

## SERNEKE CONTINUES TO GROW

### APRIL–JUNE 2018

- Income amounted to SEK 1,681 million (1,464), an increase of 15 percent
- Operating profit amounted to SEK 74 million (95) and the operating margin was 4.4 percent (6.5)
- Profit for the period amounted to SEK 48 million (87)
- Earnings per share after dilution amounted to SEK 2.05 (3.72)
- Cash flow from operating activities amounted to a negative SEK -199 million (39)
- Order bookings amounted to SEK 1,328 million (1,742)
- A bond was issued for total of SEK 700 million
- A long-term share savings program has been introduced for all Group employees

### JANUARY–JUNE 2018

- Income amounted to SEK 3,166 million (2,602), an increase of 22 percent
- Operating profit amounted to SEK 126 million (142) and the operating margin was 4.0 percent (5.5)
- Profit for the period amounted to SEK 87 million (120)
- Earnings per share after dilution amounted to SEK 3.71 (5.13)
- The equity/assets ratio was 37.3 percent (42.8)
- Cash flow from operating activities amounted to SEK 10 million (101)
- Order bookings amounted to SEK 2,456 million (3,811)
- Order backlog amounted to SEK 7,398 million (8,308)

SEK million	Apr–Jun 2018	Apr–Jun 2017	Jan–Jun 2018	Jan–Jun 2017	Jul–Jun 2017/2018	Jan–Dec 2017
Income	1,681	1,464	3,166	2,602	6,169	5,605
Operating profit	74	95	126	142	403	419
Operating margin, %	4.4	6.5	4.0	5.5	6.5	7.5
Profit/loss for the period	48	87	87	120	290	323
Earnings per share, SEK, before dilution	2.06	3.74	3.74	5.20	12.47	13.94
Earnings per share, SEK, after dilution	2.05	3.72	3.71	5.13	12.38	13.81
Equity per share, SEK, after dilution	75.55	69.33	75.55	69.33	76.13	77.73
Equity/assets ratio, %	37.3	42.8	37.3	42.8	37.3	41.3
Net debt	458	-123	458	-123	458	254
Net debt/EBITDA	1.1	-0.5	1.1	-0.5	1.1	0.6
Net debt/equity ratio, %	25.9	-7.6	25.9	-7.6	25.9	13.9
Order bookings	1,328	1,742	2,456	3,811	5,045	6,400
Order backlog	7,398	8,308	7,398	8,308	7,398	7,965

## CEO STATEMENT

### Growing at a higher pace than the market

The Group continues to grow and increased its sales by 15 percent in the second quarter. All four business areas have increased their income and, despite a selective downturn in the market compared with a year ago, we are seeing continued high demand. In the first half of 2018, income increased by SEK 564 million, corresponding to 22 percent, in line with our target for 2020.

Order bookings for the quarter and the order backlog at the end of the period were both lower than in the preceding year, partly as a result of the order mix containing a larger share of collaborative projects than previously, but also as a consequence of a more cautious market, which has influenced the pace at which decisions are taken in connection with new projects. We are monitoring developments carefully and are raising our readiness for possible changes in the market, although we currently assess the underlying needs of the market, our specific market and the customers we address, as providing a stable foundation for continued expansion in line with our established objectives.

In the second quarter, the Group's operating profit amounted to SEK 74 million (95), a decrease of 22 percent. A transaction within Project Development in the second quarter of 2017 impacted earnings positively by SEK 52 million. During the quarter, our efforts to develop and establish improved structural and process capacity, aimed at supporting our continued rapid expansion, accelerated, impacting earnings negatively.

The contracting operations continue to perform strongly, growing by a total of 13 percent during the period. Their operating profit increased by 5 percent to SEK 44 million. Our largest business area, Construction, grew 11 percent during the second quarter, which is lower than previously but still at a higher rate than the market. Our construction operations continue to prioritize appropriate orders over higher growth. Our strategy remains to focus on major orders, collaborative projects and to be selective in choosing customer segments. We continue to compete with market leaders for major projects and the new agreements secured during the period are mainly in industry and offices, but also in properties for public sector clients. Operating profit for Business Area Construction decreased slightly compared with the corresponding quarter last year, amounting to SEK 42 million (44). The operating margin was 2.9 percent, which is in line with the previous quarter. Business Area Civil Engineering continues its trend of bringing home more major projects and increased its sales during the second quarter to SEK 190 million (152), an increase of 25 percent. Civil Engineering shows profitable growth for the fourth consecutive quarter, which is pleasing following a phase of building up the operations. The strategy continues to be to compete for major infrastructure projects, for which we perceive considerable future demand.



Business Area Project Development increased its revenues by 68 percent during the period and although profitability did not appear during the quarter, we take a positive view of the underlying and long-term profitability trend, particularly as we now approach the end of the first intensive phase of investment and expansion.

In Business Area Property Development, which is dominated by the S ve holding, two significant events occurred during the quarter. In part, a new, more solid plan was drawn up for the entire S ve area and, in part, former official restrictions on the S ve area were lifted. The latter prompted a decision to revalue the area, aided by an external party, as the conditions for the area's development have changed significantly. This revaluation had a positive effect on earnings for the quarter.

### Enhancing competitiveness on the way towards our objectives

During the quarter, a bond issue totaling MSEK 700 was implemented, with previous bonds being redeemed. The surplus from the new bond provides increased strategic scope for implementing the growth strategy, and the company's improved bond terms provide a lower average cost of capital.

We are continuing on our course towards ambitious targets. To date, our strategy has been successful, and now, with a slightly different market situation, it is important to listen carefully to the market, to stay close to our customers and to continuously improve our offering with the same energy as before. Last but not least, and absolutely crucial, is retaining and recruiting the best personnel. For this reason, in May, the Board of Directors took a further step to support the company's ambitions by approving a new share saving program that I hope will help Serneke continue towards its objective of being the sector's most attractive employer by enabling employees to share in the growth in value.

Ola Serneke, President and CEO

## GROUP DEVELOPMENT

### ORDER BOOKINGS AND ORDER BACKLOG

Order bookings during the second quarter amounted to SEK 1,328 million (1,742). Order bookings reflect a favorable product mix as well as a good geographic spread and consist predominantly of industrial and office properties. Order bookings fluctuate between quarters depending on when contracts are signed, and this is particularly evident when it comes to the procurement of major projects, which the Group has chosen to prioritize. The metropolitan areas of Stockholm, Gothenburg and

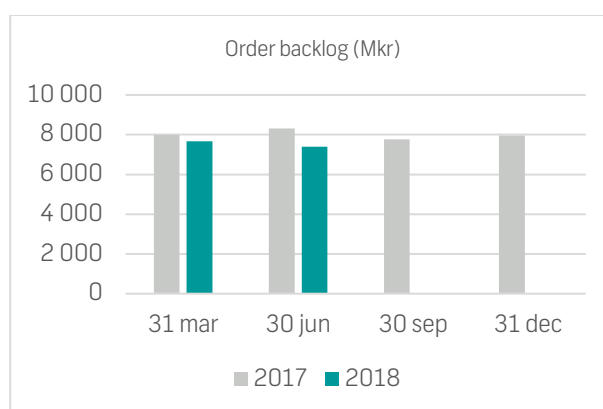
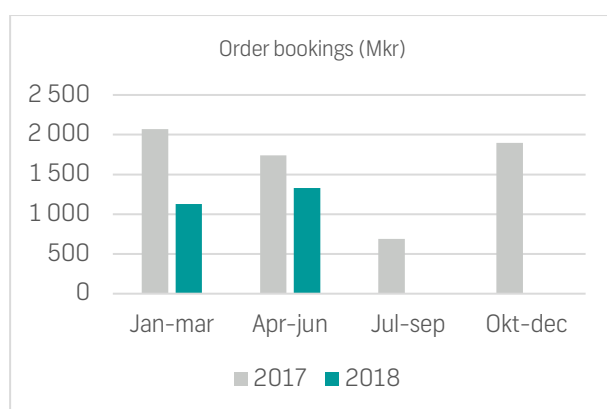
Malmö and their environs continue to be the Group's most important markets, even though the Group is expanding geographically and securing significant assignments in new markets.

The Group's order backlog at the end of the second quarter amounted to SEK 7,398 million (8,308).

Order bookings SEK million	Apr-Jun 2018	Apr-Jun 2017	Jan-Jun 2018	Jan-Jun 2017	Jul-Jun 2017/2018	Jan-Dec 2017
Construction	1,000	1,606	1,927	3,436	4,306	5,815
Civil Engineering	328	136	529	375	739	585
<b>Group</b>	<b>1,328</b>	<b>1,742</b>	<b>2,456</b>	<b>3,811</b>	<b>5,045</b>	<b>6,400</b>

Order backlog SEK million	June 30 2018	June 30 2017	Dec 31 2017
Construction	6,879	7,894	7,649
Civil Engineering	519	414	316
<b>Group</b>	<b>7,398</b>	<b>8,308</b>	<b>7,965</b>



### NEW ASSIGNMENTS DURING THE PERIOD APRIL-JUNE 2018

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
Office property	Trollhättan	Kraftstaden Fastigheter AB	195	Third quarter 2018
Industry/office	Västerås	Northvolt	*	Started
Headquarters	Järfälla	Lidl Sweden	*	Fourth quarter 2018
Groundwork	Gothenburg	Karlstaden development	150	Third quarter 2018

\*Order value yet to be published

## INCOME AND PROFIT

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

SEK million	Apr–Jun 2018	Apr–Jun 2017	Jan–Jun 2018	Jan– Jun 2017	Jul–Jun 2017/2018	Jan–Dec 2017
Income	1,681	1,464	3,166	2,602	6,169	5,605
Operating profit	74	95	126	142	403	419
Net financial items	-16	-2	-19	-9	-28	-18
Earnings after financial items	58	93	107	133	375	401
Tax	-10	-6	-20	-13	-85	-78
Profit/loss for the period	48	87	87	120	290	323

### APRIL–JUNE 2018

Consolidated income amounted to SEK 1,681 million (1,464), an increase of 15 percent compared with the corresponding quarter in the preceding year. All business areas increased their sales during the quarter. Construction increased by 11 percent while Civil Engineering increased by 25 percent, providing a total increase for the contracting operations of 13 percent. Project Development increased its sales by 68 percent, with more projects having transitioned to the production phase. Property Management showed an increase in sales of 200 percent, generated from the expanded property portfolio and hotel income.

Operating profit amounted to SEK 74 million (95), a decrease of 22 percent. Income from the contracting operations amounted to SEK 44 million (42), an increase of 5 percent. The operating loss from Project Development was SEK 6 million (profit 47). The decrease is due to the preceding year's sale of the Mälardalen University projects, which generated a gain of SEK 52 million, corresponding transactions have not occurred during the quarter. Operating profit for Property Management amounted to SEK 42 million (3), which was attributable to increased property values by SEK 43 million (decrease 1).

Net financial items were negative in the amount of SEK 16 million (2). During the quarter, early redemption of bonds affected net financial items by a negative SEK 12 million (0). The Group reported an estimated tax expense of SEK 10 million (6).

Profit after tax amounted to SEK 48 million (87) and earnings per share before dilution for the quarter were SEK 2.06 (3.74).

### JANUARY–JUNE 2018

Consolidated income amounted to SEK 3,166 million (2,602), an increase of 22 percent. Operating profit amounted to SEK 126 million (142). The contracting operations generated an operating profit of SEK 80 million (79), an increase of 1 percent.

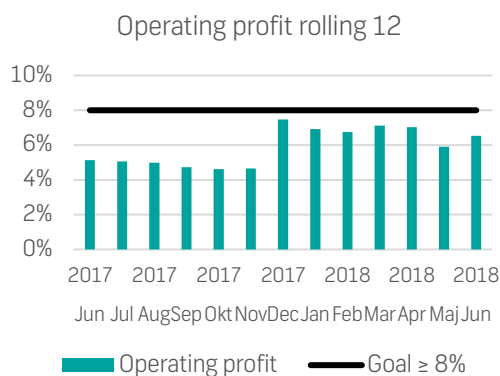
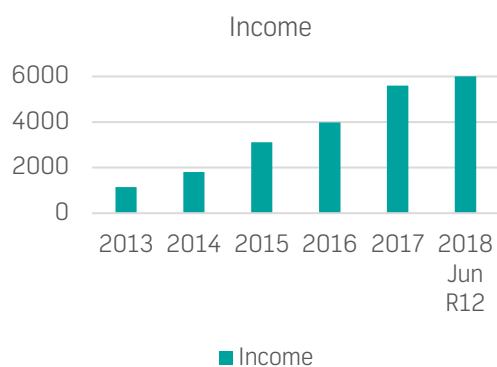
During the period, changes in the value of investment properties affected operating profit positively by SEK 43 million (18). The share in the profit of associates and joint ventures amounted to a negative SEK 8 million (positive 49). The share in profit was burdened by intra-Group eliminations attributable to the Karlstad project as a result of increased activity in the project. Last year, the sale of the Mälardalen University project also generated SEK 38 MSEK towards the share in profit.

Net financial items were negative in the amount of SEK 19 million (9) and the Group's estimated tax amounted to SEK 20 million (13). Profit after tax amounted to SEK 87 million (120) and earnings per share before dilution were SEK 3.74 (5.20).

## 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.

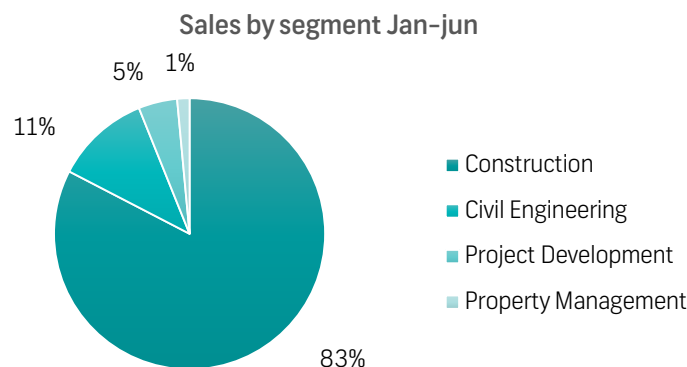
The Group's long-term profitability target is an operating margin amounting to 8 percent.



## SALES

	Apr-Jun 2018	Apr-Jun 2017	Jan-Jun 2018	Jan-Jun 2017	Jul-Jun 2017/2018	Jan-Dec 2017
<b>SEK million</b>						
Construction	1,437	1,292	2,697	2,295	5,321	4,919
Civil Engineering	190	152	369	275	717	623
Project Development	89	53	151	103	260	212
Property Management	27	9	48	21	78	51
Group-wide	40	33	81	41	148	108
Eliminations	-102	-75	-180	-133	-355	-308
<b>Total</b>	<b>1,681</b>	<b>1,464</b>	<b>3,166</b>	<b>2,602</b>	<b>6,169</b>	<b>5,605</b>
<b>OPERATING PROFIT</b>						
<b>SEK million</b>						
Construction	42	44	77	85	175	183
Civil Engineering	2	-2	3	-6	10	1
Project Development	-6	47	3	47	21	65
Property Management	42	3	32	14	231	213
Group-wide	-6	3	11	2	-34	-43
<b>Total</b>	<b>74</b>	<b>95</b>	<b>126</b>	<b>142</b>	<b>403</b>	<b>419</b>
Net financial items	-16	-2	-19	-9	-28	-18
<b>Profit after financial items</b>	<b>58</b>	<b>93</b>	<b>107</b>	<b>133</b>	<b>375</b>	<b>401</b>

\* Group-wide: Other operations are reported under Group-wide – and consist of key companies, Group functions and elimination of intra-Group profit.



### 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

	June 30 2018	June 30 2017	Dec 31 2017
<b>SEK million</b>			
Total assets	4,742	3,788	4,404
Total equity	1,770	1,621	1,821
Net debt	458	-123	254
Net debt/EBITDA	1.1	-0.5	0.6
Cash and cash equivalents	562	558	431
Equity/assets ratio, %	37.3	42.8	41.3

The consolidated balance sheet total amounted to SEK 4,742 million (4,404) as at June 30, and the equity/assets ratio was 37.3 percent (41.3). During the period, the Group issued a bond for SEK 700 million and prematurely redeemed a bond for SEK 300 million, which affected both the balance sheet total and the equity/assets ratio. At the end of the period, consolidated cash and cash equivalents, including unutilized credit facilities, amounted to SEK 762 million (631).

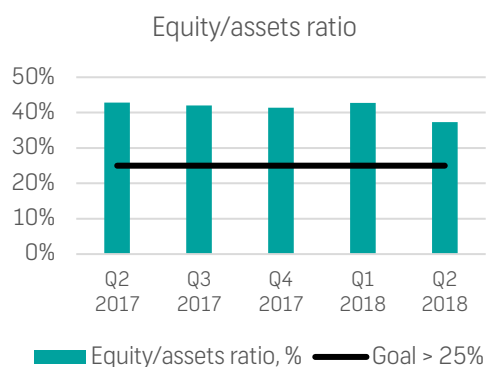
Shareholders' equity has decreased by SEK 51 million since December 31, 2017, amounting to

SEK 1,770 million (1,821) as at 30 June. Profit for the year contributed by SEK 87 million, while dividends and share repurchase burdened shareholders' equity by SEK 93 million and SEK 45 million respectively.

As at June 30, net debt amounted to SEK 458 million (254). Net debt in relation to EBITDA was 1.1 percent (0.6) and the average interest rate was 4.29 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

### APRIL–JUNE 2018

Cash flow from operating activities amounted to a negative SEK 199 million (39). The change is mainly explained by an increased amount of capital being tied up. Cash flow from investments was negative in the amount of SEK 87 million (28), consisting mainly of investments in investment properties. Cash flow from financing activities amounted to SEK 223 million (negative 73) and mainly involved new loans in the form of bonds, premature redemption of previous bonds, dividends paid and share repurchases attributable to share saving programs. Cash flow for the period amounted to a negative SEK 63 million (140).

### JANUARY–JUNE 2018

Cash flow from operating activities amounted to SEK 10 million (101). The change is mainly explained by an increased amount of capital being tied up. Cash flow from investments was negative in the amount of SEK 98 million (57), consisting mainly of investments in investment properties. Cash flow from financing activities amounted to SEK 219 million (negative 57) and mainly involved new loans in the form of bonds, premature redemption of previous bonds, dividends paid and share repurchases attributable to share saving programs. Cash flow for the period amounted to SEK 131 million (negative 13).

## EMPLOYEES

The average number of employees during the period April–June 2018, was 1,051 compared with 919 in the corresponding period in the preceding 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.

	Apr-Jun 2018	Apr-Jun 2017	Jan-Jun 2018	Jan-Jun 2017	Jul-Jun 2017/2018	Jan-Dec 2017
<b>SEK million</b>						
Income	1,437	1,292	2,697	2,295	5,321	4,919
Operating profit	42	44	77	85	175	183
Operating margin, %	2.9	3.4	2.9	3.7	3.3	3.7
Order bookings	1,000	1,606	1,927	3,436	4,306	5,815
Order backlog	6,879	7,894	6,879	7,894	6,879	7,649
Average number of employees	750	681	747	670	735	696

### APRIL – JUNE 2018

Income amounted to SEK 1,437 million (1,292), an increase of 11 percent. Operating profit amounted to SEK 42 million (44), a decrease of 5 percent. The operating margin was 2.9 percent (3.4).

Order bookings amounted to SEK 1,000 million (1,606). New assignments during the quarter were predominantly in industry and offices, although agreements were also signed with authorities for public buildings.

### JANUARY – JUNE 2018

Income amounted to SEK 2,697 million (2,295), an increase of 18 percent. Operating profit amounted to SEK 77 million (85), a decrease of 9 percent.

Order bookings during the period amounted to SEK 1,927 million (3,436) and, at the end of the period, the total order backlog amounted to SEK 6,879 million (7,894).

### FINANCIAL TARGET

The long-term target in Business Area Construction is an operating margin of 5 percent. The operating margin for the quarter was 2.9 percent.



Serneke has been commissioned by Kraftstadens Fastigheter AB in Trollhättan to construct a new seven-story office building. The building will be constructed in accordance with Environment Building Silver certification, which will include solar panels being installed on the roof. The building is scheduled for completion in the second quarter of 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.

	<b>Apr–Jun</b>	Apr–Jun	<b>Jan–Jun</b>	Jan–Jun	Jul–Jun	Jan–Dec
<b>SEK million</b>	<b>2018</b>	2017	<b>2018</b>	2017	2017/2018	2017
Income	190	152	369	275	717	623
Operating profit	2	-2	3	-6	10	1
Operating margin, %	1.1	-1.3	0.8	-2.2	1.4	0.2
Order bookings	328	136	529	375	739	585
Order backlog	519	414	519	414	519	316
Average number of employees	171	137	163	132	157	141

### APRIL– JUNE 2018

Income amounted to SEK 190 million (152), an increase of 25 percent. The sales increase is explained by more major projects now being in full production. Operating profit improved to SEK 2 million (negative 2) and the operating margin was 1.1 percent (negative 1.3).

Order bookings amounted to SEK 328 million (136). Business Area Civil Engineering sees continued favorable demand for infrastructure projects and is continuing with its strategic plan to gradually compete for major projects. New assignments in the second quarter of the year were mainly in groundwork and industry.

### JANUARY– JUNE 2018

Income amounted to SEK 369 million (275), an increase of 34 percent. Operating profit amounted to SEK 3 million (negative 6) and the operating margin was 0.8 percent (negative 2.2).

Order bookings amounted to SEK 529 million (375) and, at the end of the period, the total order backlog amounted to SEK 519 million (414), now amounting to the highest level in the history of the business area.

### FINANCIAL TARGET

The long-term target in Business Area Civil Engineering is an operating margin of 5 percent. The operating margin for the quarter was 1.1 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 and joint ventures.

SEK million	Apr-Jun 2018	Apr-Jun 2017	Jan-Jun 2018	Jan-Jun 2017	Jul-Jun 2017/2018	Jan-Dec 2017
Income	89	53	151	103	260	212
Share in profit of associates and joint ventures	-2	38	-6	38	-6	38
Operating profit	-6	47	3	47	21	65
Operating margin, %	-6.7	88.7	2	45.6	8.1	30.7
Average number of employees	49	31	47	29	42	34

### APRIL– JUNE 2018

Income amounted to SEK 89 million (53), an increase of 68 percent. The increase in income is explained by there being more projects in progress than in the corresponding period the preceding year.

Shares in the profit/loss of associates and joint ventures affected earnings negatively by SEK 2 million (positive 38) pertaining to internal profit elimination. Last year included a capital gain of SEK 38 million attributable to the sale of the Mälardalen University project through a joint venture. A corresponding transaction have not occurred during the second quarter 2018.

The operating loss amounted to SEK 6 million (profit 47). Last year, the sale of the Mälardalen University project generated SEK 52 million towards profit.

### JANUARY– JUNE 2018

Income amounted to SEK 151 million (103), an increase of 47 percent. Operating profit amounted to SEK 3 million (47). Last year, the sale of the Mälardalen University project generated SEK 52 million towards profit.

### FINANCIAL TARGET

Project Development aims for a return on capital employed of 20 percent. On June 30, 2018, the return on capital employed, based on rolling 12-months earnings, amounted to 6.7 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 progressing as planned and the groundwork for the Karlatornet tower continued during the quarter.

#### The Group's share of JV Karlastaden

	June 30	June 30	Dec 31
SEK million	2018	2017	2017
Ownership share %	50	50	50
Share of equity	379	331	356
Share in profit	0	0	-1

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

Balance sheet JV	June 30	June 30	Dec 31
SEK million	2018	2017	2017
ASSETS			
Properties	1,007	427	688
Other assets	8	60	95
<b>Total assets</b>	<b>1,015</b>	<b>487</b>	<b>783</b>
EQUITY AND LIABILITIES			
Shareholders' equity	179	33	106
Interest-bearing liabilities	708	417	523
Other liabilities	128	37	154
<b>Total equity and liabilities</b>	<b>1,015</b>	<b>487</b>	<b>783</b>

### Project development portfolio

At June 30, 2018, the total book value of the project development portfolio amounted to SEK 305 million, which is recognized as project and development properties in the balance sheet. The Project Karlastaden holding is recognized as a joint venture in participations in associated companies and joint ventures in the balance sheet at a value of SEK 379 million as at June 30, 2018.

Serneke's estimates the value of the project portfolio at approximately SEK 1,777 million, based on an external valuation made in the fourth quarter of 2017.

Of the assessed value of the project portfolio of SEK 1,777 million, SEK 194 million represented the value of development rights in the Company's own balance sheet, agreed development rights of which the Company has yet to take possession were estimated at about SEK 678 million and development rights held through joint ventures or associates were estimated at approximately SEK 905 million.

Projects to construct two tenant-owner housing schemes commenced during the quarter.



Serneke has been selected as contractor for the construction of Lidl Sweden's new headquarters at Barkabystaden in the Municipality of Järfälla outside Stockholm. The contract also includes the construction of a new 2,500 square meter store that will be adjacent to the offices. The ambition is for the buildings to be certified in accordance with BREEAM level Excellent.

## BUSINESS AREA PROPERTY MANAGEMENT

Business Area Property Management manages and develops properties for long-term capital appreciation. Management is conducted of commercial properties. The business area is working 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.

	Apr-Jun 2018	Apr-Jun 2017	Jan-Jun 2018	Jan-Jun 2017	Jul-Jun 2017/2018	Jan-Dec 2017
<b>SEK million</b>						
Income	27	9	48	21	78	51
Earnings from property management	-4	0	-16	-5	-18	-7
Changes in value of properties	43	-1	43	8	263	228
Share in profit of associates and joint ventures	3	4	5	11	-14	-8
Operating profit	42	3	32	14	231	213
Average number of employees	17	14	17	14	15	14

### APRIL – JUNE 2018

Income amounted to SEK 27 million (9), an increase of 200 percent generated from the increased property portfolio and hotel revenues.

The operating loss amounted to SEK 4 million (0).

Changes in the value of the investment properties were positive in the amount of SEK 43 million (negative 1). An increasing number of tenants, combined with favorable decisions by the authorities, formed the basis for a new valuation by an external assessor. The share in profit of associated companies amounted to SEK 3 million (4), primarily attributable to property management earnings in the associate Änglagården Holding AB, which manages Prioritet Serneke Arena.

The total book value of the investment properties amounted to SEK 1,016 million as at June 30 (895).

### JANUARY – JUNE 2018

Income amounted to SEK 48 million (21), an increase of 129 percent.

Earnings from property management were negative in the amount of SEK 16 million (5) including a non-recurring expense of SEK 4 million.

Changes in the value of the investment properties were positive in the amount of SEK 43 million (8). The share in profit of associated companies amounted to SEK 5 million (11), primarily attributable to property management earnings in Änglagården Holding AB.

### FINANCIAL TARGET

Property Management aims for a return on equity of 20 percent. On June 30, 2018, the return shareholders' equity, based on rolling 12-months earnings, amounted to 65.4 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	June 30 2018	June 30 2017	Dec 31 2017
Ownership as a percentage	40	40	40
Share in associated companies*	88	101	83
Share in profit	5	10	-8
Of which:			
Earnings from property management	6	10	20
Change in value of property	-1	-	-28

\*) The Group's participation in the associate Änglagården Holding is calculated based on shareholders' equity less the preferential dividend right of SEK 32 million (55) 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	Apr-Jun 2018	Jan-Jun 2018	Jan-Dec 2017
Income	16	31	81
Profit for the year	8	12	-20

Balance Sheet Änglagården Holding AB SEK million	June 30 2018	June 30 2017	Dec 31 2017
<b>ASSETS</b>			
Properties	797	888	799
Other assets	153	186	207
<b>Total assets</b>	<b>950</b>	<b>1,074</b>	<b>1,006</b>
<b>EQUITY AND LIABILITIES</b>			
Shareholders' equity	299	356	310
Interest-bearing liabilities	465	478	478
Other liabilities	186	240	218
<b>Total equity and liabilities</b>	<b>950</b>	<b>1,074</b>	<b>1,006</b>

### 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 April–June amounted to SEK 37 million (30) and consisted primarily of intra-group services.

Operating profit for the same period amounted to SEK 3 million (1).

Income for the period January–June amounted to SEK 75 million (56) and operating profit amounted to SEK 40 million (1).

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

## RELATED-PARTY TRANSACTIONS

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, Ola Serneke Invest 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 263 million and purchases to SEK 6 million as at June 30, 2018. Transactions with Ola Serneke Invest AB are considered to be related party transactions, as Ola Serneke is the principal owner, CEO and a member of the Board of Serneke Group AB. The transactions consist of the acquisition of an investment property at an underlying property value of SEK 26 million. The acquisition was conducted as a company acquisition and also includes an additional purchase consideration of SEK 10 million, subject to a new detailed development plan for the area gaining legal force. Serneke deems this to be likely and has therefore recognized a provision for the additional purchase consideration. Transactions with JV Karlastaden consist mainly of project income, and sales amounted to SEK 137 million as at June 30, 2018. Transactions with associate Änglagården consist mainly of contracted personnel and rental of the venue name and, at June 30, 2018, this income amounted to SEK 1 million and purchases 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](http://www.serneke.group).

## OTHER SIGNIFICANT EVENTS DURING THE REPORT PERIOD

### Serneke has issued a bond and implemented premature redemption of existing bonds

Serneke has issued new senior non-covered bonds totaling SEK 700 million within a framework of SEK 1 billion and maturing in 2021.

After attracting considerable interest, the bond issue was oversubscribed. Serneke has used the net proceeds to prematurely redeem all outstanding bonds under its existing SEK 300 million bond loan maturing in 2019 (ISIN:SE0008992184), as well as in the operating activities. The cost of early redemption of existing bonds impacted earnings for the quarter negatively by SEK 12 million, which is recognized in net financial items.

The new bond loan carries a variable interest rate of three-month STIBOR +5.25 percent and expires in June 2021. Serneke applied for listing of the new bond loan on Nasdaq Stockholm and the first trading day was July 5.

### Serneke introduces new share saving program for employees

The Annual General Meeting of May 3, 2018 approved the introduction of a new long-term share saving program for all full-time employees of the Group. The purpose of the program is, in part, to enhance opportunities to retain and recruit employees, but also to

engender a personal and long-term ownership commitment among participants, contributing to increased interest in the Group's operations and earnings trend, and providing a competitive and motivational incentive for all Group employees.

The programs will be reported in accordance with IFRS 2 – Share-based Payment. The program commenced on July 1, 2018 and, beyond the costs for developing the program, no additional costs burdened the quarter.

The Board of Directors has resolved to exercise the authorization granted to it by the Annual General Meeting to repurchase shares to safeguard the supply of shares to participants in Serneke's share savings program extending between 2020 and 2022.

On June 30, 2018, Serneke held 474,619 of the company's own Series B shares.

## Share repurchases

### THE SERNEKE SHARE (SRNKE)

Serneke Group AB has two share series, Series A and B. On June 30, 2018, Serneke had approximately 5,700 shareholders and the closing price on June 30, 2018 was SEK 92.

#### Serneke's ten largest shareholders, June 30, 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%
Svolder Aktiebolag	0	1,200,000	1,200,000	5.16%	1.68%
Cliens fonder	0	853,000	853,000	3.67%	1.19%
Carnegie Fonder	0	731,099	731,099	3.14%	1.02%
JPMEL – Stockholm Branch	0	500,000	500,000	2.15%	0.70%
<b>Total, 10 largest</b>	<b>5,360,000</b>	<b>10,556,256</b>	<b>15,916,256</b>	<b>68.46%</b>	<b>89.74%</b>
Other shareholders	0	7,332,196	7,332,196	31.54%	10.26%
<b>Total</b>	<b>5,360,000</b>	<b>17,888,452</b>	<b>23,248,452</b>	<b>100%</b>	<b>100%</b>

Source: Euroclear and Serneke

Share series, number of shares and votes, June 30, 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. No further conversion occurred during the quarter, and, at June 30, 2018, a total of 850 convertibles had been converted into Series B shares, with 131,500 convertibles remaining.

At the Annual General Meeting of May 3, 2017, a decision was taken to issue convertibles for a nominal amount of approximately SEK 7.6 million, which means that a maximum of 48,503 Series B shares can be added, increasing 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

Interim Report January–September 2018 October 24, 2018

Year-end Report 2018	Feb 6, 2019
Interim Report January–March	April 17, 2019

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, July 17, 2018  
Serneke Group AB (publ)

Board

Kent Sander  
Chairman

Mari Broman  
Member

Ludwig Mattsson  
Member

Ola Serneke  
CEO

Anna-Karin Celsing  
Member

Susanne Lithander  
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 July 17, 2018, at 8:00 a.m.

## QUARTERLY DATA AND MULTI-YEAR REVIEW

	Apr-Jun	Jan-Mar	Oct-Dec	Jul-Sep	Apr-Jun	Jan-Mar	Oct-Dec	Jul-Sep
SEK million	2018	2018	2017	2017	2017	2017	2016	2016
<b>Income</b>								
Construction	1,437	1,260	1,511	1,113	1,292	1,003	1,089	683
Civil Engineering	190	179	208	140	152	123	162	121
Project Development	89	62	53	56	53	50	37	11
Property Management	27	21	18	12	9	12	8	4
Group-wide	40	41	37	30	33	8	27	34
Eliminations	-102	-78	-95	-80	-75	-58	-57	-51
<b>Total</b>	<b>1,681</b>	<b>1,485</b>	<b>1,732</b>	<b>1,271</b>	<b>1,464</b>	<b>1,138</b>	<b>1,266</b>	<b>802</b>
<b>Operating profit</b>								
Construction	42	35	56	42	44	41	40	19
Civil Engineering	2	1	4	3	-2	-4	-9	-7
Project Development	-6	9	15	3	47	0	5	-6
Property Management	42	-10	182	17	3	11	10	46
Group-wide	-6	17	-47	2	3	-1	-12	13
<b>Total</b>	<b>74</b>	<b>52</b>	<b>210</b>	<b>67</b>	<b>95</b>	<b>47</b>	<b>34</b>	<b>65</b>
Operating margin, %	4.4	3.5	12.1	5.3	6.5	4.1	2.7	8.1
Profit after net financial items	58	49	206	62	93	40	29	60
Profit/loss for the period	48	39	152	51	87	33	26	52
<b>Balance sheet</b>								
Fixed assets	1,944	1,725	1,682	1,353	1,274	1,212	1,160	1,032
Current assets	2,798	2,627	2,722	2,615	2,514	2,393	2,277	1,826
<b>Total assets</b>	<b>4,742</b>	<b>4,352</b>	<b>4,404</b>	<b>3,968</b>	<b>3,788</b>	<b>3,605</b>	<b>3,437</b>	<b>2,858</b>
Shareholders' equity	1,770	1,860	1,821	1,669	1,621	1,530	1,469	822
Non-current liabilities	1,387	972	980	920	738	725	764	919
Current liabilities	1,585	1,520	1,603	1,379	1,429	1,350	1,204	1,117
<b>Total equity and liabilities</b>	<b>4,742</b>	<b>4,352</b>	<b>4,404</b>	<b>3,968</b>	<b>3,788</b>	<b>3,605</b>	<b>3,437</b>	<b>2,858</b>
<b>Orders</b>								
Order bookings	1,328	1,128	1,898	691	1,742	2,069	1,650	920
Order backlog	7,398	7,671	7,965	7,765	8,308	7,995	7,041	6,629
<b>Employees</b>								
Average number of employees	1,051	1,022	1,001	970	919	878	847	800

## KEY INDICATORS

### IFRS-based key indicators

SEK million	Apr-Jun 2018	Apr-Jun 2017	Jan-Jun 2018	Jan-Jun 2017	Jul-Jun 2017/2018	Jan-Dec 2017
Income	1,681	1,464	3,166	2,602	6,169	5,605
Earnings per share, SEK, before dilution	2.06	3.74	3.74	5.20	12.47	13.94
Earnings per share, SEK, after dilution	2.05	3.72	3.71	5.13	12.38	13.81
Weighted average number of shares before dilution	23,248,452	23,248,452	23,248,452	23,090,335	23,248,452	23,169,394
Weighted average number of shares after dilution	23,428,455	23,379,953	23,428,455	23,379,953	23,420,371	23,396,120

### Other key indicators

SEK million	Apr-Jun 2018	Apr-Jun 2017	Jan-Jun 2018	Jan-Jun 2017	Jul-Jun 2017/2018	Jan-Dec 2017
Operating profit	74	95	126	142	403	419
Growth, %	14.8	21.1	21.7	36.2	32.1	40.9
Order bookings	1,328	1,742	2,456	3,811	5,045	6,400
Order backlog	7,398	8,308	7,398	8,308	7,398	7,965
Organic growth, %	14.8	19.3	21.7	35.1	31.1	39.1
Operating margin, %	4.4	6.5	4.0	5.5	6.5	7.5
Cash flow before financing	-286	-67	-88	44	-404	-272
Cash flow from operations per share, before dilution	-8.56	-1.68	-1.89	4.37	-1.89	2.03
Cash flow from operations per share, after dilution	-8.49	-1.67	-1.88	4.32	-1.88	2.01
Equity per share, SEK, before dilution	76.13	69.73	76.13	69.73	76.13	78.33
Equity per share, SEK, after dilution	75.55	69.33	75.55	69.33	75.58	77.73
Working capital	1,213	1,085	1,213	1,085	1,213	1,119
Capital employed	2,826	2,076	2,826	2,076	2,826	2,516
Return on capital employed, %	19.1	16.4	19.1	16.4	18.1	21.6
Return on equity after taxes, %	17.1	16.6	17.1	16.6	17.1	19.6
Equity/assets ratio, %	37.3	42.8	37.3	42.8	37.3	41.3
Net debt	458	-123	458	-123	458	254
Net debt/equity ratio, %	25.9	-7.6	25.9	-7.6	25.9	13.9
Net debt/EBITDA	1.1	-0.5	1.1	-0.5	1.1	0.6

# SUMMARY FINANCIAL STATEMENTS

## SUMMARY OF CONSOLIDATED INCOME STATEMENT

Summary of Consolidated Income Statement						
SEK million	Apr-Jun 2018	Apr-Jun 2017	Jan-Jun 2018	Jan-Jun 2017	Jul-Jun 2017/2018	Jan-Dec 2017
Income	1,681	1,464	3,166	2,602	6,169	5,605
Production and administration expenses	-1,614	-1,381	-3,011	-2,472	-5,838	-5,299
<b>Gross profit</b>	<b>67</b>	<b>83</b>	<b>155</b>	<b>130</b>	<b>331</b>	<b>306</b>
Sales and administration expenses	-33	-29	-64	-55	-160	-151
Change in value of investment properties	43	-1	43	18	263	238
Revaluation of joint ventures	0	0	0	0	0	0
Share in profit of associates and joint ventures	-3	42	-8	49	-31	26
<b>Operating profit</b>	<b>74</b>	<b>95</b>	<b>126</b>	<b>142</b>	<b>403</b>	<b>419</b>
Net financial items	-16	-2	-19	-9	-28	-18
<b>Profit after financial items</b>	<b>58</b>	<b>93</b>	<b>107</b>	<b>133</b>	<b>375</b>	<b>401</b>
Tax	-10	-6	-20	-13	-85	-78
<b>Profit/loss for the period</b>	<b>48</b>	<b>87</b>	<b>87</b>	<b>120</b>	<b>290</b>	<b>323</b>
<b>Attributable to:</b>						
Parent Company shareholders	48	87	87	120	290	323
Non-controlling interests	0	0	0	0	0	0
Earnings per share before dilution, SEK	2.06	3.74	3.74	5.20	12.47	13.94
Earnings per share after dilution, SEK	2.05	3.72	3.71	5.13	12.38	13.81
Average number of shares before dilution	23,248,452	23,248,452	23,248,452	23,090,335	23,248,452	23,169,394
Average number of shares after dilution	23,428,455	23,379,952	23,428,455	23,379,953	23,420,371	23,396,120

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

SEK million	Apr-Jun 2018	Apr-Jun 2017	Jan-Jun 2018	Jan-Jun 2017	Jul-Jun 2017/2018	Jan-Dec 2017
<b>Profit/loss for the period</b>	<b>48</b>	<b>87</b>	<b>87</b>	<b>120</b>	<b>290</b>	<b>323</b>
<b>Other comprehensive income</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total comprehensive income</b>	<b>48</b>	<b>87</b>	<b>87</b>	<b>120</b>	<b>290</b>	<b>323</b>

## CONDENSED CONSOLIDATED BALANCE SHEET

SEK million	June 30 2018	June 30 2017	Dec 31 2017
<b>Assets</b>			
<i>Fixed assets</i>			
Intangible fixed assets	23	23	23
Investment properties	1,016	365	895
Other tangible fixed assets	100	88	95
Investments in associates/joint ventures	481	477	446
Deferred tax assets	-	34	-
Non-current interest-bearing receivables	36	54	10
Other non-current receivables	288	233	213
<b>Total fixed assets</b>	<b>1,944</b>	<b>1,274</b>	<b>1,682</b>
<i>Current assets</i>			
Project and development properties	305	297	283
Inventories	1	2	1
Accounts receivable	965	770	845
Accrued but not invoiced income	394	249	319
Other current receivables	571	638	843
Cash and bank balances	562	558	431
<b>Total current assets</b>	<b>2,798</b>	<b>2,514</b>	<b>2,722</b>
<b>Total assets</b>	<b>4,742</b>	<b>3,788</b>	<b>4,404</b>
<b>Equity and liabilities</b>			
<b>Shareholders' equity</b>	<b>1,770</b>	<b>1,621</b>	<b>1,821</b>
<i>Non-current liabilities</i>			
Non-current interest-bearing liabilities	1,024	389	641
Other non-current liabilities	153	224	152
Deferred tax liability	49	-	29
Other provisions	161	125	158
<b>Total non-current liabilities</b>	<b>1,387</b>	<b>738</b>	<b>980</b>
<i>Current liabilities</i>			
Current interest-bearing liabilities	32	100	54
Current tax liabilities	4	5	8
Accounts payable	751	669	799
Invoiced but not accrued income	391	311	297
Other current liabilities	407	344	445
<b>Total current liabilities</b>	<b>1,585</b>	<b>1,429</b>	<b>1,603</b>
<b>Total equity and liabilities</b>	<b>4,742</b>	<b>3,788</b>	<b>4,404</b>

## SUMMARY OF CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY

SEK million	June 30 2018	June 30 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
Dividend	-93	-	-
Share repurchases	-45	-	-
Other	-	4	-
Comprehensive income for the period	87	120	323
<b>Balance at end of period</b>	<b>1,770</b>	<b>1,621</b>	<b>1,821</b>

## CONDENSED CONSOLIDATED CASH FLOW STATEMENT

Mkr	Apr-jun 2018	Apr-jun 2017	Jan-jun 2018	Jan-jun 2017	Jul-jun 2017/2018	Jan-dec 2017
<i>Löpande verksamheten</i>						
Kassaflöde innan förändring av rörelsekapital	-64	43	-28	71	80	179
Förändring av rörelsekapital	-135	-82	38	30	-144	-132
<b>Kassaflöde från den löpande verksamheten</b>	<b>-199</b>	<b>-39</b>	<b>10</b>	<b>101</b>	<b>-64</b>	<b>47</b>
<i>Investeringsverksamheten</i>						
Förvärv av förvaltningsfastigheter	-27	-	-27	-	-275	-248
Förvärv av rörelse	-	-8	-	-8	0	-8
Ökning/minskning av investeringsverksamheten	-60	-20	-71	-49	-65	-63
<b>Kassaflöde från investeringsverksamheten</b>	<b>-87</b>	<b>-28</b>	<b>-98</b>	<b>-57</b>	<b>-340</b>	<b>-319</b>
<b>Kassaflöde före finansiering</b>	<b>-286</b>	<b>-67</b>	<b>-88</b>	<b>44</b>	<b>-404</b>	<b>-272</b>
<i>Finansieringsverksamheten</i>						
Konvertibelt lån	-	-	0	-	8	8
Nyupptagna lån	690	18	690	18	890	218
Nyemission	-	-	-	-	-	-
Amortering av skuld	-328	-70	-332	-70	-341	-79
Återköp av aktier	-45	-	-45	-	-45	-
Utdelning	-93	-	-93	-	-93	-
Ökning/minskning av finansieringsverksamheten	-1	-21	-1	-5	-11	-15
<b>Kassaflöde från finansieringsverksamheten</b>	<b>223</b>	<b>-73</b>	<b>219</b>	<b>-57</b>	<b>408</b>	<b>132</b>
<b>Periodens kassaflöde</b>	<b>-63</b>	<b>-140</b>	<b>131</b>	<b>-13</b>	<b>4</b>	<b>-140</b>
Likvida medel vid periodens början	625	698	431	571	558	571
<b>Likvida medel vid periodens slut</b>	<b>562</b>	<b>558</b>	<b>562</b>	<b>558</b>	<b>562</b>	<b>431</b>

## PARENT COMPANY CONDENSED INCOME STATEMENT

SEK million	Apr-Jun 2018	Apr-Jun 2017	Jan-Jun 2018	Jan-Jun 2017	Jul-Jun 2017/2018	Jan-Dec 2017
Income	37	30	75	56	136	117
Sales and administration expenses	-34	-29	-35	-55	-116	-136
<b>Operating profit</b>	<b>3</b>	<b>1</b>	<b>40</b>	<b>1</b>	<b>20</b>	<b>-19</b>
Net financial items	-20	-5	-25	-11	-37	-23
<b>Profit after financial items</b>	<b>-17</b>	<b>-4</b>	<b>15</b>	<b>-10</b>	<b>-17</b>	<b>-42</b>
Appropriations	0	0	0	0	33	33
<b>Profit/loss before tax</b>	<b>-17</b>	<b>-4</b>	<b>15</b>	<b>-10</b>	<b>16</b>	<b>-9</b>
Tax	4	1	-3	2	-29	-24
<b>Profit/loss for the period</b>	<b>-13</b>	<b>-3</b>	<b>12</b>	<b>-8</b>	<b>-13</b>	<b>-33</b>

## PARENT COMPANY STATEMENT OF COMPREHENSIVE INCOME

SEK million	Apr-Jun 2018	Apr-Jun 2017	Jan-Jun 2018	Jan-Jun 2017	Jul-Jun 2017/2018	Jan-Dec 2017
<b>Profit/loss for the period</b>	<b>-13</b>	<b>-3</b>	<b>12</b>	<b>-8</b>	<b>-13</b>	<b>-33</b>
<b>Other comprehensive income</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total comprehensive income</b>	<b>-13</b>	<b>-3</b>	<b>12</b>	<b>-8</b>	<b>-13</b>	<b>-33</b>

## PARENT COMPANY CONDENSED BALANCE SHEET

SEK million	June 30 2018	June 30 2017	Dec 31 2017
<b>Assets</b>			
<i>Fixed assets</i>			
Tangible fixed assets	5	5	5
Investments in Group companies	146	98	127
Deferred tax assets	26	56	29
Other non-current receivables	2	1	2
<b>Total fixed assets</b>	<b>179</b>	<b>160</b>	<b>163</b>
<i>Current assets</i>			
Project and development properties	3	3	3
Other current receivables	995	768	918
Cash and bank balances	469	525	392
<b>Total current assets</b>	<b>1,467</b>	<b>1,296</b>	<b>1,313</b>
<b>Total assets</b>	<b>1,646</b>	<b>1,456</b>	<b>1,476</b>
<b>Equity and liabilities</b>			
<b>Shareholders' equity</b>	<b>553</b>	<b>704</b>	<b>679</b>
<i>Non-current liabilities</i>			
Non-current interest-bearing liabilities	714	312	321
Other provisions	-	-	20
<b>Total non-current liabilities</b>	<b>714</b>	<b>312</b>	<b>341</b>
<i>Current liabilities</i>			
Current interest-bearing liabilities	1	1	1
Accounts payable	12	12	14
Other current liabilities	366	427	441
<b>Total current liabilities</b>	<b>379</b>	<b>440</b>	<b>456</b>
<b>Total equity and liabilities</b>	<b>1,646</b>	<b>1,456</b>	<b>1,476</b>

## 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. 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:

New standards and interpretations have not had any material impact on the consolidated accounts

#### 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](http://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 SEK million	June 30 2018	June 30 2017	Dec 31 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	104	31	84
Of which, additional purchase considerations**	104	31	84
Total financial liabilities	104	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:

	June 30 2018	June 30 2017	Dec 31 2017
<b>Group</b>			
Pledged assets	727	541	724
Contingent liabilities	626	398	547
<b>Parent Company</b>			
Pledged assets	200	321	320
Contingent liabilities	1,333	789	1,192

#### Note 4 – Breakdown of income

Apr–Jun 2018, SEK million	Constructio n	Civil Engineerin g	Project Development	Property Managemen t	Group-wide	Elimination s	Total
Construction income	1,436	190	89	-	40	-102	1,653
Sale of properties and development rights	-	-	-	-	-	-	0
Rental income	0	-	-	14	-	-	14
Other income	1	0	-	13	-	-	14
<b>Total income</b>	<b>1,437</b>	<b>190</b>	<b>89</b>	<b>27</b>	<b>40</b>	<b>-102</b>	<b>1,681</b>
<b>Date of income recognition:</b>							
At a specific time	1	0	-	13	-	-	14
Over time	1,436	190	89	14	40	-102	1,667
<b>Total income</b>	<b>1,437</b>	<b>190</b>	<b>89</b>	<b>27</b>	<b>40</b>	<b>-102</b>	<b>1,681</b>
Apr–Jun 2017, SEK million	Constructio n	Civil Engineerin g	Project Development	Property Managemen t	Group-wide	Elimination s	Total
Construction income	1,290	152	53	-	33	-75	1,453
Sale of properties and development rights	-	-	0	-	0	-	0
Rental income	0	-	-	9	-	-	9
Other income	2	0	-	0	-	-	2
<b>Total income</b>	<b>1,292</b>	<b>152</b>	<b>53</b>	<b>9</b>	<b>33</b>	<b>-75</b>	<b>1,464</b>
<b>Date of income recognition:</b>							
At a specific time	2	0	0	0	0	-	2
Over time	1290	152	53	9	33	-75	1,462
<b>Total income</b>	<b>1,292</b>	<b>152</b>	<b>53</b>	<b>9</b>	<b>33</b>	<b>-75</b>	<b>1,464</b>
Jan–Jun 2018, SEK million	Constructio n	Civil Engineerin g	Project Development	Property Managemen t	Group-wide	Elimination s	Total
Construction income	2,692	369	151	-	81	-180	3,113
Sale of properties and development rights	-	-	-	-	-	-	0
Rental income	0	-	-	25	-	-	25
Other income	5	0	-	23	-	-	28
<b>Total income</b>	<b>2,697</b>	<b>369</b>	<b>151</b>	<b>48</b>	<b>81</b>	<b>-180</b>	<b>3,166</b>
<b>Date of income recognition:</b>							
At a specific time	5	0	-	23	-	-	28
Over time	2,692	369	151	25	81	-180	3,138
<b>Total income</b>	<b>2,697</b>	<b>369</b>	<b>151</b>	<b>48</b>	<b>81</b>	<b>-180</b>	<b>3,166</b>
Jan–Jun 2017, SEK million	Constructio n	Civil Engineerin g	Project Development	Property Managemen t	Group-wide	Elimination s	Total
Construction income	2,292	274	83	-	61	-133	2,577
Sale of properties and development rights	-	-	20	-	-20	-	0
Rental income	0	-	-	21	-	-	21

Other income	3	1	-	0	-	-	4
<b>Total income</b>	<b>2,295</b>	<b>275</b>	<b>103</b>	<b>21</b>	<b>41</b>	<b>-133</b>	<b>2,602</b>
<b>Date of income recognition:</b>							
At a specific time	3	1	20	0	-20	-	4
Over time	2,292	274	83	21	61	-133	2,598
<b>Total income</b>	<b>2,295</b>	<b>275</b>	<b>103</b>	<b>21</b>	<b>41</b>	<b>-133</b>	<b>2,602</b>

### 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. These revenues are 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.																																																								
<table><tr><td></td><td>Apr-Jun</td><td>Apr-Jun</td><td>Jan-Jun</td><td>Jan-Jun</td><td>Jul-Jun</td><td>Jan-Dec</td></tr><tr><td>Calculation of organic growth</td><td>2018</td><td>2017</td><td>2018</td><td>2017</td><td>2017/2018</td><td>2017</td></tr><tr><td>Income current period</td><td>1,681</td><td>1,464</td><td>3,166</td><td>2,602</td><td>6,169</td><td>5,605</td></tr><tr><td>Income corresponding period previous period</td><td>1,464</td><td>1,209</td><td>2,602</td><td>1,910</td><td>4,670</td><td>3,978</td></tr><tr><td>Income change</td><td>217</td><td>255</td><td>564</td><td>692</td><td>1,499</td><td>1,627</td></tr><tr><td>Adjustment for structural effect</td><td>0</td><td>-22</td><td>0</td><td>-22</td><td>-48</td><td>-70</td></tr><tr><td>Total organic growth</td><td>217</td><td>233</td><td>564</td><td>670</td><td>1,451</td><td>1,557</td></tr><tr><td>Total organic growth (%)</td><td>14.8%</td><td>19.3%</td><td>21.7%</td><td>35.1%</td><td>31.1%</td><td>39.1%</td></tr></table>				Apr-Jun	Apr-Jun	Jan-Jun	Jan-Jun	Jul-Jun	Jan-Dec	Calculation of organic growth	2018	2017	2018	2017	2017/2018	2017	Income current period	1,681	1,464	3,166	2,602	6,169	5,605	Income corresponding period previous period	1,464	1,209	2,602	1,910	4,670	3,978	Income change	217	255	564	692	1,499	1,627	Adjustment for structural effect	0	-22	0	-22	-48	-70	Total organic growth	217	233	564	670	1,451	1,557	Total organic growth (%)	14.8%	19.3%	21.7%	35.1%	31.1%	39.1%
	Apr-Jun	Apr-Jun	Jan-Jun	Jan-Jun	Jul-Jun	Jan-Dec																																																				
Calculation of organic growth	2018	2017	2018	2017	2017/2018	2017																																																				
Income current period	1,681	1,464	3,166	2,602	6,169	5,605																																																				
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Adjustment for structural effect	0	-22	0	-22	-48	-70																																																				
Total organic growth	217	233	564	670	1,451	1,557																																																				
Total organic growth (%)	14.8%	19.3%	21.7%	35.1%	31.1%	39.1%																																																				
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 excluding cooperation agreements.	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.																																																								

Indicator	Definition	Purpose
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 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.
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.
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,	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
before/after dilution		

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](http://www.serneke.group).

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### Presentation of the Interim Report for January–June 2018

On July 17, 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-q2-2018>. Presentation materials for the presentation will be available on the website one hour before the webcast begins.

To participate, please dial:

From Sweden: +46 8 56 64 2665