

## TRANSACTIONS STRENGTHEN EARNINGS

### OCTOBER–DECEMBER 2018

- Income amounted to SEK 1,991 million (1,732), an increase of 15 percent
- Operating profit amounted to SEK 509 million (210)
- Profit for the period amounted to SEK 572 million (152)
- Earnings per share after dilution amounted to SEK 25.14 (6.49)
- Cash flow from operating activities amounted to SEK 264 million (negative 138)
- Order bookings amounted to SEK 1,000 million (1,898)
- Sale of Säve Airport generated an operating profit of SEK 271 million
- The acquisition of the remaining 50 percent of the Karlstad project generated a revaluation effect of SEK 229 million.

### JANUARY–DECEMBER 2018

- Income amounted to SEK 6,516 million (5,605), an increase of 16 percent
- Operating profit amounted to SEK 595 million (419) and the operating margin was 9.1 percent (7.5)
- Profit for the period amounted to SEK 604 million (323)
- Earnings per share after dilution amounted to SEK 26.16 (13.81)
- The equity/assets ratio was 40.9 percent (41.3)
- Cash flow from operating activities amounted to SEK 265 million (47)
- Order bookings amounted to SEK 4,692 million (6,400)
- The order backlog amounted to SEK 6,382 million (7,965)
- The Board confirms the company's dividend policy but chooses to await the outcome of current transactions before a recommendation for dividend for 2018 is announced in the notice to the Annual General Meeting.

SEK M	Oct–Dec 2018	Oct–Dec 2017	Jan–Dec 2018	Jan–Dec 2017
Revenue	1,991	1,732	6,516	5,605
Operating result	509	210	595	419
Operating margin, %	25.6	12.1	9.1	7.5
Earnings for the period	572	152	604	323
Earnings per share, SEK, before dilution	25.34	6.54	26.37	13.94
Earnings per share, SEK after dilution	25.14	6.49	26.16	13.81
Equity per share, SEK after dilution	100.47	77.73	100.47	77.73
Equity/assets ratio, %	40.9	41.3	40.9	41.3
Net debt	552	254	552	254
Net debt/EBITDA	0.9	0.6	0.9	0.6
Net debt/equity ratio, %	24.3	13.9	24.3	13.9
Order bookings	1,000	1,898	4,692	6,400
Order backlog	6,382	7,965	6,382	7,965

## CEO STATEMENT

A summation of 2018 presents sales of SEK 6,516 million, which is an increase of 16 percent. Operating profit was SEK 595 million (419), equivalent to a margin of 9.1 percent.

When we summarize our fourth quarter, there are a few events that stand out. Two major transactions and a recovery in the construction operations. We can also note that the trend of reduced growth continued in the fourth quarter. We perceive a greater caution in the market and we see that lead times until decisions at our customers are increasing. Now as we leave 2018 behind, we have an order backlog that is in line with current annual sales and several exciting collaborative projects as well.

Income during the fourth quarter amounted to SEK 1,991 million, corresponding to an increase of 15 percent compared with the fourth quarter in 2017. Consolidated operating profit for the fourth quarter was SEK 509 million, including the positive effects from the S ve transaction of SEK 271 million, and an unrealized gain as a result of the revaluation to fair value of our previous interest in Karlastaden Holding AB (50%), corresponding to SEK 229 million.

The Construction business area achieved sales of SEK 1,680 million (1,511) in the quarter, corresponding to an increase of around 11 percent and returned to profit in an amount of SEK 54 million, corresponding to a margin of 3.2 percent. The booked collaboration project on a new hotel in Sundsvall for Di s and the framework agreement with Specialfastigheter are two clear expressions of our focus on major collaboration projects and public clients.

In the fourth quarter, we ensured that the steps taken after the impairments of two construction projects in the third quarter were required. We are confidently looking forward to a profitability stabilization as a result of on-going action plans with a focus on profitability and a higher degree of control.

The Civil Engineering business area continued to gradually improve its margin during the year and grew by nearly 40 percent. In 2019, focus will be on growing infrastructure, including an investment in railways and rail technology.

In December, the property holdings around S ve Airport in Gothenburg were sold to Castellum. The transaction



shows that our strategy of conducting active, value-generating development of properties is successful.

The second major transaction of the quarter was our acquisition of outstanding shares in Karlastaden Holding AB. Through the acquisition, we have gained full control over the continued development of Gothenburg's new city district, Karlastaden. With the aim of optimizing the potential of all future spaces, we are now revising our 240,000 square meter development rights in terms of both use and block division. For the part of the project that is closest to completion, Karlatornet, both the initial foundation work and sales of tenant-owner apartments have made good progress and 80 percent of all apartments are sold today. In the time that the aforementioned revision is under way, we will, however, reduce the activity level in the on-going work out at Lindholmen. Although this may lead to some delay in the project, there is nothing today that indicates that the occupancy date for the residents will be postponed.

During the year, 251 new employees began at Serneke and our total workforce amounted to 1,110 people as of December 31, 2018. This is at a time when competition for labor in the industry is extremely tough. Of course, it pleases me greatly that we succeeded in being an attractive employer and that there is a genuine desire, both among current and prospective colleagues, to rally around the core values that define the company. We are continuing to work even harder to become the market's most attractive employer. The share savings program launched in 2018 was a step in that direction and it is pleasing that almost 400 employees joined the program.

We are confidently looking forward to 2019 and feel that our customers appreciate our commitment and offering.

Ola Serneke, President and CEO

## GROUP DEVELOPMENT

### ORDER BOOKINGS AND ORDER BACKLOG

Order bookings in the fourth quarter amounted to SEK 1,000 million (1,898), a decrease of 47 percent compared with the corresponding quarter of the previous year. Order bookings for the period are attributable to Construction as Civil Engineering had negative order bookings because its order backlog included orders from the Karlstad project of SEK 155 million. In connection with the acquisition, the order backlog was removed as it no longer counts as an external order.

The underlying market is deemed to still be stable even if the Group is experiencing a slow-down in some segments. The Group remains focused on collaboration agreements, which will not be included in order bookings until

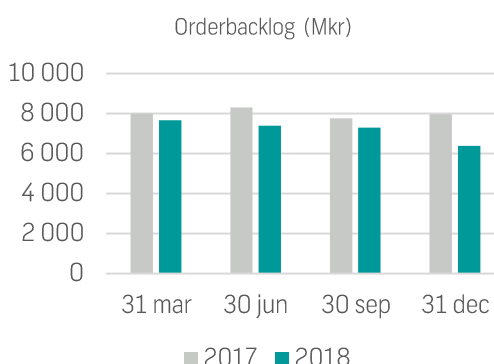
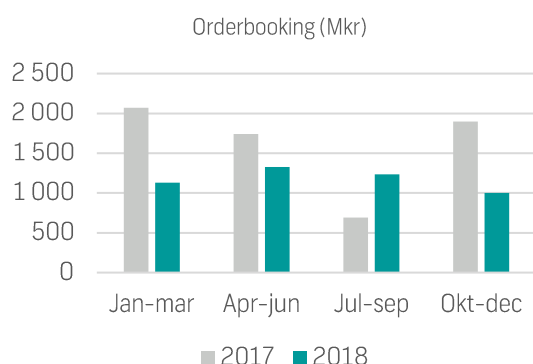
the planning stage has been completed and the projects transition to the production phase. Stockholm, Gothenburg and Malmö and their environs continue to be the Group's most important markets, even though the Group is expanding geographically and securing significant assignments in regional growth regions. During the quarter, one collaboration agreement entered the production phase in Sundsvall, which will be Serneke's first assignment in the region. The project's size amounts to SEK 357 million, which is included in the order bookings in the fourth quarter.

The Group's order backlog at the end of the fourth quarter amounted to SEK 6,382 million (7,965).

Order bookings SEK M	Oct-Dec 2018	Oct-Dec 2017	Jan-Dec 2018	Jan-Dec 2017
Construction	1,053	1,818	4,071	5,815
Civil Engineering	-53	80	621	585
<b>Group</b>	<b>1,000</b>	<b>1,898</b>	<b>4,692</b>	<b>6,400</b>

Order backlog SEK M	Dec 31 2018	Dec 31 2017
Construction	6,190	7,649
Civil Engineering	192	316
<b>Group</b>	<b>6,382</b>	<b>7,965</b>



### NEW ASSIGNMENTS DURING THE PERIOD OCTOBER–DECEMBER 2018

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

Assignment	Location	Order value (SEK million)	Anticipated start of construction
Tenant-owned housing	Kungälv	150	Fourth quarter 2018
Hotel	Sundsvall	357	Second quarter 2019

**INCOME AND PROFIT**

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

<b>SEK M</b>	<b>Oct-Dec 2018</b>	Oct-Dec 2017	<b>Jan-Dec 2018</b>	Jan-Dec 2017
Revenue	1,991	1,732	6,516	5,605
Operating result	509	210	595	419
Net financial items	-8	-4	-37	-18
Earnings after financial items	501	206	558	401
Taxes	71	-54	46	-78
Earnings for the period	572	152	604	323

**OCTOBER–DECEMBER 2018**

Consolidated income amounted to SEK 1,991 million (1,732), an increase of 15 percent compared with the corresponding quarter in the preceding year. The quarter was characterized by high production in existing projects and all business areas increased their sales compared with the fourth quarter of the previous year. The sales increase was mainly driven by Construction that accounts for 84 percent of the quarter's income.

Operating profit increased sharply during the quarter, and amounted to SEK 509 million (210). It was impacted positively by the sale of Sävle Airport, which generated an operating profit of SEK 271 million, as well as a revaluation effect that took place in connection with the acquisition of the remaining 50 percent of the Karlstad project of SEK 229 million when existing holdings were revalued at fair value. The previous year's operating profit was affected by an unrealized value change in investment properties of SEK 209 million.

In addition to these transactions, the contracting operations contributed SEK 56 million (60), of which SEK 54 million (56) was for Construction and SEK 2 million (4) was for Civil Engineering.

Net financial items were negative in the amount of SEK 8 million (4).

The Group reported an estimated tax of SEK 71 million (negative 54), which is mainly due to a tax-free sale of Sävle Airport and a tax-free revaluation effect attributable to the Karlstad project. The positive tax is also attributable to a turnaround of deferred tax liabilities attributable to the properties in Sävle.

Profit for the period amounted to SEK 572 million (152) and earnings per share after dilution for the quarter were SEK 25.14 (6.49).

**JANUARY–DECEMBER 2018**

Consolidated income amounted to SEK 6,516 million (5,605), an increase of 16 percent. Operating profit amounted to SEK 595 million (419) and was impacted positively by the sale of Sävle Airport of SEK 271 million and a revaluation effect upon acquisition of the remaining 50 percent of the Karlstad project of SEK 229 million. The previous year's operating profit was affected by an unrealized value change in investment properties of SEK 238 million.

The contracting operations generated operating profit of SEK 100 million (184). Construction was negatively impacted by the project impairments of SEK 70 million recognized in the third quarter.

Net financial items were negative in the amount of SEK 37 million (18), which were affected by the expanded bond that was issued in June in an amount of SEK 700 million.

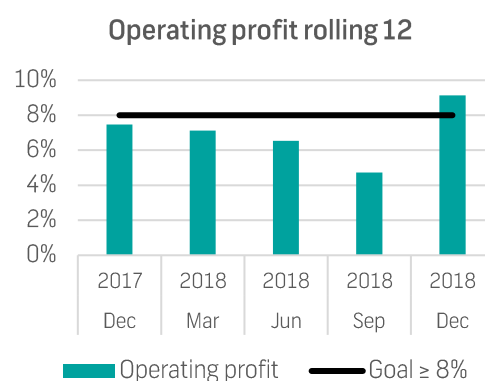
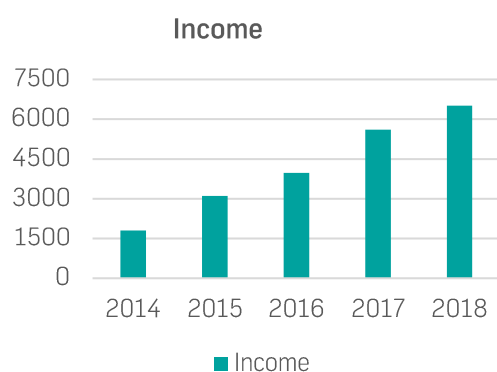
The Group's estimated tax was SEK 46 million (negative 78), which is mainly due to a tax-free sale of Sävle Airport and a tax-free revaluation effect attributable to the Karlstad project. The positive tax is also attributable to a turnaround of deferred tax liabilities attributable to the properties in Sävle.

Profit for the period amounted to SEK 604 million (323) and earnings per share after dilution were SEK 26.16 (13.81).

## 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.



### INCOME

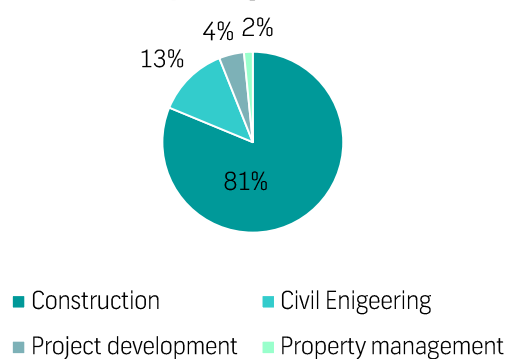
	Oct-Dec 2018	Oct-Dec 2017	Jan-Dec 2018	Jan-Dec 2017
<b>SEK M</b>				
Construction	1,680	1,511	5,530	4,919
Civil Engineering	284	208	866	623
Project Development	121	53	304	212
Property Management	29	18	107	51
<i>Eliminations and Group-wide</i>	<i>-123</i>	<i>-58</i>	<i>-291</i>	<i>-200</i>
<b>Total</b>	<b>1,991</b>	<b>1,732</b>	<b>6,516</b>	<b>5,605</b>

### OPERATING PROFIT

	Oct-Dec 2018	Oct-Dec 2017	Jan-Dec 2018	Jan-Dec 2017
<b>SEK M</b>				
Construction	54	56	90	183
Civil Engineering	2	4	10	1
Project Development	237	15	230	65
Property Management	222	182	257	213
<i>Group-wide</i>	<i>-6</i>	<i>-47</i>	<i>8</i>	<i>-43</i>
<b>Total</b>	<b>509</b>	<b>210</b>	<b>595</b>	<b>419</b>
Net financial items	-8	-4	-37	-18
<b>Earnings after financial items</b>	<b>501</b>	<b>206</b>	<b>558</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. In the first quarter of 2018, a reversal of SEK 20 million was made with regard to a reservation for a dispute, the outcome of which was in the Company's favor.

## Income per segment Jan-Dec



## Seasonal variations

To a certain extent, Serneke's operations are subject to 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 weather during the winter months. Earnings are also affected by where public holidays fall, as this affects the number of production days.

## FINANCIAL POSITION

SEK M	Dec 31 2018	Dec 31 2017
Total assets	5,555	4,404
Total shareholders' equity	2,272	1,821
Net debt	552	254
Net debt/EBITDA	0.9	0.6
Liquid assets	389	431
Equity/assets ratio, %	40.9	41.3

The consolidated balance sheet total amounted to SEK 5,555 million (4,404) as at December 31, and the equity/assets ratio was 40.9 percent (41.3). At the end of the period, consolidated cash and cash equivalents, including unutilized credit facilities, amounted to SEK 789 million (631).

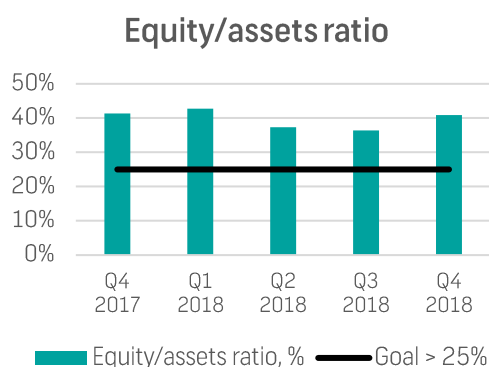
On December 31, equity amounted to SEK 2,272 million (1,821). Changes pertain to profit for the year, which contributed by SEK 604 million, while dividends and share repurchases affected shareholders' equity negatively by SEK 93 million and SEK 65 million, respectively. Additionally, minority interests and share savings programs contributed SEK 4 million and SEK 1 million, respectively.

On December 31, net borrowing amounted to SEK 552 million (254). Net borrowing in relation to EBITDA is at 0.9 (0.6) and the change in net borrowing is mainly an increase in interest-bearing liabilities attributable to an increase in bond loans of SEK 400 million. Unutilized committed credit facilities amounted to SEK 400 million (200) at year-end.

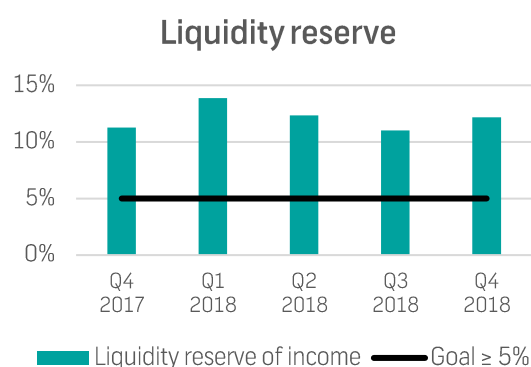


## GROUP CAPITAL STRUCTURE

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



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



## CASH FLOW

### OCTOBER–DECEMBER 2018

Cash flow from operating activities amounted to SEK 264 million (negative 138). The change is largely attributable to a decreased amount of capital being tied up. Cash flow from investments was negative in the amount of SEK 293 million (168), which mainly comprised the acquisition of the Karlastaden project and sale of the properties at Säve Airport. The cash flow from financing activities was negative in an amount of SEK 46 million (positive 86) and pertains mainly to share repurchases attributable to Serneke's share savings program. Cash flow for the period amounted to a negative SEK 75 million (220).

### JANUARY–DECEMBER 2018

Cash flow from operating activities amounted to SEK 265 million (47). The change is mainly attributable to a decreased amount of capital being tied up. Cash flow from investments was negative in the amount of SEK 477 million (319), which mainly comprised the acquisition of the Karlastaden project and sale of the properties at Säve Airport, investments in investment properties and investments in tangible fixed assets. Cash flow from financing activities amounted to SEK 170 million (132) 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 42 million (140).

## EMPLOYEES

The average number of employees was 1,110 individuals during the period October–December 2018, compared with 1,001 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.

	Oct-Dec 2018	Oct-Dec 2017	Jan-Dec 2018	Jan-Dec 2017
<b>SEK M</b>				
Revenue	1,680	1,511	5,530	4,919
Operating result	54	56	90	183
Operating margin, %	3.2	3.7	1.6	3.7
Order bookings	1,053	1,818	4,071	5,815
Order backlog	6,190	7,649	6,190	7,649
Average number of employees	778	734	761	696

### OCTOBER–DECEMBER 2018

Income amounted to SEK 1,680 million (1,511), an increase of 11 percent. During the quarter, there has been a good production rate in existing projects, but growth is somewhat lower than before as an effect of a lower order backlog.

Operating profit amounted to SEK 54 million (56) and the operating margin was 3.2 percent (3.7).

Order bookings amounted to SEK 1,053 million (1,818), a decrease of 42 percent. There is mainly a slow-down in the housing market where there are delays from clients that are causing a decrease in order bookings. New assignments during the quarter mainly involved housing and a hotel property.

### JANUARY – DECEMBER 2018

Income amounted to SEK 5,530 million (4,919), an increase of 12 percent. Operating profit amounted to SEK 90 million (183) and the operating margin was 1.6 percent (3.7). The margin was negatively impacted by the project impairments of SEK 70 million recognized in the third quarter.

Order bookings during the period amounted to SEK 4,071 million (5,815) and, at the end of the period, the total order backlog amounted to SEK 6,190 million (7,649).

### FINANCIAL TARGET

The long-term target in Business Area Construction is an operating margin of 5 percent. The operating margin for the rolling 12 months was 1.6 percent.



Serneke has signed an agreement with Riksbyggen to construct 46 apartments in Kungälv. The senior housing for the Bonum Blåregnet tenant-owner housing association will be constructed in the new district of Kongahälla, where Serneke already has a number of projects. The order amounts to approximately SEK 150 million.



## BUSINESS AREA CIVIL ENGINEERING

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

	Oct-Dec 2018	Oct-Dec 2017	Jan-Dec 2018	Jan-Dec 2017
<b>SEK M</b>				
Revenue	284	208	866	623
Operating result	2	4	10	1
Operating margin, %	0.7	1.9	1.2	0.2
Order bookings	-53	80	621	585
Order backlog	192	316	192	316
Average number of employees	182	151	172	141

### OCTOBER–DECEMBER 2018

Income amounted to SEK 284 million (208), an increase of 37 percent, mainly driven by the Stockholm area.

Operating profit amounted to SEK 2 million (4) and the operating margin was 0.7 percent (1.9).

Order bookings were a negative SEK 53 million (positive 80) for the quarter due to the acquisition of the Karlstaden project that took place on December 28. The order backlog included orders from the Karlstaden project in an amount of SEK 155 million, which was removed in connection with the acquisition as it no longer counts as an external order. The market outlook is deemed to remain good with a satisfactory demand for infrastructure projects. The business area has invested in new recruitment of railway expertise to compete for the major investments the state will make in the railway. New assignments in the second quarter of the year were mainly in groundwork and concrete.

### JANUARY – DECEMBER 2018

Income amounted to SEK 866 million (623), an increase of 39 percent. Operating profit amounted to SEK 10

million (1) and the operating margin was 1.2 percent (0.2).

Order bookings amounted to SEK 621 million (585), an increase of 6 percent, and, at the end of the period, the total order backlog amounted to SEK 192 million (316).

### FINANCIAL TARGET

The long-term target in Business Area Civil Engineering is an operating margin of 5 percent. The operating margin for the rolling 12 months was 1.2 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 M	Oct-Dec 2018	Oct-Dec 2017	Jan-Dec 2018	Jan-Dec 2017
Revenue	121	53	304	212
Share in profit of associates and joint ventures	-5	1	-15	38
Operating result	237	15	230	65
Operating margin, %	195.9	28.3	75.7	30.7
Average number of employees	54	41	50	34

### OCTOBER – DECEMBER 2018

Income amounted to SEK 121 million (53), an increase of 128 percent. The higher income is attributable to there being more tenant-owner housing projects in production. During the quarter, one tenant-owner housing project began and the business area had a total of four productions under way at the end of the quarter, comprising 150 residential units in total, of which 120 are sold with on average just over one year until occupancy. In connection with the acquisition of 50 percent of the shares in Karlstad and the final agreement with NREP, SEK 30 million was recognized in other income.

The share in the earnings of associates and joint ventures was negative in the amount of SEK 5 million (positive 1) and pertains to eliminations of inter-company profits of a negative SEK 3 million and participations in losses of SEK 2 million.

Operating profit amounted to SEK 237 million (15). Operating profit includes a revaluation effect that occurred in connection with the acquisition of the remaining 50 percent of the Karlstad project of SEK 229 million when existing holdings were restated at fair value.

### Project development portfolio

At December 31, 2018, the total book value of the project development portfolio amounted to SEK 2,507 million (283), which is recognized as project and development properties in the balance sheet. Of this, the holding of the Karlstad project amounted to SEK

2,162 million, which largely explains the increase from the previous year.

### JANUARY – DECEMBER 2018

Income amounted to SEK 304 million (212), an increase of 43 percent. There, SEK 30 million is included as other income attributable to the final agreement with NREP.

Operating profit amounted to SEK 230 million (65). Operating profit includes a revaluation effect of SEK 229 million.

The share in the earnings of associates and joint ventures was negative in the amount of SEK 15 million (positive 38), which pertains to eliminations of inter-company profits of a negative SEK 11 million and participations in losses of SEK 4 million. Last year included a capital gain of SEK 38 million attributable to the sale of the Mälardalen University project through a joint venture.

### FINANCIAL TARGET

Project Development aims for a return on capital employed of 20 percent. On December 31, 2018, the return on capital employed, based on rolling 12-month earnings, amounted to 24.5 percent.

## 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.

SEK M	Oct-Dec 2018	Oct-Dec 2017	Jan-Dec 2018	Jan-Dec 2017
Revenue	29	18	107	51
Earnings from Property	-18	-4	-33	-7
Changes in value of properties	240	209	281	228
Share in profit of associates and joint ventures	0	-23	9	-8
Operating result	222	182	257	213
Average number of employees	20	14	18	14

### OCTOBER – DECEMBER 2018

Income amounted to SEK 29 million (18), an increase of 61 percent generated from the increased property portfolio and hotel revenues.

Property management earnings amounted to a loss of SEK 18 million (4), which is attributable to an increase in allocated overhead.

The sale of Sävle Airport impacted operating profit by SEK 271 million and meant that large unrealized value changes on the investment properties have now been realized. Changes in the value of the investment properties were positive in the amount of SEK 240 million (209) during the quarter. From the sale of Sävle Airport, value changes of SEK 260 million and inter-company profits of SEK 11 million were realized. Other investment properties generated unrealized value changes of a negative SEK 20 million.

The share in profit of associated companies amounted to SEK 0 million (loss 23). Property management earnings in the associated company Änglagården Holding AB amount to SEK 3 million, but at the same time were negatively impacted by a revaluation of the property with a decrease in SEK 3 million.

### JANUARY – DECEMBER 2018

Income amounted to SEK 107 million (51), an increase of 110 percent.

Property management earnings amounted to a loss of SEK 33 million (7), which is attributable to an increase in allocated overhead.

Changes in the value of the investment properties were positive in the amount of SEK 281 million (228). Of the value change, SEK 302 million is realized (of which SEK 42 million was recognized as unrealized from earlier quarters) and attributable to the sale of Sävle Airport. Unrealized value changes account for a decrease by SEK 21 million regarding the Group's other investment properties and are based on external valuations.

The share in profit of associated companies amounted to SEK 9 million (loss 8), primarily attributable to property management earnings in Änglagården Holding.

As at December 31, the total book value of the investment properties amounted to SEK 213 million, compared with SEK 895 million at the beginning of the year. The change is mainly attributable to the sale of Sävle Airport.

### FINANCIAL TARGET

Property Management aims for a return on equity of 20 percent. On December 31, 2018, the return on shareholders' equity, based on rolling 12-month earnings, amounted to 56.2 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.

<b>The Group's share of Änglagården Holding AB SEK M</b>	<b>Dec 31 2018</b>	Dec 31 2017
Ownership as a percentage	40	40
Share in associated companies*	92	83
Share in profit	9	-8
Of which:		
Earnings from Property	12	20
Change in value of property	-3	-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).

<b>Income statement Änglagården Holding AB SEK M</b>	<b>Oct– Dec 2018</b>	Oct– Dec 2017	<b>Jan– Dec 2018</b>	Jan– Dec 2017
Revenue	17	22	64	81
Profit/loss for the year	1	-56	23	-20

<b>Balance Sheet Änglagården Holding AB SEK M</b>	<b>Dec 31 2018</b>	Dec 31 2017
<b>ASSETS</b>		
Properties	790	799
Other assets	164	207
<b>Total assets</b>	<b>954</b>	<b>1,006</b>
<b>EQUITY AND LIABILITIES</b>		
Shareholders' equity	309	310
Interest-bearing liabilities	447	478
Other liabilities	198	218
<b>Total equity and liabilities</b>	<b>954</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.



Serneke has signed a turnkey contracting agreement with Diös for a new hotel in Sundsvall. The order value is around SEK 350 million.

## PARENT COMPANY

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

Income for October–December amounted to SEK 30 million (33) and consisted primarily of intra-group services. The operating loss for the same period amounted to SEK 14 million (22).

Income for January–December amounted to SEK 143 million (117) and operating profit amounted to SEK 30 million (loss 19), mainly due to the removal of provisions attributable to a dispute concerning the acquisition of Värmdö Byggentreprenader AB.

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. Related-party transactions took place with property company Adapta AB, Ola Serneke Invest AB, formerly JV Karlastaden, JV Sersund AB, associate Änglagården, Mjörnvallen Ekonomisk förening and Michael Berglin. 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 540 million and purchases to SEK 12 million as at December 31, 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 as of December 31, 2018 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. Income from Ola Serneke Invest AB is mainly comprised of rent and sales amounted to SEK 1 million as at December 31, 2018. JV Karlastaden was acquired on December 28, 2018 and transactions up to that date are included as related party transactions. Thereafter, there are no related party transactions as Karlastaden is wholly owned by Serneke. Transactions consist mainly of project income, and sales amounted to SEK 351 million as at December 28, 2018.

Transactions with JV Sersund AB are comprised of contracting income of SEK 2 million. Transactions with associate Änglagården consist mainly of contracted personnel, premises rental and rental of the venue name and, at December 31, 2018, this income amounted to SEK 3 million and purchases to SEK 16 million. Transactions with Mjörnvallen Ekonomisk förening are considered to constitute related-party transactions as Ola Serneke has been a Board member in the association. The transactions are comprised of contract income of SEK 8 million. The asset was then bought over by Serneke Fastigheter AB.

Transactions with Michael Berglin are considered to constitute related party transactions as Michael Berglin is a member of Group Management for Serneke Group AB. Transactions consist mainly of contracting income, and sales amounted to SEK 3 million as at December 31, 2018.



## 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

### Sale of S ve Airport

On December 21, Serneke reached an agreement with Castellum on the sale of properties at S ve Airport. Serneke is receiving a fixed purchase consideration of SEK 1.1 billion of which SEK 750 million is paid in connection with occupancy and the remainder is to be paid no later than 2030. If the detailed development

plan and building permits were to gain legal effect before 2030, the purchase consideration is paid out proportionately for the respective relevant land area.

In addition, there are supplementary purchase considerations of a maximum of another SEK 910 million, depending on the outcome of new detailed development plans and building permits on condition that these have been approved by 2030.

The transaction generated an operating profit of SEK 271 million and a positive effect on deferred tax of SEK 76 million and accordingly SEK 347 million on profit for the year.

### Acquisition of remaining 50 percent of the Karlastaden project

On December 28, Serneke acquired all of NREP's shares in Karlastaden Holding AB, which constituted 50 percent of the total number of shares. The purchase consideration amounted to SEK 600 million and was paid in connection with possession. As Serneke owns 100 percent of the shares, Karlastaden Holding AB with associated subsidiaries have been consolidated as of the date of possession.

The acquisition is a step by step business combination, which means that Serneke must value the previously held 50-percent interest at fair value. This entailed a revaluation effect of SEK 229 million that positively impacts operating profit to a corresponding amount. The revaluation matches the difference between the paid acquisition price of SEK 600 million and the previous recorded share value of SEK 371 million as of possession on 28 March.

## THE SERNEKE SHARE (SRNKE)

Serneke Group AB has two share series, Series A and B. On December 31, 2018, Serneke had approximately 6,200 shareholders and the closing price on December 31, 2018 was SEK 60.1.

### Serneke's ten largest shareholders, December 31, 2018

Name	Shares of Series A	Shares of Series B	Total number of shares	Proportion of shares, %	Percentage of votes, %
Ola Serneke Invest AB	3,710,000	2,342,399	6,052,399	27.01%	56.91%
Lommen Holding AB	540,000	3,457,803	3,997,803	17.84%	12.78%
Christer Larsson i Trollhättan AB	380,000	497,000	877,000	3.91%	6.20%
Ledge Ing AB	330,000	459,980	789,980	3.52%	5.43%
Vision Group i väst AB	250,000	536,000	786,000	3.51%	4.38%
Svolder Aktiebolag	—	1,203,941	1,203,941	5.37%	1.74%
Clients fonder	—	855,000	855,000	3.82%	1.23%
Handelsbanken fonder	—	670,441	670,441	2.99%	0.97%
BNY Mellon	—	345,932	345,932	1.54%	0.50%
Bert-Åke Eriksson	—	271,684	271,684	1.21%	0.39%
Madeleine Olsson Eriksson	—	271,684	271,684	1.21%	0.39%
<b>Total, 10 largest</b>	<b>5,210,000</b>	<b>10,911,864</b>	<b>16,121,864</b>	<b>71.94%</b>	<b>90.93%</b>
Other shareholders	—	6,288,944	6,288,944	28.06%	9.07%
<b>Total shares outstanding</b>	<b>5,210,000</b>	<b>17,200,808</b>	<b>22,410,808</b>	<b>100.00%</b>	<b>100.00%</b>
<b>Repurchased shares</b>	—	814,987	814,987		
<b>Total shares registered</b>	<b>5,210,000</b>	<b>18,015,795</b>	<b>23,225,795</b>		

Source: Euroclear and Serneke

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

Share class	Shares	Votes
Series A shares	5,210,000	5,210,000
Series B shares	17,200,808	1,720,080.8
Total	22,410,808	6,930,080.80

## FINANCIAL CALENDAR

Interim Report January–March	April 17, 2019
Annual General Meeting	8 May 2019
Interim Report January–June	July 17, 2019
Interim Report January–September	October 25, 2019
Year-end Report 2019	February 5, 2020

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, February 6, 2019  
Serneke Group AB (publ)

Board

Kent Sander  
Chairman

Mari Broman  
Member

Ludwig Mattsson  
Member

Ola Serneke  
CEO

Anna-Karin Celsing  
Member

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This information is such that Serneke Group AB (publ) is obliged to publish pursuant to the EU Market Abuse Regulation. The information was submitted for publication on February 6, 2018, at 8:00 a.m.

## QUARTERLY DATA AND MULTI-YEAR REVIEW

	Oct-Dec	Jul-Sep	Apr-Jun	Jan-Mar	Oct-Dec	Jul-Sep	Apr-Jun	Jan-Mar
SEK M	2018	2018	2018	2018	2017	2017	2017	2017
<b>Revenue</b>								
Construction	1,680	1,153	1,437	1,260	1,511	1,113	1,292	1,003
Civil Engineering	284	213	190	179	208	140	152	123
Project Development	121	32	89	62	53	56	53	50
Property Management	29	30	27	21	18	12	9	12
<i>Eliminations and Group-wide</i>	-123	-69	-62	-37	-58	-50	-42	-50
<b>Total</b>	<b>1,991</b>	<b>1,359</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>Operating result</b>								
Construction	54	-41	42	35	56	42	44	41
Civil Engineering	2	5	2	1	4	3	-2	-4
Project Development	237	-10	-6	9	15	3	47	0
Property Management	222	3	42	-10	182	17	3	11
<i>Group-wide</i>	-6	3	-6	17	-47	2	3	-1
<b>Total</b>	<b>509</b>	<b>-40</b>	<b>74</b>	<b>52</b>	<b>210</b>	<b>67</b>	<b>95</b>	<b>47</b>
Operating margin, %	25.6	-2.9	4.4	3.5	12.1	5.3	6.5	4.1
Profit after net financial items	501	-50	58	49	206	62	93	40
Earnings for the period	572	-55	48	39	152	51	87	33
<b>Balance sheet</b>								
Non-current assets	1,094	1,998	1,944	1,725	1,682	1,353	1,274	1,212
Current assets	4,461	2,725	2,798	2,627	2,722	2,615	2,514	2,393
<b>Total assets</b>	<b>5,555</b>	<b>4,723</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>
Shareholders' equity	2,272	1,721	1,770	1,860	1,821	1,669	1,621	1,530
Non-current liabilities	1,289	1,317	1,387	972	980	920	738	725
Current liabilities	1,994	1,685	1,585	1,520	1,603	1,379	1,429	1,350
<b>Total equity and liabilities</b>	<b>5,555</b>	<b>4,723</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>Orders</b>								
Order bookings	1,000	1,236	1,328	1,128	1,898	691	1,742	2,069
Order backlog	6,382	7,303	7,398	7,671	7,965	7,765	8,308	7,995
<b>Staff</b>								
Average number of employees	1,110	1,096	1,051	1,022	1,001	970	919	878

## KEY INDICATORS

### IFRS-based key indicators

SEK M	Oct-Dec 2018	Oct-Dec 2017	Jan-Dec 2018	Jan-Dec 2017
Revenue	1,991	1,732	6,516	5,605
Earnings per share, SEK, before dilution	25.34	6.54	26.37	13.94
Earnings per share, SEK after dilution	25.14	6.49	26.16	13.81
Weighted average number of shares before dilution	22,570,127	23,248,452	22,905,389	23,169,394
Weighted average number of shares after dilution	22,750,130	23,428,455	23,085,392	23,396,120

### Other key indicators

SEK M	Oct-Dec 2018	Oct-Dec 2017	Jan-Dec 2018	Jan-Dec 2017
Operating result	509	210	595	419
Growth, %	15.0	36.8	16.3	40.9
Order bookings	1,000	1,898	4,692	6,400
Order backlog	6,382	7,965	6,382	7,965
Organic growth, %	14.9	34.8	16.2	39.1
Operating margin, %	25.6	12.1	9.1	7.5
Cash flow before financing	-29	-306	-212	-272
Cash flow from operations per share, before dilution	11.70	-5.94	11.57	2.03
Cash flow from operations per share, after dilution	11.60	-5.89	11.48	2.01
Equity per share, SEK, before dilution	101.28	78.33	101.28	78.33
Equity per share, SEK after dilution	100.47	77.73	100.47	77.73
Working capital	2,467	1,119	2,467	1,119
Capital employed	3,264	2,516	3,264	2,516
Return on capital employed, %	21.9	21.6	21.9	21.6
Return on equity after taxes, %	29.5	19.6	29.5	19.6
Equity/assets ratio, %	40.9	41.3	40.9	41.3
Net debt	552	254	552	254
Net debt/equity ratio, %	24.3	13.9	24.3	13.9
Net debt/EBITDA	0.9	0.6	0.9	0.6



# SUMMARY FINANCIAL STATEMENTS

## SUMMARY OF CONSOLIDATED INCOME STATEMENT

SEK M	Oct–Dec 2018	Oct–Dec 2017	Jan–Dec 2018	Jan–Dec 2017
Revenue	1,991	1,732	6,516	5,605
Production and administration expenses	-1,894	-1,634	-6,273	-5,299
<b>Gross profit</b>	<b>97</b>	<b>98</b>	<b>243</b>	<b>306</b>
Sales and administration expenses	-44	-71	-134	-151
Change in value of investment properties	240	209	281	238
Revaluation of previous holdings in joint ventures	229	–	229	–
Share in profit of associates and joint ventures	-13	-26	-24	26
<b>Operating result</b>	<b>509</b>	<b>210</b>	<b>595</b>	<b>419</b>
Net financial items	-8	-4	-37	-18
<b>Earnings after financial items</b>	<b>501</b>	<b>206</b>	<b>558</b>	<b>401</b>
Taxes	71	-54	46	-78
<b>Earnings for the period</b>	<b>572</b>	<b>152</b>	<b>604</b>	<b>323</b>
<b>Attributable to:</b>				
Parent Company shareholders	575	152	607	323
Non-controlling interests	-3	0	-3	0
Earnings per share before dilution, SEK	25.34	6.54	26.37	13.94
Earnings per share after dilution, SEK	25.14	6.49	26.16	13.81
Average number of shares before dilution	22,570,127	23,248,452	22,905,389	23,169,394
Average number of shares after dilution	22,750,130	23,428,455	23,085,392	23,396,120

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

SEK M	Oct–Dec 2018	Oct–Dec 2017	Jan–Dec 2018	Jan–Dec 2017
<b>Earnings for the period</b>	<b>572</b>	<b>152</b>	<b>604</b>	<b>323</b>
<b>Other comprehensive income</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total comprehensive income</b>	<b>572</b>	<b>152</b>	<b>604</b>	<b>323</b>

## CONDENSED CONSOLIDATED BALANCE SHEET

SEK M	Dec 31 2018	Dec 31 2017
<b>ASSETS</b>		
<i>Non-current assets</i>		
Intangible fixed assets	23	23
Managed properties	213	895
Other tangible fixed assets	122	95
Investments in associates/joint ventures	122	446
Non-current interest-bearing receivables	51	10
Other non-current receivables	563	213
<b>Total non-current assets</b>	<b>1,094</b>	<b>1,682</b>
<i>Current assets</i>		
Project and development properties	2,507	283
Inventories	1	1
Accounts receivable	972	845
Accrued but not invoiced income	398	319
Other current receivables	194	843
Cash and bank balances	389	431
<b>Total current assets</b>	<b>4,461</b>	<b>2,722</b>
<b>Total assets</b>	<b>5,555</b>	<b>4,404</b>
<b>Equity and liabilities</b>		
<b>Shareholders' equity</b>	<b>2,272</b>	<b>1,821</b>
<i>Non-current liabilities</i>		
Non-current interest-bearing liabilities	826	641
Other non-current liabilities	83	152
Deferred tax liability	157	29
Other provisions	223	158
<b>Total long-term liabilities</b>	<b>1,289</b>	<b>980</b>
<i>Current liabilities</i>		
Current interest-bearing liabilities	166	54
Current tax liabilities	13	8
Accounts payable	991	799
Invoiced but not accrued income	532	297
Other current liabilities	292	445
<b>Total current liabilities</b>	<b>1,994</b>	<b>1,603</b>
<b>Total equity and liabilities</b>	<b>5,555</b>	<b>4,404</b>

## SUMMARY OF CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY

SEK M	Dec 31 2018	Dec 31 2017
<b>Equity attributable to Parent Company shareholders</b>		
Balance at beginning of period	1,821	1,469
Conversion, convertible debenture loans	–	29
Dividend	-93	–
Share repurchases	-65	–
Share-related compensation	1	–
Comprehensive income for the period	604	323
<b>Non-controlling interests</b>		
Acquisition of minority interests in subsidiaries	4	–
Comprehensive income for the period	-3	–
<b>Balance at end of period</b>	<b>2,272</b>	<b>1,821</b>

## CONDENSED CONSOLIDATED CASH FLOW STATEMENT

SEK M	Oct–Dec 2018	Oct–Dec 2017	Jan–Dec 2018	Jan–Dec 2017
<i>Operating activities</i>				
Cash flow before change in working capital	7	36	-72	179
Change in working capital	257	-174	337	-132
<b>Cash flow from current operations</b>	<b>264</b>	<b>-138</b>	<b>265</b>	<b>47</b>
<i>Investment activities</i>				
Acquisitions of investment properties	–	-150	-26	-248
Business acquisitions	-587	–	-592	-8
Sold subsidiaries	222	–	222	–
Increase/decrease in investing activities	72	-18	-81	-63
<b>Cash flow from investment activities</b>	<b>-293</b>	<b>-168</b>	<b>-477</b>	<b>-319</b>
<b>Cash flow before financing</b>	<b>-29</b>	<b>-306</b>	<b>-212</b>	<b>-272</b>
<i>Financing activities</i>				
Convertible loan	–	–	–	8
Newly raised borrowings	–	102	691	218
New share issue	–	–	–	–
Amortization of liabilities	-2	-5	-338	-79
Share repurchases	-20	–	-65	–
Dividend	–	–	-93	–
Increase/decrease in financing activities	-24	-11	-25	-15
<b>Cash flow from financing activities</b>	<b>-46</b>	<b>86</b>	<b>170</b>	<b>132</b>
<b>Cash flow for the period</b>	<b>-75</b>	<b>-220</b>	<b>-42</b>	<b>-140</b>
Cash and cash equivalents at beginning of period	464	651	431	571
<b>Cash and cash equivalents at end of period</b>	<b>389</b>	<b>431</b>	<b>389</b>	<b>431</b>

## PARENT COMPANY CONDENSED INCOME STATEMENT

SEK M	Oct-Dec 2018	Oct-Dec 2017	Jan-Dec 2018	Jan-Dec 2017
Revenue	30	33	143	117
Sales and administration expenses	-44	-55	-113	-136
<b>Operating result</b>	<b>-14</b>	<b>-22</b>	<b>30</b>	<b>-19</b>
Net financial items	-15	-6	-50	-23
<b>Earnings after financial items</b>	<b>-29</b>	<b>-28</b>	<b>-20</b>	<b>-42</b>
Year-end appropriations	22	33	22	33
<b>Profit/loss before tax</b>	<b>-7</b>	<b>5</b>	<b>2</b>	<b>-9</b>
Taxes	-17	-27	-19	-24
<b>Earnings for the period</b>	<b>-24</b>	<b>-22</b>	<b>-17</b>	<b>-33</b>

## PARENT COMPANY STATEMENT OF COMPREHENSIVE INCOME

SEK M	Oct-Dec 2018	Oct-Dec 2017	Jan-Dec 2018	Jan-Dec 2017
<b>Earnings for the period</b>	<b>-24</b>	<b>-22</b>	<b>-17</b>	<b>-33</b>
<b>Other comprehensive income</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total comprehensive income</b>	<b>-24</b>	<b>-22</b>	<b>-17</b>	<b>-33</b>

## PARENT COMPANY CONDENSED BALANCE SHEET

SEK M	Dec 31 2018	Dec 31 2017
<b>ASSETS</b>		
<i>Non-current assets</i>		
Tangible fixed assets	12	5
Investments in Group companies	162	127
Investments in associated companies and joint ventures	10	–
Deferred tax assets	10	29
Other non-current receivables	2	2
<b>Total non-current assets</b>	<b>196</b>	<b>163</b>
<i>Current assets</i>		
Project and development properties	3	3
Other current receivables	1,572	918
Cash and bank balances	310	392
<b>Total current assets</b>	<b>1,885</b>	<b>1,313</b>
<b>Total assets</b>	<b>2,081</b>	<b>1,476</b>
<b>Equity and liabilities</b>		
<b>Shareholders' equity</b>	<b>505</b>	<b>679</b>
<i>Non-current liabilities</i>		
Non-current interest-bearing liabilities	702	321
Other provisions	–	20
<b>Total long-term liabilities</b>	<b>702</b>	<b>341</b>
<i>Current liabilities</i>		
Current interest-bearing liabilities	16	1
Accounts payable	18	14
Other current liabilities	840	441
<b>Total current liabilities</b>	<b>874</b>	<b>456</b>
<b>Total equity and liabilities</b>	<b>2,081</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. ESMA's guidelines on alternative key indicators are applied in the report.

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.

#### Business combinations

On December 28, Serneke acquired all of NREP's shares in Karlastaden Holding AB, which constituted 50 percent of the total number of shares. The purchase consideration amounted to SEK 600 million and was paid in connection with possession. As Serneke owns 100 percent of the shares, Karlastaden Holding AB with associated subsidiaries have been consolidated as of the date of possession.

The acquisition is a step by step business combination, which means that Serneke needs to value the previously held 50-percent interest at fair value. This entailed a revaluation effect of SEK 229 million that positively impacts operating profit to a corresponding amount. The revaluation matches the difference between the paid acquisition price of SEK 600 million and the previous recorded share value of SEK 371 million as of possession on 28 March. As a result of the step by step business combination, a negative goodwill item of SEK 2 million arose, which has been realized over the income statement.

Karlastaden is a project that will accommodate approximately 2,000 homes and 70,000 square meters of

commercial space. The area will also be the site of the Nordic region's tallest residential building, Karlatornet. The estimated project value is approximately SEK 13 billion over a five-year period.

#### Income statement for Karlastaden

	Dec 28-31 2018	Jan-Dec 2018
<b>SEK M</b>		
Revenue	0	0
Production and administration expenses	0	-1
<b>Gross profit</b>	<b>0</b>	<b>-1</b>
Sales and administration expenses	0	-3
<b>Operating result</b>	<b>0</b>	<b>-4</b>
Taxes	0	0
<b>Earnings for the period</b>	<b>0</b>	<b>-4</b>

#### Balance sheet for Karlastaden

	Dec 28 2018	Dec 31 2018
<b>SEK M</b>		
<b>ASSETS</b>		
<i>Current assets</i>		
Project and development properties	1,314	1,314
Other current receivables	28	28
Cash and bank balances	13	13
<b>Total current assets</b>	<b>1,355</b>	<b>1,355</b>
<b>Total assets</b>	<b>1,355</b>	<b>1,355</b>
<b>Equity and liabilities</b>		
<b>Shareholders' equity</b>	<b>529</b>	<b>529</b>
<i>Non-current liabilities</i>		
Other non-current liabilities	82	82
<b>Total long-term liabilities</b>	<b>82</b>	<b>82</b>
<i>Current liabilities</i>		
Current interest-bearing liabilities	590	590
Accounts payable	8	8
Other current liabilities	146	146
<b>Total current liabilities</b>	<b>744</b>	<b>744</b>
<b>Total equity and liabilities</b>	<b>1,355</b>	<b>1,355</b>

### IFRS 16 Leasing

Serneke will begin to apply IFRS 16 Leasing on January 1, 2019 and will accordingly not apply the standard retroactively. The recognized usufruct assets will be assigned the same value as the recognized leasing liabilities as of January 1, 2019. Serneke's assessment is that the transition to IFRS 16 will not have any material impact on the Groups position and performance or cash flow statement. In its capacity as lessee, Serneke conducted a detailed review and analysis of the Group's leases, whereby rental agreements were identified as the single most significant. In addition to rental agreements, a number of smaller leases were identified, such as vehicles, machinery and construction equipment. The effect on the leasing liability as of January 1, 2019 amounted to SEK 103 million where a corresponding usufruct asset is recognized.

### 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 income recognition in accordance with IFRS 15 is that a company must recognize income 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 to any material extent, 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.

<b>Group SEK million</b>	<b>Dec 31 2018</b>	<b>Dec 31 2017</b>
Financial assets		
Available-for-sale financial assets*	78	2
<b>Total financial assets</b>	<b>78</b>	<b>2</b>
Financial liabilities		
Other short- and long-term liabilities	58	84
Of which, additional purchase considerations**	58	84
<b>Total financial liabilities</b>	<b>58</b>	<b>84</b>

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

\*\* 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 and tenant-owner housing projects. 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:

<b>Group</b>	<b>Dec 31 2018</b>	<b>Dec 31 2017</b>
Pledged assets	1,941	724
Contingent liabilities	570	547
<b>PARENT COMPANY</b>		
Pledged assets	500	320
Contingent liabilities	1,205	1,192



## Note 4 – Breakdown of income

<b>Oct-Dec 2018, SEK million</b>	<b>Construction</b>	<b>Civil Engineering</b>	<b>Project Development</b>	<b>Property Management</b>	<b>Eliminations and Group-wide</b>	<b>Total</b>
Construction income	1,676	284	91	–	-123	1,928
Sale of properties and development rights	–	–	–	–	–	0
Rental income	0	–	–	16	–	16
Other income	4	0	30	13	–	47
<b>Total income</b>	<b>1,680</b>	<b>284</b>	<b>121</b>	<b>29</b>	<b>-123</b>	<b>1,991</b>
Date of income recognition:						
At a specific time	4	0	30	13	–	47
Over time	1,676	284	91	16	-123	1,944
<b>Total income</b>	<b>1,680</b>	<b>284</b>	<b>121</b>	<b>29</b>	<b>-123</b>	<b>1,991</b>
<b>Oct-Dec 2017, SEK million</b>	<b>Construction</b>	<b>Civil Engineering</b>	<b>Project Development</b>	<b>Property Management</b>	<b>Eliminations and Group-wide</b>	<b>Total</b>
Construction income	1,510	208	53	–	-58	1,713
Sale of properties and development rights	–	–	0	–	0	0
Rental income	0	–	–	7	–	7
Other income	1	0	–	11	–	12
<b>Total income</b>	<b>1,511</b>	<b>208</b>	<b>53</b>	<b>18</b>	<b>-58</b>	<b>1,732</b>
Date of income recognition:						
At a specific time	1	0	–	11	–	12
Over time	1,510	208	53	7	-58	1,720
<b>Total income</b>	<b>1,511</b>	<b>208</b>	<b>53</b>	<b>18</b>	<b>-58</b>	<b>1,732</b>
<b>Jan-Dec 2018, SEK million</b>	<b>Construction</b>	<b>Civil Engineering</b>	<b>Project Development</b>	<b>Property Management</b>	<b>Eliminations and Group-wide</b>	<b>Total</b>
Construction income	5,519	866	274	–	-291	6,368
Sale of properties and development rights	–	–	–	–	–	0
Rental income	0	–	–	56	–	56
Other income	11	0	30	51	–	92
<b>Total income</b>	<b>5,530</b>	<b>866</b>	<b>304</b>	<b>107</b>	<b>-291</b>	<b>6,516</b>
Date of income recognition:						
At a specific time	11	0	30	51	–	92
Over time	5,519	866	274	56	-291	6,424
<b>Total income</b>	<b>5,530</b>	<b>866</b>	<b>304</b>	<b>107</b>	<b>-291</b>	<b>6,516</b>
<b>Jan-Dec 2017, SEK million</b>	<b>Construction</b>	<b>Civil Engineering</b>	<b>Project Development</b>	<b>Property Management</b>	<b>Eliminations and Group-wide</b>	<b>Total</b>
Construction income	4,914	622	192	–	-180	5,548
Sale of properties and development rights	–	–	20	–	-20	0
Rental income	0	–	–	38	–	38
Other income	5	1	–	13	–	19
<b>Total income</b>	<b>4,919</b>	<b>623</b>	<b>212</b>	<b>51</b>	<b>-200</b>	<b>5,605</b>
Date of income recognition:						
At a specific time	5	1	20	13	-20	19
Over time	4,914	622	192	38	-180	5,586
<b>Total income</b>	<b>4,919</b>	<b>623</b>	<b>212</b>	<b>51</b>	<b>-200</b>	<b>5,605</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. The stage of completion is calculated as the relationship between contract expenses incurred for work completed at the end of the reporting period, and estimated total contract expenses. 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 probability 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

Key indicators	Definition	Purpose
Revenue	In the Contracting operations and Project Development, income is recognized in accordance with the percentage of completion method since the construction contract is 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 income is recognized in pace with construction projects within the Company being completed. In the Parent Company, revenues correspond to invoiced revenues 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	Revenues for the period less revenues for the previous period divided by revenues 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	Revenues for the period, adjusted for acquired growth, less revenues for the previous period, adjusted for acquired growth, divided by revenues for the previous period, adjusted for acquired growth.	In 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.

Key indicators	Definition	Purpose																																							
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.																																							
		<table> <tr> <th></th><th>Dec 31</th><th>Dec 31</th></tr> <tr> <th></th><th>2018</th><th>2017</th></tr> <tr> <td><b>Calculation of capital employed</b></td><td></td><td></td></tr> <tr> <td><b>Total assets</b></td><td><b>5,555</b></td><td><b>4,404</b></td></tr> <tr> <td>Deferred tax assets</td><td>–</td><td>–</td></tr> <tr> <td>Less non-interest-bearing liabilities including deferred tax liabilities</td><td>-2,291</td><td>-1,888</td></tr> <tr> <td><b>Capital employed</b></td><td><b>3,264</b></td><td><b>2,516</b></td></tr> </table>		Dec 31	Dec 31		2018	2017	<b>Calculation of capital employed</b>			<b>Total assets</b>	<b>5,555</b>	<b>4,404</b>	Deferred tax assets	–	–	Less non-interest-bearing liabilities including deferred tax liabilities	-2,291	-1,888	<b>Capital employed</b>	<b>3,264</b>	<b>2,516</b>																		
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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.																																							
		<table> <tr> <th></th><th>Dec 31</th><th>Dec 31</th></tr> <tr> <th></th><th>2018</th><th>2017</th></tr> <tr> <td><b>Calculation of average capital employed</b></td><td></td><td></td></tr> <tr> <td>31 Dec 2018 (3,264) + 31 Dec 2017 (2,516) / 2</td><td>2,890</td><td></td></tr> <tr> <td>31 Dec 2017 (2,516) + 31 Dec 2016 (1,985) / 2</td><td></td><td>2,251</td></tr> <tr> <td></td><td></td><td></td></tr> <tr> <th></th><th>Dec 31</th><th>Dec 31</th></tr> <tr> <th></th><th>2018</th><th>2017</th></tr> <tr> <td><b>Calculation of return on capital employed</b></td><td></td><td></td></tr> <tr> <td>Profit after net financial items</td><td>558</td><td>401</td></tr> <tr> <td>Plus financial expenses</td><td>75</td><td>85</td></tr> <tr> <td>Average capital employed</td><td>2,890</td><td>2,251</td></tr> <tr> <td><b>Return on capital employed</b></td><td><b>21.9%</b></td><td><b>21.6%</b></td></tr> </table>		Dec 31	Dec 31		2018	2017	<b>Calculation of average capital employed</b>			31 Dec 2018 (3,264) + 31 Dec 2017 (2,516) / 2	2,890		31 Dec 2017 (2,516) + 31 Dec 2016 (1,985) / 2		2,251					Dec 31	Dec 31		2018	2017	<b>Calculation of return on capital employed</b>			Profit after net financial items	558	401	Plus financial expenses	75	85	Average capital employed	2,890	2,251	<b>Return on capital employed</b>	<b>21.9%</b>	<b>21.6%</b>
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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 for 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/loss for the period divided by the average number of shares outstanding 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.																																							

Key indicators	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.
		Dec 31 <b>Calculation of average shareholders' equity</b> <b>2018</b> 31 Dec 2018 (2,272) + 31 Dec 2017 (1,821) / 2      2,047 31 Dec 2017 (1,821) + 31 Dec 2016 (1,469) / 2      1,645
		<b>Dec 31</b> <b>2018</b> Earnings for the period      604      323 Average shareholders' equity      2,047      1,645 <b>Return on equity</b> <b>29.5%</b> <b>19.6%</b>
Equity/assets ratio	Shareholders' equity less minority interests as a percentage of total assets.	The equity/assets ratio shows the proportion of total assets represented by shareholders' equity and has been included to allow investors to be able to assess the Company's capital structure.
Net debt	Interest-bearing liabilities less liquid assets less interest-bearing receivables.	Net debt is a measure deemed relevant for creditors and credit rating agencies.
Net debt/equity ratio	Interest-bearing net debt divided by shareholders' equity.	Net debt/equity ratio is a measure deemed relevant for creditors and credit rating agencies.
EBITDA	Operating profit excluding amortization/depreciation.	EBITDA is a measure deemed to provide investors a better understanding of the company's earnings.
		<b>Dec 31</b> <b>Calculation of EBITDA</b> <b>2018</b> Operating result      595      419 Depreciation      24      20 <b>EBITDA</b> <b>619</b> <b>439</b>
Net debt/EBITDA	Interest-bearing liabilities less liquid assets less interest-bearing receivables divided by EBITDA.	Net debt/EBITDA is a measure deemed relevant for creditors and credit rating agencies.

## SERNEKE IN BRIEF

Serneke is a rapidly growing corporate group active in construction, civil engineering, project development and property management with more than 1,100 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.se](http://www.serneke.se)

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### Presentation of the year-end report January–December 2018

On February 6, 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-q4-2018>. 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 5664 2707