

Growth journey continues with strengthened margin

October–December 2017

- Income amounted to SEK 1,732 million (1,266), an increase of 37 percent
- Operating profit amounted to SEK 210 million (34) and the operating margin was 12.1 percent (2.7)
- Order bookings amounted to SEK 152 million (26)
- Earnings per share after dilution amounted to SEK 6.49 (1.21)
- Operating income for the contracting operations amounted to SEK 60 million (31) and operating margin to 3.5 percent (2.5)
- Cash flow from operating activities amounted to a negative SEK 138 million (52)
- Order bookings amounted to SEK 1,898 million (1,650)
- The detailed development plan for Karlastaden has gained legal force
- Managed properties have been revalued with a net increase of SEK 209 million (0)

January–December 2017

- Income amounted to SEK 5,605 million (3,978), an increase of 41 percent
- Operating profit amounted to SEK 419 million (411) and the operating margin was 7.5 percent (10.3)
- Order bookings amounted to SEK 323 million (394)
- Earnings per share after dilution amounted to SEK 13.81 (21.22)
- The equity/assets ratio was 41.3 percent (42.7)
- Cash flow from operating activities amounted to SEK 47 million (45)
- Order bookings amounted to SEK 6,400 million (5,539)
- Order backlog amounted to SEK 7,965 million (7,041)
- The Board proposes a dividend of SEK 4 (0) for 2017

Ola Serneke, President and CEO, comments the year-end report of 2017:

The Group showed growth of 37 percent in the fourth quarter. Income increased to SEK 1,732 million (1,266), with operating profit of SEK 210 million (34).

Construction continues to grow with stable profitability. Income for Construction in the fourth quarter increased by 39 percent to SEK 1,511 million (1,089), with a retained operating margin of 3.7 percent. Operating margin for the full year 2017 increased to 3.7 percent (2.7), which shows that we can, as a priority objective, continue to combine profitability and growth over the long-term. For the full year 2017, the order book for Construction has grown to SEK 7,649 million (6,753). During the period, two collaboration agreements were also entered into – with the Swedish Exhibition and Congress Centre Group, and with Akademiska Hus for the School of Business, Economics and Law at the University of Gothenburg. Both are good examples of major strategic projects for which we collaborate from start to finish with clients. These projects will be booked upon entering into contracting agreements before the start of production.

Civil Engineering has reversed a loss to now show a profit, again demonstrating that it has moved beyond a difficult construction phase to enter 2018 with good control and a stable organization.



Income in the fourth quarter increased by 28 percent to SEK 208 million (162) with an operating margin of 1.9 percent (negative 5.6). The order backlog has also increased to SEK 316 million (288). We aim to increase sales while being selective in which orders we bid on, to ensure that profitability continues to develop well.

Project Development has more projects underway than previously and increased income to SEK 53 million (37). Despite a turbulent market with a great deal of focus mainly on high-priced centrally-located tenant-owner apartments, our assessment is that demand remains high, on a national level, for good housing in the right locations and at the right price. This is very much in line with how our project portfolio is structured.

Property shows why its holdings at Sävle are an important complement to the Group's offering. The initial acquisition of Sävle Flygplats included a lease on the adjacent Sävle Depå property, which restricted possibilities for other players but also gave Serneke an exclusive opportunity to acquire Sävle Depå at a favorable price. This type of complementary acquisition, opening possibilities to generate value, offers a good example of the potential in our business area Property.

Milestone reached for the Group

In December, the Group passed the 1,000-employee mark. It is with great pride and humility that I'm able to say that so many have chosen to be part of our vision of the Serneke Group. Without the hard work of all our dedicated employees, we would never have gotten to where we are today. The challenge is to continue to be a long-term sustainable employer that allows employees to develop and contribute based on their individual capabilities and circumstances. We will continue to maintain the high level of our core values and retain our unique corporate culture. Over time, this is what will attract new colleagues and is what makes us all proud to be part of the team on this journey together. Being the industry's most attractive employer is, and will continue to be, one of our primary objectives.

Milestone reached for Karlstaden

In December, the detailed development plan for our project Karlstaden gained legal force. It is extremely satisfying that we have now passed this milestone, which allows us to further develop the area for housing, offices, commerce and everything else that characterizes a living urban environment. Throughout, the process has involved a good collaboration with the City of Gothenburg and a common ambition to create a vibrant and inviting city center that is open to all. We look forward to starting construction of this unique district in 2018.

Presentation of the year-end report January-December 2017

On February 7, 2018 at 09:00 a.m. (CET), Serneke Group will comment on this Year-end 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.

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This information is such that Serneke is required to disclose under the EU Market Abuse Regulation. The information was submitted under the auspices of the contact person stated above, for publication on February 7, 2018 at 8:00 a.m. CET.

Serneke is a rapidly growing corporate group active in construction, civil engineering, project development and property management. The Group was founded in 2002 and has today over 1000 employees. Through novel thinking, the Company drives development and create more effective and more innovative solutions for responsible construction. The Company builds and develops housing, commercial buildings, industrial facilities, public buildings, roads and civil engineering projects, and other infrastructure. The Company's customers are public and commercial clients and operations are focused on the three metropolitan regions in Sweden, Gothenburg (Region West), Stockholm (Region East) and Malmö (Region South). Serneke's headquarters are located in Gothenburg and the Company also has offices in Stockholm, Uppsala, Malmö, Helsingborg, Borås, Halmstad, Strömstad, Trollhättan, Växjö, Varberg and Alingsås. The Company's Series B shares (SRNKE) have been listed on the Nasdaq Stockholm exchange since November 2016.

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