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FINANCIAL INFORMATION

The Skanska Group's interim reports for 2003 will be published on the following dates:

| | |
|--------------------------|-------------------|
| Three Month Report | May 6, 2003 |
| Six Month Report | July 24, 2003 |
| Nine Month Report | October 30, 2003 |
| Year-end Report for 2003 | February 12, 2004 |

More information on the Skanska Group is available at the Group's Swedish and English-language web sites:

www.skanska.se
www.skanska.com

Skanska also publishes a Sustainability Report, which contains more information about the Group's work in the fields of sustainable development and the environment.

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This document is in all respects a translation of the Swedish original Annual Report. In the event of any differences between this translation and the Swedish original, the latter shall prevail.

The year 2002 in brief

- Net sales in 2002 amounted to SEK 146 billion. Operating income in construction-related operations successively improved during the year, as did the cash flow from business operations.
- In 2002, Sverker Martin-Löf was elected the new Chairman of the Board of Skanska AB and Stuart Graham was appointed the new President and CEO.
- A strategic review of all units was carried out during the autumn of 2002.
- The Group's operating income amounted to SEK 976 million. Writedowns and restructuring expenses totaling SEK 2.0 billion were charged to operating income as a result of the strategic review.
- For the full year, the Group reported a loss after tax totaling SEK -837 M.



2002

| | Change | SEK M | EUR M |
|--|--------|---------|--------|
| Order bookings | -10% | 137,590 | 15,021 |
| Order backlog | -13% | 137,940 | 15,075 |
| Net sales | -12% | 145,576 | 15,893 |
| Operating income excl. items affecting comparability | +4% | 2,621 | 286 |
| Items affecting comparability | | -1,645 | -180 |
| Operating income | -57% | 976 | 107 |
| Income after financial items | -93% | 73 | 8 |
| Result per share, SEK | | -2.00 | |
| Return on shareholders' equity | | neg | neg |
| Return on capital employed | | 4.3% | 4.3% |

Skanska in brief

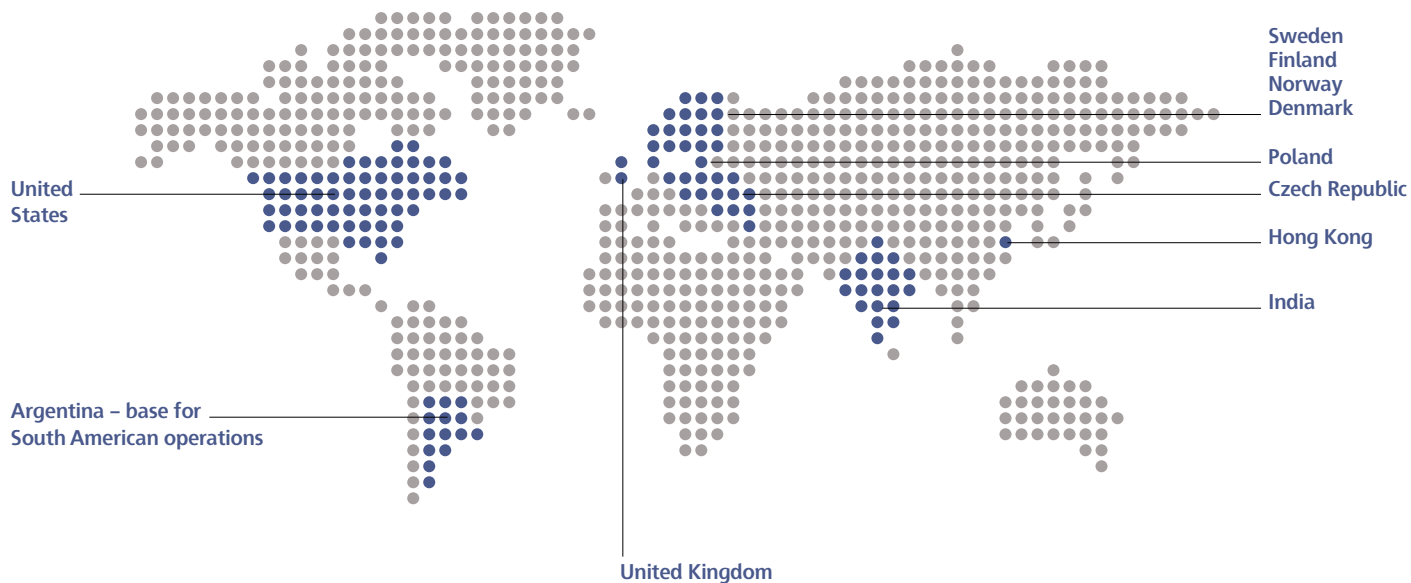
- Skanska is one of the world's leading companies in construction-related services and project development.
- Skanska's annual net sales are about SEK 146 billion.
- Operations take place in 11 "home markets".
- Skanska has 76,000 employees.
- Fortune magazine has ranked Skanska as the world's most admired company in the construction industry and as Europe's third most admired company in all categories.



Business streams



| Construction and Services | Residential Project Development | Commercial Project Development | BOT |
|--|--|---|--|
| <p>Construction refers to building and civil construction. About 60 percent of Skanska's sales are related to building construction. Civil construction consists mainly of infrastructure projects such as rail systems, bridges, tunnels, roads, harbors and power plants.</p> <p>The main business of Skanska Services, Facilities Management (FM), includes a broad spectrum of services related to operation and maintenance of properties, as well as individually tailored contracts for property management.</p> <p>At year-end, Construction and Services accounted for 51 percent of capital employed.</p> | <p>Skanska is conducting Residential Project Development in the Nordic countries, in Poland and in the Czech Republic. This business covers the activities from land acquisition through to the sale of apartments. At the end of 2002, over 6,000 units were in production, and Skanska had over 19,000 unutilized building rights.</p> <p>Successful residential project development involves challenges quite different from construction operations.</p> <p>Residential development is another type of business, which must be evaluated on the basis of return on capital employed. From the second quarter of 2003 onward, this business stream will be reported separately from construction operations in Europe.</p> <p>At year-end, Residential Project Development accounted for 13 percent of capital employed.</p> | <p>Skanska carries out commercial project development in a number of Scandinavian and Central European markets. These operations focus on office and retail projects, where the objective is to complete the entire development cycle – land purchase, planning, pre-construction engineering, leasing, construction and divestment – within an average period that should not exceed three years.</p> <p>In the future, the focus will continue to be on the stages of a property's life cycle that add the greatest value – with planning, leasing work and transaction work as the most important.</p> <p>At year-end, these operations accounted for 33 percent of capital employed.</p> | <p>BOT – Build-Operate-Transfer refers to infrastructure projects that are financed privately, instead of via public funds or taxes. BOT projects may include everything from pure infrastructure such as roads and bridges to school, hospital and prison properties.</p> <p>Skanska's BOT expertise encompasses the whole chain from financing to design, construction, operation and maintenance of the finished facility.</p> <p>At year-end, BOT operations accounted for 3 percent of capital employed.</p> |



Skanska's operations focus mainly on eleven "home markets". It has construction businesses in all these markets. In the Nordic countries as well as in Poland and the Czech Republic, Skanska performs residential project development. Skanska also has certain operations in other countries. Commercial project development is performed by specialized units in Sweden, Poland, the Czech Republic and Hungary. BOT operations focus on Skanska's home markets but include projects in Chile, Brazil and Mozambique as well.

The largest global construction companies¹
Total sales 2001²

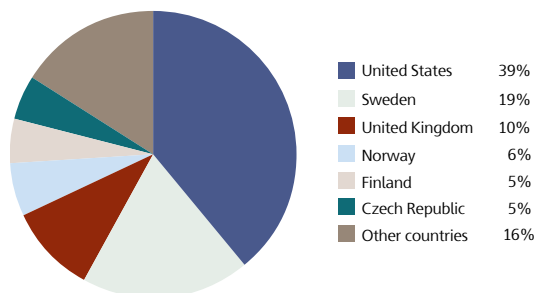
| Company | Country | USD bn |
|--------------------|---------------|--------|
| Vinci | France | 15.4 |
| Skanska AB | Sweden | 14.3 |
| Bouygues | France | 12.8 |
| Hochtief AG | Germany | 11.7 |
| Bechtel Group Inc. | United States | 11.3 |
| Fluor Corp. | United States | 7.2 |
| Centex | United States | 6.3 |
| Halliburton KBR | United States | 5.9 |
| China State Const. | China | 5.8 |
| EIFFAGE | France | 5.6 |

Source: Engineering News Record, ENR Sourcebook, December 2002

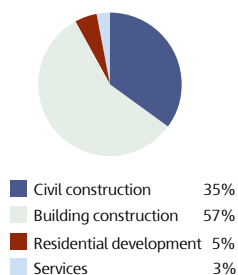
¹ Excluding Japanese construction companies.

² Data not available for 2002.

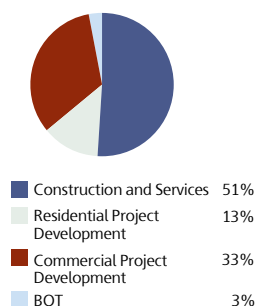
Net sales
by geographic area



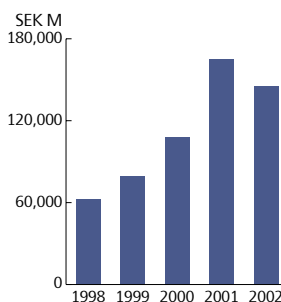
Order backlog



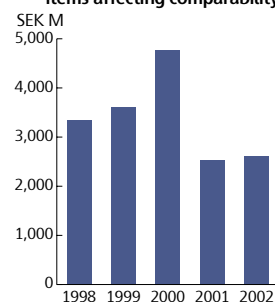
Allocation of
capital employed



Net sales



Operating income excluding
items affecting comparability



Comments by the President and CEO

Our strategy has the potential to significantly increase earnings without further geographic expansion

2002



2002 IN REVIEW

Earnings in Skanska's construction operations improved, compared to 2001. Most construction business units showed positive development in operating income before the impact of goodwill writedowns. The star performers in construction were Skanska CZ (Czech Republic) and Skanska USA Civil. The Project Development Sweden business unit maintained more than 85 percent pre-leasing in ongoing projects.

Skanska Services, though still quite small, improved margins and reduced capital employed despite the impact of downsizing by its largest customer.

Turnarounds were achieved in Skanska Denmark and Selmer Skanska (Norway). Our South American operations, Sade Skanska, showed strong profit improvement despite extremely difficult economic conditions. This business unit is a prime example of the true entrepreneurial spirit and determination that have always characterized Skanska.

Our BOT (privately financed project) business continued to progress and we expect a sale of one of our projects in 2003, demonstrating the long range potential in this business. Our construction business units are showing good profitability on BOT projects, making this an even more attractive business for Skanska.

Unfortunately, the need to adjust goodwill in Selmer Skanska (Norway), Skanska Poland and Gammon Skanska (Hong Kong), as well as year-end provisions to cover exit costs for parts of certain business units, totaled about SEK 2 billion, resulting in a loss for the year at Skanska. Also excluded from year-end results is the sale of the CityCronan commercial project in Stockholm, which will generate a gain exceeding SEK 1 billion.

The year 2002 was also highlighted by the continued strengthening of internal controls and the integration of our recent acquisitions into the Skanska Group. This will serve to reduce risk and generate stable earnings growth in the future.

Skanska demonstrated its leadership in the industry by introducing and beginning the implementation of a rigorous Code of Conduct. It is vital to the future of the company that Skanska behaves according to an irreproachable ethical standard. Training and enforcement will be important cornerstones in our work with the Code of Conduct going forward. Violations of the Code will not be tolerated.

In Sweden, where we have had several disappointing events over the past few years, we initiated the "Turn the Tide" program to improve quality and customer focus. We are, and intend to remain, the leader in the construction and project development industry in Sweden.

In 2002, we maintained our ISO 14001 certification and remained a leader in the construction industry in managing our work in an increasingly environmentally sensitive way. Details of our environmental and social responsibility program are covered in a separate Sustainability Report.

Finally, in 2002 we intensified the focus on developing managers and leaders to better serve our customers and produce attractive results for our shareholders. We established an improved personnel evaluation system and revamped the Skanska Management Institute into what we now call the Skanska Leadership Institute. We plan even more improvements in management development during 2003.

We did a lot of things right in 2002 that will benefit our shareholders in 2003 and beyond.



Looking forward

During the summer of 2002, our Board reconfirmed Skanska's strategic direction. In the fall of 2002, we further defined our strategy and analyzed each of our businesses against that sharpened strategy.

As a result of this analysis we determined that our strategy, if maximized, has the potential to significantly increase earnings without further geographic expansion. We also decided that two business units no longer fit our strategic requirements: Skanska International Projects (because of the "home market" strategy) and our residential development business in the U.S. (because we are not a leader in this sector). Certain other small operations in other markets will also be phased out.

Our review also led to initiatives to strengthen our balance sheet. Beginning in 2003, we will dispose of underutilized assets, reduce capital employed in residential as well as commercial project development and reduce debt. Residential development will be a separate business stream from construction, improving visibility.

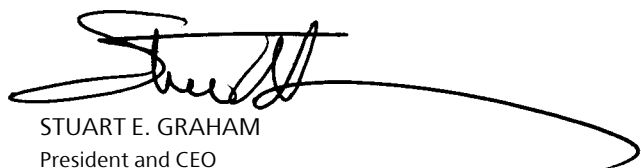
Going forward, we want Skanska to be defined as a decentralized/integrated company. This concept embodies our strong belief that construction and development are local businesses, requiring local management and know-how. Experience tells us this is a lower risk model than exporting construction services internationally from headquarters. This is why our strategy is based on achieving leading positions in the countries we call home markets. However, there is also great value in the Skanska brand that requires certain common standards and control processes to integrate the various

business units into one company – Skanska. We will continue this process of integration in 2003 to make Skanska a consistent, recognizable leader in all of our markets.

We also want to make Skanska easier for our shareholders to understand. Therefore we are initiating several changes that will improve visibility and justify the capital employed in the various business streams. Our intention is to provide clear and transparent information for our shareholders to understand Skanska and see short-term results in the context of our business. We think this will encourage investors who are interested in solid long-term investments.

Finally, I want to thank my predecessor and long-time associate Claes Björk for his 35 years of service to Skanska. Claes initiated and developed our very successful business in the United States and then, as CEO, expanded Skanska through numerous acquisitions in Europe. The platform developed during his tenure provides us with marvelous opportunity. It is now up to his successors to deliver on this opportunity.

Stockholm, March 2003



STUART E. GRAHAM
President and CEO

Mission, vision and strategy



Mission

Skanska's mission is to develop, build and maintain the physical environment for living, traveling and working.

Vision

Skanska shall be a world leader – the client's first choice – in construction-related services and project development.

Maximizing Skanska's strategy



Skanska's goals are to:

- Be number 1 or 2, in terms of size and profitability, in all the home markets of its construction business units.
- Be the leading project developer in selected countries and in selected product areas such as residential, office, retail and selected types of BOT projects.
- Have a value-enhancing Services business.



Focus on performance



Result

Be truly customer-focused

Customer focus means, first and foremost, delivering the expected quality at the promised time. By adding value and exceeding expectations, Skanska gains the long-term trust of its customers. It takes a lot of time and effort to gain good customers, but only one bad experience to lose them.

Have a great management development program

Successful projects and customer relations depend on good managers. Opportunities for further training and personal development are prerequisites for retaining these employees. Skanska has a system for developing managers with potential, rewarding good performance and taking steps to deal with those who do not meet expectations. A broad base of highly skilled managers is a crucial asset in maximizing the strategy.

Optimize the balance between decentralization and integration

Construction and development are local businesses so it is important for Skanska to maintain the decentralized entrepreneurial approach. At the same time Skanska is one company and must have the controls, standards and procedures to protect the Company's financial position and brand name. Therefore, the decentralized/integrated model is the best way to create added value to customers, employees and shareholders.

Be an agent for change

Skanska must take advantage of its leading position to influence the construction industry in a positive direction. The industry needs to be more receptive to change and accord greater value to ethics and quality. To contribute to all this is Skanska's responsibility as a leading company. In turn, it will attract both customers and talented employees.

Steadily rising shareholder value.

By focusing on performance, aside from satisfied clients and employees, the result will also be that Skanska will generate greater shareholder value.



“We work very hard to understand and satisfy the needs of our customers”

Simon Hipperson, Skanska UK

Healthy outlook for PFI in the UK

Skanska UK is a PFI market leader after completing 15 projects, all of them successful.

More and more of Britain's infrastructure is being replaced under the Private Finance Initiative, whereby the risks of building and operating new hospitals, schools, prisons and other infrastructure projects are transferred to the private sector. This requires construction companies to understand the needs of the end users. They must also create facilities that are economical to operate and maintain, while maximizing the operational capability.

Success comes when the whole team – from finance through design and construction to operation and maintenance – is integrated and provides the customer with a solution that was not previously available.

Skanska UK is a market leader in this segment, having undertaken 15 PFI projects and delivered every one successfully.

During 2002, Skanska completed ahead of schedule the first phase of the King's College PFI redevelopment – a new 23,000 sq metre seven storey clinical building. Skanska also reached financial closure on the new Coventry Hospital amounting to SEK 6.9 billion. This was Skanska's largest-ever

order for a privately financed project. By securing this work and then following it with preferred bidder status for a similar hospital project in Derby, Skanska has secured its position as the market leader in the healthcare sector of PFI projects, with a market share of about 25 percent.

Being the winner is not just a matter of an attractive price and excellent customer relations. It requires a genuine understanding of the customer's needs and the risks involved as well as the ability to provide advanced technical and operational solutions for the building and its subsequent management.

According to Simon Hipperson of Skanska Integrated Projects in the UK, "We work very hard to understand and satisfy the needs of our customers. Our aim is to design into both the building and its future operations the certainty of high quality performance."

Here the broad collective competence of Skanska is of great importance.

Where appropriate Skanska BOT can participate as an investor in the consortium that finances and owns the project. Working with Skanska Financial Services also helps to identify the best

financial and operational solution for the project. Skanska UK provides the design and build skills as well as maintaining the building for its lifetime.

With contracts running into many billions of kronor, it is essential for successful bidders to have the highest quality risk management, the best people and an extremely strong financial status. Skanska sets itself apart from its many competitors by providing all these. "Skanska works closely with its customers to avoid surprises, and provides first-class technical solutions. That is what it's about," says Mr. Hipperson, as an explanation of why Skanska has been so successful in the British PFI sector.

A recent British government study indicated that PFI facilities are three to four times more likely to be delivered on time and on budget than conventionally procured facilities. This confirms that there will be growing PFI opportunities for Skanska UK, which is well equipped to meet the challenge.

A Private Finance Initiative, PFI

is a model for private capital to finance investments in various forms of public services traditionally financed by public sector funds. The PFI model has grown rapidly in the United Kingdom over the past five years, since it frees up scarce public sector resources. The largest PFI projects have been hospitals, where private interests are responsible for financing, design, construction and operation of the physical hospital building during a contract period, which may run for up to 40 years. It should be noted that the core operations, the medical treatment, is not a part of the PFI hospital projects.

Other common PFI projects in the UK are schools, prisons and roads. To date, PFI projects worth a total of about GBP 27 billion have been implemented in the UK – money that has not burdened the tax system. PFI investments in the UK are expected to double over the next five years.

One advantage of PFI projects is that in the planning and construction stage, it is possible to invest more in a building in order to achieve less costly future operation. In traditional tender procedures, the lowest bid wins without taking into account future operating expenses. This total cost-saving over the contract period also benefits the client/public sector in the form of lower rent during the contract period.



Talent management



Good managers are an important prerequisite for Skanska's continued success. In recent years, the company has intensified its efforts to create systems to identify, develop and retain employees with the right leadership qualities.



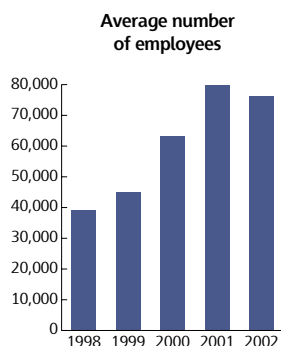
Skanska's operations, which are based on local know-how and local control, demand a lot from Skanska's managers at different levels. Good leadership lays the groundwork for meeting earnings targets and ensuring satisfied customers. If Skanska is to attract and retain capable managers, it is important to invest in training and management development. The Group plays an important integrating role here.

Skanska is thus strengthening its efforts to foster individual employee development. During the autumn of 2001, the Group conducted an extensive global survey to evaluate its own performance in employee and management development. To improve Skanska's talent management, during 2002 the corporate Human Resources unit began

working with data from this survey. Its aim was to adopt and introduce new programs and processes. One of the most tangible results was the definition of a Skanska Leadership Profile, which analyzed how Group operations could be improved by means of better customer contacts, human resource management and productivity.

With the introduction of a uniform evaluation method for the 250 highest positions in the Group, it also became possible to evaluate individual performance against the Leadership Profile, as well as to identify and develop the best talents for these top positions. Beginning in the summer of 2002, all senior management changes at Skanska have been made on the basis of evaluations according to the Leadership Profile.

One significant element of the Group's talent management efforts is the Skanska Leadership Institute (SLI), which provides training opportunities for both current managers and those who have shown the talent for a future management position. During 2002, nearly 500 managers participated in programs produced and led by SLI. In addition to providing employees with valuable training, SLI also helps develop networks for exchanges of knowledge between employees from different parts of the Group. The training programs and the networks thereby established strengthen employee dedication and shared values.



Research and development



As a leading company in its industry, Skanska plays a key role in fostering technical development. In addition to basic research and development work, it is also important to ensure that the experience and know-how of Skanska's employees are documented and disseminated between the various business units.



To consolidate and enhance Skanska's position as a leading construction company with many home markets, research and development play an increasingly essential role. With an organization that contains 11 geographically distinct home markets on 4 different continents, efficient knowledge transfer between different business units is also of strategic importance. Skanska is therefore investing resources in research, both under its own auspices and at outside institutions, as well as in disseminating new knowledge as quickly and efficiently as possible throughout the organization.

Research and development expenditures are equivalent to approximately 0.2 percent of the Group's annual net sales. This includes the Group's direct expenses for scientific research and development programs in various business areas – often connected to ongoing projects – which are financed in-house or externally in collaboration with Skanska. National and European research and development funds frequently finance portions of research work that is pursued in collaboration with scientific institutions.

Altogether, the Skanska Group today employs eight professors and more than

50 people with doctorates in various disciplines, as well as some 25 doctoral students who are being trained in strategic fields.

Through in-house and sponsored research, Skanska has built up a strategic research network encompassing most of the well-known research institutions in its specialties worldwide.

The projects run by Skanska Teknik during 2002 included technology for the reinforcement of tunnels in New York to withstand possible terrorist attacks. The initiative for this project came from the Skanska USA Civil business unit. In addition, a full-scale pilot bridge made of composite materials was built by Skanska UK as the final phase of a pan-European research project. The project, which has attracted heavy media interest in the UK, has now moved into its commercialization phase.

On behalf of the Senior Executive Team, Skanska Teknik is operating and developing a corporate system for disseminating and transferring knowledge, information and experience.

This system is called the Skanska Knowledge Network and consists of a number of databases that are accessible and search-

able on the Group's shared intranet. The databases contain information about individuals, projects, offices and companies at Skanska.

In order to encourage and support internal knowledge transfer, Skanska has built up "Networks for Excellence." Today three are in operation:

- Underground construction – Skanska Technology (UK)
- Moisture, mold, materials and methods – Skanska Teknik (Sweden)
- Risk management – Skanska Teknik

In the field of underground work, Cementation Skanska (UK) together with NSA Engineering (United States) have developed RockVision3DTM, a tomographic system that utilizes seismic energy to produce three-dimensional images of underground structures and bedrock, thereby giving builders better knowledge for construction work such as tunnels and foundations.

One of the problem areas which Skanska has focused its research efforts to is moisture and mold in buildings. Skanska has initiated a research project and appointed a Mold Task Force.



Sustainable development



Skanska and sustainable development

Sustainable development is development that balances economic, environmental and social aspects, in order to “meet the needs of the present without compromising the ability of future generations to meet their own needs.” Working for sustainable development means taking account of economic as well as environmental and social concerns in both strategic and operative decisions.

For a number of years, Skanska has worked actively to integrate environmental activities into its operations. At the same time, it has also developed efforts to foster sustainable development.

One outcome of these efforts is that for the fourth consecutive year, in 2002 Skanska was included in the Dow Jones Sustainability Index (DJSI). The index highlights companies that are considered proficient at combining high long-term profits with long-term sustainable development.

The Skanska Code of Conduct

In February 2002, Skanska adopted a corporate Code of Conduct. It serves as a platform for the Group’s performance in the fields of the environment, business ethics, human rights, employee relations and stakeholder relations. The document is based on a number of fundamental international agreements and conventions from the United Nations (UN), the International Labor Organization (ILO) and the Organization for Economic Cooperation and Development (OECD). The Code also reflects the agreement that Skanska has with the International Federation of Building and Wood Workers (IFBWW).

The Skanska Code of Conduct is being implemented in close cooperation with the Presidents and managements of each business unit. During 2003, there will be even further efforts at groupwide implementation through training and integration of these issues into existing management systems.

Skanska’s Sustainability Report for 2002 presents the Code of Conduct in its entirety and provides more in-depth descriptions

of how Skanska works with each field, what results were achieved last year and the objectives Skanska has established for its sustainable development efforts.

Even though Skanska has worked for some years with clear guidelines on business ethics, events from the past may again become a topic for discussion. During 2001 and 2002, Skanska and several other construction companies in Sweden, Norway and Finland were subject to investigations by the authorities for alleged involvement in cartels in the asphalt business. These investigations are still ongoing.

Various initiatives have been taken to implement the Skanska Code of Conduct. For example, during 2002, in Sweden Skanska began a training program in business ethics for more than 2,000 managers. Upon completion of this program, each manager signs a personal agreement that will be followed up yearly, beginning in 2003. Further Groupwide training and information programs on the Skanska Code of Conduct are on the agenda over the next few years.

Working environment

A top priority for Skanska’s management is the health and safety of every employee. Each business unit has overall responsibility for all matters related to the working environment. This responsibility includes establishing policies based on the Skanska Code of Conduct, implementation of management systems as well as follow-up and reporting of the results.

The most important program related to good, safe working environment is training. A majority of Skanska’s employees have undergone basic health and safety training. Since Skanska assumes responsibility for all personnel working at the Company’s construction sites worldwide, the Group also provided such training to more than 70,000 employees of subcontractors during 2002.

Most of Skanska’s health and safety work is carried out at the local level. A number of initiatives and projects received awards for good working environment efforts during

2002. Good examples should be disseminated, and during 2003 Skanska is developing a “best practices” system for exchanges of experiences within the Group. Systematic follow-up of health and safety issues will also occur between the business units and the Senior Executive Team.

The environment

A holistic approach

Skanska’s environmental management has focused on setting a common level of performance for the entire Skanska Group. This is a prerequisite for achieving credibility, both internally and externally. It also underscores that Skanska is working on the basis of shared values and methods. One clear example is that all business units have had the same time frame for certification and registration of their environmental management systems. Certified environmental management systems were introduced on a groupwide basis before the end of 2000. Companies acquired since then have all been given two years to establish an environmental management system and certify it according to ISO 14001 requirements. Because a number of additional acquisitions have occurred in recent years, companies representing about 95 percent of Skanska’s net sales are now covered by certified environmental management systems.

A comparison with the Company’s major international competitors indicates that Skanska is alone in having introduced certified environmental management systems throughout the Group. However, development efforts in this direction are underway in a number of these companies. Skanska welcomes such a trend, since it would create more active environmental efforts in the industry and foster more effective collaboration with both customers and suppliers.

Higher environmental standards

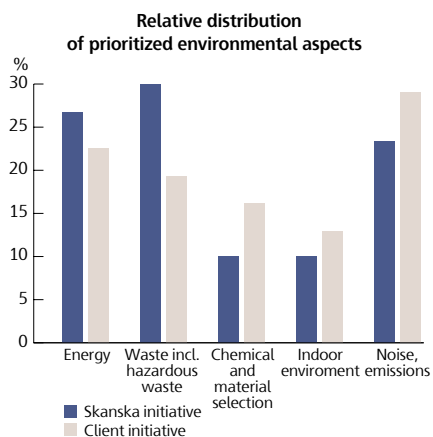
The environmental aspects of building and civil construction projects are often long-



term and indirect, which means that only a small portion of total environmental impact occurs during the construction process. A significant portion instead occurs during the service life of the building or structure. Skanska's ability to motivate and inspire customers to demand higher environmental standards in their projects is thus perhaps the most important success factor.

Skanska implements many projects with environmental standards above the level required by laws and regulations. A yearly analysis of all construction projects with contracts worth more than SEK 10 M (USD 1 M) indicates that both Skanska and its customers have taken initiatives to raise the standards of environmental performance. During 2002, a full 667 construction projects were implemented with higher environmental standards than legally required. This was fewer than in 2001, which is explained by lower business volume in the Group as a whole. These projects thus represented about the same share of total order bookings as in 2001.

The analysis shows that the most commonly prioritized environmental aspects are energy efficiency and waste management, but local impacts from construction projects such as noise and emissions to air and water are also important.



Construction projects with higher environmental standards, 2000–2002

| | Number of projects | | | Contract sum, SEK bn | | |
|--------------------|--------------------|------|------|----------------------|------|------|
| | 2002 | 2001 | 2000 | 2002 | 2001 | 2000 |
| Client initiative | 350 | 350 | 156 | 27 | 18 | 19 |
| Skanska initiative | 317 | 424 | 391 | 35 | 53 | 41 |
| Total | 667 | 774 | 547 | 62 | 71 | 60 |

Increased knowledge

For some years, Skanska business units have provided employees with basic environmental training. By the end of 2002, 67 percent of the Group's more than 76,000 employees had received this type of training, compared to 55 percent in 2001. Skanska also provides specialized training to employees who need increased knowledge about such fields as environmental auditing, environmental legislation, environmental design, environmental effects of construction materials and hazardous waste. These training programs have also attracted numerous employees.

Environmental training at Skanska, number of employees

| Type of training | 2002 | 2001 | 2000 |
|---------------------|-------|-------|-------|
| Specialist training | 2,730 | 1,254 | 1,804 |
| Audit training | 318 | 393 | 289 |

Follow-up

At the project level, there is systematic follow-up and evaluation by means of internal environmental audits. The results of these internal audits are regularly followed up within each business unit.

Number of audits carried out

| | 2002 | 2001 | 2000 |
|----------|-------|-------|-------|
| Internal | 1,753 | 1,431 | 1,234 |
| External | 204 | 185 | 125 |

The number of audits has increased as the business units have been certified. The 204 external audits undertaken in 2002 resulted in a number of minor and seven major non-conformities. These were mostly remedied immediately. The non-conformity reported in the 2001 Skanska environmental report

related to the shortcomings in target setting and action programs at the project level has been remedied through, among other things, increased exchange of experiences and best practices.

Continued challenges

Continuous improvements in environmental management systems, initiation of higher environmental standards in construction projects, implementation of environmental training programs and the constant creation of new improvements on the basis of internal and external audits represent a small fraction of the work underway at Skanska in the environmental field. Among high-priority areas are increased energy efficiency in buildings, soil decontamination and the development of tools for supporting environmentally advanced pre-construction engineering.

More information

The Sustainability Report and the Code of Conduct are available on Skanska's website: www.skanska.com.



"CityCronan has been an engine of urban renewal and new customers are interested in similar projects."

Tomas Hermansson, Skanska Project Development Sweden

New life in a forgotten city block

The divestment of CityCronan in central Stockholm, which will soon be finalized, marks the completion of one of Skanska's most successful real estate projects ever.

Its success lies not only in the financial outcome for Skanska, but also in the fact that the project has breathed new life into a fading urban neighborhood by creating a living environment that features an attractive mix of offices, apartments, stores and restaurants.

When Skanska built the Grävlingen city block, in central Stockholm, in the early 1970s, that project was based on the architectural thinking of that period, with residential developments being located outside the urban core and strict, functional office buildings occupying downtown locations. Deserted after office hours, the area gradually began to deteriorate. To Skanska, as the owner of the Grävlingen block, this was an unacceptable development.

In the mid-1990s, Skanska therefore initiated a dialogue with the City of Stockholm and other property owners in the area. "We talked to them about how changes in the urban landscape could re-create a living milieu in this downtown neighborhood," explains Tomas Hermansson, Project Manager at Skanska Project Development Sweden. As a result of its collaboration with the City of Stockholm, in 2000 the business unit Skanska Sweden – under the leadership of Project Manager Jan Selberg – was able to begin construction of CityCronan, a far-reaching renovation of the Grävlingen city block.

With the completion of CityCronan in the spring of 2003, at a construction cost of about SEK 700 M, Skanska has added 21,000 sq. m. (226,000 sq. ft.) to the existing 32,000 sq. m. property. New office space, as well as space for retail stores and restaurants, was added by constructing two new buildings in an unused courtyard. Two new floors of offices were added to the existing structures, and on top of these,

Skanska added another two floors containing a total of 47 apartments. What is unique about the residential floors is that they do not rest on the underlying building but instead, like an oil platform, stand on "stilts" that are concealed in the underlying building. Throughout the three-year construction period, the original tenants – the computer departments of two banks and Sweden's largest bookstore – continued working in their existing spaces. The two underlying automobile tunnels also continued to be used by 22,000 cars per day, and the Stockholm subway trains continued running on schedule.

"We were also building on a ridge that runs through the city center, so before beginning construction, we tested the entire area and concluded that we couldn't risk adding even a single extra kilogram in some places," says Jan Selberg, who was in charge of construction. "So we created a massive steel structure under, over and inside the existing structure, in order to support the extra weight."

"That steel structure was equivalent to nearly half an Eiffel Tower," adds Mr. Hermansson. "And our tenants continued to work as if nothing had happened. Even the central computer room of the SEB bank was able to remain at the basement level throughout the construction period."



It was not only intra-Group collaboration and the two Skanska companies' joint contacts with the City of Stockholm that made the project such a success. It was also an effect of the open dialogue with the tenants. Because the office tenants in the property remained in place during the renovation period, it was extremely important to plan in such a way that they were affected as little as possible. "For that reason, we had more meetings with the tenants than construction meetings of our own", explains Mr. Selberg.

For Skanska, the end result of the CityCronan project was that the company signed its largest lease ever: all office space in the project, totaling 30,000 sq. m (323,000 sq. ft.), is being leased by the Nordea banking group for 10 years. On the basis of that lease and of the new, attractive urban setting that CityCrona has created, Skanska was also able to sign a contract to sell the property to the German open-ended real estate fund DEKA for SEK 2.3 billion, with a capital gain of SEK 1.1 billion that is expected to be reported in the first half of 2003 – the largest single property divestment Skanska has ever made.



Organization

Skanska's organizational structure is based on the realization that all construction is local. The work force is local, as are the suppliers. The customers are often local. Knowledge of local conditions and rules is a prerequisite for success.

A decentralized integrated Group

Skanska's strategy is to strengthen and improve the local expertise by integrating local business units into one company – Skanska. The role of the Group is to add value to these local businesses, while safeguarding financial resources and the Skanska brand.

During 2002, a number of the business units acquired in recent years have changed their name to Skanska. For example, Skanska's American building construction operations are being gathered under the name Skanska USA Building, Czech operations have changed their name to Skanska CZ and beginning in 2004, Selmer Skanska will be called Skanska A/S while Sade Skanska will become Skanska SA.

From the second quarter of 2003, financial reporting of Skanska's operations will change. The three segments known as Construction-related Services, Project Development and BOT and Services are being divided into four business streams: Construction and Services, Residential Project Development, Commercial Project Development and BOT. This will not involve any organizational change, but is only intended

to make the special characteristics and financial results of the various business streams more transparent.

Executive functions and areas of responsibility

All 16 business units report to the Skanska Group's Senior Executive Team consisting of seven persons. In addition to the Chief Executive Officer and the Chief Financial Officer, the Senior Executive Team consists of five Executive Vice Presidents, each with responsibility for a number of business units as well as one or more staff units.

The most important task of the Senior Executive Team is to coordinate the operations of the Group, allocate capital resources and ensure that the Group's collective competence is utilized optimally, that synergies are achieved and knowledge transfer occurs. The Senior Executive Team is also responsible for human resource development and follow-up of the 250 individuals included in the Talent Management project. The Senior Executive Team also oversees the operations of the business units to ensure that they are developing as planned and that the business units are effectively managed and

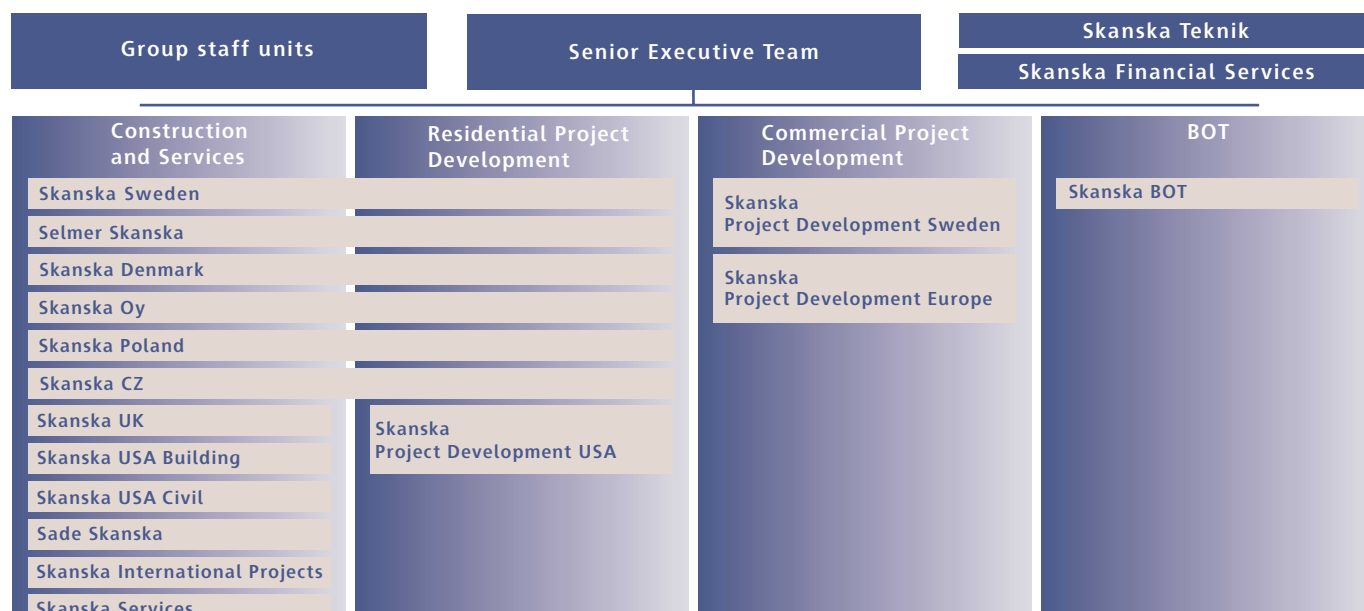
controlled. The Senior Executive Team and the heads of the business areas are presented on page 73.

Support units

Skanska Teknik focuses on technical consulting services for the Group's business units. It coordinates Skanska's research and development work. Skanska Teknik has built an extensive network of contacts with outside specialists, institutions of higher education and research centers. Specialists at Skanska Teknik also frequently serve as teachers in the Group's internal training programs, run by the Skanska Leadership Institute.

Skanska Teknik also works with the Group's risk management and knowledge transfer.

Skanska Financial Services (SFS) is responsible for the Group's financial operations. The main task of SFS is to back up the business units with specialized expertise, assume responsibility for the Group's borrowing, project financing and insurance matters, as well as evaluate and manage financial risks in the Group's operations.



Skanska's 16 business units, depicted above in gray, are active in four different business streams. Six of the business units have operations in both Construction and Residential Project Development.



Construction and Services

Residential Project Development

Commercial Project Development

BOT

Skanska's four business streams

Construction and Services

Construction refers to building and civil construction. About 60 percent of sales are related to building construction. Civil construction consists mainly of infrastructure projects, for example rail systems, bridges, tunnels, roads, harbors and power plants. Building construction is generally characterized by high capital turnover, limited capital employed and low margins. In recent years, the share of directly negotiated contracts has increased; they carry low margins but also lower risk than other forms of agreements.

Margins in civil construction contracts are traditionally higher than in building construction, since civil projects require more capital than buildings. A growing trend in civil construction is design-build, where Skanska assumes responsibility for a larger portion of the value chain than construction alone (see also BOT). This type of contract requires much greater expertise. The number of competitors is thus fewer. Design-build contracts today account for about 20 percent of order backlog.

The main business of Skanska Services, **Facilities Management (FM)**, includes a broad spectrum of services related to operation and maintenance of properties, as well as individually tailored contracts for property management. By lowering the costs of property upkeep and workplace-related services, Skanska Services generates value-added for its customers. Contracts run for an average of three years and are renewed based on economic outcome.

The market for FM services is growing rapidly. Companies are increasingly interested in outsourcing the management of activi-

ties that fall outside of their core business. Because margins are higher than in construction operations, it is an attractive market for Skanska to develop. Today it accounts for less than 2 percent of Group sales. The aim is to increase the volume, so that it can play a larger overall role in generating shareholder value for the Group. Construction and Services account for about 98 percent of the Group's total sales and 51 percent of Skanska's capital employed.

Residential Project Development

Successful residential project development involves challenges quite different from construction. It is another type of business, which must be evaluated on the basis of return on capital employed. From the second quarter of 2003 onward, this business stream will be reported separately from construction operations in Europe. Today Residential Project Development accounts for 13 percent of capital employed.

Commercial Project Development

Skanska carries out commercial project development in a number of markets in Scandinavia and Central Europe. Commercial Project Development accounts for 33 percent of capital employed.

These operations focus on office and retail projects, where the objective is to complete the entire development cycle – land purchase, planning, pre-construction engineering, leasing, construction and divestment – within an average period that should not exceed three years. In the future, the focus will continue to be on the stages of a property's life cycle that add the greatest value, with planning, leasing work and transaction work as the most important.

Carrying out project development work successfully on a long-term basis requires a portfolio of completed properties. Managing and improving this portfolio are impor-

tant elements in project development work. This provides daily contact with the leasing market, which both consolidates Skanska's position as an attractive alternative for tenants and generates prospective investors for the Group's project portfolio. Furthermore, it lends flexibility to the divestment process if Skanska can time the divestment of properties on the basis of market-oriented assessments. These advantages can be obtained even though the size of the property portfolio decreases.

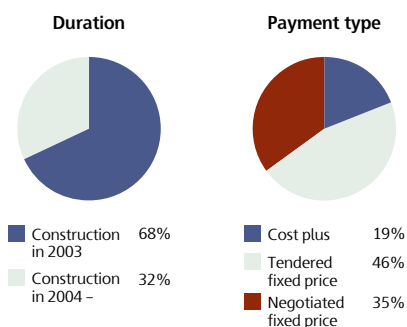
The size of Skanska's portfolio of completed properties will shrink, as we realize capital gains from our project development work by maintaining a high turnover rate. Over an economic cycle, the proportion of capital tied up in project development work will also increase, compared to the proportion of capital tied up in completed projects.

BOT

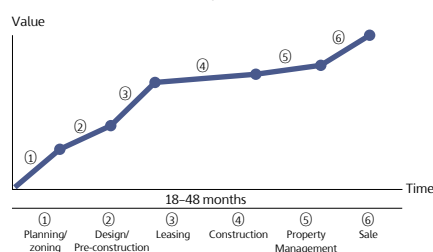
Build-Operate-Transfer (BOT) refers to infrastructure projects that are financed privately, instead of via public funds or taxes. BOT projects may include everything from pure infrastructure such as roads, bridges to schools, hospitals, prisons and power plants.

Skanska's expertise in this field encompasses the whole chain from financing to design, construction, operation and maintenance of the finished facility. The Skanska Services business area can also handle certain service portions of a BOT project. BOT projects are carried out together with Skanska's construction units, but the BOT unit's investment must be financially self-sustaining on its own terms. Skanska's BOT projects take place in collaboration with one or more partners. During the contract period, the projects are owned by Skanska or a consortium to which it belongs. When the contract expires after 20-40 years, the entire facility is handed over to the original customer, free of charge or at a contracted residual value. Completed BOT projects thus offer a uniform revenue stream, making completed BOT projects attractive acquisitions for investors that require reliable and steady income, for example pension funds. Skanska's objective is to divest BOT projects as they begin to generate stable revenue streams after completion. Today BOT operations account for 3 percent of the Group's capital employed.

Order backlog, SEK 138 bn



Value creation in Project Development

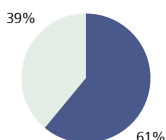


Business units

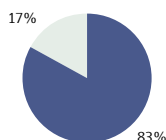
The graphs show the composition of the order backlog at year-end

■ Building construction
■ Civil construction
■ Services

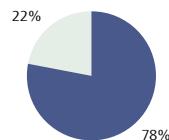
Skanska Sweden



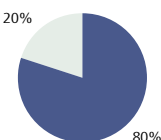
Selmer Skanska



Skanska Denmark



Skanska Oy



The construction units in Skanska's national home markets are the core of its operations. In 2002, these companies completed many projects that help create good living, traveling and working environments.

Skanska Sweden

| | Change | 2002 | 2001 |
|-------------------------|--------|------|------|
| Order bookings, SEK bn | -11% | 24.4 | 27.3 |
| Net sales, SEK bn | -10% | 25.5 | 28.4 |
| Operating income, SEK M | -39% | 456 | 745 |

Operations specialize in residential and commercial building construction, as well as civil construction projects. The economic slowdown that began during the autumn of 2001 continued throughout 2002. Large loss provisions in a few civil construction projects in Stockholm and delayed projects in the Stockholm residential construction unit pulled down earnings.

During the year, Skanska Sweden signed a conditional agreement with the Swedish Rail Administration to resume rail tunnel construction under the Halland Ridge (Hallandsås). The project will take place in a consortium and, if implemented, will represent a contract value of about SEK 2.2 billion. The project is not included in order bookings for 2002.

The Swedish construction market is expected to shrink during 2003.

Selmer Skanska

| | Change | 2002 | 2001 |
|-------------------------|--------|------|------|
| Order bookings, SEK bn | -9% | 8.8 | 9.7 |
| Net sales, SEK bn | -6% | 8.6 | 9.1 |
| Operating income, SEK M | | 95 | -128 |

Operations specialize in residential and commercial building construction, as well as civil construction work. The Norwegian construction market has shown weak growth in the past two years.

After a sizable loss during 2001, operations were restructured toward fewer but more profitable profits.

The Norwegian construction market is expected to grow slightly during 2003.

Skanska Denmark

| | Change | 2002 | 2001 |
|-------------------------|--------|------|--------|
| Order bookings, SEK bn | +6% | 4.3 | 4.1 |
| Net sales, SEK bn | -20% | 4.6 | 5.8 |
| Operating income, SEK M | | -198 | -1,030 |

Operations specialize in residential and commercial building construction, as well as civil construction projects. After having remained stable since 1999, the market shrank during 2002.

Skanska Denmark has undergone a restructuring during the past two years. Operations have been concentrated in fewer units, with a focus on fewer but more profitable contracts. During the fourth quarter, restructuring expenses of SEK 162 M were charged to earnings after Skanska's strategic review.

The downturn in the Danish construction market is expected to continue during 2003.

Skanska Oy

| | Change | 2002 | 2001 |
|-------------------------|--------|------|------|
| Order bookings, SEK bn | +10% | 9.2 | 8.3 |
| Net sales, SEK bn | +10% | 9.7 | 8.8 |
| Operating income, SEK M | -85% | 18 | 122 |

Operations specialize in residential and commercial building construction, as well as civil construction projects, in Finland, Russia and Estonia.

The Finnish residential construction market continued to show strength. In commercial construction, the market trend remained weak. Operations in Russia reflected a continued strong construction market. Operating income declined due to property writedowns as well as certain accounts payable. During the fourth quarter, restructuring expenses amounting to SEK 44 M related to the divestment of operations in Latvia, Lithuania and

Hungary were also charged to operating income.

During 2003, the construction market is expected to shrink in Finland but grow in Russia.

Skanska UK

| | Change | 2002 | 2001 |
|-------------------------|--------|------|------|
| Order bookings, SEK bn | -26% | 19.5 | 26.2 |
| Net sales, SEK bn | -4% | 21.0 | 21.8 |
| Operating income, SEK M | | 350 | -23 |

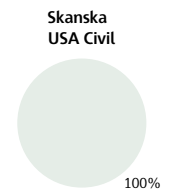
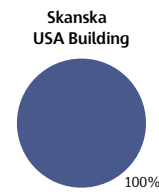
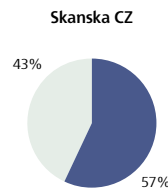
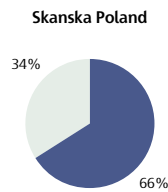
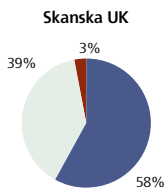
Skanska's operations in the United Kingdom focus on building and civil construction, but have various special areas of expertise in construction-related services as well. Skanska UK is also responsible for two partly owned companies in Asia, the stock exchange-listed company Skanska Cementation India (80 percent) and Gammon Skanska in Hong Kong (50 percent). In addition, Skanska UK includes four remaining joint venture projects with the British construction company Costain. Skanska UK is also responsible for Cementation Africa, which works with shaft sinking for the mining industry. Market growth has been driven by private finance initiative (PFI) projects.

Operating income climbed substantially compared to 2001. This improvement can largely be explained by better outcomes in the joint venture projects with Costain as well as in Skanska UK's own PFI projects.

The British construction market is expected to be stable during 2003.

Skanska Poland

| | Change | 2002 | 2001 |
|-------------------------|--------|------|------|
| Order bookings, SEK bn | -11% | 5.0 | 5.6 |
| Net sales, SEK bn | -25% | 4.8 | 6.5 |
| Operating income, SEK M | | -121 | -700 |



The Reliant Stadium complex in Houston, completed in 2002, is an arena for all types of events – including trade shows, football games and rodeos. Among numerous refinements, it features a retractable roof and a movable grass field.

Operations specialize in building and civil construction in Poland. For two consecutive years, the Polish economy shrank. The 10 percent downturn in the construction market during 2001 was followed by a downturn of another 10 percent in 2002.

One new project during 2002 was Skanska Poland's contract for Zlote Tarasy, worth SEK 1.8 billion. Zlote Tarasy, with more than 200,000 square meters (2.1 million sq. ft.) of office space, stores and restaurants in central Warsaw, is the largest multipurpose construction project in Poland.

To restore the business unit to profitability, its operations have been reorganized and restructured beginning in 2001.

Although the Polish market is expected to shrink in 2003, the pace of the downturn is expected to level off compared to the preceding years.

Skanska CZ

| | Change | 2002 | 2001 |
|-------------------------|--------|------|------|
| Order bookings, SEK bn | +10% | 9.7 | 8.8 |
| Net sales, SEK bn | -10% | 7.2 | 8.0 |
| Operating income, SEK M | +68% | 362 | 215 |

Skanska CZ, formerly IPS Skanska, is the new name of Skanska's operations in the Czech Republic and Slovakia. Operations specialize in building and civil construction.

Residential project development, number of units

| | Under construction | Pre-sold | Unutilized building rights | Options |
|----------------|--------------------|------------|----------------------------|---------------|
| Sweden | 1,572 | 66% | 10,741 | 5,043 |
| Norway | 663 | 73% | 1,924 | 948 |
| Denmark | 138 | 64% | 50 | 439 |
| Finland | 1,755 | 74% | 4,286 | 3,650 |
| Poland | 0 | N/A | 575 | 0 |
| Czech Republic | 904 | 69% | 1,556 | 206 |
| Russia | 1,520 | 48% | 236 | 0 |
| Total | 6,552 | 65% | 19,368 | 10,286 |

The Czech market, which has grown sharply by about 10 percent annually in recent years, began to cool during 2002. The Slovakian market has shown growth of 5-6 percent in recent years. Among new orders received in 2002 was new headquarters in Prague for RadioMobil Telecom, worth SEK 437 M.

The Czech market is expected to grow slightly during 2003.

Skanska USA Building

| | Change | 2002 | 2001 |
|-------------------------|--------|------|------|
| Order bookings, SEK bn | -10% | 35.3 | 39.2 |
| Net sales, SEK bn | -20% | 42.7 | 53.6 |
| Operating income, SEK M | +0,2% | 539 | 538 |

Operations specialize in building construction throughout the United States. The business unit is a leading supplier to a number of American industries such as pharmaceuticals, biotechnology, education, healthcare, transportation and sports. It has sizable market coverage in important states on the east and west coasts.

Investments in new building construction projects continued to decline in the U.S. as a consequence of the country's weaker economic growth. Skanska USA Building has intensified its efforts to reduce overhead.

The consolidation of the previously separate companies into a single one – Skanska USA Building – will enable the business unit to generate further synergies from 2003 and onward.

The business unit has created a good starting position for favorable performance when the U.S. construction market begins to grow again.

Skanska USA Civil

| | Change | 2002 | 2001 |
|-------------------------|--------|------|------|
| Order bookings, SEK bn | +9% | 14.8 | 13.6 |
| Net sales, SEK bn | -7% | 13.3 | 14.3 |
| Operating income, SEK M | +63% | 856 | 524 |

Operations specialize in civil construction and infrastructure projects. The business unit operates through the companies Slattery Skanska, Koch Skanska and Tidewater Skanska. In September 2002 it acquired Yeager Skanska, with operations in California, making Skanska one of the few American infrastructure companies with nationwide coverage.

During the past three years, Skanska USA Civil has increased its sales by an annual average of 16 percent.

The business unit has a strong market position in complicated infrastructure projects in major urban environments.

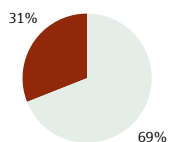
Although the American economy continued to perform weakly during 2002, civil construction showed a favorable trend, growing by an estimated 3 percent. Among new contracts was a power plant for Consolidated Edison in New York worth SEK 1,400 M.

The markets and segments in the U.S. in which Skanska USA Civil is active are expected to be stable during 2003.

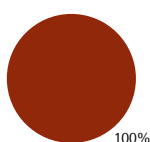
The graphs show the composition of the order backlog at year-end

■ Building construction
■ Civil construction
■ Services

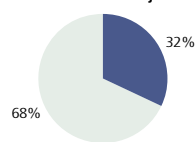
Sade Skanska



Skanska Services



Skanska International Projects



Facilities management (FM) means assuming overall responsibility for developing and performing services for companies. The FM operations of Skanska Services include office services, catering, IT and property services as well as production-related services for manufacturing industry.

Skanska Project Development USA

| | Change | 2002 | 2001 |
|-------------------------|--------|------|------|
| Net sales, SEK bn | | 1.1 | 1.0 |
| Operating income, SEK M | +32% | 147 | 111 |

Operations specialize in the development of residential projects in the northeastern United States. As a result of the strategic review that Skanska completed during the autumn of 2002, this business unit will be divested.

Sade Skanska

| | Change | 2002 | 2001 |
|-------------------------|--------|------|------|
| Order bookings, SEK bn | -15% | 2.1 | 2.5 |
| Net sales, SEK bn | -38% | 2.3 | 3.7 |
| Operating income, SEK M | +37% | 179 | 131 |

Operations specialize in construction-related services, especially in the power industry and the oil and gas industry, as well as civil construction in South America. Operations in Argentina account for less than 15 percent of order backlog.

Sade Skanska has successfully managed to bridge over both a weaker regional market and the economic crisis in Argentina.

In Chile, Sade Skanska is constructing the country's largest-ever highway as a contractor for Skanska BOT. It is also Sade Skanska's largest BOT project to date. This type of assignment is a rapidly growing market in South America.

The decline in order bookings was due to the depreciation of the Argentine peso. Considering the economic problems in Latin America, Sade Skanska performed well during 2002.

The segments and markets in which Sade Skanska is active are expected to grow slightly in 2003.

Skanska Services

| | Change | 2002 | 2001 |
|-------------------------|--------|------|------|
| Order bookings, SEK bn | -3% | 2.7 | 2.8 |
| Net sales, SEK bn | -7% | 2.5 | 2.7 |
| Operating income, SEK M | +14% | 99 | 87 |

During 2002, Skanska Services signed facilities management (FM) agreements with six companies in the pharmaceutical and biotechnology industry in Sweden, the largest being a 3-year agreement with Pharmacia. Net sales were adversely affected by downsizing in the operations of Skanska Services' largest customer. Skanska Services strengthened its role as one of the largest FM market participants in the Nordic countries, by establishing a subsidiary in Finland and by acquiring the FM unit of the Datea real estate company in Denmark.

Skanska Telecom Networks

The operations of Skanska Telecom Networks were discontinued during the year. Restructuring expenses and goodwill writedowns adversely affected earnings. Operating income totaled SEK -246 M (25).

Skanska International Projects

| | Change | 2002 | 2001 |
|-------------------------|--------|------|------|
| Net sales, SEK bn | | 1.9 | 2.4 |
| Operating income, SEK M | | -111 | -25 |

Operations specialize in developing major international infrastructure projects. As a result of the strategic review that Skanska carried out in the autumn of 2002, the business unit will be phased out. Its nine ongoing projects will be completed, but no new tenders will be submitted. Restructuring expenses of SEK 165 M were charged to operating income as a result of the strategic review.

Skanska Project Development Sweden

Operations specialize in initiating, developing, operating and divesting commercial property projects, with a focus on office complexes and shopping centers in Stockholm, Gothenburg and the Öresund region.

After a period of strong demand for commercial space, the market weakened during 2002, especially in the Stockholm region. Ongoing projects at the close of 2002 encompassed a total of 116,000 sq m (1.25 million sq ft) of leasable space, compared to 160,000 sq m at the beginning of the year. Of year-end project space, 81 percent was pre-leased. At year-end, Skanska had invested SEK 1.4 billion altogether in ongoing projects.

Skanska Project Development Sweden divested completed projects with capital gains totaling SEK 0.3 billion (1.3).

During the autumn of 2002, Skanska signed a contract on divestment of one of its largest ongoing projects, CityCronan in central Stockholm, for SEK 2.3 billion. This was Skanska's largest-ever single real estate transaction. The capital gain, SEK 1.1 billion, is expected to be reported during the first half of 2003.

Development of office properties will remain one of the most important elements of operations during 2003. However, Skanska will continue the development of shopping centers and other specialized concepts. The leasing market is expected to be characterized by continued caution, while interest in fully developed properties remains strong.

Property list and additional information regarding Skanska's properties, please see www.skanska.com.



The renovation of portions of Prague Castle was among the more prestigious contracts during 2002 for Skanska CZ, one of the largest construction companies in the Czech Republic.

Skanska Project Development Europe

Operations specialize in initiating, developing, operating and selling commercial property projects, with a focus on office complexes and shopping centers. The emphasis of the business unit's operations is on three developing markets: Budapest (Hungary), Prague (Czech Republic) and Warsaw (Poland).

There has been a general cooling of demand for office space, which has led to a leasing market with an oversupply of properties and declining rents. Investors remain very interested in completed projects with good occupancy rates and low rent risk. The buyers of Skanska's projects are mainly institutional real estate investors.

During 2002 an office project in Budapest and a high-volume retail property in Prague were completed. The total investment in these projects was about SEK 260 M, with an estimated market value of about SEK 360 M. The leasing rate in these properties totals 90 percent.

Three more high-volume retail projects, two in Budapest and one in Prague, are under construction and will be completed

during 2003. The pre-leasing rate in these projects totals 100 percent.

The projects started during 2002 were retail-related, with good pre-leasing rates right from the beginning of each project. Due to the weak office leasing market, no new office projects were initiated during the year. During 2002, development properties were sold with capital gains totaling SEK 16 M. During 2001, fully developed projects were sold with capital gains amounting to SEK 810 M. In 2003, rent levels are expected

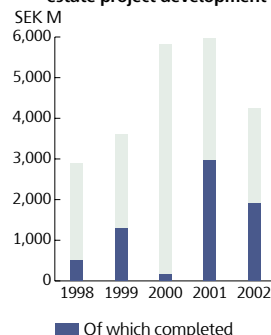
to continue falling, with low turnover of properties. Property list and additional information regarding Skanska's properties, please see www.skanska.com.

Return on real estate investments, property management and project development¹

| % | 2002 | 2001 | 2000 | 1999 | 1998 |
|---------------------|------|------|------|------|------|
| Total return | 5 | 16 | 18 | 19 | 18 |
| o/w change in value | -7 | -1 | 9 | 9 | 11 |

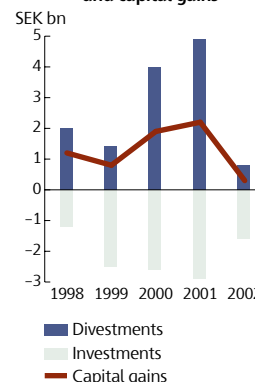
¹ Including operating net and change in value of investment properties plus estimated development gains on fully developed projects in SEK M.

Volume of commercial real estate project development¹



¹ Refers to book value of completed projects and estimated book value upon completion of ongoing real estate projects.

Real estate investments, divestments and capital gains



Skanska Project Development – book values and market values

| SEK bn | 2002 | Book value upon completion | Estimated market value Dec. 31, 2002 | Surplus value | Leasable area, 000 sq m | Economic occupancy rate, % | Operating net | Yield on book value | Yield on market value | Estimated rental value fully leased | Average duration, years |
|-------------------------------------|-------------|----------------------------|--------------------------------------|---------------|-------------------------|----------------------------|------------------|---------------------|-----------------------|-------------------------------------|-------------------------|
| Completed properties | 7.2 | 7.2 | 11.1 ¹ | 3.9 | 964 | 87% | 782 ⁴ | 10.9% | 7.0% | 1,199 ⁶ | 3.8 |
| Projects completed in 2002 | 1.9 | 1.9 | 2.5 | 0.6 | 160 | 95% | 217 ⁵ | 11.4% | 8.7% | 242 ⁶ | 7.8 |
| Ongoing projects | 1.6 | 2.4 | 3.8 ² | 1.4 | 137 | 84% | 257 ⁵ | 10.9% | 6.8% | 279 ⁷ | 10.1 |
| Subtotal | 10.7 | 11.5 | 17.4 | 5.9 | 1,261 | | | | | | |
| Development properties ³ | 1.9 | - | - | - | - | - | - | - | - | - | - |
| TOTAL | 12.6 | - | - | - | - | - | - | - | - | - | - |

¹ Including SEK 0.3 billion for property holdings in partly owned companies.

² Internal appraisal with the completion of each respective project as the appraisal date.

³ Development properties refers to land with building rights for commercial use amounting to about 1,028,000 sq.m.

⁴ Estimated operating net before central company and area overhead in 2002 on annual basis assuming current occupancy rate.

⁵ Estimated operating net before central company and area overhead fully leased in Year 1 when the properties are completed.

⁶ Total of contracted rents and estimated rent for unoccupied space.

⁷ Estimate rental value fully leased in Year 1 when the property is completed.



King's College Hospital in London is one of Skanska's first major PFI projects. In 2002, Skanska delivered part of the first phase, the women's clinic, two months ahead of schedule. When the project is completed in 2004, the hospital's capacity will have increased by over 21,000 patients a year.

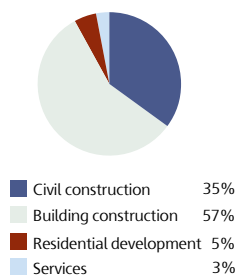
Skanska BOT

Operations specialize in developing and investing in privately financed infrastructure projects, in cooperation with Skanska's construction units. Skanska BOT is currently involved in projects in Brazil, Chile, Finland, Great Britain and Mozambique.

During the autumn of 2002, Skanska UK landed its largest-ever BOT/PFI project when it received the assignment to build and operate Coventry Hospital, a contract worth SEK 6.9 billion over a 35-year period. Skanska UK is one of the largest participants in the British PFI market, with a market share of about 25 percent in the hospital sector.

At year-end 2002, Skanska had a total of six BOT projects in the construction phase and three in operation. At year-end, the book value of shares, participations and

Order backlog



subordinated receivables totaled about SEK 1.0 billion. Skanska's remaining investment obligations amount to about SEK 1.4 billion.

During 2002, no BOT projects were divested, compared to 2001 when projects were divested with a capital gain of SEK 39 M.

Skanska's permanent "home markets"

| USD | GDP per capita | Construction per capita | Construction as % of GDP |
|----------------|----------------|-------------------------|--------------------------|
| United States | 34,637 | 1,663 | 4.8 |
| Sweden | 25,903 | 1,943 | 7.5 |
| United Kingdom | 24,058 | 1,804 | 7.5 |
| Norway | 36,198 | 3,469 | 9.5 |
| Finland | 23,377 | 3,273 | 14.0 |
| Czech Republic | 4,942 | 534 | 10.8 |
| Denmark | 30,141 | 2,954 | 9.8 |
| Poland | 4,082 | 498 | 12.2 |
| Hong Kong | 23,571 | 1,886 | 8.0 |
| Argentina | 7,678 | 369 | 4.8 |
| India | 476 | 29 | 6.0 |

Sources: UN, CIA World Factbook 2001, U.S. Department of Commerce, Bureau of Economic Analysis.

The BOT portfolio

Investments and debenture loans

| BOT project | Ownership stake, % | Year-end book value, SEK M | Estimated total investment, SEK M | Goes into operation | Concession period until | Estimated return on invested capital |
|--|--------------------|----------------------------|-----------------------------------|---------------------|-------------------------|--------------------------------------|
| Bridgend Prison, United Kingdom | 9 | 15.1 | 15 | In operation | 2022 | |
| Nelostie Motorway, Finland | 23 ¹ | 10.3 | 23 | In operation | 2012 | |
| Breitener Power Plant, Brazil | 35 | 103.8 | 160 | In operation | 2004 | |
| Total in operation | | 129.2 | 198 | | | >22% |
| Ongoing projects | | | | | | |
| Harbor in Maputo, Mozambique | 33 | 0.2 | 50 | 2003 | 2017 | |
| Ponte de Pedra Hydropower, Brazil | 50 | 82.4 | 180 | 2004 | 2036 | |
| North-South Toll Highway, Chile | 48 | 725.8 | 1,800 | 2004 | 2031 | |
| King's College Hospital, United Kingdom | 33 | 39.9 | 50 | 2002/2004 | 2037 | |
| Coventry & Rugby Hospital, U.K. | 25 | 0.1 | 122 | 2005 | 2035 | |
| LLC Nordvod, Waste Water Treatment, Russia | 14 | 1.4 | 20 | 2005 | 2017 | |
| Total ongoing projects | | 849.8 | 2,222 | | | >20% |
| Total | | 979.0 | 2,420 | | | >20% |

1 Refers to Skanska BOT's ownership stake. The total ownership stake of the Skanska Group amounts to 46 percent.



Skanska Oy is a leader in the Finnish residential market, which shows continued strong development. The company is also active in the growing Russian market, as well as in Estonia.

Business units, markets and segments

| | Net sales, SEK M | | Operating income, SEK M | | Operating margin | | Order bookings, SEK M | | Order backlog, SEK M | | Number of employees | |
|--|------------------|----------------|-------------------------|--------------|------------------|-------------|-----------------------|----------------|----------------------|----------------|---------------------|---------------|
| | 2002 | 2001 | 2002 | 2001 | 2002 | 2001 | 2002 | 2001 | 2002 | 2001 | 2002 | 2001 |
| Core business | | | | | | | | | | | | |
| Skanska Sweden | 25,510 | 28,358 | 456 | 745 | 1.8% | 2.6% | 24,352 | 27,332 | 14,536 | 15,727 | 13,359 | 14,092 |
| Selmer Skanska | 8,551 | 9,145 | 95 | -128 | 1.1% | neg | 8,813 | 9,710 | 6,116 | 6,207 | 4,694 | 4,721 |
| Skanska Denmark | 4,624 | 5,764 | -198 | -1,030 | neg | neg | 4,341 | 4,111 | 1,761 | 2,051 | 2,005 | 2,894 |
| Total Scandinavia | 38,685 | 43,267 | 353 | -413 | 0.9% | neg | 37,506 | 41,153 | 22,413 | 23,985 | 20,058 | 21,707 |
| Skanska Oy | 9,656 | 8,781 | 18 | 122 | 0.2% | 1.4% | 9,193 | 8,345 | 5,564 | 5,443 | 4,943 | 4,517 |
| Skanska Poland | 4,832 | 6,453 | -121 | -700 | neg | neg | 5,004 | 5,593 | 3,917 | 4,510 | 6,220 | 9,996 |
| Skanska CZ | 7,181 | 7,989 | 362 | 215 | 5.0% | 2.7% | 9,672 | 8,764 | 8,467 | 6,049 | 6,513 | 7,428 |
| Skanska UK | 15,179 | 15,438 | 202 | 278 | 1.3% | 1.8% | 15,496 | 18,468 | 17,969 | 18,932 | 13,262 | 9,199 |
| Skanska J/V Projects UK | 815 | 1,057 | 38 | -409 | 4.7% | neg | 140 | 785 | 448 | 1,197 | | |
| Other | 27 | 162 | -53 | -110 | neg | neg | 0 | 131 | 0 | 0 | 5 | 11 |
| Total Europe | 37,690 | 39,880 | 446 | -604 | 1.2% | neg | 39,505 | 42,086 | 36,365 | 36,131 | 30,943 | 31,151 |
| Skanska USA Building | 42,730 | 53,585 | 539 | 538 | 1.3% | 1.0% | 35,257 | 39,186 | 45,489 | 62,631 | 5,427 | 5,216 |
| Skanska USA Civil | 13,293 | 14,307 | 856 | 524 | 6.4% | 3.7% | 14,792 | 13,625 | 22,252 | 20,964 | 3,870 | 4,634 |
| Skanska Project Development USA | 1,145 | 1,050 | 147 | 111 | 12.8% | 10.6% | 1,145 | 1,050 | 0 | 0 | 153 | 173 |
| Total USA | 57,168 | 68,942 | 1,542 | 1,173 | 2.7% | 1.7% | 51,194 | 53,861 | 67,741 | 83,595 | 9,450 | 10,023 |
| Other markets | | | | | | | | | | | | |
| Skanska International Projects | 1,912 | 2,362 | -111 | -25 | neg | neg | 170 | 2,548 | 2,137 | 4,056 | 3,926 | 4,151 |
| Sade Skanska | 2,277 | 3,672 | 179 | 131 | 7.9% | 3.6% | 2,102 | 2,475 | 2,040 | 3,634 | 4,178 | 3,999 |
| Gammon Skanska | 4,323 | 4,833 | 86 | 83 | 2.0% | 1.7% | 2,965 | 4,711 | 2,775 | 4,820 | 3,660 | 4,999 |
| Skanska Cementation India | 657 | 467 | 24 | 25 | 3.7% | 5.4% | 885 | 2,256 | 1,997 | 2,129 | 2,072 | 1,837 |
| Total other markets | 9,169 | 11,334 | 178 | 214 | 1.9% | 1.9% | 6,122 | 11,990 | 8,949 | 14,639 | 13,836 | 14,986 |
| Total construction-related services | 142,712 | 163,423 | 2,519 | 370 | 1.8% | 0.2% | 134,327 | 149,090 | 135,468 | 158,350 | 74,287 | 77,867 |
| Skanska Project Development Sweden | 1,304 | 1,182 | 1,087 | 1,859 | n.a. | n.a. | - | - | - | - | 113 | 102 |
| Skanska Project Development Europe | 132 | 205 | -37 | 898 | n.a. | n.a. | - | - | - | - | 64 | 61 |
| Skanska BOT | 38 | 0 | -41 | -9 | n.a. | n.a. | - | - | - | - | 24 | 20 |
| Total Project Development and BOT | 1,474 | 1,387 | 1,009 | 2,748 | n.a. | n.a. | - | - | - | - | 201 | 183 |
| Skanska Services | 2,490 | 2,684 | 99 | 87 | 4.0% | 3.2% | 2,672 | 2,760 | 2,386 | 213 | 1,354 | 1,249 |
| Skanska Telecom Networks | 15 | 377 | -246 | 25 | neg | 6.6% | 15 | 55 | 0 | 0 | 35 | 138 |
| Total Services | 2,505 | 3,061 | -147 | 112 | neg | 3.7% | 2,687 | 2,815 | 2,386 | 213 | 1,389 | 1,387 |
| Central and eliminations | -1,115 | -2,934 | -760 | -707 | e.t. | e.t. | 576 | 602 | 86 | 80 | 481 | 487 |
| | 145,576 | 164,937 | 2,621 | 2,523 | 1.8% | 1.5% | 137,590 | 152,507 | 137,940 | 158,643 | 76,358 | 79,924 |
| Items affecting comparability | | | -1,645 | -65 | | | | | | | | |
| Total core business | 145,576 | 164,937 | 976 | 2,458 | 0.7% | 1.5% | 137,590 | 152,507 | 137,940 | 158,643 | 76,358 | 79,924 |
| Non-core business | | | | -165 | | | | | | | | |
| Total Skanska Group | 145,576 | 164,937 | 976 | 2,293 | 0.7% | 1.4% | 137,590 | 152,507 | 137,940 | 158,643 | 76,358 | 79,924 |

Financial targets

Skanska's Board of Directors has established new financial targets for the Group's four business streams as well as for the Group as a whole. As earlier, increased operational efficiency and more efficient use of capital are key concepts in running and evaluating the Group's operations.

Increased operational efficiency

- improve the evaluation and pricing of risks in the tender stage
- raise productivity at the project level
- reduce selling and administrative expenses

More efficient use of capital

- reduce capital employed in completed commercial properties
- increase the turnover rate in commercial and residential project development
- practice strict allocation of capital based on risk level and return

Targets for the Group's capital allocation between the four business streams at the end of 2004 have also been established. Likewise, targets for the capital structure by business stream, i.e. funding of capital employed from shareholders' equity and interest-bearing debt, have been established.

The overall capital employed by the Group can be reduced to SEK 30 billion, while providing a sufficiently large capital base to retain – or in some cases increase – business volume.

Capital will also be freed up by means of divestments or cutbacks in businesses and operations that, in the long run, cannot live up to the Group's strategy and return targets.

Operating margin

In 2002, the operating margin in Construction stood at 1.8 percent. The objective is that this operating margin shall exceed 2.5 percent.

Operating margin is an important yardstick of efficiency in Construction and Services. The optimal level may vary, depending on what type of business is being carried out. Each unit has set a target for this. The consolidated operating margin may vary over time, depending on the allocation between civil and building construction, respectively.

Operating margin is a meaningful yardstick only in Construction and Services. For Project Development and BOT, return on capital employed is the relevant performance measure.

Return on capital employed

The objective of Construction and Services is to achieve a return on capital employed of at least 25 percent, achieve an operating margin of 2.5 percent and have a capital turnover ratio of at least 10. The objective of Residential Project Development is a return on capital employed of at least 14 percent. The corresponding objective for Commercial Project Development is at least 15 percent. This target also includes annual changes in the value of the completed property portfolio and accrued development gain.

Average return on capital in BOT projects shall be 16 percent. This refers to return on capital invested by Skanska, i.e. shareholders' equity and subordinated debt. The return is an overall figure for the current project portfolio, in which British PFI projects produce a lower return because of government-guaranteed revenue streams.

Capital structure

The Group's capital structure – the allocation between shareholders' equity and interest-bearing liabilities – is a function of capital allocation to various businesses and their debt capacity. Skanska must have a good financial position that meets the requirements of the credit, bonding and stock markets. As the Group divests assets and businesses, its mortgageable assets and indebtedness will decrease and cash flow can be used to reduce debt. In order for the Skanska Group to be regarded as having a good financial position, once the target for the new capital structure has been achieved, net debt as a ratio of visible shareholders' equity (the debt/equity ratio) should be in the 0.1-0.3 range. This should be viewed in light of the ambition to have a credit rating of BBB+/BBB. Today Skanska has not applied for an official credit rating.

Fulfillment of targets in 2002

Late in 2001, Skanska's Board of Directors established new financial targets for the three-year period 2002–2004. Its operational targets were average annual organic growth in net sales of 4–5 percent by 2004 and an operating margin of 2.5–3.0 percent in Construction as well as in Services. Because of the strategic review undertaken in 2002 and current economic conditions, the financial targets set in 2001 are no longer applicable.

During the first year of this target period, 2002, organic growth in sales totaled –9 percent and operating margin was 1.8 percent.

The capital efficiency target was a return on capital employed of at least 16 percent. In 2002, return on capital employed before items affecting profitability was 9.1 percent.

Another target for the 2002-2004 period was that the Group's debt/equity ratio – net indebtedness divided by visible shareholders' equity – should be in the 0.4-0.6 range. At the end of the 2002 financial year, the debt/equity ratio amounted to 0.6.

Financial targets by business stream

| | Construction and Services | Residential Project Development | Commercial Project Development | BOT ³ | Group |
|----------------------------------|---------------------------|---------------------------------|--------------------------------|------------------|-----------------|
| Capital employed, target, SEK bn | 16.0 ¹ | 3.0 | 8.0 | 3.0 | 30.0 |
| Return on capital employed, % | 25 | 14 | 15 ² | 16 | 16 ² |
| Operating margin, % | ≥2.5 | – | – | – | – |
| Debt/equity ratio | – | – | – | – | 0.1–0.3 |
| Return on equity, % | – | – | – | – | 16 ² |

¹ Including SEK 1 billion in Services.

² Including annual change in the market value of the real estate portfolio.

³ The target for return on capital employed is actually return on capital invested, with 16 percent as an average of the lower return on PFI projects and the higher return on concessions.

Risk management

Skanska's operations take place worldwide and encompass many types of projects. An effective, systematic assessment and follow-up of business and financial risks is thus essential to Skanska. The Skanska Group's Procedural Rules apply in this field. Depending on the size and risk profile of the project, the decision on whether to sign binding contracts with the customer is made either by line managers at a business unit, by Skanska's Senior Executive Team or by Skanska's Board of Directors.

In the case of major projects that continue over a long period, Skanska also conducts regular follow-up of its risk assessment.

Skanska's risk management system does not imply avoidance of risks, but is instead aimed at making it possible to identify, manage and price these risks. Good risk awareness and risk identification systems provide Skanska with an opportunity to assume larger risks if they can be managed correctly, thereby enhancing the competitiveness of the Group.

Business risks

Skanska's operations generate systematic risk diversification, because

- the Group pursues a large number of projects of varying sizes and types
- these operations take place in numerous geographic markets
- Skanska works with many different customer categories

To ensure a systematic and uniform assessment of construction projects, Skanska uses its Operational Risk Assessment (ORA) model throughout the Group.

ORA evaluates larger, more risk-exposed construction projects with regard to technical, legal and financial risks. It also analyzes a number of general "public exposure" issues, among them ethical, social and environmental aspects of the planned project.

Skanska limits or eliminates identified risks by various methods, through transfer of risks to other parties or risk ceilings in its contractual obligations. Risk assessment also affects Skanska's pricing of the project in question. In some cases, the analysis of risks associated with a project may lead Skanska to abstain from participating.

Financial risks

The financial needs of Group companies are met in collaboration with Skanska Financial Services (SFS), which in turn interacts in a coordinated way with external financial market players.

Skanska's Financial Policy regulates the allocation of responsibilities among the Board, the Senior Executive Team, SFS and the business units. This policy document specifies established limits for the Group's financial risk management.

At year-end, the Skanska Group had gross interest-bearing debt of SEK 17.1 billion (18.1). Liquid assets and interest-bearing receivables totaled SEK 8.1 billion (11.3), which meant that the Group's net debt amounted to SEK 9.0 billion (6.8).

Foreign exchange risks

Although Skanska has a large international presence, its operations are of a local nature in terms of foreign exchange risks. Project revenues and costs are mainly denominated in the same currency, and transaction risks from exchanges between different currencies are thus very limited.

Known and budgeted financial flows are hedged. Shareholders' equity in Skanska's U.S. companies is hedged, while shareholders' equity in other foreign operations is not hedged. Shareholders' equity in U.S. operations is hedged due to its sizable impact on the financial ratios of the Group in case of currency rate fluctuations. Investments in project development and BOT that will be divested after completion are normally financed in local currency.

Interest rate risks

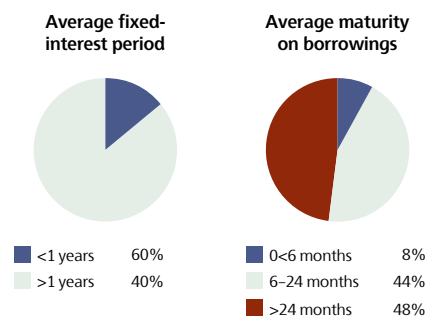
Interest rate risk is defined as the possible negative impact in case of a one percentage point increase in interest rates across all maturities. This risk may never exceed SEK 100 M on a twelve month basis. The interest fixing period shall lie within the 1.5 ± 0.5 year range. At year-end 2002, the average interest fixing period was 0.8 (0.9) years.

Refinancing risks and liquidity

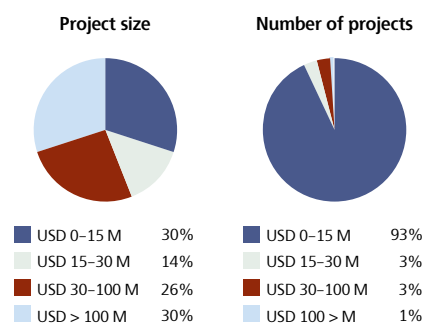
Refinancing risk is defined as the risk that the Group may suffer lack of liquidity or experience difficulty in obtaining or rolling over external loans. The target is to have at least SEK 4 billion available through liquidity or committed credit facilities.

At year-end 2002, the Group had liquidity and committed credit facilities of SEK 6.0 billion (5.8).

The average maturity of the borrowing portfolio shall be in the 2–4 year range. At year-end 2002, it was 2.4 (2.5) years.




Order backlog SEK 138 bn



Interest-bearing liabilities and assets

| SEK bn | Dec. 31, 2002 | Dec. 31, 2001 |
|--|---------------|---------------|
| Interest-bearing gross debt | 17.1 | 18.1 |
| Liquid assets and interest-bearing receivables | 8.1 | 11.3 |
| Interest-bearing net debt | 9.0 | 6.8 |

A photograph of two men standing in front of a large industrial facility. The man on the left is wearing a white hard hat with the 'SKANSKA' logo and a dark jacket. The man on the right is wearing a blue hard hat, glasses, a white shirt, a red patterned tie, and a green trench coat. They are both looking towards the camera. In the background, there are two tall, grey industrial smokestacks with ladders and platforms, and a complex network of yellow metal scaffolding. The sky is blue with scattered white clouds.

**“Our customers mean everything to us.
When we make a commitment
to them, we live up to it.”**

Mike Lembo, Skanska USA Civil

The impossible made possible

Over the past two years, Skanska has received contracts for almost 100 percent of the power plants built in the New York area – an achievement based on extraordinary trust and performance.

For Mike Lembo, President of the Slattery Skanska Power Group, it is easy to explain how Skanska carved out the leading position as a builder of power plants in the New York City area. “We took on an unbelievable task, and we delivered on what we promised,” he says.

It was December 2000. New York Power Authority (NYPA) had stepped in to solve an emergency situation. “They were predicting a shortfall of 400–600 megawatts of power,” Mr. Lembo explains. “And in New York, if you have blackouts, that’s a serious problem.”

With the summer heat waves only five months away, NYPA needed to build no fewer than eleven power units at seven locations. So John Grzan, Senior Project Manager at NYPA, turned to Skanska for help.

“They trusted us. They knew that if we made a promise, we would make the end date,” Mr. Lembo explains. “And we knew that if we did it, we would truly be helping the people of New York.”

Both Skanska and NYPA agreed from the start that the project would have to be run in an unconventional way. Skanska began working before the design and scope of the project were approved.

“We talked constantly and came to agreements. We had to trust each other, and do whatever it took. NYPA’s effort was Herculean. Our teams worked day and night, seven days a week for at least three of those five months – we were faxing in the designs and running with them out to the field,” Mr. Lembo continues.

Skanska used the first site as a way to speed the process. “The Hell Gate site in the Bronx was always three to four weeks ahead of the others. So we’d have meetings at 5 or 6 a.m. and talk about any potential problems and share knowledge,” Mr. Lembo explains. And with three specialized Skanska companies – Slattery, Gottlieb and Underpinning – working together far into overtime, Skanska got the job done, right on time, despite an impossible schedule.



Mr. Lembo recalls the completion of the first unit with pride: “It was 1 a.m. when we started it up, and there were people there whose shifts were long over. They weren’t getting paid, but they wouldn’t have missed it for the world.”

Then word of Skanska’s achievement spread. In 2002, KeySpan Energy Development Corporation and Calpine Corporation awarded Slattery Skanska contracts to construct a total of five power units using the same aggressive construction schedule. All of them were completed profitably and were delivered on schedule. In the past two years, Skanska has built a total of 19 plants of varying capacity for four different customers in the New York area.

“It’s a small community. Your reputation, honesty and ability to deliver what you promise are vital – almost more important than the price,” says Mike Lembo. “And we have that kind of attitude. Our customers mean everything to us – when we make a commitment to them, we live up to it.”



Share data

- Skanska's market capitalization totaled SEK 21.3 billion at the end of 2002.
- Skanska's share price declined by 26 percent to SEK 51 during 2002.
- Average volume per trading day declined by 22 percent to 1,164,405 shares during 2002.
- The proposed dividend for 2002 is SEK 2.00 per share.

Changes in shares outstanding (million) and capital stock

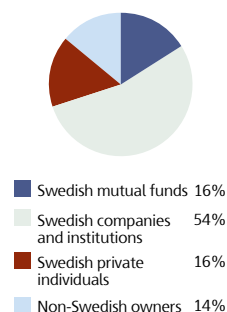
| Year and event | Reduction | Stock dividend | New share issue | Shares outstanding | Par value of capital stock, SEK M |
|---|-----------|----------------|-----------------|--------------------|-----------------------------------|
| 1991 1:1 | | 63.0 | | 125.9 | 1,259.2 |
| 1994 conv. | | | | 125.9 | 1,259.2 |
| 1997 redemption 1:10 | -12.0 | | | 113.9 | 1,255.6 |
| 2001 cancellation of repurchased shares | -9.2 | | | 104.7 | 1,255.6 |
| 2001 split 4:1 | | 314.0 | | 418.6 | 1,255.6 |

The largest shareholders in Skanska AB, holdings on January 31, 2003

| Shareholder | Series A shares | Series B shares | % of capital stock | % of voting power |
|-------------------------------------|-------------------|--------------------|--------------------|-------------------|
| Industrivärden (investment company) | 22,302,756 | 11,000,000 | 8.0 | 31.6 |
| AMF Pension (retirement insurance) | 0 | 32,800,000 | 7.8 | 4.4 |
| Alecta (retirement insurance) | 0 | 25,640,060 | 6.1 | 3.5 |
| Robur mutual funds (Swedbank) | 0 | 16,897,055 | 4.0 | 2.3 |
| AFA Försäkring (insurance) | 0 | 11,614,160 | 2.8 | 1.6 |
| IKEA Investment AB | 7,549,396 | 3,678,672 | 2.7 | 10.7 |
| SHB mutual funds | 0 | 9,932,609 | 2.4 | 1.3 |
| SEB mutual funds | 0 | 8,838,541 | 2.1 | 1.2 |
| Nordea mutual funds | 0 | 7,955,256 | 1.9 | 1.1 |
| AMF Pension mutual funds | 0 | 7,590,200 | 1.8 | 1.0 |
| 10 largest shareholders | 29,852,152 | 135,946,553 | 39.6 | 58.7 |
| Other shareholders in Sweden | 5,750,449 | 186,871,982 | 46.0 | 33.1 |
| Shareholders abroad | 77,368 | 60,054,568 | 14.4 | 8.2 |
| Total | 35,679,969 | 382,873,103 | 100.0 | 100.0 |

Sources: VPC, SIS Ägarservice

Percentage of capital stock by shareholder category



Major listed construction companies

Percentage change, total return and market capitalization, 2002

| Percent | Percentage change | Total SEK bn | Market capitalization, |
|-------------------------|-------------------|--------------|------------------------|
| AMEC (United Kingdom) | -64 | -61 | 7.9 |
| Dragados (Spain) | 7 | 8 | 27.1 |
| Ferrovial (Spain) | 23 | 25 | 30.3 |
| Fluor Corp. (U.S.) | -25 | -23 | 19.5 |
| Hochtief (Germany) | -18 | -12 | 8.2 |
| NCC (Sweden) | -24 | -21 | 5.4 |
| Skanska (Sweden) | -26 | -21 | 21.3 |
| Vinci (France) | -18 | -15 | 43.9 |

Shares by category, December 31, 2002

| Category | Number of shares | % of capital stock | % of voting power |
|--------------|--------------------|--------------------|-------------------|
| A | 35,681,909 | 8.5 | 48.2 |
| B | 382,871,163 | 91.5 | 51.8 |
| Total | 418,553,072 | 100.0 | 100.0 |

Skanska's Series B shares are quoted on the A list of Stockholmsbörsen (formerly the OM Stockholm Stock Exchange) under the SKAb symbol and traded in round lots of 200 shares. Current price information is available on Skanska's web site, www.skanska.com, in the Reuter system under the SKAb.ST symbol and in the Bloomberg system under the SKAB SS symbol.

At the end of 2002, there were a total of 418,553,072 shares outstanding, with a par value of SEK 3 per share. Of the shares outstanding, 35,681,909 were Series A shares with 10 votes apiece and 382,871,163 Series B shares with one vote apiece. Of the shares in circulation, Series B shares accounted for 91.5 percent of shares and 51.8 percent of voting power. During 2002, the number of Skanska shares traded on Stockholmsbörsen was 291,101,248 (371,031,580), at a value of SEK 18.5 billion (31.7). The average volume per trading day amounted to 1,164,405, a decrease of 22 percent from the average volume of 1,484,126 shares during 2001. Trading volume during 2002 was equivalent to 76 (97) percent of the total number of Series B shares outstanding at the end of the year.

Share performance

During 2002, the market price declined by 26 percent to SEK 51 per share as the final price paid in 2002. The overall market capitalization of Skanska thus declined during the year to SEK 21.3 billion. The highest price paid for a Skanska share during the year was SEK 83.50 and the lowest SEK 41.20. The Stockholm All Share Index (SAX) declined during 2002 by 37.4 percent. The Dow Jones Heavy Construction Industry Group Index, which includes the largest European construction companies, declined by 31 percent.

Skanska's Series B shares are also included in the Dow Jones Stoxx 600 and the Dow Jones Sustainability Index.

Ownership changes

At the close of 2002, the number of shareholders totaled 82,066 (72,701). The proportion of market capitalization owned by Swedish shareholders declined during the year from 85.5 percent to 83.6 percent, and their share of voting power from 91.8 percent to 90.6 percent. Of foreign shareholders, U.S. residents made up the largest group, with about 25 million shares representing about 6 percent of the capital.

Of Swedish shareholders, institutional owners accounted for 70 percent, while 30 percent was owned directly by individuals. As the adjacent table indicates, AB Industrivärden is the Company's dominant owner, with 31.6 percent of voting power.

The "free float" in Skanska's shares is regarded as making up about 373 million shares, equivalent to 89 percent of the number of shares outstanding.

Buy-backs of Skanska's own shares

The 2002 Annual Meeting authorized the Board of Directors to buy back Skanska's own shares up to a maximum of 10 percent of shares outstanding before the next Annual Meeting on May 6, 2003. By the end of February 2003, no buy-backs of shares had occurred.

Dividend

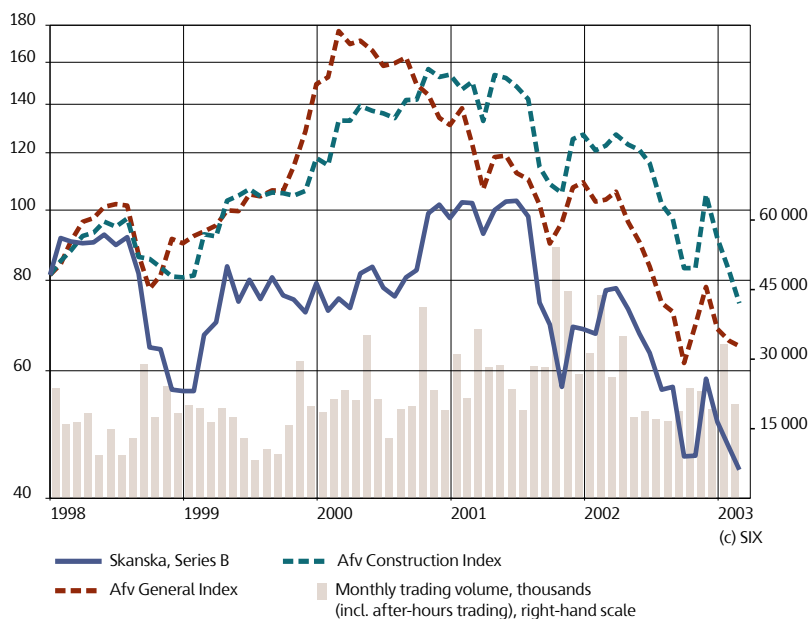
The Board of Directors proposes a dividend of SEK 2.00 (3.00) per share for 2002, for a total payout of SEK 837 M (1,256). The proposed dividend falls within the limits of the existing dividend policy. The regular dividend shall be equivalent to 35–45 percent of the Group's sustained profit after taxes as estimated by the Board or a minimum of five to six percent of adjusted shareholders' equity, as estimated by the Board. Surplus capital not needed to develop the Company's core business shall be transferred to the shareholders in an efficient way from a tax standpoint.

Total return

The total return on a share is calculated as the change in share price, together with the value of dividends. During 2002, the total return on a Skanska share amounted to –21 percent. Stockholm's SIX Return Index declined by 36 percent during the year.

During the five year period January 1, 1999 to December 31, 2002, the total return on a Skanska share was 13 percent. During the same period, the SIX Return Index showed a total return of –7 percent.

Skanska share price movement, January 1998–February 28, 2003



Skanska share history

| | 2002 | 2001 | 2000 | 1999 | 1998 |
|--|------------------|--------|-------------------|-------|-------|
| Year-end market price, SEK | 51.00 | 68.50 | 97.50 | 79.25 | 56.25 |
| Year-end market capitalization, SEK bn | 21.3 | 28.7 | 41.5 ¹ | 36.1 | 25.6 |
| Average number of shares for the year, million | 418.6 | 420.0 | 444.6 | 455.4 | 455.4 |
| Shares outstanding at year-end, million | 418.6 | 418.6 | 426.1 | 455.4 | 455.4 |
| Highest share price during the year, SEK | 83.50 | 106.40 | 106.13 | 86.75 | 79.00 |
| Lowest share price during the year, SEK | 41.20 | 57.00 | 68.50 | 53.25 | 49.75 |
| Yield, percent ² | 3.9 ² | 4.4 | 3.5 | 3.8 | 5.3 |

¹ Excluding repurchased shares, equivalent to SEK 2.9 billion.

² Based on the dividend proposed by the Board of Directors.

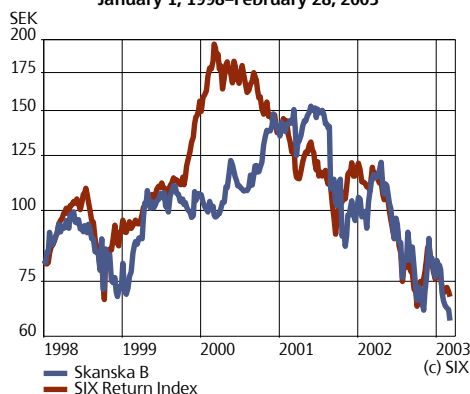
³ Dividend as a percentage of respective year-end share price, for 1998 excluding Drott.

Transfers of capital to Skanska's shareholders

| | Total | 2003 | 2002 | 2001 | 2000 | 1999 |
|---|-------------|-------------------|-------------|-------------|-------------|-------------|
| Regular dividend per share, SEK | | 2.00 ¹ | 3.00 | 3.38 | 3.00 | 3.00 |
| Extra dividend per share, SEK | | | | | 1.00 | |
| Total per share, SEK | | 2.00 | 3.00 | 3.38 | 4.00 | 3.00 |
| Regular dividend, total, SEK bn | 6.7 | 0.8 ¹ | 1.3 | 1.4 | 1.8 | 1.4 |
| Buy-backs of Skanska's own shares, SEK bn | 3.4 | | | 0.8 | 2.6 | |
| Total | 10.1 | 0.8 | 1.3 | 2.2 | 4.4 | 1.4 |

¹ Proposed by the Board of Directors

Effective return on Skanska shares compared to the SIX Return Index January 1, 1998–February 28, 2003



Report of the Directors

The Board of Directors and the President of Skanska AB hereby submit their report on the operations of both the Company and the Group in 2002.

Structural changes and important events

Prioritized tasks during the year were consolidation and a focusing of operations on profitability.

In keeping with the Group's strategy of construction operations in selected home markets, focused project development and facilities management, the Company carried out an analysis to assess how its business units can fulfill its strategic goals.

As a consequence of this analysis, a number of decisions were made on steps to adapt the Group's operations to these strategic goals.

In construction operations, Skanska will phase out units that are not consistent with its strategic emphasis on home markets or that operate in certain small markets. It will phase out project export operations in the Skanska International Projects business unit and its operations in Hungary, Lithuania and Latvia. In light of the strategy of being number 1 or 2 in each submarket, and in order to reduce capital employed, residential project development in Denmark will be gradually discontinued. For the same reason, Skanska intends to divest the Project Development USA business unit.

After a thorough analysis, Skanska has also decided to adjust acquisition goodwill to currently estimated profitability conditions. Together with goodwill writedowns of SEK 1,495 M and acquisition premium writedowns of SEK 150 M on properties, the cost totals SEK 1,645 M.

Goodwill writedown

| | Skanska SEK billion | Selmer Skanska | Gammon Skanska | Total | Other | Group |
|----------------------------|------------------------|-------------------|-------------------|-------|-------|-------|
| Effect on capital employed | -0.5 | -0.6 | -0.4 | -1.5 | | -1.5 |
| Remaining goodwill | 0 | 1.7 | 0.2 | 1.9 | 3.7 | 5.6 |

After the writedown, the remaining goodwill in the consolidated financial statements totals about SEK 5.6 billion.

The restructuring programs initiated in 2001 continued during 2002 and have yielded results in the units affected.

In Danish operations, the program to trim overhead and improve financial control and follow-up systems is progressing as planned, although operations still showed a small operating loss.

Polish operations are still running at a loss, among other things due to a continued downturn in the construction market and to non-core businesses that will be divested.

The loss provisions made in 2001 in the joint venture projects that were carried out together with Costain Plc in United Kingdom proved sufficient. Most of these projects were completed during 2002.

In light of decreased activity in the construction of telecom and information technology (IT) infrastructure, the operations of Skanska Telecom Networks were gradually discontinued.

Acquisitions

The Skanska Services business area, which carries out the Group's facilities management operations, continued to broaden its client base. In April, it received a three-year service contract from Pharmacia representing total sales of about SEK 660 M. Under this agreement, Skanska is taking over Pharmacia's services unit. Its operations consist of restaurants; office, graphic and technical services; as well as laboratory and production services. All 220 employees were offered continued employment.

Through the acquisition of E.L. Yeager Construction Company – a civil construction company based in southern California – Skanska became one of the few American infrastructure builders with nationwide coverage. Yeager focuses primarily on civil construction projects and has extensive holdings of well-situated rock and gravel quarries. Most of its operations in the U.S. take place in southern California, but Yeager also has projects in Ari-

zona, Nevada, New Mexico and Utah. In 2001, the company's sales were nearly SEK 3,000 M, with operating income of more than SEK 100 M. The investment, including net debt assumed, totaled about SEK 430 M. Yeager was included in Skanska's consolidated financial statements beginning in the third quarter.

Divestments of shares

In February, Skanska sold its shareholding in the hotel property company Pandox AB, equivalent to 6 percent of share capital and voting power. The sale price totaled SEK 125 M, with a capital gain of SEK 47 M.

In conjunction with the listing on Stockholmsbörsen of the kitchen interior manufacturer Nobia AB, the Skanska Group sold about one third of its shareholding in the company at a price of SEK 170 M, with a capital gain of SEK 41 M. After this sale, the Group's holding in Nobia AB amounts to 12.5 percent of share capital and voting power.

CityCronan

Skanska signed an agreement with the German real estate fund DEKA Immobilien Investment GmbH on the sale of the City-Cronan property in central Stockholm. The sale is conditional, among other things on the approval of authorities in Germany, and the transaction is expected to be reported in the financial statements during the first half of 2003.

The sales price totals about SEK 2,330 M, with a capital gain of about SEK 1,100 M.

Provisions for pensions

Due to the continued negative trend in stock markets, Skanska made provisions of SEK -322 M to safeguard the commitments specified by the pension plans in force in its Swedish pension funds.

Together with provisions in prior years, SEK 411 M has thus been reported as liabilities in the balance sheet to cover the downturn in asset value. Including provisions for regular new pension rights earned, a total of SEK 683 M, of which SEK 417 M during 2002, has been reported as liabilities in

Skanska's accounts in order to safeguard these commitments. The assets of the pension funds amounted to SEK 2,192 M on December 31, 2002. The total existing commitments are secured by the fund assets and the amount reported as liabilities on December 31.

Investigation of certain market conditions

The Swedish Competition Authority's investigation of a number of companies, among them Skanska, concerning involvement in suspected cartels related to contract tenders for asphalt and paving work continued during 2002. Skanska is helping the Competition Authority gain access to the information needed to complete its investigation.

In Norway and Finland, too, the competition authorities are also in the process of investigating possible involvement by Skanska employees in anti-competitive activities in the asphalt and civil construction sector.

Ethics

For some years, Skanska has been working actively to raise the level of business ethics in the Group. During 2002, Skanska Sweden initiated a training program for about 1,500 managers concerning business ethics. The training program results in a business ethics agreement between the Company and the participating managers.

Buy-backs of Skanska's own shares

For the purpose of adjusting the capital structure of the Company, the Annual Meeting of shareholders in April 2002 gave the Board of Directors a mandate to buy back Skanska's own shares. This decision means that the Company may purchase its own Series B shares up to a maximum of 10 percent of all shares in the Company. These purchases may occur on Stockholmsbörsen until the next Annual Meeting in May 2003. During 2002, the mandate to buy back Skanska's own shares was not utilized.

Events after the end of the financial year

The Group intends to apply Recommendation 29 (RR29) of the Swedish Financial Accounting Standards Council, "Employee Benefits," beginning on January 1, 2003. The nonrecurring effect of this change in accounting principle will be reported directly against shareholders' equity and has no nonrecurring impact on the income statement. The transition to RR29 means that the Group's pension liabilities will increase by about SEK 1,600 M. Shareholders' equity, after subtracting deferred taxes, will decline by a net amount of about SEK 1,100 M. The annual impact on profit before taxes, which has no effect on cash flow, is expected to be marginally positive. The Skanska Group's obligations to its employees related to pension benefits in each individual country are not affected by the change.

In February 2003, the Group sold a portfolio of ten properties in Stockholm and the Öresund region. The sale price was more than SEK 2,000 M, and the capital gain totaled about SEK 490 M. The purchaser is the American-based Blackstone Group, an investment bank.

At its February 2003 meeting, the Board of Skanska AB approved the sale of the American residential development unit Skanska Project Development USA. The purchaser is the management of the same unit. The sale is conditional upon approval by the Annual Meeting on May 6, 2003 in compliance with the 1987 Swedish Stock Market Companies Direct Placement Act (Leo Act). The sale price of the shares is equal to the book value of shareholders' equity, SEK 177 M. At year-end 2002, the unit had interest-bearing loans of SEK 802 M and interest-bearing assets of SEK 266 M, which are being taken over by the purchaser.

Market

During 2002, the construction market remained weak, with declining volume of construction investments in most of the Group's main markets.

In the important North American market, developments affecting the Group's businesses were mixed. The level of investment in the construction of infrastructure remained strong, and the outlook appears stable for the coming year. However, there is some uncertainty as to whether the public sector can maintain its capital spending volume.

Demand for commercial construction related to office and industrial premises was weak, and uncertainty about the strength of the economic recovery increased during the year. Demand in the healthcare and educational sectors was stable.

The Swedish construction market was characterized by weakening during the year, especially in commercial construction in major Swedish cities. The infrastructure market showed a slight increase, mainly due to an increased range of major projects. The demand for residential construction continued to rise, though with local variations and with slower growth.

In the Danish and Norwegian markets, too, commercial construction continued to weaken while residential construction was stable and infrastructure construction showed signs of improving.

In the Finnish market, overall construction investments fell during the year. Commercial construction declined, while the demand for housing and infrastructure was stable.

In the Russian market, demand is increasing, especially with regard to residential construction in the St. Petersburg area. However, the market is still considered risky, which hampers willingness to invest.

The Polish market situation deteriorated further in all sectors, except for infrastructure construction.

The pace of expansion in the Czech construction market slowed during the year. Construction spending rose by about 3 percent, driven by new investments and renovations of infrastructure projects. Investments in residential construction also remained at a high level.

In the British market, investments in privately financed projects in the public sector

rose, while commercial construction showed signs of cooling.

The market in Hong Kong was weak, while in India the construction market was stable.

Despite the economic crisis in Argentina and political unrest in a number of the markets where the Argentine subsidiary Sade Skanska operates, order bookings were good. Of the company's order backlog, more than 80 percent was attributable to projects outside Argentina.

The demand for well-situated projects with high occupancy and a good tenant structure remains strong in the Swedish real estate market. Interest comes mainly from foreign institutional buyers.

The lead times for selling and leasing increased compared to 2001, however.

The market in the other European project and real estate markets where the Group is active was weak, with a supply of properties that exceeded demand.

Order bookings and backlog

| SEK M | Order bookings | | Order backlog | |
|--|----------------|----------------|----------------|----------------|
| | 2002 | 2001 | 2002 | 2001 |
| Scandinavia | 37,506 | 41,153 | 22,413 | 23,985 |
| Europe | 39,505 | 42,086 | 36,365 | 36,131 |
| USA | 51,194 | 53,861 | 67,741 | 83,595 |
| Other markets | 6,122 | 11,990 | 8,949 | 14,639 |
| Total construction-related services | 134,327 | 149,090 | 135,468 | 158,350 |
| Services | 2,687 | 2,815 | 2,386 | 213 |
| Central and eliminations | 576 | 602 | 86 | 80 |
| Total Skanska Group | 137,590 | 152,507 | 137,940 | 158,643 |

The Group's order bookings declined by 10 percent to SEK 137,590 M (152,507). About SEK 4,000 M of the decline, equivalent to 3 percent of order bookings, was related to exchange rate effects. These effects were mainly attributable to North and South American operations, due to the increased value of the Swedish krona against the U.S. dollar and the weakening of the Argentine peso.

Operations outside Sweden accounted for 81 percent of order bookings.

For comparable units, including currency rate effects, order bookings declined by 10 percent.

Order backlog fell by SEK 20,703 M to SEK 137,940 M (158,643), which represented a decrease of 13 percent. Of this decrease, about SEK 17,000 M, equivalent to 11 percent of order backlog, consisted of currency rate effects, primarily from the U.S. and the United Kingdom. Of total order backlog, 88 percent was related to operations outside Sweden. North American operations accounted for 49 percent of total order backlog. For comparable units, including currency rate effects, order backlog declined by 16 percent.

Net sales

Net sales fell to SEK 145,576 M (164,937), a decline of 12 percent. This decline included about SEK 5,000 M, equivalent to 3 percent of net sales, in currency rate effects. Of net sales, 19 percent were related to operations in Sweden. For comparable units, including currency rate effects, net sales decreased by 13 percent.

Net sales and operating income

| SEK M | Net sales | | Operating income | |
|--|----------------|----------------|------------------|--------------|
| | 2002 | 2001 | 2002 | 2001 |
| Scandinavia | 38,685 | 43,267 | 353 | -413 |
| Europe | 37,690 | 39,880 | 446 | -604 |
| USA | 57,168 | 68,942 | 1,542 | 1,173 |
| Other markets | 9,169 | 11,334 | 178 | 214 |
| Total construction-related services | 142,712 | 163,423 | 2,519 | 370 |
| Project Development & BOT | 1,474 | 1,387 | 1,009 | 2,748 |
| Services | 2,505 | 3,061 | -147 | 112 |
| Central and eliminations | -1,115 | -2,934 | -760 | -707 |
| | 145,576 | 164,937 | 2,621 | 2,523 |
| Items affecting comparability | | | -1,645 | -230 |
| Total Skanska Group | 145,576 | 164,937 | 976 | 2,293 |

Operating income

Operating income amounted to SEK 976 M (2,293).

Gross income reached SEK 11,872 M (9,396). This included income from busi-

ness operations as well as capital gains on the sale of residential real estate projects (other current-asset properties). Selling and administrative expenses rose compared to 2001, amounting to SEK 9,471 M (9,063). The increase was largely attributable to restructuring expenses in three business units: International Projects, Denmark and Finland (Hungary, Latvia and Lithuania).

The gain on sale of properties in real estate operations totaled SEK 294 M (2,155).

The book value of properties in Skanska's real estate operations divested during the year amounted to SEK 486 M (2,804).

Skanska carried out writedowns of SEK 103 M (0) in real estate operations. Reversals of previous writedowns totaled SEK 40 M (0). Items affecting comparability in 2001 included SEK 435 M of reversals in writedowns in real estate operations. In 2002, writedowns were related to properties in Germany, Norway and Sweden, while the reversal was related to a property in Denmark.

Applying the same accounting principles as earlier, operating income would have been SEK 180 M lower (see Note 1).

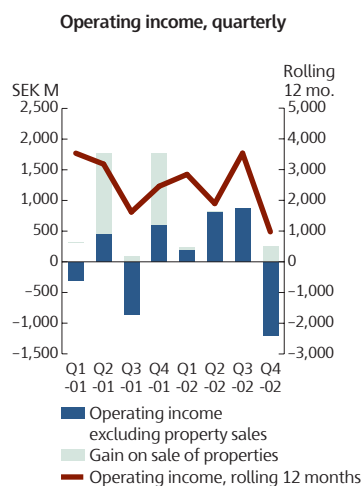
Operating income included items affecting comparability totaling SEK -1,645 M (-230). These were related to writedowns attributable to the strategic measures that were approved.

Items affecting comparability, SEK M

| Business unit | Goodwill | Writedown on | Total |
|---------------|--------------|-----------------|--------------|
| | writedown | other buildings | |
| Selmer | 610 | | 610 |
| Gammon | 364 | | 364 |
| Poland | 521 | 150 | 671 |
| Total | 1,495 | 150 | 1,645 |

This included a writedown of acquisition goodwill totaling SEK 1,495 M and writedowns of acquisition premiums on properties totaling SEK 150 M.

Operating income amounted to SEK 976 M, compared to SEK 2,293 M the preceding year.



Income after financial items

Income after financial items totaled SEK 73 M (1,116).

Net financial items amounted to SEK -903 M (-1,117).

Net interest items improved from SEK -924 M to SEK -626 M. During the year, interest payments of SEK 144 M (0) were capitalized in project development for Skanska's own account. Due to a lower average interest rate on the Group's gross debt, net interest items decreased, even though average interest-bearing net debt was higher than in 2001.

Capital gains on the sale of shares and participations amounted to SEK 92 M (0). This included the divestments of Skanska's in Pandox and portions of its shareholding in Nobia AB.

The capital gain on early redemption of a financial receivable related to a site leasehold totaled SEK 81 M. Of other financial items, SEK 322 M (170) was related to expenses to cover the downturn in the value of the Swedish pension funds. Additional items included foreign exchange losses of SEK 51 M and miscellaneous financial items totaling SEK 77 M.

Net profit for the year

After subtracting the year's tax expenses of SEK 856 M (1,094) and minority interests of

SEK 54 M, net profit for the year was SEK -837 M (22). The high tax burden was due, among other things, to goodwill writedowns that were not tax-deductible as well as certain loss carry-forwards that were not reported as tax claims. Net profit per share amounted SEK -2.00 (0.05).

Properties in real estate operations

"Properties in real estate operations" refers to the projects carried out by the Project Development Sweden and Project Development Europe business units.

Operating income for properties in real estate operations amounted to SEK 1,051 M (3,206), of which gains on the sale of fully developed properties amounted to SEK 294 M (2,155).

Operating net for fully developed properties totaled SEK 789 M (774), equivalent to an operating net margin of about 70 (69) percent. The occupancy rate declined to 84 (92) percent in terms of space and 87 (93) percent in terms of rent.

The assessment of the market value of finished properties in real estate operations on December 31, 2002, which was partially carried out in collaboration with external appraisers, showed an estimated market value of about SEK 11,200 M (8,800), including partly owned properties. The corresponding book value in the consolidated financial statements was SEK 7,200 M (4,700).

Including fully developed properties that were reported as completed on January 1, 2003, estimated total market value amounted to about SEK 13.6 billion, with a corresponding book value of about SEK 9.1 billion.

During the year, 9 projects were completed. At year-end, the Group's real estate operations had 11 projects underway, of which 3 outside Sweden. They represented leasable space of about 137,000 sq. m (1.47 million sq. ft.). Their book value upon completion is estimated at SEK 2.5 billion. At year-end, their book value was SEK 1,551 M. Expected yield, based on book value, was estimated at 10 percent. At year-end, Skanska had signed pre-leasing contracts covering about 84 per-

cent of the space that is under construction.

Investments

| Operations | 2002 | 2001 |
|--------------------------|---------------|----------------|
| Investments | | |
| Intangible fixed assets | -52 | -164 |
| Tangible fixed assets | -1,762 | -2,435 |
| Assets in BOT operations | -579 | -728 |
| Current-asset properties | -6,890 | -9,424 |
| | -9,283 | -12,751 |

Divestments

| | | |
|--------------------------|--------------|---------------|
| Intangible fixed assets | 9 | 33 |
| Tangible fixed assets | 527 | 539 |
| Assets in BOT operations | 0 | 131 |
| Current-asset properties | 6,601 | 12,119 |
| | 7,137 | 12,822 |

Net investments in operations -2,146 71

Strategic investments

| Investments | | |
|-------------|-------------|-------------|
| Businesses | -498 | -384 |
| Shares | -41 | -49 |
| | -539 | -433 |

Divestments

| | | |
|------------|------------|------------|
| Businesses | 0 | 0 |
| Shares | 351 | 100 |
| | 351 | 100 |

Net strategic investments -188 -333

Total net investments -2,334 -262

The Group's gross investments fell to SEK 9,822 M (13,184). Divestments totaled SEK 7,488 M (12,922). Net investments for the year rose to SEK 2,334 M (262).

Divestment and investment volume of current-asset properties, both commercial and residential projects, declined significantly: in particular, the volume of commercial property divestments was lower than in 2001.

In BOT operations, Skanska's largest investments were in projects in Chile and Brazil.

However, investment volume was lower than in 2001.

Investments in tangible fixed assets amounted to SEK 1,762 M (2,435) and were related to ongoing replacement investments in business operations. The lower investment volume reflects the weaker construction market.

Net investments in operations rose to SEK 2,146 M (–71), very much due to lower divestment volume for commercial properties in particular.

Skanska acquired businesses and shares worth SEK 539 M (433) and sold shares worth SEK 351 M (100). The largest acquisition was the American civil construction company Yeager. Divestments included the sale of Skanska's shareholdings in Pandox and portions of its holding in Nobia.

Cash flow

| SEK M | 2002 | 2001 |
|---|---------------|---------------|
| Cash flow from business operations before change in working capital | 4,302 | 2,536 |
| Change in working capital | –26 | 2,548 |
| Net investments in business operations | –2,146 | 71 |
| Adjustment, payment dates of net investments ¹ | 1,142 | –1,397 |
| Taxes paid in business operations | –1,444 | –1,911 |
| Cash flow from business operations | 1,828 | 1,847 |
| Net interest items and other financial items | –663 | –997 |
| Change in interest-bearing receivables and liabilities | –435 | 4,490 |
| Taxes paid in financial operations | 154 | 154 |
| Cash flow from financing operations | –944 | 3,647 |
| Cash flow from operations | 884 | 5,494 |
| Strategic net investments | –188 | –333 |
| Taxes paid on strategic net investments | –917 | –873 |
| Cash flow from strategic net investments | –1,105 | –1,206 |
| Dividend etc. | –1,306 | –2,352 |
| Cash flow for the year | –1,527 | 1,936 |
| Liquid assets at the beginning of the period | 9,335 | 6,769 |
| Exchange rate differences in liquid assets | –892 | 630 |
| Liquid assets at end of year | 6,916 | 9,335 |

¹ "Adjustment, payment dates of net investments" refers to payments made during the year in question related to investments/divestments in prior years, or unpaid investments/divestments related to the year in question.

Cash flow declined from SEK 1,936 M to SEK –1,527 M.

Cash flow from business operations totaled SEK 1,828 M, which was largely unchanged from the year before. Compared to the preceding year, there was a sharp

improvement in underlying cash flow from operations, and working capital stabilized. Working capital was affected by the lower volume of operations as well as delays in payments from clients and disbursements to subcontractors and suppliers at the turn of the year in American operations. "Adjustment, payment dates of net investments" totaling SEK 1,142 M was related to payments received mainly for property divestments late in 2001.

Cash flow from financing operations during the year was SEK –944 M (3,647). The change was mainly related to a decline in interest-bearing liabilities compared to 2001.

Taxes paid on strategic investments consisted mainly of taxes for aircraft leasing companies.

Financing and liquidity

Interest-bearing net debt including provisions totaled SEK 9,030 M (6,812). The Group's net interest items, before taking into account capitalized interest, amounted to SEK –770 M (–924). The change is mainly attributable to lower market interest rates in several home markets.

The Group's interest-bearing assets declined to SEK 8,095 M (11,281). Of these assets, receivables in foreign currencies accounted for 76 (82) percent. The average fixed-interest period for all interest-bearing assets was 0.2 (0.7) year, and the interest rate averaged 2.78 (3.65) percent.

Change in interest-bearing net debt

| | 2002 | 2001 |
|--|---------------|---------------|
| Net debt, opening balance | –6,812 | –3,678 |
| Cash flow from business operations | 1,828 | 1,847 |
| Cash flow from financing operations excluding change in interest-bearing receivables and liabilities | –509 | –843 |
| Cash flow from strategic investments | –1,105 | –1,206 |
| Dividend etc. | –1,306 | –2,352 |
| Change in interest-bearing pensions | –656 | 0 |
| Other reclassifications | 247 | –474 |
| Net debt acquired/divested | –175 | –7 |
| Exchange rate differences | –472 | –97 |
| Other | –70 | –2 |
| Net debt, closing balance | –9,030 | –6,812 |

The Group's interest-bearing liabilities and provisions decreased to SEK 17,125 M (18,093). The average fixed-interest period for all interest-bearing liabilities was 0.8 (0.9) year, and the average maturity for interest-bearing liabilities amounted to 2.4 (2.5) years. The average interest rate for all Group interest-bearing liabilities amounted to 5.2 (6.4) percent at year-end. The proportion of loans in foreign currencies fell to 48 (60) percent.

At year-end, the Group had unutilized credit facilities and availability liquidity of SEK 5,984 M (5,780).

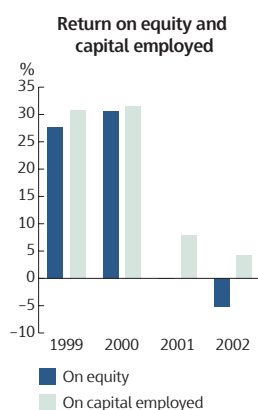
Currency hedging

The Group consists mostly of business units with operations in their respective home market and with transactions mainly in local currency.

In those cases where contracted inflows in foreign currencies are not offset by outflows in the same currency, the foreign currency is sold by means of forward contracts.

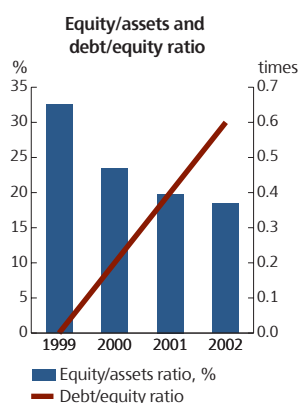
The Group's earnings are marginally affected by this hedging measure.

Unrealized gains and losses in forward contracts are part of the valuation of each project. Shareholders' equity in foreign subsidiaries is normally not currency hedged, since these sums are regarded as investments of a long-term nature. Exceptions may occur, however. Given the large scale of the shareholders' equity denominated in American dollars, the shareholders' equity of the Group's U.S. subsidiaries has been currency hedged since September 2002.



Return on capital employed declined from 8.0 percent to 4.3 percent. Despite lower capital employed, items affecting comparability in the form of writedowns and restructuring expenses influenced earnings, leading to deterioration in the financial ratio.

Return on equity amounted to -5.2 (0.1) percent.



The visible equity/assets ratio fell from 19.8 to 18.5 percent. The reason for the decline was that shareholders' equity decreased relatively more than the balance sheet total, due to the negative earnings for the year and negative translation differences.

The debt/equity ratio amounted to 0.6 (0.4).

Shareholders' equity

At year-end 2002, the shareholders' equity of the Skanska Group amounted to SEK 14,217 M (17,871), divided into SEK 11,532 M (15,187) in unrestricted equity and SEK 2,685 M (2,684) in restricted equity. Provisions to restricted equity amounted to SEK 0 M (0).

Changes in the Board and management

At the Annual Meeting in April 2002, the Chairman of the Board, Bo Rydin, resigned from the Board and Anders Nyrén was elected as a new Board member. In September, Claes Björk resigned from the Board. Among the Board representatives appointed by employer organizations, member Ivan Karlsson, Union for Service and Communications (SEKO), and deputy member Jörgen Persson, Swedish Industrial Union, resigned from the Board. The employee organizations appointed Gunnar Larsson, SEKO, as a new Board member and Peter Johansson, Swedish Industrial Union, as a deputy member.

At the statutory meeting of the Board in conjunction with the Annual Meeting, the Board appointed Sverker Martin-Löf as its new Chairman.

The Company's President and CEO, Claes Björk, stepped down from his position in September and Stuart Graham was appointed the new President and CEO.

In February, Keith Clarke was appointed as a new Executive Vice President. The Senior Executive Team was expanded in September by the addition of two new Executive Vice Presidents, Thomas Alm and Johan Bergman. During the year, Mats Wäppling resigned from his position as Executive Vice President.

The Group's Senior Executive Team consists of Stuart Graham, President and Chief Executive Officer (CEO), and six Executive Vice Presidents. The Team has the following structure and allocation of chief responsibility for the units reporting directly to it:

Stuart Graham, President and CEO, is responsible in the Group's Senior Executive Team for Skanska USA Building, Skanska

USA Civil and Skanska Services.

Hans Björck is Chief Financial Officer (CFO).

Thomas Alm is responsible in the Senior Executive Team for the operations of Skanska BOT, Skanska International Projects and Sade Skanska.

Joahn Bergman is responsible in the Senior Executive Team for Skanska Project Development Sweden, Skanska Project Development Europe and Skanska Project Development USA.

Keith Clarke is responsible for Skanska UK, Skanska Poland and Skanska CZ (Czech Republic).

Johan Karlström is responsible for Skanska Sweden, Skanska Denmark, Selmer Skanska (Norway) and Skanska Oy (Finland).

Daniel Johannesson is responsible for special projects.

The work of the Board

During 2002, the Board of Directors held five regular meetings, a statutory meeting plus two extra meetings. At its October 2002 meeting, the Board visited the Group's operations in the Czech Republic, including two work site visits in Prague.

Among the more important issues that the Board dealt with were the strategic review of the Company and the appointment of the new President and CEO, as well as financial reporting.

The committees established by the Board – the auditing committee and the salary committee – reported to the Board during 2002 in accordance with the mechanisms specified in the Board's rules of procedure.

The Board revised its rules of procedure at its August 2002 meeting, among other things concerning the working procedures of the Board's salary committee.

Research and development

The Group devotes extensive resources to research and development, both under its own auspices and externally. Among the fields in which the Group has focused its

research and development efforts are moisture and mold in buildings and underground construction.

Through in-house and sponsored research and development, Skanska has built up a strategic research network including many well-known research institutions worldwide.

The environment

In a large proportion of its construction projects, Skanska adheres to strict environmental standards, with Skanska or the client initiating environmental adaptation that is more far-reaching than required by law or by regulatory authorities. Major projects initiated in this way accounted for order value equivalent to more than 40 percent of the Group's order bookings, which was about the same proportion as in 2001.

More than 95 percent of the businesses in the Group's units are now certified according to the ISO 14001 environmental management standard, and companies that were acquired in 2000 completed their certifications by the end of 2002.

Follow-ups of environmental management systems occur, among other things, by means of regular internal and external environmental audits. The number of audits is continuously increasing as more and more units become certified. During 2002, Skanska implemented 1,753 internal environmental audits. The number of environmental audits carried out by ISO certification organizations was 204. These audits noted seven significant instances of non-conformities, which have all been remedied.

Operations in Sweden include a number of operations that are required to obtain permits and submit registration documents. However, due to their nature they have a minor impact on the environment and do not cause more than small quantities of emissions to air and discharges to water.

For a more detailed description of Skanska's environmental work, see the 2002 Sustainability Report and the environmental

information posted on Skanska's Internet web site, www.skanska.com.

Personnel

The average number of employees in the Group during the year was 76,358 (79,924). This included 15,014 (15,765) employees in Sweden.

Skanska implemented a number of activities during the year to focus attention on the Group's approaches toward important social, environmental and ethical issues. Extensive training activities related to the Skanska Code of Conduct were planned during 2002 for implementation during 2003.

During 2002, about 500 employees participated in various talent management activities at the Skanska Leadership Institute. During the year, Skanska also initiated a review of the Group's management development for the purpose of ensuring a shared set of basic values and a strategic focus in the development programs and activities offered Groupwide.

A new management evaluation tool has been developed. During 2002, Skanska implemented an initial evaluation of the 250 highest executives of the Group. This involves assessing both fulfillment of targets and leadership qualities based on a shared leadership profile. Continued work will be underway during 2003 to implement a Groupwide working method.

Options

Skanska AB's Board of Directors decided to allot employee stock options to 10 senior executives, free of cost. The allocation encompasses a total of 656,000 synthetic options and comprises a supplement to the existing employee stock option program for 2001–2006.

The options have an exercise price amounting to SEK 128 and may be exercised during the period March 1, 2004 – March 31, 2006.

Including the above allocation, 36 senior executives hold a total of 4,120,000 employee stock options.

The option program encompasses synthetic options and settlement will take place in cash. The options were provided free of cost and may only be exercised on the condition that the person is still employed by Skanska on the exercise date. Those who receive stock options may not transfer the right to exercise them.

The synthetic option programs are reported in the balance sheet as a provision if the market price of a Skanska Series B share on the balance sheet date exceeds each respective exercise price. The change in the provision during the year is included in the income statement and is reported as a personnel expense. Because the market price on December 31, 2002 was below the exercise price, no such personnel expense was reported.

Most of the obligations that the synthetic option programs may cause, if the market price of a Skanska Series B share exceeds the respective exercise price on the balance sheet date, have been hedged with the aid of equity swaps related to shares in Skanska AB. The difference between the market price on the balance sheet date and the initial prices of the swap agreement is reported directly against shareholders' equity.

The market price of a Skanska share on December 31, 2002 was below the exercise prices related to the equity swaps. The year's change of about SEK 85 M was reported directly against shareholders' equity. The option programs do not result in any dilution of shareholders' equity.

Annual Meeting

The Annual Shareholders' Meeting of Skanska AB will be held at 4:00 p.m. on May 6, 2003 in the Great Hall of the Royal Swedish Academy of Music at Nybrokajen 11, Stockholm, Sweden.

The nomination committee of Skanska AB consists of Sverker Martin-Löf, Chairman of Skanska AB and Vice Chairman of AB Industrivärden; Staffan Grefbäck, Head of Investment Management at Alecta; Per Ludvigsson, President of Inter IKEA Invest-

ment AB; Mats Guldbrand, Equities Manager, AMF Pension; and Curt Källströmer, Head of the Chairman's Office, Svenska Handelsbanken.

Proposed dividend

The Board of Directors proposes a regular dividend of SEK 2.00 (3.00) per share for the 2002 financial year, which is equivalent to a total payment of SEK 837 M (1,256).

The proposed dividend falls within the limits of the existing dividend policy. Skanska's dividend policy states that the dividend shall either be equivalent to 35–45 percent of the Group's sustained profit after taxes as estimated by the Board or a minimum of 5–6 percent of the Group's adjusted shareholders' equity, as estimated by the Board.

Parent Company

Profit for the year amounted to SEK 1,189 M (–123). The average number of employees was 56 (52).

Market outlook

On the whole, the market outlook for commercial and residential construction deteriorated during 2002. The total volume of construction investments is expected to shrink in Skanska's main markets during the next year.

Residential construction in Finland, the Czech Republic and Russia are stable, while the Swedish and Norwegian markets show a weaker trend.

American commercial construction of office and industrial premises remains weak. American construction in the healthcare and educational segment (institutional construction) is stable. The investment volume in British PFI projects (privately financed projects such as hospitals, schools and prisons) is expected to continue increasing in the coming year.

Infrastructure investments in Skanska's main markets are expected to increase in the coming year. The investment volume in the American market is expected to be stable.

However, budget deficits at federal and state levels in the U.S. are creating uncertainty about the trend of American infrastructure construction in a somewhat longer perspective. The growth rate in the Nordic markets is low today but is expected to accelerate during 2003. The greatest potential in a slightly longer perspective is found in the Czech Republic and Poland, especially in light of the European Union enlargement.

The markets where Skanska is active in commercial project development are expected to show weak performance, with the consequence that fewer new projects will start up during 2003.

The appreciation of the Swedish krona, especially against the U.S. dollar, will lead to negative translation differences in the income statement.

Consolidated income statement

| SEK M | Note | 2002 | 2001 |
|---|--------------------|---------------|--------------|
| Net sales | 2 | 145,576 | 164,937 |
| Construction, manufacturing and property management expenses | 1, 3 | -133,704 | -155,541 |
| Gross income | | 11,872 | 9,396 |
| Selling and administrative expenses | 4, 5 | -9,471 | -9,063 |
| Gain in real estate operations: sale of properties | 6 | 294 | 2,155 |
| Gain/loss in real estate operations: writedowns/reversals of writedowns | 7 | -63 | 0 |
| Share of income in associated companies and joint ventures | 8 | -11 | 35 |
| Revenues affecting comparability | 9 | 0 | 435 |
| Expenses affecting comparability | 9 | -1,645 | -665 |
| Operating income | 10, 11, 12, 13, 14 | 976 | 2,293 |
| Income from holdings in associated companies and joint ventures | 16 | 5 | 69 |
| Income from other financial fixed assets | 17 | -473 | 986 |
| Income from financial current assets | 18 | 481 | 514 |
| Interest expenses and similar items | 1, 19 | -916 | -2,746 |
| Income after financial items | | 73 | 1,116 |
| Taxes on profit for the year | 21 | -856 | -1,094 |
| Minority interests | | -54 | 0 |
| Net profit for the year | 22 | -837 | 22 |
| Net profit per share, SEK | 41 | -2.00 | 0.05 |

Comments on the income statement

Net sales

Net sales declined by 12 percent to SEK 145.6 M.

One large new acquisition during 2002 was Yeager Construction Company, which contributed SEK 1.0 billion to consolidated net sales beginning in the third quarter of the year.

The largest markets were the United States with 39 percent, Sweden with 19 percent and United Kingdom with 10 percent of sales.

Operating income

Operating income fell from SEK 2.3 billion to SEK 1.0 billion. Operating income consists of gross income plus or minus a number of separately reported items.

Gross income included SEK 688 M (114) in gains on the sale of real estate projects developed for Skanska's own account ("Other current-asset properties").

Gains on real estate projects developed for Skanska's own account ("Other current-asset properties")

| SEK M | 2002 | 2001 |
|---------------|------------|------------|
| Scandinavia | 237 | 374 |
| Europe | 238 | -365 |
| USA | 213 | 146 |
| Other markets | 0 | -41 |
| Total | 688 | 114 |

Gross income also includes income from day-to-day real estate operations, that is, mainly rental revenues from completed but not yet divested properties.

The items reported separately in operating income are "Selling and administrative expenses," "Gain on sale of properties in real estate operations," "Writedowns and reversals of writedowns on properties in real estate operations," "Share of income in associated companies" and "Items affecting comparability."

Selling and administrative expenses included SEK 581 M in goodwill amortization and SEK 199 M in goodwill writedowns.

Gain on sale of properties refers to divestment of properties in real estate operations.

Based on outside market appraisals, the value of a number of properties in real estate operations was adjusted, with a net writedown of SEK 63 M.

Items affecting comparability included restructuring expenses, a writedown of goodwill and writedowns of business properties totaling SEK 1,645 M (see the table on items affecting comparability, Note 9).

Applying the same accounting principles as previously, operating income would have been adversely affected by SEK 180 M.

Net financial items

Net financial items amounted to SEK -903 M (-1,177).

"Income from holdings in associated companies and joint ventures" refers mainly to a holding in a limited partnership.

"Income from other financial fixed assets" consisted of exchange rate losses, interest revenues and capital gains mainly due to exchange rate differences. It also included capital gains on the sale of shares and the early redemption of a receivable.

"Income from financial current assets" included interest revenues and exchange rate differences.

"Interest expenses and similar items" refers mainly to interest expenses and exchange rate differences. It also included expenses for the downturn in the value of Swedish pension funds.

Net interest items improved by SEK 144 M due to a change in the application of accounting principles.

Net profit for the year

Net profit for the year amounted to SEK -837 M (22). This represents a net profit per share of SEK -2.00 (0.05).

Tax expenses were explained by large goodwill writedowns that were not tax-deductible and by the fact that certain loss carry-forwards were not capitalized.

Effect of changes in exchange rates on the income statement

| SEK M | 2002 2001 rate ¹ | 2002 | Currency rate effect |
|--------------------------------|--------------------------------|-------------|----------------------------|
| Net sales | 150,575 | 145,576 | -4,999 |
| Operating income | 928 | 976 | 48 |
| Income after financial items | -94 | 73 | 167 |
| Net profit for the year | -1,019 | -837 | 182 |

¹ 2002 figures translated to 2001 exchange rates.

The effect of changes in exchange rates during the year is clear from the above table. The table should be interpreted in such a way that net sales were SEK 4,999 M lower in 2002 than they would have been with 2001 exchange rates, while earnings were higher. The large writedowns in acquisition goodwill, where acquisition goodwill is expressed in local currencies, adversely affected earnings in a number of local currencies. The stronger position of the Swedish krona against these currencies during the year explains why earnings would have been worse if 2001 exchange rates had been used.

| | USD | EUR | ARS | GBP | Others | Total |
|--------------------------------|------------|----------|------------|----------|----------|------------|
| Net sales | -3,525 | -95 | -1,578 | -432 | 631 | -4,999 |
| Operating income | -95 | 2 | 122 | 2 | 17 | 48 |
| Income after financial items | -97 | 3 | 250 | 2 | 9 | 167 |
| Net profit for the year | -54 | 3 | 225 | 5 | 3 | 182 |

If 2001 exchange rates had been used in 2002, operating income from operations denominated in American dollars would have been SEK 95 M better, operations using euro largely unchanged and those using Argentine pesos SEK 122 M worse.

Consolidated balance sheet

| SEK M | Note | 2002 | 2001 |
|--|--------|---------------|---------------|
| ASSETS | | | |
| Intangible fixed assets | 23, 24 | 6,071 | 8,482 |
| Tangible fixed assets | 25 | | |
| Properties in real estate operations | | – | 11,991 |
| Other buildings and land | | 2,420 | 2,942 |
| Machinery and equipment | | 5,535 | 5,714 |
| Construction in progress | | 105 | 98 |
| Total tangible fixed assets | | 8,060 | 20,745 |
| Financial fixed assets | | | |
| Holdings in associated companies and joint ventures | 26, 27 | 809 | 659 |
| Receivables from associated companies and joint ventures | 30, 31 | 332 | 251 |
| Other long-term holdings of securities | 26, 29 | 547 | 768 |
| Other long-term receivables | 30, 32 | 2,617 | 2,660 |
| Total financial fixed assets | | 4,305 | 4,338 |
| Total fixed assets | | 18,436 | 33,565 |
| Current-asset properties | 33, 34 | 19,544 | 6,799 |
| Inventories | 35 | 890 | 1,035 |
| Current receivables | | | |
| Accounts receivable | | 22,163 | 25,126 |
| Current receivables from associated companies and joint ventures | 36 | 105 | 87 |
| Costs and earnings in excess of invoicing | 37 | 5,570 | 8,198 |
| Other current receivables | 38 | 3,037 | 7,613 |
| Prepaid expenses and accrued revenues | 39 | 1,703 | 1,326 |
| Total current receivables | | 32,578 | 42,350 |
| Short-term investments | | 303 | 582 |
| Cash and bank balances | | 6,613 | 8,753 |
| Total current assets | | 59,928 | 59,519 |
| TOTAL ASSETS | 40 | 78,364 | 93,084 |

| SEK M | Note | 2002 | 2001 |
|--|------------|---------------|---------------|
| SHAREHOLDERS' EQUITY AND LIABILITIES | | | |
| Capital stock | | 1,256 | 1,256 |
| Restricted reserves | | 1,429 | 1,428 |
| Restricted equity | | 2,685 | 2,684 |
| Unrestricted equity | | 12,369 | 15,165 |
| Net profit for the year | | -837 | 22 |
| Unrestricted equity | | 11,532 | 15,187 |
| Total shareholders' equity | 41 | 14,217 | 17,871 |
| Minority interests | | 296 | 515 |
| Provisions | 42 | | |
| Provisions for pensions and similar commitments | 43 | 968 | 437 |
| Provisions for taxes | 44 | 2,340 | 2,227 |
| Other provisions | 45 | 3,078 | 2,699 |
| Total provisions | | 6,386 | 5,363 |
| Liabilities | 46 | | |
| Bond loans | | 7,220 | 6,383 |
| Liabilities to credit institutions | | 7,554 | 9,122 |
| Advance payments from clients | | 986 | 1,253 |
| Accounts payable | | 17,026 | 19,837 |
| Liabilities to associated companies and joint ventures | | 58 | 91 |
| Tax liabilities | | 455 | 1,454 |
| Invoicing in excess of costs and earnings | 47 | 10,318 | 12,072 |
| Other liabilities | 48 | 5,626 | 10,520 |
| Accrued expenses and prepaid revenues | 49 | 8,222 | 8,603 |
| Total liabilities | | 57,465 | 69,335 |
| TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES | 50, 51, 52 | 78,364 | 93,084 |
| Assets pledged | 53 | | |
| Mortgages and comparable collateral for own liabilities and provisions | | 1,226 | 1,383 |
| Other assets pledged and comparable collateral | | 568 | 561 |
| Total assets pledged | | 1,794 | 1,944 |
| Contingent liabilities | 54 | 18,937 | 16,556 |

Comments on the balance sheet

The balance sheet total declined by about 16 percent to SEK 78.4 billion (93.1).

The balance sheet total was affected substantially by writedowns of acquisition goodwill and lower business volume. In addition, the balance sheet total declined by about SEK 6.5 billion due to translation from foreign currencies to Swedish kronor.

Assets

Intangible fixed assets

Intangible fixed assets declined to SEK 6.1 billion (8.5).

“Intangible fixed assets” consisted of SEK 5.6 billion in goodwill and SEK 0.5 billion in other intangible assets.

Goodwill amounted to SEK 5.6 billion (7.7), a decline of SEK 2.1 billion.

The goodwill amount was affected by the year’s SEK 1.7 billion in acquisition goodwill writedowns and SEK 0.6 billion in amortization. Through acquisitions, the goodwill item rose by SEK 0.2 billion, mainly through the acquisition of Yeager. Translation differences when converting currencies lowered the goodwill item by SEK 0.2 billion, while other adjustments increased the item by SEK 0.2 billion. Other intangible fixed assets fell by SEK 0.3 billion to SEK 0.5 billion (0.8). The decline was due to currency translation differences and writedowns. The item consisted mainly of a concession to operate a toll highway in a BOT project in Chile.

Tangible fixed assets

Tangible fixed assets fell by SEK 12.6 billion to SEK 8.1 billion (20.7).

The decline was mainly attributable to the reclassification of properties in real estate operations from fixed assets to current assets.

Other buildings and land

“Other buildings and land” included business properties used in the Group’s own operations, mainly warehouses, production plants, gravel pits and Group offices.

Acquisition premiums in properties in Polish operations were written down by SEK 150 M during the year.

Financial fixed assets

Investments in associated companies in BOT operations in Chile and Brazil increased holdings of shares and participations in associated companies and joint ventures. The holding in Pandox and one third of the holding in Nobia were sold during the year, which decreased the item “Other long-term holdings of securities.” “Other long-term receivables” consisted largely of deferred tax claims.

Current-asset properties

Skanska previously reported only those properties that were intended to be sold in conjunc-

tion with contracting projects as “Current-asset properties.” Due to the strategic shift toward faster turnover in property holdings, properties that belong to real estate operations are now also reported as current-asset properties.

Among other things, this means that no depreciation is carried out. If previous accounting principles had been in force, depreciation would have totaled more than SEK 200 M.

Due to changes in accounting principles, interest expenses of about SEK 100 M were capitalized.

Book value of properties in real estate operations

| SEK M | 2002 | 2001 |
|-------------------------------|---------------|---------------|
| Completed properties | 7,227 | 4,744 |
| Properties under construction | 3,449 | 5,018 |
| Development properties | 1,934 | 2,229 |
| | 12,610 | 11,991 |

The book value of properties in real estate operations rose from SEK 12.0 billion to SEK 12.6 billion. The increase in book value was attributable to a lower volume of completed divestments.

Book value of “Other current-asset properties” (project development for Skanska’s own account)

| SEK M | 2002 | 2001 |
|---------------|--------------|--------------|
| Scandinavia | 4,029 | 3,652 |
| Europe | 1,850 | 2,123 |
| United States | 988 | 900 |
| Other markets | 67 | 124 |
| Total | 6,934 | 6,799 |

Other current-asset properties, which comprise construction for Skanska’s own account in contracting operations, were stable during the year. Investments totaled about SEK 5.2 billion and properties with a book value of about SEK 5.0 billion were sold. Writedowns in book values of “Other current-asset properties” in the Baltic countries and Denmark totaled about SEK 0.1 billion.

Current receivables

Current receivables fell by about 23 percent compared to 2001. The decline was largely related to lower business volume and completion of projects with invoicing deficits in relation to accrued revenue, plus the fact that payment of receivables for property sales in the previous year was settled. Currency translation differences accounted for about SEK 3.7 billion of the decline.

Liabilities and shareholders’ equity

Shareholders’ equity

Shareholders’ equity amounted to SEK 14.2 billion, of which SEK 11.5 billion consisted of unrestricted and SEK 2.7 billion of restricted equity. During the year, SEK 1.3 billion was distributed to the shareholders. Currency translation differences lowered shareholders’ equity by

about SEK 1.5 billion. Given the large proportion of shareholders’ equity denominated in American dollars, in September 2002 the Group currency hedged the shareholders’ equity in its U.S. subsidiaries.

Provisions

Provisions rose by about SEK 1 billion to SEK 6.4 billion.

“Provisions for pensions” rose by about SEK 0.5 billion. Of the increase, SEK 0.4 billion was attributable to obligations in Swedish pension funds.

“Other provisions” totaled SEK 3.1 billion. The increase of SEK 0.4 billion was largely explained by increased provisions for restructuring measures.

Liabilities

The item “liabilities” decreased by about SEK 11.8 billion to SEK 57.5 billion (69.3).

Interest-bearing liabilities declined by about SEK 1.4 billion to SEK 16.4 billion, while non-interest-bearing liabilities fell by SEK 10.4 billion.

The change in non-interest-bearing liabilities was attributable to the decline in business volume, such as a decreased surplus in invoiced sales compared to accrued revenues for uncompleted contracts as well as a decline in accounts payable. Tax liabilities fell by about SEK 1 billion, mainly because Skanska made the final payments on taxes related to tax disputes concerning aircraft leasing.

Impact of currencies on the balance sheet

Translation differences when converting foreign currencies to Swedish kronor affected the balance sheet as shown in the following table.

| SEK bn | 2002 | 2001 |
|---|-------------|------------|
| Assets | | |
| Intangible fixed assets | -0.4 | 0.8 |
| Tangible fixed assets | -0.6 | 0.5 |
| Shares and participations | -0.2 | 0.0 |
| Financial receivables | -0.1 | 0.1 |
| Properties in real estate operations | -0.3 | 0.2 |
| Other current-asset properties | -0.3 | 0.4 |
| Inventories and operating receivables | -3.7 | 2.5 |
| Liquid assets | -0.9 | 0.6 |
| Total | -6.5 | 5.1 |
| Shareholders’ equity and liabilities | | |
| Shareholders’ equity | -1.5 | 1.0 |
| Minority interests | 0.0 | 0.0 |
| Interest-bearing provisions and liabilities | -0.5 | 0.8 |
| Non-interest-bearing provisions and liabilities | -4.5 | 3.3 |
| Total | -6.5 | 5.1 |

Consolidated cash flow statement

| SEK M | Note | 2002 | 2001 |
|--|------|---------------|--------------|
| Business operations | | | |
| Operating income | | 976 | 2,293 |
| Adjustments for items not included in cash flow | 55 | 3,326 | 243 |
| Cash flow from business operations before change in working capital | | 4,302 | 2,536 |
| Cash flow from change in working capital | | | |
| Change in inventories and operating receivables | | 4,715 | -823 |
| Change in operating liabilities | | -4,741 | 3,371 |
| Cash flow from change in working capital | | -26 | 2,548 |
| Investments in business operations | | | |
| Acquisitions of intangible fixed assets | | -52 | -164 |
| Acquisitions of tangible fixed assets | | -1,762 | -2,435 |
| Acquisitions of assets in BOT operations | | -579 | -728 |
| Acquisitions of current asset properties | | -6,890 | -9,424 |
| Divestments of intangible fixed assets | | 9 | 33 |
| Divestments of tangible fixed properties | | 527 | 539 |
| Divestments of assets in BOT operations | | 0 | 131 |
| Divestments of current-asset properties | | 6,601 | 12,119 |
| Net investments in business operations | | -2,146 | 71 |
| Adjustment, payment dates of net investments ¹ | | 1,142 | -1,397 |
| Taxes paid in business operations | 56 | -1,444 | -1,911 |
| Cash flow from business operations | | 1,828 | 1,847 |

¹ "Adjustment, payment dates of net investments" refers to payments made during the year in question related to investments/divestments in prior years, or unpaid investments/divestments related to the year in question.

Change in interest-bearing net debt

| SEK M | Note | 2002 | 2001 |
|--|------|---------------|---------------|
| Net debt on January 1 | | -6,812 | -3,678 |
| Cash flow from business operations | | 1,828 | 1,847 |
| Cash flow from financing operations excluding change in interest-bearing receivables and liabilities | | -509 | -843 |
| Cash flow from strategic investments | | -1,105 | -1,206 |
| Dividend etc. | | -1,306 | -2,352 |
| Change in interest-bearing pensions | | -656 | 0 |
| Other reclassifications | | 247 | -474 |
| Net debt acquired/divested | | -175 | -7 |
| Exchange rate differences | | -472 | -97 |
| Other | | -70 | -2 |
| Net debt on December 31 | | -9,030 | -6,812 |

| SEK M | Note | 2002 | 2001 |
|---|------|---------------|---------------|
| Financing operations | | | |
| Net interest items | 57 | -626 | -924 |
| Other financial items | 57 | -37 | -73 |
| Change in interest-bearing receivables | 58 | 664 | 1,508 |
| Change in interest-bearing liabilities and provisions | 59 | -1,099 | 2,982 |
| | | -1,098 | 3,493 |
| Taxes paid in financing operations | 56 | 154 | 154 |
| Cash flow from financing operations | | -944 | 3,647 |
| Cash flow from operations | | 884 | 5,494 |
| Strategic investments | | | |
| Acquisitions of Group companies | 60 | -498 | -384 |
| Acquisitions of shares | | -41 | -49 |
| Divestments of businesses | 61 | 0 | 0 |
| Divestments of shares | | 351 | 100 |
| Net strategic investments | | -188 | -333 |
| Taxes paid on strategic investments | 56 | -917 | -873 |
| Cash flow from strategic investments | | -1,105 | -1,206 |
| Dividend etc. | | | |
| Dividend paid | | -1,256 | -1,413 |
| Buy-backs of Skanska's own shares | | 0 | -749 |
| Distributed to minority interests | | -50 | -190 |
| Cash flow from dividends etc. | | -1,306 | -2,352 |
| Cash flow for the year | | -1,527 | 1,936 |
| Liquid assets on January 1 | | 9,335 | 6,769 |
| Translation difference in liquid assets | | -892 | 630 |
| Liquid assets on December 31 | 62 | 6,916 | 9,335 |

Supplementary information for Recommendation No. 7 of the Swedish Financial Accounting Standards Council (RR7)

| SEK M | Note | 2002 | 2001 |
|--|------|---------------|---------------|
| Cash flow from business operations | | 1,828 | 1,847 |
| Less net investments in fixed assets | | 1,857 | 2,624 |
| Cash flow from business operations according to RR7 | | 3,685 | 4,471 |
| Cash flow from strategic investments | | -1,105 | -1,206 |
| Net investments in fixed assets | | -1,857 | -2,624 |
| Cash flow from investment operations according to RR7 | | -2,962 | -3,830 |
| Cash flow from financing operations | | -944 | 3,647 |
| Dividends etc. | | -1,306 | -2,352 |
| Cash flow from financing operations according to RR7 | | -2,250 | 1,295 |
| Cash flow | | -1,527 | 1,936 |

Parent Company income statement

| SEK M | Note | 2002 | 2001 |
|--|---------------|--------------|-------------|
| Net sales | 2 | 219 | 261 |
| Gross income | | 219 | 261 |
| Selling and administrative expenses | | -590 | -646 |
| Operating income | 7, 10, 12, 13 | -371 | -385 |
| Income from holdings in Group companies | 15 | 1,853 | 210 |
| Income from other fixed financial assets | 17 | 87 | 638 |
| Income from financial current assets | 18 | 7 | 3 |
| Interest expenses and similar items | 19 | -323 | -822 |
| Income after financial items | | 1,253 | -356 |
| Allocations | 20 | -35 | 215 |
| Taxes on profit for the year | 21 | -29 | 18 |
| Profit for the year | | 1,189 | -123 |

Supplementary information for Recommendation No. 7 of the Swedish Financial Accounting Standards Council (RR7)

| | | |
|--|---------------|---------------|
| Cash flow from business operations | 143 | -1,336 |
| Less net investments in fixed assets | 1 | -3 |
| Cash flow from business operations according to RR7 | 144 | -1,339 |
| Cash flow from strategic investments | 994 | -481 |
| Net investments in fixed assets | -1 | 3 |
| Cash flow from investment operations according to RR7 | 993 | -478 |
| Cash flow from financing operations | 119 | 3,979 |
| Dividends etc. | -1,256 | -2,162 |
| Cash flow from financing operations according to RR7 | -1,137 | 1,817 |
| Cash flow | 0 | 0 |

Parent Company cash flow statement

| SEK M | Note | 2002 | 2001 |
|--|------|---------------|---------------|
| Business operations | | | |
| Operating income | | -371 | -385 |
| Adjustments for items not included in cash flow | 55 | 7 | 4 |
| Cash flow from business operations before change in working capital | | -364 | -381 |
| Cash flow from change in working capital | | | |
| Change in inventories and operating receivables | | 114 | 0 |
| Change in operating liabilities | | 58 | -365 |
| Cash flow from change in working capital | | 172 | -365 |
| Investments in business operations | | | |
| Acquisitions of tangible fixed assets | | -1 | -2 |
| Divestments of tangible fixed properties | | | 5 |
| Net investments in business operations | | -1 | 3 |
| Taxes paid in business operations | 56 | 336 | -593 |
| Cash flow from business operations | | 143 | -1,336 |
| Financing operations | | | |
| Net interest items | 57 | -107 | -122 |
| Other financial items | 57 | 1,946 | 672 |
| Net financial transactions with subsidiaries | | -1,547 | 3,527 |
| Change in interest-bearing receivables | 58 | 22 | -9 |
| Change in interest-bearing liabilities and provisions | 59 | -21 | 69 |
| | | 293 | 4,137 |
| Taxes paid in financing operations | 56 | -174 | -158 |
| Cash flow from financing operations | | 119 | 3,979 |
| Cash flow from operations | | 262 | 2,643 |
| Strategic investments | | | |
| Acquisitions of shares and participations | | -141 | -1,282 |
| Divestments of shares and participations | | 1,135 | 801 |
| Net strategic investments | | 994 | -481 |
| Taxes paid on strategic investments | 56 | 0 | 0 |
| Cash flow from strategic investments | | 994 | -481 |
| Dividend etc. | | | |
| Dividend paid | | -1,256 | -1,413 |
| Buy-backs of Skanska's own shares | | 0 | -749 |
| Cash flow from dividend etc. | | -1,256 | -2,162 |
| Cash flow for the year | | 0 | 0 |
| Liquid assets on January 1 | | 0 | 0 |
| Translation differences in liquid assets | | 0 | 0 |
| Liquid assets on December 31 | | 0 | 0 |

Parent Company balance sheet

| SEK M | Note | 2002 | 2001 | SEK M | Note | 2002 | 2001 |
|--|--------|---------------|---------------|---|------|---------------|---------------|
| ASSETS | | | | SHAREHOLDERS' EQUITY AND LIABILITIES | | | |
| Intangible fixed assets | 23 | 20 | 21 | Capital stock | | 1,256 | 1,256 |
| Tangible fixed assets | 25 | | | Restricted reserves | | 598 | 598 |
| Buildings and land | | 18 | 19 | Restricted equity | | 1,854 | 1,854 |
| Machinery and equipment | | 5 | 6 | Retained earnings | | 4,804 | 6,268 |
| Total tangible fixed assets | | 23 | 25 | Net profit for the year | | 1,189 | -123 |
| Financial fixed assets | | | | Unrestricted equity | | 5,993 | 6,145 |
| Holdings in Group companies | 26, 28 | 10,565 | 12,458 | Total shareholders' equity | 41 | 7,847 | 7,999 |
| Holdings in joint ventures | 26 | 1 | 4 | Untaxed reserves | 20 | 814 | 779 |
| Receivables from Group companies | 30 | 833 | 218 | Provisions | | | |
| Other long-term receivables | 30 | 114 | 114 | Provisions for pensions and similar commitments | 43 | 363 | 184 |
| Total financial fixed assets | | 11,513 | 12,794 | Provisions for taxes | | 11 | 11 |
| Total fixed assets | | 11,556 | 12,840 | Other provisions | 45 | 98 | 56 |
| Current receivables | | | | Total provisions | | 472 | 251 |
| Accounts receivables | | 0 | 1 | Liabilities | 46 | | |
| Current receivables from Group companies | | 17 | 88 | Liabilities to credit institutions | | 277 | 298 |
| Other current receivables | 38 | 90 | 309 | Accounts payable | | 56 | 13 |
| Prepaid expenses and accrued revenues | | 116 | 181 | Liabilities to Group companies | | 2,236 | 4,014 |
| Total current receivables | | 223 | 579 | Tax liabilities | | 0 | 0 |
| Total current assets | | 223 | 579 | Other liabilities | | 2 | 11 |
| TOTAL ASSETS | | 11,779 | 13,419 | Accrued expenses and prepaid revenues | | 75 | 54 |
| | | | | Total liabilities | | 2,646 | 4,390 |
| | | | | SHAREHOLDERS' EQUITY AND LIABILITIES | | 11,779 | 13,419 |
| | | | | Assets pledged | | 43 | 43 |
| | | | | Contingent liabilities | 54 | 100,161 | 90,020 |

Accounting and valuation principles

Annual Accounts Act, new developments, principles of consolidation etc.

Annual Accounts Act

The Annual Report has been prepared in compliance with the provisions of the Swedish Annual Accounts Act, taking into consideration the existing recommendations of the Swedish Financial Accounting Standards Council.

New developments

During 2002, the following recommendations from the Swedish Financial Accounting Standards Council have gone into force:

- No. 1:00 Business Combination
- No. 15 Intangible Assets
- No. 16 Provisions, Contingent Liabilities and Contingent Assets
- No. 17 Impairment of Assets
- No. 19 Discontinuing Operations
- No. 21 Borrowing Costs
- No. 23 Related Party Disclosure

The new recommendations did not result in any change in comparative figures.

The Swedish Industry and Commerce Stock Exchange Committee issued a recommendation concerning benefits of key executives. Information in accordance with this recommendation is provided in a note to the income statement.

Skanska previously reported as current-asset properties only properties that it intended to divest in connection with contracting projects. Due to the strategic shift toward faster turnover in the Group's property portfolio, properties that belong to real estate operations have also been reported since January 2002 as current assets, which means that no depreciation is carried out. In a note to the balance sheet, current-asset properties are divided into the main categories "Properties in real estate operations" and "Other current-asset properties," which are both divided into "Completed properties," "Properties under construction" and "Development properties."

Effective from January 1, 2002, borrowing costs during the construction of a building are included in acquisition cost and are thus no longer reported as a financial expense in the income statement. The new principle is stated as a permitted alternative principle in Recommendation No. 21, "Borrowing Costs," of the Swedish Financial Accounting Standards Council and is standard industry practice. Capitalization of borrowing costs is limited to assets that require a considerable period for completion, which in the case of the Skanska Group means that the change of principle will only have an effect on the valuation of current-asset properties and properties used in the Group's own operations (business properties). According to the transitional rules of the recommendation, only borrowing costs that arise after it goes into force (January 1, 2002) may be capitalized as an acquisition cost. Thus no change in comparative figures has occurred.

Principles of consolidation

The consolidated financial statements encompass the accounts of the Parent Company and those companies in which the Parent Company, directly or indirectly, has a controlling influence. This normally requires ownership of more than 50 percent of the voting power of all participations. In cases where holdings are intended for divestment within a short time after acquisition, the company is not consolidated.

Skanska has applied Recommendation No. 1:00 of the Swedish Financial Accounting Standards Council in drawing up its consolidated financial statements. Shareholdings in Group companies have been eliminated according to the purchase method of accounting. Acquired and divested companies have been consolidated or deconsolidated, respectively, from the date of the acquisition/divestment.

The principles for translation between currencies comply with Recommendation No. 8 of the Swedish Financial Accounting Standards Council, "Reporting of Effects of Changes in Foreign Exchange Rates." The current method has been used in translating the income statements and balance

sheets of independent foreign businesses. As for independent foreign businesses in countries with high inflation, first an inflation adjustment occurs, followed by a translation according to the current method. The change in initial shareholders' equity that is due to the change in exchange rate from prior years is reported as an exchange rate difference directly under shareholders' equity. Skanska has applied the transition rule in the recommendation on accumulated exchange rate differences reported before 1999.

The accounting principles of the Group and the Parent Company coincide, except for the reporting of untaxed reserves and allocations. In the consolidated financial statements these are removed, while the tax portion is reported among deferred taxes.

Discontinuing operations

In reporting operations that are being discontinued, the term "discontinued operations" refers to a clearly delimited portion of the Group's operations that has been discontinued or closed in accordance with a single coherent plan. These operations make up a sizable organizational unit and can be separated for business and reporting purposes.

Associated companies

In compliance with the equity method of accounting, associated companies are defined as companies in which the Skanska Group's share of voting power amounts to a minimum of 20 percent and a maximum of 50 percent, provided that this ownership is one element of a long-term connection and that the holding shall not be reported as a joint venture. When profits arise from transactions between the Group and an associated company, the portion equivalent to the Group's share of ownership is eliminated.

Joint ventures (consortia and jointly owned companies)

Companies operated jointly with other companies, and in which control is exercised jointly according to agreement, are reported as joint ventures. Joint ventures that carry out contracting operations are

reported according to the proportional (pro-rata) method of accounting. In other cases, the equity method is applied. When profits arise from transactions between the Group and a joint venture, the portion equivalent to the Group's share of ownership is eliminated.

Receivables and liabilities in foreign currencies

Receivables and liabilities in foreign currencies have been valued at the exchange rate prevailing on the balance sheet date or the exchange rate according to forward contracts. Exchange rate differences on "equity loans" are offset in the consolidated financial statements, taking into consideration the tax effect, to the extent that they correspond to differences that arise in the currency translation of the net assets of foreign subsidiaries. Equity loans and forward contracts are taken out in foreign currencies to reduce the exchange rate effect when translating the financial statements of independent foreign businesses to SEK.

Offsetting of balance sheet items

Offsetting of receivables against liabilities occurs only in cases where legislation permits offsetting of payments. The offsetting of deferred tax liabilities against deferred tax claims occurs to the extent this is permitted according to Recommendation No. 9 of the Swedish Financial Accounting Standards Council, "Income Taxes."

Published Annual Report

This published Annual Report presents figures on Group companies, associated companies, joint ventures and the number of employees and wages and salaries in abbreviated form. Complete figures are found in the version of the Annual Report submitted to the Swedish Patent and Registration Office.

Income statement

Net sales

The year's project revenues, deliveries of materials and merchandise, sales of current-asset properties, rental revenues and other

operating revenues that are not reported separately on their own line are reported as net sales.

Project revenues are reported in compliance with Recommendation No. 10 of the Swedish Financial Accounting Standards Council, "Construction Contracts and Similar Assignments." This means that the income from a construction project is reported successively as the project accrues. The degree of accrual is mainly determined on the basis of accumulated project expenses in relation to estimated accumulated project expenses upon completion. If the outcome cannot be estimated in a satisfactory way, revenue is reported as equivalent to accumulated expenses on the balance sheet date (zero recognition). Anticipated losses are immediately reported as expenses.

If the construction project also includes responsibility for divestment of the completed housing units, the number of unsold units is taken into account when reporting the earnings of the construction projects. Revenues other than project revenues are reported in compliance with Recommendation No. 11 of the Swedish Financial Accounting Standards Council, "Revenue." Divestment of current-asset properties is normally reported as a revenue item in the year when a binding agreement on the sale is reached.

The operating lease amounts stated in Note 2 only include rents from current-asset properties that belong to real estate operations, since other properties are intended for divestment in connection with the completion of the contracting project.

Construction, manufacturing and property management expenses

Construction, manufacturing and property management expenses include direct and indirect manufacturing expenses, loss provisions, bad debt losses and warranty expenses. They also include depreciation on fixed assets used for construction, manufacturing and property management.

Skanska applies straight-line depreciation based on the estimated useful life of the

assets, which varies substantially between different asset classes. For machinery and equipment which is reported in a depreciation plan, the estimated depreciation period usually amounted to between five and ten years. The corresponding period for buildings is between 15 and 50 years. Gravel pits and stone quarries are depreciated as materials are removed. Intangible assets other than goodwill are amortized over their period of utilization, while taking into account any residual value at the end of the period.

Information on expenses for operating leases includes contracts with remaining fees of at least EUR 1 M.

Selling and administrative expenses

In conformity with an industry-wide recommendation from the Swedish Construction Federation, selling and administrative expenses are reported as one item. This includes customary administrative expenses, technical expenses and selling expenses, as well as depreciation of machinery and equipment that have been used for sales and administration. Purchased software (major computer systems) is depreciated over a maximum of five years.

Amortization of goodwill that has arisen from the acquisition of subsidiaries is also reported as a selling and administrative expense. The amortization period has been decided after individual examination and varies between 3 and 20 years. The longer amortization period is reserved for a few major strategic acquisitions in important markets.

Of its expenditures for research and development, in compliance with Recommendation No. 15 of the Swedish Financial Accounting Standards Council, "Intangible Assets," Skanska only capitalizes expenditures for such development work in which the intangible asset fulfills the Recommendation's criteria for capitalization. In this context, it should particularly be noted that expenditures which were expensed in prior annual or interim financial statements cannot later be booked as assets.

Employee stock options

The synthetic option programs are reported in the balance sheet as a provision if the market price of a Skanska share exceeds the respective exercise price on the balance sheet date. The year's change in the provision is included in the income statement and is reported among personnel expenses.

The obligations that the synthetic option programs may cause have been hedged with the aid of equity swaps related to shares in Skanska AB. The difference between the market price on the balance sheet date and the initial prices of the swap agreement is reported directly against shareholders' equity.

Writedowns

Writedowns are calculated by applying the rules in Recommendation No. 17 of the Swedish Financial Accounting Standards Council, "Impairment of Assets." Writedowns are determined on the basis of the market value of assets or estimated useful values.

Reversals of writedowns occur when the basis for the writedown has wholly or partly disappeared. The term "writedowns" is also used in conjunction with reappraisals of the value of properties that have been reported as current assets. However, appraisal of these properties occurs according to the lower value principle (using the lower of cost or net realizable value) and thus follows Recommendation No. 2 of the Swedish Financial Accounting Standards Council, "Reporting of Inventories."

Separately reported operating items

Gains on sale of properties, share of income in associated companies and joint ventures (reported according to the equity method) and items affecting comparability are separately reported in the income statement.

Separate reporting of gains on sale of properties, writedowns and reversals of writedowns on properties occurs only for properties that belong to the Group's real estate operations.

Share of income in associated companies and in those joint ventures that are reported according to the equity method is reported in the consolidated income state-

ment between "Operating income" (share of income after financial items) and tax expenses. Share of income in partnerships and limited partnerships, including their foreign equivalents, is reported in its entirety under operating income, except for a small number of holdings in limited partnerships of a financial nature that are reported under net financial items.

Recommendation No. 4 of the Swedish Financial Accounting Standards Council, "Extraordinary Items" is applied, which means that the effects on earnings or special events and transactions of major importance are specified. Examples of such events and transactions are capital gains upon the divestment of branches of operations and significant fixed assets and writedowns.

Financial items

Effective from January 1, 2002, borrowing costs during construction of a building are included in acquisition cost and are thus no longer reported as a financial expense in the income statement. The general rule is that capitalization of borrowing costs shall be limited to assets that require considerable time for completion, which in the case of the Skanska Group means that capitalization includes the construction of current-asset properties and properties for the Group's own operations (business properties). Capitalization may occur when expenditures that are part of the acquisition cost have arisen and activities aimed at completion of the building have begun. Capitalization ceases when the building is completed. Borrowing costs during a period when work on completion of the building is interrupted for a long time are not capitalized. If separate borrowing has occurred for the project, actual borrowing cost is used. In other cases, the borrowing cost is estimated on the basis of the Group's borrowing cost.

To the extent that the year's provisions for a deficit in the pension fund are due to a downturn in the value of the pension fund's assets, the provision is reported as a financial expense.

In the Parent Company accounts, the net amount of Group contributions, minus shareholder contributions provided when receiving Group contributions, is reported as a financial income item.

Taxes on profit for the year

Income tax and deferred taxes are reported in compliance with Recommendation No. 9 of the Swedish Financial Accounting Standards Council, "Income Taxes."

Taxes are reported in the income statement except when the underlying transaction is reported directly against shareholders' equity, in which case the accompanying tax effect is reported in shareholders' equity. Current tax is tax to be paid or received that is related to the year in question. This also includes adjustment of current tax that is attributable to earlier periods. Deferred tax is calculated according to the balance sheet method, on the basis of temporary differences between reported values of assets and liabilities and values for tax purposes. The amounts are calculated based on how the temporary differences are expected to be settled and by applying the tax rates and tax rules that have been decided or announced as of the balance sheet date. Temporary differences are not taken into account in goodwill in the consolidated financial statements, nor in differences attributable to shares in subsidiaries and associated companies that are not expected to be taxed within the foreseeable future. In the consolidated financial statements, untaxed reserves are divided into deferred tax liabilities and shareholders' equity. Deferred tax claims related to deductible temporary differences and loss carry-forwards are reported only to the extent that they are likely to result in lower tax payments in the future.

Balance sheet

Intangible fixed assets

Intangible fixed assets are reported at acquisition cost minus accumulated amortization.

Goodwill that arises from acquisitions of companies is valued in an acquisition analysis in compliance with the rules in Recommendation No. 1:00 of the Swedish Financial Accounting Standards Council, "Business Combination" (consolidated accounts). In the consolidated financial statements, goodwill attributable to an independent business abroad is expressed in local currency. Translation to SEK complies with Recommendation No. 8 of the Swedish Financial Accounting Standards Council, "Reporting of Effects of Changes in Foreign

Exchange Rates.” Acquisitions made before 2002 have not been recalculated in accordance with the new recommendation on consolidated accounts. Writedown of goodwill occurs on the basis of Recommendation No. 17 of the Swedish Financial Accounting Standards Council, “Impairment of Assets.”

Tangible fixed assets

Tangible fixed assets are reported at acquisition cost minus accumulated depreciation. See also the section on Writedowns.

Leases

In compliance with Recommendation No. 6 of the Swedish Financial Accounting Standards Council, financial leases are reported when the investment is equivalent to at least EUR 5 M. If the remaining fees exceed EUR 1 M, the contract is included in the accounts under operating leases.

Receivables

Receivables are reported after individual valuation at the amounts expected to be received.

Financial fixed assets

Financial fixed assets are normally reported at acquisition cost. See also the section on Writedowns.

Regarding deferred tax claims, see the comment under “Taxes on profit for the year.”

Current assets

Current assets have been valued according to the lower value principle, thus applying Recommendation No. 2 of the Swedish Financial Accounting Standards Council on inventories.

Except for properties that are used in Skanska’s own business, the Group’s property holdings are reported as current assets, since the intention is not to manage these properties over a long period after completion. The same applies to holdings in property management companies if the properties belonging to these companies would have been reported the same way if Skanska owned them directly.

Properties constructed by the Group and that have been booked during the year as completed assets have been valued in the consolidated financial statements at directly accumulated costs plus a reasonable propor-

tion of indirect costs. Effective from January 1, 2002, interest expenses have been capitalized during the construction period, as explained under “Financial items.” The difference between accrued project revenue and a still uninvoiced amount is reported as an asset according to the percentage of completion method, as provided by Recommendation No. 10 of the Swedish Financial Accounting Standards Council, “Construction Contracts and Similar Assignments.”

Provisions

Regarding deferred tax liabilities see the comment under “Tax on profit for the year.”

Skanska makes provisions for future expenses due to warranty obligations. The estimate is based on expenditures during the financial year for similar obligations or projected expenses for each project.

Reporting of pension obligations follows the accounting practices in each country. To the extent that pension obligations are secured by pension fund assets, they are not reported in the balance sheet.

Provisions for restructuring expenses are reported when a detailed restructuring plan has been adopted and restructuring has either begun or has been publicly announced.

Liabilities

Liabilities are normally reported at their nominal value. In the case of substantial individual amounts, Skanska applies Recommendation No. 3 of the Swedish Financial Accounting Standards Council, “Reporting of Receivables and Liabilities With Respect to Interest Rate Terms and Hidden Interest Compensation.”

The difference between an invoiced amount and unearned project revenue is reported as a liability according to the percentage of completion method, which is described in Recommendation No. 10 of the Swedish Financial Accounting Standards Council, “Construction Contracts and Similar Assignments.”

Cash flow statement

In drawing up its cash flow statement, Skanska applies the indirect method according to Recommendation No. 7 of the Swedish Financial Accounting Standards Council,

“Reporting of Cash Flows.” Aside from cash and bank balances, liquid assets are to include short-term investments whose transformation into bank balances may occur in an amount that is mainly known in advance. Short-term investments with maturities of less than three months are always regarded as liquid assets.

Contingent liabilities

Contract fulfillment guarantees issued by the Parent Company on behalf of a Group company are calculated either on the basis of all or part of the contract sum of each respective assignment, depending on the terms of the agreement, without being offset against still unreceived compensation from the client.

In connection with contracting assignments, security is often provided in the form of a completion guarantee from a bank or insurance institution. The issuer of the guarantee, in turn, normally receives an indemnity from the contracting company or other Group company. In compliance with industry custom, such indemnities related to the Group’s own contracting assignments are not reported as contingent liabilities, since they do not involve any increased liability compared to the contracting commitment.

Order bookings and order backlog

Order backlog refers to value of the remaining unearned project revenues from assignments that have been received.

The order backlog in the accounts of acquired companies on the date of acquisition is not reported as order bookings, but is included in order backlog amounts.

Exchange rates, 2002

| Currency | Country/zone | Year-end exchange rate | | Average exchange rate | |
|----------|----------------|------------------------|-------|-----------------------|-------|
| | | 2002 | 2001 | 2002 | 2001 |
| ARS | Argentina | 2.60 | 6.41 | 3.21 | 10.47 |
| CZK | Czech Republic | 0.29 | 0.29 | 0.30 | 0.27 |
| DKK | Denmark | 1.23 | 1.26 | 1.23 | 1.24 |
| EUR | EU euro zone | 9.15 | 9.33 | 9.16 | 9.25 |
| GBP | United Kingdom | 14.12 | 15.33 | 14.57 | 14.87 |
| HKD | Hong Kong | 1.13 | 1.36 | 1.25 | 1.32 |
| NOK | Norway | 1.25 | 1.17 | 1.22 | 1.15 |
| PLN | Poland | 2.29 | 2.67 | 2.38 | 2.52 |
| USD | United States | 8.83 | 10.58 | 9.73 | 10.33 |

Swedish kronor per unit of each currency.

Notes to the financial statements

Amounts in SEK million unless otherwise specified.

| Note 1 Effects of changes in application of accounting principles | | | |
|--|------------------|---------------------|------------------------------|
| | Operating income | Net financial items | Income after financial items |
| Reclassification of properties in real estate operations | 211 | | 211 |
| Capitalization of interest expenses | -31 | 144 | 113 |
| Total | 180 | 144 | 324 |

See "Accounting and valuation principles."

| Note 2 Net sales | |
|---|--|
| Expenses of SEK 1,177 M (2,391) incurred by Skanska for construction of properties in real estate operations were capitalized. This amount was eliminated in "Net sales." | |
| Net sales included invoiced sales and accrued revenues of SEK 748 M related to associated companies and joint ventures reported according to the equity method of accounting. | |

Distribution of net sales

A. Net sales by market and segment

| | 2002 | 2001 |
|---|----------------|----------------|
| Scandinavia | 38,685 | 43,267 |
| Europe | 37,690 | 39,880 |
| USA | 57,168 | 68,942 |
| Other markets | 9,169 | 11,334 |
| Total construction-related services | 142,712 | 163,423 |
| Project Development and BOT | 1,474 | 1,387 |
| Services | 2,505 | 3,061 |
| Other operations, elimination of intra-Group transactions | -1,115 | -2,934 |
| Total net sales | 145,576 | 164,937 |

B. Net sales by geographic area

| | 2002 | 2001 |
|-----------------|----------------|----------------|
| Sweden | 27,596 | 29,308 |
| Norway | 8,810 | 9,499 |
| Denmark | 5,006 | 5,999 |
| Finland | 7,671 | 7,477 |
| United Kingdom | 14,128 | 13,511 |
| Poland | 4,611 | 5,876 |
| Czech Republic | 7,176 | 7,627 |
| United States | 57,207 | 69,112 |
| Argentina | 630 | 2,653 |
| Hong Kong | 3,728 | 4,837 |
| India | 873 | 1,203 |
| Other countries | 8,140 | 7,835 |
| Total | 145,576 | 164,937 |

C. Net sales by business stream

| | 2002 | 2001 |
|--|----------------|----------------|
| Accrued revenues from contracting business | 135,672 | 153,230 |
| Invoicing related to sale of residential project development | 5,820 | 7,160 |
| Rental revenues | 1,573 | 1,527 |
| Invoicing, facilities management operations | 2,053 | 2,247 |
| Other invoicing | 458 | 773 |
| Total | 145,576 | 164,937 |

Parent Company

The amount included SEK 219 (261) worth of sales to subsidiaries.

The Parent Company's purchases from subsidiaries amounted to SEK 121 M (180).

Note 3 Leasing

No financial leasing agreements of material importance were signed.

A. Lessee information

The Group's leasing expenses related to operating leases for the year amounted to SEK 249 M (178), of which SEK 215 M (166) was related to minimum lease payments and SEK 34 (12) to variable payments.

The due dates of future minimum lease payments for non-cancellable operating leases was distributed as follows:

| Expenses | 2002 | 2001 |
|---|------------|------------|
| Within one year | 153 | 162 |
| Later than one year but within five years | 382 | 293 |
| Later than five years | 286 | 278 |
| Total | 821 | 733 |

Of this amount, SEK 3 M (0) was related to items that were subleased.

Lease revenue was less than SEK 1 M per year.

B. Lessor information

In 2002, the Group's variable leasing income related to operating leases amounted to SEK 26 M (0). The amount for 2002 consisted of sales-based rent for commercial space.

The due dates of future minimum lease payments for non-cancellable operating leases were distributed as follows:

| Revenue | 2002 | 2001 |
|---|--------------|--------------|
| Within one year | 1,409 | 1,392 |
| Later than one year but within five years | 4,081 | 3,691 |
| Later than five years | 2,037 | 1,479 |
| Total | 7,527 | 6,562 |

As for acquisition values, book values etc. for the Group's properties in real estate operations, which comprise leasing operations according to the definition in Recommendation No. 6 of the Swedish Financial Accounting Standards Council, see Note 25.

Note 4 Selling and administrative costs

Selling and administrative expenses are reported as one item.
See "Accounting and valuation principles."

Distribution of selling and administrative expenses by market and segment

| | 2002 | 2001 |
|--|--------------|--------------|
| Scandinavia | 3,203 | 2,913 |
| Europe | 2,626 | 2,702 |
| USA | 1,328 | 1,188 |
| Other markets | 723 | 716 |
| Total construction-related services | 7,880 | 7,519 |
| Project Development and BOT | 297 | 214 |
| Services | 509 | 372 |
| Others | 785 | 958 |
| Total | 9,471 | 9,063 |

Note 5 Research and development

Direct research and development expenses amounted to SEK 57 M.
Research and development expenses are often embedded in ongoing projects.

Note 6 Gain on sale of properties in real estate operations

| | Completed properties | | Properties under construction and development properties | | Total | |
|---------------------|----------------------|--------------|--|------------|------------|--------------|
| | 2002 | 2001 | 2002 | 2001 | 2002 | 2001 |
| Divestment revenue | 503 | 4,117 | 277 | 842 | 780 | 4,959 |
| Book value | -234 | -2,251 | -252 | -553 | -486 | -2,804 |
| Capital gain | 269 | 1,866 | 25 | 289 | 294 | 2,155 |

Note 7 Writedowns/reversals of writedowns

Reported by income statement item and asset class

A. Intangible and tangible fixed assets

| Writedowns | Goodwill | | Other intangible fixed assets | | Buildings and land | |
|--|--------------|------------|-------------------------------|----------|--------------------|------------|
| | 2002 | 2001 | 2002 | 2001 | 2002 | 2001 |
| Construction, manufacturing and property management expenses | 9 | | 64 | | 8 | 119 |
| Administrative and selling expenses | 199 | 85 | | | | |
| Expenses affecting comparability | 1,495 | 500 | | | 150 | |
| Total | 1,703 | 585 | 64 | 0 | 158 | 119 |

B. Financial fixed assets, holdings

| Writedowns | In associated companies and joint ventures | | Other long-term holdings of securities | |
|--|--|-----------|--|-----------|
| | 2002 | 2001 | 2002 | 2001 |
| Share of income in associated companies and joint ventures | | 10 | | 20 |
| Income from other financial fixed assets | | | | 4 |
| Total | | 10 | | 20 |

Writedowns

| Parent Company | 2002 | 2001 |
|---|------------|------------|
| Income from holdings in Group companies | 141 | 488 |
| Total | 141 | 488 |

C. Current-asset properties

| Writedowns | Properties in real estate operations | | Other current-asset properties | |
|--|--------------------------------------|----------|--------------------------------|------------|
| | 2002 | 2001 | 2002 | 2001 |
| Construction, manufacturing and property management expenses | | | 170 | 548 |
| Real estate operations | 103 | | | |
| Total | 103 | 0 | 170 | 548 |

| Reversals of writedowns | Properties in real estate operations | | Other current-asset properties | |
|--|--------------------------------------|------------|--------------------------------|----------|
| | 2002 | 2001 | 2002 | 2001 |
| Construction, manufacturing and property management expenses | | | 58 | |
| Real estate operations | 40 | | | |
| Revenues affecting comparability | | 435 | | |
| Total | 40 | 435 | 58 | 0 |

Note 8 Share of income in associated companies and joint ventures

| Group | 2002 | 2001 |
|---|------------|-----------|
| Share of income in associated companies | -8 | 19 |
| Share of income in joint ventures | -3 | 16 |
| Total | -11 | 35 |

Note 9 Items affecting comparability

| Group | 2002 | 2001 |
|---|----------|------------|
| Revenues affecting comparability | | |
| Reversals of writedowns in real estate operations | | 435 |
| Total revenues affecting comparability | 0 | 435 |

Expenses affecting comparability

| | | |
|---|---------------|-------------|
| Writedown of goodwill, Skanska Poland | -521 | -500 |
| Writedown of business properties, Skanska Poland | -150 | |
| Writedown of goodwill, Skanska Selmer | -610 | |
| Writedown of goodwill, Gammon Skanska | -364 | |
| Allocation of portion of SPP repayment to employee foundation | | -150 |
| Gain on sale of shareholding in JABO AB | | -15 |
| Total | -1,645 | -665 |

Note 10 Depreciation**A) By market and segment/function**

| | Construction manufacturing and property management | | Selling and administration | | Total | |
|--|--|--------------|----------------------------|------------|--------------|--------------|
| | 2002 | 2001 | 2002 | 2001 | 2002 | 2001 |
| Scandinavia | 653 | 665 | 266 | 205 | 919 | 870 |
| Europe | 438 | 509 | 343 | 393 | 781 | 902 |
| USA | 127 | 112 | 178 | 189 | 305 | 301 |
| Other markets | 154 | 231 | 39 | 47 | 193 | 278 |
| Total construction-related services | 1,372 | 1,517 | 826 | 834 | 2,198 | 2,351 |
| Project Development and BOT | 0 | 192 | 5 | 3 | 5 | 195 |
| Services | 57 | 36 | 70 | 36 | 127 | 72 |
| Other | 1 | -15 | 12 | 10 | 13 | -5 |
| Total, Group | 1,430 | 1,730 | 913 | 883 | 2,343 | 2,613 |

B) By asset class

| | 2002 | 2001 |
|--------------------------------------|--------------|--------------|
| Intangible fixed assets | 615 | 643 |
| Properties in real estate operations | | |
| Completed properties | - | 140 |
| Properties under construction | - | 31 |
| Development properties | - | 13 |
| Other buildings and land | 163 | 120 |
| Machinery and equipment | 1,565 | 1,666 |
| Total | 2,343 | 2,613 |

Due to the reclassification of properties in real estate operations from fixed assets to current assets, no depreciation has been carried out effective from 2002 onward. Given the previous classification, depreciation on properties in real estate operations would have amounted to SEK 211 M. See "Accounting and valuation principles."

Depreciation in the Parent Company amounted to SEK 4 M (4).

Note 11 Distribution of consolidated operating income

| Markets and segments | 2002 | 2001 |
|--|--------------|--------------|
| Core business | | |
| Scandinavia | 353 | -413 |
| Europe | 446 | -604 |
| USA | 1,542 | 1,173 |
| Other markets | 178 | 214 |
| Total construction-related services | 2,519 | 370 |
| Project Development and BOT | 1,009 | 2,748 |
| Services | -147 | 112 |
| Other | -760 | -707 |
| | 2,621 | 2,523 |
| Items affecting comparability | -1,645 | -65 |
| Total, core business | 976 | 2,458 |
| Non-core business | | |
| Items affecting comparability | 0 | -165 |
| Total, non-core business | 0 | -165 |
| Total | 976 | 2,293 |

Note 12 Personnel expenses

Wages, salaries and other remuneration by geographic area and divided between Board members etc. and other employees.

| | 2002 | | | 2001 | | |
|--------------------------|--|-----------------|---------------|--|-----------------|---------------|
| | Board members, Presidents, Executive VPs | Other employees | Total | Board members, Presidents, Executive VPs | Other employees | Total |
| Parent Company | | | | | | |
| Sweden | 31 | 39 | 70 | 23 | 36 | 59 |
| of which, bonuses | 7 | | 7 | 0 | | 0 |
| Subsidiaries | | | | | | |
| Sweden | 52 | 4,506 | 4,558 | 42 | 4,769 | 4,811 |
| of which, bonuses | 20 | | 20 | 13 | | 13 |
| Norway | 7 | 2,388 | 2,395 | 6 | 1,634 | 1,640 |
| of which, bonuses | 2 | | 2 | 0 | | 0 |
| Denmark | 12 | 1,336 | 1,348 | 11 | 1,479 | 1,490 |
| of which, bonuses | 4 | | 4 | 1 | | 1 |
| Finland | 27 | 920 | 947 | 30 | 1,060 | 1,090 |
| of which, bonuses | 4 | | 4 | 0 | | 0 |
| United Kingdom | 43 | 2,068 | 2,111 | 30 | 1,919 | 1,949 |
| of which, bonuses | 3 | | 3 | 7 | | 7 |
| Poland | 28 | 641 | 669 | 43 | 1,028 | 1,071 |
| of which, bonuses | 3 | | 3 | 1 | | 1 |
| Czech Republic | 57 | 539 | 596 | 25 | 486 | 511 |
| of which, bonuses | 26 | | 26 | 12 | | 12 |
| United States | 48 | 5,001 | 5,049 | 17 | 6,072 | 6,089 |
| of which, bonuses | 28 | | 28 | 2 | | 2 |
| Argentina | 27 | 213 | 240 | 26 | 747 | 773 |
| of which, bonuses | 0 | | 0 | 0 | | 0 |
| Hong Kong | 4 | 685 | 689 | 6 | 120 | 126 |
| of which, bonuses | 0 | | 0 | 3 | | 3 |
| India | 1 | 69 | 70 | 1 | 90 | 91 |
| of which, bonuses | 0 | | 0 | 0 | | 0 |
| Other countries | 17 | 1,499 | 1,516 | 14 | 1,254 | 1,268 |
| of which, bonuses | 2 | | 2 | 2 | | 2 |
| Total | 354 | 19,904 | 20,258 | 274 | 20,694 | 20,968 |
| of which, bonuses | 99 | | 99 | 41 | | 41 |

The amount related to Board members, Presidents and Executive Vice Presidents includes compensation to former Board members, Presidents and Executive Vice Presidents during the financial year.

Note 12 continued

Wages, salaries, other remuneration and social welfare contributions

| | 2002 | | 2001 | |
|---|-------------------------------------|------------------------------|------------------------------------|------------------------------|
| | Wages, salaries, other remuneration | Social welfare contributions | Wages, salaries other remuneration | Social welfare contributions |
| Parent Company | 70 | 279 | 59 | 187 |
| of which, non-statutory pensions ¹ | | 209 | | 153 |
| Subsidiaries | 20,188 | 5,050 | 20,909 | 5,266 |
| (of which, non-statutory pensions) | | 1,630 | | 1,611 |
| Group total | 20,258 | 5,329 | 20,968 | 5,453 |
| of which, non-statutory pensions | | 1,839 | | 1,764 |

¹ The Parent Company's pension expense is explained, among other things, by the cost of covering a downturn in the value of the Swedish pension funds in order to secure the Company's pension obligations and by the Parent Company's pension obligations for about 5,000 former employees of Skanska AB.

Of the Parent Company's non-statutory pension expenses, SEK 46.4 M (38.9) were related to the category "Board members, Presidents and Executive Vice Presidents." The amount included payments to former Board members, Presidents and Executive Vice Presidents. The Company's outstanding non-statutory pension commitments to these amounted to SEK 148.6 M (98.4). Of the Group's non-statutory pension expenses, SEK 72.9 M (63.9) were related to the category "Board members, Presidents and Executive Vice Presidents. This amount included payments to former Board members, Presidents and Executive Vice Presidents.

The expense for a provision to the employee profit-sharing foundation amounted to SEK 0 M (87).

Terms for the Board of Directors and Group management

A. Preparation and decision-making processes

The salary and other benefits of the President and CEO are fixed by the Board of Skanska AB, based on recommendations from the Board's salary committee. The salary committee sets limits on the salaries, bonuses and other benefits of Executive Vice Presidents, heads of Group staff units and heads of business units.

During 2002, from the statutory Board meeting in April and onward, the salary committee consisted of Sverker Martin-Löf, Chairman of the Board, and Sören Gyll, Board member.

The Annual Shareholders' Meeting approves the total amount of directors' fees for members of the Board, based on a recommendation from the nomination committee, to be apportioned among the Board members as determined by the Board.

B. Principles for remuneration to the Senior Executive Team

The Senior Executive Team includes the President and Executive Vice Presidents of Skanska AB. The Team consisted of nine persons during 2002.

Salaries and other remuneration are adopted with reference to prevailing conditions in the rest of the construction industry and customary practices in each local market. Skanska applies a remuneration model that consists of a fixed annual salary plus a flexible salary element which is based on financial targets achieved. The flexible salary element amounts to between 50 percent and 150 percent of the fixed annual salary.

C. Benefits for the Board and Senior Executive Team

Remuneration and other benefits

| SEK thousand | Director's fee/basic salary | Flexible remuneration | Other benefits | Non-statutory pension-expense | Other remuneration | Total |
|---|-----------------------------|-----------------------|----------------|-------------------------------|--------------------|----------------|
| Chairman of the Board | | | | | | |
| Sverker Martin-Löf | 950 | | | | | 950 |
| Board member | | | | | | |
| Roger Flanagan | | | | | 180 | 180 |
| Presidents | | | | | | |
| Claes Björk | 5,950 | 9,370 | 780 | 20,745 | | 36,845 |
| Stuart Graham | 2,275 | 0 | 250 | 2,500 | 0 | 5,025 |
| Other members of the Senior Executive Team | 20,570 | 28,400 | 945 | 8,020 | 0 | 57,935 |
| Total | 29,745 | 37,770 | 1,975 | 31,265 | 180 | 100,935 |

Flexible remuneration refers to bonuses of SEK 37,770,000, reported in the accounts as expenses in the 2002 financial year or earlier and disbursed during 2002.

Bonuses related to the 2002 financial year will be fixed in March/April 2003.

C1. Chairman of the Board

During 2002, the Chairman of the Board, Sverker Martin-Löf, received a director's fee of SEK 950,000. The Board approved this amount as part of the total amount of directors' fees adopted by the Annual Shareholders' Meeting.

C2. Members of the Board

- In addition to a director's fee, Roger Flanagan, Board member, received SEK 180,000 for consulting assignments related to moisture and mold issues.
- Eliot R. Cutler is a partner in the law firm of Akin, Gump, Strauss, Hauer & Feld LLP in the United States. During the financial year, Akin, Gump, Strauss, Hauer & Feld LLP received remuneration from companies in the Skanska Group totaling SEK 27,894,000. These assignments were related to legal advisory services.
- Other members of the Board did not receive any remuneration in addition to their director's fee.

C3. The Company's former President and CEO, Claes Björk

Claes Björk stepped down from his position as President and CEO of Skanska on September 11, 2002. Mr. Björk's employment contract is valid until June 30, 2003, after which he will receive a pension from the Company according to a separate agreement. During the period until the expiration of the employment contract, Mr. Björk is available to the President as an advisor.

During 2002, Mr. Björk received a salary, fees and other remuneration from Group companies in the amount of SEK 6,730,000, plus a bonus of SEK 9,370,000, of which SEK 2,560,000 was withdrawn as a pension benefit vested in Skanska's pension funds.

At the beginning of 2002, Mr. Björk had a pension agreement that gave him a pension benefit estimated at SEK 2,590,000 per year, to be disbursed over a 20-year period. By means of a change in the pension agreement, the disbursement period has been shortened to five years. The estimated amount per year totals SEK 8,605,715. Skanska AB has made continuous provisions in the accounts for the cost of Mr. Björk's pension. The estimated present value of the pension totals SEK 41,378,000. Mr. Björk's pension is of the defined-benefit type, and the Company's expense during the year amounted to SEK 14,345,000.

Note 12 continued

Mr. Björk is covered by Skanska USA's general pension plan, where after 30 years' employment he will receive a lump sum with a present value (2002) equivalent to about SEK 11,530,000.

There is also a special bonus commitment with a present value (2002) of about SEK 33,847,000. The Company's expense during the year amounted to SEK 6,400,000, reported as a pension expense.

All of the above commitments were reported as liabilities in the 2002 financial statements.

In 2000, Mr. Björk received 240,000 employee stock options (see point D below) and in 2001 an additional 80,000 employee stock options (see point D below). Mr. Björk also participated in the Group's rolling incentive program in 2002 (see point E below).

C4. Stuart Graham, President and CEO

On September 12, 2002, Stuart Graham assumed the position of President and CEO of Skanska AB. Mr. Graham has a contractual fixed annual salary from Group companies of USD 800,000. Of this fixed salary, USD 560,000 is paid in Sweden in SEK at an exchange rate of SEK 9.42 per USD, which was fixed on the date he assumed his position.

Mr. Graham is entitled to a free residence in Sweden. During 2002, the Company compensated him for his residence in the amount of SEK 165,000. On an annual basis, the cost is estimated at SEK 1,314,000. Since September 2002, Mr. Graham has resided in Stockholm.

Mr. Graham has a flexible salary element, which may be earned beginning in the financial year 2003 and amounts to a maximum of 50 percent of his annual salary. During the 2002 financial year, in his capacity as President and CEO, Mr. Graham did not receive any flexible salary element. However, earlier during 2002, in his capacity as Executive Vice President in charge of U.S. operations, he received a fixed and a flexible salary in accordance with the employment agreement then in force.

Mr. Graham may receive a pension from age 61 at the earliest. A full pension equivalent to about 50 percent of fixed annual salary will be paid from age 65, including his share of Skanska USA's general pension plan. This is a defined-benefit pension, and the cost during the portion of the year when Mr. Graham was CEO amounted to SEK 2,500,000. The pension entitlement is earned on a straight-line basis during his employment period and will be disbursed during the remainder of his life. The pension is conditional upon future employment.

Mr. Graham is covered by Skanska USA's general pension plan, where after 15 years' employment he will receive a lump sum with a present value (2002) of about SEK 7,300,000.

In 2000, Mr. Graham was allotted 120,000 employee stock options (see point D below) and in 2001 an additional 80,000 employee stock options (see point D below). Mr. Graham also participated in the Group's rolling incentive program in 2002 (see point E below).

In case of termination by the Company, or in case of termination of his own volition due to material breach of contract by the Company, Mr. Graham is entitled to his salary and other employment benefits during a six month notice period, then 30 months of severance payments equivalent to his fixed salary on the date of termination.

D. Other members of the Senior Executive Team

During 2002, the other members of the Senior Executive Team totaled eight persons. Members of the Senior Executive Team receive a fixed salary and a flexible salary element based on the Group's earnings. See the table above. The group has been allotted employee stock options under the 2000–2005 and 2001–2006 programs. In addition, senior executives of Skanska were covered by the Group's rolling incentive program in 2002 (see point E below).

Financial instruments – employee stock options

| | Employee stock options | | Total |
|--|------------------------|---------------------|------------------|
| | 2000/2005 Number | 2001/2006 Number | |
| Presidents | | | |
| Claes Björk | 240,000 | 80,000 | 320,000 |
| Stuart Graham | 120,000 | 80,000 | 200,000 |
| Other Senior Executive Team members | 300,000 | 580,000 | 880,000 |
| Total | 660,000 | 740,000 | 1,400,000 |

D1. Pension benefits

Members of the Senior Executive Team are normally entitled to pension benefits according to defined-benefit pension systems. Defined-contribution pension packages occur in a few cases and, in terms of cost, are mainly equivalent to the ITP occupational pension plan. The retirement age for members of the Senior Executive Team is 60–65 years. The ITP plan is a defined-contribution plan and guarantees a lifetime pension from age 65. The pension amount is a certain percentage of final salary and the service period to qualify for a full pension is 30 years. The pension entitlement is 10 percent for portions of salary up to SEK 284,700 per year, 65 percent for portions of salary between SEK 284,700 and SEK 758,000 and 32.5 percent for portions of salary up to SEK 1,137,000.

In addition, this group is covered by a supplementary pension entitlement for portions of salary exceeding 30 base amounts (as defined by Swedish social insurance rules). This is a defined-contribution pension entitlement and the premium is 20 percent of pensionable salary exceeding 30 base amounts. Amounts set aside are guaranteed an actuarial interest rate. The pension entitlement is vested in the pension fund Skanskas Särskilda Pensionsstiftelse. The pension benefit is temporary, with a minimum disbursement period of five years.

D2. Notice periods etc.

In case of termination by the Company, notice periods range from six months to twelve months. Salary and other remuneration are disbursed without reduction during the notice period. After the notice period, severance pay is disbursed for 12 – 18 months. When payments disbursed after the notice period, other income must be subtracted from the amount payable.

E. Rolling one year incentive program

In 2000, Skanska introduced an annual rolling bonus program. The Senior Executive Team and about 230 other senior executives belong to the program. The bonus program is based on two different criteria. The change in the market price of a Skanska Series B share including dividend shall be compared to an index. One third of this index consists of the Findata Total Return Index and two thirds consists of the Dow Jones Heavy Construction Total Return Index. One third of the bonus is disbursed each year during the three year period after it is earned, provided that the employee remains in service. The rolling program for 2001 yielded no outcome and the same is true of the 2002 program. This rolling one year incentive program is ending with the year 2002 and will not be renewed during 2003. For the purpose of replacing the rolling one year program, while awaiting a new long-term bonus program, in 2003 a temporary bonus program will be offered to essentially the same group of senior executives who participated in the 2002 program. When there is an outcome, the program may provide a bonus amount equivalent to a maximum of 10 percent of the participant's annual salary. Any outcome is conditional upon achieving certain earnings targets.

Note 12 continued

F1. Employee stock options, 2000–2005

In 2000, the Board of Skanska AB decided to allot a total of 1,596,000 “synthetic options” to 13 individuals in the Group Management of Skanska. Claes Björk, then President and CEO, received 240,000 options. Stuart Graham, now President and CEO, received 120,000 options. At present, 1,236,000 options remain in this program, divided among 10 individuals.

The exercise price amounts to SEK 94.40, equivalent to 125 percent of the average closing price paid for a Skanska Series B share during the period February 28, 2000–March 3, 2000. The options may be exercised during the period March 3, 2003–March 31, 2005.

F2. Employee stock options, 2001–2006

In 2001, the Board of Skanska AB decided to allot a total of 2,040,000 options to 21 individuals in Skanska’s Group Management. In February 2002, the Board of Skanska AB approved an additional allotment of options. After the above decisions, and after adjustments due to employee attrition, 33 individuals are covered by the 2001–2006 employee stock option program, and the number of options totals 2,884,000.

Claes Björk, then CEO, received 80,000 options. Stuart Graham, now CEO, received 80,000 options.

The exercise price amounts to SEK 128, equivalent to 125 percent of the average closing price paid for a Skanska Series B share during the period June 14–20, 2001. The options may be exercised during the period March 3, 2004–March 31, 2006.

F3. Terms of employee stock options

For the above-mentioned employee stock option programs, the following are among the conditions that apply. The option programs encompass synthetic options and settlement will take place in cash. The options were provided free of cost and may only be exercised on the condition that the holder is still employed by Skanska on the exercise date or has retired with a pension. The holder may not transfer the right to exercise the options. Skanska has hedged the obligations that the Company may incur as a consequence of a market price upturn.

The market value, SEK 6.82 per option, for the year’s allocations of 2001–2006 stock options was established according to the Black-Scholes valuation model. Based on an analysis of the historical volatility of the market price of the Company’s shares and those of comparable companies, the expected volatility during the life of the options has been estimated at 35 percent.

The principles for reporting of employee stock options in the financial statements can be found under “Accounting and valuation principles.”

Note 13 Average number of employees

| | 2002 | Of whom men | 2001 | Of whom men |
|-----------------------|---------------|---------------|---------------|---------------|
| Parent Company | | | | |
| Sweden | 56 | 31 | 52 | 28 |
| Subsidiaries | | | | |
| Sweden | 14,958 | 13,253 | 15,713 | 13,843 |
| Norway | 4,820 | 4,437 | 4,806 | 4,412 |
| Denmark | 2,271 | 2,089 | 3,098 | 2,807 |
| Finland | 3,383 | 3,025 | 3,681 | 3,251 |
| United Kingdom | 4,209 | 3,709 | 4,239 | 3,726 |
| Poland | 6,243 | 5,275 | 10,020 | 8,510 |
| Czech Republic | 6,526 | 5,556 | 7,441 | 6,321 |
| United States | 9,462 | 8,339 | 10,033 | 8,689 |
| Argentina | 2,157 | 2,106 | 3,281 | 3,204 |
| Hong Kong | 3,155 | 2,788 | 4,061 | 3,561 |
| India | 2,250 | 2,228 | 2,094 | 2,052 |
| Other countries | 16,868 | 16,018 | 11,405 | 10,645 |
| Total | 76,358 | 68,854 | 79,924 | 71,049 |

Note 14 Fees and other remuneration to auditors

| Group | 2002 | 2001 |
|-----------------------|-----------|-----------|
| KPMG | | |
| Auditing assignments | 44 | 40 |
| Other assignments | 33 | 21 |
| Other auditors | | |
| Auditing assignments | 2 | 2 |
| Other assignments | 1 | |
| Total | 80 | 63 |

“Auditing assignments” refer to examination of the annual accounts as well as the administration by the Board of Directors and the President, as well as other tasks that are incumbent upon the Company’s auditors to perform. Everything else is “Other assignments.” “Other assignments” mainly consist of consultations related to tax and accounting matters as well as due diligence assignments.

Note 15 Share of income in Group companies

| Parent Company | 2002 | 2001 |
|----------------|--------------|------------|
| Dividends | 1,946 | 673 |
| Capital gains | 48 | 25 |
| Writedowns | -141 | -488 |
| Total | 1,853 | 210 |

The amount for “Dividends” in 2002 consisted of SEK 1,216 M in dividends approved by shareholders’ meetings and SEK 730 M in net Group contributions provided and received. In 2001, the amount consisted of SEK 2 M in dividends approved by shareholders’ meetings, and SEK 688 M in net Group contributions provided and received, minus SEK 17 M in shareholder contributions provided.

Note 16 Income from holdings in associated companies and joint ventures

| Group | 2002 | 2001 |
|--------------|----------|-----------|
| Income | 5 | 69 |
| Total | 5 | 69 |

Note 17 Income from other financial fixed assets

| | Group | | Parent Company | |
|---------------------------|-------------|------------|----------------|------------|
| | 2002 | 2001 | 2002 | 2001 |
| Dividends | 2 | 5 | | |
| Interest revenues | 116 | 72 | 87 | 638 |
| Exchange rate differences | -756 | 996 | | |
| Capital gains | 173 | -7 | | |
| Writedowns | -8 | -80 | | |
| Total | -473 | 986 | 87 | 638 |

In the Parent Company accounts, SEK 87 M (638) of interest revenues were related to Group companies.

Note 18 Income from financial current assets

| | Group | | Parent Company | |
|---------------------------|------------|------------|----------------|----------|
| | 2002 | 2001 | 2002 | 2001 |
| Interest revenues | 284 | 430 | 7 | 4 |
| Exchange rate differences | 199 | 86 | | -1 |
| Writedowns | -2 | -2 | | |
| Total | 481 | 514 | 7 | 3 |

Note 19 Interest expenses and similar items

| | Group | | Parent Company | |
|---|-------------|---------------|----------------|-------------|
| | 2002 | 2001 | 2002 | 2001 |
| Interest expenses | -1,026 | -1,427 | -201 | -764 |
| Exchange rate differences | 506 | -1,096 | | |
| Financial portion of decline in value of pension fund | -322 | -170 | -122 | -58 |
| Other expenses | -74 | -53 | | |
| Total | -916 | -2 746 | -323 | -822 |

In the Parent Company accounts, SEK 182 M (751) of interest expenses were related to Group companies. In order to safeguard the obligations according to the pension obligations in force, the downturn in the value of pension funds in Sweden was reported among expenses as above and reported among liabilities as a pension liability or special employer's contribution.

In the Group accounts, interest expenses of SEK 144 M were capitalized during 2002.

Note 20 Allocations and untaxed reserves

| | Allocations | | Untaxed reserves | |
|---------------------------|-------------|------------|------------------|------------|
| | 2002 | 2001 | 2002 | 2001 |
| Parent Company | | | | |
| Extra depreciation | | | | |
| Machinery and equipment | | | 1 | 1 |
| Buildings and land | 0 | 0 | 3 | 3 |
| Tax allocation reserve | -35 | 215 | 810 | 775 |
| Total | -35 | 215 | 814 | 779 |

Note 21 Taxes on profit for the year

| Tax expenses and income before taxes | | |
|---|-------------|---------------|
| Group | 2002 | 2001 |
| Specification of tax expenses | | |
| Current taxes | -1,299 | -2,209 |
| Deferred tax revenue from change in temporary differences | 787 | 764 |
| Deferred tax revenue from change in loss carry-forwards | -344 | 351 |
| | -856 | -1,094 |

The Group's average tax rate has been estimated at 40 (34) percent. The tax rate is affected by the Group's large operations in the United States, where federal and state corporate taxation varies between 35 and 45 percent.

The connection between taxes according to the average tax rate and reported taxes is explained in the table below.

| | 2002 | 2001 |
|--|-------------|---------------|
| Income before taxes | 73 | 1,116 |
| Taxes according to average tax rate, 40 (34) percent | -29 | -380 |
| Tax effect of: | | |
| Amortization/writedown of goodwill | -568 | -370 |
| Losses not matched by deferred tax claims | -125 | -920 |
| Other | -134 | 576 |
| Reported tax expenses | -856 | -1,094 |

| Parent Company | 2002 | 2001 |
|---|------------|-----------|
| Specification of tax expenses | | |
| Current taxes | -30 | -1 |
| Deferred tax revenue from change in temporary differences | 1 | 19 |
| | -29 | 18 |

The connection between the Swedish tax rate of 28 percent and reported taxes is explained in the table below.

| | 2002 | 2001 |
|--------------------------------------|--------------|-------------|
| Income after financial items | 1,253 | -356 |
| Taxes at tax rate of 28 percent | -351 | 100 |
| Tax effect of: | | |
| Allocations | -10 | -60 |
| Liquidation of subsidiaries | 46 | 113 |
| Writedowns of shares in subsidiaries | -40 | -137 |
| Dividends from subsidiaries | 341 | |
| Other | -15 | 2 |
| Reported tax expenses | -29 | 18 |

Note 22 Effect of currency rate changes on the income statement during 2002

2002 income statement translated to 2001 exchange rates, change for each respective currency in SEK:

| | 2002, 2001 rate ¹ | 2002 | Currency rate effect |
|------------------------------|------------------------------|---------|----------------------|
| Net sales | 150,575 | 145,576 | -4,999 |
| Operating income | 928 | 976 | 48 |
| Income after financial items | -94 | 73 | 167 |
| Net profit for the year | -1,019 | -837 | 182 |

¹ 2002 figures translated to 2001 exchange rates

| | USD | EUR | ARS | GBP | Other currencies | Total |
|------------------------------|--------|-----|--------|------|------------------|--------|
| Net sales | -3,525 | -95 | -1,578 | -432 | 631 | -4,999 |
| Operating income | -95 | 2 | 122 | 2 | 17 | 48 |
| Income after financial items | -97 | 3 | 250 | 2 | 9 | 167 |
| Net profit for the year | -54 | 3 | 225 | 5 | 3 | 182 |

Note 23 Intangible fixed assets

| | Group Goodwill | Group Other intangible fixed assets | Total intangible fixed assets | Parent Company intangible fixed assets |
|--|----------------|-------------------------------------|-------------------------------|--|
| Accumulated acquisition value | | | | |
| On January 1 | 9,495 | 915 | 10,410 | 25 |
| Acquisitions of companies | 247 | | 247 | |
| Divestments of companies | | -8 | -8 | |
| New acquisitions | | 90 | 90 | |
| Divestments of companies | | -17 | -17 | |
| Disposals/Writeoffs | | -64 | -64 | |
| Reclassifications | 123 | -90 | 33 | |
| Exchange rate differences for the year | -421 | -174 | -595 | |
| | 9,444 | 652 | 10,096 | 25 |
| Accumulated amortization | | | | |
| On January 1 | 1,167 | 150 | 1,317 | 4 |
| Divestments of companies | | -3 | -3 | |
| Reclassifications | 101 | 0 | 101 | |
| Amortization for the year | 581 | 34 | 615 | 1 |
| Exchange rate differences for the year | -82 | -10 | -92 | |
| | 1,767 | 171 | 1,938 | 5 |
| Accumulated writedown | | | | |
| On January 1 | 611 | | 611 | 0 |
| Reclassifications | -135 | | -135 | |
| Writedowns for the year | 1,703 | | 1,703 | |
| Exchange rate differences for the year | -92 | | -92 | |
| | 2,087 | 0 | 2,087 | 0 |
| Residual value on December 31 | 5,590 | 481 | 6,071 | 20 |
| Residual value on January 1 | 7,717 | 765 | 8,482 | 21 |

All intangible fixed assets consist of externally acquired assets.

The amount for "Other intangible fixed assets" mainly consists of a highway concession in Chile with an acquisition value of SEK 510 M. Due to the negative effect of exchange rate differences, this amount fell to SEK 372 M. Amortization of this concession has not yet begun, since the construction project is still underway and is expected to last until 2005. Estimated useful life is 25 years.

Note 24 Goodwill value allocated by amortization period

| Goodwill value and amortization period | Residual value | | | | |
|--|----------------------------|-----------|--------------|------------|--------------|
| | Amortization period, years | | | | |
| Allocation by business units | 20 | 15 | 10 | 5 | Total |
| Selmer Skanska | 1,689 | 41 | 77 | 8 | 1,815 |
| Skanska CZ | 342 | | | 16 | 358 |
| Skanska Oy | 59 | | 193 | 230 | 482 |
| Skanska UK | 1,820 | | 11 | 63 | 1,894 |
| Gammon Skanska | 230 | | | | 230 |
| Sweden | | | 75 | | 75 |
| USA Building | | | 358 | | 358 |
| USA Civil | | | 180 | | 180 |
| Services | | | 133 | 7 | 140 |
| Other business units | | | 34 | 24 | 58 |
| | 4,140 | 41 | 1,061 | 348 | 5,590 |

The amount that is being amortized over 20 years mainly consists of the corporate acquisitions of goodwill that occurred in 2000 when companies and holdings in companies were acquired in Norway, Poland, the Czech Republic, the United Kingdom and Hong Kong. The remaining amortization period for this goodwill is about 17.5 years.

Note 25 Tangible fixed assets

On January 1, 2002, properties in real estate operations were reclassified from tangible fixed assets to current assets. See "Accounting and valuation principles."

| | Group | | | Parent Company | |
|--|--------------------|-------------------------|-------------------------------|--------------------|-------------------------|
| | Buildings and land | Machinery and equipment | Properties under construction | Buildings and land | Machinery and equipment |
| Accumulated acquisition value | | | | | |
| On January 1 | 4,064 | 14,367 | 98 | 44 | 11 |
| New acquisitions | 165 | 1,535 | 62 | | 1 |
| Acquisitions of companies | 120 | 598 | | | |
| Divestments of companies | -98 | -166 | -4 | | |
| Divestments | -306 | -657 | -9 | 0 | |
| Reclassifications | -82 | 200 | -34 | | |
| Exchange rate differences for the year | -220 | -1,062 | -8 | | |
| | 3,643 | 14,815 | 105 | 44 | 12 |

Note 25 continued

Accumulated depreciation

| | | | | | |
|-----------------------------------|------------|--------------|----------|-----------|----------|
| On January 1 | 913 | 8,653 | 0 | 25 | 5 |
| Acquisitions of companies | | 11 | | | |
| Divestments of companies | -21 | -106 | | | |
| Divestments and disposals | -51 | -485 | | | 0 |
| Reclassifications | -19 | 253 | | | |
| Depreciation for the year | 163 | 1,565 | | 1 | 2 |
| Exchange differences for the year | -49 | -611 | | | |
| | 936 | 9,280 | 0 | 26 | 7 |

Accumulated revaluation

| | | | | | |
|--------------|-----------|----------|----------|----------|----------|
| On January 1 | 13 | | | | |
| | 13 | 0 | 0 | 0 | 0 |

| | Group | | | Parent Company | |
|--|--------------------|-------------------------|-------------------------------|--------------------|-------------------------|
| | Buildings and land | Machinery and equipment | Properties under construction | Buildings and land | Machinery and equipment |

Accumulated writedowns

| | | | | | |
|--|------------|----------|----------|----------|----------|
| On January 1 | 222 | | | | |
| Divestments | -46 | | | | |
| Reclassifications | -8 | | | | |
| Writedowns for the year | 158 | | | | |
| Exchange rate differences for the year | -26 | | | | |
| | 300 | 0 | 0 | 0 | 0 |

Residual value

| | | | | | |
|--------------------------------------|--------------|--------------|------------|-----------|----------|
| on December 31 | 2,420 | 5,535 | 105 | 18 | 5 |
| Residual value on January 1 | 2,942 | 5,714 | 98 | 19 | 6 |
| Assessed value for tax purposes | 818 | | | 45 | |
| Corresponding residual value, Sweden | 641 | | | 15 | |

Note 26 Financial fixed assets, holdings in associated companies, joint ventures and other long-term holdings of securities

| | Group | | Parent Company | |
|---|--|--|--------------------|-------------------|
| | In associated-companies and joint ventures | Other long-term holdings of securities | In Group companies | In joint ventures |
| Holdings | | | | |
| Accumulated acquisition value | | | | |
| On January 1 | 689 | 811 | 14,077 | 4 |
| New acquisitions | 561 | 20 | 141 | |
| Divestments | -10 | -249 | -1,087 | |
| Reclassifications | -120 | -22 | -806 | -3 |
| Exchange rate differences for the year | -210 | 15 | | |
| Intra-Group profit for the year | -72 | | | |
| Change in share of earnings in associated companies and joint ventures for the year | -6 | | | |
| | 832 | 575 | 12,325 | 1 |
| Accumulated writedowns | | | | |
| On January 1 | 30 | 43 | 1,619 | |
| Writedowns for the year | 10 | 4 | 141 | |
| Reclassifications | -17 | -13 | | |
| Exchange rate differences for the year | | -6 | | |
| | 23 | 28 | 1,760 | 0 |
| Residual value on December 31 | 809 | 547 | 10,565 | 1 |

Note 27 Specification of the Group's and the Parent Company's holdings of shares and participations in associated companies and joint ventures

| Company | Corporate identity number | Registered office | Number of participations | % of capital stock | Book value in consolidated accounts |
|--|---------------------------|-------------------|--------------------------|--------------------|-------------------------------------|
| Swedish associated companies and joint ventures | | | | | |
| AB Sydsten | 556108-2990 | Malmö | 150,000 | 50 | 0 |
| Bo Klok HB | 969672-1639 | Malmö | | 50 | 1 |
| Gamla Filmstaden Exploatering KB | 916639-5104 | Stockholm | 1 | 50 | 70 |
| Västerjärva Exploaterings AB | 556611-6884 | Solna | 1,000 | 50 | 0 |
| Other | | | | | 76 |
| | | | | | 147 |

| Company | | Number of participations | % of capital stock | % of votes if other than % of capital stock | Currency | Book value in consolidated accounts |
|---------|--|--------------------------|--------------------|---|----------|-------------------------------------|
|---------|--|--------------------------|--------------------|---|----------|-------------------------------------|

Foreign associated companies and joint ventures

| | | | | | | |
|---------------------------------|----------------|------------|----|---|-----|-----|
| Autopista Central S.A. | Chile | 27,840,000 | 48 | | CLP | 326 |
| Breitener Energetica S/A | Brazil | 30,709,000 | 35 | | BRL | 40 |
| Bridgend Custodial Services Ltd | United Kingdom | 50,000 | 20 | 9 | GBP | 1 |
| Gammon China Ltd | Hong Kong | 10,000 | 50 | | HKD | 0 |

Note 27 continued

| | | Number of participations | % of capital stock | % of votes if other than % of capital stock | Currency | Book value in consolidated accounts |
|--|----------------|--------------------------|--------------------|---|----------|-------------------------------------|
| HpC King's College Hospital Ltd | United Kingdom | 50,000 | 33 | | GBP | 0 |
| Maputo Port Development Company S.A., | Moçambique | | 17 | | MZM | 0 |
| Ponte de Pedra Energetica S/A | Brazil | 55,000,000 | 50 | | BRL | 136 |
| The Coventry and Rugby Hospital Comp.Ltd | United Kingdom | 12,500 | 25 | | GBP | 0 |
| Tieyhtiö Nelostie Oy | Finland | 115 | 41 | | EUR | 10 |
| Other | | | | | | 149 |
| Total | | | | | | 809 |

The influence of Gammon Skanska, which is reported according to the proportional method, on the consolidated accounts of Skanska is explained in the following table:

| 2002 | 2001 | |
|---|--------------------------|---------------------|
| Net sales | 4,323 | 4,833 |
| Operating expenses | -4,237 | -4,750 |
| Items affecting comparability | -364 | |
| Operating income | -278 | 83 |
| Financial items | 5 | 18 |
| Income after financial items | -273 | 101 |
| Taxes | -19 | -18 |
| Net profit | -292 | 83 |
| Fixed assets | 482 | 910 |
| Current assets | 1,796 | 2,429 |
| Total assets | 2,278 | 3,339 |
| Of which, interest-bearing | 346 | 705 |
| Shareholders' equity | 62 | 541 |
| Liabilities | 2,216 | 2,798 |
| Total shareholders' equity and liabilities | 2,278 | 3,339 |
| Of which, interest-bearing | 661 | 851 |
| Average number of employees | by country/region | of which men |
| Hong Kong | 3,154 | 2,787 |
| Thailand | 146 | 115 |
| Malaysia | 184 | 154 |
| China | 174 | 115 |
| Other countries | 1 | 1 |
| Total | 3,659 | 3,172 |

Note 28 Specification of the Parent Company's holdings of shares and participations in Group companies

| Company | Corporate identity number | Registered office | Number of participations | Book value |
|-------------------------------|---------------------------|-------------------|--------------------------|---------------|
| Swedish subsidiaries | | | | |
| Hexabar Kornblå AB | 556556-6642 | Stockholm | 1,000 | 0 |
| Skanska Financial Services AB | 556106-3834 | Stockholm | 500,000 | 65 |
| Skanska Kraft AB | 556118-0943 | Stockholm | 4,000,000 | 10,500 |
| Total | | | | 10,565 |

All the above subsidiaries are 100 percent owned by the Parent Company.

Note 29 Specification of other long-term holdings of securities

| Company | Number of participations | % of capital stock | Market capitalization | Book value |
|-------------------------|--------------------------|--------------------|-----------------------|------------|
| Listed companies | | | | |
| Nobia AB | 7,203,549 | 12,5 | 465 | 428 |
| Other holdings | | | | 119 |
| Total | | | | 547 |

Note 30 Financial fixed assets, receivables from associated companies and joint ventures and other long-term receivables

| | Group | | Parent Company | |
|---|--|-----------------------------|----------------------|-----------------------------|
| | From associated-companies and joint ventures | Other long-term receivables | From Group companies | Other long-term receivables |
| Receivables | | | | |
| Accumulated acquisition value | | | | |
| On January 1 | 284 | 2,672 | 218 | 114 |
| Additional/settled receivables | 81 | -37 | 615 | 0 |
| | 365 | 2,635 | 833 | 114 |
| Accumulated writedown | | | | |
| On January 1 | 33 | 12 | | |
| Writedowns for the year | 0 | 6 | | |
| | 33 | 18 | | |
| Reported residual value on December 31 | 332 | 2,617 | 833 | 114 |

Note 31 Allocation of receivables between associated companies and joint ventures

| Group | 2002 | 2001 |
|---------------------------------------|------------|------------|
| Receivables from associated companies | 22 | 17 |
| Receivables from joint ventures | 310 | 234 |
| Total | 332 | 251 |

| Note 32 Specification of other long-term receivables | | |
|--|--------------|--------------|
| Group | 2002 | 2001 |
| Deferred tax claims ¹ | 1,621 | 1,412 |
| Other receivables | 996 | 1,248 |
| Total | 2,617 | 2,660 |

¹ Deferred tax claims

| Group | 2002 | 2001 |
|--|--------------|--------------|
| Deferred tax claim for loss carry-forward | 173 | 529 |
| Deferred tax claim for other temporary differences | 1,448 | 883 |
| Total | 1,621 | 1,412 |

Temporary differences not reported as deferred tax claims

| Group | 2002 | 2001 |
|--|-------|-------|
| Loss carry-forwards expiring within one year | 25 | 63 |
| Loss carry-forwards expiring in one to three years | 277 | 402 |
| Loss carry-forwards expiring after more than three years | 1,403 | 2,662 |
| Other temporary differences | 75 | 1,014 |

Loss carry-forwards and other temporary differences were reduced by divestments and liquidations of Group companies.

Note 33 Current-asset properties

Effective from January 1, 2002, properties in real estate operations were reclassified from tangible fixed assets to current assets. See "Accounting and valuation principles."

| Group | Properties in real estate operations | Other current-asset properties | Total current-asset properties |
|---|--|--------------------------------------|--------------------------------------|
| Book value | | | |
| On January 1 | 11,991 | 6,799 | 18,790 |
| Acquisitions of companies | | 101 | 101 |
| Divestments of companies | | -25 | -25 |
| New acquisitions | 1,671 | 5,219 | 6,890 |
| Divestments of companies | -486 | -5,066 | -5,552 |
| Writedowns/reversals of writedowns | -63 | -112 | -175 |
| Reclassifications | -158 | 294 | 136 |
| Exchange rate differences for the year | -345 | -276 | -621 |
| On December 31 | 12,610 | 6,934 | 19,544 |
| Interest capitalized during the year | 95 | 49 | 144 |
| Accumulated capitalized interest | 95 | 49 | 144 |
| Assessed value for tax purposes, Sweden | 8,406 | 996 | 9,402 |
| Corresponding residual value, Sweden | 9,177 | 2,005 | 11,182 |

During the year, interest was capitalized at an interest rate of 5.5 percent.

| Note 34 Specification of current-asset properties | | | |
|---|--|--------------------------------------|---------------|
| Group | Properties in real estate operations | Other current-asset properties | Total |
| Completed properties | 7,227 | 1,520 | 8,747 |
| Properties under construction | 3,449 | 2,197 | 5,646 |
| Development properties | 1,934 | 3,217 | 5,151 |
| Total | 12,610 | 6,934 | 19,544 |

The market value of completed properties in real estate operations was estimated at SEK 11.2 billion on December 31, 2002. Including completed properties that were reported as completed on January 1, 2003, the estimated total market value was about SEK 13.6 billion and the corresponding book value SEK 9.1 billion.

Note 35 Inventories etc.

| Group | 2002 | 2001 |
|-----------------------------------|------------|--------------|
| Raw materials and supplies | 556 | 696 |
| Products being manufactured | 58 | 71 |
| Finished products and merchandise | 268 | 234 |
| Advance payments to suppliers | 8 | 34 |
| Total | 890 | 1,035 |

Note 36 Current receivables from associated companies and joint ventures

| Group | 2002 | 2001 |
|---------------------------------------|------------|-----------|
| Receivables from associated companies | 0 | 43 |
| Receivables from joint ventures | 105 | 44 |
| Total | 105 | 87 |

Note 37 Costs and earnings in excess of invoicing

| Group | 2002 | 2001 |
|---|--------------|--------------|
| Accrued revenue for uncompleted contracts | 104,983 | 65,231 |
| Invoiced sales, uncompleted contracts | -99,413 | -57,033 |
| Balance | 5,570 | 8,198 |

Note 38 Other current receivables

| | Group | | Parent Company | |
|---|--------------|--------------|----------------|------------|
| | 2002 | 2001 | 2002 | 2001 |
| Short-term portion of long-term receivables | 19 | 24 | | |
| Tax claim | 310 | 474 | 67 | 288 |
| Other short-term receivables | 2,708 | 7,115 | 23 | 21 |
| Total | 3,037 | 7,613 | 90 | 309 |

Note 39 Prepaid expenses and accrued revenues

| Group | 2002 | 2001 |
|------------------|--------------|--------------|
| Accrued revenues | 356 | |
| Prepaid expenses | 1,347 | |
| Total | 1,703 | 1,326 |

Note 40 Distribution of interest-bearing and non-interest-bearing assets

| Group | 2002 | | | 2001 | | |
|--------------------------------|------------------|----------------------|---------------|------------------|----------------------|---------------|
| | Interest-bearing | Non-interest-bearing | Total | Interest-bearing | Non-interest-bearing | Total |
| Financial fixed assets | 594 | 3,711 | 4,305 | 878 | 3,460 | 4,338 |
| Current receivables | 585 | 31,993 | 32,578 | 1,068 | 41,282 | 42,350 |
| Short-term investments | 303 | | 303 | 582 | | 582 |
| Cash and bank balances | 6,613 | | 6,613 | 8,753 | | 8,753 |
| Other fixed and current assets | | 34,565 | 34,565 | | 37,061 | 37,061 |
| Total | 8,095 | 70,269 | 78,364 | 11,281 | 81,803 | 93,084 |

Note 41 Change in shareholders' equity

| Group | Capital stock | Restricted reserves | Un-restricted reserves | Net profit for the year | Total shareholders' equity |
|---|---------------|---------------------|------------------------|-------------------------|----------------------------|
| According to Annual Report for 2001 | 1,256 | 1,428 | 15,165 | 22 | 17,871 |
| Transfer of net profit for 2001 | | | 22 | -22 | 0 |
| Equity swap for employee stock options | | | -85 | | -85 |
| Dividend | | | -1,256 | | -1,256 |
| Exchange rate differences etc. | | | -1,476 | | -1,476 |
| Transfer between restricted and unrestricted equity | | 1 | -1 | | 0 |
| Net profit for 2002 | | | | -837 | -837 |
| Closing balance, December 31, 2002 | 1,256 | 1,429 | 12,369 | -837 | 14,127 |

During the financial year, exchange rate differences of SEK -1,981 M were reported directly under shareholders' equity. The amount consisted mainly of negative exchange rate differences in USD, GBP, ARS, CLP, BRL and PLN, plus a positive exchange rate difference in NOK. The year's exchange rate differences were reduced by SEK 445 M through currency hedging measures, primarily against the U.S. dollar. Accumulated exchange rate differences included in shareholders' equity totaled SEK -184 (1,352).

The shareholders' equity of the Group did not increase because associated companies and joint ventures were reported according to the equity method of accounting.

| Parent Company | Capital stock | Statutory reserve | Retained earnings | Net profit for the year | Total shareholders' equity |
|---|---------------|-------------------|-------------------|-------------------------|----------------------------|
| According to the Annual Report for 2001 | 1,256 | 598 | 6,298 | -123 | 7,999 |
| Transfer of net profit for 2001 | | | -123 | 123 | 0 |
| Equity swap for employee stock options | | | -85 | | -85 |
| Dividend | | | -1,256 | | -1,256 |
| Net profit for 2002 | | | | 1,189 | 1,189 |
| Closing balance, December 31, 2002 | 1,256 | 598 | 4,804 | 1,189 | 7,847 |

| Group/Parent Company | 2002 | 2001 |
|--------------------------|-------------|-------------|
| Average number of shares | 418,553,072 | 419,981,149 |
| Total number of shares | 418,553,072 | 418,553,072 |

Net profit per share is calculated as net profit for the year divided by the average number of shares (see definitions).

The number of shares amounted to 418,553,072, divided into 35,681,909 Series A shares and 382,871,163 Series B shares. The par value per share is SEK 3. Regarding equity swaps for employee stock options, see "Accounting and valuation principles."

There are no option programs that will result in dilution of shareholders' equity.

Note 42 Provisions

| Group | Provisions for pensions and similar commitments | Provisions for taxes | Other provisions |
|---|---|----------------------|------------------|
| Opening balance, January 1, 2002 | 437 | 2,227 | 2,699 |
| Acquisitions of companies | | 180 | 8 |
| Divestments of companies | -10 | 14 | -39 |
| Provisions for the year | 492 | 330 | 1,164 |
| Provisions withdrawn | | -187 | -614 |
| Unutilized amounts | -10 | -28 | |
| Increase in discounted amount | 4 | | |
| Exchange rate differences | | -46 | -120 |
| Reclassifications | 55 | -150 | -20 |
| Closing balance, December 31, 2002 | 968 | 2,340 | 3,078 |

Note 43 Provisions for pensions and similar commitments

| | Group | | Parent Company | |
|---------------------------|------------|------------|----------------|------------|
| | 2002 | 2001 | 2002 | 2001 |
| PRI liability | 657 | 265 | 116 | 43 |
| Other pension obligations | 311 | 172 | 247 | 141 |
| Total | 968 | 437 | 363 | 184 |

To safeguard its obligations according to the ITP occupational pension plans in force related to the downturn in value, as well as regular new pension rights earned, Skanska reported these amounts as liabilities. The downturn in value was caused by the downturn in the stock market. SEK 411 M of provisions for pensions was related to the downturn in value. Of the SEK 247 M for "Other pension obligations" in the Parent Company accounts, SEK 62 M was related to obligations outside the scope of Sweden's law on safeguarding pension commitments.

Note 44 Provisions for taxes

| Group | 2002 | 2001 |
|--|--------------|--------------|
| Deferred tax on untaxed reserves | 1,343 | 1,297 |
| Deferred tax liability on surplus values | 46 | 91 |
| Other deferred tax liabilities | 951 | 839 |
| Total | 2,340 | 2,227 |

"Other deferred tax liabilities" refer to temporary differences between values for tax purposes and values reported in the balance sheet. These differences arise, among other things, when the Group's valuation principles deviate from those applied locally by a subsidiary. These deferred tax liabilities are mostly realized within five years.

| Note 45 Other provisions | | | | |
|---|--------------|--------------|----------------|-----------|
| | Group | | Parent Company | |
| | 2002 | 2001 | 2002 | 2001 |
| Warranty obligations | 362 | | | |
| Reserve for legal disputes | 737 | | | |
| Restructuring measures | 475 | | | |
| Insurance business | 675 | | | |
| Employee foundation, Sweden | 150 | | | |
| Equity swaps for employee stock options | 89 | | 89 | |
| Other provisions | 590 | | 9 | 56 |
| Total | 3,078 | 2,699 | 98 | 56 |

The nature of the obligations can be seen in the above table. Normal circulation time is about one to three years.

| Note 46 Maturity dates of liabilities | | | | | | | | |
|--|--------------|--------------|---------------------|---------------|---------------|---------------|---------------|---------------|
| Group | > 5 years | | < 5 years: > 1 year | | < 1 year | | Total | |
| | 2002 | 2001 | 2002 | 2001 | 2002 | 2001 | 2002 | 2001 |
| Bond loans | 275 | 280 | 5,331 | 4,585 | 1,614 | 1,518 | 7,220 | 6,383 |
| Liabilities to credit institutions | 814 | 852 | 5,449 | 6,295 | 1,291 | 1,975 | 7,554 | 9,122 |
| Advance payments from clients | 11 | | 52 | | 923 | 1,253 | 986 | 1,253 |
| Accounts payable | | | | | 17,026 | 19,837 | 17,026 | 19,837 |
| Liabilities to associated companies | 2 | 2 | 29 | 14 | 34 | | 16 | 65 |
| Liabilities to joint ventures | | | 2 | 42 | 24 | | 42 | 26 |
| Tax liabilities | | | | | 455 | 1,454 | 455 | 1,454 |
| Invoicing in excess of costs and earnings | | | | | 10,318 | 12,072 | 10,318 | 12,072 |
| Other liabilities | 303 | 102 | 273 | 365 | 5,050 | 10,053 | 5,626 | 10,520 |
| Accrued expenses and prepaid revenues | | | | | 8,222 | 8,603 | 8,222 | 8,603 |
| Total | 1,403 | 1,236 | 11,107 | 11,276 | 44,955 | 56,823 | 57,465 | 69,335 |

| Parent Company | > 5 years | | < 5 years: > 1 year | | < 1 year | | Total | |
|---------------------------------------|--------------|--------------|---------------------|----------|------------|-----------|--------------|--------------|
| | 2002 | 2001 | 2002 | 2001 | 2002 | 2001 | 2002 | 2001 |
| Bond loans | | | | | | | 0 | 0 |
| Liabilities to credit institutions | 277 | 298 | | | | | 277 | 298 |
| Accounts payable | | | | | 56 | 13 | 56 | 13 |
| Liabilities to Group companies | 2,236 | 4,014 | | | | | 2,236 | 4,014 |
| Tax liabilities | | | | | 0 | 0 | 0 | 0 |
| Other liabilities | | | | | 2 | 11 | 2 | 11 |
| Accrued expenses and prepaid revenues | | | | | 75 | 54 | 75 | 54 |
| Total | 2,513 | 4,312 | 0 | 0 | 133 | 78 | 2,646 | 4,390 |

| Note 47 Invoicing in excess of costs and earnings | | |
|--|---------------|---------------|
| Group | 2002 | 2001 |
| Invoiced sales, uncompleted contracts | 142,394 | 144,323 |
| Accrued revenues for uncompleted contracts | -132,076 | -132,251 |
| Balance | 10,318 | 12,072 |

Amounts withheld by clients, which have been partially invoiced according to an established plan and that the client is withholding according to contractual terms until all conditions specified in the contract have been fulfilled, totaled to SEK 3,772 M (7,023).

| Note 48 Other liabilities | | |
|----------------------------------|--------------|---------------|
| Group | 2002 | 2001 |
| Long-term liabilities | 1,908 | |
| Value-added tax | 764 | |
| Employee taxes | 792 | |
| Other current liabilities | 2,162 | |
| Total | 5,626 | 10,520 |

| Note 49 Accrued expenses and prepaid revenues | | |
|--|--------------|--------------|
| Group | 2002 | 2001 |
| Accrued wage and salary expenses, including social welfare contributions | 2,257 | |
| Prepaid revenues | 522 | |
| Accrued interest expenses | 228 | |
| Other accrued expenses | 5,215 | |
| Total | 8,222 | 8,603 |

| Note 50 Distribution of interest-bearing and non-interest-bearing liabilities and provisions | | | | | | |
|---|------------------|----------------------|---------------|------------------|----------------------|---------------|
| Group | 2002 | | | 2001 | | |
| | Interest-bearing | Non-interest-bearing | Total | Interest-bearing | Non-interest-bearing | Total |
| Liabilities to credit institutions | 7,554 | | 7,554 | 9,122 | | 9,122 |
| Other liabilities | 8,898 | 41,013 | 49,911 | 8,748 | 51,465 | 60,213 |
| Provisions | 673 | 5,713 | 6,386 | 223 | 5,140 | 5,363 |
| Minority interests and shareholders' equity | | 14,513 | 14,513 | | 18,386 | 18,386 |
| Total | 17,125 | 61,239 | 78,364 | 18,093 | 74,991 | 93,084 |

| Note 51 Exchange rate differences in the balance sheet | | |
|---|-------------|------------|
| SEK billion | 2002 | 2001 |
| Assets | | |
| Intangible fixed assets | -0.4 | 0.8 |
| Tangible fixed assets | -0.6 | 0.5 |
| Shares and participations | -0.2 | 0.0 |
| Financial receivables | -0.1 | 0.1 |
| Properties in real estate operations | -0.3 | 0.2 |
| Other current-asset properties | -0.3 | 0.4 |
| Inventories and operating receivables | -3.7 | 2.5 |
| Liquid assets | -0.9 | 0.6 |
| Total | -6.5 | 5.1 |

Note 51 continued

| SEK billion | 2002 | 2001 |
|---|-------------|------------|
| Shareholders' equity and liabilities | | |
| Shareholders' equity | -1.5 | 1.0 |
| Minority interests | 0.0 | 0.0 |
| Interest-bearing provisions and liabilities | -0.5 | 0.8 |
| Non-interest-bearing provisions and liabilities | -4.5 | 3.3 |
| Total | -6.5 | 5.1 |
| Impact of exchange rate differences on the interest-bearing debt of the Group | -0.5 | -0.1 |

Note 52 Balance sheet allocated by currency

| SEK M | USD | GBP | EUR | NOK | CZK | DKK | PLN | Other foreign currencies ¹ | Hedge loans ² | SEK | Total |
|---|-------------|-------------|------------|------------|------------|------------|------------|---------------------------------------|--------------------------|-------------|-------------|
| Assets | | | | | | | | | | | |
| Intangible fixed assets | 0.6 | 2.1 | 0.5 | 1.8 | 0.3 | | | 0.4 | | 0.4 | 6.1 |
| Tangible fixed assets | 1.5 | 0.8 | 0.4 | 0.8 | 1.1 | 0.2 | 0.6 | 0.1 | | 2.6 | 8.1 |
| Shares and participations | | | 0.1 | | | | 0.1 | 0.6 | | 0.6 | 1.4 |
| Financial receivables | 0.8 | 4.5 | 1.2 | 0.2 | | | | -6.1 | | 0.6 | 1.2 |
| Properties in real estate operations | 0.7 | | 1.6 | 0.1 | | 1.1 | | 0.1 | | 9.0 | 12.6 |
| Other current-asset properties | 1.0 | | 0.8 | 1.0 | 0.5 | 1.0 | 0.5 | 0.1 | | 2.0 | 6.9 |
| Inventories and operating receivables | 10.7 | 6.4 | 2.2 | 2.7 | 1.8 | 0.9 | 1.2 | 0.7 | | 8.6 | 35.2 |
| Liquid assets | 3.0 | 1.0 | 0.3 | 0.3 | 0.2 | 0.2 | | 0.3 | | 1.6 | 6.9 |
| Total | 18.3 | 14.8 | 7.1 | 6.9 | 3.9 | 3.4 | 2.4 | -3.8 | 4.1 | 25.4 | 78.4 |
| Shareholders' equity and liabilities | | | | | | | | | | | |
| Shareholders' equity ³ | 3.7 | 4.4 | 2.2 | 2.6 | 1.4 | 0.5 | 0.5 | 1.1 | | -2.2 | 14.2 |
| Minority interests | 0.1 | | 0.1 | | | | | 0.1 | | 0.0 | 0.3 |
| Interest-bearing provisions and liabilities | 1.2 | 2.2 | 1.7 | 1.0 | 0.2 | 1.5 | 0.7 | -5.9 | 4.1 | 10.4 | 17.1 |
| Non-interest-bearing provisions and liabilities | 13.3 | 8.2 | 3.1 | 3.3 | 2.3 | 1.4 | 1.3 | 0.9 | | 13.0 | 46.8 |
| Total | 18.3 | 14.8 | 7.1 | 6.9 | 3.9 | 3.4 | 2.5 | -3.8 | 4.1 | 21.2 | 78.4 |

¹ Including elimination of intra-Group receivables and liabilities

² Aside from hedge loans in GBP, EUR, USD and BRL, Skanska has hedged its shareholders' equity in foreign currencies via forward contracts (not in the balance sheet) equivalent to liabilities of SEK 5.2 billion in USD and CLP.

³ After elimination of shares in subsidiaries.

Note 53 Assets pledged for liabilities/provisions

| Group | Property mortgages | | Chattel mortgages | | Restricted bank deposits | | Total | |
|------------------------------------|--------------------|--------------|-------------------|-----------|--------------------------|------------|--------------|--------------|
| | 2002 | 2001 | 2002 | 2001 | 2002 | 2001 | 2002 | 2001 |
| Own obligations | | | | | | | | |
| Liabilities to credit institutions | 612 | 925 | 6 | 14 | 4 | 194 | 622 | 1,133 |
| Other liabilities/provisions | 10 | 16 | 19 | 9 | 575 | 225 | 604 | 250 |
| Total own obligations | 622 | 941 | 25 | 23 | 579 | 419 | 1,226 | 1,383 |
| Other obligations | 10 | 70 | 0 | 41 | 558 | 450 | 568 | 561 |
| Total | 632 | 1,011 | 25 | 64 | 1,137 | 869 | 1,794 | 1,944 |

Note 54 Contingent liabilities

| | Group | | Parent Company | |
|---|---------------|---------------|----------------|---------------|
| | 2002 | 2001 | 2002 | 2001 |
| Pension commitments not included among liabilities/provisions | | 3 | | |
| Contingent liabilities on behalf of Group companies | | | 88,339 | 78,319 |
| Other contingent liabilities | 18,937 | 16,553 | 11,822 | 11,701 |
| Total | 18,937 | 16,556 | 100,161 | 90,020 |

The Group's contingent liabilities related to consortia totaled about SEK 15.9 billion. Joint and several liability of outside members of consortia for the obligations of construction obligations accounted for about SEK 14.5 billion. Such liability is often required by the client. To the extent it is deemed likely that Skanska will be subject to liability claims, the obligation is reported as a liability/provision in the balance sheet. Contingent liabilities related to consortia other than construction consortia totaled about SEK 1.4 billion. Other contingent liabilities besides those related to consortia totaled about SEK 3 billion.

Of the Parent Company's contingent liabilities, nearly SEK 69 billion was related to contracting obligations made by subsidiaries. To the Group, commitments issued by the Parent Company do not comprise any greater liability than the contracting obligations. The remaining contingent liabilities on behalf of subsidiaries mainly consisted of guarantees issued for borrowing by subsidiaries from credit institutions. The Parent Company's contingent liabilities included SEK 33 million related to consortia.

For the Air Rail Transit Consortium's performance of the JFK light rail link contract in New York, Skanska AB, like Bombardier Inc., is jointly and severally liable to the client, the Port Authority of New York and New Jersey.

Bombardier Inc., whose subsidiary Bombardier Transit Corporation is responsible for the portion of the contract related to trains and operation, has issued a guarantee to Skanska that relieves Skanska from liability in relation to Bombardier Inc. for this portion of the contract, which totals more than SEK 2.4 billion out of the overall contract value, excluding any five- or ten-year extension. Given Bombardier Inc.'s commitment, no contingent liability for this portion of the contract has been reported in the accounts. In corresponding fashion, Skanska AB has relieved Bombardier Inc. of liability for the construction portion.

During 1988-1990 the Skanska Group, through partly owned companies, purchased participations in aircraft.

The depreciation deductions that were made were later a topic of tax litigation affecting most of the partly owned companies. All of this tax litigation has not yet been finally decided. However, the Group has paid in full the various demands for additional taxes and accompanying fees and interest. Due to differing views regarding the consequences for subsequent tax years due to disallowed depreciation deductions, tax litigation has arisen concerning later tax years as well. Taken together, this tax litigation is not deemed to constitute any risk to the Group.

Note 55 Adjustments for items not included in cash flow

| Group | 2002 | 2001 |
|--|---|-------------|
| | Depreciation/amortization and writedowns as well as reversals of writedowns | 4,464 |
| Gains/losses on sale of fixed assets and current-asset properties | -1,187 | -3,157 |
| Income after financial items in associated companies | -11 | -35 |
| Dividends from associated companies | 7 | 7 |
| Intra-Group profits | 72 | |
| Other items from business operations that did not affect cash flow | -19 | -2 |
| Total | 3,326 | 243 |
| Parent Company | 2002 | 2001 |
| Gains/losses on sale of fixed assets and current-asset properties | 7 | 4 |
| Total | 7 | 4 |

Note 56 Taxes paid

Taxes paid are allocated among business operations, financing operations and strategic investments.

Group

Total taxes paid by the Group during the year amounted to SEK 2,207 M (2,630). Of this amount, SEK 917 M was attributable to strategic investments and mainly consisted of taxes paid in aircraft leasing companies.

Parent Company

Total taxes paid by the Parent Company during the year amounted to SEK -162 M (751).

Note 57 Interest and dividend information

| | Group | | Parent Company | |
|---|--------|--------|----------------|-------|
| | 2002 | 2001 | 2002 | 2001 |
| Interest revenue received during the year | 338 | 370 | 94 | 642 |
| Interest expenses paid during the year | -1,131 | -1,290 | -182 | -764 |
| Dividends received during the year | 9 | 12 | 1,216 | 4,002 |

Note 58 Change in interest-bearing receivables

| | Group | | Parent Company | |
|---|------------|--------------|----------------|-----------|
| | 2002 | 2001 | 2002 | 2001 |
| Increase in receivables - loans provided | -455 | -416 | | -9 |
| Decrease in receivables - repayment of loans provided | 1,119 | 1,924 | 22 | |
| Total | 664 | 1,508 | 22 | -9 |

Note 59 Change in interest-bearing liabilities and provisions

| | Group | | Parent Company | |
|--------------------------|---------------|--------------|----------------|-----------|
| | 2002 | 2001 | 2002 | 2001 |
| Borrowings | 2,614 | 9,438 | | 94 |
| Repayment of liabilities | -3,713 | -6,456 | -21 | -25 |
| Total | -1,099 | 2,982 | -21 | 69 |

Note 60 Acquisitions of Group companies

Assets and liabilities acquired in 2002 according to acquisition balance sheets were:

| Assets | |
|---|--------------|
| Intangible fixed assets | 247 |
| Tangible fixed assets | 707 |
| Current assets | 101 |
| Inventories and operating receivables | 311 |
| Liquid assets | 17 |
| Total | 1,383 |
| Liabilities | |
| Interest-bearing provisions and liabilities | 277 |
| Non-interest-bearing provisions and liabilities | 591 |
| Total | 868 |
| Purchase price paid | -515 |
| Liquid assets in companies acquired | 17 |
| Impact on the Group's liquid assets | -498 |

The balance sheets of acquired companies largely consist of Yeager in the United States. Some small Group companies in Finland are also included.

Note 61 Divestment of Group companies

Assets and liabilities divested in 2002

| Assets | |
|---|-------------|
| Intangible fixed assets | -6 |
| Tangible fixed assets | -141 |
| Current assets | -25 |
| Inventories and operating receivables | -188 |
| Total | -360 |
| Liabilities | |
| Interest-bearing provisions and liabilities | -102 |
| Non-interest-bearing provisions and liabilities | -258 |
| Total | -360 |
| Purchase price paid | 0 |

The divestments concerned a number of small Group companies in Poland.

Note 62 Liquid assets

| Group | 2002 | 2001 |
|------------------------|--------------|--------------|
| Cash and bank balances | 6,613 | 8,753 |
| Short-term investments | 303 | 582 |
| Total | 6,916 | 9,335 |

Short-term investments according to the balance sheet match the short-term investments reported among liquid assets in the cash flow statement. The Group's unutilized credit facilities amounted to SEK 5,984 M (5,780) at year-end.

Consolidated quarterly results

| SEK M | 2002 | | | | 2001 | | | |
|---|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| | Q4 | Q3 | Q2 | Q1 | Q4 | Q3 | Q2 | Q1 |
| Group | | | | | | | | |
| Order bookings | 34,330 | 33,702 | 38,948 | 30,610 | 21,871 | 37,251 | 44,459 | 48,926 |
| From the income statements | | | | | | | | |
| Net sales | 37,853 | 35,532 | 39,155 | 33,036 | 42,553 | 43,001 | 44,565 | 34,818 |
| Operating expenses | -34,657 | -32,482 | -35,870 | -30,695 | -39,650 | -41,005 | -41,857 | -33,029 |
| Selling and administrative expenses | -2,642 | -2,165 | -2,500 | -2,164 | -2,348 | -2,352 | -2,251 | -2,112 |
| | 554 | 885 | 785 | 177 | 555 | -356 | 457 | -323 |
| Gain on sale of properties | 249 | 1 | 4 | 40 | 741 | 92 | 1,320 | 2 |
| Writedowns/reversals of writedowns | -63 | | | | | | | |
| Share of income in associated companies | -45 | -10 | 27 | 17 | 26 | 5 | 0 | 4 |
| Items affecting comparability | -1,645 | 0 | 0 | 0 | 286 | -504 | -12 | 0 |
| Operating income | -950 | 876 | 816 | 234 | 1,608 | -763 | 1,765 | -317 |
| Net interest items | -143 | -154 | -150 | -179 | -306 | -241 | -238 | -139 |
| Gain on sale of shares and participations | -12 | 4 | 53 | 47 | 0 | 0 | 0 | 0 |
| Other financial items | 116 | -56 | -439 | 10 | -54 | -204 | -6 | 11 |
| | -39 | -206 | -536 | -122 | -360 | -445 | -244 | -128 |
| Income after financial items | -989 | 670 | 280 | 112 | 1,248 | -1,208 | 1,521 | -445 |
| Taxes | -330 | -346 | -131 | -49 | -144 | -492 | -619 | 161 |
| Minority interests | -26 | 0 | -10 | -18 | 19 | 11 | -19 | -11 |
| Net profit for the period | -1,345 | 324 | 139 | 45 | 1,123 | -1,689 | 883 | -295 |
| Order backlog | 137,940 | 145,512 | 143,422 | 153,633 | 158,643 | 183,553 | 191,490 | 185,560 |
| Capital employed | 31,638 | 35,815 | 34,985 | 35,365 | 36,479 | 38,257 | 39,898 | 36,836 |
| Interest-bearing net debt | 9,030 | 11,449 | 10,955 | 9,454 | 6,812 | 10,734 | 10,199 | 7,548 |
| Debt/equity ratio | 0.6 | 0.7 | 0.7 | 0.5 | 0.4 | 0.6 | 0.5 | 0.4 |
| Return on capital employed, % | 4.3 | 10.7 | 6.0 | 9.0 | 8.0 | 10.0 | 15.3 | 19.3 |
| Cash flow | | | | | | | | |
| Cash flow from business operations | 2 920 | 157 | 692 | -1,941 | 4,740 | 87 | -429 | -2,551 |
| Cash flow from financing operations | -1,863 | 214 | 719 | -14 | -1,443 | -141 | 1,740 | 3,491 |
| Cash flow from operations | 1,057 | 371 | 1,411 | -1,955 | 3,297 | -54 | 1,311 | 940 |
| Cash flow from strategic investments | -112 | -368 | 251 | -876 | -95 | -237 | -387 | -487 |
| Dividends etc. | -38 | -13 | -1,233 | -22 | -60 | -5 | -1,416 | -871 |
| Cash flow for the period | 907 | -10 | 429 | -2,853 | 3,142 | -296 | -492 | -418 |

Consolidated quarterly results

Markets and segments

| SEK M | 2002 | | | | 2001 | | | |
|--|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| | Q4 | Q3 | Q2 | Q1 | Q4 | Q3 | Q2 | Q1 |
| Order bookings | | | | | | | | |
| Core business | | | | | | | | |
| Scandinavia | 8,680 | 9,439 | 10,251 | 9,136 | 8,622 | 9,371 | 12,776 | 10,384 |
| Europe | 13,527 | 8,839 | 11,199 | 5,940 | 10,630 | 8,654 | 10,192 | 12,610 |
| USA | 9,837 | 14,502 | 14,219 | 12,636 | -5 | 15,157 | 18,293 | 20,416 |
| Other markets | 2,057 | 379 | 2,454 | 1,232 | 1,390 | 3,339 | 2,509 | 4,752 |
| Total construction-related services | 34,101 | 33,159 | 38,123 | 28,944 | 20,637 | 36,521 | 43,770 | 48,162 |
| Services | 106 | 400 | 642 | 1,539 | 841 | 662 | 740 | 573 |
| Central and eliminations | 123 | 143 | 183 | 127 | 393 | 68 | -51 | 191 |
| Total core business | 34,330 | 33,702 | 38,948 | 30,610 | 21,871 | 37,251 | 44,459 | 48,926 |
| Non-core business | 0 | 0 | 0 | 0 | -273 | 92 | 99 | 82 |
| Total Skanska Group | 34,330 | 33,702 | 38,948 | 30,610 | 21,598 | 37,343 | 44,558 | 49,008 |
| Net sales | | | | | | | | |
| Core business | | | | | | | | |
| Scandinavia | 10,314 | 9,450 | 10,591 | 8,330 | 9,933 | 11,669 | 12,759 | 8,906 |
| Europe | 9,367 | 10,303 | 9,993 | 8,027 | 10,717 | 11,624 | 10,441 | 7,098 |
| USA | 14,378 | 13,461 | 15,514 | 13,815 | 17,553 | 17,006 | 18,447 | 15,936 |
| Other markets | 2,643 | 1,897 | 2,349 | 2,280 | 3,594 | 2,707 | 2,792 | 2,241 |
| Total construction-related services | 36,702 | 35,111 | 38,447 | 32,452 | 41,797 | 43,006 | 44,439 | 34,181 |
| Project Development and BOT | 394 | 369 | 362 | 349 | 357 | 346 | 336 | 348 |
| Services | 675 | 567 | 626 | 637 | 888 | 645 | 824 | 704 |
| Central and eliminations | 82 | -515 | -280 | -402 | -216 | -1,088 | -1,133 | -497 |
| Total core business | 37,853 | 35,532 | 39,155 | 33,036 | 42,826 | 42,909 | 44,466 | 34,736 |
| Non-core business | 0 | 0 | 0 | 0 | -273 | 92 | 99 | 82 |
| Total Skanska Group | 37,853 | 35,532 | 39,155 | 33,036 | 42,553 | 43,001 | 44,565 | 34,818 |

| SEK M | 2002 | | | | 2001 | | | |
|--|-------------|------------|------------|------------|--------------|-------------|--------------|-------------|
| | Q4 | Q3 | Q2 | Q1 | Q4 | Q3 | Q2 | Q1 |
| Operating income | | | | | | | | |
| Core business | | | | | | | | |
| Scandinavia | 59 | 161 | 274 | -141 | 102 | -370 | 267 | -412 |
| Europe | 66 | 240 | 96 | 44 | 97 | -435 | -39 | -227 |
| USA | 387 | 373 | 488 | 294 | 310 | 275 | 323 | 265 |
| Other markets | 63 | 73 | 36 | 6 | 95 | 79 | 6 | 34 |
| Total construction-related services | 575 | 847 | 894 | 203 | 604 | -451 | 557 | -340 |
| Project Development and BOT | 374 | 223 | 200 | 212 | 948 | 242 | 1,419 | 139 |
| Services | 14 | -7 | -135 | -19 | -1 | 20 | 43 | 50 |
| Central and eliminations | -268 | -187 | -143 | -162 | -223 | -76 | -252 | -156 |
| | 695 | 876 | 816 | 234 | 1,328 | -265 | 1,767 | -307 |
| Items affecting comparability | -1,645 | | | | 435 | -500 | | |
| Total core business | -950 | 876 | 816 | 234 | 1,763 | -765 | 1,767 | -307 |
| Non-core business | 0 | 0 | 0 | 0 | -155 | 2 | -2 | -10 |
| Total Skanska Group | -950 | 876 | 816 | 234 | 1,608 | -763 | 1,765 | -317 |

Business units

Markets and segments

| | Net sales | | Order bookings | | Order backlog | |
|--|----------------|----------------|----------------|----------------|----------------|----------------|
| | 2002 | 2001 | 2002 | 2001 | 2002 | 2001 |
| Core business | | | | | | |
| Skanska Sweden | 25,510 | 28,358 | 24,352 | 27,332 | 14,536 | 15,727 |
| Selmer Skanska | 8,551 | 9,145 | 8,813 | 9,710 | 6,116 | 6,207 |
| Skanska Denmark | 4,624 | 5,764 | 4,341 | 4,111 | 1,761 | 2,051 |
| Total Scandinavia | 38,685 | 43,267 | 37,506 | 41,153 | 22,413 | 23,985 |
| Skanska Oy | 9,656 | 8,781 | 9,193 | 8,345 | 5,564 | 5,443 |
| Skanska Poland | 4,832 | 6,453 | 5,004 | 5,593 | 3,917 | 4,510 |
| Skanska CZ | 7,181 | 7,989 | 9,672 | 8,764 | 8,467 | 6,049 |
| Skanska UK | 15,179 | 15,438 | 15,496 | 18,468 | 17,969 | 18,932 |
| Skanska J/V Projects UK | 815 | 1,057 | 140 | 785 | 448 | 1,197 |
| Other | 27 | 162 | 0 | 131 | 0 | 0 |
| Total Europe | 37,690 | 39,880 | 39,505 | 42,086 | 36,365 | 36,131 |
| Skanska USA Building | 42,730 | 53,585 | 35,257 | 39,186 | 45,489 | 62,631 |
| Skanska USA Civil | 13,293 | 14,307 | 14,792 | 13,625 | 22,252 | 20,964 |
| Skanska Project Development USA | 1,145 | 1,050 | 1,145 | 1,050 | 0 | 0 |
| Total USA | 57,168 | 68,942 | 51,194 | 53,861 | 67,741 | 83,595 |
| Skanska International Projects | 1,912 | 2,362 | 170 | 2,548 | 2,137 | 4,056 |
| Sade Skanska | 2,277 | 3,672 | 2,102 | 2,475 | 2,040 | 3,634 |
| Gammon Skanska | 4,323 | 4,833 | 2,965 | 4,711 | 2,775 | 4,820 |
| Skanska Cementation India | 657 | 467 | 885 | 2,256 | 1,997 | 2,129 |
| Total other markets | 9,169 | 11,334 | 6,122 | 11,990 | 8,949 | 14,639 |
| Total construction-related services | 142,712 | 163,423 | 134,327 | 149,090 | 135,468 | 158,350 |
| Skanska Project Development Sweden | 1,304 | 1,182 | - | - | - | - |
| Skanska Project Development Europe | 132 | 205 | - | - | - | - |
| Skanska BOT | 38 | 0 | - | - | - | - |
| Total Project Development and BOT | 1,474 | 1,387 | | | | |
| Skanska Services | 2,490 | 2,684 | 2,672 | 2,760 | 2,386 | 213 |
| Skanska Telecom Networks | 15 | 377 | 15 | 55 | 0 | 0 |
| Total services | 2,505 | 3,061 | 2,687 | 2,815 | 2,386 | 213 |
| Central and eliminations | -1,115 | -2,934 | 576 | 602 | 86 | 80 |
| | 145,576 | 164,937 | 137,590 | 152,507 | 137,940 | 158,643 |
| Items affecting comparability | | | | | | |
| Total core business | 145,576 | 164,937 | 137,590 | 152,507 | 137,940 | 158,643 |
| Non-core busines | | | | | | |
| Total Skanska Group | 145,576 | 164,937 | 137,590 | 152,507 | 137,940 | 158,643 |

| | EBITA margin ¹ | | EBITA margin | | EBIT margin ² | | EBIT margin | |
|--|---------------------------|--------------|--------------|-------------|--------------------------|--------------|-------------|-------------|
| | 2002 | 2001 | 2002 | 2001 | 2002 | 2001 | 2002 | 2001 |
| Core business | | | | | | | | |
| Skanska Sweden | 576 | 770 | 2.3% | 2.7% | 456 | 745 | 1.8% | 2.6% |
| Selmer Skanska | 262 | 42 | 3.1% | 0.5% | 95 | -128 | 1.1% | neg |
| Skanska Denmark | -193 | -1,025 | neg | neg | -198 | -1,030 | neg | neg |
| Total Scandinavia | 645 | -213 | 1.7% | neg | 353 | -413 | 0.9% | neg |
| Skanska Oy | 122 | 223 | 1.3% | 2.5% | 18 | 122 | 0.2% | 1.4% |
| Skanska Poland | -73 | -547 | neg | neg | -121 | -700 | neg | neg |
| Skanska CZ | 342 | 202 | 4.8% | 2.5% | 362 | 215 | 5.0% | 2.7% |
| Skanska UK | 331 | 400 | 2.2% | 2.6% | 202 | 278 | 1.3% | 1.8% |
| Skanska J/V Projects UK | 38 | -409 | 4.7% | neg | 38 | -409 | 4.7% | neg |
| Other | -53 | -110 | neg | neg | -53 | -110 | neg | neg |
| Total Europe | 707 | -241 | 1.9% | neg | 446 | -604 | 1.2% | neg |
| Skanska USA Building | 601 | 603 | 1.4% | 1.1% | 539 | 538 | 1.3% | 1.0% |
| Skanska USA Civil | 865 | 529 | 6.5% | 3.7% | 856 | 524 | 6.4% | 3.7% |
| Skanska Project Development USA | 147 | 115 | 12.8% | 11.0% | 147 | 111 | 12.8% | 10.6% |
| Total USA | 1,613 | 1,247 | 2.8% | 1.8% | 1,542 | 1,173 | 2.7% | 1.7% |
| Skanska International Projects | -111 | -25 | neg | neg | -111 | -25 | neg | neg |
| Sade Skanska | 179 | 131 | 7.9% | 3.6% | 179 | 131 | 7.9% | 3.6% |
| Gammon Skanska | 120 | 119 | 2.8% | 2.5% | 86 | 83 | 2.0% | 1.7% |
| Skanska Cementation India | 24 | 25 | 3.7% | 5.4% | 24 | 25 | 3.7% | 5.4% |
| Total other markets | 212 | 250 | 2.3% | 2.2% | 178 | 214 | 1.9% | 1.9% |
| Total construction-related services | 3,177 | 1,043 | 2.2% | 0.6% | 2,519 | 370 | 1.8% | 0.2% |
| Skanska Project Development Sweden | 1,087 | 1,859 | n.a. | n.a. | 1,087 | 1,859 | n.a. | n.a. |
| Skanska Project Development Europe | -37 | 898 | n.a. | n.a. | -37 | 898 | n.a. | n.a. |
| Skanska BOT | -41 | -9 | n.a. | n.a. | -41 | -9 | n.a. | n.a. |
| Total Project Development and BOT | 1,009 | 2,748 | n.a. | n.a. | 1,009 | 2,748 | n.a. | n.a. |
| Skanska Services | 133 | 105 | 5.3% | 3.9% | 99 | 87 | 4.0% | 3.2% |
| Skanska Telecom Networks | -151 | 36 | neg | 9.5% | -246 | 25 | neg | 6.6% |
| Total services | -18 | 141 | neg | 4.6% | -147 | 112 | neg | 3.7% |
| Central and eliminations | -758 | -707 | n.a. | n.a. | -760 | -707 | n.a. | n.a. |
| | 3,410 | 3,225 | 2.3% | 2.0% | 2,621 | 2,523 | 1.8% | 1.5% |
| Items affecting comparability | -150 | 435 | | | -1,645 | -65 | | |
| Total core business | 3,260 | 3,660 | 2.2% | 2.2% | 976 | 2,458 | 0.7% | 1.5% |
| Non-core business | | -165 | | | | -165 | | |
| Total Skanska Group | 3,260 | 3,495 | 2.2% | 2.1% | 976 | 2,293 | 0.7% | 1.4% |

¹ EBITA: Operating income before goodwill amortization and writedown

² EBIT: Operating income

Five-year Group financial summary ¹

| SEK M | 2002 | 2001 | 2000 | 1999 | 1998 |
|---|---------------|--------------|--------------|---------------|--------------|
| Order bookings | 137,590 | 152,507 | 127,031 | 97,332 | 77,383 |
| Order backlog | 137,940 | 158,643 | 160,675 | 93,686 | 67,871 |
| Income statements | | | | | |
| Net sales | 145,576 | 164,937 | 108,022 | 79,128 | 62,435 |
| of which, outside Sweden, % | 81 | 82 | 77 | 72 | 68 |
| Gross income | 11,872 | 9,396 | 9,520 | 7,823 | 5,837 |
| Selling and administrative expenses | -9,471 | -9,063 | -6,949 | -5,564 | -4,430 |
| Sale of properties | 294 | 2,155 | 1,907 | 703 | 1,266 |
| Writedowns/reversals of writedowns | -63 | 0 | 0 | -5 | -14 |
| Share of income in associated companies | -11 | 35 | 299 | 657 | 684 |
| Items affecting comparability | -1,645 | -230 | 2,413 | 3,287 | 1,033 |
| Operating income | 976 | 2,293 | 7,190 | 6,901 | 4,376 |
| Financial items | -903 | -1,177 | 1,341 | -39 | 449 |
| Income after financial items | 73 | 1,116 | 8,531 | 6,862 | 4,825 |
| Taxes | -856 | -1,094 | -2,935 | -2,483 | -1,965 |
| Minority interest in income | -54 | 0 | -46 | -98 | -78 |
| Net profit for the year | -837 | 22 | 5,550 | 4,281 | 2,782 |
| Cash flow | | | | | |
| Cash flow from business operations | 1,828 | 1,847 | 1,147 | -1,584 | 1,083 |
| Cash flow from financing operations | -944 | 3,647 | 3,646 | -815 | 1,958 |
| Cash flow from operations | 884 | 5,494 | 4,793 | -2,399 | 3,041 |
| Cash flow from strategic investments | -1,105 | -1,206 | 740 | 5,944 | -955 |
| Dividends etc. | -1,306 | -2,352 | -4,659 | -1,457 | -1,204 |
| Cash flow for the year | -1,527 | 1,936 | 874 | 2,088 | 882 |

Definitions

| | |
|--------------------------------|---|
| Debt/equity ratio | Interest-bearing net debt divided by visible shareholders' equity including minority interests. |
| Equity/assets ratio | Visible shareholders' equity including minority interests as a percentage of total assets. |
| Equity per share | Visible shareholders' equity divided by the number of shares. |
| Interest-bearing net debt | Interest-bearing liabilities including pension liabilities minus liquid assets and interest-bearing receivables. |
| Interest cover | Operating income, financial revenues and net holdings in associated companies, plus depreciation/amortization and items affecting comparability, divided by net interest items. |
| Net profit per share | Net profit for the year divided by the average number of shares. |
| Number of shares outstanding | Weighted average number of shares in 2002: 418,553,072. 2001: 419,981,149. 2000: 444,629,424. 1998-1999: 455,419,872. Total year-end number of shares, 2002: 418,553,072. 2001: 418,553,072. 2000: 426,145,072. 1997-1999: 455,419,872. |
| Operating net on properties | Rental revenues and interest subsidies minus operating, maintenance and administrative expenses as well as real estate tax. Site leasehold rent is included in operating expenses. |
| Return on capital employed | Operating income, financial revenues and net holdings in associated companies, as a percentage of average capital employed. Capital employed is visible shareholders' equity, minority interests and interest-bearing liabilities. |
| Return on shareholders' equity | Net profit for the year as a percentage of average visible shareholders' equity. |
| Yield on properties | Operating net as above divided by year-end book value. |

| SEK M | 2002 | 2001 | 2000 | 1999 | 1998 |
|---|-------------------|---------------|---------------|---------------|---------------|
| Balance sheets | | | | | |
| Intangible fixed assets | 6,071 | 8,482 | 7,709 | 1,966 | 1,853 |
| Tangible fixed assets | 8,060 | 8,754 | 7,950 | 5,545 | 4,920 |
| Shares and participations | 1,356 | 1,427 | 1,405 | 2,602 | 7,157 |
| Interest-bearing receivables | 1,179 | 1,946 | 3,350 | 2,192 | 2,372 |
| Non-interest-bearing receivables | 35,238 | 44,350 | 38,793 | 23,806 | 13,876 |
| Properties in real estate operations | 12,610 | 11,991 | 10,690 | 10,236 | 8,597 |
| Current-asset properties | 6,934 | 6,799 | 6,637 | 3,978 | 2,603 |
| Bank balances and short-term investments | 6,916 | 9,335 | 6,769 | 5,583 | 3,505 |
| Shareholders' equity | 14,217 | 17,871 | 18,937 | 17,373 | 13,519 |
| Minority interests | 296 | 515 | 570 | 292 | 271 |
| Interest-bearing liabilities and provisions | 17,125 | 18,093 | 13,797 | 8,390 | 7,855 |
| Non-interest-bearing liabilities and provisions | 46,726 | 56,605 | 49,999 | 29,853 | 23,238 |
| Balance sheet total | 78,364 | 93,084 | 83,303 | 55,908 | 44,883 |
| Capital employed | 31,638 | 36,479 | 33,304 | 26,055 | 21,645 |
| Interest-bearing net debt | 9,030 | 6,812 | 3,678 | 615 | 1,978 |
| Average number of employees | 76,358 | 79,924 | 63,368 | 45,063 | 39,246 |
| Financial ratios etc. | | | | | |
| Dividend per share, SEK ² | 2.00 ³ | 3.00 | 3.38 | 4.00 | 3.00 |
| Net profit per share, SEK ² | -2.00 | 0.05 | 12.50 | 9.40 | 6.10 |
| Equity per share, SEK ² | 34.00 | 42.73 | 44.40 | 36.00 | 29.70 |
| Return on shareholders' equity, % | -5.2 | 0.1 | 30.6 | 27.7 | 22.0 |
| Return on capital employed, % | 4.3 | 8.0 | 31.5 | 30.8 | 27.0 |
| Equity/assets ratio, % | 18.5 | 19.8 | 23.4 | 32.5 | 30.7 |
| Debt/equity ratio | 0.6 | 0.4 | 0.2 | 0.0 | 0.1 |
| Interest cover | 7.0 | 6.1 | 17.1 | 13.7 | 21.4 |

¹ The consolidated income statement and balance sheet have been recalculated effective from December 31, 1999 due to the introduction of Recommendations RR9 and RR10 of the Swedish Financial Accounting Standards Council.

² Comparative figures adjusted to take into account the 4:1 split in Skanska shares implemented during the year.

³ Proposed by the Board of Directors: Dividend of SEK 2.00 per share.

Proposed allocation of earnings

The Board of Directors and the President of Skanska AB propose that the profit for 2002, SEK 1,189,095,018, plus the retained earnings of SEK 4,803,939,865 brought forward from the preceding year, totaling SEK 5,993,034,883, be allocated as follows:

| | | |
|--|-----|---------------|
| A dividend to the shareholders of SEK 2.00 per share | SEK | 837,106,144 |
| To be carried forward | SEK | 5,155,928,739 |
| Total | SEK | 5,993,034,883 |

Stockholm, February 13, 2003

Sverker Martin-Löf

Per-Olof Eriksson

Roger Flanagan

Sören Gyll

Finn Johnsson

Eliot R. Cutler

Arne Mårtensson

Anders Nyrén

Folmer Knudsen

Gunnar Larsson

Nils-Erik Pettersson

Stuart Graham
President

Auditors' Report

To the Annual Meeting of Shareholders in Skanska AB (publ.),
Swedish corporate identity number 556000-4615

We have examined the annual accounts, the consolidated accounts, the accounting records and the administration of the Board of Directors and the President of Skanska AB (publ) for the year 2002. These accounts and the administration of the Company are the responsibility of the Board of Directors and the President. Our responsibility is to express an opinion on the financial statements and the administration based on our audit.

We conducted our audit in accordance with generally accepted auditing standards in Sweden. These standards require that we plan and perform the audit to obtain reasonable assurance that the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the accounts. An audit also includes assessing the accounting principles used and their application by the Board of Directors and the President, as well as evaluating the overall presentation of information in the annual accounts and the consolidated accounts. As a basis for our opinion concerning discharge from liability, we examined significant decisions, actions taken and circumstances of the Company in order to be able to determine the possible liability, if any, to the Company of any Board member or the President. We also examined whether any Board member or the President has, in any other way, acted in contravention of the Swedish Companies Act, the Annual Accounts Act or the Articles of Association. We believe that our audit provides a reasonable basis for our opinion set out below.

The annual accounts and the consolidated accounts have been prepared in accordance with the Annual Accounts Act and thereby provide a true and fair picture of the Company's and the Group's results of operations and financial position in accordance with generally accepted auditing principles in Sweden.

We recommend to the Annual Meeting of Shareholders that the income statements and the balance sheets of the Parent Company and the Group be adopted, that the profit for the Parent Company be dealt with in accordance with the proposal in the Report of the Directors and that the members of the Board of Directors and the President be discharged from liability for the financial year.

Stockholm, February 24, 2003

Bernhard Öhrn
Authorized Public Accountant

Caj Nackstad
Authorized Public Accountant



Sverker Martin-Löf



Eliot R. Cutler



Per-Olof Eriksson



Roger Flanagan



Sören Gyll



Inge Johansson



Peter Johansson



Finn Johansson



Folmer Knudsen



Gunnar Larsson



Arne Mårtensson



Anders Nyström



Christina Palm



Nils-Erik Pettersson

Board of Directors

Sverker Martin-Löf

Stockholm, born 1943. Chairman. Elected in 2001. Other directorships: SCA (Chairman), Industrivärden (Vice Chairman), Telefonbolaget LM Ericsson, Boliden, Svenska Handelsbanken, Confederation of Swedish Enterprise. Holdings in Skanska: 8,000 Series B shares.

Eliot R. Cutler

Washington, D.C., U.S.A., born 1946. Elected in 2000. Member of Akin Gump Strauss Hauer & Feld, L.L.P. (law firm). Other directorships: Muskie School of Public Service (Chairman), Limited Term Mutual Fund (LTMFX). Holdings in Skanska: 4,100 Series B shares.

Per-Olof Eriksson

Sandviken, born 1938. Elected in 1994. Dr.Eng. (Hon.). Other directorships: SAPA (Chairman), Swedish National Grid (Chairman), Thermia (Chairman), Sandvik, Svenska Handelsbanken, SSAB, Volvo, Custos, Preem Petroleum, Assa Abloy. Member, Royal Swedish Academy of Engineering Sciences. Holdings in Skanska: 8,000 Series B shares.

Roger Flanagan

Henley-on-Thames, Oxon, England, born 1944. Elected in 1998. Other directorships: Halcrow Group. Holdings in Skanska: 2,000 Series B shares.

Sören Gyll

Saltsjö-Duvnäs, born 1940. Elected in 1997. Other directorships: Confederation of Swedish Enterprise (Chairman), Probi, SKF, SCA, Medicover Holding S.A. Member, Royal Swedish Academy of Engineering Sciences. Holdings in Skanska: 4,952 Series B shares.

Inge Johansson

Huddinge, born 1951. Swedish Building Workers' Union. Appointed in 1999. Concrete worker. Deputy Board member. Holding in Skanska: 350 Series B shares.

Peter Johansson

Sjövik, born in 1970. Swedish Industrial Union, appointed in 2002. Deputy Board member. Holdings in Skanska: 120 Series B shares.

Finn Johansson

Gothenburg, born 1946. Elected in 1998. President of Mölnlycke Health Care. Other directorships: MVI (Chairman), Wilson Logistics Holding (Chairman), Thomas Concrete Group (Chairman), Handelsbanken Western Sweden Region (Chairman), Volvo, Industrivärden. Holdings in Skanska: 8,000 Series B shares.

Folmer Knudsen

Eslöv, born 1942. Swedish Building Workers' Union, appointed in 1992. Wood worker. Holdings in Skanska: 600 Series B shares.

Gunnar Larsson

Kalix, born 1953. Union for Service and Communication (SEKO), appointed in 2002. Holdings in Skanska: 0 shares.

Arne Mårtensson

Djursholm, born 1951. Elected in 2001. Other directorships: Svenska Handelsbanken (Chairman), Stockholm School of Economics Advisory Board (Chairman), Holmen, Industrivärden, Sandvik, Vin & Sprit, ICC

Sweden, Swedish Industry and Commerce Stock Exchange Committee, member of Business Council of World Economic Forum. Holdings in Skanska: 0 shares.

Anders Nyström

Bromma, born 1954. Elected in 2002. President and CEO of Industrivärden. Other directorships: Svenska Handelsbanken (Vice Chairman), Industrivärden, Sandvik and SCA. Holdings in Skanska: 2,000 Series B shares.

Christina Palm

Falsterbo, born 1947. Swedish Union of Clerical and Technical Employees in Industry (SIF), appointed in 2000. Supervisor, Conference/Reception/Switchboard. Deputy Board member. Holdings in Skanska: 400 Series B shares.

Nils-Erik Pettersson

Hemmingsmark, born 1948. Swedish Association of Supervisors (LEDARNA), appointed in 1998. Production manager. Holdings in Skanska: 9,720 Series B shares.

Auditors

Caj Nackstad

Stockholm.
Authorized Public Accountant.

Bernhard Öhrn

Stockholm.
Authorized Public Accountant.

DEPUTY AUDITORS

George Pettersson

Stockholm.
Authorized Public Accountant.

Joakim Thilstedt

Stockholm.
Authorized Public Accountant.



Johan Bergman Johan Karlström Thomas Alm Keith Clarke
 Daniel Johannesson Stuart E. Graham Hans Biörck

Senior Executive Team

Stuart E. Graham
President and Chief Executive Officer
 Born 1946, joined Skanska in 1990. Responsible in the Senior Executive Team for Skanska USA Building, Skanska USA Civil and Skanska Services.
 Holdings in Skanska: 15,000 Series B shares.

Thomas Alm
Executive Vice President
 Born 1949, joined Skanska in 1988. Responsible in the Senior Executive Team for Skanska BOT, Skanska International Projects and Sade Skanska.
 Holdings in Skanska: 208 Series B shares.

Johan Bergman
Executive Vice President
 Born 1964, joined Skanska in 1990. Responsible in the Senior Executive Team for Skanska Project Development Sweden, Skanska Project Development Europe and Skanska Project Development USA.
 Holdings in Skanska: 0 shares.

Hans Biörck
Executive Vice President and Chief Financial Officer
 Born 1951, joined Skanska in 2001.
 Holdings in Skanska: 0 shares.

Keith Clarke
Executive Vice President
 Born 1952, joined Skanska in 2000. Responsible in the Senior Executive Team for Skanska UK, Skanska Poland and Skanska CZ.
 Holdings in Skanska: 0 shares.

Daniel Johannesson
Executive Vice President
 Born 1943, joined Skanska in 2001. Responsible in the Senior Executive Team for special projects.
 Holdings in Skanska: 1,000 Series B shares

Johan Karlström
Executive Vice President
 Born 1957, joined Skanska in 2001. Responsible in the Senior Executive Team for Skanska Sweden, Skanska Denmark, Selmer Skanska and Skanska Oy.
 Holdings in Skanska: 20,000 Series B shares.

Senior Vice Presidents Group Staff Units

| | |
|------------------------|------------------------|
| Richard Caldera | Human Resources |
| Anders Herslow | Controlling |
| Tor Krusell | Communications |
| Einar Lundgren | Legal Affairs |
| Mats Moberg | Reporting |
| Staffan Schéle | Corporate Finance |
| Peter Thompson | Information Technology |
| Peter Wallin | Investor Relations |
| Axel Wenblad | Sustainability |

Presidents of business units

| | |
|---------------------------|---------------------------------|
| Lars-Erik Alm | Skanska International Projects |
| Zdenek Burda | Skanska CZ (Czech Republic) |
| Petter Eiken | Selmer Skanska (Norway) |
| David Fison | Skanska UK |
| Jan-Gunnar Glave | Skanska Poland |
| Michael Healy | Skanska USA Building |
| Mitchell Hochberg | Skanska Project Development USA |
| Bert-Ove Johansson | Skanska BOT |
| Mats Jönsson | Skanska Services |

| | |
|------------------------------|------------------------------------|
| Claes Larsson | Skanska Project Development Sweden |
| Salvatore Mancini | Skanska USA Civil |
| Klaus Steen Mortensen | Skanska Denmark |
| Mauri Niemi | Skanska Oy (Finland) |
| Mario Piantoni | Sade Skanska (Argentina) |
| Mats Williamson | Skanska Sweden |
| Fredrik Wirdenius | Skanska Project Development Europe |

Presidents of support units

| | |
|-----------------------|----------------------------|
| John Söderberg | Skanska Teknik |
| Anders Ärling | Skanska Financial Services |

Annual Shareholders' Meeting

The Annual Shareholders' Meeting of Skanska AB will be held at 4:00 p.m. on Tuesday, May 6, 2003 in the Great Hall of the Royal Swedish Academy of Music at Nybrokajen 11, Stockholm, Sweden.

Entitlement to participate in the Annual Meeting

To be entitled to participate in the Annual Meeting, shareholders must

- be listed in the print-out of the register of shareholders maintained by VPC AB (the Swedish Central Securities Depository and Clearing Organization) produced on April 25, 2003. Shareholders whose shares have been registered in the name of a trustee must have temporarily re-registered their shares in their own name with VPC to be entitled to participate in the Meeting. Such registration should be requested well in advance of April 25, 2003 from the bank or brokerage house holding the shares in trust.
- notify Skanska no later than 12 noon, Tuesday, April 29, 2003 of their intention to participate in the Meeting.

Notification

Shareholders who wish to participate in the Meeting may send notification either

- by mail to Skanska AB, Group Legal Affairs, Box 1195, SE-111 91 Stockholm, Sweden.
- by telephone to +46 8-753 84 06, between 10 a.m. and 4 p.m. CET
- by fax to +46 8-753 37 52 or
- by e-mail to bolagsstamma@skanska.se
- via Skanska's web site: www.skanska.com

This notification should state the shareholder's

- name
- national registration or corporate identity number
- address and telephone number.

If participation is authorized by proxy, this must be sent to the Company before the Annual Meeting. Shareholders who have duly notified the Company of their intention to participate in the Annual Meeting will receive an admittance card, which should be brought to the Meeting and shown at the entrance to the Meeting venue.

Dividend

For 2002, the Board of Directors proposes a dividend of SEK 2.00 per share to the shareholders.

The Board proposes Friday, May 9, 2003 as the date of record to qualify for the dividend. Provided that the Annual Meeting approves this proposal, the dividend is expected to be mailed by VPC on Wednesday, May 14, 2003.

More information about Skanska



The Skanska Group publishes the magazine Worldwide, containing features and news items from the Group's operations around the world.

The magazine appears in English four times per year. A subscription is free of charge and can be obtained by writing to the following address:

Skanska Worldwide
c/o Strömberg Distribution
SE-120 88 Stockholm, Sweden
Telephone +46 8 449 88 00
Fax +46 8 449 88 10
E-mail worldwide@strd.se



Skanska has also published a Sustainability Report for 2002 in Swedish and English, describing Skanska's economic, social and environmental performance. For further information or to request a copy of the Sustainability Report contact: Axel Wenblad, Senior Vice President Sustainability. Tel: +46 8 753 89 98 or e-mail: axel.wenblad@skanska.se. The Skanska internet website has more information about our work on sustainability. You can find us at www.skanska.com.



The Hub is a news service that offers personalized news about Skanska, its competitors and its industry. The Hub provides brief, fast news items, often linked to additional information on the Internet. You can subscribe to receive them via e-mail, mobile phone (SMS) or fax. The news items can also be found on a web site. All items are available in English and Swedish. Senior executives of Skanska often comment on the news items as well.

You can subscribe via The Hub's web site: <http://www.skanska.com/thehub>
E-mail: thehub@skanska.com

Glossary, abbreviations and definitions

GLOSSARY

| | |
|--------------------------------|---|
| Code of Conduct | A set of business principles used by a company or organization to set a standard of performance for employees, subcontractors and suppliers regarding labor practices, human rights, business ethics, environment, product safety and more. |
| Sustainable development | Defined in the 1987 report from the World Commission on Environment and Development (WCED) as “development that meets the needs of the present without compromising the ability of future generations to meet their own needs.” |

ABBREVIATIONS

| | |
|------------|------------------------------------|
| BOT | – Build Operate Transfer |
| CEO | – Chief Executive Officer |
| FM | – Facilities management |
| ILO | – International Labor Organization |
| GDP | – Gross Domestic Product |
| ORA | – Operational Risk Assessment |
| PFI | – Private Finance Initiative |
| SET | – Senior Executive Team |
| SFS | – Skanska Financial Services |
| SLI | – Skanska Leadership Institute |

DEFINITIONS

| | |
|---------------------------------------|--|
| Debt/equity ratio | Interest-bearing net debt divided by visible shareholders' equity including minority interests. |
| Equity/assets ratio | Visible shareholders' equity including minority interests as a percentage of total assets. |
| Equity per share | Visible shareholders' equity divided by the number of shares. |
| Interest-bearing net debt | Interest-bearing liabilities including pension liabilities minus liquid assets and interest-bearing receivables. |
| Interest cover | Operating income, financial revenues and net holdings in associated companies, plus depreciation/ amortization and items affecting comparability, divided by net interest items. |
| Net profit per share | Net profit for the year divided by the average number of shares. |
| Operating net on properties | Rental revenues and interest subsidies minus operating, maintenance and administrative expenses as well as real estate tax. Site leasehold rent is included in operating expenses. |
| Return on shareholders' equity | Net profit for the year as a percentage of average visible shareholders' equity. |
| Return on capital employed | Operating income, financial revenues and net holdings in associated companies, as a percentage of average capital employed. Capital employed is visible shareholders' equity, minority interests and interest-bearing liabilities. |
| Yield on properties | Operating net as above divided by year-end book value. |

Addresses

Skanska AB

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New address from August 2003

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Skanska Project Development Sweden

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Skanska Project Development USA

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Skanska BOT

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Skanska Sweden

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Selmer Skanska

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Fax: +47 22 20 88 30
www.selmer.skanska.no

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www.skanskausa.com

Sade Skanska

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www.sadeskanska.com

Skanska International Projects

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www.skanska.com/civil

Skanska Services

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Support Units

Skanska Teknik

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