

CONTINUED STRONG GROWTH AND INCREASED PROFITABILITY

January–March 2017

- Income amounted to SEK 1,138 million (701), an increase of 62 percent
- Operating profit amounted to SEK 47 million (negative 6) and the operating margin was 4.1 percent (negative 0.9)
- Profit for the period amounted to SEK 33 million (negative 5)
- The equity/assets ratio was 42.4 percent (42.7)
- Cash flow from operating activities amounted to SEK 140 million (negative 59)
- Order bookings amounted to SEK 2,069 million (1,245)
- Order backlog amounted to SEK 7,995 million (5,666)
- Serneke and Pareto have signed an agreement to sell the project company Campus Eskilstuna to Hemsö at an underlying property value of approximately SEK 800 million.

SEK million	Jan–Mar 2017	Jan–Mar 2016	Apr–Mar 2016/2017	Jan–Dec 2016
Income	1,138	701	4,415	3,978
Operating profit	47	-6	464	411
Operating margin, %	4.1	-0.9	10.5	10.3
Profit/loss for the period	33	-5	432	394
Earnings per share before dilution, SEK	1.44	-0.30	22.52	22.40
Earnings per share after dilution, SEK	1.41	-0.28	21.58	21.22
Equity per share after dilution, SEK	65.44	25.50	65.44	79.12
Equity/assets ratio, %	42.4	25.7	42.4	42.7
Net debt	-218	287	-218	-37
Net debt/equity ratio, %	-14.2	64.1	-14.2	-2.5
Order bookings	2,069	1,245	6,363	5,539
Order backlog	7,995	5,666	7,995	7,041

CEO STATEMENT

Strong first quarter with several positive messages

Serneke began 2017 with continued profitable growth and several positive indications confirming the Group's long-term strategic focus.

During the period, income increased by 62 percent to SEK 1,138 million (701) and operating profit was SEK 47 million (negative 6). The Group continues to grow with improved profitability, as confirmed by a successively higher operating margin, which amounted to 4.1 percent for the first quarter. Order intake during the period was SEK 2,069 million (1,245), an increase of 66 percent. With strong financial position, good cash and bank balances and an equity/assets ratio of 42 percent at the end of the quarter, we have good prospects to continue developing our offering and gaining additional market share.



Ola Serneke, President and CEO

We are not seeing any downturn in the market, and all business areas are still experiencing good demand. The total order book for external customers currently amounts to just under SEK 8 billion, which means that we are seeing a stable and positive foundation for good development in contracting activities. Contracting has long been focused on competing with market leaders for larger, more complex projects. With more commitment and hard work, we have now positioned ourselves as a clear challenger. Continued strong order intake and improved profitability confirm that we are competitive and have an offering that is appreciated in the market.

In our property division, the business areas Project Development and Property Management are characterized by a will to develop and create value – even when necessary to question, and develop new strategies, in order to fulfill the potential. While other projects are more straightforward in their design, they all share in contributing to and utilizing the overall experience throughout the Group. Our ability to continue to grow organically is a highlight. By attracting new competent employees and motivating existing employees to continue contributing to our growth journey, we create the conditions for combining continued controlled growth with improved profitability. Our success is based on our nearly 900 employees, all of whom are driven by developing and participating in building the next-generation of construction companies.

To actively select market

Serneke chose early on to target a market position where customers base their choice of construction supplier on competence and organization in addition to price. Business Area Construction – the backbone of the Group – now shows rising profitability for the fourth quarter in a row, reinforcing our view that we have the right strategy. Early on, we chose which market and which competitors Serneke should focus on. The design of the organization with its employees, processes and routines is based on our conviction to offer an alternative to market leaders. Our strong order intake shows that our offering is attractive. More importantly, perhaps, is that we can now start being more selective and fine-tune the character of our order book. Long-term and mutually-beneficial collaboration with professional clients is a priority, providing stability and predictability in our continued growth. Business Area Civil Engineering will follow the same development as Construction. However, as Civil Engineering was established later, it is still in an early phase of its developmental curve. After a comprehensive program of measures primarily to create stable and transparent processes, this business area's order intake and improved profit also show, despite a typically weak quarter, that it is heading in the right direction.

Property management is also development

Reinvesting profits from the contracting business into properties is, and has long been, a strategic prerequisite for achieving the Group's long-term goal of an operating margin of 8 percent. With the combined knowledge of the entire Group, we become more refined in our selection and we have the strength of being able to rely on our own production capacity. Business Area Project Development focuses on development for the purposes of selling property projects – sometimes early on and completely, as in the case most recently with Mälardalen University in the first quarter 2017. Other examples of this are Gamlestadens resecentrum (Travel Center) and Regionens Hus. Other times, we sell the projects in stages or develop them with partners, as in the case of Karlstad where we have an urban development joint venture with NREP. Regardless of the

timing of the sale, Project Development aims to divest all or part of the projects before they go into production. The strength lies in driving development from land to completed development rights and finding partnerships with long-term partners that strengthen and complement our offering. We would rather spend a little more time exploring new things and finding a new angle for a project than incurring high costs where everything is completed. Development is also central to Business Area Property Management. We do not aim to acquire highly developed, often expensive, properties with low development potential. The acquisition of Säve flygplats, with the ensuing complementary acquisitions, successfully demonstrates what we intend to accomplish. Active management of existing tenants, combined with the development of vacant areas for new tenants, has increased income and thereby increased the value of our asset. In parallel with the development of existing premises, we will also work actively and long-term to free up potential in large areas that are still untapped.

Employees and business culture make the difference

Serneke Group is characterized by a strong corporate culture in which values such as commitment, innovation and courage are held with respect and honesty. Recruiting and retaining employees who share our values is central to our ability to continue to develop. During the first quarter, we have had continued good opportunities to attract new employees, which means that we now see organic growth as a priority over acquisitions. As a means of spurring and creating participation, we have continually offered our employees an opportunity to participate via an employee share ownership initiative. This is an option that fully reflects our corporate culture and contributes to creating team spirit and cohesion. We, therefore, hope that the Annual General Meeting will also this year will resolve to allow all employees to participate in the form of a convertible debenture loan.

So far, 2017 is off to a promising start and we have an intense and exciting year ahead of us. Säve and Karlastaden, which are our largest development projects, have an interesting time ahead with several business opportunities that we hope to get in place during the year. Construction and Civil Engineering are experiencing a very strong market without signs of slowdown. The challenge for the Group is still to remain on course and continue to further develop the strengths that have taken us to where we are today.

Ola Serneke, President and CEO

Presentation of the Interim Report January–March 2017

On May 4, 2017 at 11:00 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 www.serneke.group. Presentation materials for the presentation will be available on the website one hour before the webcast begins.

To participate, please dial:

From Sweden: 08-5664 2694

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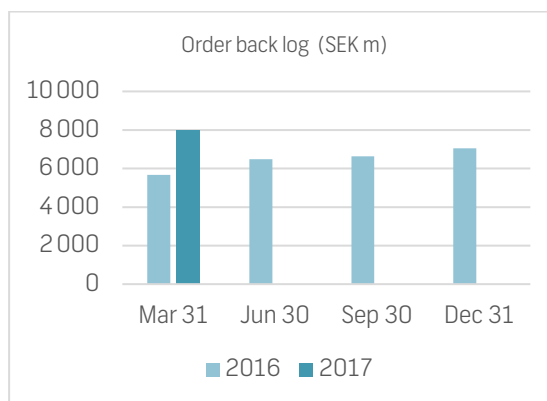
Group development

ORDER BOOKINGS AND ORDER BACKLOG

Order bookings during the first quarter of the year amounted to SEK 2,069 million (1,245), an increase of 66 percent compared with the same period last year. The Group is experiencing continued high demand in the market, and strong order intake provides a stable platform for continued growth. Order intake for the first quarter of 2017 consisted primarily of housing projects in the urban areas. The metropolitan areas, Stockholm and Gothenburg, continue to be the Group's most important markets.

The order book continues to increase steadily and now amounts to the highest level in the Group's history.

Order bookings SEK million	Jan–Mar 2017	Jan–Mar 2016	Jan–Dec 2016
Construction	1,830	1,231	5,029
Civil Engineering	239	14	510
Group	2,069	1,245	5,539
Order backlog SEK million	Mar 31 2017	Mar 31 2016	Dec 31 2016
Construction	7,580	5,523	6,753
Civil Engineering	415	143	288
Group	7,995	5,666	7,041



NEW ASSIGNMENTS IN THE PERIOD JANUARY–MARCH 2017

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

Assignment	Location	Client	Order value (SEK million)	Anticipated start of construction
Campus Eskilstuna	Eskilstuna	Mälardalen University	643	Second quarter 2017
New production apartments	Stockholm	Familjebostäder	310	First quarter 2017
New production apartments/terraced houses	Borås	Mjölback's Entreprenad & Cerner Fastigheter	130	First quarter 2017
Boiler house for combined heating and power (CHP) plant	Borås	Borås Energi och Miljö AB	159	Second quarter 2017
New production apartments/terraced houses	Stockholm	Skandia Fastigheter	320	Second quarter 2017

INCOME AND PROFIT

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

GROUP

SEK million	Jan–Mar 2017	Jan–Mar 2016	Apr–Mar 2016/2017	Jan–Dec 2016
Income	1,138	701	4,415	3,978
Operating profit	47	-6	464	411
Net financial items	-7	-2	-22	-17
Earnings after financial items	40	-8	442	394
Profit/loss for the period	33	-5	432	394

JANUARY–MARCH 2017

Consolidated income during the first quarter of 2017 amounted to SEK 1,138 million, an increase of 62 percent compared with SEK 701 million for the corresponding quarter the previous year. Operating profit increased to SEK 47 million (negative 6), a sharp improvement compared with the corresponding quarter the previous year, due to improved operating profit in all four business areas. During the quarter, changes in value of investment properties affected operating income positively by SEK 19 million (0), of which SEK 9 million refers to changes in existing investment properties and SEK 10 million to changes in value in the reclassification of project- and development properties to investment properties. Net financial items amounted to negative SEK 7 million (negative 2) and the Group reported a tax expense of SEK 7 million (positive 3), mainly due to changes in deferred tax. Tax income in the quarter previous year relates to capitalized tax loss carryforwards.

The Group can report a very strong first quarter, a quarter which is usually a weaker period due to seasonal variations where the cold climate shifts part of production. The good market conditions have remained and contribute to the Group's continued strong growth and increased profitability.

INCOME

SEK million	Jan–Mar 2017	Jan–Mar 2016	Apr–Mar 2016/2017	Jan–Dec 2016
Construction	1,003	648	3,584	3,229
Civil Engineering	123	79	499	455
Project development	50	2	421	373
Property	12	1	26	15
Group-wide	8	18	89	99
Elimination	-58	-47	-204	-193
Total	1,138	701	4,415	3,978

OPERATING PROFIT

SEK million	Jan–Mar 2017	Jan–Mar 2016	Apr–Mar 2016/2017	Jan–Dec 2016
Construction	41	14	113	86
Civil Engineering	-4	-8	-32	-36
Project development	0	-8	342	334
Property	11	0	48	37
Group-wide	-1	-4	-7	-10
Total	47	-6	464	411
Net financial items	-7	-2	-22	-17
Profit/loss before tax	40	-8	442	394

SEASONAL VARIATIONS

Serneke's operations largely lack clear seasonal effects. The contracting operations (Business Areas Construction and Civil Engineering) normally experience lower activity in the first quarter of the year due to fewer production days and, to a greater extent than normal, the effects of weather during the winter months. Profits are also affected by public holidays falling within a certain interim period, leading to fewer production days.

FINANCIAL POSITION

SEK million	Mar 31 2017	Mar 31 2016	Dec 31 2016
Total assets	3,605	1,745	3,437
Total equity	1,530	448	1,469
Net debt	-218	287	-37
Cash and cash equivalents	698	9	571
Equity/assets ratio, %	42.4	25.7	42.7

At March 31, 2017, the equity/assets ratio was 42.4 percent (42.7). At the end of the period, the Group's cash and cash equivalents, including unutilized credit facilities, amounted to SEK 898 million (771).

Shareholders' equity has increased during the period and amounted to SEK 1,530 million on March 31, 2017, compared with SEK 1,469 million at December 31, 2016. Of this increase, profit for the period amounted to SEK 33 million and conversion of convertible debentures SEK 28 million.

At March 31, 2017, net borrowing amounted to SEK 218 million (37). The net debt/equity ratio was a negative 14.2 percent (negative 2.5) and the average interest rate was 4.61 percent (4.49). Unutilized committed credit facilities amounted to SEK 200 million (200) at the end of the quarter. The bank overdraft with Nordea carries a covenant, which means that the Group shall have an equity/assets ratio of 25 percent.

INVESTMENTS AND DIVESTMENTS

Investments in machinery and equipment in the period January–March 2017 amounted to SEK 8 million (3).

CASH FLOW**JANUARY–MARCH 2017**

Cash flow from operating activities amounted to SEK 140 million (negative 59). The change is mainly due to the tying up of capital, which improved compared with the corresponding quarter the previous year.

Cash flow from investments amounted to negative SEK 29 million (negative 3). The main reason for the change is an improvement in working capital, which has improved compared to the first quarter last year.

Cash flow from financing activities amounted to SEK 16 million (60) and mainly relates to changes in borrowing.

Cash flow for the period amounted to SEK 127 million (negative 2).

EMPLOYEES

The Group had an average 878 employees in the period January–March 2017, compared with 713 in the corresponding period last year.

Business areas

BUSINESS AREA CONSTRUCTION

All 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 2017	Jan–Mar 2016	Apr–Mar 2016/2017	Jan–Dec 2016
SEK million				
Income	1,003	648	3,584	3,229
Operating profit	41	14	113	86
Operating margin, %	4.1	2.2	3.2	2.7
Order bookings	1,830	1,231	5,628	5,029
Order backlog	7,580	5,523	7,580	6,753
Average number of employees	659	544	708	593

JANUARY–MARCH 2017

Income for Business Area Construction amounted to SEK 1,003 million (648), an increase of 55 percent, and operating profit amounted to SEK 41 million (14), which corresponds to an increase of 193 percent. The operating margin for the Group was 4.1 percent (2.2). The improvement in earnings and margin compared with the corresponding quarter in 2016 is mainly explained by a larger number of major projects being in full production with better project margins.

It has been a very strong quarter, both in terms of sales and earnings. Margins have continued to strengthen even if fluctuations between quarters may vary due to the closure of projects. The positive margin trend continues and the long-term goal of an operating margin of 5 percent remains. This will be achieved in a market with continued good demand and through selective selection of projects together with stable clients.

Order intake in the period January–March 2017 has continued to be strong. Business Area Construction is adhering to its strategic plan and competes with market leaders on major projects, which had produced effects on both order intake and order stock. New assignments in the fourth quarter were mainly in the housing sector but also in municipal services and retail. In terms of size, the construction of Campus Eskilstuna is the largest assignment at SEK 643 million, followed by the construction of apartments in Stockholm at SEK 310 million, the construction of apartments and terraced houses in Stockholm at SEK 320 million, and the construction of apartments and terraced houses in Borås at SEK 130 million.

Order intake in the period January–March 2017 amounted to SEK 1,830 million (1,231), and at the end of the period total order backlog amounted to SEK 7,580 million (5,523).

BUSINESS AREA CIVIL ENGINEERING

All 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.

SEK million	Jan–Mar 2017	Jan–Mar 2016	Apr–Mar 2016/2017	Jan–Dec 2016
Income	123	79	499	455
Operating profit	-4	-8	-32	-36
Operating margin, %	-3.3	-10.1	-6.4	-7.9
Order bookings	239	14	735	510
Order backlog	415	143	415	288
Average number of employees	125	110	133	118

JANUARY–MARCH 2017

Income for Business Area Civil Engineering amounted to SEK 123 million (79), an increase of 56 percent compared with the first quarter of 2016. The increase in income is due to more major projects being in production compared with the corresponding period the previous year. During the quarter, operating income amounted to negative SEK 4 million (negative 8), which is insufficient but nevertheless shows that the action program has begun to take effect with better control and governance in the projects. There is a clear trend that existing projects show better profitability than those completed in the previous year.

The organization that is being built is well-equipped for controlled growth with a focus on improved profitability. Increasing growth is necessary to achieve a critical volume and thereby coverage for total overhead costs.

Order intake in the period January–March 2017 was strong, and the strategic focus on major orders has begun to yield results, as the business area has won several procurement projects for larger projects. New assignments during the first quarter are primarily within municipal operations and with the Swedish Transport Administration. The size of the largest assignment is the construction of a boiler house for a CHP plant in Borås with an order value of SEK 159 million.

Order intake in the period January–March 2017 amounted to SEK 239 million (14) and at the end of the period, total order backlog amounted to SEK 415 million (143).

BUSINESS AREA PROJECT DEVELOPMENT

Business Area Project Development includes Serneke's development of housing and commercial properties. Project development is performed through wholly owned projects or in collaboration with third parties through associates.

SEK million	Jan–Mar 2017	Jan–Mar 2016	Apr–Mar 2016/2017	Jan–Dec 2016
Income	50	2	421	373
Operating profit	0	-8	342	334
Operating margin, %	0.0	-400.0	81.2	89.5
Average number of employees	26	16	30	20

JANUARY–MARCH 2017

Income for Business Area Project Development amounted to SEK 50 million (2) and operating profit to SEK 0 million (negative SEK 8 million). The increase in income is attributable to project income mainly for housing projects of SEK 30 million compared with the previous year as there were no ongoing projects. There has also been an intra-Company sale to Business Area Property Management that positively affected income by SEK 20 million. Operating profit for the period has been positively affected by ongoing projects and partly by the intra-Company sale, which positively impacted earnings of SEK 10 million. The business area's expenses have increased compared with the previous year because of a growing organization that has been built up both in terms of competence and the number of individuals to handle future projects.

JV Karlastaden

In June 2016, Serneke disposed 50 percent of the Karlastaden project and, therefore, became partner in a joint venture with private equity firm NREP, with an ownership of 50 percent each. Serneke recognizes its holdings as a participation in joint ventures in the consolidated balance sheet.

Karlastaden will contain some 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 project is entering an intensive phase in which the detailed development plan has undergone the review process during the first quarter and is expected to go through around mid-year. Construction is expected to commence in the second half of 2017. The estimated project value is approximately SEK 13 billion over a five-year period. Via the joint venture company, sales of development rights will begin in 2017.

The Group's share of JV Karlastaden

SEK million	Mar 31 2017	Dec 31 2016
Ownership share %	50	50
Share of equity	331	330
Share in profit of associates and joint ventures	0	0

Balance sheet JV SEK million	Mar 31 2017
Assets	
Property	394
Other assets	38
Total assets	432
Equity and liabilities	
Shareholders' equity	33
Interest-bearing liabilities	347
Other liabilities	52
Total equity and liabilities	432

Income statement JV SEK million	Jan–Mar 2017
Rental income	0
Profit for the year	0

SUMMARY OF PROJECT PORTFOLIO AS OF MARCH 31, 2017

Estimated areas are explained by new detailed development plans not yet being adopted

PROJECT	MUNICIPALITY	Estimated area (m ² GFA)	Type	Planning phase	Type of asset	Share of equity (%)
Utby 20:1 (part)	Ale	8,130	Housing	Planning in progress	Agreed development rights not yet taken into possession	100%
Ingared 5:274 and 5:240 (part)	Alingsås	1,483	Housing	Detailed development plan	Development rights on own balance sheet	100%
Jägaren 10	Alingsås	2,720	Housing	Planning in progress	Agreed development rights not yet taken into possession	100%
Björnflokan 5	Borås	17,000	Housing	Planning in progress	Development rights on own balance sheet	100%
Karlstaden	Göteborg	238,799	Housing/ Commercial	Planning in progress	Joint venture	50%
Gårdsten 7:1, 45:1 (part) and 10:10 (part)	Göteborg	26,500	Housing/ Commercial	Planning in progress	Agreed development rights not yet taken into possession	100%
Gårdsten 45:24	Göteborg	82,100	Industry/ warehousing	Detailed development plan	Development rights on own balance sheet	100%
Lorensberg 706:32	Göteborg	25,000	Housing/ Commercial	Pre-planning	Agreed development rights not yet taken into possession	100%
Oceanhamnen, Kvarter 3A	Helsingborg	4,750	Housing	Detailed development plan	Agreed development rights not yet taken into possession	100%
Jäntan 2	Landskrona	18,500	Housing/ Commercial	Pre-planning	Agreed development rights not yet taken into possession	100%
Tomaten 1 (part)	Landskrona	8,000	Housing	Detailed development plan	Agreed development rights not yet taken into possession	100%
Vägeröd 1:69	Lysekil	20,000	Housing	Planning in progress	Agreed development rights not yet taken into possession	100%
Törnskögen 4:14 and 4:15	Sollentuna	8,396	Housing	Planning in progress	Development rights on own balance sheet	100%
Fjällbacka 136:2 and 136:3	Tanum	2,500	Housing	Planning in progress	Associates	6%
Koholmen 1:89	Tjörn	300	Housing	Detailed development plan	Development rights on own balance sheet	100%
464,178						

Serneke's share of the project portfolio amounts to SEK 1,642 million, which is based on an external valuation made in the third quarter of 2016. Of this amount, SEK 146 million represents the value of development rights on the Group's own balance sheet, agreed development rights of which the Company has yet to take possession are estimated at about SEK 644 million and development rights held through joint ventures or associates are estimated at approximately SEK 852 million.

At 31 March 2017, the total book value of the project development portfolio amounted to SEK 238 million, which is recognized as project and development properties in the balance sheet. The holding of the Karlstaden project is recognized as a joint venture in participations in associated companies and joint ventures on the balance sheet, and the value of the share amounted to SEK 331 million at March 31, 2017. Of the total project development portfolio of an estimated 464,178 square meters of gross floor area, options on development rights, that is, agreed development rights of which the Company has yet to take possession, accounted for 24 percent. The options pertain to properties located in different parts of the country, and agreements have been signed with various parties. The options can be exercised when the detailed development plan for the relevant property gains legal force or a building permit is granted. Only then is access gained and payment made.

BUSINESS AREA PROPERTY MANAGEMENT

Business Area Property Management manages and develops properties for long-term capital appreciation. Commercial properties are managed. The business area is working actively to acquire properties with development potential and generate growth by investing, developing, streamlining and rationalizing property management. Investment properties are managed through wholly owned companies or in collaboration with third parties through associates.

SEK million	Jan-Mar 2017	Jan-Mar 2016	Apr-Mar 2016/2017	Jan-Dec 2016
Income	12	1	26	15
Earnings from property management	-5	-3	-21	-9
Changes in value of properties	9	0	61	42
Share in profit of associates and joint ventures	7	3	8	4
Operating profit	11	0	48	37
Average number of employees	13	0	16	3

JANUARY–MARCH 2017

In the period January–March 2017, income for Business Area Property Management amounted to SEK 12 million (1). The increase in income is primarily due to increased rental income for completed acquisitions of Säve flygplats and surrounding properties.

In the period January–March 2017, earnings from property management amounted to negative SEK 5 million (negative 3), including a non-recurring expense of SEK 10 million relating to a provision for guaranteed net operating earnings for the associate Änglagården burdening the quarter. Adjusted for the provision for guaranteed net operating earnings, Property generated a positive operating profit.

The properties are valued internally in connection with each quarterly report by means of a ten-year cash flow model for all properties. Once a year, an external valuation of all properties is conducted to quality- assure the internal valuation. The latest external valuation was made in the third quarter of 2016 and the internal property valuation made for the first quarter has resulted in a net change of value of SEK 1 million. Remaining change relates to adjustment of acquisition analysis, which resulted in a positive effect for the Group of SEK 8 million. This effect has been recognized as a change in value.

The quarter's share in profit of associates amounted to SEK 7 million (3) and is entirely attributable to the associate Änglagården Holding AB, which manages Priority Serneke Arena. Of the share in profit, the total amount of SEK 7 million is attributable to property management profit.

The business area has a new organization since the fourth quarter of 2016, including a new business area manager appointed in December of the same year. A property manager was recruited to the organization, who entered his position in January 2017. The organization currently has two branches, one for property development and one for management.

At March 31, 2017, the total book value of the investment properties amounted to SEK 350 million, compared with SEK 13 million in March 2016.

SUMMARY OF PROPERTY PORTFOLIO AS OF MARCH 31, 2017

			Land area (m ²)	Lettable area (m ²)		Letting ratio, (%)	Ownership share (%)
				Housing	Commercial		
Investment properties							
Consinum	Kinna 24:133	Land	39,866	0	4,722	45	75
Serneke Industrifastigheter	Krattan 1	Alingsås	7,250	0	2,429	11	100
Säve Flygplats Property	Åseby	Göteborg	2,100,225	0	22,871	72	100
Änglagården	Kviberg 741:191	Göteborg	20,248	0	44,769	98	40
Härbärgat	Åseby 9:1	Göteborg	17,470	0	6,345	55	100
HB Nolvik	Nolvik 9:1	Göteborg	15,470	0	15,470	0	100
Tallhyddan	Sörhaga 2:1	Alingsås	5,100	0	350	0	100
Conpol	Golczewo	Poland	46,686	0	0	0	100

			Land area (m ²)	Lettable area (m ²)		Letting ratio, (%)	Ownership share (%)
				Housing	Commercial		
Operating properties							
Alingsås Plåtmekano AB	Bulten 7	Alingsås	7,419	0	1,074	100	100
Nyberg Gruppens Fastighets AB	Bulten 13	Alingsås	18,449	0	2,800	100	100
7H Bil AB	Kinna 24:191	Land	6,529	0	2,502	100	30

Säve flygplats

The development of the Säve flygplats area is ongoing after the acquisition, which took place in May 2016. New tenants have established themselves and talks are being held with a number of stakeholders regarding establishment in the area. A further acquisition of a property adjacent to the airport area was made during the last quarter of 2016. The property contains a building in which there are hotel, restaurant and conference operations. From the acquisition date of the properties in Säve through the first quarter of 2017, rental income increased by 49 percent. The development is in its infancy with a very positive outlook.

Through an acquisition of Cityflygplatsen i Göteborg AB, Serneke assumed overall responsibility for the operation of Säve flygplats on February 1, 2017. A name change was made immediately after the acquisition, to Säve Flygplats Drift AB. Säve flygplats has a certificate to operate as an uncontrolled airport, which means that the air traffic control services have been discontinued. Well-developed processes ensure that operations continue safely without the air traffic control services.

Änglagården Holding

Business Area Property owns 40 percent of Änglagården Holding AB, which, in turn, owns Prioritet Serneke Arena. Other shareholders are Prioritet Finans, which holds 50 percent, and Lommen Holding, which holds 10 percent.

The Group's share of Änglagården Holding AB SEK million	Mar 31 2017	Dec 31 2016
Ownership as a percentage	40	40
Share in associated companies*	98	91
Share in profit of associates and joint ventures	7	3
Of which:		
Earnings from property management	7	18
Change in value of property	-	-15

**) The Group's participation in the associate Änglagården Holding is calculated based on shareholders' equity less the preferential dividend right of SEK 77 million (90) which applies to the other shareholders. The closing value is subsequently reduced by an internal profit of SEK 19 million (12).*

Balance Sheet Änglagården Holding AB SEK million	Mar 31 2017
Assets	
Property	888
Other assets	226
Total assets	1,114
Equity and liabilities	
Shareholders' equity	370
Interest-bearing liabilities	482
Other liabilities	262
Total equity and liabilities	1,114

Income statement Änglagården Holding AB SEK million	Jan–Mar 2017
Rental income	14
Profit for the year	18

Other investment properties

Within the business area, some smaller properties are managed whereby warehouses, garages and industrial premises are leased to municipal and private operations through wholly-owned subsidiaries.

Parent Company

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

Sales for the period January–March 2017 amounted to SEK 26 million (16). Operating profit for the same period amounted to SEK 0 million (loss: 3).

Related party transactions

Related party transactions in the Serneke Group are normally attributed to contracting assignments, financing and purchasing of consulting services. Remuneration approved by the Annual General Meeting for Board work is not reported as related party transaction. The main objective is to generate more transactions, primarily in the form of construction projects. These vary depending on the level of activity in the project operations.

RELATED PARTY TRANSACTIONS JANUARY–MARCH 2017

Adapta	SEK million	Ola Serneke Invest AB	SEK million	Glimstedt	SEK million
Purchases from Adapta	3	Sales to Ola Serneke Invest AB	0	Purchases from Glimstedt	0
Sales to Adapta	108				

All transactions have been made on market terms.

Transactions with Adapta are considered to constitute related party transactions since the principal owner, Ludwig Mattsson, is a member of the Board of Serneke Group. The transactions consist mainly of construction income and rental of Serneke's headquarters. Transactions with Ola Serneke Invest AB are considered to be related party transactions, as Ola Serneke is the principal owner, CEO and a member of the Board of Serneke Group AB. The transactions consist primarily of disposals of tangible fixed assets. Transactions with Glimstedt are considered to constitute related party transactions, as one of the partners, Anders Wennergren, is a member of the Board of Serneke Group AB. These transactions consist primarily of consulting fees.

Significant risks and uncertainties

All business operations are associated with risk. Risks that are well-managed can lead to opportunities and create value, while risks that are not managed properly can result in damage and losses. Controlled risk taking is essential for good profitability. Serneke works with risk management from both a Group perspective and an operational perspective. The capacity to identify, assess, manage and follow up risks is an important part of the governance and control of Serneke's business operations.

Below are some significant risks.

External risks

- Political decisions, such as amended tax regulations, conditions of tenure, changed regulations on housing construction, infrastructure investments and municipal planning, could change the conditions of the market and of Serneke's operations.

Operational risks

- Project risks; Serneke operates in an industry in which various risks prevail involving both clients and suppliers. Large-scale and complicated disputes can be costly, time and resource intensive and may disrupt normal operations.
- The transaction for the sale of 50 percent of the Karlastaden project includes operational risks. The purchase consideration is calculated based on the assumption that the development rights above ground will amount to a certain number of square meters multiplied by a pre-determined price per square meter. The purchase consideration will be adjusted in the event that the potential number of square meters in accordance with the final details of the development rights diverges from the Company's assumption. In addition, the purchase consideration may be adjusted in the event that the development rights are resold at a price lower than that agreed between the parties in determining the purchase consideration. In accordance with the agreement, Serneke shall also be responsible for all property registration expenses and for certain other obligations and services involved in advancing the project, including decontamination, demolition and development measures. Serneke has estimated what the final cost is

expected to be. The agreement is conditional on the approval of a detailed development plan within a given period of time and that the approved detailed development plan is essentially consistent with the proposed plan currently being considered by the City of Gothenburg. In the event that Serneke's expenses and commitments become more expensive than expected, no detailed development plan is adopted, the detailed development plan is significantly delayed or deviates significantly from what was expected, this could have a negative effect on Serneke's operations, performance and financial position.

Financial risks

- Interest rate risks; interest rate risks, changes in interest rates could have a negative effect on performance and financial position.
- Liquidity; liquidity risk is the risk of being unable to meet payment obligations.
- Financing; Financing risk is the risk that financing cannot be secured or renewed on maturity, or can only be obtained or renewed at significantly increased expense, which could have a significant negative impact on the Company's operations and financial position.
- Credit risks; Credit risks, credit risk refers to the risk that the Company's customers and suppliers and sub-contractors are unable to meet their obligations
- Risks in the financial reporting; Serneke's financial reporting based on the Group's accounting policies, which include estimates and assessments made of various balance sheet items' value, and of when and how income is reported. For certain areas, there is a significant risk of material adjustments to the carrying values of assets and liabilities in future periods, which could, in turn, affect important key indicators.

For further information on risks and uncertainties, see the published Annual Report for 2016 at sernekegroup.se.

Other significant events during the report period

Eskilstuna Campus

At the end of 2016, it was announced that Serneke, in cooperation with Pareto, had secured the contract to develop and build the new campus in Eskilstuna for Mälardalen University. The long-term owner and manager of the property will be Hemsö Fastighets AB, which is now acquiring all of the shares in the project company. The sale is being conducted at an underlying property value of about SEK 800 million and also means that Hemsö will be responsible for the financing of the project during the construction period. The lease agreement with the university will run for 20 years.

The transaction will be completed pending final approval from the municipality of Eskilstuna and Mälardalen University, and the transaction will be recognized when the final terms of the agreement are met. No profit is being recognized in the first quarter of 2017.

The investment bank Pareto, which has been involved in the development of the Campus Eskilstuna project since 2015, has been responsible for financing and the sale.

Events after the reporting period

Serneke has carried out a corporate acquisition of development rights for approximately 40,000 square meters, as well as a small construction operation. The developments are geographically located mainly in Trollhättan, Vänersborg and Strömstad. Serneke's ambition is for several of the developments to enter into production in 2017 and 2018. Serneke will recognize the acquisition as of the first week of May. The acquisition strengthens Serneke's project portfolio and further increases its ability to continuously deliver a good return.

Press releases in the first quarter of 2017

January 4	Land owned by Serneke in Poland to be part of a special economic zone
January 30	Serneke to build 195 apartments in Älvsjöstad
January 31	New number of shares and votes in Serneke Group AB
February 1	Serneke continues construction of Trädgårdsstaden in Borås
February 22	Serneke to construct boiler house for combined power and heating (CHP) plant in Borås
February 28	Year-end Report, January–December 2016
February 28	2016 was another good year for Serneke
March 14	Serneke and Pareto sell Campus Eskilstuna to Hemsö
March 16	Serneke Civil Engineering rebuilds stretch of road in Skåne
March 27	Serneke builds apartments and terraced houses for Skandia Fastigheter in Sundbyberg
March 31	New number of shares and votes in Serneke Group AB

The Serneke share (SRNKE)

Serneke Group AB has two share series, Series A and B. On November 24, 2016, the company's Series B shares were introduced on Nasdaq Stockholm, Mid Cap. Serneke had over 5,000 shareholders at March 31, 2017 and the closing price on March 31, 2017 was SEK 104.

Serneke's ten largest shareholders, March 31, 2017

Name	Shares of Series A	Shares of Series B	Total number of shares	Percentage shares, %	Percentage of votes, %
Ola Serneke Invest AB	3,710,000	2,229,887	5,939,887	25.6	55.0
Lommen Holding AB	540,000	3,457,803	3,997,803	17.2	12.4
Christer Larsson i Trollhättan AB	380,000	497,000	877,000	3.8	6.0
Ledge Ing AB	330,000	450,000	780,000	3.4	5.3
Vision Group i väst AB	250,000	536,000	786,000	3.4	4.3
AB Stratio	150,000	75,000	225,000	1.0	2.2
Carnegie Fonder	0	956,126	956,126	4.1	1.3
Ernström Finans	0	850,000	850,000	3.6	1.2
Clients funds	0	812,756	812,756	3.5	1.1
Svolder Aktiebolag	0	702,125	702,125	3.0	1.0
Total, ten largest	5,360,000	10,556,697	15,916,697	68.5	89.8
Other shareholders	0	7,325,255	7,325,255	31.5	10.2
Total	5,360,000	17,881,952	23,241,952	100.0	100.0

Source: Euroclear and Serneke

Share series, number of shares and votes, March 31, 2017

Class of shares	Shares	Votes
Series A shares	5,360,000	5,360,000.0
Series B shares	17,881,952	1,788,195.2
Total	23,241,952	7,148,195.2

Incentive program

At the General Meeting of April 13, 2015, the Company decided to issue convertible debentures with a nominal value of SEK 49.5 million. The convertible debentures are valid up to and including April 28, 2017, carry 4.0 percent annual interest and have a conversion price of SEK 49.50. During the term of the convertibles, holders are entitled to request conversion into new Series B shares. Upon conversion, a maximum of 1,000,000 Series B shares may be added and share capital may increase by a maximum of SEK 100,000.

The Annual General Meeting of June 29, 2016, resolved to issue convertibles with a nominal value of approximately SEK 15.9 million. The convertibles are valid up to and including August 26, 2019, carry 1.6 percent annual interest and have a conversion price of SEK 120. Upon conversion, a maximum of 132,350 Series B shares may be added and share capital may increase by a maximum of SEK 13,235. During the term of the convertibles, holders are entitled, on certain occasions, to request conversion into new Series B shares. At March 31, 2017, a total of 994,349 convertibles were converted to B shares and 138,001 convertibles remained.

Financial calendar

Annual General Meeting 2017. Gothenburg	May 3, 2017
Interim Report January 1–June 30, 201	July 18, 2017
Interim Report January 1–September 30, 2017	October 27, 2017

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

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 the Company.

Gothenburg, May 3, 2017
Serneke Group AB (publ)

Board

Ulf Ivarsson
Chairman

Mari Broman
Member

Ludwig Mattsson
Member

Ola Serneke
CEO

Anders Wennergren
Member

Kristina Willgård
Member

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This information is such that Serneke Group AB (publ) is obliged to publish pursuant to the EU Market Abuse Regulation. The information was submitted for publication on May 3, 2017, at 17:45 a.m.

QUARTERLY DATA AND MULTI-YEAR REVIEW

	Jan–Mar	Oct–Dec	Jul–Sep	Apr–Jun	Jan–Mar	Oct–Dec	Jul–Sep	Apr–Jun
SEK million	2017	2016	2016	2016	2016	2015	2015	2015
Income								
Construction	1,003	1,089	683	809	648	701	558	714
Civil Engineering	123	162	121	93	79	117	111	101
Project development	50	37	11	323	2	363	165	5
Property	12	8	4	2	1	1	0	1
Group-wide	8	27	34	20	18	3	28	17
Elimination	-58	-57	-51	-38	-47	-175	-47	-67
Total	1,138	1,266	802	1,209	701	1,010	815	771
Operating profit								
Construction	41	40	19	13	14	14	22	19
Civil Engineering	-4	-9	-7	-12	-8	-16	2	0
Project development	0	5	-6	343	-8	172	-7	-1
Property	11	10	46	-19	0	-1	2	-1
Group-wide	-1	-12	13	-7	-4	-47	-7	-12
Total	47	34	65	318	-6	122	12	5
Operating margin, %	4.1	2.7	8.1	26.3	-0.9	12.1	1.5	0.5
Profit after net financial items	40	29	60	313	-8	119	8	0
Profit/loss for the period	33	26	52	321	-5	138	13	-1
Balance sheet								
Fixed assets	1,212	1,160	1,032	986	340	408	223	213
Current assets	2,393	2,277	1,826	1,520	1,405	1,244	1,224	1,287
Total assets	3,605	3,437	2,858	2,506	1,745	1,652	1,447	1,500
Shareholders' equity	1,530	1,469	822	769	448	453	316	266
Non-current liabilities	725	764	919	662	403	398	225	308
Current liabilities	1,350	1,204	1,117	1,075	894	801	906	926
Total equity and liabilities	3,605	3,437	2,858	2,506	1,745	1,652	1,447	1,500
Orders								
Order bookings	2,069	1,650	920	1,724	1,245	1,988	702	724
Order backlog	7,995	7,041	6,629	6,480	5,666	5,125	3,953	3,852
Employees								
Average number of employees	878	847	800	759	713	665	640	601

IFRS-based key indicators

	Jan–Mar 2017	Jan–Mar 2016	Apr–Mar 2016/2017	Jan–Dec 2016
SEK million				
Income	1,138	701	4,415	3,978
Earnings per share, SEK, before dilution	1.44	-0.30	22.52	22.40
Earnings per share, SEK, after dilution	1.41	-0.28	21.58	21.22
Weighted average number of shares before dilution	22,932,219	16,565,785	19,182,238	17,590,630
Weighted average number of shares after dilution	23,379,953	17,565,785	20,021,443	18,567,901

Other key indicators

	Jan–Mar 2017	Jan–Mar 2016	Apr–Mar 2016/2017	Jan–Dec 2016
SEK million				
Operating profit	47	-6	464	411
Growth, %	62.3	37.2	33.9	28.0
Order bookings	2,069	1,245	6,363	5,539
Order backlog	7,995	5,666	7,995	7,041
Organic growth, %	62.3	37.2	33.9	28.0
Operating margin, %	4.1	-0.9	10.5	10.3
Cash flow before financing	111	-62	17	-156
Cash flow from operations per share, before dilution	6.10	-3.56	12.72	2.56
Cash flow from operations per share, after dilution	5.99	-3.36	12.19	2.42
Equity per share, SEK, before dilution	65.83	27.04	65.83	64.67
Equity per share, SEK, after dilution	65.44	25.50	65.44	62.83
Working capital	1,043	511	1,043	1,073
Capital employed	2,022	726	2,022	1,985
Return on capital employed, %	34.6	19.9	34.6	31.8
Return on equity after taxes, %	43.7	40.5	43.7	41.0
Equity/assets ratio, %	42.4	25.7	42.4	42.7
Net debt	-218	287	-218	-37
Net debt/equity ratio, %	-14.2	64.1	-14.2	-2.5

SUMMARY FINANCIAL STATEMENTS

Summary of Consolidated Income Statement

	Jan-Mar 2017	Jan-Mar 2016	Apr-Mar 2016/2017	Jan-Dec 2016
SEK million				
Income	1,138	701	4,415	3,978
Production and administration expenses	-1,091	-691	-4,138	-3,738
Gross profit	47	10	277	240
Sales and administration expenses	-26	-19	-104	-97
Change in value of investment properties	19	-	61	42
Revaluation of joint ventures	-	-	226	226
Share in profit of associates and joint ventures	7	3	4	0
Operating profit	47	-6	464	411
Net financial items	-7	-2	-22	-17
Earnings after financial items	40	-8	442	394
Tax	-7	3	-10	0
Profit/loss for the period	33	-5	432	394
Attributable to:				
Parent Company shareholders	33	-5	432	394
Non-controlling interests	0	0	0	0
Earnings per share before dilution, SEK	1.44	-0.30	22.52	22.40
Earnings per share after dilution, SEK	1.41	-0.28	21.58	21.22
Average number of shares before dilution	22,932,219	16,565,785	19,182,238	17,590,630
Average number of shares after dilution	23,379,953	17,565,785	20,021,443	18,567,901

Consolidated statement of comprehensive income

	Jan-Mar 2017	Jan-Mar 2016	Apr-Mar 2016/2017	Jan-Dec 2016
SEK million				
Profit/loss for the period	33	-5	432	394
Other comprehensive income	0	0	0	0
Total comprehensive income	33	-5	432	394

Condensed Consolidated Balance Sheet

SEK million	Mar 31 2017	Mar 31 2016	Dec 31 2016
Assets			
<i>Fixed assets</i>			
Intangible fixed assets	23	23	23
Investment properties	350	13	329
Other tangible fixed assets	78	76	75
Investments in associates/joint ventures	435	97	424
Deferred tax assets	42	39	48
Non-current interest-bearing receivables	54	21	30
Other non-current receivables	230	71	231
Total non-current assets	1,212	340	1,160
<i>Current assets</i>			
Project and development properties	238	646	242
Inventories	2	4	2
Accounts receivable	595	445	589
Accrued but not invoiced income	234	193	252
Other current receivables	626	108	621
Cash and bank balances	698	9	571
Total current assets	2,393	1,405	2,277
Total assets	3,605	1,745	3,437
Equity and liabilities			
Shareholders' equity	1,530	448	1,469
<i>Non-current liabilities</i>			
Non-current interest-bearing liabilities	365	109	436
Other non-current liabilities	224	190	208
Other provisions	136	104	120
Total long-term liabilities	725	403	764
<i>Current liabilities</i>			
Current interest-bearing liabilities	169	208	128
Current tax liabilities	6	9	10
Accounts payable	578	359	541
Invoiced but not accrued income	263	200	172
Other current liabilities	334	118	353
Total current liabilities	1,350	894	1,204
Total equity and liabilities	3,605	1,745	3,437

Summary of changes in consolidated shareholders' equity

SEK million	Mar 31 2017	Mar 31 2016	Dec 31 2016
Equity attributable to Parent Company shareholders			
Balance at beginning of period	1,469	453	453
New share issue	-	-	598
Conversion, convertible debenture loans	27	-	23
Convertible debentures – equity portion	1	-	1
Comprehensive income for the period	33	-5	394
Balance at end of period	1,530	448	1,469

Condensed consolidated cash flow statement

SEK million	Jan–Mar 2017	Jan–Mar 2016	Apr–Mar 2016/2017	Jan–Dec 2016
<i>Operating activities</i>				
Cash flow before change in working capital	28	-8	25	-11
Change in working capital	112	-51	219	56
Cash flow from operating activities	140	-59	244	45
<i>Investment activities</i>				
Acquisitions of investment properties	-	-	-175	-175
Acquisitions of businesses	-	-	-10	-10
Increase/decrease in investing activities	-29	-3	-42	-16
Cash flow from investment activities	-29	-3	-227	-201
Cash flow before financing	111	-62	17	-156
<i>Financing activities</i>				
Convertible loan	-	-	16	16
Newly raised borrowings	-	-	547	547
New share issue	-	-	598	598
Amortization of liabilities	-	-	-427	-427
Increase/decrease in financing activities	16	60	-62	-18
Cash flow from financing activities	16	60	671	716
Cash flow for the period	127	-2	688	560
Cash and cash equivalents at beginning of year	571	11	9	11
Cash and cash equivalents at end of year	698	9	698	571

Parent Company condensed Income Statement

SEK million	Jan-Mar 2017	Jan-Mar 2016	Apr-Mar 2016/2017	Jan-Dec 2016
Income	26	16	98	88
Sales and administration expenses	-26	-19	-104	-97
Operating profit	0	-3	-6	-9
Net financial items	-6	-2	-13	-9
Earnings after financial items	-6	-5	-19	-18
Appropriations	0	0	-39	-39
Profit/loss before tax	-6	-5	-58	-57
Tax	1	1	9	9
Profit/loss for the period	-5	-4	-49	-48

Parent Company statement of comprehensive income

SEK million	Jan-Mar 2017	Jan-Mar 2016	Apr-Mar 2016/2017	Jan-Dec 2016
Profit/loss for the period	-5	-4	-49	-48
Other comprehensive income	0	0	0	0
Total comprehensive income	-5	-4	-49	-48

Parent Company condensed consolidated balance sheet

SEK million	Mar 31 2017	Mar 31 2016	Dec 31 2016
Assets			
<i>Fixed assets</i>			
Tangible fixed assets	5	9	6
Investments in Group companies	84	33	75
Deferred tax assets	55	38	54
Other non-current receivables	2	1	1
Total non-current assets	145	81	136
<i>Current assets</i>			
Project and development properties	3	3	3
Other current receivables	697	562	721
Cash and bank balances	638	4	476
Total current assets	1,338	569	1,200
Total assets	1,483	650	1,336
Equity and liabilities			
Shareholders' equity	707	106	683
<i>Non-current liabilities</i>			
Non-current interest-bearing liabilities	312	56	312
Total long-term liabilities	312	56	312
<i>Current liabilities</i>			
Current interest-bearing liabilities	1	62	27
Accounts payable	14	9	15
Other current liabilities	449	417	299
Total current liabilities	464	488	341
Total equity and liabilities	1,483	650	1,336

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 financial statements have been prepared in accordance with the Annual Accounts Act and RFR 2. New standards and interpretations have not had any material impact on the consolidated accounts. From June 2016, ESMA's guidelines on alternative key ratios are applied.

During the period, the Group acquired and sold assets through companies that were not deemed to be corporate acquisitions/disposals of business. 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.

In addition, the Interim Report has been prepared in accordance with the same accounting principles and calculation methods as in the Annual Report for 2016. For detailed information regarding accounting policies, see Serneke's 2016 Annual Report, see www.serneke.group.

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 2016 Annual Report.

Level 1 – Valuation is made according to prices in active markets for identical instruments.

Level 2 – Financial instruments for which the fair value is established based on valuation models that are based on observable data for the asset or liability other than quoted prices included in Level 1.

Level 3 – Financial instruments for which fair value is established based on valuation models where significant inputs are based on non-observable data.

Group SEK million	Dec 31 2016	Dec 31 2015
<i>Financial assets</i>		
Available-for-sale financial assets*	1	1
Total financial assets	1	1
<i>Financial liabilities</i>		
Other short- and long-term liabilities	31	31
<i>Of which, additional purchase considerations**</i>	31	31
Total financial liabilities	31	31

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

** In the fair value calculation of the additional purchase considerations at level 3, project estimates, budgets and forecasts have been applied.

For the Group's other financial assets and financial liabilities, the reported values are assessed as corresponding to the actual values. No significant changes in valuation models, assumptions or inputs were made during the period.

NOTE 3 PLEDGED ASSETS AND CONTINGENT LIABILITIES

The Group pledges collateral for external loans. The Group's contingent liabilities arise primarily in connection with different property disposals, whereby various operational guarantees may occur, as well as performance guarantees for future contracts. Serneke Group AB (publ) has also entered into a guarantee undertaking, which means that the co-owners in Prioritet Serneke Arena are jointly responsible for the correct fulfillment of interest and repayment of the associate's liabilities to credit institutions in the event that the associate is unable to pay.

Pledged assets and contingent liabilities in the consolidated balance sheet:

Group	Mar 31 2017	Mar 31 2016	Dec 31 2016
Pledged assets	1,007	413	920
Contingent liabilities/contingent liabilities	298	219	243
Parent Company			
Pledged assets	219	110	222
Contingent liabilities/contingent liabilities	605	401	519

Financial definitions

Key indicators	Definition	Purpose
INCOME	Within the construction operations, income is reported in accordance with the percentage-of-completion method. This income is recognized in pace with construction projects within the Company being completed. For project development, income and gains on disposals of land and development rights are recognized at the point in time at which the material risks and benefits are transferred to the buyer, which normally coincides with the transfer of ownership, as well as other income, such as rental income. In the Parent Company, income corresponds to invoiced sales of Group-wide services and rental income.	In the Company's view, the key indicator allows investors, who so wish, to assess the Company's earnings capacity.
Growth	Income for the period less income for the previous period divided by income for the previous period.	In the Company's view, the key indicator allows investors, who so wish, to assess the Company's capacity to increase its earnings.
Organic growth	Income for the period, adjusted for acquired growth, less income for the previous period, adjusted for acquired growth, divided by income for the previous period, adjusted for acquired growth.	In the Company's view, the key indicator allows investors, who so wish, to assess the Company's capacity to increase its income without acquiring operating companies.
		</

Order bookings	The value of new projects and changes in existing projects during the period.	In Serneke's view, the key indicator allows investors, who so wish, to assess the Group's sales by Business Area Construction and Business Area Civil Engineering for the current period.		
Order backlog	The value of the Company's undelivered orders at the end of the period.	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.		
Operating margin	Operating profit divided by income.	In the Company's view, the key indicator allows investors, who so wish, to assess the Company's profitability.		
Working 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.	
		Mar 31	Mar 31	Dec 31
	Calculation of capital employed	2017	2016	2016
	Total assets	3,605	1,745	3,437
	Deferred tax assets	-42	-39	-48
	Less non-interest-bearing liabilities including deferred tax liabilities	-1,541	-980	-1,404
	Capital employed	2,022	726	1,985
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.	
		Mar 31	Mar 31	Dec 31
	Calculation of average capital employed	2017	2016	2016
	March 31, 2017 (2,022) March 31, 2016 (726) / 2	1,374		
	March 31, 2016 (726) March 31, 2015 (633) / 2		680	
	December 31, 2016 (1,985) + December 31, 2015 (670) / 2			1,328
		Mar 31	Mar 31	Dec 31
	Calculation of return on capital employed	2017	2016	2016
	Earnings after financial items	442	119	394
	Plus financial expenses	34	16	28
Average capital employed	1,374	680	1,328	
Return on capital employed	34.6%	19.9%	31.8%	

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.		
		Mar 31	Mar 31	Dec 31
	Calculation of average shareholders' equity	2017	2016	2016
	March 31, 2017 (1,530) March 31, 2016 (448) / 2	989		
	March 31, 2016 (448) March 31, 2015 (267) / 2		358	
	December 31, 2016 (1,469) + December 31, 2015 (453) / 2			961
		Mar 31	Mar 31	Dec 31
	Calculation of return on shareholders' equity	2017	2016	2016
	Profit/loss for the period	432	145	394
	Average shareholders' equity	989	358	961
	Return on equity	43.7%	40.5%	41.0%
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.		
Equity per share	Total equity according to the balance sheet divided by the number of shares outstanding on the closing date.	The Company believes that key ratios give investors a better understanding of historical return per share at the closing date.		
Cash flow from operations per share	Cash flow from operating activities divided by the average number of shares during the period.	It is the Company's view that the key indicator gives investors a better understanding of the operations' cash flow in relation to the number of shares, adjusted for changes in the number of shares during the period.		
Earnings per share	Profit for the period divided by the average number of shares during the period.	It is the Company's view that the key indicator gives investors a better understanding of profit per share.		

Serneke in brief

Serneke is a rapidly growing corporate group active in construction, civil engineering, project development and property management with around 880 employees. Through novel thinking, we drive development and create more effective and more innovative solutions for responsible construction. The business has a good mix of public and commercial assignments, providing strength over economic cycles.

Serneke's annual reports and other financial information are available under the tab Investors at www.serneke.group.

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