

Impairments in construction projects impact Serneke's third quarter earnings

Serneke Construction has recognized impairment in two construction projects, which is expected to affect the Group's operating earnings for the third quarter by approximately SEK 70 million.

"We are in the final phase of two projects that have suffered significant cost increases, mainly as a consequence of bankruptcies among subcontractors. The additional costs primarily involve revisions and additional work to complete the projects satisfactorily," says Daniel Åstenius, President of Serneke Construction.

Third quarter operating earnings for Serneke Group AB, taking impairments and organizational investments into account, are expected to be negative in the amount of approximately SEK 40 million (positive 67).

"Despite some sluggishness in certain markets, we are currently in a period of stable demand in the construction segment and will maintain our strategy of focusing on major orders, collaborative projects and a high proportion of public-sector clients," says Ola Serneke, CEO. Underlying market demand, combined with our customer focus, provides a solid base on which we can expand towards the targets we have established.

Serneke Construction had an order backlog of approximately SEK 6.5 billion as per September 2018. In addition, a number of other projects in collaborative formats are at an initial phase. The Group retains its sales target of SEK 10 billion by 2020, with increased market shares in the growth regions.

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This information is such that Serneke is required to disclose under the EU Market Abuse Regulation. The information was submitted under the auspices of the contact person stated above, for publication on October 2, 2018, at 8.00 p.m. CET.



Serneke is a rapidly growing corporate group active in construction, civil engineering, project development and property management. The Group was founded in 2002 and today has income of about SEK 6 billion and more than 1,000 employees. Through novel thinking, the Company drives development and creates more effective and more innovative solutions for responsible construction. The Company builds and develops housing, commercial buildings, industrial facilities, public buildings, roads and civil engineering projects, and other infrastructure. The Company's customers are public and commercial clients, and operations are focused on the three metropolitan regions in Sweden, Gothenburg (Region West), Stockholm (Region East) and Malmö (Region South). Serneke has its headquarters in Gothenburg and offices in Stockholm, Malmö, Alingsås, Borås, Halmstad, Helsingborg, Jönköping, Skövde, Strömstad, Trollhättan, Uppsala, Varberg and Växjö. The Company's Series B shares (SRNKE) have been listed on the Nasdaq Stockholm exchange since November 2016.

Further information about Serneke Group AB is available at www.serneke.group