apartments	Malmö	HSB Malmö	158	First quarter 2018

INCOME AND PROFIT

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

SEK million	Jan-Mar 2018	Jan-Mar 2017	Apr-Mar 2017/2018	Jan-Dec 2017
Income	1,485	1,138	5,952	5,605
Operating profit	52	47	424	419
Net financial items	-3	-7	-14	-18
Earnings after financial items	49	40	410	401
Tax	-10	-7	-81	-78
Profit/loss for the period	39	33	329	323

JANUARY-MARCH 2018

Consolidated income amounted to SEK 1,485 million (1,138), an increase of 30 percent compared with the corresponding quarter the previous year. All business areas increased their sales during the quarter and there is good demand for the Group's services. Activities for the contracting operations continued at a high level, and sales increased by 28 percent. Project Development increased its turnover by 24 percent with several projects transitioning to the production phase. The Property Management business area also showed an increase, of 75 percent, generated by the increased property portfolio and hotel income.

Operating profit amounted to SEK 52 million (47), an increase of 11 percent. Operating profit from the contracting operations amounted to SEK 36 million (37), a decrease of 3 percent. Construction's profit decreased while Civil Engineering generated improved profit.

Operating profit in Project Development increased sharply to SEK 9 million (0). Operating profit in Business Area Property Management amounted to negative SEK 10 million (positive 11).

During the quarter, a ruling was reached on a dispute related to the 2014 acquisition of Värmdö Bygg – with the ruling being in Serneke's favor. As a consequence of the outcome of the dispute, a provision has been reversed, affecting operating profit positively by SEK 20 million. The item is reported under Group-wide. In the quarter, no item on value changes in investment properties was found, as was the case in the first quarter of 2017 (amounting to SEK 19 million).

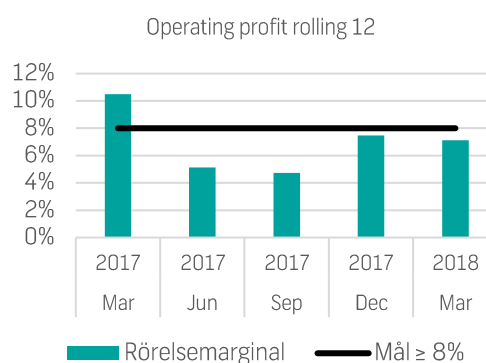
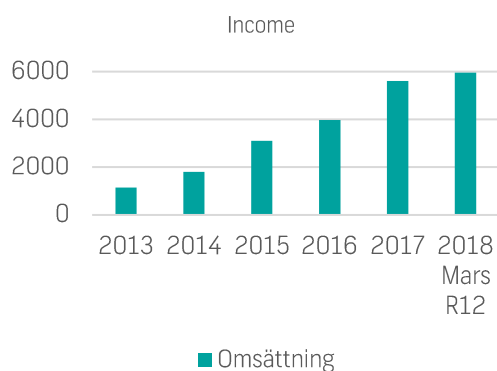
Net financial items amounted to a negative SEK 3 million (7) and the Group reported a tax expense of SEK 10 million (7).

Profit after tax amounted to SEK 39 million (33) and earnings per share for the quarter were SEK 1.68 (1.44).

THE GROUP'S GROWTH AND PROFITABILITY TARGETS

Serneke's long-term growth target is to reach income of SEK 10 billion by 2020, primarily through organic growth supplemented with selective acquisitions.

The long-term profitability target in the Group is an operating margin of 8 percent.



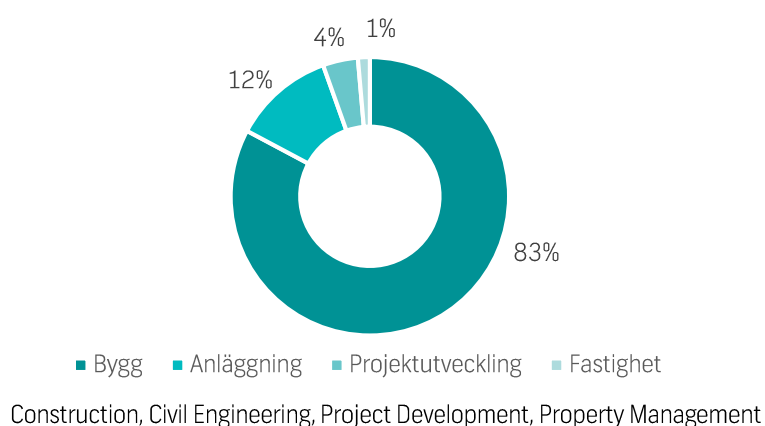
SALES

	Jan-Mar 2018	Jan-Mar 2017	Apr-Mar 2017/2018	Jan-Dec 2017
SEK million				
Construction	1,260	1,003	5,176	4,919
Civil Engineering	179	123	679	623
Project Development	62	50	224	212
Property Management	21	12	60	51
Group-wide*	41	8	141	108
Eliminations	-78	-58	-328	-308
Total	1,485	1,138	5,952	5,605

	Jan-Mar 2018	Jan-Mar 2017	Apr-Mar 2017/2018	Jan-Dec 2017
SEK million				
Construction	35	41	177	183
Civil Engineering	1	-4	6	1
Project Development	9	0	74	65
Property Management	-10	11	192	213
Group-wide*	17	-1	-25	-43
Total	52	47	424	419
Net financial items	-3	-7	-14	-18
Profit after financial items	49	40	410	401

* Group-wide: Other operations are reported under Group-wide – and consist of key companies, Group functions and elimination of intra-Group profit. In the first quarter of 2018, a provision for a dispute resolved to the company's advantage was reversed.

Sales by segment, Jan-Mar

**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	Mar 31 2018	Mar 31 2017	Dec 31 2017
Total assets	4,352	3,605	4,404
Total equity	1,860	1,530	1,821
Net debt	58	-218	254
Net debt/EBITDA	0.1	-0.5	0.6
Cash and cash equivalents	625	698	431
Equity/assets ratio, %	42.7	42.4	41.3

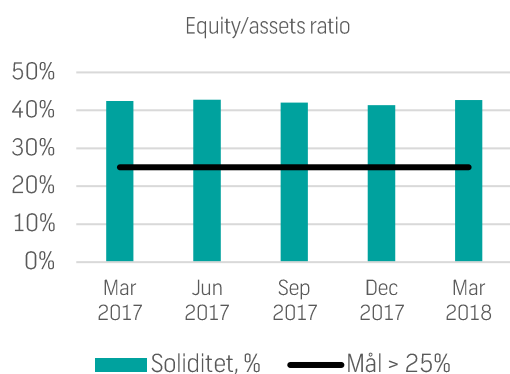
The consolidated balance sheet total amounted to SEK 4,352 million (4,404) as at March 31, and the equity/assets ratio was 42.7 percent (41.3). At the end of the period, the Group's cash and cash equivalents, including unutilized credit facilities, amounted to SEK 825 million (631).

Equity increased by SEK 39 million, attributable to profit for the period, and amounted to SEK 1,860 million (1,821) as at March 31.

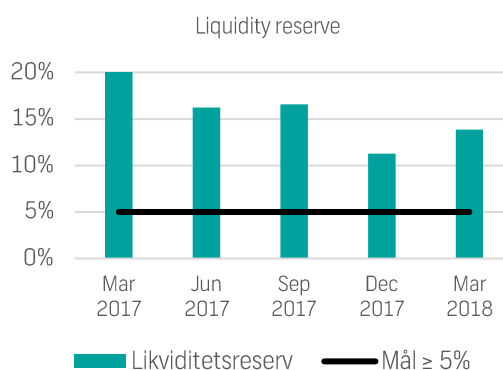
Net debt amounted to SEK 58 million (254) as at March 31. Net debt in relation to EBITDA is very good at 0.1 (0.6) and the average interest rate was 4.05 percent (3.94). Unutilized committed credit facilities amounted to SEK 200 million (200) at the end of the period. The bank overdraft with Nordea carries a covenant, which means that the Group shall have an equity/assets ratio of 25 percent.

GROUP CAPITAL STRUCTURE

One of the Group's financial targets is for the equity/assets ratio to exceed 25 percent.



The liquidity reserve shall amount to the equivalent of 5 percent of income in the past 12-month period.



CASH FLOW

JANUARY-MARCH 2018

Cash flow from operating activities amounted to SEK 209 million (140). The change is mainly due to less capital being tied up as a result of receivables being settled. Cash flow from investments was negative in the amount of SEK 11 million (29), consisting mainly of investments in investment properties. Cash flow from financing activities was negative in the amount of SEK 4

million (16), mainly relating to loan amortization of loans. Cash flow for the period amounted to SEK 194 million (127).

EMPLOYEES

The average number of employees was 1,022 individuals during the period January–March 2018, compared with 878 people in the corresponding period the previous year.

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 Business Areas Project Development and Property Management.

SEK million	Jan–Mar 2018	Jan–Mar 2017	Apr–Mar 2017/2018	Jan–Dec 2017
Income	1,260	1,003	5,176	4,919
Operating profit	35	41	177	183
Operating margin, %	2.8	4.1	3.4	3.7
Order bookings	927	1,830	4,912	5,815
Order backlog	7,316	7,580	7,316	7,649
Average number of employees	744	659	781	696

JANUARY–MARCH 2018

Income amounted to SEK 1,260 million (1,003), an increase of 26 percent. Operating profit amounted to SEK 35 million (41), corresponding to a decrease of 15 percent. Accordingly, the operating margin was lower at 2.8 percent (4.1).

Order bookings amounted to SEK 927 million (1,830). Business Area Construction sees continued good demand in the market continues to compete with market leaders for major projects. During the quarter, several cooperation agreements were entered into. The projects have started and are in the projecting phase (phase one) but are included in the order entry when the production phase (phase two) agreements are finalized with the customer. A total of six collaborative agreements were

signed during the quarter compared with four throughout the previous year. The entered agreements do not include own projects, such as Karlstad, and are expected to allow us to carry out larger projects with order volume over 300 MSEK.

New assignments during the quarter were mainly in the housing sector, although agreements were also signed with public clients regarding public buildings.

FINANCIAL TARGET

The long-term target in Business Area Construction is an operating margin of 5 percent. The operating margin for the quarter amounted to 2.8 percent.



On behalf of Magnolia Bostad, Serneke has been assigned to construct 126 apartments in the Oceanhamnen district of Helsingborg. The project and the entire district prioritize sustainability solutions, including roof solar cells and innovative solutions to promote biogas production and water purification. Construction is expected to commence after summer 2018, providing that building permits are granted and sale of the residences goes according to plan. The residences are expected to be completed in 2020.

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.

	Jan-Mar 2018	Jan-Mar 2017	Apr-Mar 2017/2018	Jan-Dec 2017
SEK million				
Income	179	123	679	623
Operating profit	1	-4	6	1
Operating margin, %	0.6	-3.3	0.9	0.2
Order bookings	201	239	547	585
Order backlog	355	415	355	316
Average number of employees	155	125	171	141

JANUARY-MARCH 2018

Income amounted to SEK 179 million (123), an increase of 46 percent. The strong increase in sales is explained by additional major projects entering full production. Operating profit improved, amounting to SEK 1 million (loss 4), entailing a positive operating outcome for the third consecutive quarter. The operating margin was 0.6 percent (negative 3.3). The business area has gradually built up an organization to handle increased volumes, and the volume growth relative to overhead costs has affected the margin positively during the quarter.

Order bookings amounted to SEK 201 million (239) and, at the end of the period, the order backlog totaled SEK 355 million (415). Civil Engineering sees continued good market demand with many municipalities investing in infrastructure projects.

FINANCIAL TARGETS

The long-term target in Civil Engineering is an operating margin of 5 percent. The operating margin for the quarter was 0.6 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 associates.

SEK million	Jan-Mar 2018	Jan-Mar 2017	Apr-Mar 2017/2018	Jan-Dec 2017
Income	62	50	224	212
Share in profit of associates and joint ventures	-4	-	38	38
Operating profit	9	0	74	65
Operating margin, %	15	0.0	33.0	30.7
Average number of employees	44	26	52	34

JANUARY-MARCH 2018

Income amounted to SEK 62 million (50), an increase of 24 percent. The increase in income is explained by the fact that there are more projects in production than in the corresponding period the previous year.

Operating profit amounted to SEK 9 million (0), which is explained by more projects being in production.

Shares in the profit/loss of associates and joint ventures affected earnings negatively by SEK 4 million (-) and refer to internal profit elimination.

FINANCIAL TARGET

Project Development aims for a return on capital employed of 20 percent. Return on capital employed, based on 12-month rolling earnings, as per March 31, 2018, amounted to 13.2 percent.

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 a participation in joint ventures in the consolidated balance sheet.

The project is proceeding according to plan and during the quarter, the groundwork for Karlatornet continued.

The Group's share of JV Karlastaden

SEK million	Mar 31 2018	Mar 31 2017	Dec 31 2017
Ownership share %	50	50	50
Share of equity	386	331	356
Share in profit	0	0	-1

Income statement JV SEK million	Jan-Mar 2018	Jan-Mar 2017	Jan-Dec 2017
Income	1	1	2
Profit for the year	0	0	-2

Balance sheet JV SEK million	Mar 31 2018	Mar 31 2017	Dec 31 2017
ASSETS			
Properties	779	394	688
Other assets	77	38	95
Total assets	856	432	783
EQUITY AND LIABILITIES			
Shareholders' equity	177	33	106
Interest-bearing liabilities	624	347	523
Other liabilities	55	52	154
Total equity and liabilities	856	432	783

Project development portfolio

The total book value of the project development portfolio amounted to SEK 300 million as at March 31, 2018 and is reported as project and development properties in the balance sheet. Holdings in the Karlastaden project are reported as a joint venture under participations in associated companies and joint ventures in the balance sheet, at a value of SEK 386 million as at March 31, 2018.

Serneke's estimates the value of the project portfolio at approximately SEK 1,814 million, based on an external valuation made in the fourth quarter of 2017.

Of the assessed value of the project portfolio of SEK 1,814 million, SEK 205 million represented the value of development rights on the Company's own balance sheet, agreed development rights of which the Company has yet to take possession were estimated at about SEK 704 million and development rights held through joint ventures or associates were estimated at approximately SEK 905 million.

During the quarter, a project to construct tenant-owner housing commenced.



In May, the municipal council in Järfälla decided to proceed with the plans to develop a whole new district in Veddesta together with Serneke. In addition to housing, schools, shops and hotels, a central part of the plan are sports facilities including an indoor ski circuit.

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 associates.

SEK million	Jan-Mar 2018	Jan-Mar 2017	Apr-Mar 2017/2018	Jan-Dec 2017
Income	21	12	60	51
Earnings from property management	-12	-5	-14	-7
Changes in value of properties	0	9	219	228
Share in profit of associates and joint ventures	2	7	-13	-8
Operating profit	-10	11	192	213
Average number of employees	16	13	17	14

JANUARY-MARCH 2018

Income amounted to SEK 21 million (12), an increase of 75 percent.

Property management earnings amounted to a loss of SEK 12 million (5). During the quarter, property management earnings were charged with a non-recurring expense of SEK 4 million.

There have been no changes in the value of investment properties during the quarter.

The share in profit of associated companies amounted to SEK 2 million (profit 7), primarily attributable to property management earnings in the associate Änglagården Holding AB, which manages Prioritet Serneke Arena.

On March 31, the total book value of the investment properties amounted to SEK 905 million (895).

FINANCIAL TARGET

Property Management aims for a return on equity of 20 percent. On March 31, 2018, the return on equity, based on rolling 12-months earnings, amounted to 69.4 percent.

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	March 31 2018	Mar 31 2017	Dec 31 2017
Ownership as a percentage	40	40	40
Share in associated companies*	85	98	83
Share in profit for the period	2	7	-8
Of which:			
Earnings from property management	2	7	20
Change in value of property	-	-	-28

*) 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	Jan-Mar 2018	Jan-Mar 2017	Jan-Dec 2017
Income	15	14	81
Profit for the year	4	18	-20

Balance Sheet Änglagården Holding AB SEK million	Mar 31 2018	Mar 31 2017	Dec 31 2017
ASSETS			
Properties	800	888	799
Other assets	193	226	207
Total assets	993	1,114	1,006
EQUITY AND LIABILITIES			
Shareholders' equity	314	370	310
Interest-bearing liabilities	473	482	478
Other liabilities	206	262	218
Total equity and liabilities	993	1,114	1,006

Other investment properties

Within the business area, some smaller properties are managed where rental of warehouses, garages and industrial premises is conducted for municipal activities and private activities via subsidiaries.

PARENT COMPANY

The operations of Serneke Group AB (publ) consist mainly of Group Management and Group-wide services.

Income for the period January–March amounted to SEK 38 million (26) and operating profit amounted to SEK 37 million (0).

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 Note 34 of the 2017 Annual Report. Material related-party transactions have taken place with property company Adapta AB, JV Karlastaden and associate Änglagården. Transactions with related parties have been made on market terms. Transactions with Adapta AB 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 139 million and purchases to SEK 3 million as at March 31, 2018. Transactions with JV Karlastaden consist mainly of project income, and sales amounted to SEK 36 million as at March 31, 2018. Transactions with Änglagården consist mainly of contracted personnel and, at March 31, 2018, income amounted to SEK 1 million.

SIGNIFICANT RISKS AND UNCERTAINTIES

Serneke's operations entail several types of risks, both operational and financial. Operational risks are related to the daily operations and can apply to tenders or project development, assessment of profits, risks linked to production or the price trend. Operational risks are managed by the internal business management that has been developed within the Group. Identifying and managing Serneke's risks is crucial to the Group's

profitability. Each business area manages its risks based on the business management and developed procedures and processes. Serneke's financial risks such as interest rate, liquidity, financing and credit risks are managed centrally in order to minimize and control risk exposure.

For further information on risks, as well as critical estimates and assessments, see the Board of Directors' Report and Notes 3 and 4 in the 2017 Annual Report. The descriptions in the Annual Report remain relevant. The Annual Report is published at www.serneke.group.

OTHER SIGNIFICANT EVENTS DURING THE REPORT PERIOD

Dispute regarding acquisition of Värmdö Byggentreprenader AB resolved

On August 27, 2014, an agreement was signed to acquire 100 percent of the shares in Värmdö Byggentreprenader AB. According to the agreement regarding conditional purchase consideration, Serneke was to pay a variable purchase consideration based on the Company's operating profit for 2015, amounting at most to SEK 30 million. Serneke and the seller of Värmdö Byggentreprenader AB disputed the payment of a possible additional purchase consideration, upon which the seller initiated arbitration proceedings. Serneke's view was that the additional consideration should not be paid. The ruling on the arbitration proceedings was issued in February 2018 and was to Serneke's advantage, meaning that no additional purchase price is payable. In connection with the dispute, Serneke has reversed a provision of SEK 19.6 million, that was reported under Group-wide.

THE SERNEKE SHARE (SRNKE)

Serneke Group AB has two share series, Series A and B. Serneke had approximately 5,650 shareholders at March 31, 2018 and the closing price on March 31, 2018 was SEK 91.90.

Serneke's ten largest shareholders, March 31, 2018

Name	Shares of Series A	Shares of Series B	Total number of shares	Proportion of Shares, %	Proportion of votes, %
Ola Serneke Invest AB	3,710,000	2,331,354	6,041,354	25.99%	55.16%
Lommen Holding AB	540,000	3,457,803	3,997,803	17.20%	12.39%
Christer Larsson i Trollhättan AB	380,000	497,000	877,000	3.77%	6.01%
Ledge Ing AB	330,000	450,000	780,000	3.36%	5.25%
Vision Group i väst AB	250,000	536,000	786,000	3.38%	4.25%
AB Stratio	150,000	0	150,000	0.65%	2.10%
Carnegie Fonder	0	1,210,099	1,210,099	5.21%	1.69%
Svolder Aktiebolag	0	1,200,000	1,200,000	5.16%	1.68%
Cliens fonder	0	927,600	927,600	3.99%	1.30%
JPMEI – Stockholm Branch	0	627,227	627,227	2.70%	0.88%
Total, 10 largest	5,360,000	11,237,083	16,597,083	71.41%	90.71%
Other shareholders	0	6,651,369	6,651,369	28.59%	9.29%
Total	5,360,000	17,888,452	23,248,452	100%	100%

Source: Euroclear and Serneke

Share series, number of shares and votes, March 31, 2018

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

INCENTIVE PROGRAMS

The Extraordinary General Meeting of June 29, 2016 resolved to issue convertible debentures 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. No further conversion occurred during the period, and, at March 31, 2018, a total of 850 convertibles had

been converted to Series B shares and 131,500 convertibles remained.

The Annual General Meeting of May 3, 2017, approved the issuance of convertibles for Group employees. The subscribed amount was approximately SEK 7.6 million, meaning that at most 48,503 Series B shares could increase share capital by at most SEK 4,850.3 on full conversion. The conversion rate was fixed at SEK 157.70. The convertibles fall due September 8, 2020, provided conversion has not taken place before this date. No conversion took place during the quarter. The convertibles will carry an annual interest rate of 2.60 percent.

FINANCIAL CALENDAR

Annual General Meeting 2018, Gothenburg, May 3 2018

Interim Report January–June 2018, July 17 2018

Interim Report January–Sept. 2018, October 24 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.

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

Gothenburg, May 3, 2018

Serneke Group AB (publ)

Board

Kent Sander
Chairman

Mari Broman
Member

Ludwig Mattsson
Member

Ola Serneke
CEO

Anders Wennergren
Member

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 May 3, 2018, at 8:00 a.m.

QUARTERLY DATA AND MULTI-YEAR REVIEW

	Jan-Mar	Oct-Dec	Jul-Sep	Apr-Jun	Jan-Mar	Oct-Dec	Jul-Sep	Apr-Jun
SEK million	2018	2017	2017	2017	2017	2016	2016	2016
Income								
Construction	1,260	1,511	1,113	1,292	1,003	1,089	683	809
Civil Engineering	179	208	140	152	123	162	121	93
Project Development	62	53	56	53	50	37	11	323
Property Management	21	18	12	9	12	8	4	2
Group-wide	41	37	30	33	8	27	34	20
Eliminations	-78	-95	-80	-75	-58	-57	-51	-38
Total	1,485	1,732	1,271	1,464	1,138	1,266	802	1,209
Operating profit								
Construction	35	56	42	44	41	40	19	13
Civil Engineering	1	4	3	-2	-4	-9	-7	-12
Project Development	9	15	3	47	0	5	-6	343
Property Management	-10	182	17	3	11	10	46	-19
Group-wide	17	-47	2	3	-1	-12	13	-7
Total	52	210	67	95	47	34	65	318
Operating margin, %	3.5	12.1	5.3	6.5	4.1	2.7	8.1	26.3
Profit after net financial items	49	206	62	93	40	29	60	313
Profit/loss for the period	39	152	51	87	33	26	52	321
Balance sheet								
Fixed assets	1,725	1,682	1,353	1,274	1,212	1,160	1,032	986
Current assets	2,627	2,722	2,615	2,514	2,393	2,277	1,826	1,520
Total assets	4,352	4,404	3,968	3,788	3,605	3,437	2,858	2,506
Shareholders' equity	1,860	1,821	1,669	1,621	1,530	1,469	822	769
Non-current liabilities	972	980	920	738	725	764	919	662
Current liabilities	1,520	1,603	1,379	1,429	1,350	1,204	1,117	1,075
Total equity and liabilities	4,352	4,404	3,968	3,788	3,605	3,437	2,858	2,506
Orders								
Order bookings	1,128	1,898	691	1,742	2,069	1,650	920	1,724
Order backlog	7,671	7,965	7,765	8,308	7,995	7,041	6,629	6,480
Employees								
Average number of employees	1022	1001	970	919	878	847	800	759

KEY INDICATORS

IFRS-based key indicators

	Jan-Mar 2018	Jan-Mar 2017	Apr-Mar 2017/2018	Jan-Dec 2017
SEK million				
Income	1,485	1,138	5,952	5,605
Earnings per share, SEK, before dilution	1.68	1.44	14.15	13.94
Earnings per share, SEK, after dilution	1.66	1.41	14.05	13.81
Weighted average number of shares before dilution	23,248,452	22,932,219	23,248,452	23,169,394
Weighted average number of shares after dilution	23,428,455	23,379,953	23,408,245	23,396,120

Other key indicators

	Jan-Mar 2018	Jan-Mar 2017	Apr-Mar 2017/2018	Jan-Dec 2017
SEK million				
Operating profit	52	47	424	419
Growth, %	30.5	62.3	34.8	40.9
Order bookings	1,128	2,069	5,459	6,400
Order backlog	7,671	7,995	7,671	7,965
Organic growth, %	30.5	62.3	33.2	39.1
Operating margin, %	3.5	4.1	7.1	7.5
Cash flow before financing	198	111	-185	-272
Cash flow from operations per share, before dilution	8.99	6.10	4.99	2.03
Cash flow from operations per share, after dilution	8.92	5.99	4.96	2.01
Equity per share, SEK, before dilution	80.01	65.83	80.01	78.33
Equity per share, SEK, after dilution	79.39	65.44	79.46	77.73
Working capital	1,107	1,043	1,107	1,119
Capital employed	2,553	2,022	2,553	2,516
Return on capital employed, %	21.6	34.6	21.6	21.6
Return on equity after taxes, %	19.4	43.7	19.4	19.6
Equity/assets ratio, %	42.7	42.4	42.7	41.3
Net debt	58	-218	58	254
Net debt/equity ratio, %	3.1	-14.2	3.1	13.9
Net debt/EBITDA	0.1	-0.5	0.1	0.6

SUMMARY FINANCIAL STATEMENTS

SUMMARY CONSOLIDATED INCOME STATEMENT

SEK million	Jan-Mar 2018	Jan-Mar 2017	Apr-Mar 2017/2018	Jan-Dec 2017
Income	1,485	1,138	5,952	5,605
Production and administration expenses	-1,397	-1,091	-5,605	-5,299
Gross profit	88	47	347	306
Sales and administration expenses	-31	-26	-156	-151
Change in value of investment properties	0	19	219	238
Share in profit of associates and joint ventures	-5	7	14	26
Operating profit	52	47	424	419
Net financial items	-3	-7	-14	-18
Profit after financial items	49	40	410	401
Tax	-10	-7	-81	-78
Profit/loss for the period	39	33	329	323
Attributable to:				
Parent Company shareholders	39	33	329	323
Non-controlling interests	-	-	-	-
Earnings per share before dilution, SEK	1.68	1.44	14.15	13.94
Earnings per share after dilution, SEK	1.66	1.41	14.05	13.81
Average number of shares before dilution	23,248,452	22,932,219	23,248,452	23,169,394
Average number of shares after dilution	23,428,455	23,379,953	23,408,245	23,396,120

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

SEK million	Jan-Mar 2018	Jan-Mar 2017	Apr-Mar 2017/2018	Jan-Dec 2017
Profit/loss for the period	39	33	329	323
Other comprehensive income	0	0	0	0
Total comprehensive income	39	33	329	323

CONDENSED CONSOLIDATED BALANCE SHEET

SEK million	Mar 31 2018	Mar 31 2017	Dec 31 2017
Assets			
<i>Fixed assets</i>			
Intangible fixed assets	23	23	23
Investment properties	905	350	895
Other tangible fixed assets	97	78	95
Investments in associates/joint ventures	477	435	446
Deferred tax assets	-	42	-
Non-current interest-bearing receivables	10	54	10
Other non-current receivables	213	230	213
Total fixed assets	1,725	1,212	1,682
<i>Current assets</i>			
Project and development properties	300	238	283
Inventories	1	2	1
Accounts receivable	787	595	845
Accrued but not invoiced income	388	234	319
Other current receivables	526	626	843
Cash and bank balances	625	698	431
Total current assets	2,627	2,393	2,722
Total assets	4,352	3,605	4,404
Equity and liabilities			
Shareholders' equity	1,860	1,530	1,821
<i>Non-current liabilities</i>			
Non-current interest-bearing liabilities	643	365	641
Other non-current liabilities	153	224	152
Deferred tax liability	39	-	29
Other provisions	137	136	158
Total non-current liabilities	972	725	980
<i>Current liabilities</i>			
Current interest-bearing liabilities	50	169	54
Current tax liabilities	4	6	8
Accounts payable	776	578	799
Invoiced but not accrued income	317	263	297
Other current liabilities	373	334	445
Total current liabilities	1,520	1,350	1,603
Total equity and liabilities	4,352	3,605	4,404

SUMMARY OF CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY

SEK million	Mar 31 2018	Mar 31 2017	Dec 31 2017
Equity attributable to Parent Company shareholders			
Balance at beginning of period	1,821	1,469	1,469
New share issue	-	2	2
Conversion, convertible debenture loans	-	26	27
Convertible debentures – equity portion	-	-	-
Comprehensive income for the period	39	33	323
Balance at end of period	1,860	1,530	1,821

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

SEK million	Jan–Mar 2018	Jan–Mar 2017	Apr–Mar 2017/2018	Jan–Dec 2017
<i>Operating activities</i>				
Cash flow before change in working capital	36	28	187	179
Change in working capital	173	112	-71	-132
Cash flow from operating activities	209	140	116	47
<i>Investing activities</i>				
Acquisitions of investment properties	-	-	-248	-248
Acquisitions of businesses	-	-	-8	-8
Increase/decrease in investing activities	-11	-29	-45	-63
Cash flow from investing activities	-11	-29	-301	-319
Cash flow before financing	198	111	-185	-272
<i>Financing activities</i>				
Convertible loan	-	-	8	8
Newly raised borrowings	-	-	218	218
New share issue	-	-	-	-
Amortization of liabilities	-4	-	-83	-79
Increase/decrease in financing activities	0	16	-31	-15
Cash flow from financing activities	-4	16	112	132
Cash flow for the period	194	127	-73	-140
Cash and cash equivalents at beginning of period	431	571	698	571
Cash and cash equivalents at end of the period	625	698	625	431

PARENT COMPANY CONDENSED INCOME STATEMENT

SEK million	Jan-Mar 2018	Jan-Mar 2017	Apr-Mar 2017/2018	Jan-Dec 2017
Income	38	26	129	117
Sales and administration expenses	-1	-26	-111	-136
Operating profit	37	0	18	-19
Net financial items	-5	-6	-22	-23
Profit after financial items	32	-6	-4	-42
Appropriations	-	-	33	33
Profit/loss before tax	32	-6	29	-9
Tax	-7	1	-32	-24
Profit/loss for the period	25	-5	-3	-33

PARENT COMPANY STATEMENT OF COMPREHENSIVE INCOME

SEK million	Jan-Mar 2018	Jan-Mar 2017	Apr-Mar 2017/2018	Jan-Dec 2017
Profit/loss for the period	25	-5	-3	-33
Other comprehensive income	0	0	0	0
Total comprehensive income	25	-5	-3	-33

PARENT COMPANY CONDENSED BALANCE SHEET

SEK million	Mar 31 2018	Mar 31 2017	Dec 31 2017
Assets			
<i>Fixed assets</i>			
Tangible fixed assets	5	5	5
Investments in Group companies	127	84	127
Deferred tax assets	22	55	29
Other non-current receivables	5	1	2
Total fixed assets	159	145	163
<i>Current assets</i>			
Project and development properties	3	3	3
Other current receivables	813	697	918
Cash and bank balances	525	638	392
Total current assets	1,341	1,338	1,313
Total assets	1,500	1,483	1,476
Equity and liabilities			
Shareholders' equity	704	707	679
<i>Non-current liabilities</i>			
Non-current interest-bearing liabilities	321	312	321
Other provisions	-	-	20
Total non-current liabilities	321	312	341
<i>Current liabilities</i>			
Current interest-bearing liabilities	1	1	1
Accounts payable	11	14	14
Other current liabilities	463	449	441
Total current liabilities	475	464	456
Total equity and liabilities	1,500	1,483	1,476

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 indicators are applied.

The Group has acquired and sold assets through companies with these acquisitions/disposals not being considered to be acquisitions/disposals of operations. 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.

Implementation of new accounting standards:

IFRS 15 Revenue from Contracts with Customers

The new IFRS 15 standard was issued on May 28, 2014 and came into effect on January 1, 2018, replacing IAS 11 Construction Contracts, IAS 18 Revenue and IFRIC 15 Agreements for the Construction of Real Estate. IFRS 15 provides a model for revenue recognition for all income generated through agreements with customers, with the exception of leases, financial instruments and insurance contracts. The core principle for revenue recognition in accordance with IFRS 15 is that a company must recognize revenue in a way that reflects the transfer of the promised good or service to the customer, in the amount that the company expects to be entitled to receive in exchange for the good or service. Income is then recognized once the customer gains control of the good or service.

Under IFRS 15, income is reported according to a five-stage model:

The first stage identifies customer contracts. If two or more agreements have been entered with a customer and

the pricing of one agreement is dependent on another agreement, these agreements are combined. An amendment to an agreement entails a change to an agreement approved by the parties to the agreement and exists when the parties to the agreement approve an amendment that either creates new rights and obligations for the parties to the agreement or amends existing ones. An amendment to an agreement shall be recognized as a separate agreement when the extent of the agreement increases due to the addition of distinct promised goods or services, and when the price of the agreement increases by a degree of compensation reflecting the company's stand-alone sales prices for the additional goods or services promised. If the parties have not approved an amendment to the agreement, the company will continue to apply the standard to the existing agreement until the amendment to the agreement has been approved.

Stage two identifies the performance undertakings agreed to. A performance undertaking is a promise to convey to the customer a distinct product or service, or a series of distinct goods and services that are essentially the same and the follow the same pattern of conveyance to the customer. A product or service is distinct if the customer can benefit from that product or service separately or together with other resources available to the customer and if the company's promise to transfer the product or service to the customer can be distinguished from other promises in the agreement.

Stage three determines the transaction price. Fixed agreed pricing, variable compensation, possible additional purchase considerations, deductions, profit supplements, discounts and fines are taken into account. The variable compensation amount is estimated at the most probable amount, that being the most likely amount in an interval of possible compensation amounts or the anticipated value, which is the sum of probability-assessed amounts in an interval of possible compensation amounts. If the agreement includes a significant financing component, the transaction price shall be adjusted for the effect of the time value of money.

In step four, the transaction price is allocated to the various performance undertakings in the agreement if there is more than one. The allocated transaction price for each undertaking shall reflect the compensation amount to which the company expects to be entitled in exchange for the transfer of the promised goods or services to the customer, based on a stand-alone sales price.

Income is recognized in stage five, once the performance undertaking has been completed, either over time or at a specific time, and when the customer gains control of the asset. Income is recognized over time as the customer simultaneously receives and makes use of the benefits provided through the company's performance of its undertaking, when the company's performance creates or improves an asset controlled by the customer, or when the company's performance does not create an asset with an alternative use for the company and the company is also entitled to payment for its performance to date, including expenses incurred and a profit margin. Serneke consistently applies the input method to similar performance undertakings, with this method recognizing income based on the company's efforts or input to fulfill a performance undertaking in relation to the total expected input for the fulfillment of the performance undertaking. Exceptions from this expense-based input method may be expenses attributable to significant inefficiencies in the company's performance or when expenses incurred disproportionate to the process of fulfilling the undertaking. If a performance undertaking is not met over time as described above, the company fulfills the undertaking at a specific time. This occurs at the time when the customer gains control of the promised asset. Indicators of control may be that the company is entitled to payment for the asset, the customer gains legal ownership of the asset, the company has transferred the physical holding of the asset, the customer bears the significant risks and benefits associated with ownership of the asset or the customer has approved asset. Expenses incurred in securing an agreement, that is, expenses that the company would not have had if it had not secured the agreement, are reported as an asset only if the company expects to receive compensation for those expenses. Agreements entered into at a loss for the company are expensed immediately, with provisions being made for anticipated losses on remaining work and reported in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

Serneke has chosen to implement the standard with a forward-looking retroactive transition method. An analysis of the effects has been carried out by Serneke, indicating that the new rules give rise to no significant translation effects or reclassifications in income recognition. This means that the application of IFRS 15 does not affect the opening balance of shareholders' equity for 2018 but is equal to the closing balance of shareholders' equity, which at December 31, 2017 amounted to SEK 1,821 million.

A breakdown of income is provided in Note 4.

IFRS 9 Financial Instruments

The new IFRS 9 standard was issued on July 24, 2014 and came into effect on January 1, 2018, replacing IAS 39 Financial Instruments: Recognition and Measurement. The standard is more principle-based than rule-based and contains new requirements for the classification and valuation of financial instruments, a forward-looking impairment model and general rules for hedge accounting. The new rules for hedge accounting do not affect Serneke, since hedge accounting is not applied. As in IAS 39, the new rules for classification and valuation entail financial assets being classified in various categories, some of which are valued at amortized cost and others at fair value. Exemptions from application under IFRS 9 include participations in subsidiaries, associated companies and joint ventures, leases, entitlements under employment contracts, treasury shares, financial instruments falling under IFRS 2 and obligations under IFRS 15, except for such rights under IFRS 15 subject to impairment in accordance with IFRS 9.

Serneke has conducted an analysis of the effects of IFRS 9, which shows that the new rules do not result in any significant conversion effects. This means that the application of IFRS 9 does not affect the opening balance of shareholders' equity for 2018 but is equal to the closing balance of shareholders' equity for 2017: SEK 1,821 million. Serneke applies IFRS 9 retroactively using the practical relief rules specified in the standard, meaning that comparative figures are not recalculated, and that Serneke has chosen to apply the simplified method in calculating anticipated loan losses.

All financial instruments are reported as financial assets or financial liabilities in the statement of financial position when the company becomes party to the contractual terms of the instrument.

Classification of financial assets and financial liabilities

Financial assets

Financial assets are classified within the following valuation categories:

- those to be valued at fair value (either through other comprehensive income or the income statement), and
- those to be valued at amortized cost.

The classification depends on the company's business model for managing financial assets and contractual terms for cash flows. A financial asset is valued at amortized cost if the asset is held within the framework of a business model whose purpose is to hold financial

assets for the purpose of collecting contractual cash flows and where the cash flow at specific points in time consists solely of payments of capital amounts and interest on the outstanding capital amount. A financial asset is valued at fair value through other comprehensive income if the asset is held according to a business model whose objectives can be achieved both by collecting contractual cash flows and selling financial assets and where cash flows consist solely of payments of capital amounts and interest on the outstanding capital amount. A financial asset is valued at fair value in the income statement if it is not valued at amortized cost or at fair value through other comprehensive income.

Investments in equity instruments are valued at fair value in the statement of financial position and changes in value are recognized directly in the income statement. Exceptions may be applied in the form of an irrevocable option to report valuations under other comprehensive income instead. This means that all changes in value are subsequently reported in other comprehensive income, except for dividend income, which is recognized in the income statement.

Financial liabilities

All financial liabilities are valued at amortized cost, with the exception of:

- financial liabilities valued at fair value in the income statement (such liabilities, including derivatives that are liabilities, are subsequently valued at fair value)
- financial liabilities that arise when the transfer of a financial asset does not meet the conditions for being removed from the statement of financial position or when a continued commitment applies
- financial guarantee agreements
- a loan commitment at an interest rate below market interest rates
- a conditional additional purchase consideration recognized by a purchaser in connection with a business combination covered by IFRS 3 (any such conditional additional purchase consideration is subsequently valued at fair value with changes being recognized in the income statement)

Only when a company changes its business model for the management of financial assets, may it reclassify all relevant financial assets. Financial liabilities may not be reclassified. On initial recognition, financial assets and liabilities shall be valued at fair value plus or minus transaction costs when acquiring a financial asset or financial liability not valued at fair value in the income

statement. Accounts receivable without a significant financing component are valued on initial recognition at the transaction price. Following initial recognition, financial assets and liabilities shall be valued according to the valuation categories stated above.

Financial instruments reported in Serneke's financial statements are cash and cash equivalents, loan receivables, accounts receivable, accounts payable and loan liabilities. All financial instruments within Serneke are classified and valued at amortized cost, except other non-current receivables available for sale and other current and non-current liabilities and additional purchase considerations that are classified and valued at fair value in the income statement. The new rules regarding classification and valuation do not affect Serneke.

A financial asset is removed from the statement of financial position when the contractual rights to cash flows from the financial asset cease or when the company transfers the contractual rights to receive cash flows from the financial asset or retains the contractual rights to receive cash flows but undertakes a contractual obligation to pay cash flows to one or more recipients. A financial liability is removed from the statement of financial position only when the obligation in the agreement is fulfilled, canceled or terminated.

Impairment losses

An assessment is made of expected credit losses on financial assets and a reserve is reported as a deduction against the asset. On each balance sheet date, the loss reserve shall be valued at an amount corresponding to the anticipated credit losses for remaining maturity if the credit risk has increased significantly since initial recognition. If the credit risk has not increased significantly since initial recognition, the loss reserve shall be valued at an amount equivalent to 12 months of expected loan losses. For accounts receivable, the loss reserve should always be valued at an amount corresponding to the remaining maturity. The valuation of anticipated loan losses should reflect an objective and probability-weighted amount, the time value of money, reasonable and verifiable data on past events, current conditions and forecasts for future economic conditions. Serneke has chosen to apply the simplified method to calculate anticipated credit losses across their lifetime. Historical data and experience from past credit losses are used as a basis for forecasting anticipated credit losses. The new impairment rules do not affect Serneke's credit losses, meaning that opening impairment for 2018 is equal to closing impairment for 2017.

In addition, the Interim Report has been prepared in accordance with the same accounting principles and calculation methods as in the Annual Report for 2017. For detailed information regarding accounting policies, see Serneke's 2017 Annual Report, see www.serneke.se.

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 2017 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	Mar 31	Mar 31	Dec 31
SEK million	2018	2017	2017
Financial assets			
Available-for-sale financial assets*	2	1	2
Total financial assets	2	1	2
Financial liabilities			
Other short- and long-term liabilities	84	31	84
Of which, additional purchase considerations**	84	31	84
Total financial liabilities	84	31	84

* 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 fair value. 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:

Group	Mar 31	Mar 31	Dec 31
	2018	2017	2017
Pledged assets	631	1,007	724
Contingent liabilities	557	298	547
Parent Company			
Pledged assets	200	219	320
Contingent liabilities	1,242	605	1,192

Note 4 – Breakdown of income

Jan-Mar 2018, SEK million	Construction	Civil Engineering	Project development	Property	Group-wide	Eliminations	Total
Construction income	1,257	179	62	-	41	-78	1461
Sale of properties and development rights	-	-	-	-	-	-	-
Rental income	0	-	-	11	-	-	11
Other income	3	0	-	10	-	-	13
Total income	1,260	179	62	21	41	-78	1,485
Date of income recognition:							
At a specific time	3	-	-	10	-	-	13
Over time	1,257	179	62	11	41	-78	1472
Total income	1,260	179	62	21	41	-78	1,485

Jan-Mar 2017, SEK million	Construction	Civil Engineering	Project development	Property Management	Group-wide	Eliminations	Total
Construction income	1,002	122	30	-	28	-58	1124
Sale of properties and development rights	-	-	20	-	-20	-	0
Rental income	0	-	-	12	-	-	12
Other income	1	1	-	0	-	-	2
Total income	1,003	123	50	12	8	-58	1,138
Date of income recognition:							
At a specific time	1	1	20	0	-20	-	2
Over time	1,002	122	30	12	28	-58	1136
Total income	1,003	123	50	12	8	-58	1,138

Construction income

Income from contracting agreements are reported in accordance with IFRS 15 Revenue from Contracts with Customers, either by fulfilling the performance undertaking over time (that is, gradually) or at one specific time. Contracting agreements entail the construction contract being performed on the customer's land, where an asset is created over which the customer gains control in pace with the completion of the asset. This entails income being recognized gradually (over time), applying percentage-of-completion. When applying percentage-of-completion, the input method applies whereby income is reported based on the degree of completion, which is calculated as the ratio between the expenses incurred for work performed at the end of reporting period and the estimated total expenses for the assignment. Revaluations of the project's final forecasts entail corrections of previously accumulated earnings. If it is probable that the total contract expenses will exceed the total contract income, the anticipated loss should be immediately recognized as a cost in its entirety. Additional

orders and amendments are included in the income from the assignment to the extent that they are approved by the customer.

On the commencement of construction of tenant-owner housing project, with a tenant-owner association as the client, in those cases where the property is already owned by Serneke, the property is transferred at its book value to the contracting project and is included in the other production costs of the project. The project agreements with the housing association meet the requirements set by IFRS 15 for reporting over time when the project is created by Serneke but is controlled by the tenant-owner housing association. Income is then based on the degree of completion and earnings and is calculated based on the same principles as above. Risks associated with commitments to the tenant-owner association in respect of unsold apartments are taken into account in the accumulated earnings.

Sale of properties and development rights

On disposal of properties or development rights directly or indirectly through a sale of shares, the underlying property or development right's value is recognized in the Group as income. Income from property sales is reported at the time at which the new owner takes possession. When contracts include property sales, development rights and construction contracting to the buyer of the planned building, an assessment is made regarding whether the property and/or development rights transactions and the construction contract are separate performance undertakings. Depending on the design and terms of the agreement, the sale can be seen as one or several performance undertakings. Sales are reported at the point in time at which control is transferred to the buyer. Control is transferred over time if the seller has no alternative use for the property sold and the seller is entitled to payment from the customer for the work performed. In such cases, income is reported applying percentage of completion. If any of the above criteria are not met, income is reported at a single point in time, on completion and transfer to the customer.

Sales of development rights can be dependent upon decisions regarding future detailed development plans. An assessment is then made as to the likelihood of the respective detailed development plan. Sales income and

earnings are recognized when the probability is deemed to be very high. When sales income is recognized, all remaining commitments in the sales earnings are also taken into account. Property projects are also on occasion sold with guarantees for a certain degree of leasing and, at the time of sale, any lease guarantees are reported as a reserve in the project, which then has a positive effect on the percentage of completion as leases are signed.

Rental income

Income also includes rental income, which is to be considered as operating leases under IAS 17. Rental income is invoiced in advance and recognized on a straight-line basis in the income statement based on the terms of the lease agreements. Advance rent is reported as prepaid rental income. In cases where the rental contract allows a reduced rent for a certain period of time, which is compensated for by higher rent during another period, this is allocated across the term of the contract.

Other income

Other income refers to income not classified as construction income, sales of properties and development rights or rental income, including, for example, hotel income or income from central companies.

FINANCIAL DEFINITIONS

Indicator	Definition	Purpose	
Income	Within the construction operations, income is reported in accordance with the percentage-of-completion method. This income is recognized in pace with construction project 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.	

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.																																																								
		<table><tr><td></td><td>Mar 31</td><td>Mar 31</td><td>Dec 31</td></tr><tr><td></td><td>2018</td><td>2017</td><td>2017</td></tr><tr><td>Calculation of capital employed</td><td></td><td></td><td></td></tr><tr><td>Total assets</td><td>4,352</td><td>3,605</td><td>4,404</td></tr><tr><td>Deferred tax assets</td><td>-</td><td>-42</td><td>-</td></tr><tr><td>Less non-interest-bearing liabilities including deferred tax liabilities</td><td>-1,799</td><td>-1,541</td><td>-1,888</td></tr><tr><td>Capital employed</td><td>2,553</td><td>2,022</td><td>2,516</td></tr></table>		Mar 31	Mar 31	Dec 31		2018	2017	2017	Calculation of capital employed				Total assets	4,352	3,605	4,404	Deferred tax assets	-	-42	-	Less non-interest-bearing liabilities including deferred tax liabilities	-1,799	-1,541	-1,888	Capital employed	2,553	2,022	2,516																												
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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.																																																								
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Equity per share, before/after dilution	Total equity according to the balance sheet divided by the number of shares outstanding on the closing date. The difference between before and after dilution is accounted for by the convertibles issued by the Group.	The Company believes that key indicators give investors a better understanding of historical return per share at the closing date.																																																								
Cash flow from operations per share, before/after dilution	Cash flow from operating activities divided by the average number of shares during the period. The difference between before and after dilution is accounted for by the convertibles issued by the Group.	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.																																																								
Earnings per share, before/after dilution	Profit for the period divided by the average number of shares during the period. The difference between before and after dilution is accounted for by the convertibles issued by the Group.	It is the Company's view that the key indicator gives investors a better understanding of profit per share.																																																								

Indicator	Definition	Purpose	
Return on equity	Profit for the period as a percentage of average shareholders' equity. 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 capital shareholders have placed at the Company's disposal.	

SERNEKE IN BRIEF

Serneke is a rapidly growing corporate group active in construction, civil engineering, project development and property management with more than 1,000 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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Presentation of the Interim Report for January–March 2018

On May 3, 2018 at 9:00 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 <https://tv.streamfabriken.com/serneke-q1-2018>. Presentation materials for the presentation will be available on the website one hour before the webcast begins.

To participate, please dial:

From Sweden: +46 85664 2665