

## A QUARTER WITH A FOCUS ON THE FUTURE

### JANUARY–MARCH 2019

- Income amounted to SEK 1,480 million (1,485).
- Operating profit amounted to SEK 18 million (52)
- Profit for the period amounted to SEK 10 million (39)
- Earnings per share after dilution amounted to SEK 0.44 (1.66)
- The equity/assets ratio was 39.9 percent (42.7)
- Cash flow from operating activities amounted to SEK -262 million (209)
- Order bookings amounted to SEK 1,177 million (1,128)
- The order backlog amounted to SEK 5,973 million (7,671)

	Jan-Mar	Jan-Mar	Apr-Mar	Jan-Dec
SEK M	2019	2018	Agents, O. Reg. 2018/2019	2018
Revenue	1,480	1,485	6,511	6,516
Operating Result	18	52	561	595
Operating margin, %	1.2	3.5	8.6	9.1
Earnings for the period	10	39	575	604
Earnings per share, SEK, before dilution	0.45	1.68	25.33	26.37
Earnings per share, SEK after dilution	0.44	1.66	25.13	26.16
Equity per share, SEK after dilution	99.81	79.39	99.81	100.47
Equity/assets ratio, %	39.9	42.7	39.9	40.9
Net debt	1,057	58	1,057	552
Net debt/EBITDA	1.7	0.1	1.7	0.9
Net debt/equity ratio, %	46.8	3.1	46.8	24.3
Order intakes	1,177	1,128	4,741	4,692
Order backlog	5,973	7,671	5,973	6,382

## CEO STATEMENT

The beginning of 2019 was characterized by a continued slowdown in the market in terms of housing construction. Despite a growing population and extensive housing shortage in our growth regions, the number of homes entering construction is decreasing according to forecasts. I believe that this development is basically positive since we now can go from an uncontrolled price increase to a situation with more normal levels and a healthier competition for staff and subcontractors.

Despite a slowdown in the housing segment we see an underlying need for housing, necessary investments in infrastructure, as well as an extensive demand for public service properties and commercial premises. Add to this relatively strong public finances and an order book that remains strong in our company. This means that we feel confident about the future, all things considered.

The order bookings in the first quarter amounted to SEK 1,177 million, a small increase compared with the same period the year before (1,128), which shows that we can compensate for the decline in the housing segment through a strong offering in our business areas. We are continuing our focus on large projects in collaboration with the client – agreements that enable better projects, but are reflected in the order book by a delay. During the quarter, we among other things signed a collaborative agreement in Arvika in our newly established Region Central and began an initial construction contract in our long collaboration on the development of the Swedish Exhibition & Congress Centre in Gothenburg.

The Group's revenues amounted to SEK 1,480 million (1,485) in the first quarter of the year and our operating profit ended up at SEK 18 million.

In Business Area Construction, where growth amounted to 6 percent in the quarter and the operating margin was nearly 2 percent, the declining economy was the main explanation of the lower figures. A wait-and-see attitude in the market has meant that some large projects have not gotten started as planned.

Business Area Civil Engineering, which has been marked by strong growth for some time, increased in the first quarter of 2019 by 12 percent. New initiatives in the organization to



meet society's major upcoming investments in infrastructure have negatively impacted earnings.

Within Project Development, both earnings and operating profit were impacted by changed accounting policies regarding housing development through tenant-owners' associations and unrealized transactions during the quarter. Here, the on-going work on optimization and restructuring of the Karlastaden project was in focus during the quarter.

For Business Area Property Management, the divestment of the Säre property meant that a large asset that generated income has disappeared and thereby impacted sales.

For the continuation of 2019, we will focus on profitability, cost control and utilizing the synergies between our business areas that give us the possibility to work in the entire value chain in construction and property development. The work of optimizing the Karlastaden project and moving on with an implementation will be another focus area.

We also continue our long-term work to set a clear strategy and direction ahead. An important part of this will of course be continuing to develop our offering to our current and future employees. For the next generation of builders, the trend towards greater diversity and sustainability is a clear direction in society in general. There, as a company, we have to strive to lead the way to create condition for our own sustainable growth and a better society.

Ola Serneke, President and CEO

## GROUP DEVELOPMENT

### ORDER BOOKINGS AND ORDER BACKLOG

Order bookings in the first quarter amounted to SEK 1,177 million (1,128), an increase of 4 percent compared with the corresponding quarter of the preceding year. The order bookings for the period are mainly attributable to Construction, which was allocated several assignments in housing and public buildings.

The market is deemed to continue to be stable and there is an underlying need for both housing and public buildings, although the Group is perceiving a slowdown in some segments. Stockholm, Gothenburg and Malmö and their environs continue to be the Group's most important markets, even though the Group is expanding geographically to regional growth regions. The Group is working with the strategy to increase the number of collaborative agreements. These agreements are only included in order bookings when the project planning stage has been passed and the project shifts to

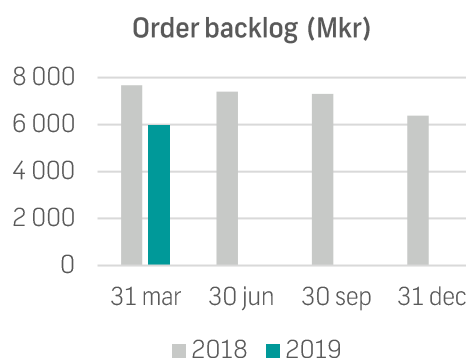
the production phase. A few new collaboration agreements were signed in the quarter. In addition, the Group was allocated preliminary land allocations, statements of intent and collaboration agreements with the ambition of developing these construction projects in the future.

The Group's order backlog at the end of the first quarter amounted to SEK 5,973 million (7,671). At the beginning of 2019, the Group changed an accounting policy that means that our tenant-owner apartment projects are now consolidated, which means that the order backlog from these projects had been removed. It has had a negative impact on the order backlog in an amount of SEK 407 million.

Order bookings SEK M	Jan-Mar 2019	Jan-Mar 2018	Apr-Mar 2018	Jan-Dec 2018
Construction	1,096	927	4,240	4,071
Civil Engineering	81	201	501	621
<b>Group</b>	<b>1,177</b>	<b>1,128</b>	<b>4,741</b>	<b>4,692</b>

Order backlog SEK M	Mar 31 2019	Mar 31 2018	Dec 31 2018
Construction	5,790	7,316	6,190
Civil Engineering	183	355	192
<b>Group</b>	<b>5,973</b>	<b>7,671</b>	<b>6,382</b>



### NEW ASSIGNMENTS IN THE PERIOD JANUARY-MARCH 2019

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

Task	Place:	Order value (SEK million)	Anticipated start of construction
Tenant-owned housing	Solna	280	First quarter 2019
Housing/business premises	Gothenburg	315	Fourth 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>Jan-Mar</b>	Jan-Mar	Apr-Mar	Jan-Dec
<b>SEK M</b>	<b>2019</b>	2018	Agents, O. Reg. 2018/2019	2018
Revenue	1,480	1,485	6,511	6,516
Operating Result	18	52	561	595
Net financial items	-10	-3	-44	-37
Earnings after financial items	8	49	517	558
Taxation	2	-10	58	46
Earnings for the period	10	39	575	604

**JANUARY-MARCH 2019**

Consolidated income amounted to SEK 1,480 million (1,485), a decrease of less than 1 percent compared with the corresponding quarter in the preceding year. Mainly two factors had a negative impact on sales. The repurchase of the remaining shares in the Karlstad project means that income for this project is now fully eliminated and that the Group changed an accounting policy in Project Development where revenue is recognized in the tenant-owner apartment projects in connection with completion of the units. These two factors have not been fully compensated by other growth in the Group. In the quarter, Construction and Civil Engineering increased their income while PD and Property Development had negative growth.

Operating profit decreased during the quarter, and amounted to SEK 18 million (52). Construction generated a profit of SEK 26 million (35), Civil Engineering generated a break-even, while the other

business areas had losses for the period. The previous year's profit included a positive non-recurring effect of SEK 20 million attributable to a dispute with a favorable outcome for Serneke, which was recognized in consolidated profit.

Net financial items amounted to an expense of SEK 10 million (3), mainly related to higher costs for non-current interest-bearing liabilities.

The Group reported an estimated tax income of SEK 2 million (expense: 10). The positive tax effect is attributable partly to the Group not having taxable income and a change in deferred tax related to tax loss carryforwards.

Profit for the period amounted to SEK 10 million (39) and earnings per share after dilution for the quarter were SEK 0.44 (1.66).

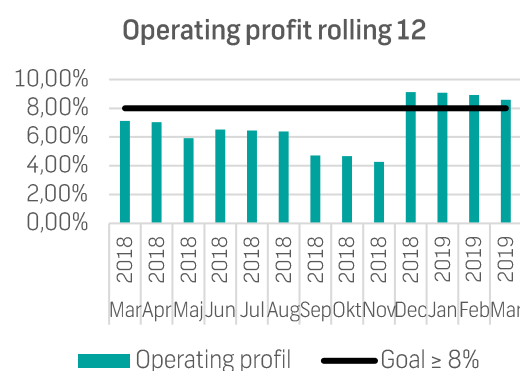
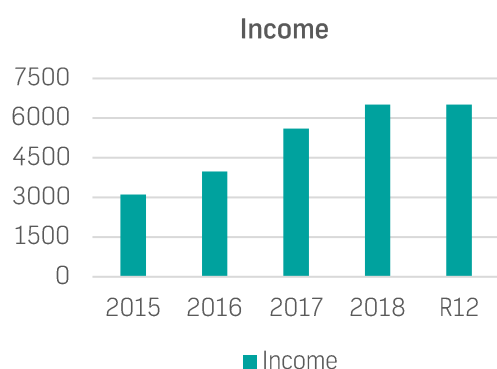


Serneke signed an agreement with Framtiden Byggutveckling AB on the construction of 125 apartments, offices and an elderly home around the square Selma Lagerlöfs Torg in Gothenburg, Sweden. The order is valued at approximately SEK 315 million. The agreement also includes an option for another phase of 101 apartments worth approximately SEK 168 million.

## 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.



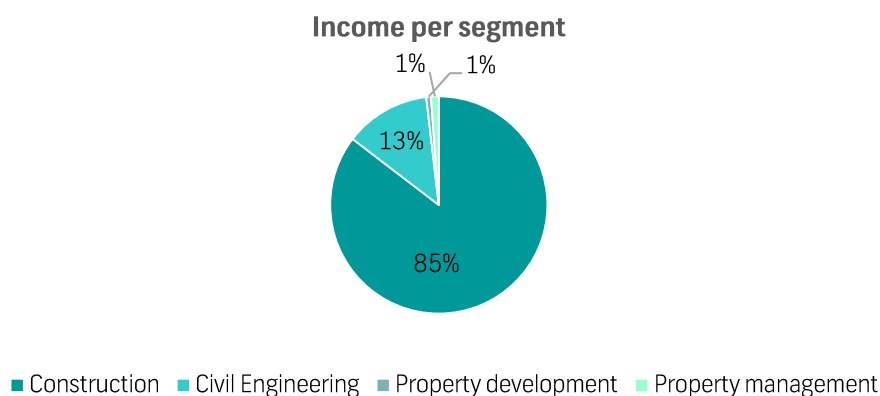
## INCOME

	Jan-Mar 2019	Jan-Mar 2018	Apr-Mar Agents, O. Reg. 2018/2019	Jan-Dec 2018
<b>SEK M</b>				
Construction	1,339	1,260	5,609	5,530
Civil Engineering	200	179	887	866
Project Development	11	62	253	304
Property Management	18	21	104	107
<i>Eliminations and Group-wide</i>	<i>-88</i>	<i>-37</i>	<i>-342</i>	<i>-291</i>
<b>Total</b>	<b>1,480</b>	<b>1,485</b>	<b>6,511</b>	<b>6,516</b>

## OPERATING PROFIT

	Jan-Mar 2019	Jan-Mar 2018	Apr-Mar Agents, O. Reg. 2018/2019	Jan-Dec 2018
<b>SEK M</b>				
Construction	26	35	81	90
Civil Engineering	0	1	9	10
Project Development	-8	9	213	230
Property Management	-1	-10	266	257
<i>Group-wide</i>	<i>1</i>	<i>17</i>	<i>-8</i>	<i>8</i>
<b>Total</b>	<b>18</b>	<b>52</b>	<b>561</b>	<b>595</b>
Net financial items	-10	-3	-44	-37
<b>Earnings after financial items</b>	<b>8</b>	<b>49</b>	<b>517</b>	<b>558</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 done with regard to a reservation for a dispute the outcome of which was in the Serneke's favor.



### 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	Mar 31 2019	Mar 31 2018	Dec 31 2018
Total assets	5,652	4,352	5,555
Total Equity	2,257	1,860	2,272
Net debt	1,057	58	552
Net debt/EBITDA	1.7	0.1	0.9
Liquid assets	210	625	389
Equity/assets ratio, %	39.9	42.7	40.9

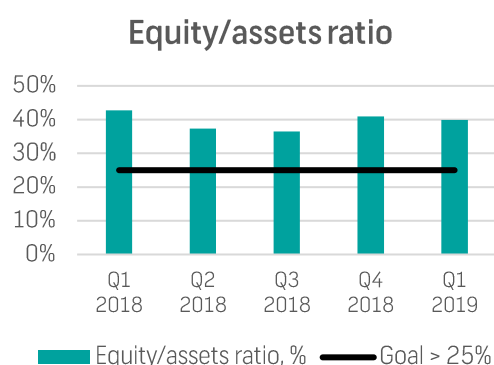
The consolidated balance sheet total amounted to SEK 5,652 million (5,555) as at March 31, and the equity/assets ratio was 39.9 percent (40.9). At the end of the period, consolidated cash and cash equivalents, including unutilized credit facilities, amounted to SEK 610 million (789).

On March 31, equity amounted to SEK 2,257 million (2,272). Changes are comprised of profit for the year, which contributed SEK 10 million, at the same time that a changed accounting policy concerning tenant-owner apartment projects had a negative impact of SEK 25.

On March 31, net borrowing amounted to SEK 1,057 million (552). Net borrowing in relation to EBITDA is at 1.7 (0.9) and the change in net borrowing is mainly an increase in interest-bearing liabilities attributable to now consolidated tenant-owner apartment projects and lower cash and cash equivalents. Unutilized committed credit facilities amounted to SEK 400 million (400) 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

	Jan-Mar 2019	Jan-Mar 2018	Apr-Mar Agents, O. Reg. 2018/2019	Jan-Dec 2018
<b>SEK M</b>				
Cash flow from current operations	-262	209	-206	265
Cash flow from investment activities	-12	-11	-478	-477
Cash flow from financing activities	95	-4	269	170
Cash flow for the period	-179	194	-415	-42
Cash and cash equivalents at beginning of period	389	431	625	431
<b>Cash and cash equivalents at end of period</b>	<b>210</b>	<b>625</b>	<b>210</b>	<b>389</b>

## JANUARY-MARCH 2019

Cash flow from operating activities amounted to SEK -262 million (209). The change is largely attributable to an increased amount of capital being tied up. In the quarter, tenant-owner apartment projects were consolidated, which means that the item project properties negatively impacted working capital by SEK 84 million. Cash flow from investments was negative in the amount of SEK 12 million (11), consisting mainly of investments in tangible fixed assets. Cash flow from financing activities amounted to an inflow of SEK 95 million (outflow: 4) and mainly relates to newly raised construction credits attributable to the consolidated tenant-owner apartment projects. Cash flow for the period amounted to SEK -179 million (194).

## EMPLOYEES

The Group had an average 1,134 employees in January-March 2019, compared with 1,022 in the corresponding period last 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.

	Jan-Mar	Jan-Mar	Apr-Mar	Jan-Dec
SEK M	2019	2018	Agents, O. Reg. 2018/2019	2018
Revenue	1,339	1,260	5,609	5,530
Operating Result	26	35	81	90
Operating margin, %	1.9	2.8	1.4	1.6
Order intakes	1,096	927	4,240	4,071
Order backlog	5,790	7,316	5,790	6,190
Average number of employees	796	744	774	761

### JANUARY-MARCH 2019

Income amounted to SEK 1,339 million (1,260), an increase of 6 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 26 million (35) and the operating margin was 1.9 percent (2.8). The lower margin is due to higher expenses attributable to investments in expansion.

Order bookings amounted to SEK 1,096 million (927), an increase of 18 percent. During the quarter, Construction

received most of the projects mainly in housing production and public buildings. In addition to this, a few collaboration agreements were signed where the order bookings are only included when the project shifts to the production phase. During the quarter, a collaboration agreement transitioned to the production phase, which is the first step in the development project that the parties are conducting together.

### 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 1.4 percent.



Serneke signed a contract with Riksbbyggen for the continued construction of the new Kongahälla district in Kungälv. The agreement encompasses new construction of 61 apartments and is valued at about SEK 78 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.

	Jan-Mar	Jan-Mar	Apr-Mar	Jan-Dec
SEK M	2019	2018	Agents, O. Reg. 2018/2019	2018
Revenue	200	179	887	866
Operating Result	0	1	9	10
Operating margin, %	0.0	0.6	1.0	1.2
Order intakes	81	201	501	621
Order backlog	183	355	183	192
Average number of employees	182	155	179	172

### JANUARY-MARCH 2019

Income amounted to SEK 200 million (179), an increase of 12 percent, mainly driven by the Stockholm region. During the quarter, there has been a good production rate in existing projects, but the growth rate is decreasing compared with earlier quarters as an effect of a lower order backlog.

Operating profit amounted to SEK 0 million (1) and the operating margin was 0 percent (0.6). Profit was negatively impacted by the higher expenses attributable to expansion investments made, mainly in the investment in the railway.

Order bookings amounted to SEK 81 million (201) and the order backlog amounted to SEK 183 million (355), a decrease of 48 percent. A high production rate combined with lower order bookings led to the smaller order

backlog. The market outlook is nonetheless deemed to remain good with a satisfactory demand for infrastructure projects. The business area has multiple large and small projects in on-going tender processes and there are many projects to submit tenders on. The business area has invested in new recruitment of railway expertise to compete for the major investments the state will make in the railway.

### 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 1.0 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.

	Jan-Mar	Jan-Mar	Apr-Mar	Jan-Dec
SEK M	2019	2018	Agents, O. Reg. 2018/2019	2018
Revenue	11	62	253	304
Share in profit of associates and joint ventures	-1	-4	-12	-15
Operating Result	-8	9	213	230
Operating margin, %	-72.7	14.5	84.2	75.7
Average number of employees	54	44	57	50

### JANUARY-MARCH 2019

Income amounted to SEK 11 million (62). The lower income is mainly attributable to changed accounting policies from 1 January 2019, which have had a negative effect on income in an amount of SEK 41 million and SEK 6 million on operating profit. For further information, see under changed accounting policies below.

During the quarter, two tenant-owner apartment projects were begun of which one is through a joint venture. At the end of the quarter, the business area had a total of five productions under way, comprising a total of 198 homes of which 162 or 82 percent are sold.

The share in the profit of associates and joint ventures amounted to a negative SEK 1 million (4).

Operating profit amounted to SEK -8 million (9).

#### Project development portfolio

At March 31, 2019, the total book value of the project development portfolio amounted to SEK 2,846 million (300), which is recognized as project and development properties in the balance sheet. Of this, the holding of the Karlstaden project amounted to SEK 2,177 million, which largely explains the increase from the previous year.

#### Changes in accounting policies

As of 1 January 2019, a new accounting policy is applied for housing development through tenant-owned housing. The new policy means that tenant-owner associations are consolidated in the consolidated financial statements and that income and profit from implemented projects are recognized at the time the individual buyer takes possession of the home and control shifts to the buyer.

The change has not entailed any material impact on the Group's position and performance in previously presented periods, which is why no restatement was made of the comparative figures. The change in policies has entailed an adjustment of net profit before tax in equity of SEK 25 million attributable to the periods 2016-2018. Of this, SEK 8 million is for the 2018 financial year.

The changed accounting policy is in accordance with the decision the Stockholm Nasdaq stock exchange made on 10 December 2018.

### FINANCIAL TARGET

Project Development aims for a return on capital employed of 20 percent. On March 31, 2019, the return on capital employed, based on rolling 12-month earnings, amounted to 20.4 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.

	Jan-Mar	Jan-Mar	Apr-Mar	Jan-Dec
SEK M	2019	2018	Agents, O. Reg. 2018/2019	2018
Revenue	18	21	104	107
Earnings from Property	-4	-12	-25	-33
Changes in value of properties	-	-	281	281
Share in profit of associates and joint ventures	3	2	10	9
Operating Result	-1	-10	266	257
Average number of employees	22	16	20	18

### JANUARY-MARCH 2019

Income amounted to SEK 18 million (21), a decrease of 14 percent. This is mainly attributable to a smaller property portfolio as a result of sales of investment properties that took place in the fourth quarter of 2018.

Property management earnings amounted to SEK -4 million (-12). In the previous year, property management earnings were charged a non-recurring cost of SEK 4 million.

The share in profit of associated companies amounted to SEK 3 million (2), primarily attributable to property management earnings in the associate Änglagården Holding AB of SEK 2 million.

At March 31, the book value of the investment properties amounted to SEK 214 million (905) and the change is attributable to the sale of investment properties that took place in the fourth quarter of 2018.

### FINANCIAL TARGET

Property Management aims for a return on equity of 20 percent. On March 31, 2019, the return on shareholders' equity, based on rolling 12-month earnings, amounted to 57.8 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>March 31 2019</b>	March 31 2018	Dec 31 2018
Ownership as a percentage	40	40	40
Share in associated companies*	95	85	92
Share in profit	2	2	9
of which:			
Earnings from Property	2	2	12
Change in value of property	–	–	–3

\*) 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>Jan–Mar 2019</b>	Jan–Mar 2018
Revenue	14	15
Profit/loss for the year	6	4

<b>Balance sheet Änglagården Holding AB SEK M</b>	<b>Mar 31 2019</b>	Mar 31 2018	Dec 31 2018
<b>ASSETS</b>			
(–) Real estate	790	800	790
Remaining assets	171	193	164
<b>Total assets</b>	<b>961</b>	<b>993</b>	<b>954</b>
<b>EQUITY AND LIABILITIES</b>			
Own funds	316	314	309
Interest-bearing liabilities	438	473	447
Remaining liabilities	207	206	198
<b>Total equity and liabilities</b>	<b>961</b>	<b>993</b>	<b>954</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 signed an agreement with Wählin Fastigheter to construct 100 new apartments and renovate more than 70 existing ones in the Bellona project in Solna, just north of Stockholm. The contract is valued at approximately SEK 280 million.

## PARENT COMPANY

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

Income for January–March amounted to SEK 44 million (38) and consisted primarily of intra-group services. Operating profit for the same period amounted to SEK –1 million (37).

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 36 of the 2018 Annual Report. Related-party transactions have taken place with property company Adapta AB, Ola Serneke Invest AB, JV Sersund AB 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 102 million and purchases to SEK 3 million as at March 31, 2019. 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 at March 31, 2019 are mainly comprised of rents and sales and amounted to SEK 1 million.

Transactions with JV Sersund AB are comprised of contracting income of SEK 4 million. Transactions with associate Änglagården consist mainly of contracted personnel, premises rental and rental of the venue name

and, at March 31, 2019, this income amounted to SEK 1 million and purchases to SEK 4 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 2018 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

There were no other significant events to report during the quarter.

## THE SERNEKE SHARE (SRNKE)

Serneke Group AB has two share series, Series A and B. On March 31, 2019, Serneke had approximately 6,900 shareholders and the closing price on March 31, 2019 was SEK 59.7.

### Serneke's ten largest shareholders, March 31, 2019

'Name	Shares of Series A	Shares of Series B	Tot number of shares	Percentage outstanding shares, %	Percentage votes, %
Ola Serneke Invest AB	3,710,000	2,378,954	6,088,954	27.14%	56.95%
Lommen Holding AB	540,000	3,457,803	3,997,803	17.82%	12.78%
Christer Larsson i Trollhättan AB	380,000	497,000	877,000	3.91%	6.20%
Ledge Ing AB	330,000	463,273	793,273	3.54%	5.43%
Vision Group i väst AB	250,000	536,000	786,000	3.50%	4.38%
Svolder Aktiebolag	0	1,253,941	1,253,941	5.59%	1.81%
Cliens fonder	0	855,000	855,000	3.81%	1.23%
Handelsbanken fonder	0	461,919	461,919	2.06%	0.67%
Försäkringsaktiebolaget Avanza Pension	0	274,422	274,422	1.22%	0.40%
Bert-Åke Eriksson	0	271,687	271,687	1.21%	0.39%
<b>Total, 10 largest</b>	<b>5,210,000</b>	<b>10,449,999</b>	<b>15,659,999</b>	<b>69.80%</b>	<b>90.24%</b>
Other shareholders	0	6,773,466	6,773,466	30.20%	9.76%
<b>Total shares outstanding</b>	<b>5,210,000</b>	<b>17,223,465</b>	<b>22,433,465</b>	<b>100.00%</b>	<b>100.00%</b>
<b>Repurchased shares</b>	<b>0</b>	<b>814,987</b>	<b>814,987</b>		
<b>Total shares registered</b>	<b>5,210,000</b>	<b>18,038,452</b>	<b>23,248,452</b>		

Consolidated financial statements for the years: Euroclear and Serneke

Share series, number of shares and votes, March 31, 2019

Share class	Equity securities	Votes
Class A shares	5,210,000	5,210,000
Class B shares	17,223 465	1,722,346.5
Total	22,433 465	6,932,346.5



## FINANCIAL CALENDAR

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, 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, April 17, 2019  
Serneke Group AB (publ)

Management Board

Kent Sander  
D. Tusk

Mari Broman  
Member

Ludwig Mattsson  
Member

Ola Serneke  
Executive Director

Anna-Karin Celsing  
Member

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### For further information:

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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 April 17, 2019, at 8:00 a.m.

## QUARTERLY DATA AND MULTI-YEAR REVIEW

	Jan-Mar 2019	Oct-Dec 2018	Jul-Sep 2018	Apr-Jun 2018	Jan-Mar 2018	Oct-Dec 2017	Jul-Sep 2017	Apr-Jun 2017
<b>SEKM</b>								
<b>Revenue</b>								
Construction	1,339	1,680	1,153	1,437	1,260	1,511	1,113	1,292
Civil Engineering	200	284	213	190	179	208	140	152
Project Development	11	121	32	89	62	53	56	53
Property Management	18	29	30	27	21	18	12	9
<i>Eliminations and Group-wide</i>	-88	-123	-69	-62	-37	-58	-50	-42
<b>Total</b>	<b>1,480</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>Operating Result</b>								
Construction	26	54	-41	42	35	56	42	44
Civil Engineering	0	2	5	2	1	4	3	-2
Project Development	-8	237	-10	-6	9	15	3	47
Property Management	-1	222	3	42	-10	182	17	3
<i>Group-wide</i>	1	-6	3	-6	17	-47	2	3
<b>Total</b>	<b>18</b>	<b>509</b>	<b>-40</b>	<b>74</b>	<b>52</b>	<b>210</b>	<b>67</b>	<b>95</b>
Operating margin, %	1.2	25.6	-2.9	4.4	3.5	12.1	5.3	6.5
Profit after net financial items	8	501	-50	58	49	206	62	93
Earnings for the period	10	572	-55	48	39	152	51	87
<b>Balance sheet</b>								
Assets	1,106	1,094	1,998	1,944	1,725	1,682	1,353	1,274
Current assets	4,546	4,461	2,725	2,798	2,627	2,722	2,615	2,514
<b>Total assets</b>	<b>5,652</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>
Own funds	2,257	2,272	1,721	1,770	1,860	1,821	1,669	1,621
Non-current liabilities	1,573	1,289	1,317	1,387	972	980	920	738
Current liabilities	1,822	1,994	1,685	1,585	1,520	1,603	1,379	1,429
<b>Total equity and liabilities</b>	<b>5,652</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>Orders</b>								
Order intakes	1,177	1,000	1,236	1,328	1,128	1,898	691	1,742
Order backlog	5,973	6,382	7,303	7,398	7,671	7,965	7,765	8,308
<b>Staffing</b>								
Average number of employees	1,134	1,110	1,096	1,051	1,022	1,001	970	919

## KEY INDICATORS

### IFRS-based key indicators

<b>SEK M</b>	<b>Jan-Mar 2019</b>	Jan-Mar 2018	Apr-Mar 2019	Jan-Dec 2018
Revenue	1,480	1,485	6,511	6,516
Earnings per share, SEK, before dilution	0.45	1.68	25.33	26.37
Earnings per share, SEK after dilution	0.44	1.66	25.13	26.16
Weighted average number of shares before dilution	22,433,465	23,248,452	22,701,642	22,905,389
Weighted average number of shares after dilution	22,613,468	23,428,455	22,881,645	23,085,392

### Other key indicators

<b>SEK M</b>	<b>Jan-Mar 2019</b>	Jan-Mar 2018	Apr-Mar 2019	Jan-Dec 2018
Operating Result	18	52	561	595
Growth, %	-0.3	30.5	9.4	16.3
Order intakes	1,177	1,128	4,741	4,692
Order backlog	5,973	7,671	5,973	6,382
Organic growth, %	-0.3	30.5	9.4	16.2
Operating margin, %	1.2	3.5	8.6	9.1
Cash flow before financing	-274	198	-212	-212
Cash flow from operations per share, before dilution	-11.68	8.99	-9.07	11.57
Cash flow from operations per share, after dilution	-11.59	8.92	-9.00	11.48
Equity per share, SEK, before dilution	2,769.37	80.01	2,769.37	101.28
Equity per share, SEK after dilution	99.81	79.39	99.81	100.47
Working capital	2,724	1,107	2,724	2,467
Capital employed	3,551	2,553	3,551	3,264
Return on capital employed, %	19.5	21.6	19.5	21.9
Return on equity after taxes, %	27.9	19.4	27.9	29.5
Equity/assets ratio, %	39.9	42.7	39.9	40.9
Net debt	1,057	58	1,057	552
Net debt/equity ratio, %	46.8	3.1	46.8	24.3
Net debt/EBITDA	1.7	0.1	1.7	0.9

# SUMMARY FINANCIAL STATEMENTS

## SUMMARY OF CONSOLIDATED INCOME STATEMENT

	Jan-Mar	Jan-Mar	Apr-Mar	Jan-Dec
SEK M	2019	2018	Agents, O. Reg. 2018/2019	2018
Revenue	1,480	1,485	6,511	6,516
Production and administration expenses	-1,420	-1,397	-6,296	-6,273
<b>Gross profit</b>	<b>60</b>	<b>88</b>	<b>215</b>	<b>243</b>
Sales and administration expenses	-45	-31	-148	-134
Change in value of investment properties	-	-	281	281
Revaluation of previous holdings in joint ventures	-	-	229	229
Share in profit of associates and joint ventures	3	-5	-16	-24
<b>Operating Result</b>	<b>18</b>	<b>52</b>	<b>561</b>	<b>595</b>
Net financial items	-10	-3	-44	-37
<b>Earnings after financial items</b>	<b>8</b>	<b>49</b>	<b>517</b>	<b>558</b>
Taxation	2	-10	58	46
<b>Earnings for the period</b>	<b>10</b>	<b>39</b>	<b>575</b>	<b>604</b>
<b>Attributable to:</b>				
Parent Company shareholders	10	39	575	607
Non-controlling interests	0	0	0	-3
Earnings per share before dilution, SEK	0.45	1.68	25.33	26.37
Earnings per share after dilution, SEK	0.44	1.66	25.13	26.16
Average number of shares before dilution	22,433,465	23,248,452	22,701,642	22,905,389
Average number of shares after dilution	22,613,468	23,428,455	22,881,645	23,085,392

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Jan-Mar	Jan-Mar	Apr-Mar	Jan-Dec
SEK M	2019	2018	Agents, O. Reg. 2018/2019	2018
<b>Earnings for the period</b>	<b>10</b>	<b>39</b>	<b>575</b>	<b>604</b>
<b>Other comprehensive income</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total comprehensive income</b>	<b>10</b>	<b>39</b>	<b>575</b>	<b>604</b>

## CONDENSED CONSOLIDATED BALANCE SHEET

SEK M	Mar 31 2019	Mar 31 2018	Dec 31 2018
<b>ASSETS</b>			
<i>Assets</i>			
Intangible fixed assets	23	23	23
Managed properties	215	905	213
Other tangible fixed assets	219	97	122
Investments in associates/joint ventures	128	477	122
Non-current interest-bearing receivables	27	10	51
Other non-current receivables	494	213	563
<b>Total non-current assets</b>	<b>1,106</b>	<b>1,725</b>	<b>1,094</b>
<i>Current assets</i>			
Project and development properties	2,846	300	2,507
Inventories	1	1	1
Trade receivables	923	787	972
Accrued but not invoiced income	379	388	398
Other current receivables	187	526	194
Cash and bank balances	210	625	389
<b>Total current assets</b>	<b>4,546</b>	<b>2,627</b>	<b>4,461</b>
<b>Total assets</b>	<b>5,652</b>	<b>4,352</b>	<b>5,555</b>
<b>Equity and liabilities</b>			
<b>Own funds</b>	<b>2,257</b>	<b>1,860</b>	<b>2,272</b>
<i>Non-current liabilities</i>			
Non-current interest-bearing liabilities	1,107	643	826
Other non-current liabilities	104	153	83
Deferred tax liability	155	39	157
Other provisions	207	137	223
<b>Total long-term liabilities</b>	<b>1,573</b>	<b>972</b>	<b>1,289</b>
<i>Current liabilities</i>			
Current interest-bearing liabilities	187	50	166
Current tax liabilities	6	4	13
Accounts payable	803	776	991
Invoiced but not accrued income	563	317	532
Other current liabilities	263	373	292
<b>Total current liabilities</b>	<b>1,822</b>	<b>1,520</b>	<b>1,994</b>
<b>Total equity and liabilities</b>	<b>5,652</b>	<b>4,352</b>	<b>5,555</b>

## SUMMARY OF CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY

SEK M	Mar 31 2019	Mar 31 2018	Dec 31 2018
<b>Equity attributable to Parent Company shareholders</b>			
Balance at beginning of period	2,272	1,821	1,821
Dividend	–	–	–93
Share repurchases	–	–	–65
Share-related compensation	0	–	1
Changed accounting policy	–25	–	–
Comprehensive income for the period	10	39	607
<b>Non-controlling interests</b>			
Acquisition of non-controlling interests	0	–	4
Comprehensive income for the period	0	–	–3
<b>Balance at end of period</b>	<b>2,257</b>	<b>1,860</b>	<b>2,272</b>

## CONDENSED CONSOLIDATED CASH FLOW STATEMENT

SEK M	Jan–Mar 2019	Jan–Mar 2018	Apr–Mar Agents, O. Reg. 2018/2019	Jan–Dec 2018
<i>Operating activities</i>				
Cash flow before change in working capital	–34	36	–77	–7
Change in working capital	–228	173	–129	272
<b>Cash flow from current operations</b>	<b>–262</b>	<b>209</b>	<b>–206</b>	<b>265</b>
<i>Investment activities</i>				
Acquisitions of investment properties	–	–	–26	–26
Business acquisitions	–	–	–592	–592
Sold subsidiaries	–	–	222	222
Increase/decrease in investing activities	–12	–11	–82	–81
<b>Cash flow from investment activities</b>	<b>–12</b>	<b>–11</b>	<b>–478</b>	<b>–477</b>
<b>Cash flow before financing</b>	<b>–274</b>	<b>198</b>	<b>–684</b>	<b>–212</b>
<i>Financing activities</i>				
Newly raised borrowings	82	–	773	691
Amortization of liabilities	0	–4	–334	–338
Share repurchases	–	–	–65	–65
Dividend	–	–	–93	–93
Increase/decrease in financing activities	13	0	–12	–25
<b>Cash flow from financing activities</b>	<b>95</b>	<b>–4</b>	<b>269</b>	<b>170</b>
<b>Cash flow for the period</b>	<b>–179</b>	<b>194</b>	<b>–415</b>	<b>–42</b>
Cash and cash equivalents at beginning of period	389	431	625	431
<b>Cash and cash equivalents at end of period</b>	<b>210</b>	<b>625</b>	<b>210</b>	<b>389</b>



## PARENT COMPANY CONDENSED INCOME STATEMENT

	Jan-Mar	Jan-Mar	Apr-Mar Agents, O. Reg.	Jan-Dec
SEK M	2019	2018	2018/2019	2018
Revenue	44	38	149	143
Sales and administration expenses	-45	-1	-157	-113
<b>Operating Result</b>	<b>-1</b>	<b>37</b>	<b>-8</b>	<b>30</b>
Net financial items	-10	-5	-55	-50
<b>Earnings after financial items</b>	<b>-11</b>	<b>32</b>	<b>-63</b>	<b>-20</b>
Year-end appropriations	-	-	22	22
<b>Result before taxation</b>	<b>-11</b>	<b>32</b>	<b>-41</b>	<b>2</b>
Taxation	2	-7	-10	-19
<b>Earnings for the period</b>	<b>-9</b>	<b>25</b>	<b>-51</b>	<b>-17</b>

## PARENT COMPANY STATEMENT OF COMPREHENSIVE INCOME

	Jan-Mar	Jan-Mar	Apr-Mar Agents, O. Reg.	Jan-Dec
SEK M	2019	2018	2018/2019	2018
<b>Earnings for the period</b>	<b>-9</b>	<b>25</b>	<b>-51</b>	<b>-17</b>
<b>Other comprehensive income</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total comprehensive income</b>	<b>-9</b>	<b>25</b>	<b>-51</b>	<b>-17</b>

## PARENT COMPANY CONDENSED BALANCE SHEET

SEK M	Mar 31 2019	Mar 31 2018	Dec 31 2018
<b>ASSETS</b>			
<i>Assets</i>			
Tangible fixed assets	13	5	12
Participations in Group companies	201	127	162
Participations in associated companies and joint ventures	10	-	10
Deferred tax assets	12	22	10
Other non-current receivables	2	5	2
<b>Total non-current assets</b>	<b>238</b>	<b>159</b>	<b>196</b>
<i>Current assets</i>			
Project and development properties	3	3	3
Other current receivables	1,632	813	1,572
Cash and bank balances	123	525	310
<b>Total current assets</b>	<b>1,758</b>	<b>1,341</b>	<b>1,885</b>
<b>Total assets</b>	<b>1,996</b>	<b>1,500</b>	<b>2,081</b>
<b>Equity and liabilities</b>			
<b>Own funds</b>	<b>497</b>	<b>704</b>	<b>505</b>
<i>Non-current liabilities</i>			
Non-current interest-bearing liabilities	704	321	702
<b>Total long-term liabilities</b>	<b>704</b>	<b>321</b>	<b>702</b>
<i>Current liabilities</i>			
Current interest-bearing liabilities	16	1	16
Accounts payable	14	11	18
Other current liabilities	765	463	840
<b>Total current liabilities</b>	<b>795</b>	<b>475</b>	<b>874</b>
<b>Total equity and liabilities</b>	<b>1,996</b>	<b>1,500</b>	<b>2,081</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.

### Implementation of new accounting standards

#### IFRS 16 Leasing

In January 2016, IASB published the new standard IFRS 16 Leases, which was approved by the EU in November 2017 and will be applied from the 2019 financial year. In contrast to the current IAS 17 Leases, the standard means that Serneke as a lessee in operating leases, except for exceptions for small and short leases, must recognize the leases in the Statement of financial position. Serneke applies IFRS 16 Leases as of January 1, 2019 and has accordingly not applied the standard retroactively. The recognized right of use (ROU) assets were 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 ROU asset is recognized.

### Bridge from operating leases under IAS 17 to leasing liabilities according to IFRS 16

<b>Commitments for operating leases as at December 31, 2018</b>	<b>88</b>
Discounting by the Group's weighted average marginal loan interest 2.79%	-7
Plus: liabilities for finance leases as of December 31, 2018	71
Less: leases for which the underlying asset is of a low value that is expensed on a straight-line basis	-2
Plus: adjustments due to other handling of options to extend or cancel agreements	18
<b>Lease liability as at January 1, 2019</b>	<b>168</b>

In addition, the Interim Report has been prepared in accordance with the same accounting principles and calculation methods as in the Annual Report for 2018. For detailed information regarding accounting policies, see Serneke's 2018 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 2018 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>Mar 31 2019</b>	Mar 31 2018	Dec 31 2018
Financial assets			
Available-for-sale financial assets*	2	2	2
<b>Total financial assets</b>	<b>2</b>	<b>2</b>	<b>2</b>
Financial liabilities			
Other short- and long-term liabilities	58	84	58
Of which, additional purchase considerations**	58	84	58
<b>Total financial liabilities</b>	<b>58</b>	<b>84</b>	<b>58</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. 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>Mar 31 2019</b>	Mar 31 2018	Dec 31 2018
Pledged collateral	2,089	631	1,941
Contingent liabilities	395	557	450
<b>PARENT COMPANY</b>			
Pledged collateral	500	200	500
Contingent liabilities	1,254	1,242	1,205

## Note 4 – Breakdown of income

Jan-Mar 2019, SEK million	Construction	Civil Engineering	Project Development	Property Management	Eliminations and Group-wide	Total
Construction income	1,337	200	11	–	–88	1,460
Rental income	0	–	–	15	–	15
Other income	2	0	0	3	–	5
<b>Total income</b>	<b>1,339</b>	<b>200</b>	<b>11</b>	<b>18</b>	<b>–88</b>	<b>1,480</b>

Date of income recognition:

At a specific time	2	–	0	3	–	5
Over time	1,337	200	11	15	–88	1,475
<b>Total income</b>	<b>1,339</b>	<b>200</b>	<b>11</b>	<b>18</b>	<b>–88</b>	<b>1,480</b>

Jan-Mar 2018, SEK million	Construction	Civil Engineering	Project Development	Property Management	Eliminations and Group-wide	Total
Construction income	1,257	179	62	–	–37	1,461
Rental income	0	–	–	11	–	11
Other income	3	0	–	10	–	13
<b>Total income</b>	<b>1,260</b>	<b>179</b>	<b>62</b>	<b>21</b>	<b>–37</b>	<b>1,485</b>

Date of income recognition:

At a specific time	3	–	–	10	–	13
Over time	1,257	179	62	11	–37	1,472
<b>Total income</b>	<b>1,260</b>	<b>179</b>	<b>62</b>	<b>21</b>	<b>–37</b>	<b>1,485</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. Construction contracts mean that the construction 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 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.

### 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.

development rights or rental income, including, for example, hotel income or income from central companies.

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



## FINANCIAL DEFINITIONS

Key indicators	Definition:	Object			
<b>Growth</b>	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.			
<b>Organic growth</b>	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.			
		<b>Jan-Mar</b>	Jan-Mar	Apr-Mar	Jan-Dec
<b>Calculation of organic growth</b>		<b>2019</b>	2018	2019	2018
Income current period		1,480	1,485	6,511	6,516
Income corresponding period previous period		1,485	1,138	5,952	5,605
<b>Income change</b>		<b>-5</b>	<b>347</b>	<b>559</b>	<b>911</b>
Adjustment for structural effect		0	0	-1	-1
<b>Total organic growth</b>		<b>-5</b>	<b>347</b>	<b>558</b>	<b>910</b>
Total organic growth (%)		-0.3%	30.5%	9.4%	16.2%
<b>Order bookings</b>	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.			
<b>Order backlog</b>	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.			
<b>Operating margin</b>	Operating profit divided by revenues.	In the Company's view, the key indicator allows investors, who so wish, to assess the Company's profitability.			
<b>Operating capital</b>	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.			
<b>Capital employed</b>	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.			
		<b>Mar 31</b>	Mar 31	Dec 31	
<b>Calculation of capital employed</b>		<b>2019</b>	2018	2018	
<b>Total assets</b>		<b>5,652</b>	<b>4,352</b>	<b>5,555</b>	
Deferred tax assets		-	-	-	

Key indicators	Definition:	Object		
	Less non-interest-bearing liabilities including deferred tax liabilities	-2,101	-1,799	-2,291
	<b>Capital employed</b>	<b>3,551</b>	<b>2,553</b>	<b>3,264</b>
ROCE	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.		
		<b>Mar 31</b>	Mar 31	Dec 31
	<b>Calculation of average capital employed</b>	<b>2019</b>	2018	2018
	March 31, 2019 (3,551) + March 31, 2018 (2,553) / 2	3,052		
	March 31, 2018 (2,553) + March 31, 2017 (2,022) / 2		2,288	
	31 Dec 2018 (3,264) + 31 Dec 2017 (2,516) / 2			2,890
		<b>Mar 31</b>	Mar 31	Dec 31
	<b>Calculation of return on capital employed</b>	<b>2019</b>	2018	2018
	Profit after net financial items	517	410	558
	Plus financial expenses	78	85	75
	Average capital employed	3,052	2,288	2,890
	<b>ROCE</b>	<b>19.5%</b>	<b>21.6%</b>	<b>21.9%</b>
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:	Object			
ROE margin (ratio)	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.			
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.			
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 Interim Report for January–March 2019

On April 17, 2019 at 9:00 a.m. (CET), Serneke Group will comment on this Interim Report in a conference call with an online presentation for investors, analysts and the media. The presentation will be in Swedish and can be followed live via webcast at <https://tv.streamfabriken.com/serneke-q1-2019>. Presentation materials for the presentation will be available on the website one hour before the webcast begins.

To participate, please dial: +46 8 51 99 93 83