SKANSKA

Review of 2013

EUR version

Contents

Highlighting green certification

Throughout this Annual Review the relevant logos are used to indicate when projects are or are in process to be certified to a green certification scheme. Green certification provides voluntary third-party validation of the environmental design and/or performance of buildings and infrastructure. Skanska took a strategic decision a few years ago to build its own competency around a number of the schemes most relevant to its Home Markets. Today over 500 Skanska employees are accredited by external agencies regarding this capability. This competency is used to execute projects for our customers and for our own development units.

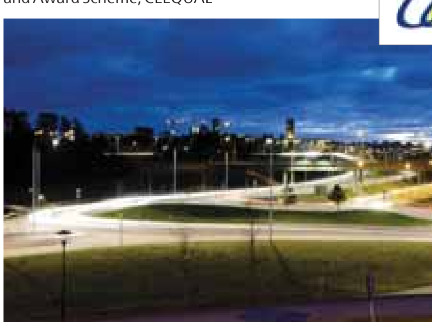
Leadership in Energy and Environmental Design, LEED

Green House, Budapest, is the first LEED Platinum office in Hungary.

BRE Environmental Assessment Method, BREEAM

Brent Civic Centre in London, is the UK´s greenest public building on target to achieve BREEAM Outstanding.

Civil Engineering Environmental Quality Assessment and Award Scheme, CEEQUAL



Interchange Ingenting in Solna, Sweden, received highest CEEQUAL International score to date.

Reporting of revenue and earnings in the first part of the Annual Review (pages 1–84) complies with the segment reporting method. The statements of financial position and cash flow are presented in compliance with IFRS in all parts of the Annual Review.

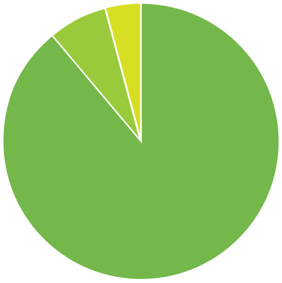
The financial statements presented in this Review have been prepared in EUR (euros) as the presentation currency. As the functional currency of the Parent Company is SEK (Swedish kronor), Skanska's statutory Annual Report including the consolidated financial statements and the financial statements of the Parent Company has been prepared using Swedish kronor (SEK) as the presentation currency. For currency exchange rates, see page 156.

Skanska is one of the world's leading project development and construction groups, concentrated on selected home markets in the Nordic region, other European countries and in the Americas.

Making the most of global trends in urbanization, demographics and energy, and with a focus on green construction, ethics, occupational health and safety, Skanska offers competitive solutions – not least for the most complex assignments.

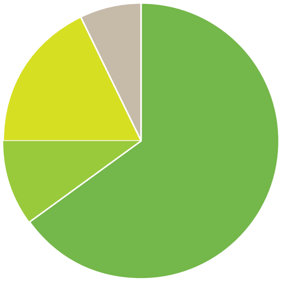
The interaction of its construction and project development operations in the various markets generates added value for Skanska's shareholders.

2013 Revenue



- Construction, **89%**
- Residential Development, **7%**
- Commercial Property Development, **4%**
- Infrastructure Development, **0%**

Operating income



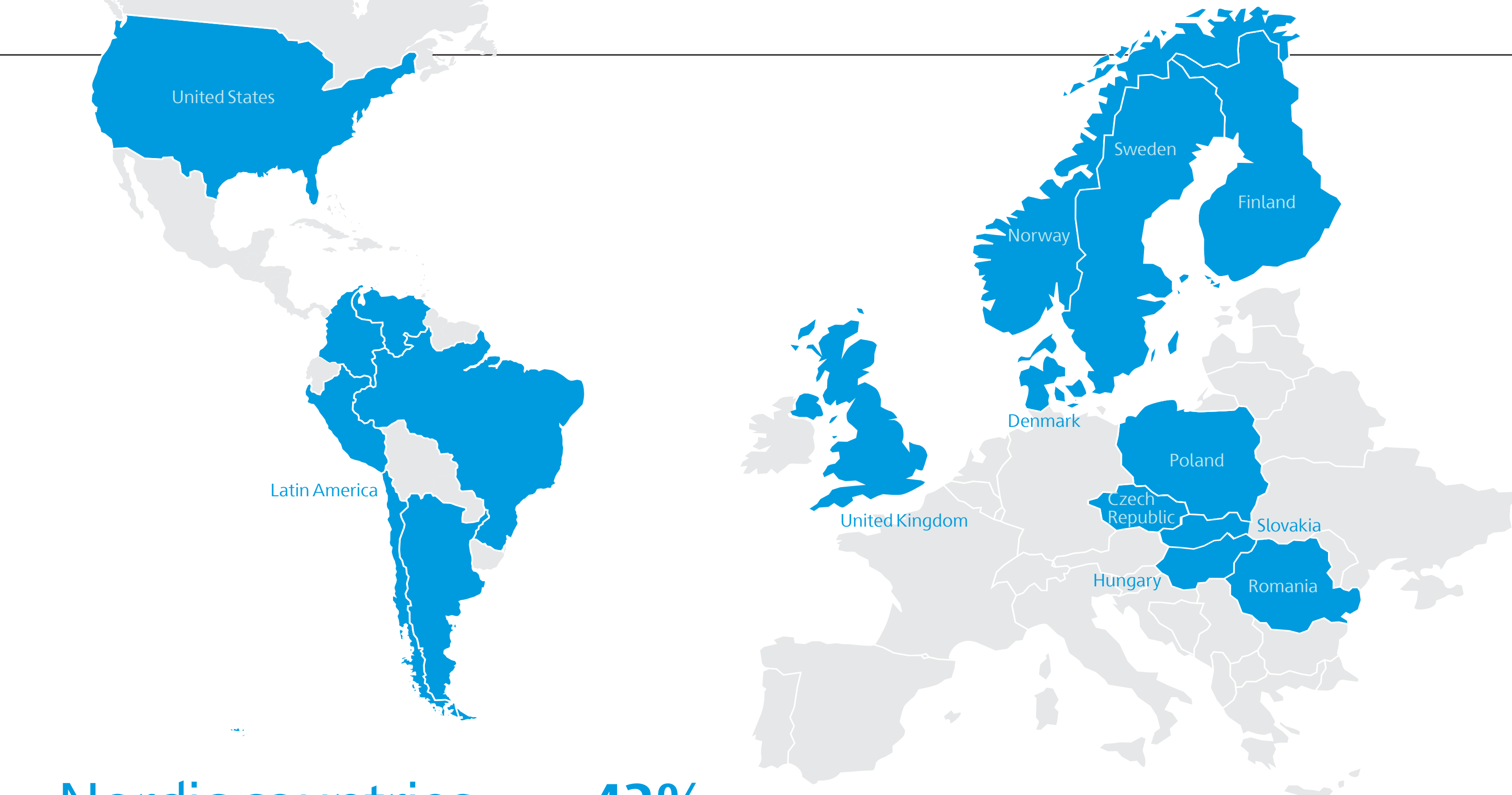
- Construction, **65%**
- Residential Development, **10%**
- Commercial Property Development, **18%**
- Infrastructure Development, **7%**

Key ratios

	EUR M	USD M	SEK M
Revenue	15,759[3]	20,928[3]	136,345
Operating income	594[3]	789[3]	5,139
Income after financial items	567[3]	753[3]	4,904
Earnings per share, SEK/EUR/USD[1]	0.97[3]	1.29[3]	8.43
Return on equity, %	17.4	17.4	17.4
Order bookings[2]	13,866[3]	18,414[3]	119,968
Order backlog[2]	15,691[4]	21,595[4]	139,602
Employees, number	57,105	57,105	57,105

1 Earnings for the period attributable to equity holders divided by the average number of shares outstanding.
2 Refers to Construction operations
3 Average 2013 exchange rates: EUR 1 = SEK 8.65, USD 1 = SEK 6.52
4 Exchange rates on 2013 balance sheet day: EUR 1 = SEK 8.90, USD 1 = SEK 6.47

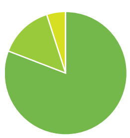
Skanska's home markets



Nordic countries 43% of revenue

Employees: Around 17,000
Revenue: EUR 7.2 bn

Revenue: ↘
Earnings: ↘
Order backlog: →



Revenue

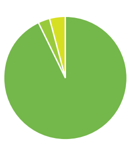
- Construction, **81%**
- Residential Development, **14%**
- Commercial Property Development, **5%**
- Infrastructure Development, **0%**

Home markets	Construction	Residential Development	Commercial Property Development	Infrastructure Development
Sweden	●	●	●	●
Norway	●	●	●	●
Finland	●	●	●	●
Denmark			●	

Other European countries 19% of revenue

Employees: Around 16,000
Revenue: EUR 3.2 bn

Revenue: ↘
Earnings: ↓
Order backlog: →



Revenue

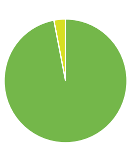
- Construction, **93%**
- Residential Development, **3%**
- Commercial Property Development, **4%**
- Infrastructure Development, **0%**

Home markets	Construction	Residential Development	Commercial Property Development	Infrastructure Development
Poland	●	●	●	●
Czech Republic	●	●	●	●
Slovakia	●			●
Hungary			●	
Romania			●	
United Kingdom	●			●

The Americas 38% of revenue

Employees: Around 24,000
Revenue: EUR 6.2 bn

Revenue: ↑
Earnings: ↑
Order backlog: ↘



Revenue

- Construction, **97%**
- Residential Development, **0%**
- Commercial Property Development, **3%**
- Infrastructure Development, **0%**

Home markets	Construction	Residential Development	Commercial Property Development	Infrastructure Development
United States	●		●	●
Latin America	●			

Skanska's strengths

Positions

—Leader in home markets
—Diverse operations covering various geographical markets and sectors
—In-depth knowledge of the local market
—A strong brand

Employees

—Shared values
—Retaining and developing employees
—Standardized processes and work methods
—Project development and execution skills
—Risk management focus

Financials

—Financial synergies
—Attractive business model
—Solid balance sheet
—Solid cash flow

Entré Lindhagen is the jewel of Lindhagensgatan in Stockholm. Skanska's new head office and Nordea's offices are Activity Based Workplaces, designed for efficient and flexible working. Sweden's most energy-efficient office – energy use is 50 percent lower than the national standard – is aiming for the environmental certification, LEED Platinum. With 55,000 sq m and neighboring 170 homes, the investment of EUR 289 M is one of Skanska's largest project investments ever.

2013 in brief

First quarter

The Polish property projects Nordea House, Green Corner and Green Towers are sold for EUR 162 M in total.

Green Court Bucharest – Skanska's first commercial property project in the Romanian capital Bucharest – aims for LEED Gold. The investment value is EUR 46 M.

A specialist highways maintenance company is acquired from the British company Atkins.

Under Bond Street in central London Skanska is to build the station for the new Crossrail commuter link. The contract value is EUR 64 M.

The Latin American business wins an oil and gas contract in Colombia worth EUR 38 M.

Around 800 decision-makers take part in Skanska's Future Days (Framtidsdagarna) in Stockholm, Gothenburg and Malmö. This year's theme was "The Living City."

The World Green Building Council publishes its report "The Business Case for Green Building" with a foreword by Skanska's CEO Johan Karlström.

At the end of the quarter, accumulated:

—Revenue	EUR 3.3 billion
—Operating income	EUR 60 M
—Order bookings	EUR 2.8 billion

Second quarter

Skanska Global Safety Week – the world's largest private corporate initiative for occupational safety – is held for the ninth consecutive year.

Skanska signs an additional contract for the construction of state-of-the-art R&D facilities in the U.S., worth EUR 497 M.

Skanska signs a contract to reconstruct the Bayonne Bridge in the north-east U.S., worth EUR 301 M.

Deep Green Cooling – Skanska's concept for ground source heating and cooling – is registered by the Swedish Patent and Registration Office.

In Norway, Skanska signs a contract worth EUR 173 M to build a nine kilometer long railway.

Skanska is ranked most attractive employer by engineers in both Sweden and Poland.

The Indian River Inlet Bridge in Delaware and Harvard Law School's Wasserstein Hall win Build America Awards.

The Polish occupational health and safety authority names Skanska's Green Horizon and Green Towers the safest building projects in the country.

At the end of the quarter, accumulated:

—Revenue	EUR 7.2 billion
—Operating income	EUR 233 M
—Order bookings	EUR 7.0 billion

At year-end, Commercial Property Development had 30 ongoing projects.

Third quarter

The renovation of the UN headquarters in New York continues with the General Assembly Hall undergoing a EUR 49 M restoration.

Breakthrough in the Hallandsås Tunnel means that boring of both rail tunnels is complete. In 2015 train capacity will increase to 24 trains per hour compared with 3–4 over the ridge.

In San Francisco Skanska wins the contract to supply and erect structural steel for the Transbay Transit Center, a new public transit hub. The contract value is EUR 139 M.

During Almedalen Week, a yearly meeting for decision-makers in Sweden, Skanska presents proposals for the modernization of "Million Program" housing and financing solutions within Public Private Partnerships (PPP).

To stimulate diversity, Skanska organizes a themed week on diversity and inclusion in all the U.S. cities where Skanska operates.

Skanska invests EUR 196 M in an office property in Boston.

Skanska, Sweco and MTR present the vision Stockholm 2070, focusing on housing and traffic issues.

Beehives with 180,000 bees are the first onto the roof of Skanska's new head office, Entré Lindhagen in Stockholm.

American Depositary Receipts now make it easier to buy shares in Skanska in the U.S.

At the end of the quarter, accumulated:

—Revenue	EUR 11.3 billion
—Operating income	EUR 403 M
—Order bookings	EUR 10.5 billion

Fourth quarter

The Swedish Transport Administration (Trafikverket) introduces safety stand downs after serious work site accidents, using Skanska's Global Safety Stand Down as its model.

Katy Dowding, Managing Director of Skanska UK Facilities Services, wins the 2013 Woman of Achievement Award in the UK.

According to CDP's Nordic 260 Climate Disclosure Leadership Index, Skanska is the best construction company in the Nordics at reporting carbon emissions.

Mike McNally, Executive Vice President, Skanska AB, receives the US Green Building Council's Green Leadership Award.

The Eurobuild CEE Awards name Skanska as both Green Developer of the Year and Office Developer of the Year.

The Folksam index of socially responsible enterprises ranks Skanska number 6 out of 250 Swedish listed companies, and best among Swedish construction companies.

The 8,800 employees participating in the Seop employee ownership program together make up Skanska's fourth largest shareholder.

At the end of the year Skanska's order book amounts to EUR 15.7 billion.

At the end of the quarter, accumulated:

—Revenue	EUR 15.8 billion
—Operating income	EUR 594 M
—Order bookings	EUR 13.9 billion

Comments by the President and CEO

Profitability and margins improved in 2013 for both the Group as a whole and in our construction operations. Our commercial property development continued to create value and further improved our results. In residential development, we had stronger results and paved the way for increased profitability.

> Profitability and margins improved in 2013 for both the Group as a whole and our construction operations. Our commercial property development continued to create value achieving an all-time high with leasing totaling 330,000 square meters.

The global economy remained weak in 2013, which left an imprint on most of our home markets. Despite this, we strengthened our position in a number of our home markets, with favorable order bookings for construction operations in Sweden, Norway, Poland and the UK, and in building construction in the U.S. We also took advantage of our strong financial position to grow our project development operations further.

Many people had been looking forward to an upturn in the economy in 2013, with business picking up. That did not quite happen, but nonetheless, we can see the early signs of a turnaround which will offer us great opportunities going forward.

The energy boom in the U.S., with its lower energy prices, also provides hope of increased growth. Some manufacturing industries are already moving back from low-cost countries and energy-intensive industries are increasing their investments.

At the same time, the global trends of urbanization and population growth are creating demand for energy, water, housing, workplaces, healthcare and educational premises and improvements in infrastructure.

In construction, we have restructured our Norwegian and Finnish operations with a positive result. The markets in the Czech Republic and Slovakia have weakened noticeably, resulting in writedowns of our assets there. The residential operations in the Nordic countries are steadily improving as a result of our efficiency measures.

After this brief review of 2013, let us look back at the recession we have gone through in recent years – the deepest since the 1930s. The fact that Skanska has not only made it through the downturn, but also come out stronger, is proof that our business model works well even when the market conditions are far from ideal. This makes us a reliable partner for our clients and suppliers, and not least, a good employer for our workforce. In addition, we have delivered results and dividends at a consistently high level throughout this period for our shareholders.

During these years we have also been able to expand our project development businesses. We took a major step into the U.S. Public Private Partnerships (PPP) market with the contract to extend and operate the Elizabeth River Tunnels. This leaves us well positioned to benefit from the great opportunities the strong long-term trend towards PPP in the U.S. will offer us. At the same time, we have established ourselves in the market for commercial property development in the U.S. and in a number of regional markets in Poland.

We are already seeing the results: in the U.S., we signed new contracts to lease 129,000 square meters in 2013, the jewel in the crown being the lease in Boston taken by global consultancy company PwC. Sales of U.S. commercial projects during the year amounted to about EUR 173 M.

In Poland, we also strengthened our presence in the market for commercial property. We have begun three new projects – including one in Kraków, where we are now established as a recognized property developer. We signed new leasing contracts for 94,000 square meters in the Nordic countries and 107,000 square meters in the rest of Europe. As a result, we achieved an all-time high with leasing totaling 330,000 square meters.

Our business model involves utilizing the positive cash flow from construction operations for investments in project development, and this in turn generates construction contracts. Capital employed in our own projects now amounts to EUR 3 billion, which in 2013 alone generated construction contracts to a value of EUR 1.7 billion.

Since the year 2001, we have actively supported the UN Global Compact, a UN body that is the world's largest sustainability initiative and where Skanska is one of several thousand companies and non-profit organizations (NGOs) who are meeting the strict requirements. Further evidence of the UN's confidence in us is our close cooperation in renovating the UN headquarters in New York. The value of the project now totals EUR 1.1 billion.

The breakthrough in the Hallandsås Tunnel shows that we deliver on our promises, whatever difficulties we may face. Both rail tunnels are now complete, which will substantially increase train capacity on Sweden's West Coast Line beginning in 2015.

Early in 2014, we moved into our new head office, Entré Lindhagen in Stockholm. This is one of our largest property investments ever and also a showcase for the state-of-the art technology we use in our continuous efforts to make our office spaces greener. As a result, energy use in our new headquarters is 50 percent lower than that required by Swedish building regulations.

Johan Karlström, President and CEO of Skanska, speaking with Skanska colleagues at the university hospital project Nya Karolinska Solna.

We are seeing great interest from potential clients in both our green solutions and our Activity-Based Workplace approach, in which we achieve a reduction in office area by utilizing the premises more efficiently. I am also convinced that this inspiring office environment is promoting greater cooperation and creativity.

Step by step, we are moving closer to our vision of zero worksite accidents. For the seventh consecutive year, we have reduced the number of worksite injuries, but we cannot afford to rest on our laurels. I encourage all of our employees to take responsibility for their own safety and that of their coworkers and to make sure that we always meet our strict safety requirements.

We have also set ambitious goals in the area of diversity and inclusion. By 2020, we want to be recognized as a leader in our home markets in terms of diversity – in other words, we want to reflect the diversity of the community and have an open and inclusive culture enabling everyone to thrive and contribute to their full potential.

Committed and knowledgeable employees are the key to our success in a business where more or less every project is unique. To point out that everyone has a part to play, we have a saying: "It starts with me." We all have a personal responsibility to develop the business and to develop ourselves.

But we cannot do it alone. Or to put it more accurately, we can do so much more for the community if everyone pulls together.

Social responsibility is becoming an increasingly important factor in winning new business. Our many years of work on worksite safety, business ethics and environmental sustainability are attracting more and more attention. In recent years, there has been increasing evidence that our clients are choosing us not simply on the basis of price or technical expertise.

In Sweden, for example, we offer unemployed people training, education and work experience to enable them to gain employment and a career in connection with the regeneration of a residential area developed during the 1960's and 1970's. Areas like this are often characterized by unemployment and segregation.

The regeneration of these residential areas is a significant market estimated at about EUR 73 billion. And since this is often taxpayers' money, I think everyone would agree with me when I say that the community needs to get the greatest possible benefit from these investments.

Contributing to society is something that we at Skanska want to do. Being profitable is just not enough. Companies within our industry and of our size need to take responsibility. Our clients, subcontractors and employees expect it of us.

This is why I think our clients should demand much more of us than is usual in construction contracts. The cities of Örebro and Östersund are now doing so and Gothenburg and Malmö both require social responsibility to be a part of their procurement of services.

We have similar examples from other countries. In the UK, we train offenders coming towards the end of their sentences for work and employment on a number of energy projects in London. The Offender program is highly successful, with the relapse frequency falling from 70 percent to 7 percent among those who have been given this opportunity. And in the U.S., we involve various minority groups in our projects, which is also a requirement of most public contracting authorities.

I am very proud that we are able to contribute in this way through initiatives that go beyond regular construction contracts, and I know that our employees feel the same. I hope that these good examples will also inspire other clients and decision-makers to take similar initiatives.

Put great demands on us and we will show you that we are capable of adding value to our communities on many levels.

Stockholm, February 2014

Johan Karlström
President and CEO

Mission, goals and strategy

Mission

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

Vision

Skanska's vision is to be a leader in its home markets and to be the customer's first choice in construction and project development.

Overall goals

Skanska will generate customer and shareholder value.

Skanska will be a leader, in terms of size and profitability, within its segments in the home markets of its construction business units.

Skanska will be a leading project developer in local markets and in selected product areas.

Global market trends

The world is currently experiencing the highest growth in urbanization in history; now more than half of all the people in the world live in cities. At the same time, people are living longer lives and demanding a higher standard of living, leading to growing energy needs in the society. These global trends are increasing the need for new and more sustainable solutions for the future.

– Infrastructure
  - Roads
  - Power and energy
  - Water and waste management
– Healthcare
– Housing
– Education

> The bar is constantly being raised for new and more sustainable solutions in the growing cities of the world.

Profitable growth 2011–2015

All four business streams will grow in terms of **profit.**

Activities in project development operations will increase.

Operating margins in Construction will average 3.5–4.0 percent over a business cycle and thus be among the best in the industry.

The combined return on **capital employed** in Skanska's three project development operations will total 10–15 percent annually.

Return on equity will total 18–20 percent annually.

Net operating financial assets/liabilities will be positive.

The company will be an industry leader in terms of occupational health and safety, risk management, employee development, green construction and ethics.

Strategy

To focus on the core business in construction and project development in selected home markets.

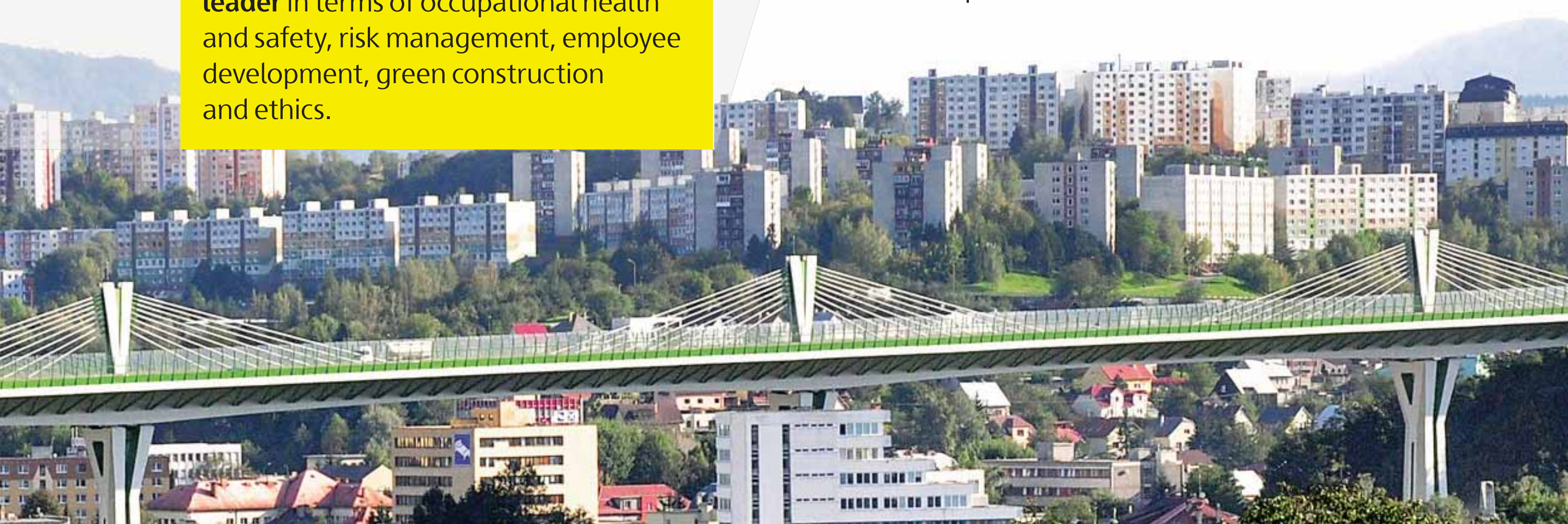
To focus on recruiting, developing and retaining talented employees and to take steps to achieve increased diversity.

To be a leader in identifying and systematically managing risks.

To be an industry leader in sustainable development, particularly in occupational health and safety, the environment and ethics.

To take advantage of financial synergies within the Group by investing the cash flow from construction operations in project development.

To utilize potential efficiency gains found in greater industrialization of the construction process and coordination of procurement.



Financial targets

Skanska's business plan for the five-year period 2011–2015 is aimed at achieving profitable growth. All four business streams will grow in terms of profit while maintaining a strong focus on capital efficiency. The goal is both to expand the volume of construction operations and to increase activity within project development operations by taking advantage of the financial synergies in the Group.

Financial strength
Skanska's five-year business plan for the period 2011–2015 set a number of targets. They are presented below. These financial targets are judged to be those that best reflect the profitability of operations and show the Group's financial capacity for investment and growth. The overall outcome for 2013 was slightly below the plan's financial targets, although the Group's targets for financial strength and the performance target for project development were achieved.

In addition to financial targets, Skanska also has ambitious qualitative targets, and in 2013 the Group continued its efforts to achieve them. Additional steps have been taken to intensify work within risk management, health & safety and green construction. During the year a new leadership profile was implemented and a brand survey showed that Skanska is the leader in ethics in all of its home markets.

Financial and qualitative targets, 2011–2015	Outcome in 2013
Group Return on equity for the period shall amount to **18–20%**	**Group** Return on equity was **17%**
Financial strength Net operating financial assets/liabilities shall be **positive**	**Financial strength** Net operating financial assets/liabilities totaled EUR **767** M
Construction Average operating margin over a business cycle **3.5–4.0%**	**Construction** The operating margin was **3.0%**
Project development operations Annual return on capital employed[1] for the combined project development operations **10–15%**	**Project development operations** Return on capital employed[1] was **10%**
Qualitative targets To be a leader in: – Risk management – Professional development – Ethics – Occupational health and safety – Green construction	**Risk management:** Roll out of the Skanska Risk & Opportunity Game **Professional development:** Implementation of the new leadership profile, Skanska Leadership Profile **Ethics:** Skanska Brand Survey showed that Skanska was ranked as a leader in Ethics in all home markets **Occupational health and safety:** Workshops for senior executives. Lost Time Accident Rate (LTAR) 2.7 **Green construction:** Highest ranking among all construction companies in the Nordic 260 Climate Change Report and highest among all sectors in Sweden

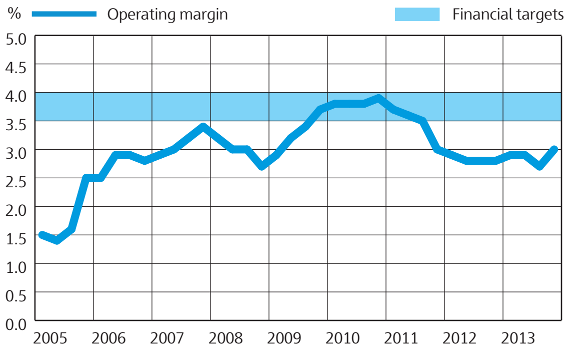
1 Operating income including unrealized development gains and changes in value in Commercial Property Development and Infrastructure Development, divided by capital employed for the business streams. For a more detailed definition of the financial targets for Residential Development and Commercial Property Development, see page 62 and page 69 respectively.

> The sale of properties within Commercial Property Development contributed significantly to the year's earnings.

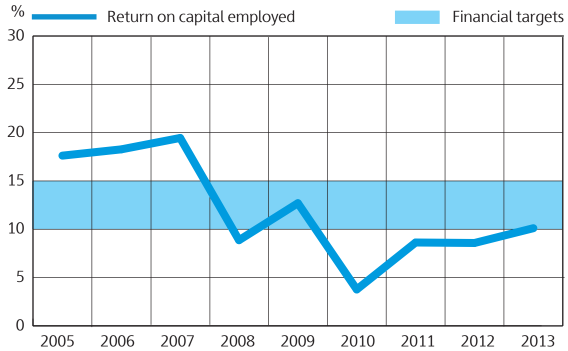
In Construction, the operating margin is a key financial target. Even though Construction delivered an improved operating margin, it did not reach the target. The main reasons for this are impairment of assets in the Czech Republic and weak development in the Latin American operations. The operating profit was stronger than the previous year and the units in the large geographical markets showed good profitability. Also, revenues for Construction increased during the year. 2013 was a strong year in project development operations.

The implemented restructuring of the Residential Development operations helped to increase profitability. Commercial Property Development contributed significantly to the 2013 earnings, delivering the second highest earnings in its history. Infrastructure Development also contributed through project sales. This confirms the strength of Skanska's business model where free working capital generated in Construction is invested in profitable development projects.

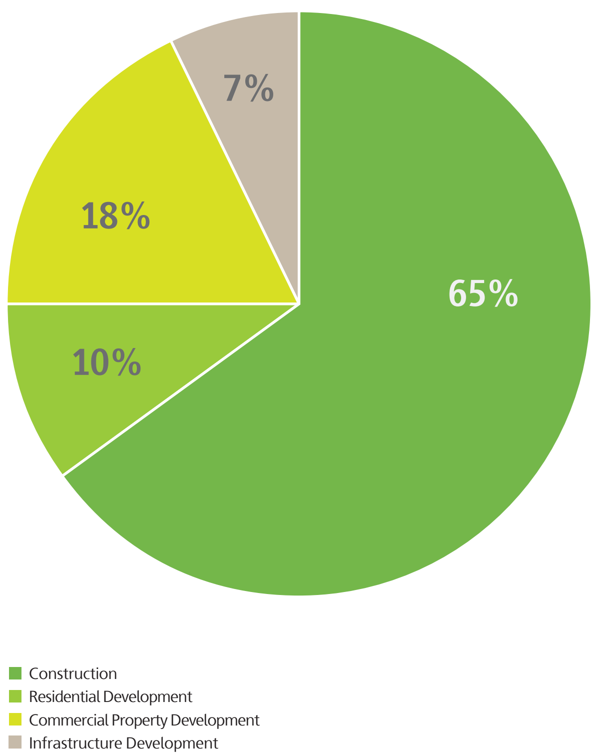
Operating margin in Construction, rolling 12 months



Return on capital employed in project development business streams



Operating income distribution by business stream 2013



The operating margin in the Group's Construction operation had a rising trend in the period 2005–2010. The slightly lower margin in 2012 and 2013 is a result of impairment losses in Construction in Latin America, Norway, Finland and the Czech Republic.

Return on capital employed in project development operations is based on successive value creation in Commercial Property Development and Infrastructure Development, as well as annual earnings in Residential Development.

The graph shows the distribution of the Group's operating income by business stream in 2013. Construction accounted for the largest share of earnings, followed by Commercial Property Development which, through numerous property divestments during the year, was also responsible for a significant share of earnings. Residential Development also made a substantial contribution to the Group's earnings.

Business model

Projects are the core of Skanska's operations. Value is generated in the thousands of projects the Group executes each year. The goal is for every project to be profitable while being executed in line with Skanska's goal of being an industry leader in occupational health and safety, risk management, employee development, green construction and ethics.

Multiple synergies within the Skanska Group generate increased value for shareholders. The main synergies are operational and financial.

Operational synergies

Skanska generates operational synergies by globally using local specialized expertise found in the various business units. Shared purchasing activities in procurement and production development also boost efficiency and promote greater synergies within the organization.

The Group's business units specialize in project development or construction and often collaborate on specific projects. This reinforces their customer focus and creates the necessary conditions for sharing best practices while ensuring efficient utilization of the Group's collective expertise and financial resources.

Clustered collaboration between various units is another method of strengthening the synergies within the Group. Operations in various countries or regions establish geographical clusters to share resources and expertise.

Construction

This business stream executes residential and non-residential construction as well as civil construction, and is Skanska's largest business stream in terms of revenue and number of employees.

Residential Development

Skanska initiates, develops and invests in residential projects for subsequent divestment, primarily to individual consumers.

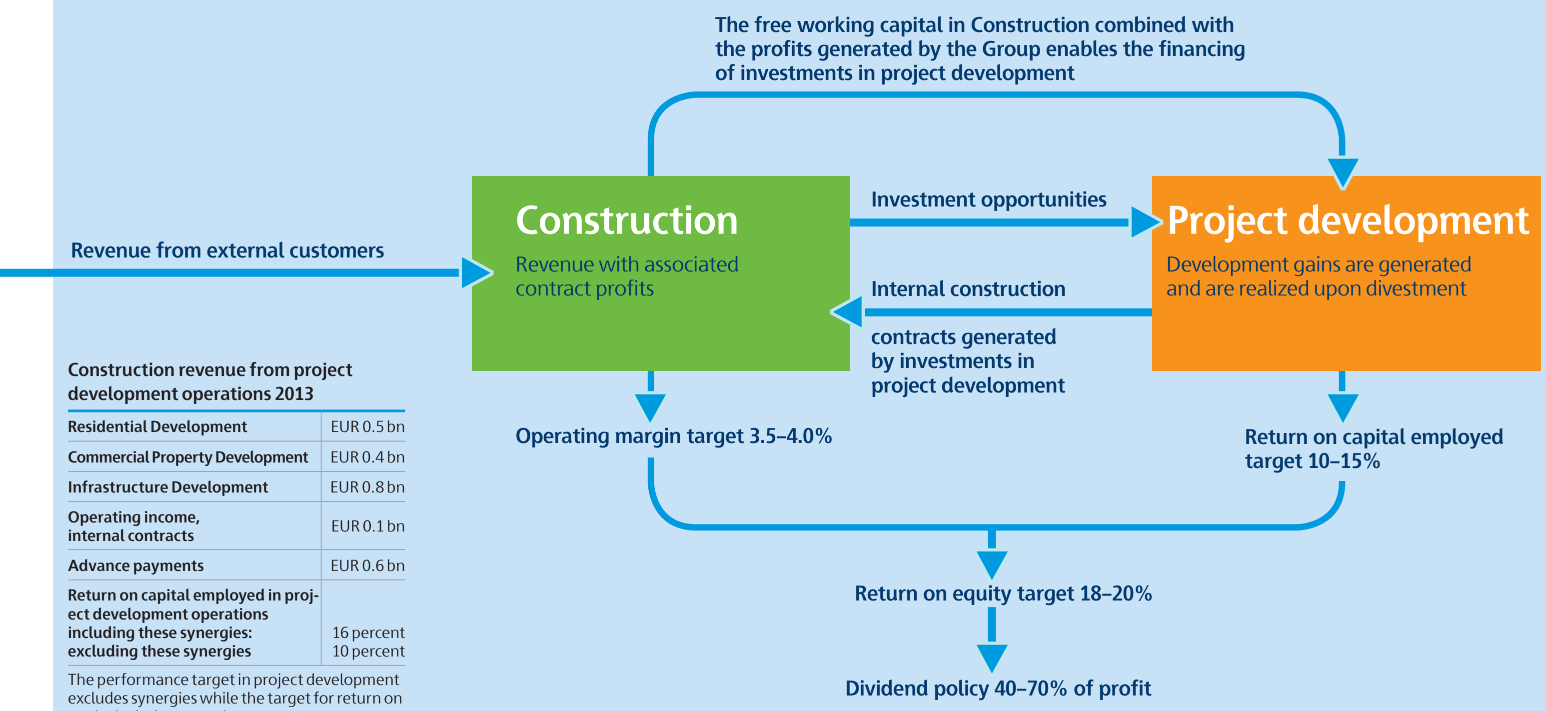
Commercial Property Development

Skanska initiates, develops, invests in, leases and divests commercial property projects, primarily office space, shopping malls and logistics properties.

Infrastructure Development

Skanska develops, invests in, manages and divests privately financed infrastructure projects, such as roads, hospitals, schools and power plants.

Skanska's business model



Construction revenue from project development operations 2013

Residential Development	EUR 0.5 bn
Commercial Property Development	EUR 0.4 bn
Infrastructure Development	EUR 0.8 bn
Operating income, internal contracts	EUR 0.1 bn
Advance payments	EUR 0.6 bn
Return on capital employed in project development operations including these synergies: excluding these synergies	 16 percent 10 percent

The performance target in project development excludes synergies while the target for return on equity includes synergies.

> Skanska's business stream Construction operates with free working capital and generates a positive cash flow which is invested in product development operations.

Financial synergies

Skanska's construction business stream operates with free working capital and generates a positive cash flow. The free working capital combined with the profits generated by the Group enables the financing of investments in project development which generate an excellent return on invested capital. These investments also enable construction to obtain new assignments that generate a profit. See also the illustration below.

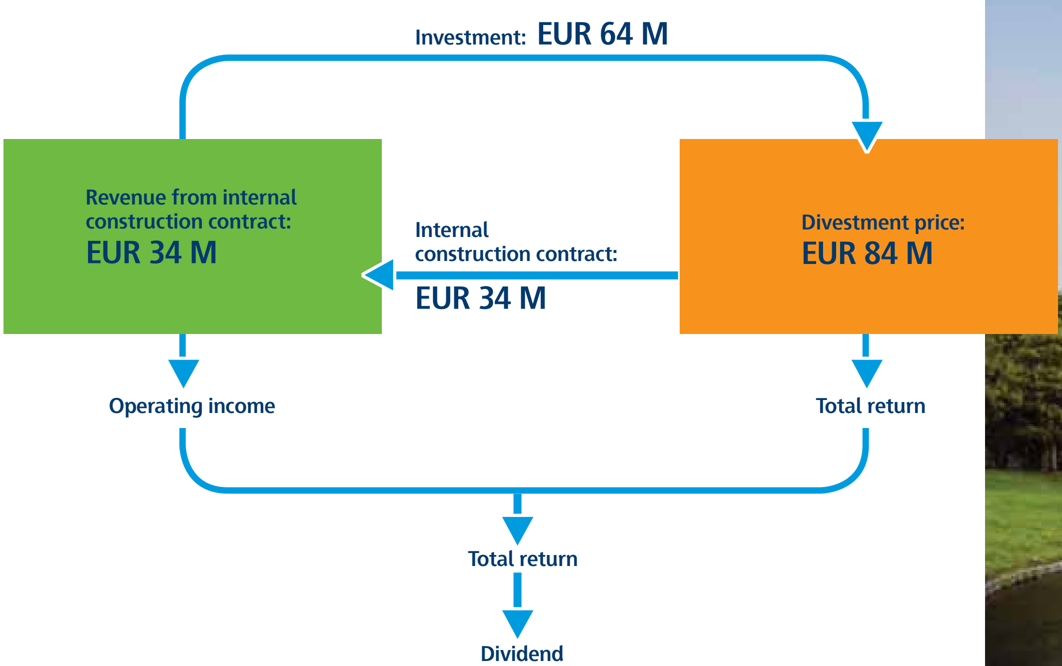
Size provides competitive advantages

By being a market leader, Skanska is well positioned to serve the most demanding clients. The Group's size gives Skanska an advantage in the most complex assignments, where collective experience and know-how are used to meet the client's needs. Only a few companies can compete for the type of projects where price, comprehensive solutions and life-cycle costs are of critical importance. Skanska's size and international profile are also attractive qualities in the recruitment of new employees.

Both a local and a global player

The Group's operations are based on local business units with good knowledge of their respective markets, customers and suppliers. These local units are backed by Skanska's brand and financial strength as well as Group-wide expertise and values. Consequently, Skanska is both a local company with global strength and an international construction and project development business with a strong local presence. The Group's extensive network enables Skanska to offer its global know-how to customers at the local level.

Skanska's business model in practice: Post Oak, Houston, USA

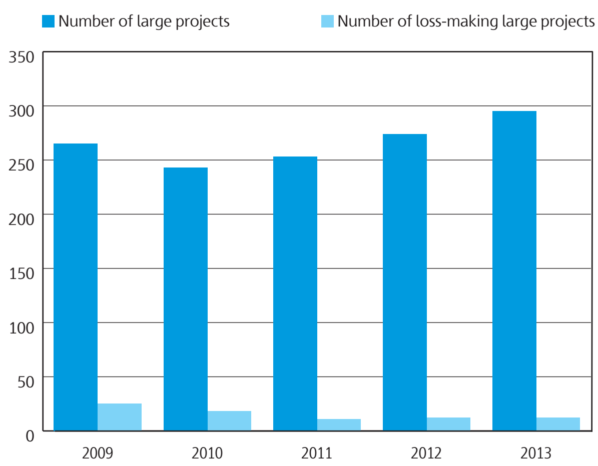


—**Leasable space:** 28,600 sq m
—**Construction period:** 2012–2013
—**Environmental standard:** LEED Platinum
—**Tenants:** Alliantgroup, Datacert, Skanska, BK Interest
—**Buyer:** Post Oak Building LLC
—**Year of sale:** 2013

Controlling risks and exploiting opportunities

Risk management is central to Skanska's operations. The aim is to identify, prevent and manage risks – not to avoid all risks – and to identify and exploit business opportunities.

Large and Loss statistic



Large projects, defined in this context as projects with a minimum contract value of around EUR 19–56 M depending on Business unit, made up around 40 percent of the total construction revenue in 2013.

These projects are in most cases reviewed by the Skanska Risk Team with decisions taken by the SET Tender Board as part of the risk management process. The process is described in more detail on the next page.

As can be seen in the illustration to the left, while the number of large projects have been increasing since 2009, the proportion of large projects that are loss-making have been continuously declining.

The Skanska Senior Executive Team (SET) handles strategic, financial and legal risks with the support of Group functions.

In 2013, the specialized unit Skanska Risk Team was further reinforced and now comprises eight employees with a combined total of 132 years of experience in Skanska's operations. In addition, each business unit has its own risk management team. Risk management has been intensified and expanded to include the full project life cycle; it has also been expanded in the local business units, where the risk analysis is mainly performed.

In this enhanced risk management, the analysis of risks and opportunities prior to and during each project is an integrated component in the processes of all units.

A different risk profile to other industries

The risk profile of the construction and project development business differs from other industries. In construction operations with a longer order backlog, the capital tied up, fixed costs and operating margins are lower. The risks and opportunities exist in the thousands of projects that are executed every year, which are generally unique as regards design, function and location. Presence on different markets and a variety of types of projects and contracts as well as client categories provide risk diversification. As there are few opportunities for repetition, there is very little standardization of the construction work which therefore is highly dependent on the skills and commitment of those working on the project. There are additional dimensions to the analysis of risks and opportunities in project development operations, since Skanska's role is also that of a property developer in those business streams.

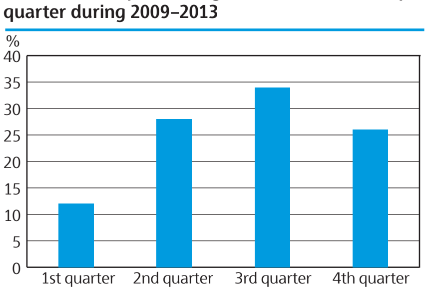
Risk management focuses on projects

Risk management focuses on identifying, preventing, managing and minimizing the risks in individual projects. Around 30,000 potential projects are analyzed each year. An accurate assessment lays the foundation for winning bids and positive end results. Construction projects traditionally have low margins, which means that even the occasional loss-making project can have a negative effect on the Group's earnings.

Analysis of competence

To proceed to the tender phase, a project must be checked against the Skanska Heat Map, which identifies core competencies in the various units. This analysis determines whether the unit has the correct workforce and knowledge of the local market and whether the contract form and customer profile provide the prerequisites for a positive end result. The local business units are also supported by the Company's global expertise. The Skanska Heat Map is revised annually by the local business units and is subject to final approval by the Senior Executive Team.

Distribution of profit recognition in construction per quarter during 2009–2013



In a number of the markets where Skanska operates, seasonal variations due to weather constitute a risk that must be managed with regard to the allocation of revenue and earnings in relation to expenses that are relatively constant over the year. This is especially true during cold winters when civil construction work cannot be performed. These projects generally have a somewhat higher operating margin.

Skanska uses a Group-wide procedure for identifying and managing risks: the Skanska Tender Approval Procedure (STAP). A specialist unit, the Skanska Risk Team (SRT), examines and analyzes conceivable tender proposals or investments above a certain size. The SRT processes 40–50 tender proposals per month. Each business unit conducts a risk assessment and identifies measures for managing risks. The proposals are then processed by the SRT, which issues a recommendation on whether tenders should be submitted and under what circumstances. The final decision about a tender is made by the SET Tender Board, a part of Skanska's Senior Executive Team, and in certain cases, by the Board of Directors.

Skanska Tender Approval Procedure (STAP)

Activity	**Preliminary evaluation** – Within Skanska's core competence? – Are there project resources? – Right customer? – Right contract form? – Special risks to manage?	**Draft of tender/investment** – Risk management – Estimates – Human resources	**Final tender/investment** – Preparation – Submission	**Execution according to contract** **Monitoring and control** – Financial outcome and forecasts – Technical issues – Schedule – Feedback
Responsible	**Business unit**	**Business unit**	**Business unit**	
Decision	**Proceed or abstain?**	**Submit tender or abstain?**	**Contract negotiations**	
Responsible	**Business unit/ Senior Executive Team (SET)**	**Business unit/SET/ Board of Directors**	**Business unit**	**Business unit/SET/ Board of Directors**

The Skanska Risk & Opportunity Game

The Skanska Risk & Opportunity Game is now being rolled out in all construction units.

Skanska operates in a changing world, just as its operations develop and grow. Consequently, work on risk management must be developed on a continuous basis. As part of this continuous development, the Skanska Risk & Opportunity Game was developed during the year. The game is an instrument for increasing risk awareness, exploiting business opportunities and creating a more uniform approach globally.

The game simulates a construction project from tender to completion. It is based on facts and examples from actual Skanska projects and clients, and looks at the risks and opportunities presented by various alternative solutions. The basic principle is the same as for simulator training for pilots – to train how to run projects in a calm scenario, so that the right decisions are made when the heat is on. The choices made in the game affect profitability, customer satisfaction, employee satisfaction and the schedule.

Starting in 2014 the game is being used to train employees in all units, with the aim of stimulating learning, discussion and awareness of risks and opportunities. The game is also intended to create a uniform and systematic global approach and increase the predictability of project implementation.

Risks and control measures

A table of the main risk areas. Risk work is a continual process with follow-up of ongoing projects and a constant focus on all risks, regardless of size or likelihood.

Risk and description	Likelihood	Impact	Control measure
Strategic risk Strategic risks are long-term and general. Managing these risks means ensuring that the business model is correctly adapted both globally and locally to the needs of the clients and the various geographical markets. Acquisitions and strategic alliances involve risks, for example as regards expertise, values and the competition situation. Ethical and environmental violations could have long-term repercussions on both business transactions and the brand.	Small	Large	The business model, acquisitions and participation in alliances are reviewed and followed up by both the Board of Directors and the Senior Executive Team. Employees receive continuous training in ethical issues, based on the spirit of the Code of Conduct. Environmental risks are analyzed both in the tender analysis and on an ongoing basis with the involvement of the units' environmental experts.
Operational risk **In Construction operations** The projects are the main source of revenue, and consequently their implementation is a risk factor. Predicting and managing operational risks is critical for results. These risks are short-term and proportionate to project size. Operational risks therefore also include the contract form, choice of technology and method, suppliers and seasonal variations. Having many different types of contract with differing compensation models means that the degree of risk varies greatly.	Medium	Medium	Large projects are monitored continually by the Skanska Risk Team and by the Senior Executive Team. The local units are supported both by the Skanska Risk Team and the Group's various support functions. Certain contracts have indexing clauses for translating the contract value into corresponding price changes. The Skanska Tender Approval Procedure (STAP) and Skanska SET Tender Board process around 500 tender proposals a year based on their size. Some are referred back for improvements, and increasingly few are rejected outright. In 2013, 5 percent of the proposals did not proceed to the tender phase. The life cycle perspective – the Operational Risk Management Procedure – means that the projects are followed-up on and repeatedly supported throughout the project. The profit scorecard provides a systematic way of optimizing the possible options – for example, when choosing technical solutions, materials and suppliers in the implementation of contracted projects.
Within Project Development Here Skanska acts as both builder and property developer, with responsibility for all stages – buying land, design, implementation, leasing, divestment and guarantees for the finished product. The operations are therefore directly dependent on developments in the community and macroeconomic factors that impact the market and demand.			Project planning includes analyzing macroeconomic factors and risks in connection with investment, leasing and divestment. The Group's investments are limited to a maximum amount that is distributed between the various business units. The business units prioritize the project starts relative to the specified investment framework for the unit concerned. The divestment or leasing out of ongoing or completed projects creates room for new investments within the set frameworks. The investment limit is set by the Senior Executive Team and the Board of Directors who may also adjust the limits during the year. Risk work includes a number of checkpoints for residential projects, renovation projects, long-term service contracts, energy-guarantee agreements and issues concerning responsibility following project completion. In Infrastructure Development, Skanska conducts an annual appraisal of the project portfolio. Estimated future cash flows are discounted at an interest rate equivalent to a required return on equity, the level of which is based on land risk, risk model and project phase.
Financial risk Financial risks may include credit exposure, payment flows, clients, subcontractors and joint venture partners as well as foreign-exchange and interest-rate risks. Project revenue and costs are normally denominated in the same currency, thus limiting the transaction risks in exchanges between different currencies. Interest-rate risk is the impact on earnings arising from a change in interest rates. Interest-bearing assets currently exceed interest-bearing liabilities, which means that net financial items are adversely impacted by a reduction in interest rates. Refinancing risk refers to the risk arising from lack of liquidity or from difficulties in obtaining or rolling over external loans.	Small	Medium	The Skanska Financial Services support unit manages the Group's payment flows and evaluates financial risks such as credit risks, foreign-exchange risks, interest-rate risks, customers, subcontractors and joint venture partners. Known and budgeted financial flows with currency exposure are hedged. The Group's equity invested in foreign subsidiaries is partly hedged. At year-end 2013, the Group's unutilized credit facilities totaled EUR 647 (662) M. The average maturity of the borrowing portfolio, including the maturity of unutilized credits, was 3.3 (3.3) years. Skanska regularly follows up all major projects implemented over an extended period. The SET performs quarterly reviews of major projects, altogether equivalent to about one-third of the total contract value of ongoing projects.
Regulatory risks Regulatory risks relate not only to general laws and regulations on business operations and taxes in each market, but also to specific local regulations and agreements relating to construction operations. There are also risks relating to ethics, the environment, safety and the working environment.	Small	Medium	The Group's Legal Affairs unit has overall responsibility for operations being conducted in accordance with current laws and regulations. At the same time, the primary responsibility for operations being conducted properly lies with the local business units, all of which have their own legal expertise. Tax experts advise on tax issues.

Large Medium Small

Half-way mark for construction of New Karolinska Solna

New Karolinska Solna (NKS) – the university hospital of the future – is the largest contract in Skanska's history. December 2013 was the half-way mark for the project which is giving a new profile to the emerging Hagastaden, located at the boundary between Stockholm and Solna. The hospital buildings have reached their full height – nine stories above ground and three below. Work has begun on the research center and the academic section which will connect the care and research units. The parking structure for use by hospital staff and visitors was completed in 2012 and the artistic embellishment is Sweden's biggest public art procurement ever.

More than 1,500 people from over 30 countries are working on the hospital construction. It occupies a total of 330,000 sq m and from 2016 it will have 11,500 rooms with work stations for thousands of county employees. The green elements include geothermal heating extracted from 220-meter deep bore holes. The project is receiving visitors from all around the globe.

Skanska's largest project

Construction contract of EUR 1.7 billion signed in 2010

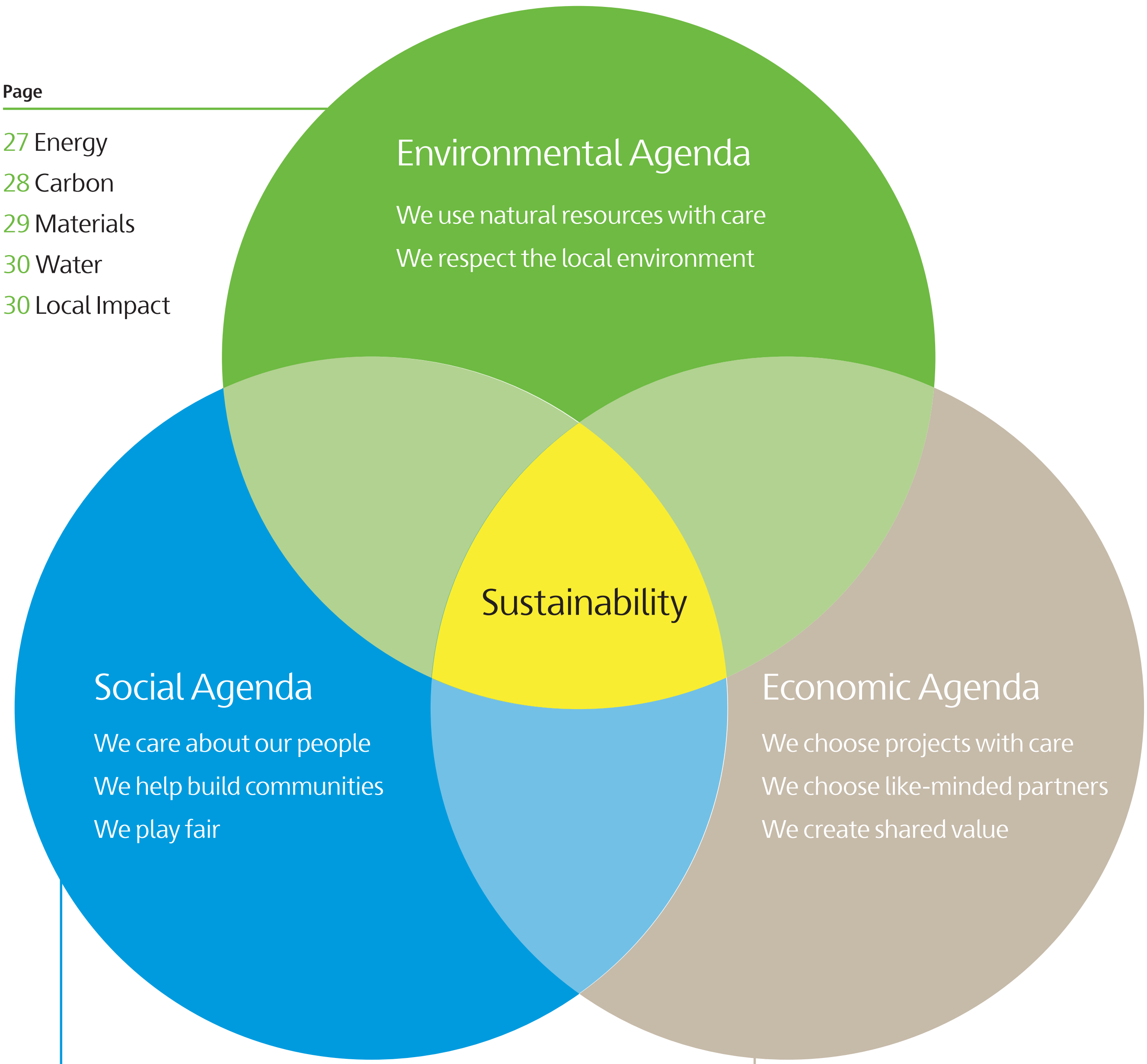
Floor space: 330,000 sq m
Number of rooms: 11,500
Hospital beds: 730
Operating rooms: 36
Radiotherapy rooms: 8

The Skanska Sustainability Agenda

Sustainable development is that which meets the needs of the present without compromising the ability of future generations to meet their own needs. It requires companies to find ways to reward their shareholders but not at the expense of other stakeholders. In short, it is about maximizing positive impacts on humans, the planet and the economy, and minimizing negative ones.

Page

27 Energy
28 Carbon
29 Materials
30 Water
30 Local Impact



Page

19 Safety and Health
Reference to Employees, page **32–35**
21 Ethics
22 Skanska in the community

Page

31 Shared value
Reference to risk management, page **12–15**

> The social role for companies is increasingly important. At Skanska, our management and our employees are proud of being a positive force in society. We know we can make a difference.
>
> Noel Morrin, SVP Sustainability & Green Support

Sustainability is integral to everything Skanska does, and as a business it is striving to reach a point where considerations of economic, environmental and social impacts underpin all its operations and customer offerings. To this end, Skanska's business plan, Profitable Growth 2011–2015, formalizes its ambitions to be an industry leader in sustainability, particularly in green building, safety, ethics, people development and risk management.

This section is organized around Skanska's Sustainability Agenda, highlighting progress in 2013 across its social, environmental and economic pillars. Each pillar poses particular external challenges and opportunities, and this text describes how Skanska is responding to these, providing evidence of progress, leadership and best practice.

Every year, Skanska delivers around 10,000 contracts for customers in its home markets around the world. Consequently, global statements and consolidated statistics do not tend to reflect the wide variety of work and activities that Skanska undertakes and the many positive impacts it creates. This makes communicating Skanska's overall sustainability performance a challenging process.

Given the increasing expectations placed on corporate reporting by stakeholders – and recognizing the continuing development of international and voluntary reporting frameworks – Skanska this year decided to adopt an external reporting platform that will provide it with access to global best practice in this field. This will, from 2014, allow it to improve the gathering and management of sustainability data from all its global operations, and will provide stakeholders with a more robust picture of its sustainability performance than ever before in the materially-significant topics of safety, energy, carbon and community.

Global leadership

Skanska has been a supporter of the UN Global Compact (UNGC) for over a decade, and its Communication on Progress is uploaded annually to the UNGC website as a public statement of its commitment. In 2013, Skanska embarked on a project with UNGC and the Royal Institute of Chartered Surveyors (RICS) to explore how the global construction, development and real estate sectors can best implement the Ten Principles.

Social Agenda

Skanska's health strategy focuses on areas including diet, exercise and stress. The picture shows Stretch & Flex warm-up exercises in Malmö, Sweden.

Environmental Agenda

LIVING BUILDING CHALLENGE

The Bertschi School Science extension in Seattle, USA, is the world's fourth fully-certified Living Building.

Economic Agenda

Up to 1,500 people are working on the construction of New Karolinska Solna in Stockholm, Sweden.

Aiming for Deep Green

Construction and project development affect public finances as well as people and the environment, and Skanska is shouldering greater responsibility by developing more and more sustainable solutions. All of Skanska's commercial property development projects and most of its public private partnerships (PPPs) are green. In the construction business the demand for green is increasing in all home markets. In Sweden green projects account for more than one third of total revenues and within UK for around two thirds.

Staffan Haglind, Green Business Officer

The built environment is responsible for a large portion of greenhouse gas emissions and the UN Intergovernmental Panel on Climate Change (IPCC) clearly establishes the human impact.

"We already have the technology and expertise to develop long-term green solutions and to guide our clients to make wise choices," says Staffan Haglind, Skanska's Green Business Officer.

Skanska Color Palette™ is a tool to visualize a project's greenness. The aim is to move towards Deep Green or future-proof projects, in other words a zero or only marginal negative impact on the environment. The new head office of sporting goods company Brooks in Seattle called Stone34, which was built and developed by Skanska, is an example of a project with very green credentials.

"Greener offices provide excellent commercial opportunities. By following the requirements in the Seattle Deep Green Pilot Program, the building permit was expanded to include an additional floor."

"And we are seeing rapidly growing interest in being green. During the recession in the United States in 2007–2011 the total building construction market declined, while the corresponding market for green buildings tripled in size. Globally, the green market doubles in size every three years."

Green construction is a precondition for growing or retaining market share.

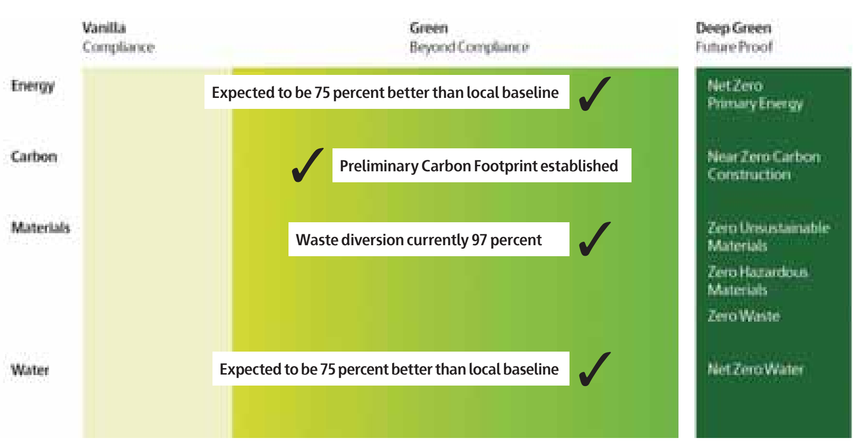
What will Skanska's next step be?

"Research shows that people function better in green buildings. This is evident in the lower levels of sick leave and higher productivity in offices or faster learning in schools. Apart from the fact that most people think it's 'the right thing to do,' this type of social responsibility also generates substantial value for owners and users. That's why we'll be focusing even more on this in the future."

Global leadership

Skanska is an active member of Green Building Councils (GBC) in Europe and the U.S. 2013 saw the launch of the World Green Building Council's "The Business Case for Green Building" report, of which Skanska is a principle sponsor. It is a first significant attempt to collate all credible evidence about the business case for green buildings into one definitive resource that lays out a number of distinct sets of evidence – green buildings offer good financial benefits based on both positive human impacts and cost-efficient operation.

Stone34 illustrated by the Skanska Color Palette™



Skanska's Color Palette™ is a proprietary tool for measuring and communicating our Journey to Deep Green™. Deep Green projects have near-zero impact on the environment – far beyond compliance with existing codes, standards and voluntary certification schemes:
– Net Zero primary energy for Buildings or net positive primary energy for Civil/ Infrastructure
– Near Zero carbon in construction
– Zero waste
– Zero unsustainable materials
– Zero hazardous materials
– Net Zero water for buildings or zero potable water for construction

Stone34 – developed by Skanska for Brooks Sports – is the first commercial property project and only the second building in all to participate in the City of Seattle's "Living Building Pilot Program."

Safety

Target – Zero accidents

The safety of those that work for Skanska is of paramount concern, as demonstrated through its safety values of caring for its people, increasing competence and developing a culture of learning and continuous improvement. It is these values that drive Skanska's Safety strategy to deliver improving safety performance year on year.

Activities within Safety

Personal safety pledges

In Skanska Safety Week 2013 employees were invited to share a personal safety pledge with colleagues. This was followed up at a global management meeting where the Senior Executive Team shared their collective and personal safety pledges and all attendees made their safety pledge as part of their next personal safety step.

> The Senior Executive Team members commit to not walk by any unsafe situation on site without intervening.

"Learn and Lead in Safety" workshops

During Skanska Safety Week 2013, over 5,000 employees and contractors took part in a series of safety workshops held in Poland, Czech Republic and Slovakia. The theme of "Learn and Lead in Safety – take the next step" focused on how individuals have a part to play in the safety of Skanska workplaces. Over 200 one-hour workshops were held, all led by local senior managers, with the participation of the business unit executive teams and Skanska's Senior Executive Team members.

Safety Peer Reviews

Skanska began a program of Safety Peer Reviews in 2013, initially in Norway, Finland and Poland. Three review teams consisting of senior line managers and a safety specialist visited a number of jobsites in the host business unit as part of the two-way learning experience. They provided feedback to the host teams and took away good practice ideas to share with their own business unit.

By 2015 Skanska is committed to be the leader in construction safety in all its home markets. The Skanska Safety Road Map (SRM), introduced in 2011, provides a means for every part of the business to plot its route towards this aim. It provides guidance and support for all business units on their journey by focusing on five key safety topics: culture, competency, communications, contractors and controls. Since its launch in 2011 all Skanska business units have used the Map to assess their status and to act in a systematic way. We will continue to use the SRM, both for driving change and as a basis for sharing good practice and knowledge

The Global Safety Leadership Team (GSLT), including members of Skanska's Senior Executive Team, oversees progress on strategic safety issues. Local safety leadership teams monitor the progress of business units and advise the Business Unit President and executive team. The Safety Performance Network comprised of heads of safety from each business unit offers advice to the GSLT and investigates items of concern. For example the GSLT identified that increased focus was required across the business at the fixed facility sites which include quarries, concrete and asphalt and manufacturing facilities and that working safely around vehicles and construction plant remains a key safety hazard. Both of these topics are being addressed through the Global Safety Performance Network and business unit input.

Safety leadership is a key element of building the safety culture that Skanska desires. As part of this, the Skanska Injury Free Environment program continues in Skanska USA and Skanska UK.

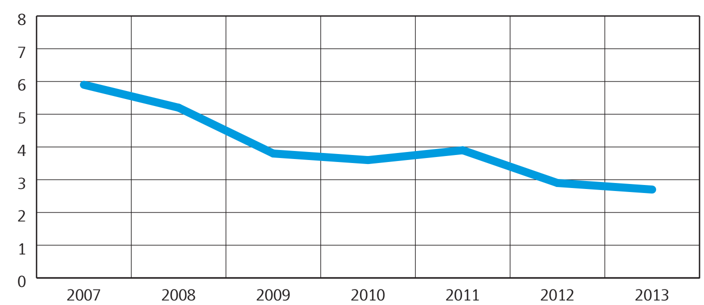
Global Compact Network Nordic Countries

Global leadership

Skanska is an active member of the UN Global Compact Nordic Network. At a conference in October 2013, during a session on Workplace Safety, Skanska shared experiences of its journey to Zero Accidents with an audience of Nordic company representatives. The meeting was also told how Skanska had developed and was using its Safety Road Map.

Lost Time Accident Rate (LTAR) 2007–2013

Number of lost time accidents times 1,000,000 hours divided by total labor hours.



IFE is based on a belief that safety is a value and is not compromised by cost or schedule and that any frequency of accident is unacceptable. Actively communicating and sharing good practice is necessary to improve performance. Skanska does this in a variety of ways, including webinars, videos, expert seminars and newsletters. Combining safety webinars with other topics for example Building Information Modeling (BIM) has proven to be successful and popular, attracting attendees from both inside and outside Skanska.

Skanska supports its supply chain for example in the UK with the Supply Chain Sustainability School requirements, working with its competitors as part of industry bodies to promote change and talk with clients about better safety can deliver better results for everyone.

Safety Performance 2013

Skanska's ultimate goal, is to achieve zero fatalities and zero lost time accidents at its workplaces. The company has set a milestone to achieve zero fatalities and a maximum of one day lost time accident rate of less than one accident per million hours worked by 2015.

In 2013 the lost time accident rate reduced from 2.9 to 2.7, a marginal improvement that continues the long-term trend of the past seven years with a 55 percent reduction since 2007.

The three work-related fatalities at Skanska jobsites in 2013, one in operations in the U.S., one in Slovakia and one in Poland, were a reminder that reducing the accident rate is not enough and there is still significant improvement to be made. Whilst the safety performance progresses, Skanska is not satisfied with its performance and further advancement is needed.

First Aid training at the Green Day worksite in Poland

Health

Within the construction industry more than twenty times more workers die from the long-term effects of work-related ill health than die from accidents. Skanska takes occupational health seriously and has a strategy of addressing both the Fit for Work and Fit for Life issues.

Activities within Health

Active Health Intervention — Skanska Norway has introduced a program for reducing musculoskeletal disorders in the workforce. In-house physiotherapists and nurses monitor individuals, help identify health hazards and evaluate production tools. This knowledge has led to early intervention with suppliers to evaluate and reduce the health impacts of new tools.

Substitution of Hazardous materials — At the New Karolinska hospital in Solna, an alternate chemical anchoring system for fastening of concrete walls was introduced requiring fewer health checks, no extra protective clothing and the waste could pass through the standard waste management system. The system works well and the case study is now shared at the EU chemical substitution database at **www.subsport.eu**

The Skanska Health Group which combines specialists in safety and health from across Skanska shares good practice in all health issues. One focus for the Health Group is the way in which health hazards are identified and addressed during the design and pre-construction phases and how through better training, education and communication any residual health risks can be mitigated at the jobsite e.g. by substituting one method of working or material for another.

Increasingly the formulation of tools and processes provides a common framework for Skanska business units to manage health issues and the development of the Health Heat Map is such a tool. It allows each business to assess the work-related health hazards and what measures it is taking to mitigate the effects. Skanska UK has built on this tool to design a full health matrix replicating the Skanska Safety Road Map format and making it an integral part of periodic reviews.

The Fit for Life element of the strategy focuses on lifestyle issues with diet, exercise and identification of work related stress high on the agenda. Fit for Work focuses on operational risks in construction such as dust, vibration and musculoskeletal disorders.

Ethics

Target – Zero ethical breaches

Skanska believes its ethical values are the basis on which it can develop better solutions, projects and customer outcomes, and therefore provide a competitive edge. Unethical business conduct has serious consequences – among many things, it hinders fair market structures and distorts competition. This can adversely impact both Skanska and the communities in which it has operations.

Activities within Ethics

Code of Conduct Hotline

The Group Ethics Committee manages the anonymous last resort reporting tool Skanska Code of Conduct Hotline, launched in 2010, and to which around 80 reports where made in 2013. All reports that are received via the Hotline are evaluated and investigated to determine what action might need to be taken based on their nature and scope.

Ethics Scorecard

In 2013, the first version of Skanska's Ethics Scorecard was introduced. The Ethics Scorecard uses evidence from brand surveys, employee feedback, ethical investigations and training activities to help Skanska's management develop the right activities to build and maintain a strong culture of ethics.

Managing a corrupt market

IMD Business School has developed a business case that deals with how we managed the ethical challenges in the Czech market. The case is used in training of managers to show the complexity and consequences of leadership decisions. It contributes to share the experience from the Czech market and at the same time to increase each managers value-based leadership choices.

With around 57,000 employees, and around 100,000 suppliers and 250,000 subcontractors, Skanska's construction and development businesses have a large impact on individuals and society in general. This represents an opportunity to take the lead in business ethics as well as a responsibility to make the right decision, every day, by every one of our employees. Therefore it is important that all employees understand and live by the ethical values expressed in the Skanska Code of Conduct.

To remain a trusted and successful company, Skanska is determined to become recognized as a role model in ethics by 2015 and includes a goal of zero ethical breaches as one of its "Five Zeros."

Regular training is undertaken to embed this commitment in Skanska's operations. All employees receive Code of Conduct training every two years, with new employees trained within three months of recruitment. Each home market has its own Ethics Committee that is responsible for identifying and reviewing issues and disseminating best practice.

The Skanska Leadership Profile includes an "Ethics and Values" core competency which is used for evaluating and developing all office-based employees. Used as a selection criteria for both recruitment and internal promotions, the Ethics and Values competency helps provide employees with a clear understanding of what is expected to meet Skanska's strategic aims.

It is becoming apparent that ethics is a growing and important differentiator when Skanska's clients are selecting suppliers. For example, Skanska has signed a framework agreement with an international pharmaceutical company for all construction work on all its facilities in Sweden. The client was focused on finding a framework partner with high ethical standards that could reduce the risk associated with its construction activities.

Global leadership

Skanska was one of the founding members of the Partnering Against Corruption Principles for Countering Bribery initiative ("PACI principles"), the product of a Task Force of the World Economic Forum in partnership with Transparency International and the Basel Institute on Governance. The PACI Principles aim to provide a framework for good business practices and risk management strategies for countering bribery; a framework on which Skanska continues to place great importance.

Golden Rock Award

Skanska believes in recognizing and rewarding the right types of behavior. Each year it awards the Golden Rock Award for "Living our Values" to an employee who has demonstrated high ethical standards. In 2013, the award was awarded to **Stansław Kita** of Skanska Poland. Stanisław is living the values in his daily work, developing people in diverse teams, involving subcontractors in the safety work and caring for environment and wildlife.

Skanska in the community

As well as delivering sustainable reward to shareholders, companies need to understand and engage with local stakeholders, such as communities, and find innovative ways to add value to society. Skanska actively encourages the cooperation and participation of local communities around its projects, and uses training, apprenticeships and education to leave a positive and lasting legacy.

Activities in the community

"Skanska in the Community" internal network

In 2013, the "Skanska in the Community" internal network was formed to allow representatives from each business unit and the corporate team to regularly share experiences and good practices.

Chile

Positive social impacts

In Chile, the El Totoral wind farm project created jobs for local people in a sparsely populated and low-income area. Since the employment had only temporarily increased the local incomes, it was agreed that transferrable skills should be taught as a legacy of the project. In addition to training workers in construction crafts, they were also taught basic skills such as literacy, numeracy and how to drive.

United Kingdom

Working with local communities near the M25 motorway

The involvement of and communication with local communities during the planning and construction phases were of great importance for Skanska UK on the M25 highway widening project around London. Dedicated site-based community relations teams were responsible for proactive outreach to local residents and stakeholders, through letters, emails and phone calls, visits, public exhibitions, local charity events and educational engagement. The community relations team responded to more than 5,000 individual contacts from the public, and received more than 500 expressions of thanks from road users and residents.

USA

Providing disaster relief

Experience shows that it is much more important for a company such as Skanska to supply expertise and physical resources following natural disasters than to simply raise money, although this too can be important in specific circumstances. After the flooding on the eastern seaboard of the United States in October 2012 caused by hurricane Sandy, Skanska employees volunteered to assist in the clean-up of several communities in the New York area. In previous years, local-based Skanska employees have actively supported relief work in regions devastated by earthquakes such as Pisco in Peru and in New Orleans after Hurricane Katrina.

Skanska's commitment to being a responsible member of the communities requires it to execute projects well and, where possible, make a wider contribution to society.

With around 10,000 contracts delivered each year for its customers, the effectiveness of connecting with local communities can contribute significantly to their successful completion. Building a business case for local community involvement, rather than relying just on corporate philanthropy, is the approach adopted by Skanska in its Corporate Community Involvement (CCI) policy, Skanska in the Community.

Skanska's preferred approach to community involvement respects the significant cultural differences that exist across its home markets. It has a global policy but also recognizes that a "one size fits all" approach rarely works well. With this in mind, after significant internal and external analysis, a clear direction was identified: Skanska will focus its community engagement more on education, especially in the areas of safety, technical skills and our green agenda. Transferring expertise to local communities from kindergarten through to lifetime learning is a key aspect of the company's long-term community strategy.

CCI is monitored and evaluated to ensure that Skanska's resources are effectively deployed to the maximum benefit of the business and the communities that it engages with. Community activities are coordinated by local business units in the home markets and supported by a Group-wide network of CCI experts who exchange experiences and best practices.

A member of

BUSINESS IN THE COMMUNITY

Joining forces for the Community

Skanska UK has joined the UK charity, Business in the Community, which supports companies to build resilient communities, diverse workplaces and a more sustainable future. The organization will support Skanska in further developing its community involvement work.

Training in traffic safety

Polish children are learning about traffic safety and how to behave to avoid the risk of accidents around construction sites. 2013 was the seventh consecutive year that Skanska employees went out to teach pre-school and school children about accident prevention and safe behavior. Initially the focus was only on traffic safety, but today it also includes safety walking past construction sites. One aspect is the importance of being visible in traffic and using reflectors. All of the children are also given their own Skanska reflectors. The training sessions are held in the vicinity of projects and are highly appreciated by both children and adults in local areas. In 2013 Skanska employees provided traffic training for more than 6,000 children throughout Poland. Close to 100 children are killed and around 4,000 are injured annually in traffic accidents in Poland. The campaign has been referred to as a best practice model.

Resident builders in Vivalla, from the left: Ahmad Nuur Osman, training as a bricklayer; Omar Gahayr Golle, training as a plumber; Niklas Törnström, taking a carpentry course and getting work experience at Vivalla; and Abdalla Hussein, training in groundwork.

Resident builders upgrade Vivalla and get job training

Vivalla, a "Million Program" housing area in Örebro, is being upgraded from both a community and an environmental perspective. Skanska and the municipal housing company ÖrebroBostäder (Öbo) have entered into a four-year partnership to upgrade the area which was built in the 1960s. The aim is to reduce energy consumption from 215 kWh today to 66 kWh per sq m and year.

Another important goal is to create long-term job opportunities for residents in the area by involving them in the reconstruction and allowing them to get a foothold in the labor market. A number of Vivalla residents will be offered a chance to get involved in the project as resident builders, "Boendebyggare." Skanska is working with Öbo and the public employment agency to offer up to six months of supervised work experience and training aimed at creating jobs at Skanska or with subcontractors.

The program will offer 50–80 people practical experience and in 2013 around 15 were given work or supervised work experience.

Niklas Törnström is getting carpentry experience after a period of unemployment.

"It feels great to be working in construction right here where I live. My future as a carpenter starts here."

Ahmad Nuur Osman from Somalia is training with Puts & Tegel, the company working on the façades for the project.

"This is great! My supervisor is teaching me everything about bricklaying. And my wife is really happy that I'm working," says Osman.

Omar Gahayr Golle is getting plumbing experience with LG Contracting, another of the project's subcontractors.

"Right now I'm learning professional Swedish so I can understand the plans. In five years' time I may have my own plumbing firm or a permanent position at LG Contracting," he says.

Abdalla Hussein has not worked in Sweden before but thinks it's good to be able to learn a trade. He's doing groundwork, driving a plate compactor and taking laser measurements.

Career guidance

Skanska USA is partnering with Mentor Foundation USA to work with school students to inspire them and increase their interest in studying and having a career in business. The initiative also aims to curb truancy and substance abuse. The partnership started in 2012 when architecture students visited Skanska's 11th Street bridges project in Washington D.C. together with Mentor's founder and chairman **HRH Queen Silvia** of Sweden. Schools to Skanska is a mentoring program created by Skanska based on Mentor's career program called Authentic Career Experience. Schools to Skanska was designed to make the connection between knowledge gained in school and practical applications. Starting in autumn 2013 and spring 2014, the mentoring program will involve 25 students from Virginia. Divided into two groups, the students will visit Skanska's Alexandria offices once a month to conduct a project study with Skanska employees as their mentors.

Skanska in Sweden has also partnered with Mentor. A number of Skanska employees are participating in a career mentoring program for young people ages 13–17 in Stockholm, Gothenburg and Malmö.

School students awarded prize for environmental initiatives

To stimulate environmental awareness and promote local green initiatives, Skanska Latin America has for a number of years been inviting municipal schools in Argentina to compete in the Skanska Award in Environmental Education. In 2013 numerous schools in different locations throughout Argentina where Skanska has operations – from Jujuy in the north to Santa Cruz in the south – took part in the competition. The 16 winning schools were awarded 10,000 Argentine pesos each to turn their proposals into reality. The winning entries included proposals on conserving water resources, building greenhouses from recycled materials and creating vegetable gardens, as well as various recycling projects. The photo shows the winners at school no. 8 Escolástico Zegada in Jujuy.

Breaking the vicious cycle

Erol Collin, Tony Bryson and Hugh McCarron have served their prison sentences and are now trained and employed at Skanska.

Getting into the job market can be hard – especially if you have a past conviction. Skanska UK offers young offenders a training program that guarantees training, employment and a new life for those who undergo and complete training at the end of their prison sentence.

"We have a rigorous selection process because we want to be sure the program is successful. That's why it's important for us to select ambitious and motivated individuals. And we only take them on when we have a recruitment need," says Skanska's **Eric Milne**, who runs both the selection and training processes.

Lighting up London

The ten-week course provides certification in construction work and employment as a skilled worker. The program is part of the National Grid's gas and electricity network in the London area. At the South East Electricity Substation Alliance (SEESA) in the southeast of the United Kingdom, Skanska is responsible for construction management, design and construction of 132 kV and 400 kV transformer stations.

Since 2008 eight people with past convictions have been trained and employed at SEESA. Four are still working there while the others have taken jobs elsewhere.

A life-changing opportunity

Tony Bryson was taken on in 2011 and is now certified for construction work at the National Grid's transformer stations. He is currently based in Bramford, Ipswich.

"I decided I was going to start a new life and this was a life-changing opportunity. Skanska has kept its promises," says Tony.

Erol Collin has been with Skanska for six years and remembers how thrilled he was to be selected.

"I was over the moon when I got this chance. It really feels like you can develop if you take the opportunities offered and are ambitious. It has helped keep me on the right path, which was especially important when I was first released," says Erol.

Positive outcome despite everything

Hugh McCarron was employed in 2012 and is now working on the expansion of New Cross National Grid transformer station in London. He is hoping for a future as a supervisor or foreman.

"They really give you a chance – the people are brilliant. Being in prison was hard, but at least the job at Skanska means that something positive came out of it."

The crucial mentoring is provided by foremen and works managers out at the work sites.

"We help them get qualified for employment. It's very important to break the vicious cycle. And we're proud when they get a job and don't go back to crime," says **Steve Pratt**, Skanska's works manager at SEESA.

Eric Milne has been awarded Skanska's Golden Rock Award in the "Living Our Values" section in recognition of his work on the Young Offender Program.

Skanska has trained 116 and helped 75 former convicts to get jobs since it first partnered with National Grid in 2005.

Energy

Target – Net zero primary energy

Energy efficiency remains a key issue within the built environment, accompanied by ever stricter building regulations and growing market demand. Skanska aims to reduce the amount of energy used by its projects, and believes there is significant potential for developing near Zero Energy and positive energy buildings.

Activities within Energy

Hungary

Green House, Commercial Property Development Europe
—Designed to use 45 percent less energy than the Hungarian building code, the first building to be certified LEED Platinum in Hungary and the first project carbon footprint of its kind in the country.

Sweden

Klipporna, Commercial Property Development Nordic
—An office building that, when complete, will have energy consumption comparable to passive house standards. This will be achieved through a combination of building design, innovative energy saving techniques and renewable energy sources.

Norway

Schweigaardsgate 21–23, Skanska Norway
—The first building certified under the new BREEAM NOR scheme provided by the Norwegian Green Building Council under license from BRE Global. The building provides an energy performance that is 37 percent better than the local standard.

Finland

Finnoo Center, Espoo , Skanska Finland
—Skanska is co-developing a green center for the Finnoo area using BIM energy modeling to provide nearly Zero Energy Building (nZEB) that optimizes mass and orientation alongside energy efficiency and renewable energy technologies.

Global leadership

Skanska is a signatory of the World Business Council for Sustainable Development's Energy Efficiency in Buildings Manifesto, meaning it is committed to mapping and improving energy consumption in its own head offices and selected regional offices.

The goal of Skanska's Color Palette™ – net zero primary energy (for buildings) and net positive primary energy (for infrastructure) – will be achieved at different paces, depending upon market economies and geographic factors.

Green Building Information Modeling (BIM) has increasingly been used by Skanska as a means for moving towards Deep Green buildings. Using Green BIM to model a project's energy performance helps to identify choices that optimize the building's life cycle energy efficiency during the early design phase, when changes can be made without incurring high costs. By allowing for revisions to be made during the design phase, project teams can ensure that customers' green ambitions beyond compliance are realized while relevant building codes or baselines are adhered to in a technical and cost-effective way.

In some markets, energy performance guarantees (EPG) remain an important part of Skanska's approach, whereby Skanska commits to pay for any energy use in excess of the guaranteed level. EPG contracts typically include an improvement element, meaning that the building becomes increasingly efficient throughout its lifespan.

Skanska's patented Deep Green Cooling technology – utilizing ground storage to cool buildings – has been developed and is now used by Skanska Commercial Property Development Nordic, and in 2013 its use in other markets began. Work on Deep Green heating and power is ongoing.

Skanska's own offices represent some of the greenest buildings in each of the company's operating regions, as confirmed by independent green building ratings.

Nordic countries		
Finland	Skanska Talo, Helsinki	LEED CS Platinum
Denmark	Tower, Copenhagen	LEED CS Platinum[1]
Sweden	Entré Lindhagen, Stockholm	LEED (CS + CI) Platinum[1]
Sweden	Gårda, Gothenburg	LEED CS Platinum
Sweden	Väla Gård, Helsingborg	Skanska Deep Green and LEED NC Platinum
Sweden	Skanska, Uppsala	LEED CI Gold (tenant adaptation)
Sweden	Österport, Malmö	LEED EB:OM Platinum
Other European countries		
Czech Republic	City Green Court, Prague	LEED CS + CI Platinum
Czech Republic	Three concrete pre-fabrication plants and Skanska railway division	ISO 50 001
Hungary	Green House, Budapest	LEED CS + CI Platinum
Poland	Malta House, Poznań	LEED CS Platinum + CI Gold[1]
Poland	Green Horizon, Łódź	LEED CS Gold + CI Gold[1]
Poland	Deloitte House, Warsaw	LEED CI Silver
United Kingdom	Hollywood House, Woking	LEED CI Platinum

The Americas		
United States	Empire State Building, New York	LEED CI Platinum
United States	Atlanta, Georgia	LEED CI Gold
United States	Seattle, Washington	LEED CI Gold
United States	New Haven, Connecticut	LEED CI Silver
United States	Orlando, Florida	LEED CI Gold
United States	North East Civil - Queens, New York	LEED CI Gold
United States	Tampa, Florida	LEED CI Gold
United States	Rockville, Maryland	LEED CI Gold
United States	Arlington, Virginia	LEED CS + CI Platinum
United States	Parsippany, New Jersey	LEED CI Gold[1]
United States	Houston, Texas	LEED (CS + CI) Platinum[1]
United States	Carteret, New Jersey and Cortez, Colorado	Solar power generation system

1 designed to achieve

Carbon

Target – Near zero embodied carbon

The built environment is responsible for approximately 30 percent of greenhouse gas (GHG) emissions globally. Carbon reduction efforts have traditionally focused on energy efficiency and renewable technologies. However, as buildings become more energy efficient in use, the measurement and reduction of embodied carbon is attracting the attention of forward-thinking clients.

Activities within Carbon

Sweden
Sjisjka wind park, Skanska Infrastructure Development
—Various design measures were adopted to reduce the embodied carbon emissions, such as prefabricated concrete (which reduced the amount of concrete required and the project's carbon footprint by around 30 percent) and re-use of excavated material on site (which reduced carbon emissions from road surfacing by around 40 percent). All prefabricated components, aggregate, construction equipment and vehicles were brought to the site by rail.

United Kingdom
Olympic Park, Skanska UK
—The Olympic Park North Park Structures, Bridges and Highways (Lot 1) project was highly commended in the CEEQUAL 2013 Award for Energy and Carbon. Embodied carbon emissions were reduced by designing out carbon-intensive materials, such as concrete and steel, and by incorporating construction materials with recycled content. All vehicles were switched to run on a biodiesel blend that consisted of 50 percent waste rapeseed oil from the local catering industry.

Hungary
Green House, Skanska Commercial Property Development Europe
—The Green House project was designed to achieve LEED Core & Shell Platinum certification – the highest level possible – and was the first LEED Core & Shell Platinum pre-certification in Hungary. The project conducted an embodied carbon footprint which was the first of its kind in the country, and will be used as a benchmark to help realize carbon savings on future Skanska projects in this market.

Near zero carbon in construction is Skanska's ultimate goal. To capture and reduce the embodied carbon associated with projects, it has developed and implemented tools for project-level footprinting. Using these, Skanska can present alternative solutions leading to financial savings and embodied carbon reductions.

Skanska has developed its own GHG emissions reporting process, and continues to improve its accuracy and completeness. Skanska's Nordic Units externally verified their 2012 Scope 1, Scope 2 and Scope 3 business travel emissions for the first time in 2013, joining Skanska UK which already verifies its carbon emissions. Collectively, these represent about 50 percent of Skanska's business.

Skanska has participated in the Carbon Disclosure Project since 2008, and views it as an important means to communicate its commitment. In 2013, it became the highest scoring company in Sweden, remained the highest construction company in the Nordic region for the fourth consecutive year, and achieved a leading position in the Nordic 260 Climate Disclosure Leadership Index.

In 2013, Skanska's emissions were
Scope 1
397,586 metric tons
Scope 2
51,323 metric tons.

THE PRINCE OF WALES'S
EU CORPORATE LEADERS GROUP

Global leadership
Skanska AB is the only construction company and only Nordic company active in the EU Corporate Leaders Group on Climate Change (EU CLG). The mission of the EU CLG is to communicate the support of business for the European Union to move to a low carbon society and low climate risk economy, and to work in partnership with the institutions of the EU to make this a practical reality.

Norway
Veitvet School, Skanska Norway

One of 50 pilot projects in the FutureBuilt program that is helping develop carbon neutral urban areas and high-quality architecture in Norway. Green BIM modeling allowed the embodied carbon of various design options to be compared, helping to reduce carbon emissions from energy use, construction materials and operational transport by 42 percent compared to current standards.

Carbon footprinting is applied more widely than ever:
The number of Skanska Project Carbon Footprints 2008–2013

Skanska uses in-house and external tools to perform project carbon footprints for projects in all of our home markets. As a result we have developed substantial internal expertise and the number of project carbon footprints performed is constantly rising as we see how to extract economic and environmental value from them.

Materials

The construction sector is estimated to be responsible for more than a third of global resource consumption and to contribute 40 percent of the total volume of solid waste to landfill. Therefore, the built environment, and more specifically the design and construction of buildings and infrastructure, must be central to any attempt to use resources more efficiently.

Target –
Zero waste
Zero unsustainable materials
Zero hazardous materials

Activities within Materials

Czech Republic

Open Garden, Skanska Czech Republic
Many materials with low-environmental impact were incorporated in this NGO office building and environmental education facility, such as hemp straw insulation which is a fully renewable material that sequesters carbon and can be easily reused or composted at the end of the building's lifespan.

USA

Atlantic Yards, Skanska USA Building
Construction of Atlantic Yards, the first off-site modular high-rise building in Brooklyn and the tallest in the United States, is predicted to create 50 percent less waste than if built using traditional on-site methods.

United Kingdom

The Walbrook Triangle, Bloomberg UK, Skanska UK
A concrete solution involving technical and logistical innovations was developed to incorporate sustainable features in the design. The concrete used had 65 percent recycled content, the maximum level for that use, and steel reinforcing bars consisted of 100 percent recycled content.

Global leadership
For the fifth year in a row, Skanska is the only development and construction company to participate in the non-profit CDP Forests program, a global review of the impact of large companies on five forest products commodities including two widely used in Skanska – timber and biofuels.

Skanska's Deep Green approach to materials focuses on zero waste, zero unsustainable materials and zero hazardous materials. With over 10,000 different materials used in the construction, operation and maintenance of buildings, including some that are considered harmful to the environment and people, there is an increasing emphasis on selecting materials that are not only sustainably sourced but also minimize or eliminate harmful substances.

In 2013, research by Skanska and the Royal Institute of Technology (KTH) in Sweden resulted in a 3-step guide to defining sustainable materials. The guide has been tested in the procurement units in the Nordics and the UK. The guide defines sustainable materials as those that:

- are non-hazardous and contain renewable, recycled and/or reused resources to the maximum defined by product quality or durability
- have a declared product transparency, such a product declaration which recognizes product and material content, the chronological history of the entire supply chain, and the environmental impact of harvesting, extraction and manufacturing
- provide sustainable options at the end-of-use.

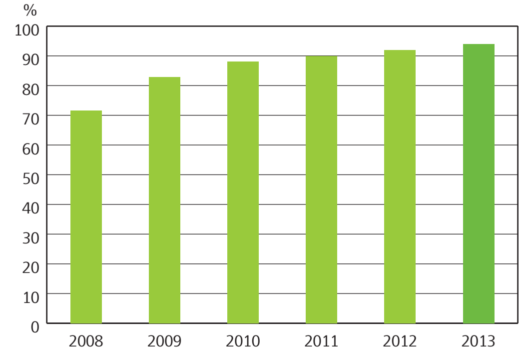
Skanska UK executed several projects in 2013 that placed BES 6001 Responsible Sourcing standard requirements on the materials used, including the Walbrook Building, Brent Civic Centre and the Crossrail contract, the largest civil project in Europe.

Sweden
New Karolinska Solna (NKS) University Hospital
Infrastructure Development

For NKS – a LEED Gold, ultramodern university hospital – materials are being evaluated on their sustainability and hazardous properties. Building Information Modeling (BIM) is used to track the final location of materials once built in to provide the client with a log book for future renovation, demolition and decontamination thereby making it easier to identify appropriate actions.

Total average amount of waste diverted from landfill 2008–2013

Percentage of waste diverted from landfill 2008–2013.
Target for 2013 was to reach 94%. The outcome in 2013 was 94%.



Water

The water challenge in the built environment is to use as little as possible of different water types in the most appropriate way.

Target –
Net zero water use
(for buildings)

Zero potable water for construction
(for civil/infrastructure)

In some Skanska markets water stress and scarcity is an existing and growing challenge. Changes in rainfall also increase the vulnerability of the built environment to, for example, flooding. As a developer and construction company, Skanska must be able to adapt its products and services while reducing its own direct impacts.

Skanska's vision is net zero water use for buildings and zero potable water use for construction for civil/infrastructure. This encourages a beyond compliance mindset which leads to solutions that are likely to be more resilient to climate change and future environmental regulations.

Our approach to water is threefold: first, to increase water efficiency in our construction processes and in operational phase of the structure; second, where applicable, to substitute potable water for alternative quality grades, and reuse and recycle water; third, to utilize our expertise and risk management to help our customers address changing rainfall patterns brought about by climate change.

Poland

Atrium 1, Skanska Commercial Property Development Europe

Skanska's Atrium 1 project in Warsaw is designed to be the greenest office building in Central and Eastern Europe. Using a range of green solutions, water consumption was cut by 70 percent compared to the reference building.

Local impact

When managed well, construction has the potential to have a significant positive impact on the local environment.

Target –
Zero environmental incidents

Local impacts can include dust, noise, additional traffic, light pollution, emissions and pollution caused by discharges to air, water bodies and soil. Some development can affect local biodiversity, but if managed correctly this impact can be positive.

The globally-recognized ISO14001 Environmental Management System (EMS) and Skanska's risk management system are the primary means of controlling local impacts. All Skanska's operations are certified to ISO14001 since 2000. Newly acquired or newly established businesses have to get certified within two years.

In Sweden, Skanska developed Green Workplace (Grön Arbetsplats), an internal environmental scheme aligned with ISO 14001 for construction sites, offices, permanent asphalt and concrete facilities. The criteria surpass Swedish building regulations in several important aspects. Each site is certified for three years after which it must be reassessed.

UK

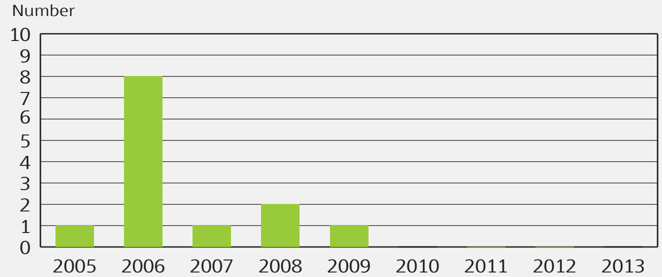
HMP Thameside, Skanska UK

This prison was built on brownfield government land and Skanska undertook substantial site remediation prior to construction. A biodiversity plan was developed to improve the quality of watercourses and create new riverbank, wetland, wet woodland and hedgerow habitats. In 2013, the kitchen and training workshops received the BREEAM Prisons eco-certification award.

BREEAM

ISO14001 Major Non-Conformances (MNCs) identified

The frequency of MNCs in 2005–2013.



Shared value

Large corporations have an important role in society. Skanska's successful business model creates significant direct and indirect job opportunities at the local level and also contributes to many forms of tax revenue.

Activities within the Economic Agenda

Romania

Green Court Bucharest, Skanska Commercial Property Development Europe
Skanska entered the Romanian market only when it was satisfied that it could work there in accordance with its Code of Conduct and satisfy growing demand for high performance green offices

USA

NW 14th & Everett, Skanska Building
The renovation of this historic Portland building into a LEED Platinum certified commercial building created an estimated USD 130 million in economic benefits for the city.

Chile

El Arrayan wind farm, Skanska Latin America
The project will create over 175 jobs during construction and up to 15 permanent positions once in use. Major green construction projects such as this help provide local jobs and stimulate economic development.

Czech Republic

The Open Garden, Skanska Czech Republic
All site workers were from the Czech Republic and over 50 percent of construction materials were produced in the country.

Global leadership
Skanska chairs the United Nations Environmental Program Sustainable Buildings and Climate Initiative (UNEP–SBCI) Task Force on Greening the Building Sector Supply Chain, aimed at achieving greater global resource efficiency.

Skanska's philosophy is to act correctly towards customers, employees, suppliers and other partners, local residents, government agencies and other key stakeholders, and thus create benefits for both shareholders and society in general.

Some specific examples of how Skanska's activities and projects contributed to the economic agenda in 2013 are provided on this page, but the economic aspects of Skanska's performance are covered elsewhere in the Annual Report.

In the UK, Skanska led the establishment of the Supply Chain Sustainability School, a virtual learning platform helping construction suppliers and subcontractors develop their sustainability knowledge and competence. In 2013, Skanska (on behalf of the Supply Chain Sustainability School) was the overall winner at the Chartered Institute of Purchasing and Supply (CIPS) Supply Chain Management Awards.

In 2013, Skanska led two large research projects working to maximize the value of Green BIM (Building Information Modelling) across the supply chain. In Finland, the BIMCON program is using Information and Communications Technology (ICT) to promote productivity and profitability in the construction industry supply chain. In Norway, the Sam-BIM project is researching how Integrated Project Delivery systems can be implemented in the context of the national building industry, and aims to establish Green BIM as a standard part of the design and construction process.

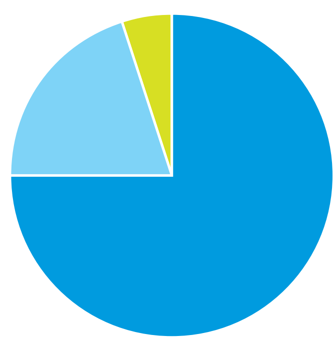
Sweden
Sundbypark, Skanska Commercial Property Development Nordic

Sundbypark in Sundbyberg was developed and built in 2002. Thanks to flexible solutions, the tenant adaptations will be both easier and less expensive for the current owner AMF Fastigheter.

"The building is still in good condition. The materials and surfaces are still fine today. We're not replacing any bathrooms or glazed sections. The building is easy to work with. Moving walls is made easier by the placement of cooling baffles, fittings and suspended ceilings," says **Per Helgesson**, Property Manager at AMF Fastigheter.

"The air and cooling systems are amply sufficient which means it's no problem for us to create new work stations."

Revenues shared by many



75% Suppliers
Most of Skanska's revenue goes to suppliers; many are local. This benefits wider society in the form of salaries, pensions, other compensation and taxes

20% Employees
20 percent of Skanska's earnings go to salaries and other remuneration for the Group's employees. Their taxes contribute to developments in the wider society

5% Other
Revenue remaining after suppliers and employees are compensated goes to fund corporate taxes, shareholder dividends and future investments

Business success is built by people

Skanska's future success is dependent on committed and high-performing employees who share the company's values. Employees have a central role to play in achieving the ambitious targets in the business plan for profitable growth in all business streams for the period 2011–2015.

As an employer Skanska works in a structured way to attract, develop and retain the best employees. This work is based on platforms that are linked to the company's strategy and that have been created and will continue to be developed for a number of years.

Skanska will need to employ a large number of new employees in the next few years. They will need to be introduced to the way Skanska works in line with the company's values and with a focus on contributing to the development and success of the clients and of society. One important aspect is to increase diversity, and to intensify efforts in this area a new diversity and inclusion vision has been developed. The aim is to be a leading company in this area in all home markets by 2020.

Global recruitment

Skanska is a global employer with global recruitment needs. To strengthen Skanska's brand as an employer, there is a constant emphasis on clearly defining what Skanska offers its employees. Since 2011, the Group's external website has featured Skanska Recruit, a shared global system to establish an external and internal labor market. In 2013 around 3,000 job vacancies were advertised for which candidates can apply externally or through Skanska's internal national or international labor markets. 15,000 new employees were recruited during the year.

Increased diversity

To be a leader Skanska needs employees who reflect the community and client base; in other words, a balanced gender base and people with various backgrounds, ages and experience. The top priorities are to increase the percentage of women and ethnic minorities at leadership levels and to create an inclusive working environment where everyone can contribute to the best of their ability. This process is now being intensified and Skanska is making systematic efforts to increase diversity and inclusion, set goals, and measure and follow up progress. The progress made in increasing diversity and inclusion followed up annually through employee surveys and through the Talent Review process to mention some. Managing and encouraging diversity is one of the core competencies in Skanska's Leadership Profile (SLP).

A company that offers excellent development opportunities for all is also more attractive to both current and potential new employees. The company's attraction is evident in the fact that Skanska continues to be considered the most desirable, attractive and reliable employer among engineers, specialists and leaders in Poland. In Sweden Skanska is ranked by graduate engineers as the strongest brand.

Female employees

%	2013	2012
Skilled workers	2	2
White collar employees	26	25
Senior executives	14	14
Skanska AB Board	13	13
Total	12	12

Internal development

Developing Skanska's own talent is another very important investment in the future; to secure replacements for people who change jobs and to pass on Skanska's method of working and its fundamental values to all employees. To get a clear view of management capacity and internal talent, the Group conducts a Talent Review every year aimed at ensuring the long-term supply of managers and specialists. This involves an extensive evaluation of all managers and a number of other key individuals in each business unit. The Talent Review identifies individual needs for professional development and includes planning to ensure there are strong successors available for critical positions. The results of the Talent Review provide the basis for further action based on individual strengths and development needs.

Evaluation of upper management

In 2013 a new model was created to evaluate the company's upper management, called Global Assessment Policy. The performance and potential of upper managers is assessed based on a number of parameters in a globally uniform way. The new evaluation process is linked to development activities within the business units and at the Group level.

To ensure access to future leaders, a succession planning process takes place within the business units at the Group level and in close cooperation with the company's Board of Directors. To equip the future leaders with tools to drive strategy, change, customer focus and cooperation as an aligned company – One Skanska – the company offers a multitude of development activities and programs.

Identifying and developing Skanska's existing talent is a top priority. SLP is aimed at all white-collar workers in all of the business units. SLP aims to develop and assess the leaders and thereby provide Skanska with the leadership required to achieve its goals.

Anna Linder – a team builder

Anna Linder, District Manager, Roads and Civil Skanska Sweden, Stockholm. Anna started at Skanska as a project engineer in 1999 and advanced to be Project Manager for land and foundation work from 2006 to 2013. This included working on the New Karolinska Solna university hospital and the Ingenting project, the Swedish National Police Board (RPS) in Solna and Järvastaden in Sundbyberg.

Education: MSc Engineering, Civil Engineering at the Royal Institute of Technology (KTH), Stockholm 1998, as well as numerous Skanska courses in everything from leadership and ethics to environment and explosives. Anna is also one of Skanska's 30 or so accredited CEEQUAL Assessors. CEEQUAL is the international system for environmental certification of roads and civil engineering projects.

Teamwork is what drives Anna and she has been awarded Skanska's internal global Golden Rock Award for Build Winning Teams. Anna is thorough in everything she does and in her CV she puts her philosophy into words.

> "That everyone involved in a project – clients, suppliers and employees – work together to achieve the goals set for safety, customer satisfaction, quality, timeliness, the environment and finances. As District Manager I'm responsible for ensuring that the project members have what they need to achieve these goals. I also believe that everyone should be happy, feel good and have fun at work.

What do you do to make your philosophy a reality?
"The most important thing is that everyone is involved from the beginning. Together we discuss different solutions, plan and set tough goals. Then we follow up on a regular basis and adjust the plan if necessary. By setting goals together, everyone is motivated and participating. I also try to give people challenges so they can grow in their roles."

In 2010, through Skanska Unlimited, you were in New York for the water project Cat/Del. What did you take away from it?
"It's a fantastic project and it was an exciting experience, but the best thing was seeing the great similarities in how we work, that we are One Skanska. Our Five Zero visions, including safety and ethics, are the same everywhere. That makes you proud and everyone I met was proud to be working for Skanska."

What is it like being a woman in a male dominant industry?
"Out at the production sites there are very few women. In my district at the moment there are 43 people and only two are women. And there aren't many female line managers either unfortunately. A change is on the way, but there is still a shortage of female role models to show what fun it is to work in the construction world. I hope I can inspire young women to come and work for us."

15,000

new employees were recruited during the year.

"It's been a very enriching experience for me; I've learned a lot more about Skanska and gained a big network. I've also had the opportunity to work in new areas; in new teams, languages and cultures.

Rafael Sampaio, Controlling Coordinator Skanska Latin America, who is on a Skanska Stretch exchange at Skanska Financial Services and Skanska Group staff unit Controlling, Stockholm, Sweden.

SLP is directly linked to the profitable growth strategy, as well as the focus areas and prioritized actions that are key in reaching the established targets.

The expectations for and requirements of the employees are clearly expressed. The ability of leaders to take responsibility for their own development and lead others in line with the company's values is as important as having the right skills in various specialist areas. Good leaders ensure both their own development and the development of the people they are leading.

SLP has been used since 2012 in annual evaluations and professional development planning for 24,000 employees. This makes it the most comprehensive Group-wide investment in management development in Skanska's history.

Mobility and exchanging experiences

The Leadership Profile permeates most of the work carried out at the Group staff unit Human Resources. An important aspect of the unit's work is to increase mobility and provide opportunities for people to exchange experiences with other employees in different business streams and units. It is crucial for Skanska to be able to utilize synergies between the various areas of operation and to capitalize on the Group's full potential. Stimulating mobility and experience exchange between different units is therefore essential in understanding how to work toward common goals and to understand the various units and markets. Several programs are used for this purpose globally and at the regional and local levels.

Greater affinity and dedication

One way of creating greater affinity and dedication to the company and of retaining employees is the three-year Skanska employee ownership program (Seop), which is open to all permanent employees. Participation in the program requires a personal investment, and the allotment of additional shares is tied to how well each unit meets its yearly targets. This provides each participant with the opportunity to receive a personal reward for the company's success and for their own efforts. In 2013 around 8,800 people took part in the program.

Global initiatives for our employees.

Skanska Unlimited

Skanska Unlimited – an exchange program through which 20–30 employees a year are given the experience of working in another part or the world for 3–6 months. Participants can expect to acquire new skills, discover new ways of working and build up a network within the Skanska Group.

Skanska Stretch – a development program involving leadership training and 6–12 months of work abroad for promising young employees who are in the early stages of their career.

The goal is to develop leaders who have a solid understanding of Skanska and of leadership in an international context. So far around 90 employees have had this opportunity since the program was launched two years ago.

Skanska STEP – Skanska Top Executive Program is tailored to Skanska's senior executives. The aim is to build up their knowledge and leadership skills, enabling them to make the greatest possible contribution to profitable growth and build networks for knowledge exchange and strategic work. The program was developed and is executed in cooperation with IMD in Switzerland, one of the world's leading management schools.

Seop – Skanska employee ownership program – offers all permanent Skanska employees the opportunity to purchase shares in the company within the framework of a stock purchase program.

In 2013 Skanska's Board of Directors decided to extend the Seop stock purchase program for a third round starting in January 2014. The employees participating in Seop now constitute the fourth largest shareholder in Skanska.

Skanska Recruit – the recruitment tool that facilitates the creation of an external and internal labor market. The tool enables employees to match their competence and their career aspirations with the opportunities that Skanska offers globally.

Skanska Talent – Skanska's global tool used to evaluate employees and to define personal targets and plans for development.

Global Assessment Policy – Skanska's model and process to evaluate the Company's upper management.

Skanska Leadership Profile – aims to develop and assess Skanska's leaders and thereby provide Skanska with the leadership required for achieving its goals.

"I want to discuss and challenge our decisions just like in the United States. Here in Poland I hope to gain a better picture of how Skanska's project development is affected by local markets and different cultures.

Carolyn Desmond Project Developer, Skanska Commercial Property Development USA on a Skanska Stretch exchange at Skanska Property Poland.

"Stretch has given me a global view of leadership. If you have common expectations and solutions, multicultural teams often make for a productive and innovative environment.

Anna Roos, Project Developer, Skanska Sweden, on a Skanska Stretch exchange at Skanska Commercial Property Development USA in Houston.

An investment in personal and professional development

Adam McDonald, Commercial Manager Skanska UK, who is on a Skanska Stretch exchange at Skanska USA Building in New York.

Started at Skanska in 2003.

Education: Degree in construction engineering from Loughborough University, UK, 2003. During my vacations I worked at Skanska because I wanted to learn more about the business.

Member of the Royal Institute of Chartered Surveyors (RICS).

What aspects of your professional role would you like to develop further?

"I want to continue to develop in all areas; I really believe you never stop learning. One area where I'd like to develop in particular is being a better listener. If we aren't able to stop and listen to what clients, colleagues and the people in our industry have to say, we can't take proper advantage of the business opportunities. Once we understand what the needs are, we can focus on making our clients more successful – an important priority in our business."

What is the most rewarding aspect of the Stretch program?

"Working overseas and leadership training are both incredibly rewarding and they complement each other to provide you with a holistic perspective. Stretch is a life experience that has helped me grow as a person.

I feel lucky to have had the opportunity to experience so many different cultures within Skanska. I've met people from every business unit in the leadership training and gained more in-depth knowledge about Skanska USA Building. The experience has given me a solid understanding of the global Skanska."

What do you think this will mean for your personal development and for your career?

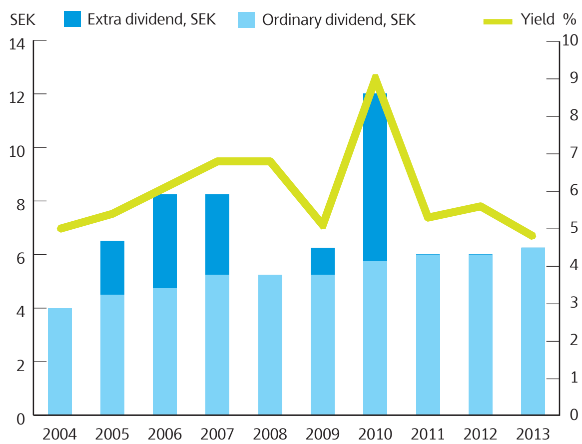
"Skanska has given me many opportunities to develop and grow in my role as a business manager as well as on a personal level. I am motivated by the fact that Skanska has invested in my career and personal development, and I'm going to channel that into taking a leading role in one of the areas of operation and deliver great results."

Share data

For more than ten years, Skanska has provided its shareholders with an increased or unchanged ordinary dividend. One reason for this is the Group's stable base of earnings, reflecting its risk diversification across four business streams with operations in various geographical markets and segments.

- **Skanska's Series B shares (SKA B) are listed on NASDAQ OMX Stockholm.**
  Bloomberg ticker SKAB:SS
  Reuters quote SKAb.ST
- **Skanska's new American Depositary Receipt in the U.S. is traded under the symbol SKBSY.**
- **83,395 shareholders, the largest of which is Industrivärden.**
- **Market capitalization of EUR 6.1 billion.**
- **For more than ten years, Skanska has delivered an increased or unchanged ordinary dividend to its shareholders.**
- **The Board of Directors proposes a dividend of SEK 6.25 (corresponding to EUR 0.70), an increase of SEK 0.25 (corresponding to EUR 0.03).**

Dividend / Yield



NASDAQ OMX Stockholm 2013

The NASDAQ OMX Stockholm exchange started the year with rising prices, followed by a second quarter in which prices fell back to the initial levels in 2013. In the third and fourth quarters the exchange rose again and ended the year strong. The total increase in 2013 was just over 20 percent.

American Depositary Receipt program

In 2013 Skanska launched a sponsored American Depositary Receipt (ADR) program (Level I) in the U.S. for the purpose of making the share more readily available to U.S. investors. Skanska's ADRs are traded on the OTC market in the U.S. under the symbol SKBSY and holdings have identical rights to holdings of Skanska Series B shares. One ADR corresponds to one Skanska Series B share. The depository bank is J.P. Morgan.

Total return

The total return on a share is calculated as the change in the share price combined with the value of re-invested dividends. In 2013, the total return on the Skanska share amounted to 30.5 percent, compared with 28.0 percent for the SIX Return Index. During the five-year period from January 1, 2009 to December 31, 2013, the total annual return on the Skanska share amounted to 18.5 percent, compared with 20.2 percent for the SIX Return Index for the same period.

Dividend policy

The Board's assessment is that Skanska AB has the capacity to pay out 40–70 percent of net profit for the year as dividends to the shareholders, provided that the Company's overall financial situation is stable and satisfactory.

Dividend

For more than ten years, Skanska has delivered an increased or unchanged ordinary dividend to its shareholders.

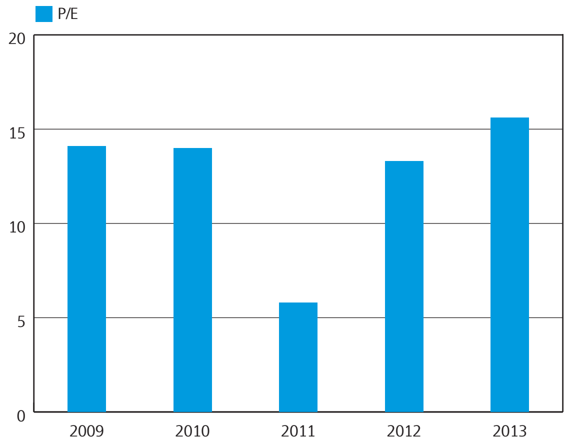
For the 2013 financial year, the Board's assessment is that the Group's financial position and the circumstances in general warrant an increase in the dividend by SEK 0.25 per share and proposes an ordinary dividend of SEK 6.25 (6.00) (corresponding to EUR 0.70 [0.69]) per share. The proposal is equivalent to a regular dividend totaling EUR 289 M (286). No dividend is paid for the Parent Company's holding of Series B treasury shares. The total dividend amount may change by the record date depending on repurchases of shares and the transfer of shares to participants in Skanska's long-term employee ownership programs.

Share ownership program

Skanska's employee ownership program (Seop), intended for all permanent employees, was introduced in 2008. The first two programs ran from 2008 to 2013. At the Annual Shareholders' Meeting in April, a third program, Seop 3, was approved and it was launched in January 2014. The programs provide employees with the opportunity to invest in Skanska shares while receiving incentives in the form of possible allocation of additional share awards. This allocation is predominantly performance-based.

Market capitalization is EUR **6.1** billion.

Price per share / Earnings per share (P/E)

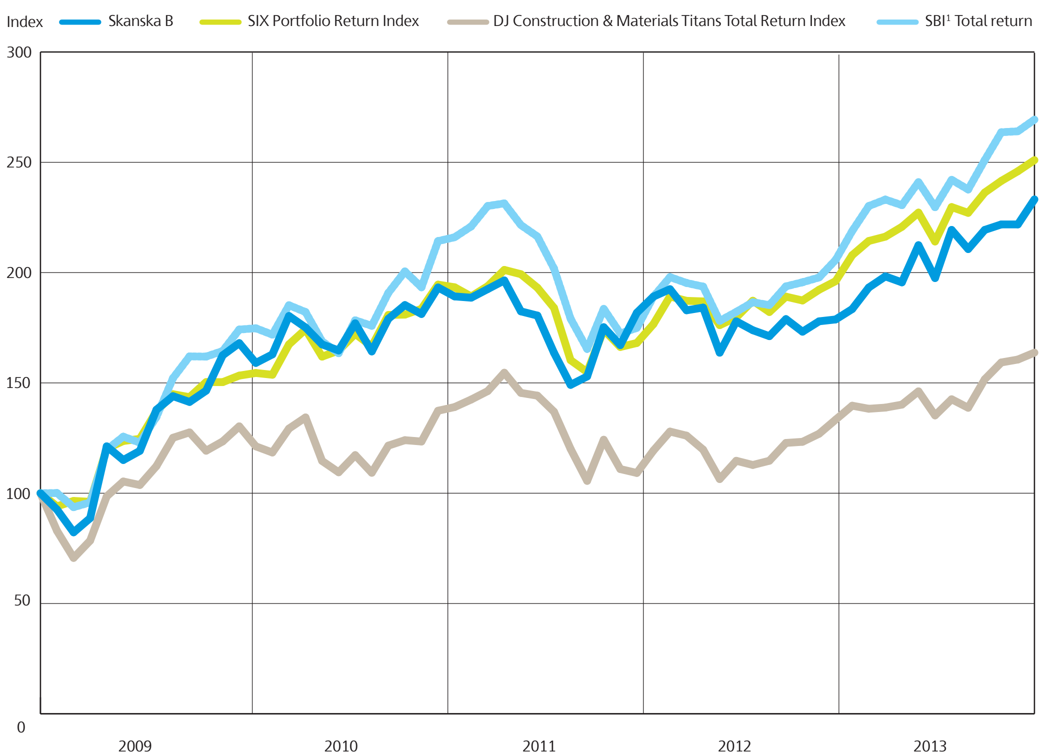


Skanska share history

	2013	2012	2011	2010	2009
Year-end market price, SEK	131.40	106.20	114.00	133.30	121.60
Corresponding to year-end market price, EUR	14.77	12.37	12.78	14.79	11.81
Market capitalization, SEK bn	54.0	43.7	46.9	54.8	50.2
Corresponding to market capitalization, EUR bn	6.1	5.1	5.3	6.1	4.9
Number of shares outstanding, million[1]	411.3	411.8	411.6	411.2	412.8
Highest share price during the year, SEK	131.60	125.20	137.3	136.00	123.20
Corresponding to highest share price during the year, EUR	14.79	14.58	15.40	15.09	11.96
Lowest share price during the year, SEK	104.60	94.40	86.90	109.70	62.00
Corresponding to lowest share price during the year, EUR	11.76	10.99	9.75	12.17	6.02
Yield, %[2]	4.8	5.6	5.3	9.0	5.1
Earnings per share[3], SEK	8.43	8.00	19.72	9.54	8.65
Regular dividend per share, SEK	6.25[4]	6.00	6.00	5.75	5.25
Extra dividend per share, SEK	–	–	–	6.25	1,00
Dividend ratio[5], %	74	75	30	126	72

1 Number of shares outstanding after repurchases.
2 Dividend as a percentage of respective year-end share price.
3 Earnings per share according to segment reporting divided by the average number of shares outstanding.
4 Based on the dividend proposed by the Board of Directors.
5 Dividend as a percentage of earnings per share.

Total return of the Skanska share compared to indices January 1, 2009–December 31, 2013

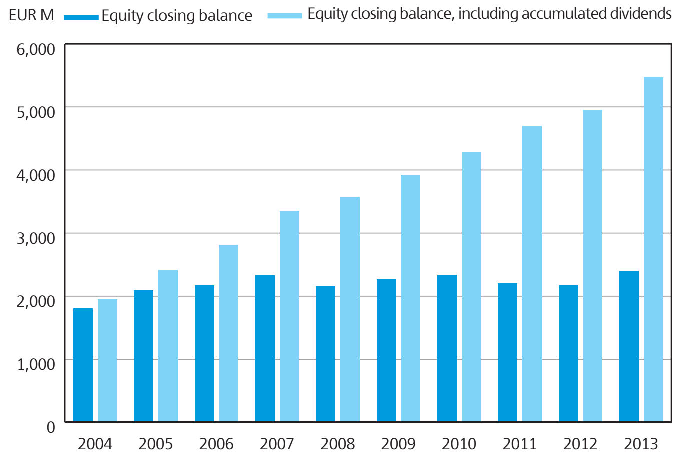


1 Strategic Benchmark Index consist of companies that, taken together, reflects Skanska´s operations.

"Skanska's Board is proposing an ordinary dividend of SEK 6.25 (corresponding to EUR 0.70 per share), an increase of SEK 0.25.

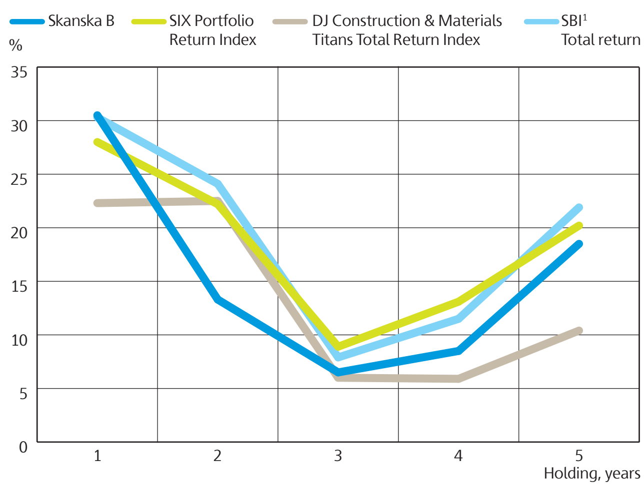
Growth in Equity since 2004

Accumulated dividends



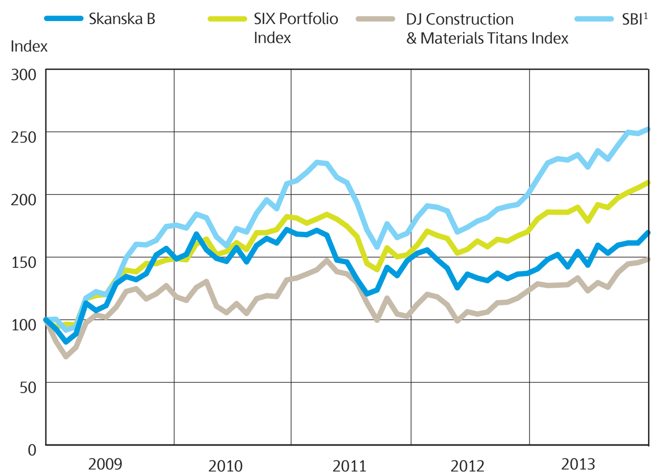
Over the past year the total return on Skanska Series B shares was higher than the SIX Return Index.

Annual total return at different holding periods



1 Strategic Benchmark Index consist of companies that, taken together, reflects Skanska´s operations.

Skanska's share price development compared to indices



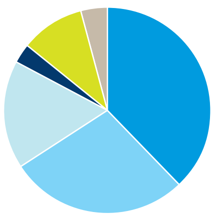
1 Strategic Benchmark Index consist of companies that, taken together, reflects Skanska´s operations.

Major listed construction companies

	Absolute return 2013, %	Total return 2013, %	Total return 2009–2013 %	Market capitalization, EUR bn[1]	Net revenue, EUR bn[2]	Income after financial items, EUR M[2]	Return on equity, %[3]	Return on capital employed, %[3]
ACS (Spain)	38	38	4	7.8	38.0	271	–72.5	9.0
Balfour Beatty Plc. (UK)[4]	6	12	28	2.4	10.9	-29	3.4	5.3
FCC (Spain)	73	73	–11	1.9	7.9	–1,100	–81.6	–0.5
Ferrovial (Spain)	43	31	288	10.3	8.0	753	12.6	4.9
Fluor Corp. (U.S.)	36	37	91	9.5	21.4	648	13.7	18.5
Hochtief (Germany)	43	45	95	4.4	25.4	897	6.0	6.1
NCC (Sweden)	54	64	474	2.5	6.5	254	21.1	13.9
Skanska (Sweden)	24	30	133	6.1	15.6	562	15.2	13.0
Strabag (Austria)	13	13	36	2.2	12.6	221	2.1	5.2
VINCI (France)[4]	33	39	101	26.6	39.4	3,811	14.4	10.4

1 Market capitalization on December 31, 2013
2 Rolling 12 months, third quarter 2013.
3 Figures from 2012.
4 Rolling 12 months, second quarter 2013
Sources: According to annual and interim reports for each company, Thomson Reuters and Bloomberg.

Share capital by shareholder category



- Swedish financial and institutional companies, **38%**
- Shareholders abroad, **28%**
- Private individuals in Sweden, **17%**
- Public sector, **3%**
- Other shareholders in Sweden, **10%**
- Relief and interest organizations, **4%**

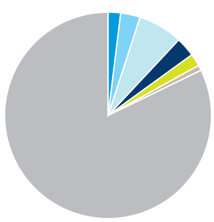
Source: Euroclear

The largest shareholders in Skanska AB, ranked by voting power, December 31, 2013

Shareholders, excluding Skanska's own holdings	Series A shares	Series B shares	% of votes	% of capital
Industrivärden AB	12,667,500	20,435,995	24.6	7.9
Lundbergs	6,037,376	10,050,000	11.8	3.8
Alecta	0	32,960,000	5.5	7.8
Swedbank Robur Funds	0	13,174,169	2.2	3.1
SEB Funds & Trygg Life Insurance	0	8,511,106	1.4	2.0
Nordea Funds	0	8,300,688	1.4	2.0
SHB Funds & Life Insurance	0	8,252,825	1.4	2.0
Didner & Gerge Funds	0	7,600,000	1.3	1.8
Carnegie Funds	0	7,250,000	1.2	1.7
Norges Bank Investment Management	0	6,550,098	1.1	1.6
10 largest shareholders in Skanska	**18,704,876**	**123,084,881**	**51.8**	**33.8**
Other shareholders in Skanska	1,218,721	276,894,594	48.2	66.2
Total	**19,923,597**	**399,979,475**	**100.0**	**100.0**
of which shareholders in Sweden	19,901,049	283,820,845	80.6	72.3
of which shareholders abroad	22,548	116,158,630	19.4	27.7

Sources: SIS Ägarservice.

Share capital by size of holdings



- 1–500, **2%**
- 501–1,000, **3%**
- 1,001–5,000, **7%**
- 5,001–10,000, **3%**
- 10,001–15,000, **2%**
- 15,001–20,000, **1%**
- 20,001–, **82%**

Source: Euroclear

> The Skanska employee ownership program has 8,800 participating employees worldwide.

Equity and adjusted equity

EUR bn	Dec 31 2013	Dec 31 2012	Dec 31 2011
Equity attributable to equity holders	2.4	2.2	2.2
Unrealized surplus land value, Residential Development	0.1	0.1	0.1
Unrealized Commercial Property Development gains[1]	0.5	0.5	0.5
Unrealized Infrastructure Development gains	0.3	0.4	0.3
Less standard corporate tax on surplus values[2]	–0.1	–0.1	–0.1
Adjusted equity	**3.2**	**3.1**	**3.0**
Equity per share, EUR[3]	5.8	5.4	5.3
Adjusted equity per share, EUR[4]	7.8	7.6	7.3

1 Based on market value upon completion.
2 Standard tax on surplus values was 10 percent.
3 Equity attributable to equity holders divided by the number of shares outstanding at year-end.
4 Adjusted equity divided by the number of shares outstanding at year-end.

Shares by category at December 31, 2013

Share type	Number of shares	% of capital	% of votes
Series A	19,923,597	4.7	33.2
Series B	399,979,475	95.3	66.8
Total	**419,903,072**	**100.0**	**100.0**

Changes in number of shares (millions) and share capital

Year and event	Reduction	Bonus Issue	New share issue	Number of shares	Share capital, EUR M
2001 cancellation of repurchased shares	–9.2	–	–	104.7	138.5
2001 split 4:1	–	314.0	–	418.6	138.5
2006 new share issue, Series D shares	–	–	4.5	423.1	139.9
2011 redemption of series D shares	–3.2	–	–	419.9	138.9

Business streams 2013

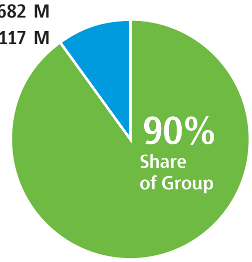
Business streams | **Revenue per year (5-year average)** | **Operating income per year (5-year average)**

Construction

Construction is Skanska's largest business stream in terms of revenue and number of employees. Collaboration with the Group's other business streams and the Company's collective financial resources enable Skanska to take on large, complicated projects where few competitors can match its expertise and strength.

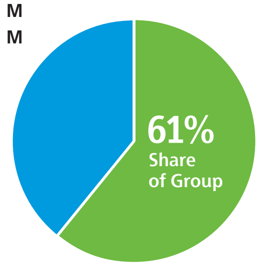
Revenue per year (5-year average)

EUR 13,180 M
USD 17,682 M
SEK 122,117 M



Operating income per year (5-year average)

EUR 429 M
USD 576 M
SEK 4,006 M

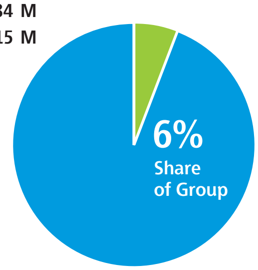


Residential Development

Knowledge, innovative solutions and extensive experience have helped make Skanska a leading residential developer in its markets. In each project, we build homes for sale to selected target groups.

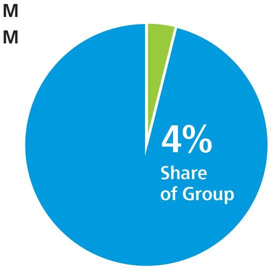
Revenue per year (5-year average)

EUR 884 M
USD 1,184 M
SEK 8,115 M



Operating income per year (5-year average)

EUR 30 M
USD 40 M
SEK 268 M

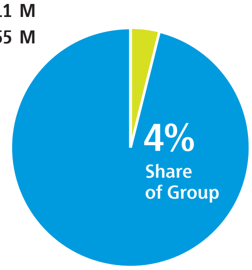


Commercial Property Development

Skanska initiates, develops, leases and divests commercial property projects. Focus is on office buildings, shopping malls and logistics properties with a green profile.

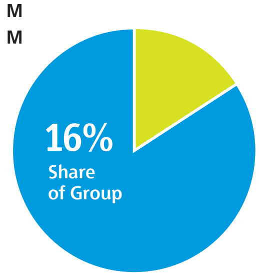
Revenue per year (5-year average)

EUR 606 M
USD 811 M
SEK 5,555 M



Operating income per year (5-year average)

SEK 1,082 M
USD 158 M
EUR 118 M

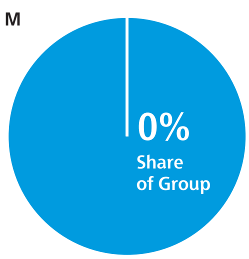


Infrastructure Development

Skanska Infrastructure Development has the proficiency and innovative ability required to create efficient infrastructure solutions, such as highways, hospitals, schools and power generation stations, which can be divested after completion to long-term investors.

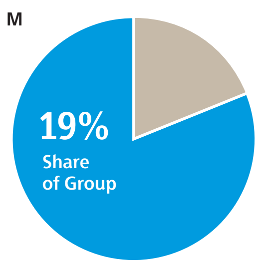
Revenue per year (5-year average)

EUR 23 M
USD 31 M
SEK 217 M



Operating income per year (5-year average)

EUR 137 M
USD 188 M
SEK 1,240 M



Key ratios 2013	Countries	Pages

EUR M	2013	2012
Revenue	**14,737**	14,303
Operating income	**443**	399
Operating margin, %	**3.0**	2.8
Free working capital, EUR bn	**2.1**	2.2
Operating cash flow	**412**	283
Order bookings, EUR bn	**13.9**	13.8
Order backlog, EUR bn	**15.7**	17.1
Number of employees	**55,611**	55,132

Sweden
Norway
Finland
Poland
Czech Republic and Slovakia
United Kingdom
USA
Latin America

42–57

EUR M	2013	2012
Revenue	**1,065**	997
Operating income	**66**	–13
Operating margin, %	**6.2**	neg
Investments	**–802**	–895
Divestments	**922**	925
Operating cash flow from business operations [1]	**51**	–69
Capital employed, EUR bn	**1.2**	1.3
Return on capital employed, % [2]	**6.8**	0.2
Number of employees	**419**	528

1 Before taxes, financing operations and dividends.
2 Calculated in accordance with the definition on page 62.

Sweden
Norway
Finland
Poland
Czech Republic

58–65

EUR M	2013	2012
Revenue	**717**	775
Operating income	**123**	166
of which gain from divestments of properties [1]	**164**	194
Investment obligations, projects started during the year	**520**	389
Investments	**–522**	–739
Divestments	**804**	474
Operating cash flow from business operations [2]	**199**	–267
Capital employed, EUR bn	**1.5**	1.6
Return on capital employed, % [3]	**10.6**	9.8
Number of employees	**279**	273
1 Additional gain included in eliminations was.	13	12

2 Before taxes, financial activities and dividends.
3 Calculated in accordance with the definition on page 69.

Sweden
Norway
Finland
Denmark
Poland
Czech Republic
Hungary
Romania
USA

66–77

EUR M	2013	2012
Revenue	**10**	28
Operating income	**46**	68
Investments	**–9**	–44
Divestments	**28**	125
Operating cash flow from business operations [1]	**12**	84
Capital employed, EUR bn	**0.2**	0.1
Gross present value of project portfolio	**639**	632
Number of employees	**130**	141

1 Before taxes, financing operations and dividends.

Sweden
Norway
Finland
Poland
Czech Republic and Slovakia
United Kingdom
USA

78–84

A new city district is now emerging in the heart of Malmö between Västra Hamnen and Gamla Väster. Malmö Live occupies a total of 56,000 sq m.

“Malmö Live will be a cultural center and a hub for concerts and performances. It will reflect the demand and dynamics of our city and surrounding area. Reflecting the physical design, the content will also be characterized by both height and breadth,” says **Jan-Inge Ahlfridh,** Mayor, City of Malmö.

New city district in Malmö
Malmö Live will be a meetingplace for music lovers, hotel guests, and conference and congress participants. Malmö Symphony Orchestra’s new home and concert hall will hold an audience of 1,600, the congress hall will hold 1,500 guests and the conference section up to 700. Skanska is developing, building and investing EUR 231 M in the hotel/congress hall, offices and homes.

Construction

Guided by the principles of sustainability, high ethical standards and good occupational health and safety, Skanska aims to be the leading construction company in its home markets, both in size and profitability.

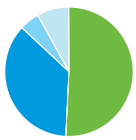
The order backlog for Construction at the end of the year amounted to EUR 15.7 billion across thousands of projects.

Good earnings in the large geographical markets

Revenues increased by six percent in local currencies and earnings in Skanska's largest geographical markets were stable. Order bookings were good, primarily in Sweden, Norway and Poland. In the U.S. construction operations, the duration of the order backlog is very long. The restructuring process in the Finnish and Norwegian operations resulted in increased profitability during the year.

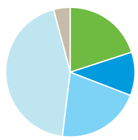
Breakdown of order backlog, total EUR 15.7 bn

Operations



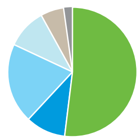
- Building construction, **51%**
- Civil construction, **36%**
- Residential, **5%**
- Service[2], **8%**

Geographic area



- Sweden, **20%**
- Other Nordic countries, **11%**
- Other European countries, **21%**
- USA, **44%**
- Latin America, **4%**

Customer structure



- Government, **52%**
- Institutional[1], **10%**
- Corp. Industrial, **20%**
- Commercial Development, **10%**
- Residential Development, **6%**
- Other, **2%**

1 Mainly private healthcare and educational institutions.
2 Facilities management or maintenance contract.

Major global contractors[1], revenue, September 30, 2013[2, 3]

Company	Country	EUR bn	SEK bn
VINCI[4]	France	39.4	336.1
ACS[5]	Spain	38.0	326.3
Fluor Corporation	USA	21.4	183.9
Skanska AB	Sweden	15.6	134.0
Strabag	Austria	12.6	108.1

1 Excluding Asian construction companies.
2 Rolling 12 months.
3 Including non-construction-related operations.
4 Rolling 12 months as per second quarter 2013.
5 Including EUR 25.4 billion from Hochtief AG (Germany).
Sources: Bloomberg.

Major events

Development in 2013 varied across Skanska's markets and segments:

- Strong revenue and operating income increase in Sweden and the U.S.
- Stable earnings in the Polish and UK operations.
- Sharp decrease in business volume in the Czech Republic and Slovakia, resulting in impairment losses.
- Increased profitability in the Norwegian and Finnish operations following restructuring.
- Challenging market in Latin America where a restructuring process is ongoing.
- Order bookings: EUR 13.9 billion (13.8).
- Order backlog at year end: EUR 15.7 billion (17.1).

Revenue

- EUR 14.7 billion (14.3).
- +3 percent

Earnings

- **Operating income:** EUR 443 M (399).
- **Operating margin:** 3.0 percent (2.8).

Outlook 2014

- The market for Construction is stable overall. However, considerable variations remain between Skanska's geographical markets and segments, and the competition is intense.

Generating value

Skanska's construction business units are involved in the construction and renovation of buildings, infrastructure and residences. It also executes service-related assignments in areas such as construction services and facility operation and maintenance.

In keeping with Skanska's business model, construction work is also carried out for Skanska's other business units in the development of commercial and residential properties, as well as infrastructure. This collaboration generates large construction assignments as well as synergies for the Group.

Project and synergy opportunities are also generated thanks to the financial expertise within the Group. The Skanska Financial Services unit is often involved in arranging financing solutions.

A combination of financial strength and global expertise in project development and construction enables Skanska to take on large, complex projects for international clients who have high standards for quality and execution. In the very largest projects which require high-level performance guarantees, few competitors can measure up to Skanska in terms of skills and strength.

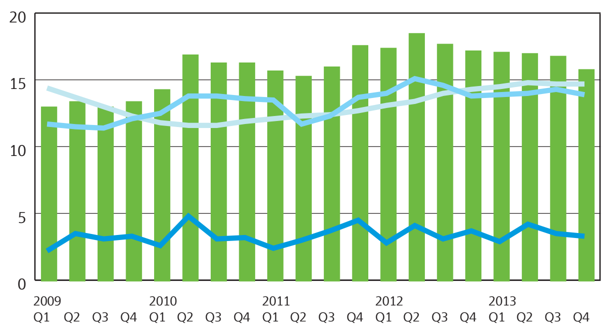
With a strong risk-assessment focus during the tender stage, Skanska has been able to concentrate on winning the right projects in which there is balance between risk levels and expected margins. Skanska's ambition is to increase its share of negotiated contracts, where customers value service level, quality and reliability in addition to price in their tender evaluation. Skanska's clear focus on sustainable development – including workplace health and safety, ethics and the environment – is also a factor that strengthens the customer offering.

Substantial growth Growth Stable Decline Significant decline

EUR **15.7** bn

Order backlog

Order backlog, revenue and order bookings



Breakdown of order backlog, total of EUR 15.7 bn

	Services, %			
Business unit	Civil construction	Building construction	Residential construction	Services
Sweden	27	59	14	0
Norway	43	46	11	0
Finland	22	58	19	1
Poland	46	53	1	0
Czech Republic	50	41	9	0
United Kingdom	24	34	1	41
USA Building	0	97	3	0
USA Civil	100	0	0	0
Latin America	48	0	0	52

Award-winning bridges in Washington D.C.

The new bridges over the Anacostia River in Washington D.C. are welcomed by both auto commuters and residents in the Anacostia neighborhood; drivers have a shorter commute to and from Washington D.C., while Anacostia residents get some relief from traffic and exhaust fumes on their streets and are brought closer to the capital thanks to better communications.

The project involved the construction of bridges with onramps for both the Southeast–Southwest freeways and Interstate 295/Anacostia freeway. It is the biggest project ever commissioned by the client, the District Department of Transportation.

The three bridges over the river are 300 meters long and were built on 63 pillars plunged down into the river. This solution enabled the old bridges to be kept open for traffic throughout the construction period. This was one of 30 or so innovative solutions that were strong reasons behind Skanska's success in winning the general contract for design and construction.

The environmental aspects were also important; for example, 35,000 metric tons of concrete and asphalt as well as 5,400 metric tons of steel were recycled.

The project ran from 2009 to 2013 and the results were excellent. That Skanska delivered a superb job is confirmed by, among other things, the project topping Roads & Bridges magazine's list of the top new bridges. It also won Skanska's internal Project of the Year award.

The client was satisfied with the result as well, and with the collaborative process with Skanska; so satisfied in fact that Skanska received an add-on contract for completion in 2015.

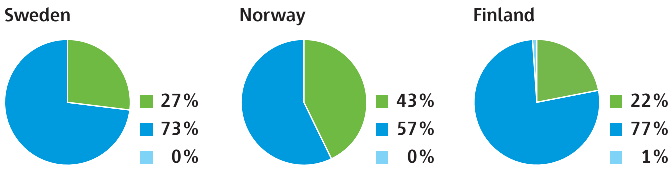
"Success is all about teamwork. With Skanska and J.K. 'Brook' Brookshire, Vice President of Skanska USA Civil, it feels like we are one team with one goal. When you join forces you can generate value for the clients and travelers alike; in this case for at least 300,000 people who can spend more time with their families thanks to shorter commutes," says **Ravindra Ganvir**, acting chief engineer at the District Department of Transportation.

Nordic countries

- Sweden
- Norway
- Finland

The ongoing restructuring processes in the Norwegian and Finnish operations resulted in increased profitability during the year. There was good development in the Swedish operations with an increase in operating income, strong order bookings and increased earnings.

Breakdown of order backlog, total EUR 4.8 bn



- Civil construction
- Building construction
- Service[1]

1 Facilities management or maintenance contract.

Skanska's home markets

USD	GDP/ Capita	Construction/ Capita	Construction as % of GDP
Sweden	55,041	4,207	7.6
Norway	99,558	12,153	12.2
Finland	45,721	6,855	15.0

Sources: Euroconstruct, The World Bank, National Statistical Agencies.

Competitors

NCC
PEAB
YIT
Veidekke
Lemminkäinen
AF Gruppen

Major events

Order bookings in Sweden and Norway increased compared to the previous year, while the order bookings in Finland remained largely the same. Operating income and revenue in the Swedish operations increased during the year, while the operating margin was on a par with the previous year. The effect of the ongoing restructuring processes in the Norwegian and Finnish operations is evident in the increased profitability in 2013.

In Sweden Skanska secured an assignment to construct a significant portion of the new research lab at the Karolinska Institutet campus in Solna. The contract is worth EUR 139 M. In Sweden Skanska also signed a contract for a value of EUR 92 M to renovate and modernize the Klara C building, located by Stockholm's Central Station.

In Norway Skanska signed a contract to construct a nine kilometer railway line between Farriseidet, Larvik, and the border of the Telemark municipality. The contract is worth EUR 173 M and will be implemented in an internal collaboration between Skanska Norway and Skanska Sweden. In various parts of Finland the contracts won by Skanska include the construction of a shopping center, a bypass, a subway station and a logistics center. The total contract amount for these projects is around EUR 231 M.

Market

The Nordic building construction markets remained stable overall in 2013. While there was some slowing in Norway, there was improvement in Sweden.

The civil construction market was stable despite considerable international competition. In Norway the civil construction market was stronger than in both Sweden and Finland, and the market in Sweden was better than in Finland.

Earnings

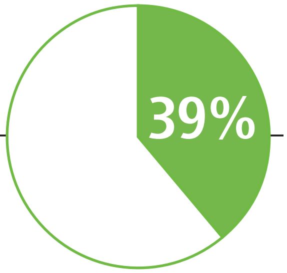
The ongoing restructuring processes in the Finnish and Norwegian operations resulted in increased operating margins and increased operating income. In Sweden revenue increased and operating margins remained strong in Construction.

Outlook 2014 →

	Building construction	Residential	Civil construction
Sweden	→	→	→
Norway	→	→	↑
Finland	↘	↘	→

The residential construction and commercial building construction markets are stable in Sweden but have slowed somewhat in Norway. The Finnish market is weaker. The market for large civil construction projects in the Nordic Region is relatively stable, albeit with substantial international competition.

↑ Substantial growth ↗ Growth → Stable ↘ Decline ↓ Significant decline



Nordic countries accounted for 39 percent of Construction revenue.

Construction operations in the Nordic countries had an operating margin of 3.5 percent.

Construction, Nordic countries

	Revenue		Operating income		Operating margin, %		Order bookings		Book-to build, %		Order backlog	
EUR M	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
Sweden	**3,425**	3,244	**135.7**	132.7	**4.0**	4.1	**3,447**	2,948	**101**	91	**3,086**	3,143
Norway	**1,651**	1,628	**45.1**	18.5	**2.7**	1.1	**1,514**	1,177	**92**	72	**1,063**	1,358
Finland[1]	**695**	893	**20.7**	15.0	**3.0**	1.7	**784**	754	**113**	84	**668**	605
Total	**5,772**	5,764	**201.5**	166.2	**3.5**	2.9	**5,744**	4,880	**100**	85	**4,817**	5,106

1 Including Estonia.

Largest construction companies in the Nordic countries, total revenue as of September 30, 2013[1]

Company	Country	EUR bn	SEK bn
Skanska	Sweden	15.6	134.0
NCC	Sweden	6.5	55.8
PEAB	Sweden	5.1	44.1
YIT	Finland	3.1	26.8
Veidekke	Norway	2.7	23.5
Lemminkäinen	Finland	2.2	19.3

1 Rolling 12 months.
Source: Bloomberg.

Number 1 in the Nordic countries.

More shopping in Finland

One of Finland's biggest shopping malls is currently being expanded in Björneborg. Puuvilla Shopping Center will be finished just in time for Christmas shopping in 2014.

The shopping mall occupies 43,000 sq m for commercial enterprises and offices and is expected to create 700–800 new jobs in Björneborg.

One starting point for the construction project is low-emission energy solutions and it is aiming for LEED certification at the Gold level at least.

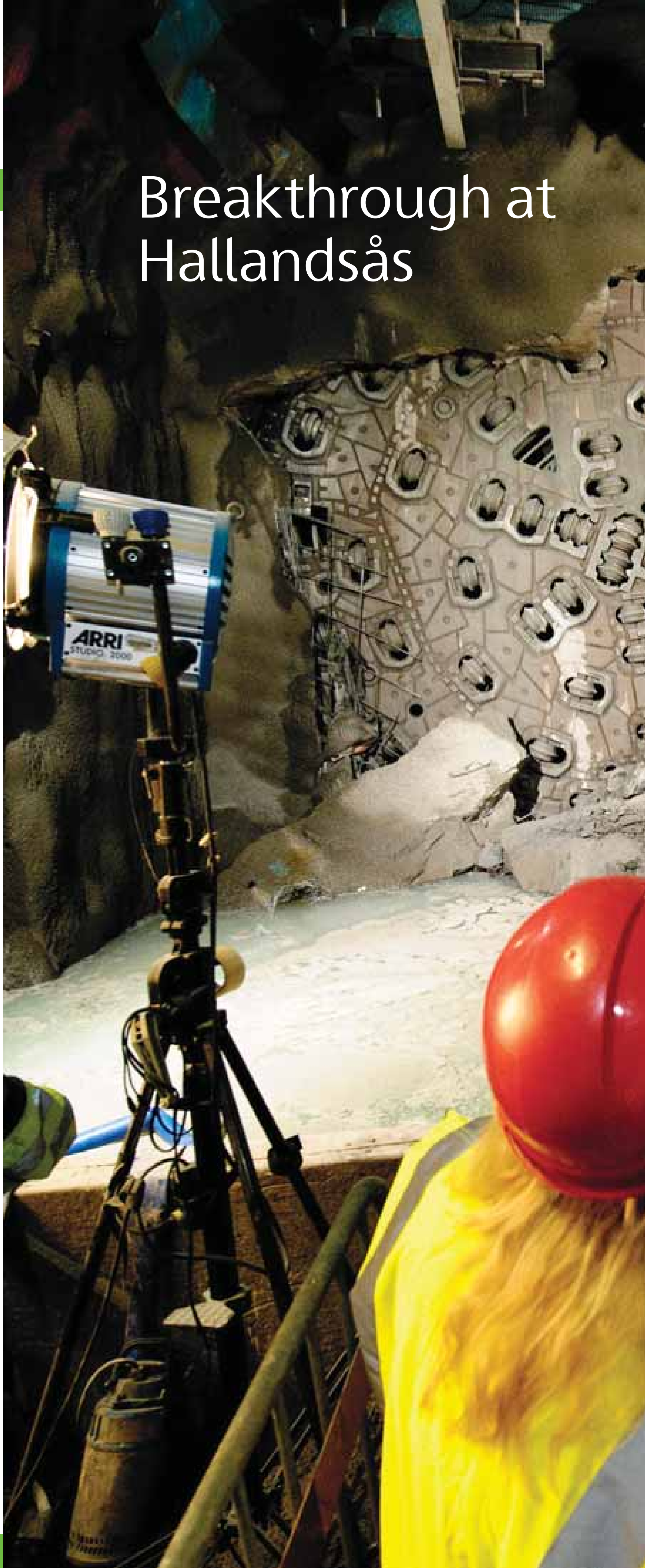
The contract is worth EUR 110 M. The clients are real estate company Renor Oy and pension insurance company Ilmarinen.

"Puuvilla will be the business and service center of the future in central Björneborg, adding to the existing city structure," says Renor's CEO **Timo Valtonen**.

The project has received software company Teklas' award as Finland's best construction site to use BIM (building information modeling software).

In recent years Skanska has also built shopping malls in Muurame (photo on the right) in central Finland and Gamlas in Helsinki, as well as one of the biggest shopping malls in eastern Finland, IsoKristiina in Villmanstrand.

Breakthrough at Hallandsås



Hallandsås

Railway tunnels in Hallandsås: On the West Coast Line between Båstad and Förslöv

Length: 2 x 8.7 km (existing tracks over the ridge around 13 km)

Tunnel diameter: Around 9 meters

Max. train length and weight in the future tunnel: 1,600 metric tons and 750 meters

Max. no. of trains: In the tunnel 24 per hour (over the ridge 3–4 per hour)

Construction start: Skanska/VINCI March 2004

Traffic start: Planned for 2015

Through cooperation, technology and the gigantic tunnel boring machine named Åsa, drilling of both of the tunnel pipes through the Hallandsås ridge rock is now finished ready for the tracks to be laid. The worst bottleneck on the West Coast Line will be gone when the trains start rolling in 2015.

"Finally," said Minister for Infrastructure, **Catharina Elmsäter-Svärd** when Åsa broke through the rock face. "Now we can increase capacity by operating more, longer and heavier trains. More freight on the railways takes pressure off the roads and that's good for drivers on the roads as well."

The fact that the tunnel is nearing completion is a big step forward for infrastructure in Sweden and for rail traffic between Oslo and Copenhagen. Around 85 percent of the West Coast Line now has double tracks. The ridge's intractable and shifting rock and very large water flows have required new technical solutions to be sought.

"We've built tunnels all over the world, but we've never managed to conquer water flows like these," says **Lionel Suquet**, Production Director, who has many years of experience of working with Skanska/VINCI joint venture.

"15 years ago this would have been impossible. Now we've managed it thanks to a custom-built tunnel boring machine that both bores and seals, and through advanced freezing technology for weak zones. The partnership between Skanska/VINCI and the Swedish Transport Administration has been a fruitful one."

The project has been in dispute, but now that the finishing line is in sight, Catharina Elmsäter-Svärd believes it was the right investment. The Minister has followed the project closely, even going along for the ride while Åsa was drilling.

"We have gained new knowledge and changed attitudes to the great benefit of the community. I'm thinking in particular about the environmental aspects and how we are taking care of the local residents. And the fact that a project as big and complex as this one has been implemented without any work site fatalities for those involved is also an important and gratifying success. These are valuable lessons to take with us into the future."

The environmental disaster in 1997 when toxic substances leaked out held the project up for several years. Skanska assumed its responsibility and started a clean-up process immediately. At the same time the company stepped up its environmental work with the result that in 2000, Skanska was the first global construction company to receive ISO 14001 environmental certification for all of its operations. Soon after that Skanska established its vision for the Five Zeros which include zero environmental incidents and zero work site accidents.

In 2003 Skanska/VINCI were commissioned by the Swedish Transport Administration (then Rail Administration) to design and complete the tunnel construction. Skanska/VINCI have had up to 550 employees involved in the project.

Powerhouse Kjørbo

Area: 5,200 sq m
Constructed: 1980s
Property owner: Entra Eiendom
Tenant: Asplan Viak
Environmental certification: BREEAM-NOR Outstanding

Here is an office that is its own power plant. Powerhouse Kjørbo, outside Oslo, generates twice as much energy as its operation uses.

The BREEAM-NOR Outstanding environmentally certified building is probably the world's first refurbished building to be energy-plus.

Solar panels on the roof, geothermal heating and cooling, a well-sealed and highly insulated building structure combined with very efficient integrated systems for heating, cooling, ventilation, lighting and technology all transform an energy-guzzling office building into a supplier of pure and renewable energy.

Those willing to test something new and challenge conventions are the members of an alliance consisting of state-owned property company Entra Eiendom, architecture firm Snøhetta, environmental organization ZERO, consulting firm Asplan Viak, aluminum company Hydro, SAPA Group and Skanska, which also was executing the reconstruction work. The energy efficient solutions are being developed by these parties and Skanska Technology in cooperation with researchers in Zero Emissions Buildings (ZEB).

Innovative solutions to the climate challenge

Powerhouse Kjørbo in Sandvika west of Oslo is a pilot project for so-called energy-plus buildings. During its lifetime a Powerhouse should generate more energy than is used in construction, operation and use of the building as well as the manufacture of the materials used in the building – naturally recycling materials is an important factor. The energy balance and account is followed up by detailed life cycle analysis (LCA).

Powerhouse Kjørbo is part of an office complex from 1980. The retrofitted energy-plus building stands on around 5,200 sq m. On an annual basis the building will generate around 200,000 kWh, about half of which will be used in the building's operation. The remaining will compensate for energy used during rehabilitation of the building, including manufacture of the materials used, as well as future renovation during its lifetime.

A geothermal system provides both cooling and heating via pumps that use a limited amount of energy. The total energy used in operating the building is estimated at around 20 kWh per sq m, which can be compared with a typical renovation object that uses around 200 kWh per sq m. In other words, the retrofitted building will have an energy requirement that is reduced by 90 percent.

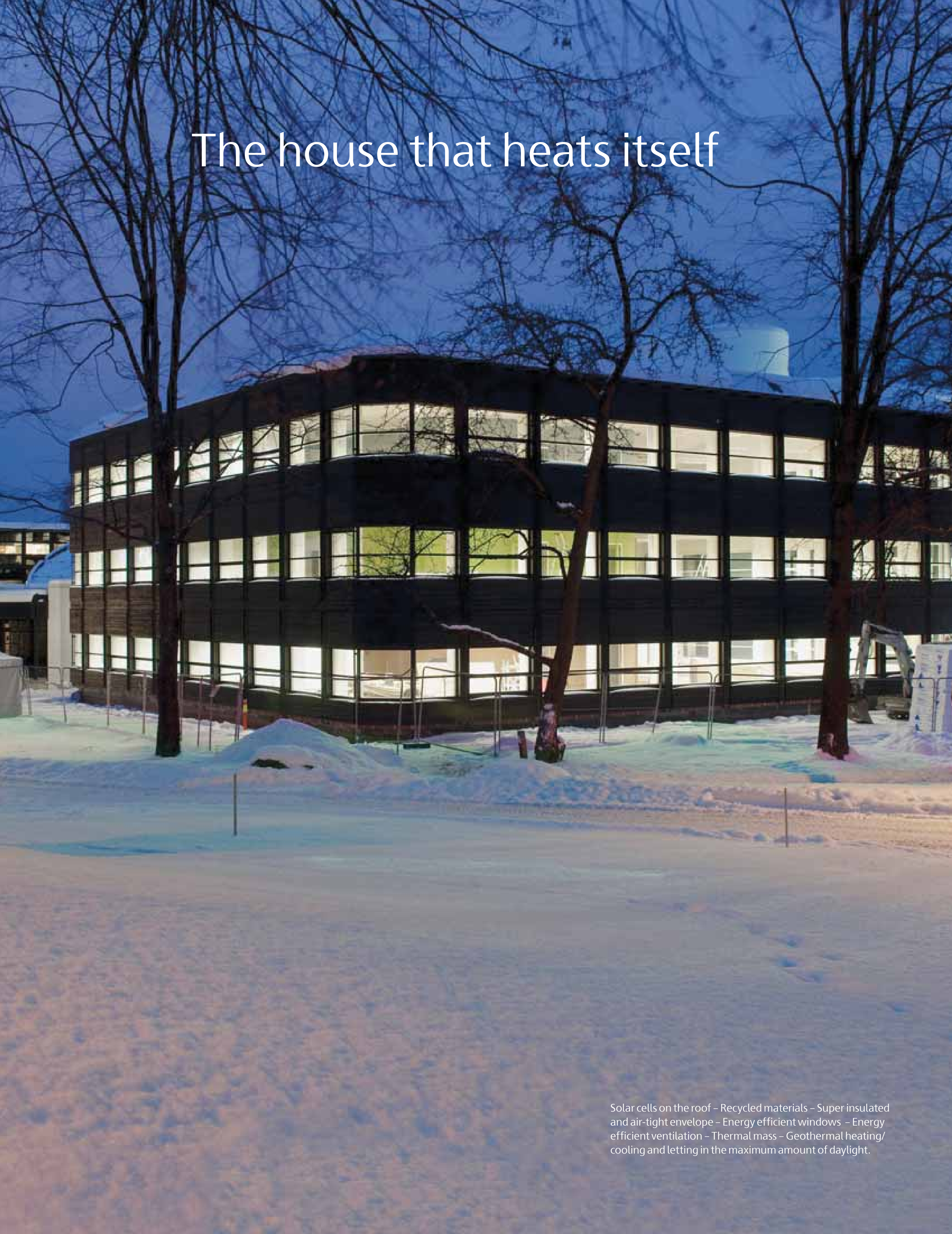
Plus for the environment, plus for the client

"Through Powerhouse Kjørbo we are showing that it's possible to construct a building that provides a positive result, not just environmentally, but financially as well. Making a commercial gain is a basic precondition for investing in this type of project in the future," says **Klaus-Anders Nysteen**, CEO at Entra Eiendom.

"This isn't hocus pocus," says **Kim Robert Lisø**, Regional Director at Skanska Norway and head of Skanska Technology Norway. "The key to the success lies in innovative and holistic solutions - and close cooperation throughout the entire value chain. Individually, the solutions are not new, the innovation lies in the way we have combined the different solutions."

Powerhouse Kjørbo was aiming for – and achieved – a rating of Outstanding, the highest level in the BREEAM-NOR environmental certification system.

The house that heats itself



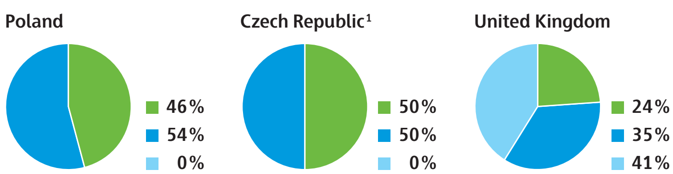
Solar cells on the roof – Recycled materials – Super insulated and air-tight envelope – Energy efficient windows – Energy efficient ventilation – Thermal mass – Geothermal heating/ cooling and letting in the maximum amount of daylight.

Other European countries

- Poland
- Czech Republic and Slovakia
- United Kingdom

Skanska is a leading construction company in the Czech Republic, Poland and the UK. Despite a weak market and considerable competition, earnings were stable during the year in the UK and Poland. As a result of a continued decline in the Czech market, the asset values have been written down and the operations have now been restructured in the Czech Republic.

Breakdown of order backlog, total EUR 3.4 bn



- Civil construction
- Building construction
- Service[2]

1 Including Slovakia.
2 Facilities management or maintenance contract.

Skanska's home markets

USD	GDP/capita	Construction/ capita	Construction as % of GDP
Poland	12,708	1,534	12.1
Czech Republic	18,683	2,135	11.4
Slovakia	16,847	1,093	6.5
United Kingdom	39,093	3,449	8.8

Sources: Euroconstruct, The World Bank, National Statistical Agencies.

Competitors

Budimex
Hochtief
Strabag
Metrostav
Balfour Beatty
Carillion

Major events during the year

Order bookings in Poland increased, while in the Czech Republic and the UK they were lower than the previous year.

Poland and the UK reported stable earnings during the year. The Czech operations had weaker earnings, mainly due to a sustained weak market and impairment losses during the year. The focus for these operations is now on areas where Skanska has performed well historically and holds a strong position.

In the UK the contracts signed by Skanska included one with the Highways Agency for construction at a junction by the M1 motorway, an important junction in the Midlands. The contract is worth around EUR 150 M and will increase safety and improve the reliability of the travel routes. In south London Skanska won a contract to construct the next phase of the HMP Thameside prison. The contract is worth around EUR 40 M and the project has been recognized for its green, sustainable solutions.

In Poland and the Czech Republic the Commercial Property Development business stream generated assignments for the construction of office buildings, in addition to assignments from external clients.

Market

In Central Europe and the UK the market remained relatively weak although there were signs of some recovery in the UK at the end of the year. In the Czech Republic the construction investments continued to decline. In Poland where there has been a shift from large projects to more and more smaller or medium-sized ones, the market for civil projects was more stable than in other countries. In both Poland and the Czech Republic the EU infrastructure funds are an important source of financing for infrastructure investments. The efficient use of these funds is bringing about new investment in infrastructure.

Earnings

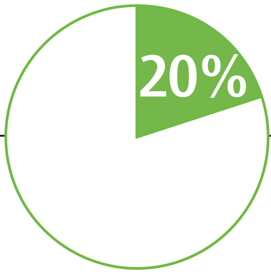
The Polish and UK operations presented stable earnings during the year. Order bookings developed well in Poland. In the Czech Republic earnings fell due to a weak market, and the impairment of assets also had a negative impact on earnings.

Outlook 2014 ↘

	Building construction	Residential	Civil construction
Poland	↘	→	→
Czech Republic	↓	↘	↓
United Kingdom	→	–	→

The European markets are expected to continue to experience weak development and high competition. The outlook is somewhat better in the UK and Poland, while the markets in the Czech Republic and Slovakia are expected to remain weak.

↑ Substantial growth ↗ Growth → Stable ↘ Decline ↓ Significant decline



Other European countries are responsible for 20 percent of revenues in Construction.

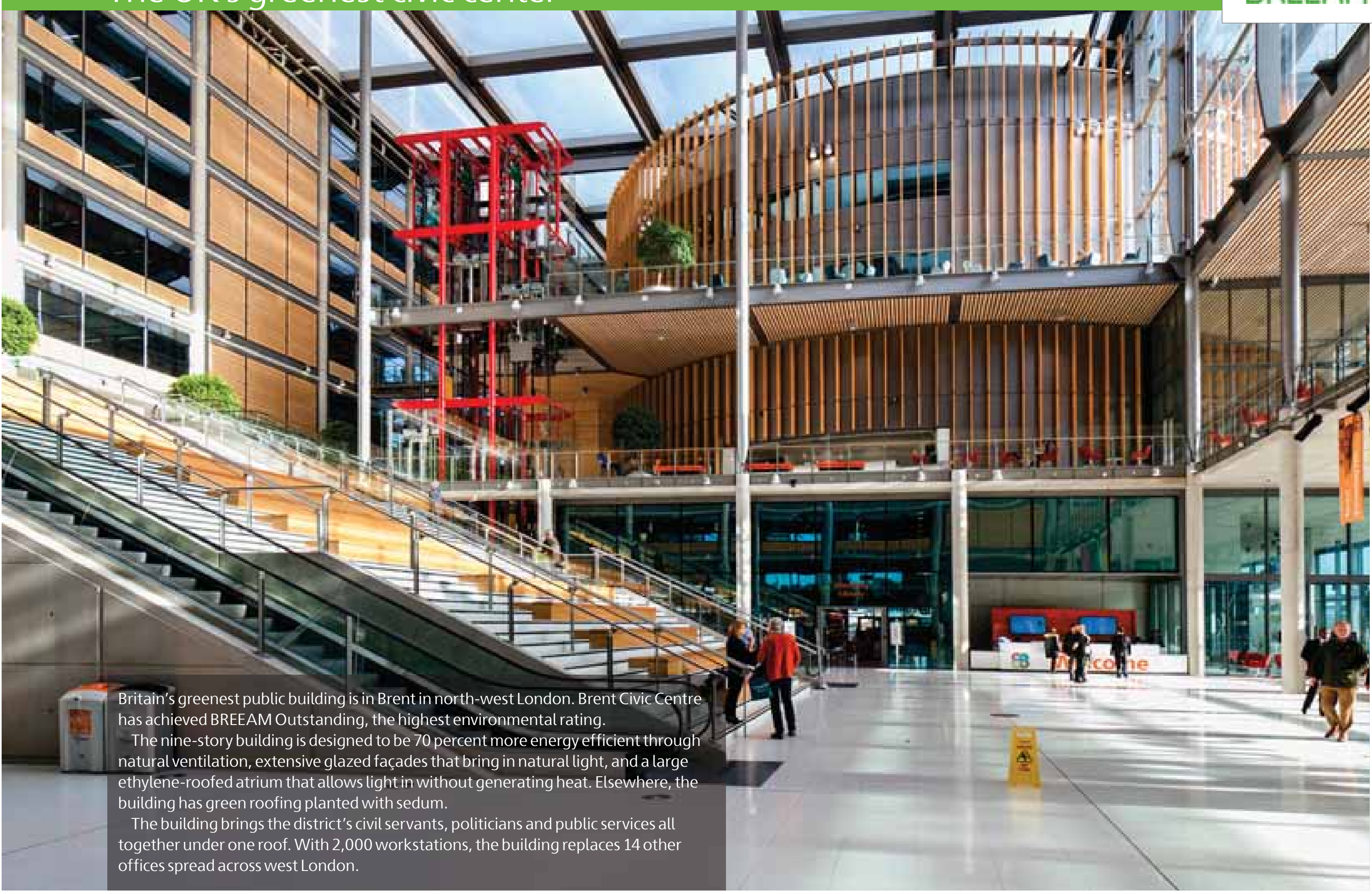
Poland and the UK reported stable results during the year.

Construction, Other European countries

	Revenue		Operating income		Operating margin, %		Order bookings		Book-to-build, %		Order backlog	
EUR M	**2013**	2012	**2013**	2012	**2013**	2012	**2013**	2012	**2013**	2012	**2013**	2012
Poland	**1,003**	1,023	**40.6**	48.0	**4.0**	4.7	**962**	870	**96**	85	**639**	692
Czech Republic[1]	**476**	639	**–34.6**	14.0	**neg**	2.2	**368**	433	**77**	68	**501**	658
United Kingdom	**1,433**	1,438	**49.4**	52.5	**3.4**	3.7	**1,196**	1,327	**83**	92	**2,217**	2,206
Total[2]	**2,925**	3,099	**55.4**	114.5	**1.9**	3.7	**2,556**	2,630	**87**	85	**3,374**	3,557

1 Including Slovakia.
2 including Romania from 2013.

The UK's greenest civic center



Britain's greenest public building is in Brent in north-west London. Brent Civic Centre has achieved BREEAM Outstanding, the highest environmental rating.

The nine-story building is designed to be 70 percent more energy efficient through natural ventilation, extensive glazed façades that bring in natural light, and a large ethylene-roofed atrium that allows light in without generating heat. Elsewhere, the building has green roofing planted with sedum.

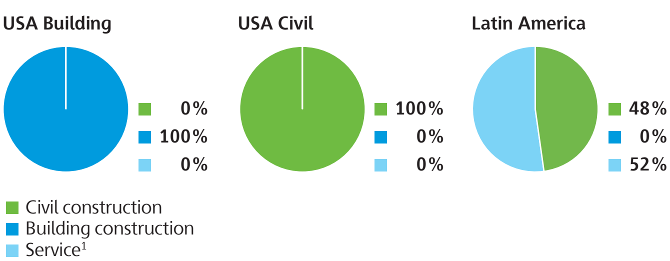
The building brings the district's civil servants, politicians and public services all together under one roof. With 2,000 workstations, the building replaces 14 other offices spread across west London.

The Americas

- USA Building
- USA Civil
- Latin America

Skanska is one of the leading construction companies in the U.S. for building and civil construction. The operations in the U.S. showed strong earnings growth and good profitability during the year. The Latin American operations, which are currently being restructured, are dominated by assignments in the energy sector.

Breakdown of order backlog, total EUR 7.5 bn



1 Facilities management or maintenance contract.

Skanska's home markets

USD	GDP/capita	Construction/ capita	Construction as % of GDP
United States	51,749	2,698	5.2
Argentina	11,573	1,495	12.9
Brazil	11,340	900	7.9
Peru	6,796	1,161	17.1

Sources: Euroconstruct, The World Bank, National Statistical Agencies.

Competitors

Turner
Fluor Corporation
Kiewit
Granite
Flatiron
Techint

Major events during the year

Total construction revenues in the U.S. increased by 13 percent compared to the previous year. Both USA Civil and USA Building reported increased operating income compared to 2012 and the duration of the business units' order backlog is very long.

Like the previous year, Skanska USA Building won several of its big contracts in the healthcare and education sectors. Also, several assignments were secured during the year for the construction of office buildings. The assignments include an additional contract with the United Nations for the renovation of the General Assembly Hall at the UN headquarters in New York. The contract is worth around EUR 49 M. Several additional contracts added on to a previously communicated assignment to build a state-of-the-art R&D facility amounted to a total of around EUR 0.8 billion during the year.

Skanska USA Civil's order backlog was also dominated by contracts for roads and bridges in 2013. In Washington D.C. Skanska signed a contract to design and construct a tunnel. The contract is worth around EUR 69 M and includes the construction of a tunnel system for run-off and flood management. In San Francisco Skanska signed a contract to supply and erect structural steel for the Transbay Transit Center, the largest transit project in the western U.S.

In Latin America most of the assignments received are in the energy sector. The largest one was an assignment to construct a power station in Brazil where Skanska is responsible for construction including civil works, electromechanical installations and commissioning. Within the Latin American operations, the focus is now on areas where Skanska has performed well historically and holds a strong position.

Market

Due to the fragmented U.S. market, there is major growth potential for Skanska and the business has grown significantly recently. Skanska has a strong market position in transportation infrastructure, the healthcare sector, the pharmaceutical industry and high-tech buildings for the IT industry thanks to long-term customer relationships, a geographic presence and expertise in green construction. The market for large and complex civil construction projects has been strong despite considerable competition. In building construction the segments of healthcare, airports and facilities for the IT industry have developed well. The construction market for office buildings also recovered during the year.

In Latin American where operations are dominated by assignments in the energy sector, the market was weak during the year.

Earnings

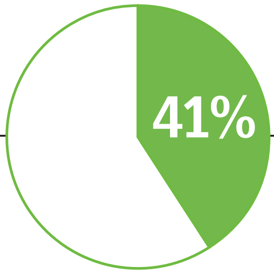
Revenues and operating income in the U.S. were higher than the previous year. In Latin America the restructuring process continued and the market remained weak.

Outlook 2014 ↗

	Building construction	Residential	Civil construction
United States	↗	–	↗
Latin America	–	–	↘

The market for large and complex civil construction projects continues to develop well in the U.S., although competition for these projects is great. In the infrastructure market there are delays in private investments in energy-related projects in the industrial sector. The market outlook in Latin America remains weak.

↑ Substantial growth ↗ Growth → Stable ↘ Decline ↓ Significant decline



The Americas accounted for 41 percent of revenue in Construction.

> Revenues in the U.S. increased by 13 percent during the year.

Construction in the Americas

EUR M	Revenue		Operating income		Operating margin, %		Order bookings		Book-to-build, %		Order backlog	
	2013	2012	**2013**	2012	**2013**	2012	**2013**	2012	**2013**	2012	**2013**	2012
USA Building	**3,438**	3,060	**55.0**	51.5	**1.6**	1.7	**3,558**	3,214	**103**	105	**4,049**	4,108
USA Civil	**1,621**	1,436	**136.6**	129.4	**8.4**	9.0	**1,332**	2,035	**82**	142	**2,897**	3,316
Latin America	**982**	945	**–5.4**	–62.5	**neg**	neg	**676**	1,036	**69**	110	**554**	994
Total	**6,040**	5,440	**186.2**	118.3	**3.1**	2.2	**5,566**	6,285	**92**	116	**7,500**	8,419

The client and patients in focus

Project: Miami Valley Hospital South Expansion, Centerville, Ohio

Client: Premier Health

Contract value: USD 71 M, of which Skanska's portion 65 percent, Shook 35 percent

Area: Around 24,000 sq m

> The project personifies teamwork and is a shining example of how team spirit results in quality. Without your commitment, it wouldn't have been possible to achieve the time and cost savings," says Bobbie Gerhart, CEO of Premier Health.

Not all construction companies can build an award-winning five-story, 24,000-square meter hospital addition with 48 individual patient rooms, a new obstetrics department with 14 patient beds, and a new restaurant and conference center facilities. As well as extra-wide corridors with decentralized nurse stations, a new front entrance that leads to a glass connector with views to the courtyard, and a peaceful atrium.

But Skanska did even more than that. A highly prefabricated process, combined with an expedited document delivery system and successful teamwork between owner, designer and construction group, resulted in significant cost savings and a seven-month reduction in the overall project schedule. Speed-to-market was the primary focus for the client, Premier Health for its Miami Valley Hospital South facility. According to the client, Skanska succeeded in meeting this goal. **Bobbie Gerhart**, CEO of Premier Health wrote to Chris Hopper, who managed the Skanska Shook team:

"Every construction project has a unique set of challenges and our expansion/renovation was no exception. What was exceptional was your team's approach to the project. Their client-centered mindset was very similar to PHP's patient-centered approach. The project personifies teamwork and is a shining example of a collaborative approach to quality. Without their dedication to achieving our goals, these cost and time-savings would not have been possible. Considering that major construction work was being done in and around highly sensitive areas and on a very busy campus with heavy traffic, I was amazed that patient satisfaction scores remained quite high and our staff was uninterrupted in their work. I attribute this to your staff constantly communicating and planning with patients and staff in mind."

Florida Polytechnic University

Location: Lakeland, Florida

Main building area: 15,000 sq m

Contract: USD 60 M

Add-on contract: USD 39 M for a 89,000 sq m new campus area, student dorms, entrance, dining hall and student book store.

Construction start: March 2012

Completion: July 2014

Inspirational design

Florida Polytechnic University is rising up in the outskirts of Lakeland, Florida, and, upon completion in 2014, will be the state's new university of technology.

The spectacular main building on campus was designed by world-renowned Spanish architect **Santiago Calatrava.** Drivers passing by on Interstate 4 between Tampa and Orlando may think a spaceship has landed.

The oval-shaped building is supported by concrete and steel columns with glass façades in between, providing a spacious feel and plenty of sunlight. Retractable louvers can open up like butterfly wings to provide shade when the Florida sun is too intense.

Classes and labs

This signature structure is the Innovation, Science and Technology Building. It stands on around 15,000 sq m and houses classrooms, labs, auditoriums and offices.

Calatrava, who is carefully monitoring the construction work, wants to create a stimulating environment for both students and professors, while keeping within a strict budget.

"This is living proof that it's possible to achieve inspiring architecture for USD 60 million. It gives me great pleasure to see the project being realized according to my vision. The Skanska team and all of the subcontractors are doing a great job. The quality of the execution is exceptional and you can feel the passion that's built into it," says Calatrava.

Campus that feels like a park

Skanska's assignment for the new university was expanded during the year to include a 500-sq m visitor's center and a 218-room student dorm. It also includes extensive groundwork for campus infrastructure, including roads and parking, footbridges and pathways as well as artificial lakes with a total area of 28,000 sq m. The university lies on virgin land and there is a strong emphasis on creating an inviting campus that feels like a park. The additions to the contract are worth a total of USD 39 M.




Emelie Block and **Malband Mohideen** have purchased their first home and they are very pleased with their choice – a two-room apartment on Vänortsgatan in Mölndal. Ceilings 2.70 m high make their 51 sq m apartment feel light and spacious. The balcony catches the sun all day long and the bathroom has space for a washing machine. Emelie and Malband are also impressed with the layout and the storage provided, including large closets.

"The location is also brilliant – although we're close to all communications, we're not disturbed by trams or road noise. We love it here and have even recommended it to our friends," says Malband.

"What I love most of all is probably the balcony – we spend a lot of time there," says Emilie.

As first-time buyers the couple also appreciated being able to buy at a fixed price, avoiding the stress of making an offer. Skanska is building 174 apartments on Vänortsgatan in Mölndal. The first residents moved in at the beginning of 2013 and the final buyers will take up residence in spring 2014. The project is sold out.

Residential Development

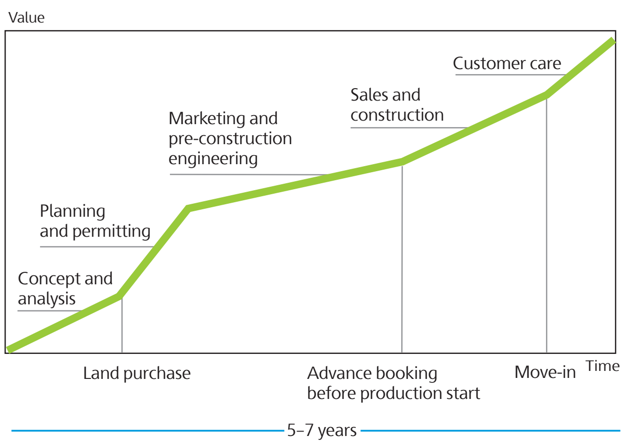
Based on knowledge of our various target groups, Skanska develops modern homes in attractive and sustainable areas. Our aim is to make people's everyday lives better and easier. With our core skills in planning, development and implementation, we create new residential areas from scratch. In 2013, 3,400 Skanska homes were sold.

Homes by SKANSKA

Growing profitability

Revenue in this business stream increased by seven percent in comparison with 2012. The implemented restructuring and cost-saving program resulted in continual improvements in profitability during the year. The streamlining of production and reduction of the land bank continued during the year.

Value creation in residential development



A basic prerequisite for successful residential development is the capacity to understand the needs of customers and the ability to assess demand.

Value creation step by step

Generating value in residential development begins with an analysis of macroeconomic and demographic trends. Where is the growth, who are the target groups and what are their needs and wishes?

Before making land purchases, Skanska analyzes local conditions in detail. Then a step-by-step process begins, aimed at ultimately offering customers the best possible value. During the planning stage, Skanska establishes a framework in close collaboration with local government. Based on the potential offered by the surroundings, it then creates a neighborhood with a distinct character. An attractive neighborhood is designed and built on the basis of residents' needs and environmental considerations. Skanska's own sales organization then markets the new homes to the right target group.

Major events

- **Homes sold:** 3,391 (3,060).
- **Homes started:** 3,118 (2,993).
- **Acquisition of building rights:** 2,170 building rights valued at EUR 58 M.
- Improved profitability in the Nordic operations.
- Positive operating result for the Czech operations

Revenue

- EUR 1,065 M (997).
- + 7 percent.

Earnings

- **Operating income:** EUR 66 M (–13) (Only operating income attributable to Residential Development operations).
- **Operating margin:** 6.2 (neg) percent.
- **Return on capital employed:** 6.8 percent (0.2).

Outlook 2014

- Varied performance in the geographical markets where Skanska has operations. Looking further ahead, Skanska believes that prospects are stable.

Adding value

Understanding what is attractive to and adds value for our clients also adds value for Skanska. Different target groups have different needs, and this is taken into account when developing new homes and areas. Buying a new home is a major investment. Value is added by guiding the customer through the process, so that they can feel secure in their choice. Clearly defined customer segments and customer needs form the basis of the products and concepts that Skanska offers.

New residential areas are planned to provide sustainable urban environments; important elements include the use of green materials, the preservation of natural assets, improved waste management and access to public transit.

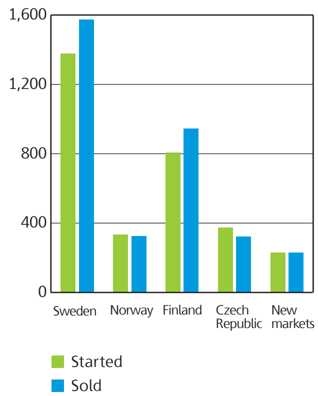
Productivity and cost effectiveness are constantly being improved through increased use of standardized components, industrialized production and collective sourcing. Experience suggests that this streamlines the process, resulting in substantial savings.

As the illustration of Skanska's business model on page 10 shows, residential development also generates profitable construction contracts for Skanska's construction units.

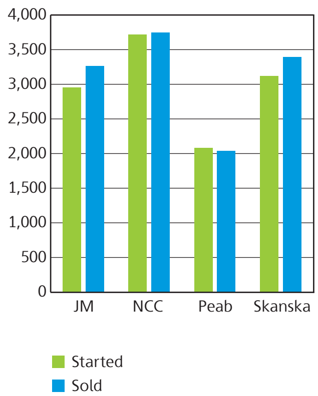
Substantial growth · Growth · Stable · Decline · Significant decline

Skanska sold 3,391 homes and started construction of 3,118 homes in 2013.

Homes started and sold

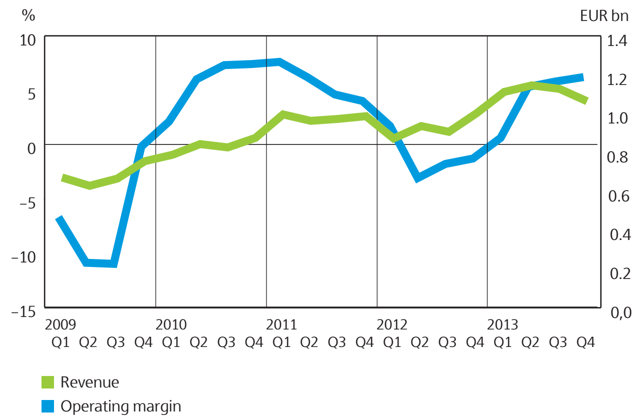


Homes started and sold, Nordic residential developers[1]



1 Not including units for the investor market.
Source: Year-end report of each respective company.

Revenue and operating margin, rolling 12 months

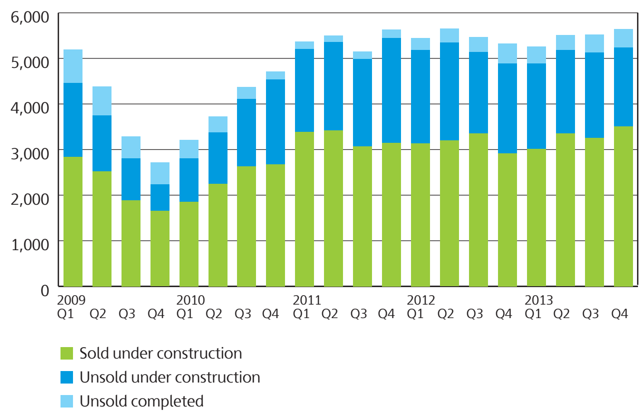


Increasing value

The value of land and of construction rights varies depending on the demand for housing, and this is reflected in changes in prices and rents. Value also depends naturally on location, and increases as development risks decrease. A major step in value development is taken when construction rights are granted for undeveloped land, a process that can take up to five years before a local plan is approved. Skanska plays an active role and works closely with municipal bodies in the planning processes for land use and local plans. Further value is added in the next phase, when the construction rights materialize into a completed project ready for occupation.

To satisfy the requirements of return on capital employed (including capital tied up in land banks and loans to housing associations for ongoing projects), the land bank must be appropriate for the scope and orientation of the business. To meet this requirement, the land owned is continually evaluated, resulting in land acquisitions, sales or exchanges.

Homes under construction and unsold

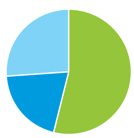


Nordic countries

- Sweden
- Norway
- Finland

Skanska's biggest market for Residential Development is the Nordic countries. Operations are conducted primarily in metropolitan regions. Within Residential Development, the completed restructuring and cost saving program has resulted in a higher efficiency and thus an improved profitability, which is expected to continue.

Revenue Nordic countries



- Sweden, **54%**
- Norway, **20%**
- Finland, **26%**

Residential development in the Nordic countries

	Revenue		Operating income		Operating margin, %		Capital employed[1]		Return on capital employed, %[2]	
EUR M	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
Sweden	**534**	408	**37.6**	–29.2	**7.0**	neg	**397**	448	**11.9**	neg
Norway	**191**	271	**12.9**	17.2	**6.8**	6.4	**340**	364	**5.0**	7.2
Finland[3]	**255**	265	**14.7**	12.5	**5.8**	4.7	**303**	343	**5.2**	4.2
Total	**980**	943	**65.2**	0.6	**6.7**	0.1	**1,040**	1,155	**7.6**	1.2

1 Capital employed according to IFRS. This includes capital tied up in land banks and costs paid for ongoing projects.
2 Return on capital employed based on operating income according to segment reporting. Does not include operating income attributable to Skanska's construction operations.
3 Including Estonia. The operations in Estonia are currently being phased out.

Competitors

JM
NCC
PEAB
YIT

Major events

During the year, the organization was adjusted and the streamlining of production and reduction of the land bank continued. These measures, along with a somewhat more favorable market, particularly in Sweden, led to continued positive growth in profitability. In the Nordic countries, 2,839 homes were sold in 2013, which was slightly higher than in 2012. The number of homes started was 2,516, or somewhat fewer than the number sold. Just over 4,000 homes were under construction, of which 72 percent were sold at year-end.

Market

In Sweden and Finland, sales occur usually in the form of ownership rights in cooperative housing associations or via housing corporations, while in Norway homes are mainly sold as individually owned units.

The housing market in the Nordic countries was stable overall during the year. In Sweden, and particularly in Stockholm, demand and thus prices increased in 2013. In Norway, the market moved from being very active to more restrained, partly as a result of stricter lending conditions. In Finland, the market remained weak.

Earnings

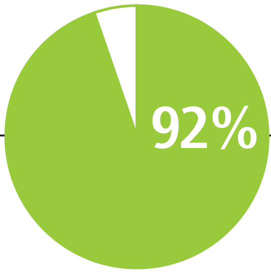
The operations were restructured during the year, resulting in improved profitability. This was particularly the case in Sweden, where revenue also increased. The operations in Finland and Norway also reported positive operating income and increased operating margins.

Outlook 2014

Sweden	
Norway	
Finland	

The housing market in Sweden is expected to develop positively, while performance in Norway is more restrained. The Finnish market remains weak.

Substantial growth Growth Stable Decline Significant decline



The Nordic countries accounted for 92 percent of the Residential Development revenue.

Pre-sold ratio **72%**

Number of homes

Market	Homes started	Under construction	Pre-sold, %	Total homes sold	Completed unsold
Sweden	1,376	2,363	79	1,572	159
Norway	334	749	72	324	16
Finland	806	1,071	54	943	198
Total	**2,516**	**4,183**	**72**	**2,839**	**373**

Number of unutilized building rights

Market	Master plan	Local plan underway	Local plan approved	Building permit stage	Total[1]	Other rights[2]
Sweden	2,900	3,900	2,000	200	9,000	6,200
Norway	300	0	1,600	100	2,000	1,600
Finland	100	1,700	2,900	500	5,200	3,400
Total	**3,300**	**5,600**	**6,500**	**800**	**16,200**	**11,200**

1 Including building rights in associated companies.
2 Entitlements to acquire building rights under certain conditions.

Continued success for BoKlok

BoKlok has continued its recent sales growth of 15–25 percent yearly. In 2013 the increase was 38 percent combined with good profitability and capital efficiency.

The focus on business development in recent years has paid dividends in that a greater number of projects are being planned. In addition, during the year the BoKlok Flex construction system was launched, enabling BoKlok projects to be given a more urban character, and the first residential project BoKlok Strandallén in Södertälje sold out immediately.

Investments in BoKlok in Norway and Finland are continuing and resulted during the year in two successful sales launches in Finland, with around 50 units selling out at BoKlok Kivistö and BoKlok Nikinkompu.

An update of the BoKlok brand included the launch of the most tablet and mobile friendly website in the sector and a brand campaign aimed at municipal decision-makers.

Other European countries

- Poland
- Czech Republic

In Other European countries, Skanska has residential development operations in Prague, Czech Republic, and Warsaw, Poland. Skanska offers the market modern and flexible housing solutions in attractive areas. Poland is a relatively new market for Skanska, and this operation is expected to grow further.

Residential Development in Other European countries

	Revenue		Operating income		Operating margin, %		Capital employed[1]		Return on capital employed, %[2]	
EUR M	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
Other European countries[3]	86	54	0.5	–13.7	0.5	neg	159	161	0.9	neg
Total	**86**	**54**	**0.5**	**–13.7**	**0.5**	**neg**	**159**	**161**	**0.9**	**neg**

1 Capital employed according to IFRS. This includes capital tied up in land banks and costs paid in ongoing projects.
2 Return on capital employed based on operating income according to segment reporting. Does not include operating income attributable to Skanska's construction operations.
3 Including Slovakia and the UK. These operations are currently being phased out.

Competitors

Central Group
Finep
DOM Development
JW Construction

Major events during the year

Despite continued weak markets in the Czech Republic and Poland, the operations in both countries reported a positive operating margin in 2013. In Other European countries, a total of 552 homes were sold in 2013. The number of homes started was 602. In the UK the projects in progress were completed and no new homes will be developed by Skanska.

Market

The Czech housing market remained weak but stable in 2013. The main reason for the weak market was political instability and the weak economic outlook, which led to uncertainty among potential home buyers.

In Poland, the political situation and demand are more stable, and there was relatively good demand.

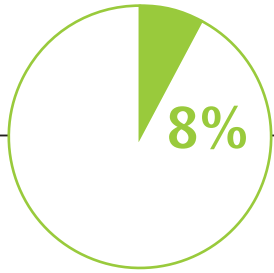
Earnings

The operations in the Czech Republic reported increased revenue and operating income, with a positive operating margin. The Polish operations showed both increased revenue and increased profitability.

Outlook 2014

The Polish housing market is relatively stable, while the Czech market has stabilized at a low level.

Substantial growth Growth Stable Decline Significant decline



Other European countries accounted for 8 percent of the Residential Development revenue.

Pre-sold ratio 49%

Number of homes

Market	Homes started	Under construction	Pre-sold, %	Total homes sold	Completed unsold
Other European countries[1]	602	1,054	49	552	32
Total	**602**	**1,054**	**49**	**552**	**32**

Number of unutilized building rights

Market	Master plan	Local plan underway	Local plan approved	Building permit stage	Total[2]	Other rights[3]
Other European countries[1]	2,400	1,300	800	500	5,000	200
Total	**2,400**	**1,300**	**800**	**500**	**5,000**	**200**

1 Including Slovakia and the UK. These operations are currently being phased out.
2 Including building rights in associated companies.
3 Entitlements to acquire building rights under certain conditions.

Park Ostrobramska, Warsaw

In early 2014 Radosław Borkowski will move into his Skanska apartment – newly built and only 10 minutes from central Warsaw.

"When I was looking for somewhere to live, I was thinking about criteria such as location, design and functionality. But of course you can't ignore factors like the reputation of the project developer, and that's when Park Ostrobramska became the obvious choice. So a few months into 2014 I'll move into my new home," says **Radosław Borkowski**.

Park Ostrobramska comprises two 13-story apartment blocks developed and built by Skanska. Those living in the development will also have access to a large and bright enclosed green space with a playground and planting. All 298 apartments have been sold. The apartments vary in size between 27 and 126 sq m at a price of EUR 2,000 per sq m.

Atrium 1 achieves highest green standard
Companies with the highest standards are continuing to choose Skanska's green offices in Poland. The largest tenant at Atrium 1 in central Warsaw is Bank Zachodni, part of the Santander group, and the German property investment company Deka Immobilien has acquired the 18,000 sq m property that was completed in early 2014.

Since Atrium 1 has a number of green elements – such as ground source heating, triple-glazed windows, solar panels and electric vehicle charging points, and has also been built using regional materials, the building has been precertified at the highest level, LEED Platinum.

The equally green neighboring property Deloitte House, developed by Skanska in 2010, was the natural choice for an environmental conference attended by Skanska, Buro Happold, the World Green Business Council and other leading real estate players with a view to compiling factual material on the business benefits of green properties. The Polish version is based on "The Business Case for Green Building," which was produced by the World Green Business Council with Skanska who is one of the initiators.

German property investment company Deka Immobilien is continuing to acquire Skanska-developed commercial projects.

"We are delighted to be able to consolidate our relationship with Skanska through the acquisition of the office property Atrium 1 in Warsaw. The acquisition will be the third successful deal between Skanska and Deka Immobilien in Central Europe. We really appreciate the reliability and professionalism that we see within the Skanska team. It is important to Deka Immobilien to have reliable partners who are focused on finding joint solutions," says **Peter Heckelsmüller,** Head of Central and Eastern European investments, sales and acquisitions in Europe at Deka Immobilien GmbH.

Workplaces by SKANSKA

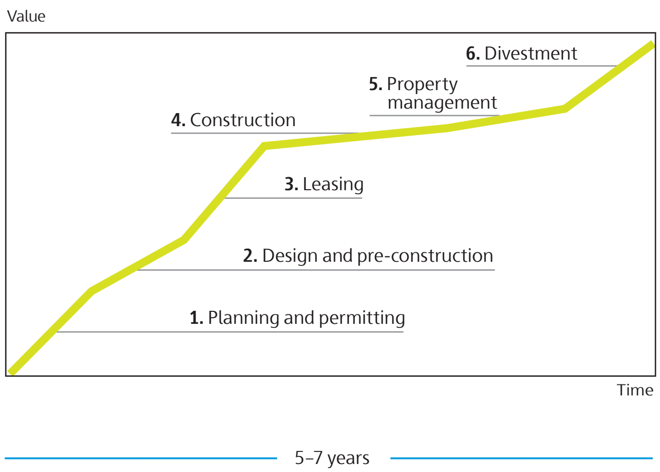
Commercial Property Development

Skanska plans and develops long-term sustainable property projects in attractive locations. Working closely with our stake-holders allows green, creative and efficient workplaces to be created, increasing profitability for all parties.

Strong results in all markets

Leasing reached its highest ever level in 2013, with operations continuing to report strong results in all markets. Investments continued in all our home markets, where demand for modern, green and efficient properties is high, which in turn leads to a stable platform for future growth.

Value creation in commercial property development



On average in the past ten years, Skanska has sold properties with a profit of just over EUR 110 M annually.

Adding value step by step

The development of commercial properties is a continuous process with several clearly defined phases. The average development cycle is 5–7 years.

Any acquisition of land is preceded by a macroeconomic and market analysis. A major step in value development is taken when building permits are granted for undeveloped land. A design for appropriate premises is produced in collaboration with tenants and any buyers. Successful work to find a tenant is usually required before construction begins. The construction projects are generally carried out by Skanska's construction units. Active management work and work with clients can add further value to the property. New projects are developed with a view to sale, and this sometimes takes place even during the construction phase.

Major events

- **Property divestments:** EUR 668 M.
- **Signing of rental agreements covering:** 330,000 sq m.
- **Investments:** EUR 522 M.
- **Estimated total surplus value on completion:** EUR 479 M, refer to table on following page for further information.

Revenue

- EUR 717 M (775).
- –7 percent.

Earnings

- **Operating income:** EUR 123 (166)
- **Property divestments:** EUR 164 (194).
- Total divestment price exceeded the carrying amount by 32 (37) percent.
- **Return on capital employed:** 10.6 percent (9.8).

Outlook 2014

- **Ongoing projects at January 1, 2014:** 30
- **Occupancy rate/Estimated surplus value in unsold ongoing projects:** 52 percent/EUR 251 M.
- **Occupancy rate/Estimated surplus value in unsold completed projects:** 77 percent/EUR 84 M.

- The vacancy rate in office properties is stable. Modern, efficient and green premises with stable tenants are in demand from investors. Attractive valuations for properties.

Generating value

By working closely with our clients we create properties that are adapted to their specific needs. Skanska provides solutions that are resource-efficient while at the same time offering comfort and a healthy working environment. This contributes to higher productivity and greater flexibility, which increases the value for the tenant and thus also the value of the property.

Commercial property development adds value both by developing completely new projects and by improving completed properties. Like Skanska's Residential Development and Infrastructure Development, Commercial Property Development also generates construction contracts for the Group's construction units in accordance with the business model.

The development projects target two different types of clients. The primary client is the tenant, who has great expectations and requirements of the premises. The second client is the investor who buys the property in order to own and manage it in the long term with a good return. Both the product and the service content must be adapted in order to be attractive to both of these types of clients.

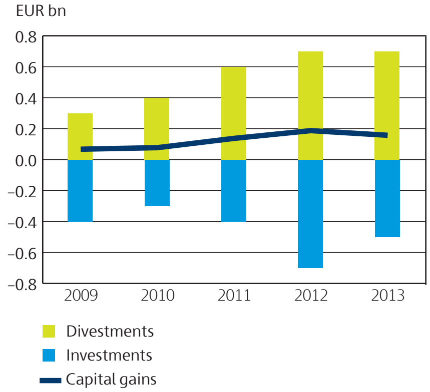
Skanska is a leader in energy-efficient and environmentally certified properties. Energy-efficient solutions add value for both investors and users. Skanska was the first to introduce requirements of environmental certification to LEED for new self-developed commercial properties in the Nordic region, other European countries and the U.S.

Substantial growth Growth Stable Decline Significant decline

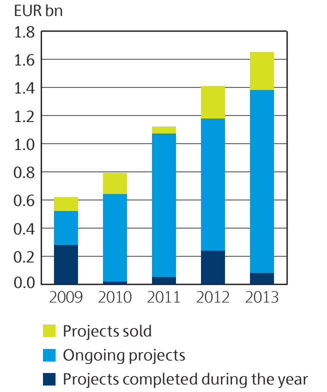
11 %

return on capital employed

Properties
Investments, divestments and capital gains

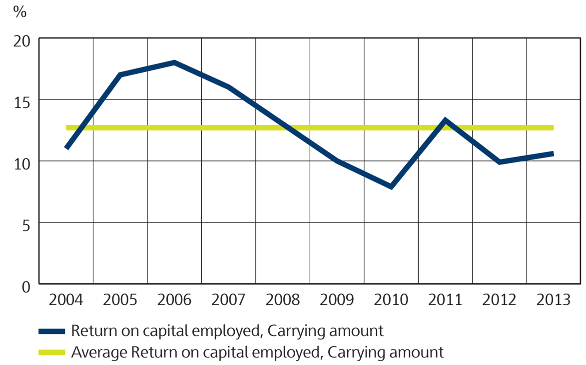


Volume of Commercial Property Development [1]



1 Refers to carrying amount of completed projects and projected book value of ongoing real estate projects upon completion

Adjusted return on capital employed at carrying amount, 2004–2013 [1]

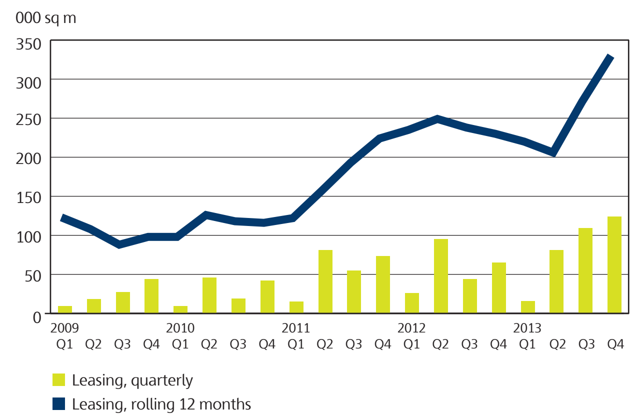


1 Operating income excluding realized gains from sold projects but including accrued development gains in ongoing projects and changes in value in completed projects and land.

Increasing value

The value of land and of building permits varies depending on the demand, and this is in turn reflected in changes in rents and the return required by property investors. The land value also increases in line with any decrease in the risks inherent in the process of obtaining a building permit, and a major step in value development is taken when building permits are granted for undeveloped land. Since leasing out more space substantially increases the value of the project, work on finding tenants starts at an early stage. Further value is added when the building permits materialize into a completed project that generates rental income.

Leasing



Commercial Property Development – Carrying amounts and market values

EUR M	Carrying amount, Dec 31, 2013	Carrying amount upon completion	Market value, Dec 31, 2013	Surplus value	Leasable space, 000 sq m	Economic occupancy rate, %	Projected rental value fully leased	Average lease, years	Degree of completion, %
Completed projects	352	352	436	84	311	77	41.4[2]	6.7	100
Ongoing projects	612	1,295	1,615	320	558	60	104.0[3]	13.0	48
Total	**964**	**1,647**	**2,051**	**404**	**869**				
Development properties[1]	583	583	658	75					
Total	**1,547**	**2,230**	**2,709**	**479**					

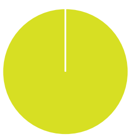
1 "Development properties" refers to land with development rights for commercial use, totaling about 1,875,000 sq m.
2 Total of contracted rents and estimated rent for unoccupied spaces.
3 Estimated rental value fully leased in year 1 when the property is completed.

Nordic countries

- Sweden
- Norway
- Finland
- Denmark

In the Nordic countries, Skanska primarily develops office properties in major urban areas, while logistics and high-volume retail properties are developed in strategic locations. A number of property divestments were carried out in 2013 and there is still a high level of interest from investors.

Distribution of leasable space, ongoing projects



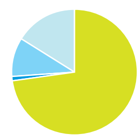
- Sweden, **100%**
- Norway, **0%**
- Finland, **0%**
- Denmark, **0%**

Commercial Property Development in the Nordic countries

EUR M	2013	2012
Revenue	**396**	465
Operating income	**60**	106
of which gain from divestment of properties[1]	**79**	112
Capital employed	**726**	820
Return on capital employed, %[2]	**8.5**	11.0
1 Additional gain included in eliminations was	**6**	4

2 Calculated in accordance with the definition on page 69.

Distribution unutilized building rights



- Sweden, **73%**
- Norway, **1%**
- Finland, **10%**
- Denmark, **16%**

Competitors

NCC
Vasakronan
Diligentia
KLP Eiendom
YIT
Lemminkäinen

Major events

During the year the Gröna Skrapan office property in Gothenburg was sold for EUR 71 M. The 17,000 sq m property is a 16-story landmark and one of the first office projects in the Nordic countries to have been certified at the highest level, Platinum, according to the international environmental certification system LEED. The sale confirmed the high demand for flexible and sustainable office premises from both tenants and investors. A further property in Gothenburg was sold during the year. The office building, close to the central station, was sold for EUR 73 M and has a number of climate-smart solutions, such as solar cells to decrease the net consumption of electricity. The building's energy consumption is more than 25 percent lower than the standard requirements for new buildings and it has been certified to LEED Platinum. In 2013, a total of 94,000 sq m of office space was leased in the Nordics.

Market

The vacancy rate was low and stable in the Nordic countries, and the strongest demand was for modern, efficient and green properties.

Properties as an investment class continued to be of interest to investors during 2013, and Skanska's property portfolio of energy-efficient, well-situated and high-occupancy properties has enabled several divestments with good capital gains. Greater availability of credit had a positive impact on interest from investors.

Earnings

Property divestments resulted in good capital gains in 2013. The gain on sale of properties totaled EUR 79 M. This represented sales that exceeded the carrying amount by 28 percent. In addition, in the consolidated accounts there were previously eliminated intra-Group gains of EUR 6 M.

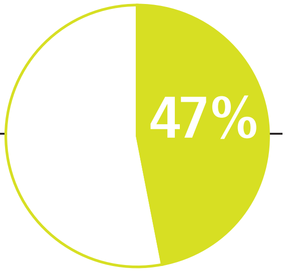
Outlook 2014

— Ongoing projects at January 1, 2014: 14.
— Occupancy rate/Estimated surplus value in unsold ongoing projects: 78 percent/EUR 84 M.
— Occupancy rate/Estimated surplus value in unsold completed projects: 78 percent/EUR 44 M.

Sverige	
Norge	
Finland	
Danmark	

The vacancy rates for office premises in most of the Nordic cities where Skanska has commercial property development operations were relatively stable, and property investors continue to demand modern properties with stable tenants, primarily in Sweden.

Substantial growth · Growth · Stable · Decline · Significant decline



47 percent of the ongoing projects in Commercial Property Development are located in the Nordic countries.

"Properties worth a total of EUR 362 M were divested in the Nordic countries. The gains on these transactions amounted to EUR 79 M.

Ongoing projects in the Nordic countries

Project	Type of project	City	Leasable area, '000 sq m	Completion year	Economic occupancy rate, %
Kallebäck	Office	Göteborg, Sweden	15	2014	83
Kallebäck parking garage	Other	Göteborg, Sweden	9	2014	50
Orrekulla	Logistics	Göteborg, Sweden	13	2014	0
Hotel/Congress Malmö	Hotel	Malmö, Sweden	29	2015	100
KKH Malmö Live	Office	Malmö, Sweden	11	2015	20
Klipporna Hyllie 1	Office	Malmö, Sweden	8	2014	100
Klipporna Hyllie 2	Office	Malmö, Sweden	8	2015	20
Entré Lindhagen, phase 1	Office	Stockholm, Sweden	27	2014	98
Entré Lindhagen, phase 2	Office	Stockholm, Sweden	46	2014	98
Other projects	Office, other	Other cities, Sweden	21	2014-2015	100
Total			**187**		**83**

Projects	Nordic countries
Number of ongoing projects Jan 1, 2013	**16**
Number of projects started 2013	**6**
Total investment, EUR M	71
Number of projects completed during 2013	**8**
Number of ongoing projects at year-end	**14**
Remaining investment obligations, EUR M	157
Number of ongoing projects sold	**5**
Leasable space, sq m	48

Union Investment selects quality

In August 2013, Skanska's Finnish office building was sold to German property company Union Investment. The sale brought in EUR 32 M.

The property – around 9,000 sq m in size and generally known as "Skanska-talo" (Skanska House) – will continue to be occupied solely by Skanska, which has its Finnish offices there. The eight story office building, situated in the Helsinki district of Ruskeasuo, was completed in early 2012. A year later it achieved the highest level of environmental certification, LEED Platinum.

"We are delighted that the modern, environmentally efficient spaces are attracting investors," says **Jorma Lehtonen**, Managing Director of Skanska Commercial Property Development in Finland.

Philip La Pierre, Head of Investment Management Europe at Union Investment Real Estate GmbH, describes the acquisition of Skanska House as a good example of its quality-focused approach to investment.

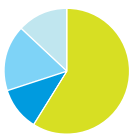
"By working with strong companions such as Skanska we are pleased that in just a few years in Helsinki we have created a property portfolio that is attracting international attention," he states.

Other European countries

— Poland
— Czech Republic
— Hungary
— Romania

In other European countries, Skanska primarily initiates and develops office properties. There was a high level of activity during the year, for both investments and sales. Poland is the largest and most active market, but Skanska also has commercial property development operations in the Czech Republic, Hungary and Romania.

Distribution of leasable space, ongoing projects



- Poland, **59%**
- UK, **11%**[1]
- Czech Republic, **17%**
- Hungary, **13%**

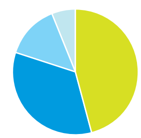
1 In the UK these projects are carried out within Construction, and are predominantly project development for a specific user or tenant.

Commercial Property Development in other European countries

EUR M	2013	2012
Revenue	**140**	205
Operating income	**33**	33
of which gain from divestments of properties[1]	**44**	46
Capital employed	**505**	466
Return on capital employed, %[2]	**9.7**	10.5
1 Additional gain included in eliminations was	4	7

2 Calculated in accordance with the definition on page 69.

Distribution unutilized building rights



- Poland, **46%**
- Czech Republic, **34%**
- Hungary, **14%**
- Romania, **6%**

Competitors

Ghelamco
Echo Investment
GTC

Major events

Two Polish properties were divested in 2013. Green Day in Wrocław was sold, fully leased, for about EUR 43 M. The office building has a total leasable area of 16,000 sq m and is LEED Gold pre-certified, paving the way for good working conditions and reduced operating costs. Atrium 1 in central Warsaw was sold for around EUR 92 M and is the most sustainable office building in Poland, being LEED certified at the highest level, Platinum. Investments were made during the year in green office projects in Poland, Romania and the Czech Republic. All the office projects aim to satisfy stringent environmental requirements and to offer tenants innovative green solutions.

In 2013, a total of 107,000 sq m of office space was leased in other European countries.

Market

The leasing market was relatively stable in Central Europe, particularly in Poland, where several major multinational corporations have chosen to establish offices. As with the Nordic countries, there is interest among Polish investors for energy-efficient, well-situated and high-occupancy properties. The market for land investments has also been good in this part of Europe.

Earnings

The year's property divestments resulted in very good gains. The gain on sale of properties totaled EUR 44 M. This represented sales that exceeded the carrying amount by 50 percent. In addition, in the consolidated accounts there were previously eliminated intra-Group gains of EUR 4 M.

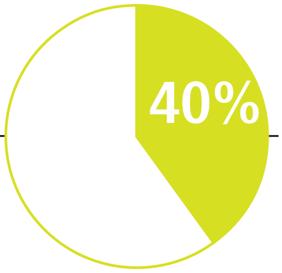
Outlook 2014

- Ongoing projects at January 1, 2014: 12.
- Occupancy rate/Estimated surplus value in unsold ongoing projects: 25 percent/EUR 50 M.
- Occupancy rate/Estimated surplus value in unsold completed projects: 76 percent/EUR 31 M.

Poland	
Czech Republic	
Hungary	
Romania	

The vacancy rates for office premises in most of the Central European cities where Skanska has commercial property development operations were relatively stable, and there is a healthy demand from property investors for modern properties with stable tenants, primarily in Poland.

Substantial growth Growth Stable Decline Significant decline



40 percent of the ongoing projects in Commercial Property Development are located in other European countries.

In 2013, a total of 107,000 sq m of office space was leased in the other European countries. This indicates good potential for property divestments in the future.

Ongoing projects in other European countries

Project	Type of project	City	Leasable space, '000 sq m	Completion year	Economic occupancy rate, %
Silisia 1	Office	Katowice, Poland	14	2014	55
Atrium phase 1	Office	Warsaw, Poland	22	2014	91[1]
Dominikanski 1	Office	Wrocław, Poland	19	2015	23
Green Day	Office	Wrocław, Poland	22	2014	93[1]
Kapelanka 1	Office	Wrocław, Poland	16	2014	41
Kapelanka 2	Office	Wrocław, Poland	24	2014	11
Green Court	Office	Bucharest, Romania	26	2015	0
Corso	Office	Prague, Czech Republic	24	2015	50
Riverview	Office	Prague, Czech Republic	10	2014	0
66 Queen Square	Office	Bristol, UK	6	2015	0
Bentley	Other	Doncaster, UK	7	2015	100
Monument	Office	London, UK	8	2016	0
Total			**198**		**39**

1 Sold accordning to Segment Reporting 2013

Project	Other European countries
Number of ongoing projects Jan 1, 2013	**6**
Number of projects started 2013	**9**
Total investment, EUR M	276
Number of projects completed during 2013	**3**
Number of ongoing projects at year-end	**12**
Remaining investment obligations, EUR M	209
Number of ongoing projects sold	**1**
Leasable space, sq m	16

Credit Suisse outgrows its home

Credit Suisse is once again choosing Skanska. The international bank was the first tenant of the Grunwaldzki Center, Skanska's first commercial property project in Wrocław in 2009. Since then, Credit Suisse has expanded continuously in Wrocław and has now outgrown its premises.

Green Day – Skanska's third project in this historic university city in the west of Poland – will provide the solution when the building is completed in 2014. Credit Suisse has signed a lease for 14,500 sq m of the building's 16,000 sq m.

"Green Day reflects our commitment to Wrocław and to sustainable and modern offices. It fits in perfectly with our Smart way of working based on technology and flexibility. Skanska has been our chosen partner since we first came to Poland. Skanska's contributions to design and construction are always proactive and highly effective," says **Arthur Bänziger,** Manager at Credit Suisse Wrocław.

Seaport Square, Boston

101 Seaport

Offices and retail
Area: 48,000 sq m
Total investment: USD 280 M
Tenant: PwC 76 percent
Targeting: LEED Platinum
Construction start: August 2013
Completion: October 2015

121 Seaport

Offices and retail
Area: 44,000 sq m
Total investment (land): USD 36 M
Targeting: LEED Platinum
Planned construction start: Q4 2014

Watermark Seaport

Rental apartments and retail:
346 apartments
Area: 24,000 sq m
Total investment: USD 163 M (of which Skanska's share is USD 20 M)
Targeting: LEED Gold
Construction start: 2014
Completion: 2015

Seaport Square is one of Boston's most attractive neighborhoods and one of the fastest growing markets in the U.S. The area is being developed as a new place to live, work, shop and play.

Seaport Square, part of the Innovation District in Boston Harbor, has direct access to the subway system, is just a short ride to the airport and only a quick walk to Boston's financial district on the other side of the Fort Point Channel. It makes the most of its waterfront location, large open spaces and green parks.

Skanska is helping the city to develop Seaport Square through three projects – providing both rental apartments and office buildings – along the burgeoning Seaport Boulevard.

PricewaterhouseCoopers chooses 101 Seaport
One of the office buildings is for global consultancy giant PwC, which has chosen Skanska's 101 Seaport to serve as its New England headquarters.

"We needed to make some pretty dramatic changes to the way we look and feel now, and Skanska and 101 Seaport captured PwC's requirement to create more collaborative workspace and need to consume less energy," said **Barry Nearhos**, Managing Director, PwC.

Boston's mayor at the time, Thomas Menino, took part in the ceremonial groundbreaking for the 17-story tower at the end of summer. Boston Global Investors – master developer of Seaport Square – also welcomes Skanska's involvement.

"The only team in town that could have gotten this done is the Skanska team and the way they executed this in such a short period of time is phenomenal," said **John Hynes**, CEO, Boston Global Investors.

With a feel for the potential of the area, Skanska was part of the development at an early stage. Starting in 2011, Skanska acquired the three sites that included building permits for offices and rental apartments comprising approximately 116,000 sq m of floor space.

A trio of projects in one of the U.S.'s hottest locations

A vibrant urban fabric

Skanska is playing a more extensive role in the realization of the master plan and the Skanska projects will contribute to a vibrant urban fabric featuring cafés, restaurants, retail stores, cultural institutions and green areas.

"Boston's Innovation District is one of the most exciting markets in the U.S. and Seaport Square will be Boston's 21st century neighborhood," says **Shawn Hurley**, Executive Vice President and Regional Manager, Skanska Commercial Property Development USA.

Development of the Innovation District accelerated as a result of a 2007 project to bury the area's Central Artery in a tunnel and provide direct links to Boston's financial district, mass transit system and highways.

Customized and green

Many competitors wanted to win the prestigious customer PwC, but PwC chose Skanska's customized offices with green features – targeting a LEED Platinum rating – and a roof terrace offering views of Boston Harbor. Skanska's ability to self-finance, develop and construct meant it had the tools to guarantee PwC a fast and punctual delivery.

PwC has 2,700 employees in Boston, with an average age of 27, so Skanska's Watermark Seaport rental apartment project should also prove attractive. This project involves the development of 346 apartments in an L-shaped parcel with two buildings, 17 stories and 6 stories respectively, and a connecting lobby at street level. The project will also feature micro units, designed to be attractive to a wider range of customer categories.

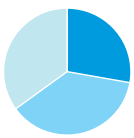
"Watermark Seaport will offer young Bostonians a new way to live in the heart of the city," says Shawn.

Skanska's third stage of development at Seaport Square will be the 121 Seaport office building, scheduled for commencement at the end of 2014. Skanska is also active in areas outside Boston Seaport. In the university neighborhood of Cambridge, Skanska developed a laboratory building totaling approximately 12,000 sq m that was completed in 2012 and sold in 2013. Skanska is also developing a rental apartment building in the Fenway neighborhood, at 1350 Boylston Street.

United States

In the U.S., Skanska initiates and develops office properties in Washington D.C., Boston, Houston and Seattle. The business stream made its second and third property divestments in the U.S., and leases were signed during the year for 129,000 sq m. Three projects were started during the year and a stable platform has now been established for future operations.

Distribution of leasable space, ongoing projects



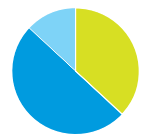
- Washington D.C., **0%**
- Houston, **28%**
- Boston, **37%**
- Seattle, **35%**

Commercial Property Development in the United States

EUR M	2013	2012
Revenue	**180**	104
Operating income	**31**	27
of which gain from divestments of properties[1]	**41**	37
Capital employed	**288**	294
Return on capital employed, %[2]	**17.2**	4.4
1 Additional gain included in eliminations was	3	2

2 Calculated in accordance with the definition on page 69.

Distribution unutilized building rights



- Washington D.C., **37%**
- Houston, **50%**
- Boston, **13%**
- Seattle, **0%**

Competitors

Hines
Trammell Crow
Boston Properties

Major events

In 2013, Skanska divested two property development projects in the U.S. In Houston, Texas, Skanska sold the office property Post Oak Boulevard for around EUR 84 M. This is Skanska's first completed commercial development project in Houston. The building is LEED pre-certified at Platinum level and includes a highly efficient glass façade, an energy recovery wheel and a system for controlling energy use in order to reduce consumption, thereby maximizing energy efficiency and savings. Skanska's first completed commercial development project in Boston – a 12,000 sq m laboratory and office building – was also sold. LEED Platinum certification and an attractive location meant that the building was 85 percent leased at the time of its sale with a price of around EUR 72 M. Investments in projects and land in 2013 totaled around EUR 405 M and helped build a stable platform for the future. In 2013 leases were signed for total of 129,000 sq m.

Market

The vacancy rates continued to decline in 2013 in the selected cities where Skanska is operating, and demand for office premises was good. The behavioral patterns of U.S. tenants are somewhat different in comparison with Skanska's other markets for commercial property development. Leasing agreements are usually signed when the property is close to completion. Demand for office space in ongoing projects was good in 2013. Energy-efficient, well-situated and high-occupancy properties appeal to investors in the selected cities in the U.S. where Skanska has operations.

Earnings

Property sales contributed EUR 41 M and had a very positive effect on 2013 earnings. This represented sales that exceeded the carrying amount by 31 percent. In addition, in the consolidated accounts there were previously eliminated intra-Group gains of EUR 3 M.

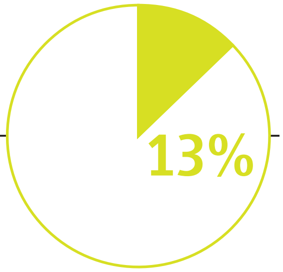
Outlook 2014

- Ongoing projects at January 1, 2014: 4.
- Occupancy rate / Estimated surplus value in unsold ongoing projects: 59 percent / EUR 90 M.
- Occupancy rate / Estimated surplus value in unsold completed projects: 79 percent / EUR 8 M.

USA	

The vacancy rate declined for office premises in most of the cities in the U.S. where Skanska has commercial property development operations, and there is a healthy demand from property investors for modern properties with stable tenants in the U.S.

Substantial growth · Growth · Stable · Decline · Significant decline



13 percent of the ongoing projects in Commercial Property Development are located in the U.S.

By 31% the sales price exceed the carrying amount.

Ongoing projects in the United States

Project	Type of project	City	Leasable space, '000 sq m	Completion year	Economic occupancy rate, %
101 Seaport	Office	Boston	48	2015	76
Memorial Phase 1	Office	Houston	63	2015	38
400 Fairview	Office	Seattle	44	2015	35
Stone34	Office	Seattle	18	2014	92
Total			**173**		**59**

Projects	United States
Number of ongoing projects Jan 1, 2013	**3**
Number of projects started 2013	**3**
Total investment, EUR M	395
Number of projects completed during 2013	**2**
Number of ongoing projects at year-end	**4**
Remaining investment obligations, EUR M	318
Number of ongoing projects sold	**2**
Leasable space, sq m	67

A major step in Houston

Skanska's first commercial property development project in Houston, Texas, is one of the first buildings to be constructed in Houston's Galleria district for more than 30 years. 3009 Post Oak Boulevard will also be the greenest, setting its sights on LEED Platinum certification. A glass façade with floor to ceiling windows provides plenty of daylight and good air quality through efficient ventilation systems, ensuring a comfortable and productive indoor climate.

The 20-story building 3009 Post Oak will offer 28,000 sq m of offices in total, with more than 1,000 parking spaces in a separate eight-level garage. Tenants will move into the building in the second quarter 2014. The project was sold in the third quarter 2013. Skanska is also developing and building in Houston's "Energy Corridor". West Memorial Place has an area of 30,000 sq m and will be completed in 2015. Preparations are also under way for 75,000 sq m of offices at Capitol Tower in central Houston.

Saving billions along the way
Skanska has a 40 percent share in the 30 year concession to maintain and operate the 200-kilometer long M25, London's orbital highway. Construction work included the widening of a 62-kilometer stretch to a four-lane motorway, which was completed two months early, ahead of the London 2012 Olympic Games.

A focus on improved efficiency including several research and development projects, enabled savings for the project of GBP 200 million, which was shared with the client, the Highways Agency.

"Through the deployment of dedicated improvement teams, efficiencies were identified, delivered and shared across the program. Training in operational efficiency techniques was rolled out to improve skills and foster an improvement culture. The most significant improvement made was the industrialization of the 2.3 meter high verge construction with the use of slip form drainage and retaining walls. This considerably shortened the construction period and reduced the overall land required for the verges. The retaining walls also act as safety barrier protecting motorists from the motorway lighting and signage located behind them," says **James Richardson**, Operational Director of the M25 Skanska/Balfour Beatty joint venture.

The M25 Widening achieved a CEEQUAL Excellent certification.

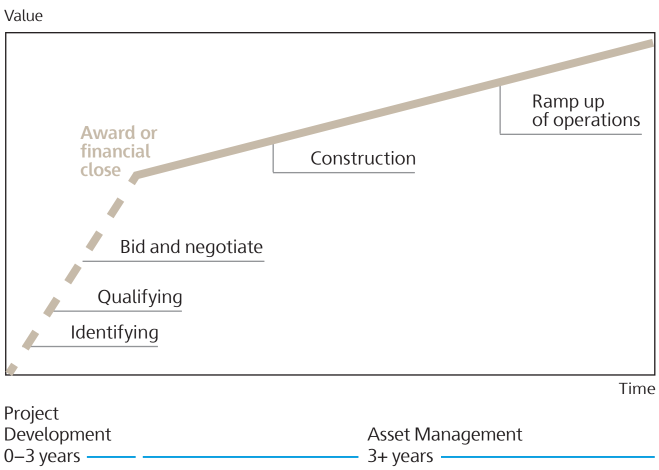
Infrastructure Development

Skanska takes an active part in the development of the communities where we operate. In Public Private Partnerships (PPP) we develop innovative project solutions that are sustainable in the long term, for the purpose of satisfying people's desire for greater wellbeing and a better quality of life. We participate in the building, operation, maintenance and financing of these projects.

Conditions for new projects still improving in the U.S.

During the year Skanska divested shares in three school projects and two street lighting projects in the UK. The positive earnings potential in Skanska Infrastructure Development was clearly demonstrated in these divestments as the price of all projects exceeded their internal appraisals.

Value creation in infrastructure development



Achieving Financial Close is the first and largest step in value creation.

Adding value step by step

In Public Private Partnership projects Skanska is involved throughout the development chain – from design and financing to construction, operation and maintenance. Taking complete responsibility in this way optimizes cost efficiency in both construction and operational phases.

Skanska sees the selection process as key. The projects must be within the product segments and markets where Skanska has expertise and experience, and naturally must also provide the required return. Careful analysis of risks and opportunities takes place in close cooperation with the Skanska units responsible for construction, and Skanska then focuses on a limited number of projects. Skanska generally forms a bidding consortium with one or more partners. Once the consortium has won the bid, final negotiations are started with the client and potential financers. On signing a binding contract – generally when financing is obtained (Financial Close) – the project is added to the order bookings of the construction unit responsible.

Competitors

Balfour Beatty
ACS
VINCI

Market
- Bidding activity was high during the year, primarily in the U.S.
- Lengthy processes make it difficult to assess when bids will result in concrete projects.
- There has been increased interest from investors in purchasing projects in their operational phase with extended stable cash flows.

Revenue
- Revenue in Skanska Infrastructure Development comes mainly from Skanska's share of income in the companies that own assets in the project portfolio. When these companies are divested, Skanska reports only the income on the sale – the development gain – directly in operating income. Since Skanska owns minority holdings in these companies, no revenue is recognized.

Earnings
- **Operating income:** EUR 46 (68).
- The divestment of three school projects and two street lighting projects had a positive impact on earnings of around EUR 12 M.
- **Return on capital employed:** 17.4 percent (38.6).

Unrealized development gains
- EUR 199 M (202), a decrease of EUR 3 M.

Outlook 2014
- Conditions for new PPP projects continue to improve in the U.S. even though competition is considerable.
- In the UK the prospects for new PPP projects are weak.

Generating value

Skanska Infrastructure Development focuses on three segments: roads including bridges and tunnels, social infrastructure such as hospitals and schools, and industrial facilities such as power stations. Skanska is involved throughout the value chain – from project design to operation and maintenance, which means that the level of risk in the projects gradually reduces. The business model is based on investments in long-term projects that increase in value when the projects are completed and can thus be sold to investors with an interest in long-term, stable cash flows once the projects are in operation. Skanska aims to expand within the Public Private Partnership (PPP) sector.

PPP involves private players providing facilities and buildings for public sector enterprises. This has a number of socioeconomic advantages for clients, taxpayers, users and construction companies. The model provides greater scope for investment in public facilities because the cost of major investments is spread over a longer period of time. PPP projects add value for Skanska by generating major construction contracts and providing opportunity for profits on the sale of completed projects, as illustrated in Skanska's business model on page 10. In addition to the construction contracts, in many cases Skanska is also responsible for long-term servicing and maintenance work. Skanska Infrastructure Development creates assets that, when they enter the operating phase, are characterized by stable cash flows over the long term.

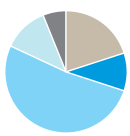
Substantial growth · Growth · Stable · Decline · Significant decline

Project portfolio

The project portfolio spans all of the geographical home markets and focuses on roads including bridges and tunnels, social infrastructure such as hospitals and schools, and industrial facilities such as power plants. Currently, this portfolio comprises projects in the Nordic countries, the UK, the U.S., Poland and Chile, primarily roads and social infrastructure.

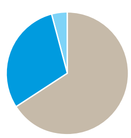
Distribution of project portfolio, estimated gross value, total EUR 639 M

Geographic area



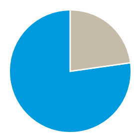
- Nordics, **20%**
- Other European countries, **10%**
- UK, **52%**
- U.S., **12%**
- Chile, **6%**

Category



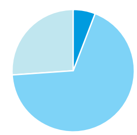
- Highways, **66%**
- Social infrastructure, **30%**
- Utilities, **4%**

Compensation type



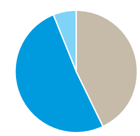
- Market risk, **23%**
- Availability, **77%**

Remaining concession



- < 10 years, **0%**
- 10–20 years, **6%**
- 20–30 years, **68%**
- > 30 years, **26%**

Phase



- Construction, **43%**
- Ramp-up, **51%**
- Steady state, **6%**

Major events

During the year Skanska sold its share of three school projects and two street lighting projects in the UK for around EUR 25 M. The school project in Woodlands is under construction, while work is under way on the two other projects in Bristol and Essex. Renovation and upgrading of street lighting in Croydon and Lewisham continued during the year and the project is expected to be concluded in 2016.

Work on the Elizabeth River Tunnels in Virginia has now begun. The project is Skanska's first PPP project in the U.S.

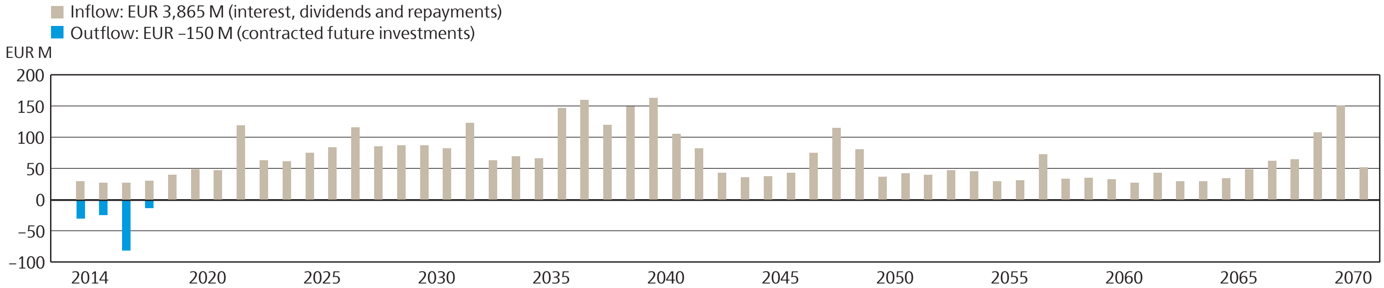
The construction of the New Karolinska Solna (NKS) hospital, Sweden's first PPP hospital and currently the largest construction project in northern Europe, is proceeding according to plan. The main building has reached its full height and in 2013 the frame of what will be the new NKS research building was constructed. Work on the Mullberg Wind Farm is progressing according to plan.

Project portfolio, EUR M

Category	Type	Country	Payment type	Phase	Concession ends	Owner-ship, %	Year in operation/full operation	Invested capital, Dec 31, 2013	Total commitment
Highways									
A1 (Phase 1&2)	Highway	Poland	Availability	Steady state	2039	30	2007/2012	15	16
Antofagasta	Highway	Chile	Market risk	Ramp up	2030	50	2013	30	30
M25	Highway	United Kingdom	Availability	Steady state	2039	40	2012	95	95
Midtown tunnel/ Elizabeth River Tunnels	Highway	United States	Market risk	Construction	2070	50	2017	0	93
Social infrastructure									
Barts and London Hospital	Health	United Kingdom	Availability	Construction	2048	38	2006/2016	35	48
Essex BSF[1]	Education	United Kingdom	Availability	Steady state	2036	7	2012	1	1
Bristol[1]	Education	United Kingdom	Availability	Steady state	2034	8	2007/2011	1	1
New Karolinska Solna	Health	Sweden	Availability	Construction	2040	50	2018	34	66
Essex Woodlands[1]	Education	United Kingdom	Availability	Construction	2036	8	2015	0	0
Utilities									
Sjisjka	Wind power	Sweden	Market risk	Steady state	2038	50	2013	26	26
Mullbergs	Wind power	Sweden	Market risk	Construction	2038	50	2014	5	10
Total Skanska								**242**	**386**
Accumulated share of earnings in joint venture								104	
Carrying amount excluding fair value of cash flow hedges								**346**	
Cash flow hedges								–112	
Carrying amount including cash flow hedges								**234**	

1 Sold during 2013; Skanska Infrastructure Development retains indirect interest in project through its participation in the Local Education Partnership. For more info see note 20.

Estimated annual cash flow in Skanska Infrastructure Development's project portfolio, December 31, 2013[1]



1 Cash flows have been translated into EUR at the exchange rates prevailing on December 31, 2013.

Portfolio value

The main categories in Skanska's project portfolio are roads, which account for just under 70 percent of the estimated gross present value, and social infrastructure with 30 percent . Around 70 percent of the gross present value has a remaining concession period of between 20 and 30 years. The portfolio's estimated gross present value at the end of the year was EUR 639 M. The net present value of the asset portfolio increased from EUR 528 M to EUR 545 M during the year. The increase was mainly attributable to the time value effect and change in cash flow. In addition to the change in portfolio value, gross divestments amounting to EUR 25 M and interest payments and distributions from project companies to Skanska amounting to EUR 25 M, contributed to value creation in the Group.

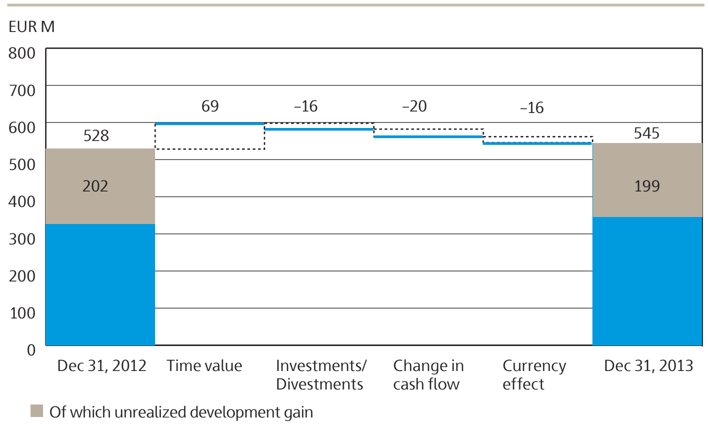
Compensation models

A project company in which Skanska is a part-owner normally receives compensation according to one of two different models: the availability model or the market-risk model.

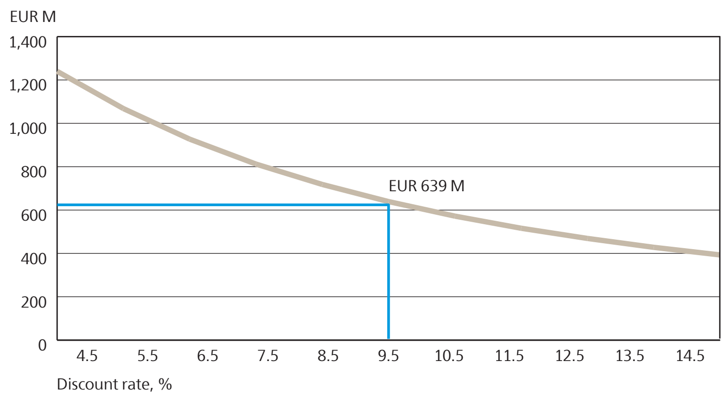
In the availability model, compensation is based on providing a certain amenity and agreed services at a predetermined price. In these projects the client is normally a national or local government and the project company's credit and payment risk is therefore low.

In the market risk model, compensation is based on the volume of utilization and the price paid by end-users, for example in the form of tolls collected from motorists on a stretch of road.

Change in net present value and unrealized development gain



Gross present value of cash flow from projects – sensitivity analysis



Estimated unrealized development gains in the portfolio amounted to EUR 199 M at year-end.

Valuation on December 31, 2013 by category, EUR M

Category	Gross present value, Dec 2013	Discount rate, % 2013	Net present value remaining investments[1]	Carrying amount, Dec 2013[2]	Unrealized development gain, 2013
Highways	420	9.7	56	224	139
Social infrastructure	190	9.7	38	93	59
Utilities	29	–	0	29	0
Total	**639**	**9.7**	**94**	**346**	**199**
Cash flow hedges					112
Effect in unrealized equity[3]					**311**

1 Nominal value EUR 150 M.
2 Invested capital plus accrued value of participations in project companies corresponding to Skanska's ownership.
3 Tax effects not included.

Appraisal
Gross present value is the discounted present value of all cash flows, after taxes in the project company, between the project and Skanska.

The present value of remaining investments in ongoing projects is discounted at the same interest rate as the project.

Unrealized development gain shows the net present value minus the project carrying amount and is calculated before market valuations of financial derivatives entered into by project companies to reduce financial risk.

For more information see Note 1 on page 123.

In this case, the project company's revenue risk is higher, but there is greater potential for increasing the return on the investment due to better operational efficiency and higher utilization.

The availability model is more common in Skanska's project portfolio and is the most common model in Europe, while the market risk model is more common in the U.S. and Latin America.

Discount rate

The discount rate used to calculate present values in the portfolio is based on the market interest rate during the long-term operational phase. Risk premiums are also added to this rate during the early development phase. The risk premium is highest early in the development phase and is then gradually lowered until the project reaches the long-term operational phase.

Construction begins on PPP tunnel in Virginia

Construction of the new vehicular tunnel under the Elizabeth River between Norfolk and Portsmouth in Virginia has begun. The Elizabeth River Tunnels project is Skanska's first Public Private Partnership (PPP) in the U.S. The project includes the construction of a new 1.7 km tunnel, a highway extension, and upgrades to the existing Midtown and Downtown tunnels. It also includes access roads and five bridges. Roadways are to be ready for use in 2016. The value of the construction contract is EUR 1.2 billion and Skanska's share is 45 percent. Operations and Maintenance responsibility is included in the PPP, which lasts 58 years through 2070. Skanska holds a 50 percent share in the concessionaire, Elizabeth River Crossings, having invested EUR 104 M.

Barts and the London Hospital

Client: Barts Health National Health Service Trust

Capital Hospitals: Skanska, Innisfree and the Dutch Infrastructure Fund won the contract to finance, design, build, redevelop and operate the hospital buildings.

Contract period: Private Finance Initiative 2006–2048

Construction contract: GBP 1 billion , Skanska sole contractor

Construction period: 2006–2016

900 year old hospital goes state-of-the-art

St Bartholomew's Hospital in London – generally known as Barts – was founded in 1123, making it one of Europe's oldest hospitals. Yet it is also one of the most modern, leading the world in cancer and cardiac care and research.

Since 2006 the hospital is undergoing expansion and redevelopment by Skanska, which also delivers the design. The Barts Cancer Centre was handed over 2010 and 2013 saw the construction of the Barts Cardiac Centre and the refurbishment of the historic King George V Wing scheduled to open in 2014.

Positioned close to St Paul's Cathedral in the City of London, Barts and the London Hospital in east London are both part of a major PFI (Private Finance Initiative) contract won by Skanska in 2006. Skanska is the sole contractor for the construction phase, as part of the Capital Hospitals consortium with Innisfree and Dutch Infrastructure Fund.

The construction work is expected to exceed GBP 1 billion in value and will be completed in 2016. Skanska is also to provide operation and maintenance of the buildings until 2048. The constrained sites in densely built areas posed many challenges in terms of both design and execution. Barts' location in the City of London is also a conservation area, and the silhouette of St Paul's Cathedral has protected viewing corridors.

The two new hospitals have a total built area of 250,000 square meters, most of which is already complete. The first new departments at Barts were completed in 2010 and the new 17- and 10-story buildings at the London Hospital were delivered in 2012. At its peak 1,800 workers were involved.

Skanska is also helping to improve energy efficiency through technical solutions and by supporting its client the Barts Health NHS Trust's energy saving initiatives.

Skanska Financials 2013

The financial statements presented in this Review
have been prepared in EUR (euro) as the presentation currency.

As the functional currency of the Parent Company is
SEK (Swedish kronor), Skanska's Statutory Annual Report
including the consolidated financial statements of the
Parent Company has been prepared using SEK (Swedish kronor)
as the presentation currency.

Skanska Financials 2013

Revenue and operating income increased compared to the previous year. Development was strong in Skanska's most important geographical markets but weaker in some of the Group's other markets. Construction in Sweden and the U.S. performed well in terms of both revenue and operating income. As a result of the Norwegian and Finnish operations' action programs these units are reporting significantly higher operating income. In Latin America the year was characterized by a challenging market which resulted in delays in the anticipated effects of the ongoing restructuring process. The protracted market recession in the Czech Republic and Slovakia has resulted in a sharp decrease in Skanska's business volume there. For this reason these operations have been restructured and the value of certain assets and projects has been written down. Order bookings developed well, particularly in Sweden, Norway, Poland and in building construction in the U.S. In the Residential Development business stream the effects of restructuring and cost savings have resulted in significantly improved profitability and the earnings are now positive in all markets, including the recently launched operations in Poland. Commercial Property Development continues to show strong profitability. Properties were divested for EUR 0.67 billion in 2013 and at the end of the year there were 30 ongoing projects. Infrastructure Development continued its selling activities in 2013 and focused on continuing to increase the synergies in Skanska's business model, according to which capital generated in construction operations is invested in development operations, which in turn generates construction assignments and future development gains.

Construction

The market outlook for construction varies between the different geographical markets and segments. The residential construction and commercial building construction markets are stable in Sweden but are slower in Norway. The Finnish market is weak. The market for large civil construction projects in the Nordic Region is relatively stable but faces considerable international competition. In Norway investments in infrastructure are expected to increase significantly in the years ahead. The Czech and Slovak markets are expected to continue to experience relatively weak development and high competition. However, the market outlook for civil construction projects in Poland is stable and the outlook has improved in the UK.

In the U.S. infrastructure market there are delays in private investments in energy-related projects in the industrial sector. The market for large and complex civil construction projects remains strong, although competition is intense. In building construction, development is favorable in the segments of commercial buildings, healthcare, aviation and facilities for the IT industry.

Market conditions in the Latin American mining industry and the associated civil projects, as well as the growth outlook in the Argentinean and Brazilian economies, remain weak.

Residential Development

The residential market has developed well in Sweden, while the Norwegian market is more cautious. The Finnish market remains weak. The Polish residential market is relatively stable, while the Czech market has stabilized at a low level.

Commercial Property Development

Vacancy rates for office space in most of the Nordic and Central European cities where Skanska has operations are relatively stable. In the U.S. cities where Skanska has operations, vacancy rates continue to decline. Modern properties with stable tenants are in demand from property investors, resulting in attractive valuations for these properties. In Sweden, there is still interest from domestic and international investors in newly developed properties, driven in part by improved access to credit.

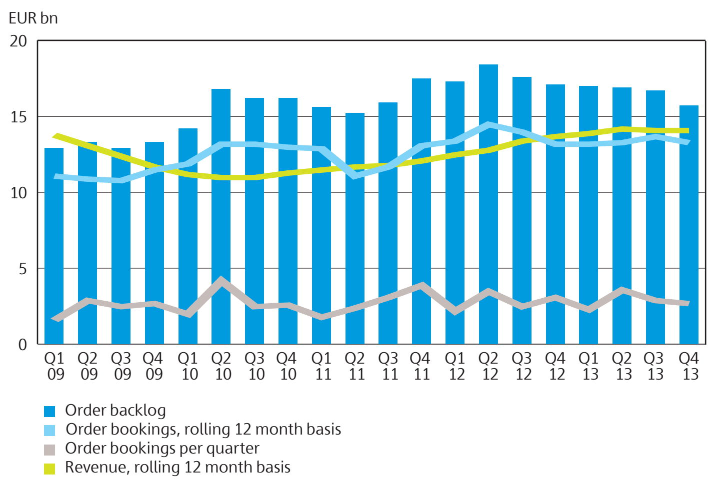
Infrastructure Development

Conditions for new PPP projects continue to improve in the U.S. even though competition is considerable.

In the UK the prospects for new PPP projects are still weak.

Order bookings and backlog

Order bookings, backlog and revenue in construction



Order bookings

Order bookings are at the same level as the previous year at EUR 13.9 billion (13.8), and was unchanged in local currency. Order bookings in EUR were 6 percent lower than revenue in 2013, in comparison with 2012, when order bookings were 4 percent lower than revenue.

In the Nordic and Polish operations, order bookings increased, while in the U.S., UK, Czech Republic and Latin American operations they were lower than in the previous year.

Among the contracts signed in 2013, a number of major contracts in segments important to Skanska are described below.

Nordic countries

In Norway, Skanska signed a contract to construct a nine kilometer railway line between Farriseidet, Larvik, and the border of the Telemark municipality for an order value of around EUR 0.2 billion. Skanska Norway was assigned to construct Oslo Cancer Cluster Innovation Park in Oslo with an order value of around EUR 94.8 M. Skanska Norway also won an assignment to develop and execute two extensions of the Bybanen tramway in Bergen with an order value of around EUR 69.3 M. Numerous assignments were also secured in Sweden, the largest being the construction of a large part of the new research lab at Karolinska Institutet's campus in Solna with an order value of around EUR 0.1 billion. Skanska Sweden also received an assignment from Vasakronan to renovate and modernize the Klara C building opposite Central Station in Stockholm with an order value of around EUR 92.5 M. Skanska Sweden received an assignment from the Swedish Transport Administration to extend the final stage of the E6 highway with a total order value of around EUR 52.4 M. In Finland, Skanska signed a contract to expand and renovate the IsoKristiina shopping center in Villmanstrand for an order value of around EUR 87.1 M. Skanska Finland also signed an agreement with the Finnish Transport Agency to build a bypass in Seinäjoki with an order value of around EUR 55.5 M.

Other European countries

In the UK, a number of major assignments were secured during the year, the largest of which was for the UK Highways Agency for construction to improve junction 19 on the M1 motorway for an order value of around EUR 0.2 billion. Skanska also won an assignment from Land Securities Group PLC to design and construct office and business premises in central London for an order value of around EUR 0.1 billion. Skanska in the UK also signed a contract under a joint venture with Costain to work with Crossrail's new Bond Street Station in London with an order value for Skanska of around EUR 64.0 M.

The Americas

Skanska USA secured several major projects during the year in both Civil and Building. The largest contract that Skanska USA Civil received in 2013 was to replace the Bayonne Bridge which links Staten Island, NY, with Bayonne, NJ. The order value was EUR 0.3 billion and the client is the Port Authority of New York and New Jersey. In San Francisco, Skanska USA Civil received an assignment to provide and erect structural steel for the Transbay Transit Center with an order value of around EUR 0.1 billion. Skanska USA Civil also won an assignment to design and construct a bridge in Florida with an order value of around EUR 89.0 M. In Washington D.C. Skanska USA Civil won an assignment in a joint venture with JayDee to design and construct Clean River's First Street Tunnel with an order value for Skanska of around EUR 70.7 M. Skanska USA Building together with a joint venture partner won three large add-on contracts in 2013 for the construction of a state-of-the-art research and development building with a total order value for Skanska of around EUR 0.8 billion. Skanska USA Building also won an assignment to build a new office for Prudential Financial Inc. in New Jersey with an order value of around EUR 0.3 billion. In western U.S., Skanska USA Building won a contract with an existing client worth around EUR 0.2 billion. Skanska USA Building also won a contract with Novartis for the next phase of work on the company's pharmaceutical research campus in Cambridge with an order value of around EUR 98.0 M. In Latin America, Skanska Latin America received a contract to expand a power plant in Brazil for a value of around EUR 62.4 M.

Order bookings and backlog

Business unit	Order bookings		Order backlog	
EUR M	2013	2012	2013	2012
Sweden	3,446.9	2,948.3	3,086.2	3,143.0
Norway	1,513.9	1,177.1	1,063.1	1,357.8
Finland	783.6	754.3	668.0	605.2
Poland	962.0	869.6	639.2	692.4
Czech Republic	368.0	433.4	501.2	658.4
UK	1,196.3	1,326.5	2,217.5	2,206.0
USA Building	3,557.8	3,214.2	4,049.2	4,108.4
USA Civil	1,331.7	2,035.4	2,896.7	3,315.9
Latin America	676.3	1,035.6	553.7	994.5
Other	29.6	–	16.2	–
Total	**13,866.1**	**13,794.5**	**15,690.8**	**17,081.8**

Order backlog

The order backlog decreased by 8 percent and at the end of the year amounted to EUR 15.7 billion (17.1). Adjusted for currency rate effects, the order backlog decreased by 4 percent. The order backlog is equivalent to about 13 (14) months of production.

Skanska's North American and Latin American, Nordic and other European operations accounted for 48, 31 and 21 percent of the order backlog respectively.

Segment and IFRS Reporting

The Group reports its Residential Development and Commercial Property Development segments according to a method in which sales revenue and gains on the divestment of properties – residential as well as commercial – are recognized when binding sales contracts are signed. When reporting in compliance with IFRS, revenue and gains on divestment of properties are recognized when the purchaser takes possession of the property or home. The differences between the two methods, with respect to revenue and operating income, are summarized in the tables below.

Revenue

EUR M	2013	2012
Revenue by business stream according to segment reporting		
Construction	14,736.8	14,303.2
Residential Development	1,065.2	997.4
Commercial Property Development	717.3	774.5
Infrastructure Development	10.1	27.8
Central and eliminations	–770.4	–947.0
Total revenue according to segment reporting	**15,759.0**	**15,155.8**
Reconciliation with IFRS	16.5	–296.5
Total revenue according to IFRS	**15,775.5**	**14,859.3**

Revenue according to segment reporting increased by 4 percent to EUR 15.8 billion (15.2). In local currencies, the revenue increase was 3 percent. In the Construction business stream, revenue rose in EUR by 3 percent. EUR 1.7 billion (1.7) of revenue in Construction, equivalent to 11 percent (12), was generated by the Group's project development operations. To reconcile with IFRS, the revenue from the homes and properties that were sold in prior years but which were handed over during the year is added. Then the revenue from the homes and properties that were sold during the year but are yet to be occupied by the purchaser is subtracted. Of the EUR 1,065.2 M (997.4) in Residential Development revenue, EUR 40.1 M (47.9) consists of revenue from joint ventures which has been included line by line according to the proportional method of accounting.

Operating income

EUR M	2013	2012
Operating income by business stream according to segment reporting		
Construction	443.0	399.1
Residential Development	65.7	–13.1
Commercial Property Development	123.4	166.3
Infrastructure Development	46.3	67.5
Central	–79.2	–83.1
Eliminations	–5.3	–7.8
Operating income according to segment reporting	**594.0**	**529.0**
Reconciliation with IFRS	48.1	–67.4
Operating income according to IFRS	**642.1**	**461.6**

Operating income according to segment reporting amounted to EUR 594.0 M (529.0).

Impairment losses on current and non-current assets including goodwill were charged to operating income in the amount of EUR 37.0M (18.3). The operating income was positively impacted in the amount of EUR 20.2 M relating to a curtailment of the pension liability, including a special payroll tax in Sweden.

Construction

In the construction business stream, operating income increased by 11 percent amounting to EUR 443.0 M (399.1). The operating margin increased compared to the previous year and amounted to 3.0 percent (2.8). The Norwegian and Finnish operations showed a strong improvement in profitability and the operations in Sweden, UK and building construction in the U.S. delivered stable margins compared with 2012. Both the Polish operations and civil construction in the U.S. showed solid margins. For both operations, the comparative year's profitability was positively impacted by the completion of large profitable projects. In Latin America the year was characterized by a challenging market which resulted in delays in the anticipated effects of ongoing restructuring processes. As a result of the protracted market recession in the Czech Republic and Slovakia, revenue declined substantially and the units have therefore been restructured and the value of certain assets and projects were written down in 2013.

Residential Development

In Residential Development, operating income amounted to EUR 65.7 M (–13.1) and the operating margin for the business stream was 6.2 percent. Restructuring and cost savings had a positive impact on operating income and all markets are now reporting a positive and improving margin. Impairment losses on current assets (land) in Residential Development were charged to earnings in the amount of EUR 5.2 M (13.6).

Commercial Property Development

Operating income for the Commercial Property Development business stream amounted to EUR 123.4 M (166.3). Property divestments were made during the year for a value of EUR 667.9 M (718.3) with capital gains amounting to EUR 163.5 M (194.5).

Infrastructure Development

Operating income in Infrastructure Development amounted to EUR 46.3 M (67.5). The operating income includes divestments of three UK school projects and two UK street lighting projects.

Central

Central expenses, including businesses under discontinuation, amounted to EUR –79.2 M (–83.1).

Eliminations of intra-Group profits

Eliminations/reversals of intra-Group profits amounted to EUR –5.3 M (–7.8). At the Group level, this included elimination of profits in Construction operations relating to property projects. Eliminations are reversed when the projects are divested.

Income according to IFRS

EUR M	2013	2012
Revenue	15,775.5	14,859.3
Cost of sales	–14,326.9	–13,531.2
Gross income	**1,448.6**	**1,328.1**
Selling and administrative expenses	–886.6	–977.4
Income from joint ventures and associated companies	80.1	110.9
Operating income	**642.1**	**461.6**

Gross income was EUR 1,448.6 M (1,328.1). Gross income includes income from operating activities, including gains on divestments in Residential Development and Commercial Property Development. It also includes impairment losses on project development operations and on property, plant and equipment totaling EUR 14.8 M (16.9), most of which relates to operations in the Czech Republic.

Divestments of commercial properties resulted in a capital gain of EUR 219.0 M (134.4).

Selling and administrative expenses decreased to EUR –886.6 M (–977.4) which is equivalent to 6 percent (7) of revenue.

Income from joint ventures and associated companies, totaling EUR 80.1 M (110.9), is mainly from holdings reported in the Infrastructure Development business stream and includes gains from the divestment of holdings in projects.

Income after financial items

EUR M	2013	2012
Operating income	**642.1**	**461.6**
Interest income	15.7	20.9
Pension interest	–10.9	–7.8
Interest expense	–55.1	–53.2
Capitalized interest expense	30.2	17.3
Net interest items	**–20.1**	**–22.7**
Change in fair value	2.4	5.4
Other financial items	–9.5	–9.5
Income after financial items	**614.9**	**434.7**

Net financial items amounted to EUR –27.2 M (–26.9).

Net interest expense improved to EUR –20.1 M (–22.7). Interest income fell to EUR 15.7 M (20.9). Interest expense increased to EUR –55.1 M (–53.2), which is primarily due to an increase in interest expense in Skanska's own projects.

Capitalization of interest expense in Skanska's own ongoing projects increased due to the fact that a relatively large percentage of projects are in early stages and amounted to EUR 30.2 M (17.3).

Net interest on pensions, which refers to the net amount of interest expense for pension obligations calculated at the beginning of the year and the expected return on plan assets, increased to EUR –10.9 M (–7.8). The change is primarily due to the net debt at the beginning of the year being higher than the net debt at the beginning of the previous year, which is largely explained by the fact that the cost of earned pensions and interest expense exceed the amount of benefits paid.

The change in fair value of financial instruments amounted to EUR 2.4 M (5.4) and is mainly due to a fall in Swedish interest rates in relation to currency-rate hedging of net investments in operations outside Sweden.

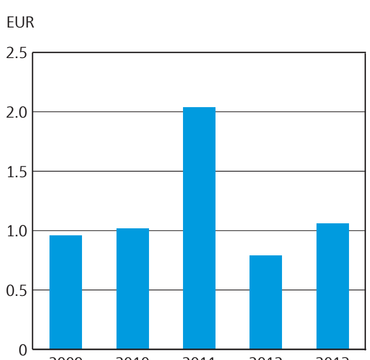
Other financial items amounted to EUR –9.5 M (–9.5) and mainly consisted of currency-rate effects and various fees for credit facilities and bank guarantees.

Profit for the year

EUR M	2013	2012
Income after financial items	**614.9**	**434.7**
Taxes	–179.3	–106.0
Profit for the year	**435.6**	**328.7**
Profit for the year attributable to		
Equity holders	435.2	327.7
Non-controlling interests	0.5	0.9
Earnings per share for the year, EUR	1.06	0.79

After subtracting the year's tax expense of EUR –179.3 M (–106.0), equivalent to a tax rate of 29 percent (24), profit for the year attributable to equity holders amounted to EUR 435.2 M (327.7). The reason for the higher effective tax rate in 2013 compared to 2012 is, among other things, that the reduction in the corporate tax rate in Sweden as of January 1, 2013 lowered the value of deferred tax liabilities and this had a positive impact on tax expense for the comparative year. Taxes paid for the year amounted to EUR –124.0 M (–130.4). Earnings per share amounted to EUR 1.06 (0.79).

Earnings per share



1 Including earnings from the sale of Autopista Central, Chile.

Comprehensive income for the year

EUR M	2013	2012
Profit for the year	435.6	328.7
Other comprehensive income		
Items that will not be reclassified to the period's profit or loss		
Remeasurement of defined-benefit pension plans	83.6	–14.9
Tax on items that will not be reclassified to the period's profit or loss	–21.2	–10.2
	62.4	**–25.2**
Items that have been or will be reclassified to the period's profit or loss		
Translation differences attributable to equity holders	–161.8	58.2
Translation differences attributable to non-controlling interests	–0.8	–0.5
Hedging of exchange-rate risk in operations outside Sweden	35.4	–11.4
Effect on cash-flow hedges	60.8	–4.8
Tax attributable to items that have or will be reclassified to the period's profit or loss	2.0	–0.1
	–64.4	**41.4**
Other comprehensive income after tax	**–2.0**	**16.2**
Comprehensive income for the year	433.6	**344.9**
Total comprehensive income for the year attributable to		
Equity holders	434.0	344.4
Non-controlling interests	–0.3	0.5

Other comprehensive income after tax for the year amounted to EUR –2.0 M (–16.2). The change in translation differences attributable to equity holders totaled EUR –161.8 M (58.2). This item, which consists of the change in accumulated translation differences when translating the financial reports of operations outside Sweden, mainly consists of negative translation differences in all currencies (for currency abbreviations, refer to Note 34, "Effect of changes in foreign-exchange rates."). About 30 percent of net investments outside Sweden were currency hedged in 2013, which resulted in a positive effect of EUR 35.4 M (–11.4) in other comprehensive income for the year. See Note 6.

Remeasurement of the net pension liability including social insurance contributions amounted to EUR 83.6 M (–14.9). The positive effect is mainly explained by the actual gain on plan assets exceeding the expected return for all three countries where Skanska has defined-benefit plans. The positive effect of higher discount rates in Sweden and the UK was reduced significantly as a result of an increase in inflation assumptions for the UK and increases in life expectancy for the plans in Norway and the UK.

The effect of cash-flow hedges amounted to EUR 60.8 M (–4.8). Hedge accounting is applied in several business streams, of which Infrastructure Development is the one in which the effect on the cash-flow reserve is the greatest. The item includes changes in unrealized gains and losses on hedging instruments as well as the effect of realized hedging instruments. The Infrastructure Development business stream uses interest rate swaps for long-term hedging of interest expense relating to long-term Infrastructure Development projects. The item includes fair value measurement of such interest rate swaps from joint ventures in Infrastructure Development. The cash flow reserve was significantly reduced during the year, which can be explained by interest rate swaps expiring and being realized and infrastructure projects being divested. The effect of changed market interest rates was marginal during the year.

Total comprehensive income for the year amounted to EUR 433.6 M (344.9).

Investments/Divestments

EUR M	2013	2012
Operations – investments		
Intangible assets	–14.6	–12.1
Property, plant and equipment	–177.4	–304.0
Assets in Infrastructure Development	–8.7	–43.8
Shares	–10.3	–2.5
Current-asset properties	–1,324.1	–1,630.2
of which Residential Development	–808.0	–892.0
of which Commercial Property Development	–516.1	–738.2
Investments	**–1,535.0**	**–1,992.5**
Operations – divestments		
Intangible assets	0.1	0.0
Property, plant and equipment	43.7	31.1
Assets in Infrastructure Development	28.0	124.5
Shares	1.6	3.6
Current-asset properties	1,864.1	1,400.5
of which Residential Development	1,060.7	928.4
of which Commercial Property Development	803.4	472.0
Divestments	**1,937.5**	**1,559.7**
Net investments/divestments in operations	**402.5**	**–432.9**
Strategic Investments		
Acquisition of businesses	–22.3	–2.5
Acquisition of shares	0.0	0.0
Strategic investments	**–22.3**	**–2.5**
Strategic divestments		
Divestment of businesses	0.1	0.0
Divestment of shares	0.0	0.0
Strategic divestments	**0.1**	**0.0**
Net strategic investments/divestments	**–22.2**	**–2.5**
Total net investments/divestments	**380.3**	**–435.4**
Depreciation/amortization, non-current assets	–181.2	–174.6

The Group's investments totaled EUR –1,557.3 M (–1,995.1). Of this, EUR –22.3 M (–2.5) was for acquisitions of businesses. Divestments amounted to EUR 1,937.6 M (1,559.7) and the Group's net investments amounted to EUR 380.3 M (–435.4).

Investments in property, plant and equipment, which mainly consists of ongoing investments in operations, amounted to EUR –177.4 M (–304.0). Divestments of property, plant and equipment amounted to EUR 43.7 M (31.1).

Depreciation of property, plant and equipment amounted to EUR –173.7 M (–165.8).

Net investments in current-asset properties amounted to EUR 540.0 M (–229.8). Projects were sold for EUR 1,864.1 M (1,400.5), while investments amounted to EUR –1,324.1 M (–1,630.2). In Residential Development investments in current-asset properties amounted to EUR –808.0 M (–892.0), of which around EUR –60.1 M (–107.2) was for land equivalent to 2,170 building rights. Completed homes were sold for EUR 1,060.7 M (928.4). Net divestments of current-asset properties within Residential Development amounted to EUR 252.7 M (36.4), of which the centrally recognized land bank contributed net divestments of EUR 127.7 M.

In Commercial Property Development investments in current-asset properties amounted to EUR –516.1 M (–738.2), of which around EUR –95.2 M (–208.7) was for land, and the total investments amounted to EUR –521.7 M (–739.3). Divestments of current-asset properties amounted to EUR 803.4 M (472.0). Net divestments in current-asset properties in Commercial Property Development amounted to EUR 287.3 M (–266.2). The investment volume in Commercial Property Development has increased according to plan in recent years. In 2013 development gains were realized in several larger projects. There are many early-stage projects in the commercial investment portfolio, which will lead to continued growth in the investment volume in this segment going forward.

Investments in the form of equity and subordinated loans in Infrastructure Development amounted to EUR –8.7 M (–43.8) and divestments amounted to EUR 28.0 M (124.5). Net investments in Infrastructure Development amounted to EUR 19.3 M (80.8).
Cash flow for the year amounted to EUR 181.7 M (67.5).

Consolidated operating cash flow

EUR M	2013	2012
Cash flow from business operations before change in working capital	465.3	366.9
Change in working capital	–130.8	–53.8
Net investments/divestments in the business	402.5	–432.9
Accruel adjustments, cash-flow effect of investments	–30.3	39.5
Taxes paid in business operations	–125.9	–135.7
Cash flow from business operations	**580.8**	**–215.9**
Net interest income/expense and other financial items	–6.1	–17.6
Taxes paid in financing activities	1.8	5.3
Cash flow from financing activities	**–4.3**	**–12.3**
Cash flow from operations	**576.5**	**–228.1**
Strategic net investments	–22.2	–2.5
Taxes paid on strategic divestments	0.0	0.0
Cash flow from strategic investments	**–22.2**	**–2.5**
Dividend etc.[1]	–318.7	–314.9
CASH FLOW BEFORE CHANGE IN INTEREST-BEARING RECEIVABLES AND LIABILITIES	**235.7**	**–545.5**
Change in interest-bearing receivables and liabilities	–54.0	613.1
Cash flow for the year	**181.7**	**67.5**
Cash and cash equivalents, January 1	671.9	595.4
Exchange rate differences in cash and cash equivalents	–36.4	9.0
Cash and cash equivalents, December 31	**817.2**	**671.9**
1 Of which repurchases of shares	–33.2	–30.1

Cash flow from operations amounted to EUR 576.5 M (–228.1) and all business streams contributed positively to this improvement. In total, net investments in business operations fell by EUR 835.3 M to EUR 402.5 M (–432.9). The reduction is explained by lower investment volumes mainly in the Commercial Property Development business stream, but also in Residential Development. In addition, in Commercial Property Development buyers took possession of a number of properties during the year. Change in working capital impacted cash flow negatively and the change totaled EUR –130.8 M (–53.8).

Taxes paid in business operations amounted to EUR –125.9 M (–135.7).

Change in interest-bearing receivables and liabilities amounted to EUR –54.0 M (613.1).

Cash flow for the year of EUR 181.7 M (67.5) combined with translation differences of EUR –36.4 M (9.0) increased cash and cash equivalents to EUR 817.2 M (671.9).

Commercial properties sold but not occupied as of February 6, 2014 will have a positive effect on the cash flow of around EUR 0.2 billion in the first half of 2014.

Financing and liquidity

At year-end 2013, the Group had interest-bearing net receivables, including provisions, amounting to EUR 121.5 M (–222.7). The Group's unutilized credit facilities totaled EUR 646.6 M (661.8) at the end of the year. Of these, EUR 600.0 M was unutilized long-term credit maturing at the end of June 2017. Interest-bearing assets increased to EUR 1,682.0 M (1,538.6). Of these, receivables in foreign currencies accounted for 67 percent (85). The average interest rate refixing period for all of the Group's interest-bearing assets was 0.2 (0.2) years and the interest rate amounted to 0.69 percent (0.86) at the end of the year.

Change in interest-bearing assets and liabilities

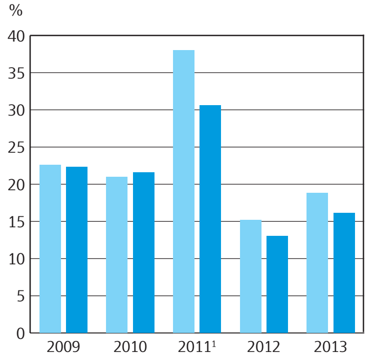
EUR M	2013	2012
Interest-bearing net liabilities/receivables, January 1	**–222.7**	**328.5**
Cash flow from business operations	580.8	–215.9
Cash flow from financing activities excluding changes in interest-bearing liabilities/receivables	–4.3	–12.3
Cash flow from strategic investments	–22.2	–2.5
Dividend etc.[1]	–318.7	–314.9
Acquired/divested receivables/liabilities	–5.8	0.5
Translation differences	5.1	7.4
Change in pension liability	64.3	–6.4
Other changes	45.0	–7.0
Interest-bearing net receivables/liabilities, December 31	**121.5**	**–222.7**
1 Of which repurchases of shares	–33.2	–30.1

The Group's interest-bearing liabilities and provisions decreased to EUR 1,560.5 M (1,761.3), of which pension liabilities and provisions amounted to EUR 388.3 M (484.2) and construction loans to housing associations totaled EUR 319.9 M (330.5). The average interest rate refixing period for all interest-bearing liabilities was 1.8 (1.3) years, excluding pension liabilities but taking into account derivatives. The average maturity was 2.5 (1.9) years. Including unutilized credit facilities, the average maturity was 3.3 years.

The interest rate for all Group interest-bearing liabilities, excluding pension liabilities, amounted to 2.57 percent (2.96) at the end of the year. The proportion of loans in foreign currencies increased to 41 percent (33).

The Group's total assets and liabilities/equity decreased by EUR –0.4 M and amounted to EUR 9.8 billion (10.3). The effect of exchange rate fluctuations was EUR –0.6 billion.

Return on equity and capital employed



1 Including earnings from the sale of Autopista Central, Chile.

At the end of the year, equity attributable to equity holders amounted to EUR 2,380.2 M (2,235.0) the change in equity is mainly explained by dividend disbursements of EUR –285.5 M, and repurchases of shares totaling EUR –33.2 M, as well as the allotment of shares in connection with long-term employee ownership programs (Seop) totaling EUR 29.8 M.

Return on equity was 18.8 percent (15.2).

Capital employed amounted to EUR 3,959.0 M (4,015.0). Return on capital employed amounted to 16.1 percent (13.0).

Equity/assets and debt/equity ratio

The net debt/equity ratio amounted to –0.1 (0.1), and the equity/assets ratio was 24.4 percent (21.9).

Parent Company

The Parent Company carries out administrative tasks and includes the Senior Executive Team and management units.

Profit for the year amounted to EUR 256.9 M (455.5) and mainly consisted of dividends from subsidiaries. The average number of employees was 110 (102).

Material risks and uncertainties

Construction and project development operations require a considerable amount of risk management. Practically every project is unique, with size, design and the environment varying for each new assignment. The construction industry differs in this way from the typical manufacturing industry where companies have permanent facilities and serial production.

In Skanska's operations, there are many different types of risks. Identifying, managing and putting a price on these risks are of fundamental importance to profitability. The risks are normally of a technical, legal and financial nature, but political, ethical, social and environmental aspects are also part of the process of assessing potential risks. There are many different types of contractual mechanisms in Skanska's operations, and this also has an impact on the portfolio. The degree of risk varies greatly depending on the contract type.

In Construction operations, sharp increases in prices of materials may pose a risk, especially in long projects with fixed-price commitments. A shortage of human resources or of certain intermediate goods may potentially have an negative impact on operations. Delays in the design phase or changes in design are other circumstances that may adversely affect projects. Certain counterparties, for example clients, subcontractors or suppliers, may have difficulty living up to their contractual obligations. Skanska regularly makes assessments of counterparty risk in order to be prepared for this.

To ensure a systematic and uniform assessment of risks and opportunities, Skanska uses a model involving common routines throughout the Group to identify and manage risk. Skanska uses this model to continuously evaluate projects– from preparation of tenders to completion of assignments.

In Residential Development operations, there are risks in all phases – from concept to completed project. External factors such as interest rates and the willingness of customers to buy homes are of crucial importance to all decisions made. Homes are produced for succesive sale. To minimize risks, the goal is to completely develop and sell the units in a given project during a single economic cycle when variations in market conditions are small and predictable. New projects are normally started when a predetermined percentage of homes are sold or pre-booked. Greater standardization with shorter lead times reduces exposure to the risk of fluctuation in market demand. Due to lengthy planning and permitting processes, ample lead time is required to ensure a supply of building rights for construction in order to meet the demand.

Commercial Property Development manages risks connected with external factors, clients' space needs and the willingness of investors to buy. Through frequent contact with clients, Skanska constantly tracks client demands at the local level.

Risks are limited because the Commercial Property Development and Residential Development business streams have established ceilings on how much capital may be tied up in holdings in projects that have not been pre-leased or sold.

Investments in Infrastructure Development require efficient risk management during the development phase, i.e. before and after contractual and financial close. During the construction phase, the greatest risk is that the asset will not be able to go into service on schedule and that quality standards will not be met. Depending on the type of asset, there are risks during the entire steady state phase which may extend over decades. Examples of such risks are external factors – demographic, environmental and financial – which are managed during the service life of a project. There is also a risk that life-cycle costs and operating and maintenance costs will exceed the forecasts that were made.

For a more detailed account of material risks and uncertainties, see Note 2 "Key estimates and judgments." Financial risks are described in Note 6 "Financial instruments and financial risk management." Ongoing litigation is described in Note 33 "Assets pledged, contingent liabilities and contingent assets."

Corporate governance report

This corporate governance report for 2013 has been reviewed by the Company's external auditors in compliance with Chapter 9, Section 31 of the Swedish Companies Act. The report is part of the Report of the Directors and contains information in compliance with Chapter 6, Section 6 of the Annual Accounts Act.

Corporate governance principles

Skanska AB is a Swedish public limited company. Skanska AB's Series B shares are listed on NASDAQ OMX Stockholm. Skanska AB and the Skanska Group are governed in accordance with the Articles of Association, the Swedish Companies Act, the NASDAQ OMX Stockholm rule book for issuers and other applicable Swedish and foreign laws and ordinances. Skanska applies the Swedish Code of Corporate Governance ("the Code"), which is available at www.corporategovernanceboard.se.

Articles of Association

The Articles of Association are adopted by the Annual Shareholders' Meeting, the highest decision-making body, and must contain a number of disclosures of a more fundamental nature for the Company, among other things what operations it is to conduct, the size and registered office of the Board of Directors, the size of the share capital, any regulations on different types of shares (Series A and Series B shares), conversion of shares, number of shares and how notice of a Shareholders' Meeting is to be provided. The complete Articles of Association are available on Skanska's website www.skanska.com.

Governing documents

Among the more important governing documents established yearly by the Board are the Code of Conduct, the Procedural Rules, and the Group's Financial Policy, Information Policy and Risk Management Policy. The Group's most important governing documents, in addition to those based on laws or other statutes, are available on Skanska's website, www.skanska.com.

Annual Shareholders' Meeting

At the Annual Shareholders' Meeting Skanska's shareholders decide on central issues, such as adoption of income statements and balance sheets, the dividend to the shareholders, the composition of the Board, discharging the members of the Board of Directors and the President and CEO from liability for the financial year, amendments to the Articles of Association, election of auditors and principles of remuneration to senior executives. Shareholders listed in the register of shareholders on the record date who notify the Company of their intention to participate in the meeting are entitled to attend it either personally or by proxy through a representative or substitute.

Every shareholder is entitled to have an item of business dealt with at the Shareholders' Meeting. Well before notice of the meeting is issued, the Company's website provides information on how shareholders are to proceed in order to have an item of business dealt with.

The 2013 Annual Shareholders' Meeting

The Annual Shareholders' Meeting was held on April 11, 2013 in Stockholm. At the Meeting, a total of 724 shareholders were present personally or through proxy, representing about 59 percent of the total voting power in the Company. The Meeting re-elected Stuart Graham, Johan Karlström, Fredrik Lundberg, Sverker Martin-Löf, Sir Adrian Montague, Lars Pettersson, Josephine Rydberg-Dumont, Charlotte Strömberg and Matti Sundberg as members of the Board of Directors, and elected Pär Östberg as a new member.

The Meeting re-elected Stuart Graham as Chairman of the Board. Employees were represented on the Board by Inge Johansson, Roger Karlström and Anders Fogelberg as members, with Richard Hörstedt, Gerardo Vergara and Thomas Larsson as deputy members. Sixteen members and deputy members of the Board as well as the Company's auditors and members of the Senior Executive Team were present at the Annual Shareholders' Meeting. The Annual Shareholders' Meeting re-elected KPMG as auditor.

Among other things, the Meeting approved a dividend to the shareholders totaling SEK 6.00 per share. The Meeting also resolved to introduce a new long-term employee ownership program, Seop 3. Complete information about the 2013 Annual Meeting plus minutes of the Meeting are available on Skanska's website.

The 2014 Annual Shareholders' Meeting

The next Annual Shareholders' Meeting of Skanska AB will be held at 4:00 p.m. on April 3, 2014 at the Clarion Sign Hotel in Stockholm, Sweden.

Information has been provided on Skanska's website to shareholders on how they should proceed if they wish to have an item of business dealt with at the 2014 Annual Shareholders' Meeting.

The Nomination Committee

Among the tasks of the Nomination Committee is to propose candidates for election as members of the Board of Directors.

The 2013 Annual Shareholders' Meeting gave the Chairman of the Board a mandate to allow the four largest shareholders in terms of voting power each to appoint a representative to comprise, together with the Chairman, a Nomination Committee in preparation for the 2014 Annual Shareholders' Meeting. The Nomination Committee has the following composition: Carl-Olof By, AB Industrivärden, Chairman of the Nomination Committee; Mats Guldbrand, L E Lundbergföretagen AB; Bo Selling, Alecta; Tomas Hedberg, Swedbank Robur Fonder AB; and Stuart Graham, Chairman of the Board, Skanska AB.

Information has been provided on Skanska's website on how shareholders can submit their own proposals to the Nomination Committee by sending an e-mail to the Committee. The Nomination Committee plans to publish its proposals no later than in the notice of the 2014 Annual Shareholders' Meeting. At the same time, these proposals and an explanatory statement will be available on Skanska's website.

The Nomination Committee, 2013

Representative on the Nomination Committee for preparation of the 2014 Annual Shareholders' Meeting	Representing	December 31, 2013 % of voting power
Carl-Olof By	AB Industrivärden	24.5
Mats Guldbrand	LE Lundbergföretagen AB	11.6
Bo Selling	Alecta	5.5
Tomas Hedberg	Swedbank Robur fonder	2.2
Stuart Graham	Chairman of the Board, Skanska AB	–

The Board of Directors

The Board of Directors makes decisions concerning overall issues about the Parent Company and the Group, such as Group strategy, publication of interim and annual reports, major construction projects, investments and divestments, appointment of the President and CEO as well as the organizational structure of the Group.

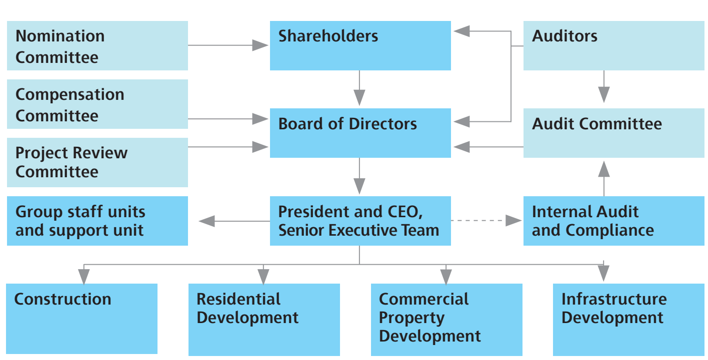
The members and deputy members of the Board

Member	Position	Born	Nationality	Year elected	Audit Commitee	Compensa-tion Committee	Project Review Committee	Independent in relation to the Company and its management	Independent in relation to major share-holders
Stuart Graham	Chairman	1946	U.S.	2009	Member	Chairman	Chairman	Yes	No
Johan Karlström	President and CEO	1957	Sweden	2008			Member	No	Yes
Fredrik Lundberg	Member	1951	Sweden	2011			Member	Yes	No
Sverker Martin-Löf	Member	1943	Sweden	2001	Chairman	Member	Member	Yes	No
Sir Adrian Montague	Member	1948	UK	2007			Member	Yes	Yes
Lars Pettersson	Member	1954	Sweden	2006		Member		Yes	No
Josephine Rydberg-Dumont	Member	1955	Sweden	2010		Member [1]		Yes	Yes
Charlotte Strömberg	Member	1959	Sweden	2010	Member			Yes	Yes
Matti Sundberg	Member	1942	Finland	2007			Member	Yes	Yes
Pär Östberg[1]	Member	1962	Sweden	2013	Member [1]			Yes	No
Richard Hörstedt	Employee Rep. (Deputy)	1963	Sweden	2007				–	–
Inge Johansson	Employee Representative	1951	Sweden	1999			Member	–	–
Gerardo Vergara	Employee Rep. (Deputy)	1963	Sweden	2012				–	–
Roger Karlström	Employee Representative	1949	Sweden	2008					
Thomas Larsson	Employee Rep. (Deputy)	1969	Sweden	2011				–	–
Anders Fogelberg	Employee Representative	1951	Sweden	2011				–	–

▪ Chairman ▪ Member

1 As of April 11,2013

Governance structure



The Board has established three special committees:
– Audit Committee
– Compensation Committee
– Project Review Committee

The members of the Board

The Board of Directors consists of ten members elected by the Annual Shareholders' Meeting, without deputies, plus three members and three deputy members appointed by the employees. The Annual Shareholders' Meeting appointed Stuart Graham as Chairman of the Board. The President and CEO is a member of the Board. For more detailed information about individual Board members and deputy members, refer to page 180. Nine of the Board members elected by the Shareholders' Meeting are independent in relation to the Company and its management. Of these, more than two members are also deemed independent in relation to the Company's largest shareholders. Only one member (the President and CEO) is active in the management of the Company.

The work of the Board in 2013

The work of the Board of Directors follows a yearly agenda, which is stipulated in the Board's Procedural Rules. In preparation for each Board meeting, the Board receives supporting documentation compiled according to established procedures. These procedures are aimed at ensuring that the Board receives relevant information and documentation for decision making before all its meetings. All documentation is formulated in the English language.

During the year, the Board held ten meetings including its statutory meeting. The meeting in March was held by circulation. At its June 2013 meeting, the Board visited Skanska in Poland, including the managements of Skanska Poland, Skanska Czech Republic and Slovakia and Skanska Commercial Property Development Europe, and also the units Residential Development Poland and Residential Development Czech Republic. In conjunction with this meeting, the Board made work site visits that included a number of commercial and residential projects in the Warsaw area. Among the more important issues that the Board dealt with during the year were the new long-term employee ownership program Seop 3, matters relating to company acquisitions, follow-up of the restructuring of the residential development units in the Nordic countries and of the operations in Latin America, updating and follow-up of the Group's 2013–2015 business plan, writedowns in the Czech Republic, succession planning, internal control and risk management. A major focus has been on safety and sustainability issues.

The committees of the Board

In its Procedural Rules, the Board has specified the duties and decision-making powers that the Board has delegated to its committees. All committees report orally to the Board at each meeting in accordance with the mechanisms that are stipulated in the Procedural Rules. Minutes of all committee meetings are provided to the Board.

Audit Committee

The main task of the Audit Committee is to assist the Board in overseeing financial reporting, reporting procedures and accounting principles, as well as monitoring the auditing of the accounts for the Parent Company and the Group. The Committee also evaluates the quality of the Group's reporting, internal auditing and risk management functions and reviews the reports and opinions of the Company's external auditors. The Company's external auditors are present at all meetings of the Audit Committee. At least once per year, the Committee meets the auditors without senior executives being present. The Audit Committee comprises Sverker Martin-Löf (Chairman), Stuart Graham, Charlotte Strömberg and Pär Östberg. During 2013, the Committee held six meetings. Important issues during the year included write-downs in the Czech Republic and Latin America, including follow-up of the operations; dealing with and concluding major disputes; risk management; and reporting of suspected breaches of the Code of Conduct.

Compensation Committee

The main task of the Compensation Committee is to prepare the Board's decisions concerning employment of the President and CEO and other members of the Senior Executive Team, as well as the salary and other compensation of the President and CEO. The committee makes decisions on the remuneration, pensions and other terms of employment of other members of the Senior Executive Team.

The committee prepares the Board's decisions on general incentive programs and examines the outcomes of variable salary elements. During 2013, the committee evaluated Skanska's variable remuneration programs for its management and also monitored and evaluated the application of the principles for remuneration to senior executives as well as the existing remuneration structure and remuneration levels. The Committee drew up proposals for a continued long-term share ownership program for the Group's employees (Seop 3) for the period 2014–2016 and amended principles for remuneration to senior executives, which were approved at the Annual Shareholders' Meeting. During the year the Committee also made decisions on pension plans and evaluated principles for reducing variable remuneration in the event of breach of the Code of Conduct. The Committee consists of Stuart Graham (Chairman), Sverker Martin-Löf, Lars Pettersson and Josephine Rydberg-Dumont. During 2013, the Committee held six meetings.

Project Review Committee

The Project Review Committee has the Board's mandate to make decisions on its behalf regarding individual construction and Commercial Property Development and Residential Development projects, investments and divestments in Infrastructure Development and project financing packages. Projects that include especially high or unusual risks or other special circumstances may be referred to the Board for its decision. The Committee comprises Stuart Graham (Chairman), Johan Karlström, Fredrik Lundberg, Sverker Martin-Löf, Sir Adrian Montague, Matti Sundberg and Inge Johansson. During 2013, the Committee held 11 meetings.

Evaluation of the work of the Board

The work of the Board is evaluated yearly through a systematic and structured process, among other things aimed at gathering good supporting documentation for improvements in the Board's own work. The evaluation is partly carried out individually through the completion of a questionnaire, and partly through discussions at Board meetings. The evaluation provides the Chairman of the Board with information about how the members of the Board perceive the effectiveness and collective competence of the Board as well as the need for changes in the Board. When evaluating the work of the Chairman, the Board is led by a specially designated member. In addition, the Chairman is evaluated by all the other members using a written questionnaire. The Chairman of the Board and a designated person inform the Nomination Committee of the results of these evaluations.

Fees to the Board of Directors

Total fees to the Board members elected by the Shareholders' Meeting were approved by the 2013 Annual Shareholders' Meeting in the amount of EUR 699,269.2.

The Chairman of the Board received EUR 190,709.8 in fees and other Board members received EUR 63,569.9 each.

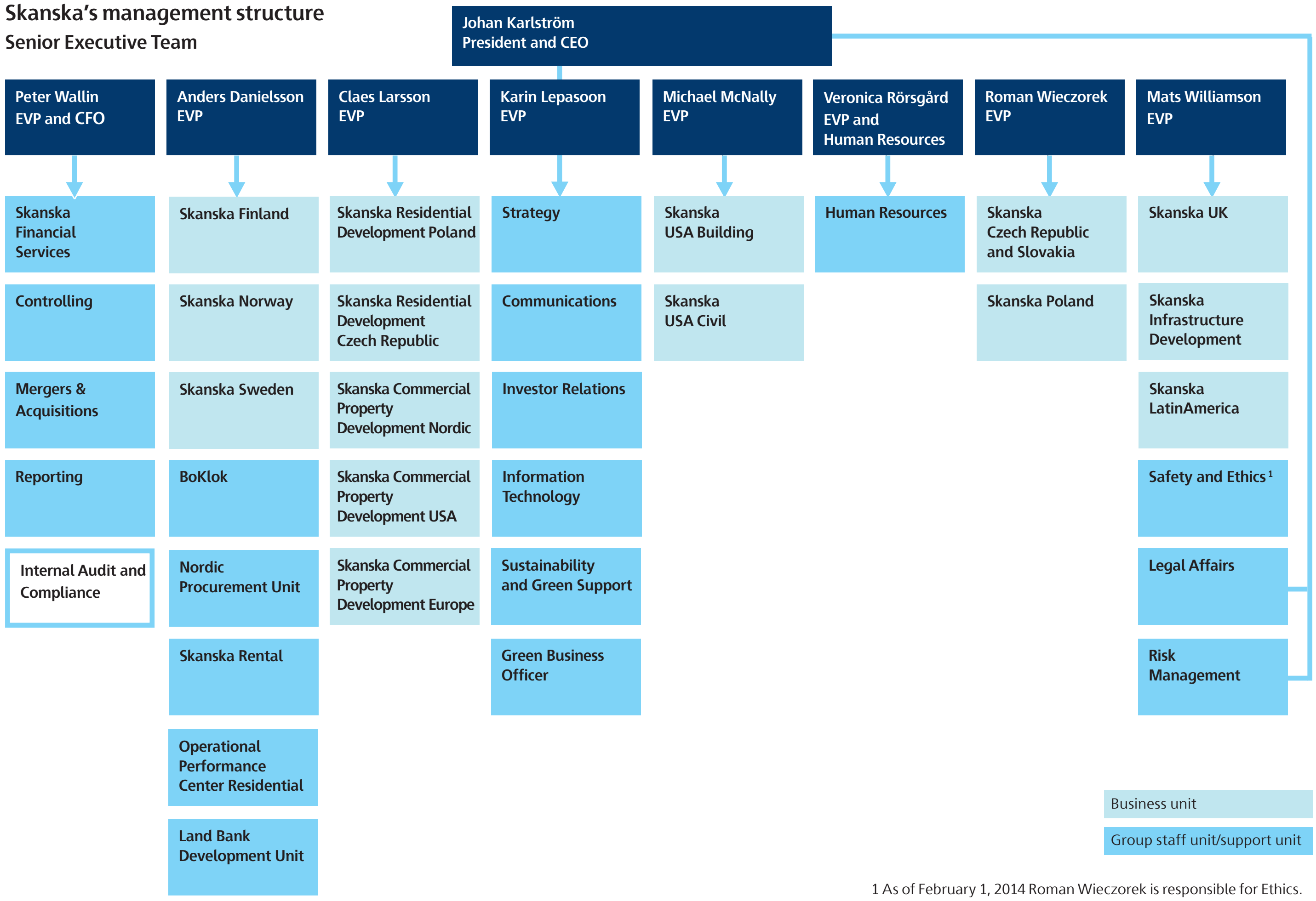
In addition, in accordance with the decision of the Shareholders' Meeting, members elected by the Shareholders' Meeting and serving on the Board's committees each received EUR 11,558.2 for their work on the Compensation Committee, EUR 23,116.3 for their work on the Project Review Committee and EUR 14,447.7 per member of the Audit Committee and EUR 17,337.3 to its Chairman. For a further account, see Note 37, "Remuneration to senior executives and Board members."

Attendance at Board and committee meetings

	Board meetings	Audit Committee	Compensation Committee	Project Review Committee
Number of meetings	**10**	**6**	**6**	**11**
Member				
Stuart Graham	10	6	6	11
Johan Karlström	10			11
Fredrik Lundberg	10			11
Sverker Martin-Löf	10	6	6	11
Sir Adrian Montague	10			10
Lars Pettersson	10		6	
Josephine Rydberg-Dumont	9		5[1]	
Charlotte Strömberg	10	6		
Matti Sundberg	9			10
Pär Östberg[1]	7	5		
Anders Fogelberg	10			
Richard Hörstedt	9			
Inge Johansson	10			11
Roger Karlström	9			
Thomas Larsson	10			
Gerardo Vergara	9			

1 As of April,2013

Skanska's management structure
Senior Executive Team



1 As of February 1, 2014 Roman Wieczorek is responsible for Ethics.

The Board's communication with the Company's auditors

As mentioned above, the Company's external auditors participate in all meetings of the Audit Committee. According to its Procedural Rules, the Board of Directors meets with the auditors twice a year. On these occasions, the auditors orally present the findings of their auditing work. At least once per year, the Board meets the auditors without senior executives being present.

Operational management and internal control

The President and CEO and the Senior Executive Team

The President and Chief Executive Officer (CEO) is responsible for day-to-day management and oversight of the Group's operations. The work of the President and CEO is specially evaluated at one Board meeting each year at which no senior executives are present. The President and CEO and the eight Executive Vice Presidents form the Senior Executive Team (SET). The Company's Procedural Rules stipulate that if the President and CEO cannot fulfill his or her duties, these duties devolve upon the Chief Financial Officer (CFO), or in his or her absence the Executive Vice President with the longest period of service in this position. For information on the President and CEO and the Senior Executive Team, refer to page 178. The President and CEO has no business dealings of any significance with Skanska AB or its Group companies.

Group staff units and support unit

At Skanska Group headquarters in Solna, Sweden, there are Group staff units plus the support unit Skanska Financial Services AB. The Group staff units and support unit assist the President and CEO and the Senior Executive Team on matters concerning Group-wide functions, coordination and controls.

In addition, they provide support to the business units. The head of each Group staff unit reports directly to a member of the Senior Executive Team. In addition, the head of Internal Audit and Compliance reports directly to the Board via its Audit Committee. A presentation of the Group staff units and support unit is found on page 179.

The business units and their governance

The organizational structure of the Skanska Group is characterized by clear decentralization and a large measure of delegation of authority and responsibility to the business units. Each business unit is headed by a President and has its own staff units and other resources in order to conduct its operations effectively.

Aside from day-to-day operations of the business units, there are matters related to the strategic development of the units as well as matters concerning their strategic investments and divestments. These items of business are prepared by the management team at each respective unit and are then submitted to the Senior Executive Team or to Skanska AB's Board of Directors for a decision, depending on the

magnitude of the matter. The Boards of Directors of the business units consist of representatives of Skanska AB, individuals from other business units as well as of the respective business unit's own management team. In each business unit, the Chairman of the Board is a member of Skanska's Senior Executive Team. Where appropriate, employee representatives are included.
Each business unit follows a structured, step-by-step risk management process. Depending among other things on the size, type and geographic location of projects, a structured risk management report to the proper decision-making level is required before final decisions are made.

In addition to the Board's governing documents, the Senior Executive Team has adopted more detailed guidelines for the Group. These policies and guidelines are available to all business units on Skanska's intranet and are updated regularly to reflect changes in operations and new requirements. The Board's Procedural Rules state what items of business will be decided by the Board of Skanska AB, by the President and CEO/Senior Executive Team or at business unit level. The threshold levels for decisions stated in the Procedural Rules are further broken down in the business units' own decision-making rules. The business units provide regular, systematic feedback on compliance with the more important governing documents, such as the Financial Policy and the Code of Conduct, to the Senior Executive Team.

Remuneration to the Senior Executive Team

The 2013 Annual Shareholders' Meeting approved principles for the salaries and other remuneration to senior executives. These principles, as well as the Board's proposal for new principles to be approved at the 2014 Annual Shareholders' Meeting, are presented on page 101. Information about salaries and other remuneration to the President and CEO and the other members of the Senior Executive Team as well as share award and share-related incentive programs outstanding are found in Note 37.

The Company's auditors

The 2013 Annual Shareholders' Meeting elected the accounting firm KPMG AB as auditor of Skanska AB. This assignment runs until the 2014 Annual Shareholders' Meeting. The auditor in charge is George Pettersson, Authorized Public Accountant. For information on fees and other remuneration to KPMG, see the table below.

Fees and other remuneration to the auditors

EUR M	2013	2012
Audit assignments	6.0	6.4
Tax advisory services	1.4	0.9
Other services	0.9	1.3
Total	**8.3**	**8.6**

Internal control

This description has been drafted in compliance with Chapter 6, Section 6, Paragraph 2 of the Annual Accounts Act and includes the most important features of the Company's internal control and risk management systems in connection with financial reporting.

Control environment

The Board of Directors' Procedural Rules and instructions for the President and CEO and the committees of the Board ensure a clear division of roles and responsibilities in order to foster effective management of business risks. The Board has also adopted a number of fundamental rules of importance to the internal control task. Examples of these are the Company's risk management system, Financial Policy and Code of Conduct. The Senior Executive Team reports regularly to the Board on the basis of established procedures. In addition, the Audit Committee presents reports on its work. The Senior Executive Team is responsible for the system of internal controls required to manage material risks in operating activities. Among other things, this includes instructions to those in relevant positions for the maintenance of good internal control.

Risk assessment and control activities

Skanska has identified the material risks in its operations that may, if not managed correctly, lead to errors in financial reporting and/or have an impact on the Company's results. Concerning material claims this work is limited to risks that may individually have an effect of SEK 10 M or more.

A presentation of risk management and risk assessment in the Group is found on page 12.

The Company has then made certain that there are policies and procedures in the Group to ensure that these risks are managed.

During 2013, all business units plus Skanska Financial Services carried out self-evaluations to assess compliance with Group policies and procedures. These self-evaluations have been reviewed by Skanska's internal auditors

Information and communication

Essential accounting principles, manuals and other documents of importance to financial reporting are updated and communicated regularly to the affected employees. There are several information channels to the Senior Executive Team and the Board of Directors for essential information from employees. For external communication, there is an information policy document that ensures that the Company lives up to the existing requirements for correct information to the market.

Monitoring

The Board of Directors continually evaluates the information supplied by the Senior Executive Team and the Audit Committee. Of particular importance is the Audit Committee's work, in compliance with Chapter 8, Section 49b of the Swedish Companies Act, in monitoring the effectiveness of the Senior Executive Team's work on internal control.

This work includes ensuring that steps are taken concerning shortcomings and proposed actions that have emerged from internal and external auditing.

Internal Audit

The Group staff unit Internal Audit and Compliance is responsible for monitoring and evaluating risk management and internal control work. This task includes examining compliance with Skanska's guidelines. The staff unit reports directly to the Board of Directors via its Audit Committee. Internal Audit and Compliance plans its work in consultation with the Audit Committee and regularly reports the findings of its examinations to the Committee. The unit communicates continuously with Skanska's external auditors on matters concerning internal control.

During 2013, the Internal Audit and Compliance unit concentrated its activities on reviewing the risks that have been identified in the business. These audits were conducted in projects as well as in business-critical processes and the central support functions. A total of about 120 audits were conducted during the year in all business units, with particular focus on the operations in the Czech Republic and Latin America. These audits were carried out in accordance with a uniform audit methodology.

Other mandatory disclosures in compliance with Chapter 6, Section 6, Annual Accounts Act

Due to the requirements in Chapter 6, Section 6 of the Annual Accounts Act concerning certain specific disclosures that must be provided in the corporate governance report, the following is herewith disclosed:

- Of the Company's shareholders, AB Industrivärden and Lundbergs directly or indirectly have a shareholding that represents at least one tenth of the voting power for all shares in the Company. On December 31, 2013, Industrivärden's holding amounted to 24,5 percent of total voting power and Lundbergs held 11,8 percent of total voting power.
- There are no limitations concerning how many votes each shareholder may cast at a Shareholders' Meeting.
- The Articles of Association prescribe that the appointment of Board members is to occur at the Company's Annual Shareholders' Meeting. The Articles of Association do not include any regulations on the dismissal of Board members or on amending the Articles of Association.
- The 2013 Annual Shareholders' Meeting approved a resolution authorizing the Company's Board of Directors to decide on acquisitions of Skanska's own Series B shares via a regulated market on the following conditions:
  A. Acquisitions of Series B shares may only be made on NASDAQ OMX Stockholm.
  B. The authorization may be used on one or more occasions, but no later than the 2014 Annual Shareholders' Meeting.
  C. A maximum of 4,500,000 Series B shares in Skanska may be acquired for securing delivery of shares to participants in the Skanska Employee Ownership Program (Seop) (2008–2010 and 2011–2013).
  D. Acquisitions of Series B shares in Skanska on NASDAQ OMX Stockholm may only be made at a price on NASDAQ OMX Stockholm within the applicable price range at any given time, meaning the interval between the highest purchase price and lowest selling price.
- The 2013 Annual Shareholders' Meeting also approved a resolution authorizing the Company's Board of Directors to decide on acquisitions of Skanska's own Series B shares via a regulated market on the following conditions:
  A. Acquisitions of Series B shares may only be made on NASDAQ OMX Stockholm.
  B. The authorization may be used on one or more occasions, but no later than the 2014 Annual Shareholders' Meeting.
  C. A maximum of 2,000,000 Series B shares in Skanska may be acquired for securing delivery of shares to participants in the new Skanska Employee Ownership Program (Seop 3) (2014–2016).
  D. Acquisitions of Series B shares in Skanska on NASDAQ OMX Stockholm may only be made at a price on NASDAQ OMX Stockholm within the applicable price range at any given time, meaning the interval between the highest purchase price and lowest selling price.

Research and development

Skanska's Research and Development department has revised its vision and strategies to clarify the scope of its mission, to integrate more internal cooperation and to provide guidelines for work processes. The emphasis is placed on the following focus areas:

- Pursue activities that will promote growth in technical knowledge
- Accumulate, exchange and maintain relevant knowledge
- Support the HR department in identifying new talent and strengthen Skanska's relationships with academia
- Promote the implementation of innovative solutions
- Scrutinize and analyze risk exposure in projects, processes, methods and materials

The focus is also on sharing the benefits of and increasing awareness about research and development, both within the business units and externally. In 2013 the Research and Development department held discussions on strategies and general activities with various stakeholders, which generated goodwill and improved Skanska's image. A long-term plan of action is being produced in cooperation with HR to identify new talent and strengthen Skanska's relationships with academia.

One prioritized area has been increasing the level of technical expertise among the employees. To this end, in 2013 a number of seminars/workshops were held in the following areas: assessing the lifespan of concrete structures; analyzing and repairing damaged concrete structures; Skanska's research and innovation activities; road structures and road construction; evaluation of life-cycle costs for road structures; and the potential of innovations – their significance and the investment needed over an extended period. Skanska received positive responses to its approach during the year and will therefore continue to develop it in the year ahead. An Innovation Index has been developed and is being implemented in all business units. The index is basically a tool to facilitate discussion on this topic. It will also help to clearly define and provide an overview of the extent to which innovations are integrated in specific business categories.

The business units have increased their efforts to find funding for research and development activities. This has made it possible to finance projects that are of crucial importance for Skanska's operations and it has also increased Skanska's collaboration with the academic world. The results have been positive as Skanska can use the acquired knowledge and experience to improve its competitiveness and business opportunities.

Sustainable development

Skanska's Sustainability Agenda

Within Skanska, the line managers and the persons with ultimate responsibility for each reporting business unit have joint responsibility for sustainability. They receive support from other line managers and experts who are either employed within the business unit or at Skanska AB.

Skanska uses the internationally accepted Triple Bottom Line concept to communicate with its shareholders and other stakeholders. This model enables there to be a long-term balance between financial results, social responsibility and sound environmental management. In 2013 Skanska was recognized by the Chartered Institute of Purchasing & Supply for the Group's leadership in developing the "Supply Chain Sustainability School," an initiative inspired by Skanska which is also used by other major corporations.

Skanska signed the UN Global Compact (UNGC) in 2001. An annually published Communication on Progress report describes adoption activities within the Company and is subsequently reported on the UNGC website. Skanska was classified in 2013 as "Active" with respect to the Company's progress within the ten principles, covering human rights, employee rights, environmental protection and anti-corruption. Skanska also supports the Global Compact Caring for Climate (C4C) initiative and participates in the Global Compact's Nordic network – a group of more than 150 companies that exchange experiences relating to the ten principles. In 2013 Skanska was asked to participate in a work group within UNGC that will develop a global guide for best practice for implementing the ten principles in companies working within the built environment. Skanska has continued its chairmanship of the global work group, the UNEP's Sustainable Buildings and Climate Initiative, which is investigating opportunities for a greener supply chain for the built environment. A final report will be published in 2014.

Business Ethics

Business ethics are a crucial component of Skanska's strategy in its aim of being an industry leader. The foundation for Skanska's business ethics are established in the Group's Code of Conduct and the accompanying guidelines. Some of the most important aspects for creating a culture of good business ethics within Skanska are providing training to all employees every other year, Ethics Committees in every country to provide support in ethics work and to investigate breaches, and an anonymous channel for reporting breaches of the Code. Skanska works actively with these issues externally as well. Among other things, Skanska is one of the founders and a member of the Partnering Against Corruption Initiative (PACI), an association of companies from around the world working together to reduce corruption. Skanska also works in cooperation with Transparency International in several of the Group's markets.

Working environment

Providing a safe working environment for all employees is one of the undertakings in Skanska's Code of Conduct, and this continues to be a priority. Significant improvements have been made in the past few years in planning, management and control of the working environment within Skanska. This is reflected in the constant reduction in the number of reported work-related accidents resulting in more than one day of absence from work. The result for 2013 was 2.7 (2.9) for 337 registered work-related injuries. More than 90 percent of the employees in Skanska's operations are covered by a certified management system pursuant to the international standard OHSAS 18001. As an organization where knowledge growth is important, Skanska develops activities to be able to share and exchange experiences across the business units. The Safety Peer Review program was developed to review the business units' processes, and in 2013 reviews were conducted in Poland, Finland and Norway. The resulting feedback is in turn incorporated into the Skanska Safety Road Map.

Skanska continues to take an active role in promoting a safe working environment in the construction industry in all markets by working with subcontractors, competitors through industry forums, clients and the authorities. The theme of Safety Week 2013 was the personal journey for a safe working environment, where employees shared their personal safety pledges – a theme that was also included in a global management meeting.

Despite the trend of a reduction in work-related accidents, there were three fatalities in 2013: one Skanska employee and two sub-contractors. These are tragic events that are always independently investigated to identify lessons to be learned from the accident. This information is then distributed to every jobsite in a "Global Safety Stand Down." In connection with the safety stand down, experiences from the accidents are shared and respect is accorded the deceased and his or her family.

Environmental agenda

Assuming responsibility for the environment is a core value for Skanska. In 2013, more than 95 percent of Skanska's operations were encompassed by the international environmental management system standard, ISO 14001. In addition to driving continuous improvement, this is a sound platform for evaluating risk, following up and acting in response to changes in local, national and international law, and requirements for activities at each business unit level. Routine audits performed in 2013 by external ISO 14001 experts identified no significant deviation in the environmental management system used at all of the business units.

Sound environmental management makes Skanska a credible business partner in markets where there is an increased demand for green buildings and infrastructure. This driven by the increase in population combined with rapid urbanization, which places major and increasing demands on the supply of energy, materials and water. Also, around 40 percent of carbon emissions caused by humans originates from the built environment. Skanska sees the benefits of stricter legislation and building codes, taxes and trading in emission allowances which are designed to reduce the need for energy materials and water.

Green building

Skanska continues to be actively involved in climate change policy work through the World Business Council for Sustainable Development, the EU Corporate Leaders Group on Climate Change, and the European Network of Construction Companies for Research and Development. Skanska's overall commitment to adapt and reduce the impact on climate change was recognized in 2013 for the fourth consecutive year when the Carbon Disclosure Project again ranked the leaders in each sector in the Nordic countries, and in Sweden Skanska was ranked number one for the first time in all sectors.

Skanska continues to develop its profitable green business model. Demand is growing for third-party certified LEED, EU Green building, BREEAM and CEEQUAL projects. There is a demand for green infrastructure as well. Skanska's Väla Gård office in Sweden achieved the highest LEED points that have ever been awarded and Brent Civic Centre in the UK was one of the highest BREEAM points scorers. The Bertschi School project in the U.S. became the world's fourth certified "Living Building." Skanska's City Green Court office in the Czech Republic was named the greenest project in Europe by the World Green Building Council. Skanska USA Inc. Senior Vice President Mike McNally received an official recognition from the U.S. Green Building Council for his strong and clear leadership. Market research confirms Skanska's green leadership in most of the Company's markets and Skanska still has the largest internal team of experts in green development.

To increase awareness of the business objectives for green projects, Skanska continues to play an active role in the industry organizations Green Building Councils (GBC), in the Czech Republic, Finland, Hungary, Norway, Poland, Slovakia, Sweden, the UK and the U.S. The Company also has representatives on the boards of several of the GBCs. Skanska gave its support to the World GBC for the comprehensive global study "Business Case for Green Building" which was published in March 2013 and was well-received throughout the world. As a result of this, Skanska will support another World GBC report in 2014. This one will be a detailed study of the benefits of green buildings. Skanska is will continue to be a key sponsor of the European World GBC network.

Skanska delivers more than 10,000 projects a year to its customers, and each and every one of them has an impact on the local environment. It is therefore vital for Skanska to be involved in community development, which is part of Skanska corporate social responsibility agenda. The "Skanska in the Community" policy was published in 2012 and implemented throughout the Company in 2013. The policy encourages investment in education on occupational health and safety, knowledge about green construction and technical expertise. A network has been established to share best practice and develop better reporting procedures. A new platform for reporting was implemented in 2014 and will gather a substantial body of information for publication at the end of the year.

Human Resources

The average number of employees in 2013 was 57,105 (56,618), of whom 10,462 (10,814) were in Sweden. Skanska places great emphasis on attracting, recruiting and introducing new employees to the organization.

Skanska Employee Ownership Program (Seop) is aimed at attracting and retaining employees in the Group and creating greater affinity and dedication. All permanent employees of the Skanska Group are entitled to participate in the program and the percentage of participants is currently 21 percent (17).

The Group uses annual employee surveys to obtain an understanding of job satisfaction levels, morale and professional development needs. These surveys are conducted at all Skanska business units and are measured using a global index. The results have improved over time due to focused efforts in prioritized areas. The results from the 2013 survey show that the positive trend in the Group is continuing.

One of the most important factors in attracting and retaining employees is the opportunity for continued professional development within the Company. The Group thus strongly emphasizes creating a culture in which managers and other employees provide each other with mutual feedback, where employees can undertake new, challenging assignments, and where proficiency-raising initiatives are offered. At the Group level, the Skanska Top Executive Program (STEP) is run in collaboration with IMD business school in Switzerland.

Skanska also has a global talent program called Skanska Stretch. It is aimed at key talents who are at an early stage in their career and on their way into a management role. The program has a clear international emphasis and all participants have an opportunity to work abroad after completing the program. In addition, all business units have training programs that match the needs of the respective unit and target employees at all levels.

The annual Talent Review process provides the basis for succession planning and professional development for employees. It is uniformly implemented in all of the Group's business units in order to obtain a Group-wide picture of competencies and development needs at both the individual and business unit level.

Skanska uses a Group-wide skills profile – Skanska Leadership Profile – with the aim of clarifying the expectations placed on all employees and providing opportunities for continuous professional development.

Work with Skanska Unlimited – a program aimed at increasing the exchange of expertise within the Group and providing opportunities to try an international career – continued in 2013. This program gives employees the opportunity to carry out assignments at another business unit for 3–6 months.

For Skanska, diversity is a matter of embracing and utilizing the abilities of every individual. Skanska's actions are based on the conviction that the Company's competitiveness will be enhanced if its employees are satisfied with their work situation and have the opportunity for professional development regardless of gender, ethnicity or educational background. Currently, a significant number of women are active at the project level within the Group, but the percentage of women in management positions is still too low. Efforts to increase diversity are under way, both at the Group level and at every business unit. The Group works continuously to set new diversity targets for its business units to, for example, increase the percentage of new female recruits or to raise the level of knowledge and awareness about diversity within the organization.

Remuneration to senior executives

For information about the most recently approved guidelines for determining salaries and other remuneration to the President and CEO as well as other executive officers, see Note 37, "Remuneration to senior executives and Board members."

In April 2014 the Board will present a proposal to the Annual Shareholders' Meeting for approval to keep the current guidelines for salaries and other remuneration to senior executives.

The Board's proposal for salary and other remuneration to senior executives for approval by the 2014 Annual Shareholders' Meeting

Remuneration to senior executives of Skanska AB is to consist of fixed salary, possible variable remuneration, other customary benefits and pension. The senior executives include the President and CEO and the other members of the Senior Executive Team. The combined remuneration for each executive must be market-based and competitive in the labor market in which the executive is placed, and distinguished performance should be reflected in the total remuneration package.

Fixed salary and variable remuneration are to be linked to the responsibility and authority of the executive. The variable remuneration is to be paid in cash and/or shares, and it is to have a ceiling and be related to fixed salary. The allotment of shares requires a three-year vesting period and is to be part of a long-term incentive program. Variable remuneration is to be based on performance in relation to established targets and be designed to achieve alignment between the interests of the executive and the Company's shareholders. The terms of variable remuneration should be designed in such a way that if exceptional economic conditions exist, the Board has the opportunity to limit or refrain from paying variable remuneration if such payment is deemed unreasonable and incompatible with the Company's other responsibilities to shareholders, employees and other stakeholders.

If a Board member performs work on behalf of the Company in addition to his or her Board assignment, a consultant fee and other compensation for such work may be payable.

In case of termination or resignation, the normal notice period is six months, combined with severance pay equivalent to a maximum of 18 months of fixed salary or, alternatively, a notice period of a maximum of 24 months. With respect to the annual bonus, the Board has the possibility of limiting or refraining from paying this variable remuneration if it deems such action reasonable for other reasons.

Pension benefits are to be in the form of either defined-benefit or defined-contribution plans, or a combination of both, and entitle the executive to receive a pension from the age of 65. In individual cases, however, the retirement age may be as low as 60. To earn full defined-benefit pension, the individual is required to have been employed for as long a period as is required under the Company's general pension plan in each respective country. Variable remuneration is not pensionable except in cases where this is stipulated in the rules for a general pension plan (e.g. Sweden's ITP occupational pension plan.) The Board of Directors may deviate from these guidelines if there are special reasons to do so in an individual case.

Matters relating to the President and CEO's salary and other remuneration are addressed by the Compensation Committee in preparation for decisions by the Board. Matters relating to the salary and other remuneration to other senior executives are decided upon by the Compensation Committee.

Skanska employee ownership program (Seop)

The purpose of the Seop is to strengthen the Group's ability to retain and recruit qualified personnel and to align employees more closely to the Company and its shareholders.

The program provides employees with the opportunity to invest in Skanska shares while receiving incentives in the form of possible allotment of additional share awards. This allotment is predominantly performance-based.

The allotment of shares earned by the employees does not take place until after the end of a three-year vesting period. To be able to earn matching shares and performance shares, a person must be employed during the entire vesting period and have retained the shares purchased within the framework of the program. Under the initial program, Seop 1, which ran during the period 2008–2010, matching shares and performance shares were allotted in 2013 for the shares in which employees had invested in 2010 and had retained for the three-year vesting period.

In 2011, Skanska initiated a new program, Seop 2, with 2011–2013 as its investment years. The program is essentially identical to Seop 1. The Annual Shareholders' Meeting in 2013 resolved to continue with Seop 3 for the period 2014–2016.

At present, 21 percent of the Group's permanent employees are enrolled in the 2011–2013 program.

The accounting principles applied for the employee ownership programs can be found in Note 1, IFRS 2, "Share-based Payment."

Employee-related expenses for Skanska employee ownership program (Seop)

EUR M	Seop 1	Seop 2	Total Program
Employee-related costs for share-award programs[1]			
Investment year	2008–2010	2011–2013	
Total estimated cost for the programs	69.3	94.1	163.4
Expensed at beginning of period	–66.2	–21.4	–87.5
Cost for the period	–3.1	–26.7	–29.8
Total expensed at end of period	–69.3	–48.1	–117.4
Remaining to be expensed	**0**	**46.0**	**46.0**
Of which expensed in:			
2014	0	25.3	25.3
2015 or later	0	20.7	20.7
Total	**0**	**46.0**	**46.0**
Share awards earned through December 2013			
Number of shares	177,304	3,841,045	4,018,349
Dilution through December 2013, %	0.04	0.93	0.97
Maximum dilution at end of programs, %	0.04	1.79	1.83
Share awards earned at end of programs:			
Number of shares	6,607,129	7,476,712	14,083,841
Series B shares allotted	6,429,825	0	6,429,825
Total unallocated shares	**177,304[2]**	**7,476,712**	**7,654,016**
Series B treasury shares			**8,625,005**

1 Excluding social insurance contributions
2 Allotted in January 2014

Repurchases of shares

In order to ensure allotment of shares to the participants in Skanska's share incentive programs, the 2013 Annual Shareholders' Meeting authorized the Board of Directors to repurchase Skanska treasury shares. According to this decision, the Company may buy a maximum of 6,500,000 Skanska Series B treasury shares.

During the year, Skanska repurchased a total of 2,392,580 shares at an average price of EUR 13.9. The average price of all repurchased shares is EUR 12.47.

Proposed dividend

The Board of Directors proposes a regular dividend of SEK 6.25 (6.00) per share (corresponding to EUR 0.70 [0.69]. The proposal is equivalent to a regular dividend of EUR 288.9 M (285.5). The Board of Directors proposes April 8 as the record date for dividends. The Board's assessment is that the Group's financial position and circumstances in general warrant an increase in the dividend to SEK 6.25 per share (corresponding to EUR 0.70).

No dividend is payable for the Parent Company's holding of Series B treasury shares. The total dividend amount may change by the record date, depending on repurchases of shares and the transfer of shares to participants in Skanska's long-term employee ownership programs.

The Board's justification for its proposed dividend

The nature and scale of Skanska's operations are described in the Articles of Association and this Annual Report. The operations carried out within the Group do not pose any risks beyond those that occur or can be assumed to occur in the industry or the risks that are otherwise associated with conducting business activities. The Group's dependence on the general economic situation does not deviate from what is otherwise the case in the industry.

The Group's equity/assets ratio amounts to 24.4 percent (21.9). The proposed dividend does not jeopardize the investments that are considered necessary. The Group's financial position does not give rise to any conclusion other than that the Group can continue its operations and that the Company can be expected to meet its short-term and long-term obligations.

With reference to the above and what has otherwise come to the Board's attention, the Board has concluded that the dividend is justified based on the requirements that the risks and the nature and scale of the Group's operations place on the size of the Company's and the Group's equity and the Group's consolidation requirements, liquidity and position in general. Future profits are expected to cover both the growth of business operations and the growth of the ordinary dividends.

Consolidated income statement

EUR M	Note	2013	2012
Revenue	8,9	15,775.5	14,859.3
Cost of sales	9	–14,326.9	–13,531.2
Gross income		**1,448.6**	**1,328.1**
Selling and administrative expenses	11	–886.6	–977.4
Income from joint ventures and associated companies	20	80.1	110.9
Operating income	10, 12, 13, 22, 36, 38, 40	**642.1**	**461.6**
Financial income		18.3	27.0
Financial expenses		–45.4	–53.9
Net financial items	14	**–27.2**	**–26.9**
Income after financial items	15	**614.9**	**434.7**
Taxes	16	–179.3	–106.0
Profit for the year		**435.6**	**328.7**
Profit for the year attributable to			
Equity holders		435.2	327.7
Non-controlling interests		0.5	0.9
Earnings per share, EUR	26, 44	1.06	0.79
Earnings per share after dilution, EUR	26, 44	1.05	0.79

Consolidated statement of comprehensive income

EUR M	2013	2012
Profit for the year	**435.6**	**328.7**
Other comprehensive income		
Items that will not be reclassified to profit and loss		
Remeasurement of defined benefit plans[1]	83.6	–14.9
Tax related to items that will not be reclassified to profit and loss	–21.2	–10.2
	62.4	**–25.2**
Items that have been or will be reclassified to profit and loss		
Translation differences attributable to equity holders	–161.8	58.2
Translation differences attributable to non-controlling interests	–0.8	–0.5
Hedging of exchange rate risk in foreign operations	35.4	–11.4
Effects of cash flow hedges[2]	60.8	–4.8
Tax related to items that have been or will be reclassified to profit and loss	2.0	–0.1
	–64.4	**41.4**
Other comprehensive income after tax	**–2.0**	**16.2**
Total comprehensive income for the year	**433.6**	**344.9**
Total comprehensive income for the year attributable to		
Equity holders	434.0	344.5
Non-controlling interests	–0.3	0.4
1 Effects of social insurance contributions including special employer's contribution are included	19.3	–8.5
2 Of which in joint ventures and associated companies	70.7	–6.1

See also Note 26

Consolidated statement of financial position

EUR M	Note	Dec 31, 2013	Dec 31, 2012
ASSETS			
Non-current assets			
Property, plant and equipment	17, 40	837.2	924.4
Goodwill	18	545.0	568.5
Other intangible assets	19	38.9	21.7
Investments in joint ventures and associated companies	20	349.2	281.5
Financial non-current assets	21	212.7	214.5
Deferred tax assets	16	119.0	146.2
Total non-current assets		**2,102.0**	**2,156.7**
Current assets			
Current-asset properties	22	2,824.8	3,133.1
Inventories	23	106.1	125.7
Financial current assets	21	669.3	679.9
Tax assets	16	110.3	66.1
Gross amount due from customers for contract work	9	700.5	697.7
Trade and other receivables	24	2,508.1	2,744.3
Cash	25	817.2	671.9
Total current assets		**7,736.3**	**8,118.7**
TOTAL ASSETS	32	**9,838.3**	**10,275.4**
of which interest-bearing financial non-current assets	31	208.4	208.7
of which interest-bearing current assets	31	1,473.6	1,329.9
		1,682.0	**1,538.6**

Consolidated statement of financial position

EUR M	Note	Dec 31, 2013	Dec 31, 2012
EQUITY	26		
Share capital		138.9	138.9
Paid-in capital		157.3	127.5
Reserves		–98.9	–35.3
Retained earnings		2,182.8	2,003.9
Equity attributable to equity holders		**2,380.1**	**2,235.0**
Non-controlling interests		18.3	18.8
TOTAL EQUITY		**2,398.4**	**2,253.8**
LIABILITIES			
Non-current liabilities			
Financial non-current liabilities	27	731.1	561.3
Pensions	28	383.4	476.7
Deferred tax liabilities	16	112.6	66.6
Non-current provisions	29	0.2	1.4
Total non-current liabilities		**1,227.4**	**1,106.0**
Current liabilities			
Financial current liabilities	27	452.7	731.7
Tax liabilities	16	69.8	27.9
Current provisions	29	634.9	700.6
Gross amount due to customers for contract work	9	1,686.9	1,835.3
Trade and other payables	30	3,368.2	3,620.1
Total current liabilities		**6,212.5**	**6,915.7**
TOTAL LIABILITIES		**7,439.9**	**8,021.7**
TOTAL EQUITY AND LIABILITIES	32	**9,838.3**	**10,275.4**
of which interest-bearing financial liabilities	31	1,172.2	1,277.0
of which interest-bearing pensions and provisions	31	388.3	484.2
		1,560.5	**1,761.3**

Information about the Group's assets pledged and contingent liabilities can be found in Note 33.

Consolidated statement of changes in equity

EUR M	Share capital	Paid-in capital	Translation reserve	Equity attributable to equity holders Cash flow hedge reserve	Retained earning	Total	Non-controlling interests	Total equity
Equity, January 1, 2012	**138.9**	**99.9**	**106.5**	**–183.7**	**2,015.3**	**2,176.9**	**19.2**	**2,196.1**
Profit for the year					327.7	327.7	0.9	328.7
Other comprehensive income for the year			46.8	–4.9	–25.2	16.7	–0.5	16.3
Dividend to shareholders					–283.9	–283.9	–0.9	–284.8
Repurchases of 2,417,000 Series B shares					–30.1	–30.1		–30.1
Change in share-based payments for the year		27.6				27.6		27.6
Equity, December 31, 2012/ Equity, January 1, 2013	**138.9**	**127.5**	**153.3**	**–188.6**	**2,003.9**	**2,235.0**	**18.7**	**2,253.8**
Profit for the year					435.2	435.2	0.5	435.6
Other comprehensive income for the year			–126.4	62.8	62.4	–1.2	–0.8	–2.0
Dividend to shareholders					–285.5	–285.5	0.0	–285.5
Repurchases of 2,392,580 Series B shares					–33.2	–33.2		–33.2
Change in share-based payments for the year		29.8				29.8		29.8
Equity, December 31, 2013	**138.9**	**157.3**	**26.9**	**–125.9**	**2,182.8**	**2,380.2**	**18.3**	**2,398.5**

See also Note 26.

Consolidated cash flow statement

EUR M	2013	2012
Operating activities		
Operating income	642.1	461.6
Adjustments for items not included in cash flow	–176.7	–94.7
Income tax paid	–121.2	–133.4
Cash flow from operating activities before change in working capital	**344.1**	**233.5**
Cash flow from change in working capital		
Investments in current-asset properties	–1,339.5	–1,577.0
Divestments of current-asset properties	1,849.2	1,386.8
Change in inventories and operating receivables	–86.6	–302.7
Change in operating liabilities	–44.3	248.9
Cash flow from change in working capital	**378.9**	**–244.0**
Cash flow from operating activities	**723.0**	**–10.5**
Investing activities		
Acquisitions of businesses	–22.3	–2.5
Investments in intangible assets	–14.6	–12.1
Investments in property, plant and equipment	–177.4	–304.0
Investments in Infrastructure Development assets	–8.7	–43.8
Investments in shares	–10.3	–2.5
Increase in interest-bearing receivables, loans provided	–97.3	35.2
Sale of operations	0.1	0.0
Divestments of intangible assets	0.1	0.0
Divestments of property, plant and equipment	43.7	31.1
Divestments of Infrastructure Development assets	28.0	124.5
Divestments of shares	1.6	3.6
Decrease in interest-bearing receivables, repayments of loans provided	94.4	35.7
Income tax paid	–4.6	–2.3
Cash flow from investing activities	**–167.2**	**–137.0**
Financing activities		
Net interest items	–9.1	–14.9
Other financial items	3.0	–2.6
Borrowings	164.7	662.3
Repayment of debt	–215.7	–120.0
Dividend paid	–285.5	–283.9
Shares repurchased	–33.2	–30.1
Dividend to non-controlling interests	–0.1	–0.9
Income tax paid	1.8	5.3
Cash flow from financing activities	**–374.0**	**215.0**
Cash flow for the year	**181.7**	**67.5**
Cash and cash equivalents, January 1	671.9	595.4
Translation differences in cash and cash equivalents	–36.4	9.0
Cash and cash equivalents, December 31	**817.2**	**671.9**

Change in interest-bearing net receivables/liabilities

EUR M	2013	2012
Interest-bearing net liabilities/receivables, January 1	**–222.7**	**328.5**
Cash flow from operating activities	723.0	–10.5
Cash flow from investing activities excluding change in interest-bearing receivables	–164.4	–207.9
Cash flow from financing activities excluding change in interest-bearing liabilities	–323.1	–327.2
Change in pension liability	64.3	–6.4
Net receivable/liability acquired/divested	–5.8	0.5
Translation differences	5.1	7.4
Other items	45.0	–7.0
Interest-bearing net receivables/liabilities, December 31	**121.5**	**–222.7**

See also Note 35.

Consolidated cash flow statement

Consolidated operating cash-flow statement and change in interest-bearing net receivables/liabilities

EUR M	2013	2012
Construction		
Cash flow from business operations	638.2	591.7
Change in working capital	–87.3	–42.5
Net investments	–138.9	–266.6
Cash flow adjustment[1]	0.0	0.0
Total Construction	**412.0**	**282.6**
Residential Development		
Cash flow from business operations	–58.6	–120.0
Change in working capital	–10.9	–3.4
Net investments	120.2	30.7
Cash flow adjustment[1]	0.0	23.9
Total Residential Development	**50.7**	**–68.9**
Commercial Property Development		
Cash flow from business operations	–38.0	–28.1
Change in working capital	–14.6	11.4
Net investments	281.9	–265.4
Cash flow adjustment[1]	–30.3	15.6
Total Commercial Property Development	**199.0**	**–266.5**
Infrastructure Development		
Cash flow from business operations	–3.4	3.0
Change in working capital	–3.5	0.2
Net investments	19.3	80.8
Cash flow adjustment[1]	0.0	0.0
Total Infrastructure Development	**12.5**	**84.0**
Central and eliminations		
Cash flow from business operations	–72.9	–79.6
Change in working capital	–14.7	–19.4
Net investments	120.0	–12.3
Cash flow adjustment[1]	0.0	0.0
Total central and eliminations	**32.4**	**–111.3**
Total cash flow from business operations	465.3	366.9
Total change in working capital	–130.8	–53.8
Total net investments	402.5	–432.9
Total cash flow adjustment[1]	–30.3	39.5
Total cash flow from business operations before taxes paid	**706.7**	**–80.2**

EUR M	2013	2012
Taxes paid in business operations	–125.9	–135.7
Cash flow from business operations	**580.8**	**–215.9**
Net interest items and other net financial items	–6.1	–17.6
Taxes paid in financing operations	1.8	5.3
Cash flow from financing operations	**–4.3**	**–12.3**
Cash flow from operations	**576.5**	**–228.1**
Net strategic investments	–22.2	–2.5
Taxes paid on strategic divestments	0.0	0.0
Cash flow from strategic investments	**–22.2**	**–2.5**
Dividend etc.[2]	–318.7	–314.9
Cash flow before change in interest-bearing receivables and liabilities	**235.7**	**–545.5**
Change in interest-bearing receivables and liabilities	–54.0	613.1
Cash flow for the year	**181.7**	**67.5**
Cash and cash equivalents, January 1	671.9	595.4
Translation differences in cash and cash equivalents	–36.4	9.0
Cash and cash equivalents, December 31	**817.2**	**671.9**
1 Refers to payments made during the year in question related to investments/divestments in prior years, and unpaid investments/divestments related to the year in question.		
2 Of which repurchases of shares.	-33.2	-30.1

See also Note 35.

Notes including accounting and valuation principles

Amounts in millions of Euro (EUR M) with one decimal unless otherwise specified. Income is reported in positive figures and expenses in negative figures. Both assets and liabilities are reported in positive figures. Interest-bearing net receivables/liabilities are reported in positive figures if they are receivables and negative figures if they are liabilities. Accumulated depreciation/amortization and accumulated impairment losses are reported in negative figures.

Table of contents, notes

Note 01 Consolidated accounting and valuation principles

Conformity with laws and standards

In compliance with the ordinance approved by the European Union (EU) on the application of international accounting standards, these financial statements have been prepared in compliance with International Financial Reporting Standards (IFRS) and International Accounting Standards (IAS), issued by the International Accounting Standards Board (IASB), as well as the interpretations by the IFRS Interpretations Committee and its predecessor, the Standing Interpretations Committee (SIC), to the extent these standards and interpretations have been approved by the EU.

This financial report was approved for publication by the President and CEO on April 2 , 2014. The statutory annual report will be adopted by the Annual Shareholders' Meeting on April 3, 2014.

Conditions when preparing the Group's financial reports

The functional currency of the Parent Company is Swedish crowns or kronor (SEK). The Annual Report of the Parent Company and the Group is prepared with SEK as the presentation currency. These financial statements were prepared with euros (EUR) as the presentation currency. All amounts are rounded off to the nearest million with one decimal, unless otherwise stated.

Preparing the financial reports in compliance with IFRS requires management to make judgments and estimates as well as make assumptions that affect the application of accounting principles and the recognized amounts of assets, liabilities, revenue and expenses. Actual outcomes may diverge from these estimates and judgments.

Estimates and assumptions are reviewed regularly. Changes in estimates are recognized in the period the change is made if the change only affects this period, or in the period the change is made and future periods if the change affects both the period in question and future periods.

Judgments made by management when applying IFRS that have a substantial impact on the financial reports and estimates that may lead to significant adjustments in the financial reports of subsequent years are described in more detail in Note 2.

The accounting principles for the Group stated below have been applied consistently for all periods that are presented in the consolidated financial reports, unless otherwise indicated below. The accounting principles for the Group have been applied consistently in reporting and consolidation of the Parent Company, Group companies, associated companies and joint ventures.

New standards and interpretations

Revision of IAS 19 has meant, among other things, that when calculating expected return on pension plan assets, the same interest rate is to be used as in the discounting of the pension obligation. The difference between actual return and expected return is to be recognized in other comprehensive income. Since Skanska did not apply the "corridor" approach, which has now been eliminated, the impact on the consolidated income statement and statement of financial position compared with the principles applied to date is insignificant, and comparative figures for 2012 have therefore not been restated.

Also effective from January 1, 2013 are the revised IAS 1, "Presentation of Financial Statements", the revised IFRS 7, "Financial Instruments: Disclosures", IFRS 13, "Fair Value Measurement" (new) and statement UFR 9 from the Swedish Financial Reporting Board, "Accounting for Tax on Returns" (new). None of these have involved any change in Skanska's accounting principles, but have meant additional disclosures; for example, "Other comprehensive income" is now divided into items that will not be reclassified to profit or loss and items that have been or will be reclassified to profit or loss.

Application in advance of new or revised IFRS and interpretations

Skanska has decided to apply the revised IAS 36, "Impairment of Assets", in advance. Advance application of this revised standard means that recoverable value is disclosed only for cash-generating units with impairment losses.

New standards and amendments of standards that have not yet begun to be applied

Of published standards and amendments of standards, it is primarily IFRS 11, "Joint Arrangements" that is deemed to be of greater interest to Skanska. IFRS 11 has been adopted by the EU and is to be applied with effect from January 1, 2014.

Under IFRS 11, a partly-owned company in which the co-owners jointly have a controlling interest is to be classified either as a joint operation or as a joint venture. A joint venture is accounted for according to the equity method and a joint operation by the proportionate consolidation (or proportional) method. The new standard has a certain – but limited – effect on the statement of financial position, since certain joint ventures as defined by the standard effective in 2013 are deemed joint operations according to the new IFRS 11.

IAS 1, "Presentation of Financial Statements"

Income statement

Reported as revenue are project revenue, compensation for other services performed, divestment of current-asset properties, deliveries of materials and merchandise, rental income and other operating revenue. Revenue from the sale of machinery, equipment, non-current-asset properties and intangible assets are not included here, but are instead recognized on a net basis among operating expenses against the carrying amounts of the assets.

Reported as cost of sales are, among other things, direct and indirect manufacturing expenses, loss risk provisions, the carrying amounts of divested current-asset properties, bad debt losses and warranty expenses. Also included is depreciation on property, plant and equipment that is used for construction and property management. Changes in the fair value of derivatives connected to operations are recognized under operating income.

Selling and administrative expenses include customary administrative expenses, technical expenses and selling expenses, as well as depreciation of machinery and equipment that have been used for selling and administration. Goodwill impairment losses are also reported as a selling and administrative expense.

Income/loss from joint ventures and associated companies is recognized separately in the income statement, allocated between operating income (share of income after financial items) and taxes.

Financial income and expenses are recognized divided into two items: "Financial income" and "Financial expenses." Among items recognized under financial income are interest income, dividends, gains on divestments of shares and other net financial items. Among financial expenses are interest expenses and other financial items. Changes in the fair value of financial instruments, primarily derivatives connected to financial activities, are recognized as a separate sub-item allocated between financial income and financial expenses. The net amount of exchange-rate differences is recognized either as financial income or financial expenses. Financial income and expenses are described in more detail in Note 6 and in Note 14.

Comprehensive income

Aside from profit for the year, the consolidated statement of comprehensive income includes the items that are included under "Other comprehensive income." These include translation differences, hedging of exchange-rate risks in foreign operations, remeasurements related to pension-linked assets and liabilities, effects of cash-flow hedges and tax on these items.

Statement of financial position

Assets

Assets are allocated between current assets and non-current assets. An asset is regarded as a current asset if it is expected to be realized within twelve months from the closing day or within the Company's operating cycle. Operating cycle refers to the period from the signing of a contract until the Company receives cash payment on the basis of a final inspection or deliveries of goods (including properties). Since the Group performs large contracting projects and project development, the operating cycle criterion means that many more assets are labeled as current assets than if the only criterion were within twelve months.

Cash and cash equivalents comprise cash and immediately available deposits at banks and equivalent institutions, plus short-term liquid investments with a maturity from the acquisition date of less than three months, which are subject to only an insignificant risk of fluctuations in value. Checks that have been issued reduce liquid assets only when cashed. Cash and cash equivalents that cannot be used freely are reported as current assets (current receivables) if the restriction will cease within twelve months from the closing day. In other cases, cash and cash receivables are reported as non-current assets. Cash and cash equivalents that belong to a construction consortium are cash and cash equivalents with restrictions if they may only be used to pay the debts of the consortium.

Assets that meet the requirements in IFRS 5, "Non-current Assets Held for Sale and Discontinued Operations," are accounted for as a separate item among current assets.

Note 31 shows the allocation between interest-bearing and non-interest-bearing assets.

Note 01 Continued

In Note 32, assets are allocated between amounts for assets that are expected to be recovered within twelve months from the closing day and assets that are expected to be recovered after twelve months from the closing day. The division for non-financial non-current assets is based on expected annual depreciation. The division for current-asset properties is mainly based on outcomes during the past three years. This division is even more uncertain than for other assets, since the outcome during the coming year is strongly influenced by the dates when large individual properties are handed over.

Equity

The Group's equity is allocated between "Share capital," "Paid-in capital," "Reserves," "Retained earnings" and "Non-controlling interests."

Acquisitions of treasury shares and other equity instruments are recognized as a deduction from equity. Proceeds from the divestment of equity instruments are recognized as an increase in equity. Any transaction costs are recognized directly in equity.

Dividends are recognized as a liability, once the Annual Shareholders' Meeting has approved the dividend.

A description of equity, the year's changes and disclosures concerning capital management are provided in Note 26.

Liabilities

Liabilities are allocated between current liabilities and non-current liabilities. Recognized as current liabilities are liabilities that are either supposed to be paid within twelve months from the closing day or – but only in the case of business-related liabilities – are expected to be paid within the operating cycle. Since the operating cycle is thus taken into account, no non-interest-bearing liabilities, for example trade accounts payable and accrued employee expenses, are recognized as non-current. Liabilities that are recognized as interest-bearing due to discounting are included among current liabilities, since they are paid within the operating cycle. Interest-bearing liabilities can be recognized as non-current even if they fall due for payment within twelve months from the closing day, if the original maturity was longer than twelve months and the company has reached an agreement to refinance the obligation long-term before the annual accounts are submitted. Information on liabilities is provided in Notes 27 and 30.

In Note 32, liabilities are allocated between amounts for liabilities to be paid within twelve months of the closing day and liabilities to be paid after twelve months from the closing day. Note 31 also provides information about the allocation between interest-bearing and non-interest-bearing liabilities.

IAS 27, "Consolidated and Separate Financial Statements"

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. "Controlling influence" implies a direct or indirect right to shape a company's financial and operating strategies for the purpose of obtaining financial benefits. This normally requires ownership of more than 50 percent of the voting power of all participations, but a controlling influence also exists when there is a right to appoint a majority of the Board of Directors. When judging whether a controlling influence exists, potential voting shares that can be utilized or converted without delay must be taken into account. If, on the acquisition date, a Group company meets the conditions to be classified as held for sale in compliance with IFRS 5, it is reported according to that accounting standard.

The sale of a portion of a subsidiary is recognized as a separate equity transaction when the transaction does not result in a loss of controlling interest. If control of a Group company engaged in business ceases, any remaining holding shall be recognized at fair value. Non-controlling interests may be recognized as a negative amount if a partly-owned subsidiary operates at a loss.

Acquired companies are consolidated from the quarter within which the acquisition occurs. In a corresponding manner, divested companies are consolidated up to and including the final quarter before the divestment date.

Intra-Group receivables, liabilities, revenue and expenses are eliminated in their entirety when preparing the consolidated financial statements.
Gains that arise from intra-Group transactions and that are unrealized from the standpoint of the Group on the closing day are eliminated in their entirety. Unrealized losses on intra-Group transactions are also eliminated in the same way as unrealized gains, to the extent that the loss does not correspond to an impairment loss. Goodwill attributable to operations abroad is expressed in local currency. Translation to EUR complies with IAS 21.

IFRS 3, "Business Combinations"

This accounting standard deals with business combinations, which refers to mergers of separate companies or businesses. If an acquisition does not relate to a business, which is normal when acquiring properties, IFRS 3 is not applied. In such cases, the cost is instead allocated among the individual identifiable assets and liabilities based on their fair values on the acquisition date, without recognizing goodwill and any deferred tax assets/liability as a consequence of the acquisition.

Acquisitions of businesses, regardless of whether the acquisition concerns holdings in another company or a direct acquisition of assets and liabilities, are reported according to the purchase method of accounting. If the acquisition concerns holdings in a company, the method implies that the acquisition is regarded as a transaction through which the Group indirectly acquires the assets of a Group company and assumes its liabilities and contingent liabilities. Cost in the consolidated accounts is determined by means of an acquisition analysis in conjunction with the business combination. The analysis establishes both the cost of the holdings or the business and the fair value of acquired identifiable assets plus the liabilities and contingent liabilities assumed. The difference between the cost of holdings in a Group company and the net fair value of acquired assets and liabilities and contingent liabilities assumed is goodwill on consolidation. If non-controlling interests remain after the acquisition, the calculation of goodwill is normally carried out only on the basis of the Group's stake in the acquired business.

Transaction costs related to business combinations are recognized as expenses immediately. In case of step acquisitions, previous holdings are remeasured at fair value and recognized in the income statement when a controlling interest is achieved. Contingent consideration is recognized on the acquisition date at fair value. If the amount of contingent consideration changes in subsequent financial statements, the change is recognized in the income statement.

Goodwill is carried at cost less accumulated impairment losses. Goodwill is allocated among cash-generating units and subjected to annual impairment testing in compliance with IAS 36.

In case of business combinations where the cost of acquisition is below the net value of acquired assets and the liabilities and contingent liabilities assumed, the difference is recognized directly in the income statement.

IAS 21, "The Effects of Changes in Foreign Exchange Rates"

Foreign currency transactions

Foreign currency transactions are translated into an entity's functional currency at the exchange rate prevailing on the transaction date. Monetary assets and liabilities in foreign currency are translated to the functional currency at the exchange rate prevailing on the closing day. Exchange-rate differences that arise from translations are recognized in the income statement. Non-monetary assets and liabilities recognized at historic cost are translated at the exchange rate on the transaction date.

Functional currency is the currency of the primary economic environment where the companies in the Group conduct their business.

Financial statements of foreign operations

Assets and liabilities in foreign operations, including goodwill and other consolidated surpluses and deficits, are translated to Euro at the exchange rate prevailing on the closing day. Revenue and expenses in a foreign operation are translated to Euro at the average exchange rate. If a foreign operation is located in a country with hyperinflation, revenue and expenses are to be translated in a special way if it is expected to have a material effect on the Group. In this year's financial statements, it has not been necessary to do this.

Net investment in a foreign operation

Translation differences that arise in connection with translation to Euro of a net investment in another currency and accompanying effects of hedging of net investments are recognized under "Other comprehensive income." When divesting a foreign operation, with a functional currency other than euro the accumulated translation differences attributable to the operation are realized in the consolidated income statement after subtracting any currency hedging.

Foreign currency loans and currency derivatives for hedging of translation exposure (equity loans) are carried at the exchange rate on the closing day. Exchange-rate differences are recognized, taking into account the tax effect, under "Other comprehensive income." Hedging of translation exposure reduces the exchange-rate effect when translating the financial statements of foreign operations to the functional currency of the respective unit. Any forward contract premium is accrued until maturity and is recognized as interest income or an interest expense.

IFRS 5, "Non-current Assets Held for Sale and Discontinued Operations"

A discontinued operation is a portion of a company's operations that represents a separate line of business or a major operation in a geographic area and is part of a single coordinated plan to dispose of a separate line of business or a major operation carried out in a geographic area, or is a Group company acquired exclusively with a view to resale.

Classification as a discontinued operation occurs upon divestment, or at an earlier date when the operation meets the criteria to be classified as held for sale. A disposal group that is to be shut down can also qualify as a discontinued operation if it meets the above size criteria.

If a non-current asset or disposal group is to be classified as held for sale, the asset (disposal group) must be available for sale in its present condition. It must also be highly probable that the sale will occur. In order for a sale to be highly probable, a decision must have been made at management level, and active efforts to locate a buyer and complete the plan must have been initiated. The asset or disposal group must be actively marketed at a price that is reasonable in relation to its fair value, and it must be probable that the sale will occur within one year. Skanska also applies the principle that with regard to a single non-current asset, its value must exceed EUR 25 M.

Depreciation or amortization of a non-current asset is not made as long as it is classified as held for sale.

Non-current assets classified as held for sale as well as disposal groups and liabilities attributable to them are presented separately in the statement of financial position.

IAS 28, "Investments in Associates"

Reported as associated companies are companies in which the Skanska Group exercises significant but not controlling influence, which is presumed to be the case when the Group's holding amounts to a minimum of 20 percent and a maximum of 50 percent of the voting power. In addition, it is presumed that this ownership is one element of a long-term connection and that the holding shall not be reported as a joint venture.

The equity method

From the date when Skanska obtains a significant influence, holdings in associated companies are included in the consolidated financial statements according to the equity method. Any difference upon acquisition between the cost of the holding and Skanska's share of net fair value of the associated company's identifiable assets, liabilities and contingent liabilities is recognized in compliance with IFRS 3. The equity method implies that the carrying amount of the Group's shares in associated companies is equivalent to the Group's proportion of their share capital as well as goodwill in the consolidated accounts and any other remaining consolidated surpluses and deductions of internal profits. The Group's share of the associated company's income after financial items is recognized as "Income from joint ventures and associated companies" in the income statement. Any depreciation, amortization and impairment losses on acquired surpluses are taken into account. The Group's proportion of the tax expense of an associated company is included in "Taxes." Dividends received from an associated company reduce the carrying amount of the investment.

When the Group's share of recognized losses in an associated company exceeds the carrying amount of the holdings in the consolidated financial statements, the value of the holding is reduced to zero. Settlement of losses also occurs against long-term unsecured financial assets which, in substance, form part of Skanska's net investment in the associated company and are thus recognized as shares. Continued losses are not recognized unless the Group has provided guarantees to cover losses arising in the associated company.

Elimination of intra-Group profits

When profits arise from transactions between the Group and an associated company, the portion equivalent to the Group's share of ownership is eliminated. If the carrying amount of the Group's holding in the associated company is below the elimination of internal profit, the excess portion of the elimination is recognized among provisions. The elimination of the internal profit is adjusted in later financial statements based on how the asset is used or when it is divested. If a loss arises from a transaction between the Group and an associated company, the loss is eliminated only if it does not correspond to an impairment loss on the asset.
If a profit or loss has arisen in the associated company, the elimination affects the income recognized under "Income from joint ventures and associated companies."

The equity method is applied until the date when significant influence ceases.

Note 20 provides information about associated companies.

IAS 31, "Interests in Joint Ventures"

Companies operated jointly with other companies, and in which control is exercised jointly according to agreement, are reported as joint ventures.

The equity method, which is described in the section on associated companies, is applied when preparing the consolidated financial statements. The consolidated income statement recognizes the Group's share of the income in joint ventures after financial items among "Income from joint ventures and associated companies." Any depreciation, amortization and impairment losses on acquired surpluses have been taken into account. The Group's share of the tax expense of a joint venture is included in "Taxes." Dividends received from a joint venture are subtracted from the carrying amount of the investment.

In connection with infrastructure projects, the Group's investment may include either holdings in or subordinated loans to a joint venture. Both are treated in the accounts as holdings.

Elimination of intra-Group profits

Internal profits that have arisen from transactions between the Group and a joint venture are eliminated based on the Group's share of ownership. If the carrying amount of the Group's holding in a joint venture is below the elimination of internal profit, the excess portion of the elimination is recognized among provisions. The elimination of the internal profit is adjusted in later financial statements based on how the asset is used or when it is divested. If a loss arises from a transaction between the Group and a joint venture, the loss is eliminated only if it does not correspond to an impairment loss on the asset. If a profit or loss has arisen in a joint venture, the elimination affects the income recognized under "Income from joint ventures and associated companies."

Note 20 provides information about joint ventures.

IAS 11, "Construction Contracts"

Project revenues are reported in compliance with IAS 11. This implies 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 closing day (zero recognition). Anticipated losses are immediately reported as expenses.

Recognized as project revenue are the originally agreed contract amount as well as additional work, claims for special compensation and incentive payments, but normally only to the extent that these have been approved by the customer. All services that are directly related to the construction project are covered by IAS 11. Other services are covered by IAS 18. For projects related to construction of real estate, IFRIC 15 provides guidance about in which cases IAS 11 or IAS 18 are to be applied.

If substantial non-interest-bearing advance payments have been received, the advance payment is discounted and recognized as an interest-bearing liability. The difference between a nominal amount and a discounted amount constitutes project revenue and is recognized as revenue according to the percentage-of-completion method. The upward adjustment in the present value of the advance payment in subsequent financial statements is reported as an interest expense.

The difference between accrued project revenue and a not yet invoiced amount is recognized as an asset (gross amount due from customers for contract work) according to the percentage-of-completion method. Correspondingly, the difference between an invoiced amount and yet-to-be-accrued project revenue is reported as a liability (gross amount due to customers for contract work). Major machinery purchases that are intended only for an individual project and significant start-up expenses are included to the extent they can be attributed to future activities as claims on the customer and are included in the asset or liability amount stated in this paragraph, however without affecting accrued project revenue.

Tendering expenses are not capitalized but are charged against earnings on a continuous basis. Tendering expenses that arose during the same quarter that the order was received, and that are attributable to the project, may be treated as project expenditures. In the case of infrastructure projects, instead of the quarter when the order was received, this applies to the quarter when the Group receives the status of preferred bidder, provided that it is deemed highly probable that a final agreement will be reached. Tendering expenses that were recognized in prior interim or annual financial statements may not be recognized as project expenses in later financial statements.
Forward contracts related to hedging of operating transaction exposures are recognized at fair value on the closing day. If hedge accounting is not applicable, the liquidity effect when extending a forward contract that meets future cash flow is included among operating expenses. If the amount has a significant impact, it is to be excluded when determining degree of completion.

Note 01 Continued

A construction consortium that has been organized to perform a single construction assignment is not an independent legal entity, since the participating co-owners are also directly liable for its obligations. Skanska's share of the construction assignment is thus recognized as a business operated by Skanska.

Most construction contracts contain clauses concerning warranty obligations on the part of the contractor, with the contractor being obliged to remedy errors and omissions discovered within a certain period after the contracted work has been handed over to the customer. Such obligations may also be required by law. The main principle is that a provision for warranty obligations must be calculated for each individual project. Provision must be made continuously during the course of the project and the estimated total provision must be included in the project's expected final expenses. For units with similar projects, the provision may occur in a joint account instead and be calculated for the unit as a whole with the help of ratios that have historically constituted a satisfactory provision for these expenses.

IAS 18, "Revenue"

Revenue other than project revenue is recognized in compliance with IAS 18. For lease income, this means that the revenue is divided evenly over the period of the lease. The total cost of benefits provided is recognized as a reduction in lease income on a straight-line basis over the lease period. Compensation for services performed that does not comprise project revenue is recognized as revenue based on the degree of completion on the closing day, which is normally determined as services performed on the closing day in proportion to the total to be performed. The difference that may then arise between services invoiced and services performed is recognized in the statement of financial position among "Other operating receivables" (or "Other operating liabilities"). Deliveries of merchandise are reported as revenue when the essential risks and rewards associated with ownership of the merchandise have been transferred to the buyer.

A dividend is recognized as revenue when the right to receive payment has been established.

Income from the sale of financial investments is recognized when the significant risks and rewards associated with ownership of the instruments have been transferred to the buyer and the Group no longer controls the instruments.

Interest is recognized using an interest rate that provides a uniform return on the asset in question, which is achieved by applying the effective-interest method. Effective interest is the interest rate at which the present value of all future payments is equal to the carrying amount of the receivable.

Revenue is carried at the fair value of what is received or will be received. This means that receivables arising at the time of divestments are regarded as having been acquired at fair value (discounted present value of future incoming payments) if the interest rate on the date of the purchase is below the market interest rate and the difference is significant.

Revenue is recognized only if it is probable that the economic benefits will flow to the Group. If uncertainty later arises with regard to the possibility of receiving payment for an amount that has already been recognized as revenue, the amount for which payment is no longer probable is instead recognized as an expense, instead of as an adjustment of the revenue amount that was originally recognized.

IFRIC 12, "Service Concession Arrangements"

IFRIC 12, which affects Skanska Infrastructure Development, deals with the question of how the operator of a service concession should account for the infrastructure as well as the rights it receives and the obligations it undertakes under the agreement. The operator constructs or upgrades infrastructure (construction or upgrade services) used to provide a public service and maintains the infrastructure (operation services) for a specified period of time. The consideration (payment) that the operator receives is allocated between construction or upgrade services and operation services according to the relative fair values of the respective services. Construction or upgrade services are reported in compliance with IAS 11 and operation services in compliance with IAS 18. For construction or upgrade services, the consideration may be rights to a financial asset or an intangible asset. If the operator has an unconditional right in specified or determinable amounts, it is a financial asset. If the operator instead has the right to charge the users of the public service, it is an intangible asset.

IFRIC 15, "Agreements for the Construction of Real Estate"

IFRIC 15 is applied to accounting for revenue and expenses when a company undertakes the construction of real estate. The interpretation addresses the issue of whether accounting for construction of real estate should be in accordance with IAS 11 or IAS 18, and when the revenue from the construction of real estate should be recognized. It assumes that the company retains neither an involvement nor effective control over the real estate to an extent that would preclude recognition of the consideration as revenue. IAS 11 shall be applied when the buyer can specify the structural elements of the design of the real estate before construction begins, or specify major changes once construction is in progress. Otherwise IAS 18 shall be applied. If IAS 11 is applied, the percentage-of-completion method is used. If IAS 18 is applied, it must first be determined whether the agreement is an agreement for the rendering of services or for the sale of goods. If the company is not required to acquire or supply construction materials, it is an agreement for rendering of services, and revenue is recognized according to the percentage-of-completion method. If the company is required to provide services together with construction materials, it is an agreement for the sale of goods. Revenue is then recognized when, among other things, the company has fulfilled the criterion that it has transferred to the buyer the significant risks and rewards associated with ownership, which normally occurs upon the transfer of legal ownership, which often coincides with the date the purchaser takes possession of the property.

For Residential Development and Commercial Property Development, IFRIC 15 means that revenue recognition of a property divestment occurs only when the purchaser gains legal ownership of the property, which normally coincides with taking possession of the property. For residential projects in Finland and Sweden that are initiated by Skanska, housing corporations and cooperative housing associations are often used to reach the individual home buyer. In these cases revenue recognition occurs when the home buyer takes possession of the home.

IAS 17, "Leases"

The accounting standard distinguishes between finance and operating leases. A finance lease is characterized by the fact that the economic risks and rewards incidental to ownership of the asset have substantially been transferred to the lessee. If this is not the case, the agreement is regarded as an operating lease.

Finance leases

Finance-lease assets are recognized as an asset in the consolidated statement of financial position. The obligation to make future lease payments is recognized as a non-current or current liability. Leased assets are depreciated during their respective useful life. When making payments on a finance lease, the minimum lease payment is allocated between interest expense and reduction of the outstanding liability. Interest expense is allocated over the lease period in such a way that each reporting period is charged an amount equivalent to a fixed interest rate for the liability recognized during each respective period. Variable payments are recognized among expenses in the periods when they arise.

Assets leased according to finance leases are not recognized as property, plant and equipment, since the risks incidental to ownership have been transferred to the lessee. Instead a financial receivable is recognized, related to future minimum lease payments.

Operating leases

As for operating leases, the lease payment is recognized as an expense over the lease term on the basis of utilization, and taking into account the benefits that have been provided or received when signing the lease.

The Commercial Property Development business stream carries out operating-lease business. Information on future minimum lease payments (rents) is provided in Note 40, which also contains other information about leases.

IAS 16, "Property, Plant and Equipment"

Property, plant and equipment are recognized as assets in the statement of financial position if it is probable that the Group will derive future economic benefits from them and the cost of an asset can be reliably estimated. Property, plant and equipment are recognized at cost minus accumulated depreciation and any impairment losses. Cost includes purchase price plus expenses directly attributable to the asset in order to bring it to the location and condition to be operated in the intended manner. Examples of directly attributable expenses are delivery and handling costs, installation, ownership documents, consultant fees and legal services. Borrowing costs are included in the cost of self-constructed property, plant and equipment. Impairment losses are applied in compliance with IAS 36.

The cost of self-constructed property, plant and equipment includes expenditures for materials and compensation to employees, plus other applicable manufacturing costs that are considered attributable to the asset.

Further expenditures are added to cost only if it is probable that the Group will enjoy future economic benefits associated with the asset and the cost can be reliably estimated. All other further expenditures are recognized as expenses in the period when they arise.

What is decisive in determining when a further expenditure is added to cost is whether the expenditure is related to replacement of identified components, or their parts, at which time such expenditures are capitalized. In cases where a new component is created, this expenditure is also added to cost. Any undepreciated carrying amounts for replaced components, or their parts, are disposed of and recognized as an expense at the time of replacement. If the cost of the removed component cannot be determined directly, its cost is estimated as the cost of the new component adjusted by a suitable price index to take into account inflation. Repairs are recognized as expenses on a continuous basis.

Property, plant and equipment that consist of parts with different periods of service are treated as separate components of property, plant and equipment. Depreciation occurs on a straight-line basis during estimated useful life, or based on degree of use, taking into account any residual value at the end of the period. Office buildings are divided into foundation and frame, with a depreciation period of 50 years; installations, depreciation period 35 years; and non-weight-bearing parts, depreciation period 15 years. Generally speaking, industrial buildings are depreciated over a 20-year period without allocation into different parts. Stone crushing and asphalt plants as well as concrete mixing plants are depreciated over 10 to 25 years depending on their condition when acquired and without being divided into different parts. For other buildings and equipment, division into different components occurs only if major components with divergent useful lives can be identified. For other machinery and equipment, the depreciation period is normally between 5 and 10 years. Minor equipment is depreciated immediately. Gravel pits and stone quarries are depreciated as materials are removed. Land is not depreciated. Assessments of an asset's residual value and period of service are performed annually.

The carrying amount of a property, plant and equipment item is removed from the statement of financial position when it is disposed of or divested, or when no further economic benefits are expected from the use or disposal/divestment of the asset.

Provisions for the costs of restoring an asset are normally made in the course of utilization of the asset, because the prerequisites for an allocation at the time of acquisition rarely exist.

IAS 38, "Intangible Assets"

This accounting standard deals with intangible assets. Goodwill that arises upon acquisition of companies is recognized in compliance with the rules in IFRS 3.

An intangible asset is an identifiable non-monetary asset without physical substance that is used for producing or supplying goods or services or for leasing and administration. To be recognized as an asset, it is necessary both that it be probable that future economic advantages that are attributable to the asset will benefit the company and that the cost can be reliably calculated. It is especially worth noting that expenditures recognized in prior annual or interim financial statements may not later be recognized as an asset.

Research expenses are recognized in the income statement when they arise. Development expenses, which are expenses for designing new or improved materials, structures, products, processes, systems and services by applying research findings or other knowledge, are recognized as assets if it is probable that the asset will generate future revenue. Other development expenses are expensed directly. Expenses for regular maintenance and modifications of existing products, processes and systems are not recognized as development expenses. Nor is work performed on behalf of a customer recognized as development expenses.

Intangible assets other than goodwill are recognized at cost minus accumulated amortization and impairment losses. Impairment losses are applied in compliance with IAS 36.

Amortization is recognized in the income statement on a straight-line basis, or based on the degree of use, over the useful life of intangible assets, to the extent such a period can be determined. Consideration is given to any residual value at the end of the period. Purchased service agreements are amortized over their remaining contractual period (in applicable cases 3–6 years). Purchased software (major computer systems) is amortized over a maximum of five years.

Further expenditures for capitalized intangible assets are recognized as an asset in the statement of financial position only when they increase the future economic benefits of the specific asset to which they are attributable.

IAS 36, "Impairment of Assets"

Assets covered by IAS 36 are tested on every closing day for indications of impairment. The valuation of exempted assets, for example inventories (including current-asset properties), assets arising when construction contracts are carried out and financial assets included within the scope of IAS 39 is tested according to the respective accounting standard.

Impairment losses are determined on the basis of the recoverable amount of assets, which is the higher of fair value less costs to sell and value in use. In calculating value in use, future cash flows are discounted using a discounting factor that takes into account risk-free interest and the risk associated with the asset. Estimated residual value at the end of the asset's useful life is included as part of value in use. For an asset which does not generate cash flows which are essentially independent of other assets, the recovery value is calculated for the cash-generating asset to which the asset belongs. A cash-generating unit is the smallest group of assets that generates cash inflows that are independent of other assets or groups of assets. For goodwill, the cash-generating unit is mainly the same as the Group's business unit or other unit reporting to the Parent Company. Exempted from the main rule are operations that are not integrated into the business unit's other operations. The same business unit may also contain a number of cash-generating units if it works in more than one business stream.

In Construction, recoverable amount of goodwill is based exclusively on value in use, which is calculated by discounting expected future cash flows. The discounting factor is the weighted average cost of capital (WACC) applicable to the operation. In Residential Development, the fair values of land parcels, minus selling expenses, are also taken into account. See Note 18.

Impairment of assets attributable to a cash-generating unit is allocated mainly to goodwill. After that, a proportionate impairment loss is applied to other assets included in the unit.

Goodwill impairment is not reversed. A goodwill-related impairment loss recognized in a previous interim report is not reversed in a later full-year report or interim report.

Impairment losses on other assets are reversed if there has been a change in the assumptions on which the estimate of recoverable amount was based.

An impairment loss is reversed only to the extent that the carrying amount of the asset after the reversal does not exceed the carrying amount that the asset would have had if no impairment loss had occurred, taking into account the amortization that would then have occurred.

IAS 23, "Borrowing Costs"

Borrowing costs are capitalized provided that it is probable that they will result in future economic benefits and the costs can be measured reliably. Generally speaking, capitalization of borrowing costs is limited to assets that take a substantial period of time for completion, which in the Skanska Group's case implies that capitalization mainly covers the construction of current-asset properties and properties for the Group's own use (non-current-asset properties). Capitalization occurs when expenditures included in cost have arisen and activities to complete the building have begun. Capitalization ceases when the building is completed. Borrowing costs during an extended period when work to complete the building is interrupted are not capitalized. If separate borrowing has occurred for the project, the actual borrowing cost is used. In other cases, the cost of the loan is calculated on the basis of the Group's borrowing cost.

IAS 12, "Income Taxes"

Income taxes consist of current tax and deferred tax. Income taxes are recognized in the income statement except when the underlying transaction is recognized directly under "Other comprehensive income," in which case the accompanying tax effect is also recognized there. Current tax is tax to be paid or received that is related to the year in question, applying the tax rates that have been decided or in practice have been decided as of the closing day; this also includes adjustment of current tax that is attributable to earlier periods.

Deferred tax is calculated according to the balance sheet method based on temporary differences arising between reported and fiscal values of assets and liabilities. 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 closing day. The following temporary differences are not taken into account: for a temporary difference that has arisen when goodwill is first recognized, the first recognition of assets and liabilities that are not business combinations and on the transaction date affect neither recognized profit nor taxable profit. Also not taken into account are temporary differences attributable to shares in Group companies and associated companies that are not expected to reverse in the foreseeable future. Offsetting of deferred tax assets against deferred tax liabilities occurs when there is a right to settle current taxes between companies.

Deferred tax assets related to deductible temporary differences and loss carry-forwards are recognized only to the extent that they can probably be utilized. The value of deferred tax assets is reduced when it is no longer considered probable that they can be utilized.

Note 01 Continued

IAS 2, "Inventories"

Aside from customary inventories of goods, the Group's current-asset properties are also covered by this accounting standard. Both current-asset properties and inventories of goods are measured item by item in accordance with the lowest cost principle, which means that a property or item is measured either by its acquisition cost or net realizable value, whichever is lower. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs for completion and the estimated costs necessary to make the sale.

When item-by-item measurement cannot be applied, the cost of inventories is assigned by using the first-in, first-out (FIFO) formula and includes expenditures that have arisen from acquisition of inventory assets and from bringing them to their present location and condition. For manufactured goods, cost includes a reasonable share of indirect costs based on normal capacity utilization. Materials not yet installed at construction sites are not recognized as inventories, but are included among project expenses.

Except for properties that are used in Skanska's own business, the Group's property holdings are reported as current assets, since these holdings are included in the Group's operating cycle. The operating cycle for current-asset properties amounts to about 3 to 5 years.

Acquisitions of properties are recognized in their entirety only upon the transfer of legal ownership, which normally occurs on completion of the purchase. If advance payments related to ongoing property acquisitions have been made, these are recognized under the item for current-asset properties in the statement of financial position. Property acquisitions through purchases of property-owning companies are recognized when the shares have been taken over by Skanska.

Current-asset properties are allocated between Commercial Property Development and Residential Development. They are also allocated between "Development properties," "Properties under construction" and "Completed properties." Note 22 provides information about these properties.

Before impairment loss, properties both completed and under construction are carried at directly accumulated costs, a reasonable proportion of indirect costs and interest expenses during the construction period. Information on market appraisal of properties is provided at the end of this note.

Information on customary inventories of goods is found in Note 23.

IAS 37, "Provisions, Contingent Liabilities and Contingent Assets"

Provisions

A provision is recognized in the statement of financial position when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic resources will be required to settle the obligation and a reliable estimate of the amount can be made.

Skanska makes provisions for future expenses due to warranty obligations according to construction contracts, which imply a liability for the contractor to remedy errors and omissions that are discovered within a certain period after the contractor has handed over the property to the customer. Such obligations may also be required by law. More about the accounting principle applied can be found in the section on IAS 11 in this note.

A provision is made for disputes related to completed projects if it is probable that a dispute will result in an outflow of resources from the Group. Disputes related to ongoing projects are taken into consideration in the valuation of the project and are thus not included in the item "Reserve for legal disputes," which is reported in Note 29.

Provisions for restoration expenses related to stone quarries and gravel pits do not normally occur until the period that materials are being removed.

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

When accounting for interests in joint ventures and associated companies, a provision is made when a loss exceeds the carrying amount of the interest and the Group has a payment obligation.

Contingent liabilities

Contingent liabilities are possible obligations arising from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more future events not wholly within the control of the Company. Also reported as contingent liabilities are obligations arising from past events but that have not been recognized as a liability because it is not likely that an outflow of resources will be required to settle the obligation or the size of the obligation cannot be estimated with sufficient reliability.

The amounts of contract fulfillment guarantees are included until the contracted work has been transferred to the customer, which normally occurs upon its approval in a final inspection. If the guarantee covers all or most of the contract sum, the amount of the contingent liability is calculated as the contract sum minus the value of the portion performed. In cases where the guarantee only covers a small portion of the contract sum, the guarantee amount remains unchanged until the contracted work is handed over to the customer. The guarantee amount is not reduced by being offset against payments not yet received from the customer. Guarantees that have been received from subcontractors and suppliers of materials are not taken into account, either. If the Group receives reciprocal guarantees related to outside consortium members' share of joint and several liability, these are not taken into account. Tax cases, court proceedings and arbitration are not included in contingent liability amounts. Instead, a separate description is provided.

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. 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 assignment.

Note 33 presents information about contingent liabilities.

Contingent assets

Contingent assets are possible assets arising from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company.

In the Group's construction operations, it is not unusual that claims for additional compensation from the customer arise. If the right to additional compensation is confirmed, this affects the valuation of the project when reporting in compliance with IAS 11. As for claims that have not yet been confirmed, it is not practicable to provide information about these, unless there is an individual claim of substantial importance to the Group.

IAS 19, "Employee Benefits"

This accounting standard makes a distinction between defined-contribution and defined-benefit pension plans. Defined-contribution pension plans are defined as plans in which the company pays fixed contributions into a separate legal entity and has no obligation to pay further contributions even if the legal entity does not have sufficient assets to pay all employee benefits relating to their service until the closing day. Other pension plans are defined-benefit plans. According to IAS 19, defined-benefit pension plan calculations are done using a method that often differs from local rules in each respective country. Obligations and costs are to be calculated according to the "projected unit credit method." The purpose is to recognize expected future pension disbursements as expenses in a way that yields more uniform expenses over the employee's period of employment. Actuarial assumptions about the discount rate, wage or salary increases, inflation and life expectancy are taken into account in the calculation. Pension obligations concerning post-employment benefits are discounted to present value. Discounting is calculated for all three countries where Skanska has defined-benefit pension plans using an interest rate based on the market return on high quality corporate bonds including mortgage bonds, with maturities matching the pension obligations. Pension plan assets are recognized at fair value on the closing day. In the statement of financial position, the present value of pension obligations is recognized after subtracting the fair value of plan assets. The pension expense and the return on plan assets recognized in the income statement refer to the pension expense and return estimated on January 1. Divergences from actual pension expense and actual return and effects of changed assumptions together comprise remeasurements that are reported in "Other comprehensive income."

If the terms of a defined-benefit plan are significantly amended, or the number of employees covered by a plan is significantly reduced, a curtailment occurs. Obligations are recalculated according to the new conditions. The effect of the curtailment is recognized in the income statement.

When there is a difference between how pension expense is determined in a legal entity and the Group, a provision or receivable is recognized concerning the difference for taxes and social insurance contributions based on the Company's pension expenses. The provision or receivable is not calculated at present value, since it is based on present-value figures. Social insurance contributions on revaluations are recognized under "Other comprehensive income."

Obligations related to contributions to defined-contribution plans are recognized as expenses in the income statement as they arise.

The Group's net obligation related to other long-term employee benefits, aside from pensions, amounts to the value of future benefits that employees have earned as compensation for the services they have performed during the current and prior periods. The obligation is calculated using the projected unit credit method and is discounted to present value, and the fair value of any plan assets is subtracted. The discount rate is again based on the yield on high quality corporate bonds including mortgage bonds, or government bonds, with a maturity matching the maturity of the obligations.

A provision is recognized in connection with termination of employees' employment only if the Company is obligated through its own detailed formal termination plan – and there is no realistic possibility of annulling the plan – to end employment before the normal date, or when benefits are offered in order to encourage voluntary resignation. In cases where the Company terminates employees' employment, the provision is calculated on the basis of a detailed plan that includes at least the location, function and approximate number of employees affected as well as the benefits for each job classification or function and the time at which the plan will be implemented.

IFRS 2, "Share-based Payment"

The Seop 1 and Seop 2 employee ownership programs are recognized as share-based payments that are settled with equity instruments, in compliance with IFRS 2. This means that fair value is calculated on the basis of estimated fulfillment of established income targets during the measurement period. This value is allocated over the respective vesting period. There is no reappraisal after fair value is established during the remainder of the vesting period except for changes in the number of shares because the condition of continued employment during the vesting period is no longer met.

IAS 7, "Statement of Cash Flows"

In preparing its cash-flow statement, Skanska applies the indirect method in compliance with the accounting standard. Aside from cash and bank balance flows, cash and cash equivalents 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 regarded as cash and cash equivalents. Cash and cash equivalents that are subject to restrictions are reported either as current receivables or as non-current receivables.

In addition to the cash-flow statement prepared in compliance with the standard, the Report of the Directors presents an operating cash-flow statement that does not conform to the structure specified in the standard. The operating cash-flow statement was prepared on the basis of the operations that the various business streams carry out.

IAS 33, "Earnings per Share"

Earnings per share are reported directly below the consolidated income statement and are calculated by dividing the portion of profit for the year that is attributable to the Parent Company's equity holders (shareholders) by the average number of shares outstanding during the period.

For the Seop 1 and Seop 2 employee ownership programs, the dilution effect is calculated by dividing potential ordinary shares by the number of shares outstanding. The calculation of potential ordinary shares occurs in two stages. First there is an assessment of the number of shares that may be issued when established targets are fulfilled. The number of shares for the respective year covered by the programs is then determined the following year, provided that the condition of continued employment is met. In the next step, the number of potential ordinary shares is reduced by the value of the consideration that Skanska is expected to receive, divided by the average market price of a share during the period.

IAS 24, "Related Party Disclosures"

According to this accounting standard, information must be provided about transactions and agreements with related companies and physical persons. In the consolidated financial statements, intra-Group transactions fall outside this reporting requirement. Notes 36, 37 and 39 provide disclosures in compliance with the accounting standard. .

IAS 40, "Investment Property"

Skanska reports no investment properties. Properties that are used in the Group's own operations are reported in compliance with IAS 16. The Group's holdings of current-asset properties are covered by IAS 2 and thus fall outside the application of IAS 40.

IFRS 8, "Operating Segments"

According to this standard, an operating segment is a component of the Group that carries out business operations, whose operating income is evaluated regularly by the chief operating decision maker and about which separate financial information is available.

Skanska's operating segments consist of its business streams: Construction, Residential Development, Commercial Property Development and Infrastructure Development.

The Senior Executive Team is the Group's chief operating decision maker.

The segment reporting method for Residential Development and Commercial Property Development diverges from IFRS on two points. In segment reporting, a divestment gain is recognized on the date that a binding sales contract is signed. Segment reporting of joint ventures in Residential Development with ongoing projects applies the proportional method. Note 4 presents a reconciliation between segment reporting and the income statement in compliance with IFRS.

Note 4 provides information about operating segments. The financial reporting that occurs to the Senior Executive Team focuses on the areas for which each respective operating segment is operationally responsible: operating income in the income statement and capital employed. For each respective operating segment, the note thus reports external and internal revenue, cost of sales, selling and administrative expenses and capital employed. Capital employed refers to total assets minus tax assets and receivables invested in Skanska's treasury unit ("internal bank") less non-interest-bearing liabilities excluding tax liabilities. In the calculation of capital employed, a capitalized interest expense is removed from total assets for the Residential Development and Commercial Property Development segments. Acquisition goodwill has been reported in the operating segment to which it relates.

In transactions between operating segments, pricing occurs on market terms.

Certain portions of the Group do not belong to any operating segment. These portions are reported in Note 4 under the heading "Central and eliminations." The income of the operating segments also includes intra-Group profits and consequently, these are eliminated during reconciliation with the consolidated income statement and the consolidated statement of financial position.

In addition to information about operating segments, Note 4 provides disclosures on external revenue for the entire Group, divided among Sweden, the U.S. and other countries and disclosures on the allocation of certain assets between Sweden and other countries.

IAS 10, "Events After the Reporting Period"

Events after the end of the reporting period may, in certain cases, confirm a situation that existed on the closing day. Such events shall be taken into account when financial reports are prepared. Information is provided about other events that may occur after the closing day and before the signing of the financial report, if their omission would affect the ability of a reader to make a correct assessment and a sound decision.

Such information is provided in Note 41.

IAS 32, "Financial Instruments: Presentation"

Offsetting of financial assets and financial liabilities occurs when a company has a legal right to offset items against each other and intends to settle these items with a net amount or, at the same time, divest the asset and settle the liability.
Prepaid income and expenses as well as accrued income and expenses that are related to the business are not financial instruments. Thus, "Gross amount due from (or to) customers for contract work" is not included under financial instruments. Similarly, pension liabilities and receivables from or liabilities to employees are not financial instruments. Neither are assets and liabilities that are not based on contracts, such as income taxes, considered financial instruments.

Information in compliance with the accounting standard is provided mainly in Notes 6, 21 and 27.

IAS 39, "Financial Instruments: Recognition and Measurement"

The accounting standard deals with measurement and recognition of financial instruments. Excepted from application in compliance with IAS 39 are, among others, holdings in Group companies, associated companies and joint ventures, leases, the rights under employment contracts, treasury shares, and financial instruments as described in IFRS 2.

All financial instruments covered by this standard, including all derivatives, are reported in the statement of financial position.

A derivative is a financial instrument whose value changes in response to changes in an underlying variable, that requires no initial investment or one that is small and that is settled at a future date. An embedded derivative is a contract condition that causes the value of the contract to be affected in the same way as if the condition were an independent derivative. This is the case, for example, when a construction contract is expressed in a currency which is a foreign currency for both parties. If it is customary for the foreign currency to be used for this type of contract, the embedded derivative will not be separated. A reassessment of whether embedded derivatives shall be separated from the host contract is carried out only if the host contract is changed.

A financial asset or financial liability is recognized in the statement of financial position when the Group becomes a party to the contractual provisions of the instrument. Trade accounts receivable are recognized in the statement of financial position when an invoice has been sent. A liability is recognized when the counterparty has performed and there is a contractual obligation to pay, even if the invoice has not yet been received. Trade accounts payable are recognized when an invoice has been received.

A financial asset is derecognized from the statement of financial position when the contractual rights are realized or expire or the Group loses control of them. The same applies to a portion of a financial asset. A financial liability is derecognized from the statement of financial position when the contractual obligation is fulfilled or otherwise extinguished. The same applies to a portion of a financial liability.

Acquisitions and divestments of financial assets are recognized on the transaction date, which is the date that the Company undertakes to acquire or divest the asset.

Financial instruments are initially recognized at cost, equivalent to the instrument's fair value plus transaction costs, except instruments in the category "assets at fair value through profit or loss," which are recognized exclusive of transaction costs. Recognition then occurs depending on how they are classified, as described below.

Financial assets are classified as "assets at fair value through profit or loss," "held-to-maturity investments," "loans and receivables" and "available-for-sale assets." An asset is classified among "available-for-sale assets" if the asset is not a derivative and the asset has not been classified in any of the other categories. Derivatives are classified under "assets at fair value through profit or loss". Equity instruments with unlimited useful lives are classified either as "assets at fair value through profit and loss" or "available-for-sale assets."

"Assets at fair value through profit or loss," and "available-for-sale assets" are measured at fair value in the statement of financial position. Change in value of "assets at fair value through profit or loss" is recognized in the income statement, while change in value of "available-for-sale assets" is recognized under "Other comprehensive income." When the latter assets are divested, accumulated gains or losses are transferred to the income statement. Investments in holdings of companies other than Group companies, joint ventures and associated companies are included in "available-for-sale assets," but are measured at cost, unless the fair value is lower. Impairment losses on "available-for-sale assets," as well as interest and dividends on instruments in this category, are recognized directly in the income statement. Changes in exchange rates for monetary "available-for-sale assets" are also recognized directly in the income statement, while changes in exchange rates for non-monetary "available-for-sale assets" are recognized in other comprehensive income. "Held-to-maturity investments" and "loans and receivables" are measured at amortized cost. Impairment losses on "held-to-maturity investments," "loans and receivables" and "available-for-sale assets" occur when the expected discounted cash flow from the financial asset is less than the carrying amount.

Financial liabilities are classified as "liabilities at fair value through profit or loss" and "other financial liabilities." Derivatives are classified under "liabilities at fair value through profit or loss".

"Liabilities at fair value through profit or loss" are measured at fair value in the statement of financial position, with change of value recognized in the income statement. "Other financial liabilities" are measured at amortized cost.

In reporting both financial assets and financial liabilities in Note 6, Skanska has chosen to separately report "Hedge-accounted derivatives," which are included in "Financial assets (or liabilities) at fair value through profit or loss."

Skanska uses hedge accounting for cash flow hedging and hedging of net investment in a foreign operation. The effectiveness of the hedging is assessed regularly, and hedge accounting is applied only to hedging deemed to be effective. If the hedging is not deemed effective, the amount for the hedging instrument is adjusted.

Skanska uses currency derivatives and foreign currency loans to hedge against fluctuations in exchange rates. Recognition of derivatives varies depending on whether hedge accounting in compliance with IAS 39 is applied or not.

Unrealized gains and losses on currency derivatives related to hedging of operational transaction exposure (cash-flow hedging) are measured in market terms and recognized at fair value in the statement of financial position. The entire change in value is recognized directly in operating income, except in those cases where hedge accounting is applied. In hedge accounting, unrealized gain or loss is recognized under "Other comprehensive income." When the hedged transaction occurs and is recognized in the income statement, accumulated changes in value are transferred from other comprehensive income to operating income.

Unrealized gains and losses on embedded currency derivatives in commercial contracts are measured and recognized at fair value in the statement of financial position. Changes in fair value are recognized in operating income.

Currency derivatives and foreign currency loans for hedging translation exposure are carried at fair value in the statement of financial position. Due to the application of hedge accounting, exchange-rate differences after taking into account tax effect are recognized under "Other comprehensive income."If an operation in a country that has a functional currency other than EUR is divested, accumulated exchange-rate differences attributable to that operation are transferred from other comprehensive income to the income statement. The interest component and changes in the value of the interest component of currency derivatives are recognized as financial income or expenses.

In Infrastructure Development projects, interest-rate derivatives are used in order to achieve fixed interest on long-term financing. Hedge accounting is applied to these interest-rate derivatives.

Skanska also uses interest-rate derivatives to hedge against fluctuations in interest rates. Hedge accounting in compliance with IAS 39 is applied to some of these derivatives.

Unrealized gains and losses on interest-rate derivatives are recognized at fair value in the statement of financial position. Where hedge accounting is applied, changes in value are recognized in other comprehensive income. In cases where hedge accounting is not applied, changes in value are directly recognized as financial income or expenses in the income statement. The operating current-interest coupon portion is recognized as interest income or an interest expense.

IFRS 7, "Financial Instruments: Disclosures"

The Company provides disclosures that enable the evaluation of the significance of financial instruments for its financial position and performance. The disclosures also enable an evaluation of the nature and extent of risks arising from financial instruments to which the Company is exposed during the period and at the end of the report period. These disclosures must also provide a basis for assessing how these risks are managed by the Company. This standard supplements the principles for recognizing, measuring and classifying financial assets and liabilities in IAS 32 and IAS 39.

The standard applies to all types of financial instruments, with the primary exception of holdings in Group companies, associated companies and joint ventures as well as employers' rights and obligations under post-employment benefit plans in compliance with IAS 19. The disclosures that are provided thus include accrued interest income, deposits and interest expenses. Accrued income from customers for contract work is not a financial instrument.

The disclosures provided are supplemented by a reconciliation with other items in the income statement and in the statement of financial position.

Disclosures in compliance with this accounting standard are presented in Note 6.

IAS 20, "Accounting for Government Grants and Disclosure of Government Assistance"

"Government assistance" refers to action by government designed to provide an economic benefit specific to one company or a range of companies that qualify under certain criteria. Government grants are assistance by government in the form of transfers of resources to a company in return for past or future compliance with certain conditions relating to its operations.

Government grants are recognized in the statement of financial position as prepaid income or reduction in the investment when there is reasonable assurance that the grants will be received and that the Group will meet the conditions associated with the grant.

Order bookings and order backlog

In Construction assignments, an order booking refers to a written order confirmation or signed contract, provided that financing has been arranged and construction is expected to commence within twelve months. If a previously received order is canceled in a subsequent quarter, the cancellation is recognized as a negative item when reporting order bookings for the quarter when the cancellation occurs. Reported order bookings also include orders from Residential Development and Commercial Property Development, which assumes that a building permit has been obtained and construction is expected to begin within three months. For services related to fixed-price work, the order booking is recorded when the contract is signed, and for services related to cost-plus work, the order booking coincides with revenue. For service agreements, a maximum of 24 months of future revenue is included.

Note 01 Continued

No order bookings are reported in Residential Development and Commercial Property Development.

Order backlog refers to the difference between order bookings for a period and accrued revenue (accrued project expenses plus accrued project income adjusted for loss provisions) plus order backlog at the beginning of the period.

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

Market appraisal

Commercial Property Development

Note 22 states estimated market values for Skanska's current-asset properties. For completed properties that include commercial space and for development properties, market values have been partly calculated in cooperation with external appraisers.

Residential Development

In appraising properties in Residential Development, estimates of market value have taken into account the value that can be obtained within the customary economic cycle.

Infrastructure Development

Skanska obtains an estimated value for infrastructure projects by discounting estimated future cash flows in the form of dividends and repayments of loans and equity by a discount rate based on country, risk model and project phase for the various projects. The discount rate chosen is applied to all future cash flows starting on the appraisal date. The most recently updated financial model is used as a base. This financial model describes all cash flows in the project and serves as the ultimate basis for financing, which is carried out with full project risk and without guarantees from Skanska. For wind-farm projects, the values have been deemed to amount to recognized cost.

An estimated value is stated solely for projects that have reached contractual and financial close. All flows are appraised – investments in the project (equity and subordinated debenture loans), interest on repayments of subordinated loans, as well as dividends to and from the project company. Today all investments except New Karolinska Solna, Sjisjka Vind and Mullbergs Vindpark are denominated in currencies other than Swedish kronor. This means there is also an exchange-rate risk.

Estimated values have partly been calculated in cooperation with external appraisers and are stated in Note 20.

Note 02 Key estimates and judgments

Key estimates and judgments

The Senior Executive Team has discussed with the Board of Directors and the Audit Committee the developments, choices and disclosures related to the Group's important accounting principles and estimates, as well as the application of these principles and estimates.

Certain important accounting-related estimates that have been made when applying the Group's accounting principles are described below.

Goodwill impairment testing

In calculating the recoverable amount of cash-generating units for assessing any goodwill impairment, a number of assumptions about future conditions and estimates of parameters have been made. A presentation of these can be found in Note 18, "Goodwill." As understood from the description in this note, major changes in the prerequisites for these assumptions and estimates might have a substantial effect on the value of goodwill.

Pension assumptions

Skanska has defined-benefit pension plans in a number of countries. The plans are recognized according to IAS 19, which means that pension commitments are calculated using actuarial methods and plan assets are measured at market value on the closing day. The effects of changed actuarial assumptions and changes in the market valuation of plan assets are reported as remeasurements in other comprehensive income. The remeasurements impact interest-bearing pension liabilities and equity. Note 28, "Pensions," describes the assumptions and prerequisites that provide the basis for recognition of pension liability, including a sensitivity analysis.

Percentage of completion

Skanska applies the percentage-of-completion method, i.e. using a forecast of final project results, income is recognized successively during the course of the project based on the degree of completion. This requires that the size of project revenue and project expenses can be reliably determined. The prerequisite for this is that the Group has efficient, coordinated systems for cost estimating, forecasting and revenue/expense reporting. The system also requires a consistent judgment (forecast) of the final outcome of the project, including analysis of divergences compared with earlier assessment dates. This critical judgment is performed at least once per quarter. However, actual future outcome may deviate from the estimated outcome.

Disputes

Management's best judgment has been taken into account in reporting disputed amounts, but the actual future outcome may diverge from this judgment. See Note 33, "Assets pledged, contingent liabilities and contingent assets," and Note 29, "Provisions."

Investments in Infrastructure Development

Estimated values are based on discounting of expected cash flows for each respective investment. Estimated yield requirements on investments of this type have been used as discount rates. Changes in expected cash flows, which in a number of cases extend 20 to 30 years ahead in time, and/or changes in yield requirements, may materially affect both estimated values and carrying amounts for each investment.

Current-asset properties

The stated total market value is estimated on the basis of prevailing price levels in the respective location of each property. Changes in the supply of similar properties as well as changes in demand due to changes in targeted return may materially affect both estimated fair values and carrying amounts for each property. In Residential Development operations, the supply of capital and the price of capital for financing home buyers' investments are critical factors.

Prices of goods and services

In the Skanska Group's operations, there are many different forms of contractual mechanisms. The degree of risk associated with the prices of goods and services varies greatly, depending on the contract type. Sharp increases in prices of materials may pose a risk, particularly to long-term projects with fixed-price commitments. Shortages of human resources as well as certain input goods may also adversely impact operations. Delays in the design phase or changes in design are other circumstances that may adversely affect projects.

Note 03 Effects of changes in accounting principles

A revised edition of accounting standard IAS 19, "Employee Benefits", is applicable from January 1, 2013.

The revision means, among other things, that when calculating expected return on pension plan assets, the same interest rate is to be used as in the discounting of the pension obligation. The change has no material effect on the consolidated income statement and comparative figures for 2012 have therefore not been restated. The change also means that remeasurements of pension liabilities are to be recognized directly in other comprehensive income. Skanska was already using this method, so the change has no effect on the consolidated balance sheet.

The new standards IFRS 10, "Consolidated Financial Statements", IFRS 11, "Joint Arrangements", and IFRS 12, "Disclosure of Interests in Other Entities", are new and are to be applied with effect from January 1, 2014.

These new standards will have no material effect on consolidated profit or total assets.

Note 04 Operating segments

Skanska's business streams – Construction, Residential Development, Commercial Property Development and Infrastructure Development – are recognized as operating segments. These business streams coincide with Skanska's operational organization, used by the Senior Executive Team to monitor operations. The Senior Executive Team is also Skanska's "chief operating decision maker."

Each business stream carries out distinct types of operations with different risks. Construction includes both building construction and civil construction. Residential Development develops residential projects for immediate sale. Homes are adapted to selected customer categories. The units in this segment are responsible for planning and selling their projects. The construction assignments are performed by construction units in the Construction business stream in each respective market. Commercial Property Development initiates, develops, leases and divests commercial property projects. Project development focuses on office buildings, retail and logistics properties. Construction assignments are performed in most markets by Skanska's Construction segment. Infrastructure Development specializes in identifying, developing and investing in privately financed infrastructure projects, such as highways, hospitals and schools. The business stream focuses on creating new potential projects, mainly in the markets where the Group has operations. Construction assignments are performed in most markets by the construction units.Intra-Group pricing between operating segments occurs on market terms. "Central" includes the cost of Group headquarters, earnings of central companies, businesses that are being closed down and the centrally recognized land bank, which is separated from Residential Development as part of the adaptation of the land bank to forecast volumes. Eliminations consist mainly of profits in Construction operations related to property projects.

See also Note 1, "Consolidated accounting and valuation principles," IFRS 8, "Operating Segments."

Revenue and expenses by operating segment

Each business stream has operating responsibility for its income statement down through "operating income."

Assets and liabilities by operating segment

Each business stream has operating responsibility for its capital employed. The capital employed by each business stream consists of its total assets minus tax assets and intra-Group receivables invested in Skanska's treasury unit ("internal bank") less non-interest-bearing liabilities excluding tax liabilities. In the calculation of capital employed, a capitalized interest expense is removed from total assets for the Residential Development and Commercial Property Development segments. Acquisition goodwill has been reported in the business stream to which it belongs.

Cash flow by segment is presented as a separate statement: Consolidated operating cash-flow statement and change in interest-bearing net receivables.

2013	Construction	Residential Development	Commercial Property Development	Infrastructure Development	Total operating segments	Central and eliminations	Total segments	Reconciliation with IFRSs	Total IFRSs
External revenue	13,825.6	1,065.2	710.1	10.1	15,611.0	147.9	15,759.0	16.5	15,775.5
Intra-Group revenue	911.1	0.0	7.2	0.0	918.3	–918.3	0.0	0.0	0.0
Total revenue	**14,736.8**	**1,065.2**	**717.3**	**10.1**	**16,529.3**	**–770.4**	**15,759.0**	**16.5**	**15,775.5**
Cost of sales	–13,621.8	–944.4	–538.5	–22.9	–15,127.6	784.1	–14,343.5	16.5	–14,326.9
Gross income	**1,115.0**	**120.8**	**178.8**	**–12.8**	**1,401.8**	**13.8**	**1,415.5**	**33.1**	**1,448.6**
Selling and administrative expenses	–675.7	–55.5	–57.2	–15.5	–803.9	–82.9	–886.7	0.1	–886.6
Income from joint ventures and associated companies	3.7	0.3	1.8	74.7	80.6	–15.4	65.2	14.9	80.1
Operating income	**443.0**	**65.7**	**123.4**	**46.3**	**678.5**	**–84.5**	**594.0**	**48.1**	**642.1**
of which depreciation/amortization	–175.5	–0.6	–0.1	–1.2	–177.3	–3.9	–181.2		
of which impairment losses/reversals of impairment losses									
Goodwill	–5.5				–5.5		–5.5		
Other assets	–8.3	–7.9			–16.2	–13.8	–29.9		
of which gains from commercial property divestments			163.5		163.5	12.9	176.5		
of which gains from infrastructure project divestments				13.6	13.6		13.6		
Employees	55,611	419	279	130	56,439	666	57,105		
Gross margin, %	7.6	11.3							
Selling and administrative expenses, %	–4.6	–5.2							
Operating margin, %	3.0	6.2							
Assets, of which									
Property, plant and equipment	824.1	0.6	1.6	0.8	827.0	10.2	837.2		
Intangible assets	523.2	48.3			571.5	12.4	583.9		
Investments in joint ventures and associated companies	24.3	63.4	9.2	234.0	330.9	18.3	349.2		
Current-asset properties	1.6	1,229.1	1,572.4		2,803.1	21.7	2,824.8		
Capital employed	172.2	1,198.9	1,518.9	224.0	3,114.1	844.9	3,959.0		
Investments	–205.6	–802.1	–521.7	–8.7	–1,538.2	–19.2	–1,557.3		
Divestments	44.4	922.3	803.8	28.0	1,798.5	139.2	1,937.6		
Net investments	**–161.2**	**120.2**	**282.0**	**19.3**	**260.3**	**120.0**	**380.3**		
Reconciliation from segment reporting to IFRSs									
Revenue according to segment reporting – binding agreement	14,736.8	1,065.2	717.3	10.1	16,529.3	–770.4	15,759.0		
Plus properties sold before the period		795.7	406.5		1,202.2	10.7	1,212.9		
Less properties not yet occupied by the buyer on closing day		–875.9	–277.7		–1,153.6	–6.4	–1,160.0		
Proportional method for joint ventures		–40.1			–40.1	17.6	–22.5		
Currency-rate differences		–15.4	1.6		–13.8	–0.1	–13.9		
Revenue according to IFRS – handover	**14,736.8**	**929.5**	**847.7**	**10.1**	**16,524.0**	**–748.5**	**15,775.5**		
Operating income according to segment reporting – binding agreement	443.0	65.7	123.4	46.3	678.5	–84.5	594.0		
Plus properties sold before the period		101.9	101.5		203.4	7.1	210.5		
Less properties not yet occupied by the buyer on closing day		–107.5	–62.6		–170.1	–2.3	–172.4		
Adjustment, income from joint ventures and associated companies		8.2			8.2	0.0	8.2		
New intra-Group profits						3.1	3.1		
Currency-rate differences		–2.0	0.7		–1.3		–1.3		
Operating income according to IFRS – handover	**443.0**	**66.3**	**163.0**	**46.3**	**718.7**	**–76.6**	**642.1**		

Note 04 Continued

2012	Construction	Residential Development	Commercial Property Development	Infrastructure Development	Total operating segments	Central and eliminations	Total segments	Reconciliation with IFRSs	Total IFRSs
External revenue	13,388.6	997.4	728.1	27.8	15,141.9	13.9	15,155.8	–296.5	14,859.3
Intra-Group revenue	914.5	0.0	46.4	0.0	960.9	–960.9	0.0	0.0	0.0
Total revenue	**14,303.2**	**997.4**	**774.5**	**27.8**	**16,102.8**	**–947.0**	**15,155.8**	**–296.5**	**14,859.3**
Cost of sales	–13,195.9	–916.3	–553.6	–26.8	–14,692.5	948.2	–13,744.3	213.1	–13,531.2
Gross income	**1,107.3**	**81.1**	**220.9**	**1.0**	**1,410.3**	**1.1**	**1,411.5**	**–83.4**	**1,328.1**
Selling and administrative expenses	–713.6	–94.5	–56.1	–21.4	–885.6	–92.0	–977.6	0.2	–977.4
Income from joint ventures and associated companies	5.4	0.3	1.5	87.9	95.1		95.1	15.7	110.9
Operating income	**399.1**	**–13.1**	**166.3**	**67.5**	**619.9**	**–90.9**	**529.0**	**–67.4**	**461.6**
of which depreciation/amortization	–170.0	–0.6	–0.2	–0.9	–171.7	–2.9	–174.6		
of which impairment losses/reversals of impairment losses									
Goodwill					0.0		0.0		
Other assets	–3.8	–14.5			–18.3		–18.3		
of which gains from commercial property divestments			194.5		194.5	12.3	206.8		
of which gains from infrastructure project divestments				47.6	47.6		47.6		
Employees	55,132	528	273	141	56,074	544	56,618		
Gross margin, %	7.7	8.1							
Selling and administrative expenses, %	–5.0	–9.5							
Operating margin, %	2.8	neg							
Assets, of which									
Property, plant and equipment	908.9	5.9	1.0	1.4	917.3	7.1	924.4		
Intangible assets	526.6	55.0			581.6	8.6	590.2		
Investments in joint ventures and associated companies	21.9	56.6	2.3	161.6	242.5	39.0	281.5		
Current-asset properties	1.4	1,336.2	1,676.1		3,013.7	119.4	3,133.1		
Capital employed	208.2	1,316.3	1,582.5	130.4	3,237.5	777.6	4,015.0		
Investments	–304.8	–894.5	–739.3	–43.8	–1,982.4	–12.6	–1,995.1		
Divestments	35.6	925.2	474.0	124.5	1,559.3	0.3	1,559.7		
Net investments	**–269.2**	**30.7**	**–265.4**	**80.8**	**–423.1**	**–12.3**	**–435.4**		
Reconciliation from segment reporting to IFRSs									
Revenue according to segment reporting – binding agreement	14,303.2	997.4	774.5	27.8	16,102.8	–947.0	15,155.8		
Plus properties sold before the period		782.7	159.3		942.0		942.0		
Less properties not yet occupied by the buyer on closing day		–790.8	–404.0		–1,194.8	–10.7	–1,205.5		
Proportional method for joint ventures		–47.9			–47.9	22.3	–25.6		
Currency-rate differences		–7.8	0.5		–7.4		–7.4		
Revenue according to IFRS – handover	**14,303.2**	**933.5**	**530.3**	**27.8**	**15,794.7**	**–935.4**	**14,859.3**		
Operating income according to segment reporting – binding agreement	399.1	–13.1	166.3	67.5	619.9	–90.9	529.0		
Plus properties sold before the period		102.2	32.9		135.1		135.1		
Less properties not yet occupied by the buyer on closing day		–101.3	–100.9		–202.2	–7.0	–209.2		
Adjustment, income from joint ventures and associated companies		8.7			8.7		8.7		
New intra-Group profits						–1.7	–1.7		
Currency-rate differences		–1.0	0.7		–0.3		–0.3		
Operating income according to IFRS – handover	**399.1**	**–4.5**	**99.0**	**67.5**	**561.2**	**–99.6**	**461.6**		

Note 04 Continued

External revenue by geographic area

	Sweden		United States		Other areas		Total	
EUR M	**2013**	**2012**	**2013**	**2012**	**2013**	**2012**	**2013**	**2012**
Construction	2,953.1	2,855.8	5,027.0	4,424.6	5,863.1	6,130.6	13,843.2	13,411.0
Residential Development	344.4	393.1			585.1	540.4	929.5	933.5
Commercial Property Development	439.6	311.1	180.4	104.2	220.6	66.6	840.6	481.9
Infrastructure Development	2.1	3.0	2.7	15.6	5.3	9.2	10.1	27.8
Central and eliminations	140.5	5.1			11.6	0.0	152.1	5.1
Total operating segments	**3,879.7**	**3,568.1**	**5,210.1**	**4,544.4**	**6,685.7**	**6,746.8**	**15,775.5**	**14,859.3**

The Group has no customers that account for 10 percent or more of its revenue.

Non-current assets and current-asset properties by geographic area

	Property, plant and equipment		Intangible assets[1]		Investments in joint ventures and associated companies		Current-asset properties	
EUR M	**2013**	**2012**	**2013**	**2012**	**2013**	**2012**	**2013**	**2012**
Sweden	234.3	234.9	30.3	22.0	130.7	107.8	1,041.4	1,270.2
United States	194.8	199.4	100.1	102.5	16.7	0.0	292.6	296.1
Other areas	408.1	490.2	453.4	465.7	201.8	173.6	1,490.8	1,566.8
	837.2	**924.4**	**583.9**	**590.2**	**349.2**	**281.5**	**2,824.8**	**3,133.1**

1 Of the “Other areas” item for intangible assets, EUR 159.7 M (182.1) was from Norwegian operations and EUR 176.6 M (157.0) from UK operations.

Note 05 Non-current assets held for sale and discontinued operations

Non-current assets held for sale and discontinued operations are recognized in compliance with IFRS 5. See “Accounting and valuation principles,” Note 1. During 2013 and 2012, no operations were recognized as discontinued.

At the end of 2013, 2013, there were no non-current assets that were recognized in compliance with IFRS 5 as current assets and specified as Assets held for sale. There were no such non-current assets in 2012.

Note 06 Financial instruments and financial risk management

Financial instruments are reported in compliance with IAS 39, "Financial Instruments: Recognition and Measurement," IAS 32, "Financial Instruments: Presentation" and IFRS 7, "Financial Instruments: Disclosures."

Skanska's gross amounts due from and to customers for contract work are not recognized as a financial instrument and the risk in these gross amounts due is thus not reported in this note.

Risks in partly-owned joint venture companies in Infrastructure Development are managed in each respective company. Skanska's aim is to ensure that financial risk management in these companies is equivalent to that which applies to the Group's wholly owned companies. Management of the interest-rate risk in financing is essential in each respective company, because the contract period in many cases amounts to decades. This risk is managed with the help of long-term interest-rate swaps. These holdings are reported according to the equity method of accounting. As a result, financial instruments in each company are included under the items "Income from joint ventures and associated companies." Disclosures on financial instruments in associated companies and joint ventures are not included in the following disclosures.

Financial risk management

Through its operations, aside from business risks Skanska is exposed to various financial risks such as credit risk, liquidity risk and market risk. These risks arise in the Group's reported financial instruments such as cash and cash equivalents, interest-bearing receivables, trade accounts receivable, accounts payable, borrowings and derivatives.

Objectives and policy

The Group endeavors to achieve a systematic assessment of both financial and business risks. For this purpose, it uses a common risk management model. The risk management model does not imply avoidance of risks, but is instead aimed at identifying and managing these risks.

Through the Group's Financial Policy, each year the Board of Directors states guidelines, objectives and limits for financial management and administration of financial risks in the Group. This policy document regulates the allocation of responsibility among Skanska's Board, the Senior Executive Team, Skanska Financial Services (Skanska's internal financial unit) and the business units.

Within the Group, Skanska Financial Services has operational responsibility for ensuring Group financing and for managing liquidity, financial assets and financial liabilities. A centralized financial unit enables Skanska to take advantage of economies of scale and synergies.

The objectives and policy for each type of risk are described in the respective sections below.

Credit risk

Credit risk describes the Group's risk from financial assets and arises if a counterparty does not fulfill its contractual payment obligation to Skanska. Credit risk is divided into financial credit risk, which refers to risk from interest-bearing assets, and customer credit risk, which refers to the risk from trade accounts receivable.

Financial credit risk – risk in interest-bearing assets

Financial credit risk is the risk that the Group runs in its relations with financial counterparties in the case of deposits of surplus funds, bank account balances and investments in financial assets. Credit risk also arises when using derivative instruments and consists of the risk that a potential gain will not be realized in case the counterparty does not fulfill its part of the contract.

In order to reduce the credit risk in derivatives, Skanska has signed standardized netting (ISDA) agreements with all financial counterparties with which it enters into derivative contracts.

Skanska endeavors to limit the number of financial counterparties, which must possess a rating at least equivalent to BBB+ at Standard & Poor's or the equivalent rating at Moody's. The permitted exposure volume per counterparty is dependent on the counterparty's credit rating and the maturity of the exposure.

Maximum exposure is equivalent to the fair value of the assets and amounted to EUR 1,695.6 M. The average maturity of interest-bearing assets amounted to 0.3 (0.5) years on December 31, 2013.

Customer credit risk – risk in trade accounts receivable

Customer credit risks are managed within the Skanska Group's common procedures for identifying and managing risks: the Skanska Tender Approval Procedure (STAP) and the Operational Risk Assessment (ORA).

Skanska's credit risk with regard to trade receivables has a high degree of risk diversification, due to the large number of projects of varying sizes and types with numerous different customer categories in a large number of geographical markets.

The portion of Skanska's operations related to construction projects extends only limited credit, since projects are invoiced in advance as much as possible. In other operations, the extension of credit is limited to customary invoicing periods.

Trade accounts receivable	Dec 31, 2013	Dec 31, 2012
Carrying amount	1,883.9	2,201.8
Impairment losses	83.5	88.0
Cost	**1,967.4**	**2,289.9**

Change in impairment losses, trade accounts receivable	2013	2012
January 1	88.0	77.3
Impairment loss/reversal of impairment loss for the year	2.9	11.8
Impairment losses settled	–0.3	–3.6
Exchange-rate differences	–7.1	2.5
December 31	**83.5**	**88.0**

Risk in other operating receivables including shares

Other financial operating receivables consist of receivables for properties divested, accrued interest income, deposits etc. No operating receivables on the closing day were past due and there were no impairment losses.

Other financial operating receivables are reported by time interval with respect to when the amounts fall due in the future.

	2013	2012
Due within 30 days	10.3	0.7
Due in over 30 days but no more than one year	2.9	4.7
Due in more than 1 year	12.0	0.8
Total	**25.3**	**6.2**

Holdings of less than 20 percent of voting power in a company are reported as shares. Their carrying amount is EUR 3.6 M (5.8). Shares are subject to changes in value. Impairment losses on shares total EUR –1.4 M (–1.4), of which EUR 0 .0 M (–0.1) during 2013.

Liquidity risk

Liquidity risk is defined as the risk that Skanska cannot meet its payment obligations due to lack of liquidity or to difficulties in obtaining or rolling over external loans.

The Group uses liquidity forecasting as a means of managing the fluctuations in short-term liquidity. Surplus liquidity shall, if possible, primarily be used to repay the principal on loan liabilities.

Funding

Skanska has several borrowing programs – both committed bank credit facilities and market funding programs – which provide good preparedness for temporary fluctuations in the Group's short-term liquidity requirements and ensure long-term funding.

During 2013, Skanska took out a bilateral loan from AB Svensk Exportkredit (SEK) amounting to EUR 60 M, which runs until 2020.

In 2013 the credit commitment period was also extended through the issue of MTN loans totalling EUR 168.6 M with a maturity of five years.

Note 06 Continued

EUR M	Maturity	Currencies	Limit	Nominal	Utilized
Market funding programs					
Commercial paper (CP) program, maturities 0–1 years		SEK/EUR	SEK 6,000 M	674.4	0.0
Medium Term Note (MTN) program, maturities 1–10 years		SEK/EUR	SEK 8,000 M	899.2	461.3
				1,573.6	**461.3**
Committed credit facilities					
Syndicated bank loan	2017	SEK/EUR/USD	EUR 600 M	600.0	0.0
Bilateral loan agreements	2016/2018/ 2020	EUR	EUR 260 M	259.9	259.9
Other credit facilities				46.6	0.0
Total				**906.4**	**259.9**

At year-end 2013, the Group's unutilized credit facilities totaled EUR 646.5 M (661.8).

Liquidity reserve and maturity structure

The objective is to have a liquidity reserve of at least EUR 0.4 billion available within one week in the form of cash equivalents or committed credit facilities. At year-end 2013, cash and cash equivalents and committed credit facilities amounted to about EUR 1.5 (1.3) billion, of which about EUR 1.1 billion is available within one week.

The Group's policy is for the central borrowing portfolio's maturity to be distributed over time and for the portfolio to have a weighted average residual term of three years, including unutilized committed credit facilities, with a mandate to diverge within a two to four year interval. On December 31, 2013 the average maturity of the borrowing portfolio was 3.3 years, if unutilized credit facilities are weighed in.

The maturity structure of financial interest-bearing liabilities and derivatives related to borrowing is distributed over the coming years according to the following table.

			Maturity			
Maturity period	**Carrying amount**	**Future payment amount**	**Within 3 months**	**Over 3 months within 1 year**	**Over 1 year within 5 years**	**More than 5 years**
Interest-bearing financial liabilities	1,172.2	1,260.6	37.3	434.2	721.5	67.7
Derivatives: Currency forward contracts						
Inflow	–12.9	–753.6	–731.9	–11.2	–10.5	
Outflow	6.2	752.8	731.5	11.1	10.2	
Derivatives: Interest rate swaps						
Inflow	–0.7	–29.7	–1.2	–3.7	–24.7	
Outflow	5.5	34.5	2.7	6.5	25.3	
Total	**1,170.3**	**1,264.7**	**38.3**	**436.9**	**721.8**	**67.7**

The average maturity of interest-bearing liabilities amounted to 2.5 (1.9) years.

Other operating liabilities

Other operating liabilities that consist of financial instruments fall due for payments according to the table below.

Other operating liabilities	2013	2012
Due within 30 days	50.9	48.7
Due in over 30 days but no more than one year	12.5	0.8
Due in more than 1 year	73.6	10.2
Total	**137.0**	**59.7**

Market risk

Market risk is the Group's risk that the fair value of financial instruments or future cash flows from financial instruments will fluctuate due to changes in market prices. The main market risks in the consolidated accounts are interest-rate risk and foreign-exchange rate risk.

Interest-rate risk

Interest-rate risk is the risk that changes in interest rates will adversely impact the Group's future earnings and cash flow.

For the Group, exposure to interest-rate risk arises primarily from interest-bearing borrowing. To limit the risk, interest-rate maturities are to be distributed over time and have a weighted average residual refixing period of two years, with a mandate to diverge in +/–1 year. Interest-rate risk is defined as a change in the fair value of interest-bearing assets and liabilities, including derivatives in the event of a one percentage-point increase in interest rates across all maturities. The change in fair value may not exceed EUR 11.2 M, measured as relative deviation against a comparative portfolio with a weighted average refixing period of two years, which is identified as a risk-neutral maturity.

The fair value of interest-bearing financial assets and liabilities, plus derivatives, would change by about EUR 17.3 M (11.4) in the event of a one percentage-point change in market interest rates across the yield curve, given the same volume and interest rate refixing period as on December 31, 2013.

The relative interest-rate risk is EUR 4.7 M higher than in a comparative portfolio with a risk of EUR 13.1 M and is attributable to the fact that the interest refixing periods of 2.5 years exceeds the 2-year period of the a comparative portfolio. The deviation of both interest-rate risk and interest refixing period is within the authorized limits for the Group.

The average rate refixing period for all of the Group's interest-bearing assets was 0.2 (0.2) years, taking derivatives into account. The interest rate for these was 0.69 (0.86) percent at year-end. Of the Group's total interest-bearing financial assets, 48 (56) percent carry fixed interest rates and 52 (44) percent variable interest rates.

The average refixing period for all interest-bearing liabilities, taking into account derivatives but excluding pension liabilities, was 1.8 (1.3) years. The interest rate for interest-bearing liabilities amounted to 2.57 (2.96) percent at year-end. Taking into account derivatives, the interest rate was 2.40 (2.28) percent. Of total interest-bearing financial liabilities, after taking into account derivatives, 49 (51) percent carry fixed interest rates and 51 (49) percent variable interest rates.

On December 31, 2013 there were outstanding interest-rate swap contracts amounting to EUR 512.5 M (367.4), of which EUR 25.3 M (32.8) has an amortizing structure. All the contracts were concluded in order to swap the Group's borrowing from variable to fixed interest. Skanska applies hedge accounting for the majority of these interest-rate swaps. The hedges fulfill effectiveness requirements, which means that unrealized profit or loss is recognized under "Other comprehensive income."

The fair value of these hedges totaled EUR -4.6 M (–5.0) on December 31, 2013. The fair value of interest-rate swaps for which hedge accounting is not applied totaled EUR –0.2 M (–0.6) on December 31, 2013. For these interest-rate swaps changes in fair value are recognized in the income statement. There were also interest-rate swap contracts in partly owned joint venture companies.

Foreign-exchange rate risk

Foreign-exchange rate risk is defined as the risk of negative impact on the Group's income statement and statement of financial position due to fluctuations in exchange rates. This risk can be divided into transaction exposure, i.e. net operating and financial (interest/principal payment) flows, and translation exposure related to net investments in foreign subsidiaries.

Transaction exposure

Transaction exposure arises in a local unit when the unit's inflows and outflows of foreign currencies are not matched.

Although the Group has a large international presence, its operations are mainly of a local nature in terms of foreign-exchange rate risks, because project revenue and costs are mainly denominated in the same currency. If this is not the case, the objective is for each respective business unit to hedge its exposure in contracted cash flows against its functional currency in order to minimize the effect on earnings caused by shifts in exchange rates. The main tool for this purpose is currency-forward contracts.

Note 06 Continued

The foreign-exchange rate risk for the Group may amount to a total of EUR 5.6 M, with risk calculated as the effect on earnings of a five percentage-point shift in exchange rates. As of December 31, 2013 foreign-exchange rate risk accounted for EUR 2.1 M (2.1) of transaction exposure.

Contracted net flows in currencies that are foreign to the respective Group company are distributed among currencies and maturities as follows.

The Group's contracted net foreign currency flow[1]	2014	2015	2016 och and later
PLN	–107.8	–31.1	
EUR	–34.3	–6.6	2.7
CZK	–4.2	–19.3	–12.5
GBP	–5.3	–5.1	–0.7
HUF	–3.9		
RON	–1.0	–1.3	
USD	7.3	31.0	–0.2
Other currencies	–0.1	0.3	
Total equivalent value	**–149.3**	**–32.1**	**–10.7**

1) Flows in PLN, CZK, HUF and RON were mainly related to property development project expenses. Flows in EUR were mainly attributable to the New Karolinska Hospital (NKS) project and the Hallandsås rail tunnel, as well as construction operations in Norway and the UK. The flow in GBP is attributable to NKS and the flow in USD originates from Construction in Latin America.

Skanska applies hedge accounting mainly in its Polish operations for hedging of contracted flows in EUR and for hedging of expenses in currencies other than the EUR in its European property development operations.

The fair value of these hedges totaled EUR 0.4 M (0.1) on December 31, 2013.

The hedges fulfill effectiveness requirements, which means that unrealized profit or loss is recognized under "Other comprehensive income." The fair value of currency hedges for which hedge accounting is not applied totaled EUR 0 .0 M (–1.4) on December 31, 2013, including the fair value of embedded derivatives. Changes in fair value are recognized in the income statement.

Information on the changes recognized in the consolidated income statement and in "Other comprehensive income" during the period can be found in the table "Impact of financial instruments on the consolidated income statement, other comprehensive income and equity" below.

Translation exposure

Net investments in Commercial Property and Infrastructure Development operations are currency-hedged, because the intention is to sell these assets over time.

To a certain extent, Skanska also currency hedges equity in those markets/currencies where a relatively large share of the Group's equity is invested. Decisions on currency hedging in these cases are made by Skanska's Board of Directors from time to time. At year-end 2013, about 29 percent of equity was currency hedged.

These hedges consist of forward currency contracts and foreign currency loans. The positive fair value of the forward currency contracts amounted to EUR 8.5 M (11.9) and their negative fair value amounted to EUR 2.0 M (2.7). The fair value of foreign currency loans amounted to EUR 263.7 M (194.6).

An exchange rate shift where the Swedish krona falls/rises by 10 percent against other currencies would have an effect of EUR +/– 0.2 billion on "Other comprehensive income" after taking hedges into account.

Hedging of net investments outside Sweden

	2013			2012		
Currency	Net investment	Hedge[1]	Hedged portion %	Net investment	Hedge[1]	Hedged portion %
USD	385.9	158.0	41	614.0	201.9	33
EUR	491.6	261.7	53	476.0	203.4	43
CZK	263.8	95.0	36	340.9	97.1	28
NOK	372.5	114.2	31	419.6	123.7	29
PLN	246.8	41.0	17	256.2	59.6	23
GBP	218.9	10.0	5	125.9	7.6	6
Others	400.7	20.2	5	145.2	16.5	11
Total	**2,380.2**	**700.1**	**29**	**2,377.7**	**709.9**	**30**

1) After subtracting tax portion.

Hedge accounting is applied when hedging net investments outside Sweden.

The hedges fulfill efficiency requirements, which means that all changes due to shifts in exchange rates are recognized under "Other comprehensive income" and in the translation reserve in equity.

Refer to Note 34, "Effect of changes in foreign-exchange rates."

Note 06 Continued

The role of financial instruments in the group's financial position and income

Financial instruments in the statement of financial position

The following table presents the carrying amount of financial instruments allocated by category as well as a reconciliation with total assets and liabilities in the statement of financial position. Derivatives subject to hedge accounting are presented separately both as financial assets and financial liabilities, but belong to the category "At fair value through profit or loss."

See also Note 21, "Financial assets," Note 24, "Trade and other receivables," Note 27, "Financial liabilities" and Note 30, "Operating liabilities."

Assets	At fair value through profit	Hedge-accounted derivatives	Held-to-maturity investments	Available-for-sale assets	Loans and receivables	Total carrying amount
2013						
Financial instruments						
Interest-bearing assets and derivatives						
Financial assets[1]						
Financial investments at fair value	4.8	8.8				13.6
Financial investments at amortized cost			143.6			143.6
Financial interest-bearing receivables					721.1	721.1
	4.8	**8.8**	**143.6**	**0.0**	**721.1**	**878.4**
Cash					817.2	817.2
	4.8	**8.8**	**143.6**	**0.0**	**1,538.4**	**1,695.6**
					1,883.9	**1,883.9**
Trade accounts receivable[2]						
Other operating receivables including shares						
Shares recognized as available-for-sale assets[3]				3.6		3.6
Other operating receivables[2, 4]					25.3	25.3
	0.0	**0.0**	**0.0**	**3.6**	**25.3**	**28.9**
Total financial instruments	**4.8**	**8.8**	**143.6**	**3.6**	**3,447.6**	**3,608.4**
2012						
Financial instruments						
Interest-bearing assets and derivatives						
Financial assets[1]						
Financial investments at fair value	10.0	11.9				21.9
Financial investments at amortized cost			153.6			153.6
Financial interest-bearing receivables					713.1	713.1
	10.0	**11.9**	**153.6**	**0.0**	**713.1**	**888.6**
Cash					671.9	671.9
	10.0	**11.9**	**153.6**	**0.0**	**1,385.0**	**1,560.5**
Trade accounts receivable[2]					**2,201.8**	**2,201.8**
Other operating receivables including shares						
Shares recognized as available-for-sale assets[3]				5.8		5.8
Other operating receivables[2, 4]					6.2	6.2
	0.0	**0.0**	**0.0**	**5.8**	**6.2**	**12.0**
Total financial instruments	**10.0**	**11.9**	**153.6**	**5.8**	**3,593.0**	**3,774.3**

The difference between fair value and carrying amount for financial liabilities is marginal.

1 The carrying amount for financial assets excluding shares, totaling EUR 878.4 M (888.6), can be seen in Note 21, "Financial assets."
2 Refer to Note 24, "Trade and other receivables."
3 The shares are recognized at cost. The shares are reported in the consolidated statement of financial position among financial assets. See also Note 21, "Financial assets."
4 In the consolidated statement of financial position, EUR 2,508.1 M (2,744.3) was reported as "Trade and other receivables." Refer to Note 24, "Trade and other receivables." Of this amount, EUR 1,883.9 M (2,201.8) was under "Trade accounts receivable." These were reported as financial instruments. The remaining amount is EUR 624.3 M (542.4) and breaks down as EUR 25.3 M (6.2) for financial instruments and EUR 599.0 M 536.3) for non-financial instruments. The amount reported as financial instruments includes accrued interest income, deposits etc. Amounts reported as non-financial items include, for example, interim items other than accrued interest, VAT receivables, pension-related receivables and other employee-related receivables.

Note 06 Continued

Reconciliation with statement of financial position	Dec 31, 2013	Dec 31, 2012
Assets		
Financial instruments	3,608.4	3,774.3
Other assets		
Property, plant and equipment and intangible assets	1,421.1	1,514.6
Investments in joint ventures and associated companies	349.2	281.5
Tax assets	229.3	212.3
Current-asset properties	2,824.8	3,133.1
Inventories	106.1	125.7
Gross amount due from customers for contract work	700.5	697.7
Trade and other receivables[1]	599.0	536.3
Total assets	**9,838.3**	**10,275.4**

1 In the consolidated statement of financial position, EUR 2,508.1 M (2,744.3) was reported as "Trade and other receivables." Refer to Note 24, "Trade and other receivables." Of this amount, EUR 1,883.9 M (2,201.8) was under "Trade accounts receivable." These were reported as financial instruments. The remaining amount is EUR 624.3 M (542.4) and breaks down as EUR 25.3 M (6.2) for financial instruments and EUR 599.0 M (536.3) for non-financial instruments. The amount reported as financial instruments includes accrued interest income, deposits etc. Amounts reported as non-financial items include, for example, interim items other than accrued interest, VAT receivables, pension-related receivables and other employee-related receivables.

Liabilities	At fair value through profit or loss	Hedge-accounted derivatives	At amortized cost	Total carrying amount
2013				
Financial instruments				
Interest-bearing liabilities and derivatives				
Financial liabilities[1]				
Financial liabilities at fair value	4.7	7.0		11.7
Financial liabilities at amortized cost			1,172.2	1,172.2
	4.7	**7.0**	**1,172.2**	**1,183.9**
Operating liabilities				
Trade accounts payable			1,461.6	1,461.6
Other operating liabilities[2]			137.0	137.0
	0.0	**0.0**	**1,598.6**	**1,598.6**
Total financial instruments	**4.7**	**7.0**	**2,770.8**	**2,782.5**
2012				
Financial instruments				
Interest-bearing liabilities and derivatives				
Financial liabilities[1]				
Financial liabilities at fair value	8.3	7.7		16.0
Financial liabilities at amortized cost			1,277.0	1,277.0
	8.3	**7.7**	**1,277.0**	**1,293.0**
Operating liabilities				
Trade accounts payable			1,456.0	1,456.0
Other operating liabilities[2]			59.7	59.7
	0.0	**0.0**	**1,515.8**	**1,515.8**
Total financial instruments	**8.3**	**7.7**	**2,792.8**	**2,808.8**

The fair value is EUR 16.9 M higher than the carrying amount for financial liabilities.

1 The carrying amount for financial liabilities totaling EUR 1,183.9 M (1,293.0) is presented in Note 27, "Financial assets."
2 Other operating liabilities, totaling EUR 1,769.6 M (2,104.3), are reported in the statement of financial position together with "Trade accounts payable" of EUR 1,461.6 M (1,456.0) and "Other financial instruments" of EUR 137.0 M (59.7). The total item in the statement of financial position amounts to EUR 3,368.2 M (3,620.1). Refer to Note 30. Accrued interest expenses, checks issued but not cashed, liabilities for unpaid properties etc. are recognized as other financial operating liabilities. Other non-financial operating liabilities are, for example, interim items other than accrued interest, VAT liabilities, pension-related liabilities and other employee-related liabilities.

Note 06 Continued

Reconciliation with statement of financial position	Dec 31, 2013	Dec 31, 2012
Equity and liabilities		
Financial instruments	2,782.5	2,808.8
Other liabilities		
Equity	2,398.4	2,253.8
Pensions	383.4	476.7
Tax liabilities	182.4	94.6
Provisions	635.2	702.0
Gross amount due to customers for contract work	1,686.9	1,835.3
Other operating liabilities[1]	1,769.6	2,104.3
Total equity and liabilities	**9,838.3**	**10,275.4**

1 Other operating liabilities, totaling EUR 1,769.6 M (2,104.3), are reported in the statement of financial position together with "Trade accounts payable" of EUR 1,461.6 M (1,456.0) and "Other financial instruments" of EUR 137.0 M (59.7). The total item in the statement of financial position amounts to EUR 3,368.2 M (3,620.1). Refer to Note 30. Accrued interest expenses, checks issued but not cashed, liabilities for unpaid properties etc. are recognized as other financial operating liabilities. Other non-financial operating liabilities are, for example, interim items other than accrued interest, VAT liabilities, pension-related liabilities and other employee-related liabilities.

Financial assets and liabilities at fair value through profit or loss

Financial assets and liabilities at fair value through profit or loss belong to the category that has been identified as such on the first recognition date or consist of derivatives.

The amounts for 2013 and 2012 are attributable to derivatives.

Hedge-accounted derivatives

Derivatives belong to the category "Financial assets and liabilities at fair value through profit or loss." Skanska separately reports hedge-accounted derivatives. The amounts for 2013 and 2012 are related to forward currency contracts for hedging of net investments outside Sweden, as well as interest-rate swaps for loan hedges with variable interest rates.

Fair value

There are three different levels for setting fair value.

The first level uses the official price quotation in an active market.

The second level, which is used when a price quotation in an active market does not exist, calculates fair value by discounting future cash flows based on observable market rates for each respective maturity and currency.

The third level uses substantial elements of input data that are not observable in the market.

Fair values for the categories "At fair value through profit or loss" and "Hedge-accounted derivatives" have been set according to the second level above. In calculating fair value in the borrowing portfolio, Skanska takes into account current market interest rates, which include the credit risk premium that Skanska is estimated to pay for its borrowing. Fair value of financial instruments with option elements is calculated using the Black-Scholes model. The fair value of assets totaling EUR 13.6 M and liabilities totaling EUR 11.7 M have been calculated according to this level.

Skanska has no assets or liabilities whose fair value has been set according to price quotations in an active market or another method.

Impact of financial instruments on the consolidated income statement, other comprehensive income and equity

Revenue and expenses from financial instruments recognized in income statement	2013	2012
Recognized in operating income		
Interest income on loan receivables	2.0	2.2
Interest expenses on financial liabilities at cost	–0.5	
Impairment loss/reversal of impairment loss on loan receivables and trade accounts receivable	–1.3	–0.9
Cash-flow hedge removed from equity and recognized in income statement	–65.8	–49.5
Total income and expenses in operating income	**–65.5**	**–48.2**
Recognized in financial items		
Interest income on financial assets at fair value through profit or loss[1]	4.4	10.1
Interest income on held-to-maturity investments	3.1	1.7
Interest income on loan receivables	4.6	5.1
Interest income on cash	3.6	4.0
Changes in market value of financial assets at fair value through profit or loss	0.8	1.4
Changes in market value of financial liabilities at fair value through profit or loss	0.2	
Net financial items from hedging of net investments in foreign subsidiaries[2]	1.4	5.5
Total income in financial items	**18.1**	**27.8**
Interest expenses on financial liabilities at fair value through profit or loss	–3.2	–2.4
Interest expenses on financial liabilities at amortized cost	–48.3	–47.7
Changes in market value of financial assets at fair value through profit or loss	0.0	–1.1
Changes in market value of financial liabilities at fair value through profit or loss	0.0	–0.3
Net exchange-rate differences	–1.0	–2.2
Expenses for borrowing programs	–3.0	–2.5
Bank-related expenses	–5.5	–5.2
Total expenses in financial items	**–61.1**	**–61.5**
Net income and expenses from financial instruments recognized in income statement	**–108.5**	**–81.9**
Of which interest income on financial assets not at fair value through profit or loss	13.3	13.0
Of which interest expenses on financial liabilities not at fair value through profit or loss	–48.8	–47.7

1 The amount refers to EUR 4.4 M (10.1) worth of positive interest rate differences in currency swaps for the Group's borrowing.
2 The amount is related to interest income/expenses totaling EUR 1.4 M (5.5) attributable to currency forward contracts.

Reconciliation with financial items	2013	2012
Total income from financial instruments in financial items	18.1	27.8
Total expenses from financial instruments in financial items	–61.1	–61.5
Interest income on pensions	–10.9	–7.8
Other interest expenses	26.6	14.2
Other financial items	0.1	0.3
Total financial items	**–27.2**	**–26.9**

See also Note 14, "Net financial items."

Income and expenses from financial instruments recognized under other comprehensive income	2013	2012
Cash-flow hedges recognized directly in equity	–5.0	–54.3
Cash-flow hedge removed from equity and recognized in income statement	65.8	49.5
Translation differences for the year	–161.8	58.2
Minus hedging on foreign-exchange rate risk in operations outside Sweden	35.4	–11.4
Total	**–65.6**	**42.0**
of which recognized in cash-flow hedge reserve	60.8	–4.8
of which recognized in translation reserve	–126.4	46.8
	–65.6	**42.0**

Note 06 Continued

Collateral

The Group has provided collateral (assets pledged) in the form of financial receivables amounting to EUR 143.9 M (120.4). Also see Note 33, "Assets pledged, contingent liabilities and contingent assets." These assets may be utilized by a customer if Skanska does not fulfill its obligations according to the respective construction contract.

To a varying extent, the Group has obtained collateral for trade accounts payable in the form of guarantees issued by banks and insurance companies and, in some cases, in the form of guarantees from the parent companies of customers.

Note 07 Business combinations

Business combinations (acquisitions of businesses) are reported in compliance with IFRS 3, "Business Combinations." See "Accounting and valuation principles," Note 1.

Two acquisitions were made during the year.

No acquisitions were made in the comparison year, but of the six corporate acquisitions made in 2011, three purchase price allocations were adjusted. This impacted goodwill with a reduction of EUR 7.6 M in 2012.

An additional purchase price of EUR 2.5 M was paid during 2012 and at December 31, 2012 stood at EUR 0.0. In 2013, additional considerations totaling EUR 3.9 M were paid for acquisitions in Sweden and the UK.

Acquisitions of Group companies/businesses

Acquisition in Sweden

On September 1, 2013 Skanska acquired 100 percent of the shares in the Swedish company Birka Markbyggnad AB. Birka Markbyggnad AB is a leading groundwork company in the Stockholm area, and the acquisition increases Skanska's market share in this segment.

Goodwill of EUR 1.7 M that arose on acquisiton of the company is due to the professional expertise among the employees.

The contract contains an agreement on contingent consideration. The contingent consideration is conditional upon the extent to which earnings targets are achieved. The estimated contingent consideration is based on earnings reaching their targeted levels. The estimated contingent consideration totals about EUR 1.6 M and was recognized as a liability on the acquisition date. The total contingent consideration is not to exceed EUR 3.1 M. If earnings fall short of targets, the total contingent consideration could be reduced to zero.

Skanska's consolidated income statement includes net sales in 2013 of EUR 7.9 M and net profit of EUR 0.2 M for Birka Markbyggnad AB. If the acquisition had occurred on January 1, the net sales of the business would have amounted to EUR 17.0 M and its net profit to EUR 0.7 M.

Direct acquisition expenditures amounted to EUR 0.2 M, consisting of consultant expenses, and were charged to selling and administrative expenses in the consolidated income statement.

Acquisition in the UK

On October 4, 2013 Skanska completed its acquisition of Atkins' Highway Services Division by taking over the company's contracts, assets and liabilities.

The acquisition gives Skanska unique opportunities to get into a new market through the business development and tendering resources that the company has. Goodwill of EUR 13,4 M is due to this. The acquisition includes an agreement for a maximum contingent consideration of EUR 2.4 M based on future earnings.

The acquisition contributes EUR 76.1 M in consolidated sales in 2013 and net profit of EUR 1.8 M. If the acquisition had occurred on January 1, 2013, the net sales of the business would have amounted to EUR 230.1 M and its net profit to EUR 6.2 M.

Direct acquisition expenditures amounted to EUR 1.1 M, consisting of attorney and consultant expenses, and were charged to selling and administrative expenses in the consolidated income statement back in 2012.

Purchase price allocations for acquisitions in 2013

The following are disclosures of adjusted acquired net assets and goodwill per acquisition:

	Sweden	UK	Total
Purchase price	3.9	18.3	22.3
Fair value of net assets	2.0	3.3	5.3
Goodwill	**1.9**	**15.1**	**17.0**

The following are disclosures of adjusted acquired assets and liabilities, as well as the surplus value, excluding goodwill, per acquisition:

Acquired assets and liabilities at the time of acquisition, and surplus value per acquisition:

	Sweden			UK			
	Acquired balance sheet	Surplus value	Total	Acquired balance sheet	Surplus value	Total	Total all acquisitions
Assets							
Intangible assets		1.0	**1.0**		8.3	**8.3**	9.3
Property, plant and equipment	1.0	0.0	**1.0**	5.3		**5.3**	6.3
Shares and participations						**0.0**	0.0
Interest-bearing assets	0.1		**0.1**				0.1
Non-interest-bearing assets	3.9	0.0	**3.9**	1.0	1.2	**2.2**	6.2
Cash and cash equivalents	0.6		**0.6**				0.6
Total	**5.6**	**1.0**	**6.6**	**6.3**	**9.6**	**15.8**	**22.5**
Liabilities							
Non-controlling interests							
Interest-bearing liabilities	0.7		**0.7**	4.8		**4.8**	5.5
Non-interest-bearing liabilities	2.1	1.8	**3.9**		7.8	**7.8**	11.7
Total	**2.8**	**1.8**	**4.6**	**4.8**	**7.8**	**12.6**	**17.2**
Net assets	2.8	–0.8	**2.0**	1.5	1.8	**3.3**	**5.3**

Note 08 Revenue

Projects in Skanska's contracting operations are reported in compliance with IAS 11, "Construction Contracts." See Note 9.

Revenue other than project revenue is recognized in compliance with IAS 18, "Revenue." See "Accounting and valuation principles," Note 1.

Revenue by business stream

	2013	2012
Construction	14,736.8	14,303.2
Residential Development	929.5	933.5
Commercial Property Development	847.7	530.3
Infrastructure Development	10.1	27.8
Other areas		
Central	231.3	48.5
Eliminations, see below	–979.8	–983.9
Total	**15,775.5**	**14,859.3**

Reported as eliminations

	2013	2012
Intra-Group construction for		
Construction	–62.1	–44.8
Residential Development	–508.7	–522.5
Commercial Property Development	–350.8	–327.2
Infrastructure Development[1]		
Intra-Group property divestments	–0.1	–3.3
Other	–58.1	–86.2
	–979.8	**–983.9**

1 Construction included EUR 833.5 M (870.5) in intra-Group construction for Infrastructure Development. Elimination does not occur, since this revenue comprises invoicing to joint ventures, which are recognized according to the equity method of accounting.

Revenue by category

	2013	2012
Construction contracts	12,969.1	12,499.8
Services	763.8	736.4
Sales of goods	130.3	203.1
Rental income	48.3	19.5
Divestments of properties	1,864.1	1,400.5
Total	**15,775.5**	**14,859.3**

As for other types of revenue, dividends and interest income are recognized in financial items. See Note 14, "Net financial items."

Other matters

Invoicing to associated companies and joint ventures amounted to EUR 792.0 M (955.2). For other related party transactions, see Note 39, "Related party disclosures."

Note 09 Construction contracts

Construction contracts are recognized as revenue at the pace of project completion. See "Accounting and valuation principles," Note 1.

For risks in ongoing assignments, see Note 2, "Key estimates and judgments," and the Report of the Directors.

Information from the income statement

Revenue recognized during the year amounted to EUR 12,969.1 M (12,499.8).

Information from the statement of financial position

Gross amount due from customers for contract work	2013	2012
Accrued revenue	8,864.6	7,317.9
Invoiced revenue	–8,164.2	–6,620.2
Total, asset	**700.5**	**697.7**

Gross amount due to customers for contract work	2013	2012
Invoiced revenue	25,753.7	25,618.8
Accrued revenue	–24,066.9	–23,783.5
Total, liability	**1,686.9**	**1,835.3**

Accrued revenue in ongoing projects including recognized gains minus recognized loss provisions amounted to EUR 32,931.5 M (31,101.4).

Advance payments received totaled EUR 236.6 M (200.9).

Amounts retained by customers, which have been partly invoiced according to an established plan and which the customer is retaining in accordance with contractual terms until all the conditions specified in the a contract are met, amounted to EUR 338.1 M (306.9).

Note 10 Operating expenses by category of expense

During 2013, revenue increased by EUR 916.2 M to EUR 15,775.5 M (14,859.3). Operating income increased by EUR 180.5 M to EUR 642.1 M (461.6). Personnel expenses for the year amounted to EUR –3,159.8 M (–3,213.4).

Other operating expenses adjusted for current–asset properties divested and income in joint ventures and associated companies amounted to EUR –10,326.9 M (–9,951.8).

	2013	2012
Revenue	15,775.5	14,859.3
Personnel expenses[1]	–3,159.8	–3,213.4
Depreciation/amortization	–181.2	–174.6
Impairment losses	–37.0	–18.3
Carrying amount of current-asset properties divested	–1,508.7	–1,150.5
Income from joint ventures and associated companies	80.1	110.9
Other[2]	–10,326.9	–9,951.8
Operating income	**642.1**	**461.6**

1 Recognized as personnel expenses are wages, salaries and other remuneration plus social insurance contributions, according to Note 36, "Personnel," and non-monetary remuneration such as company-car benefits and shares obtained under the Seop.
2 Other includes purchased materials, machinery rentals and subcontractors.

Note 11 Selling and administrative expenses

Selling and administrative expenses are recognized as one item. See "Accounting and valuation principles," Note 1.

Selling and administrative expenses	2013	2012
Construction	–675.7	–713.6
Residential Development	–55.4	–94.3
Commercial Property Development	–57.2	–56.1
Infrastructure Development	–15.5	–21.4
Central and eliminations	–82.9	–92.0
Total	**–886.6**	**–977.4**

Note 12 Depreciation/amortization

Depreciation and amortization are carried out in compliance with IAS 16, "Property, Plant and Equipment," and IAS 38, "Intangible Assets." See Note 1, "Accounting and valuation principles."

Depreciation and amortization are presented below by business stream. For further information on depreciation and amortization, see Note 17, "Property, plant and equipment," and Note 19, "Intangible assets."

Depreciation/amortization by asset class and business stream

	Construction	Residential Development	Commercial Property Development	Infrastructure Development	Central and eliminations	Total
2013						
Intangible assets	–6.0				–1.5	–7.5
Property, plant and equipment						
Property	–8.1				–0.1	–8.2
Plant and equipment	–161.4	–0.6	–0.1	–1.2	–2.3	–165.5
Total	**–175.5**	**–0.6**	**–0.1**	**–1.2**	**–3.9**	**–181.2**
2012						
Intangible assets	–8.2				–0.7	–8.8
Property, plant and equipment						
Property	–8.5	–0.1				–8.6
Plant and equipment	–153.4	–0.5	–0.2	**–0.9**	**–2.2**	**–157.2**
Total	**–170.0**	**–0.6**	**–0.2**	**–0.9**	**–2.9**	**–174.6**

Note 13 Impairment losses/Reversals of impairment losses

Impairment losses are recognized in compliance with IAS 36, "Impairment of Assets." See "Accounting and valuation principles," Note 1.

Impairment losses on current-asset properties are recognized in compliance with IAS 2, "Inventories."

Impairment loss/reversals of impairment losses are presented below by business stream.

For further information on impairment losses/reversals of impairment losses, see Note 17, "Property, plant and equipment," Note 18, "Goodwill," Note 19, "Intangible assets" and Note 22, "Current-asset properties/Project development."

Impairment losses/reversals of impairment losses by asset class and business stream

	Construction	Residential Development	Commercial Property Development	Infrastructure Development	Central and eliminations	Total
2013						
Recognized in operating income						
Goodwill	–5.5					–5.5
Property, plant and equipment						
Property	–8.0					–8.0
Plant and equipment	–0.1					–0.1
Investments in joint ventures and associated companies	–0.2	–2.7			–13.8	–16.6
Current-asset properties						
Commercial Property Development			–1.5			–1.5
Residential Development		–5.2				–5.2
Total	**–13.9**	**–7.9**	**–1.5**	**0.0**	**–13.8**	**–37.0**
2012						
Recognized in operating income						
Goodwill						0.0
Property, plant and equipment						
Property	–1.8					–1.8
Plant and equipment	–1.5					–1.5
Investments in joint ventures and associated companies	–0.5	–0.9				–1.4
Current-asset properties						
Commercial Property Development						0.0
Residential Development		–13.6				–13.6
Total	**–3.8**	**–14.5**	**0.0**	**0.0**	**0.0**	**–18.3**

Note 14 Financial items

	2013	2012
Financial income		
Interest income	15.7	20.9
Gain on divestments of shares	0.1	0.3
Change in fair value	2.4	5.7
	18.3	**27.0**
Financial expenses		
Interest expenses	–55.1	–53.2
Net interest income on pensions	–10.9	–7.8
Capitalized interest expenses	30.2	17.3
Change in fair value		–0.3
Net exchange-rate differences	–1.0	–2.2
Other financial items	–8.6	–7.7
	–45.4	**–53.9**
Total	**–27.2**	**–26.9**

Disclosures on how large a portion of income and expenses in net financial items comes from financial instruments are presented in Note 6, "Financial instruments and financial risk management."

Net interest items

Net financial items amounted to EUR –27.2 M (–26.9). Net interest items declined to EUR –20.1 M (–22.7). Interest income declined to EUR 15.7 M (20.9). Interest expenses including capitalized interest rose to EUR –55.1 M (–53.2), which was mainly attributable to an increase in interest expenses in ongoing projects for the Group's own account. During the year, Skanska capitalized interest expenses of EUR 30.2 M (17.3) in ongoing projects for its own account.

Interest income was received at an average interest rate of 0.80 (0.98) percent. Interest expenses, excluding interest on pension liability, were paid at an average interest rate of 2.73 (3.19) percent during the year. Taking into account derivatives, the average interest rate was 2.57 (2.34) percent. The increase was primarily due to the extension of interest and borrowing refixing periods on outstanding liabilities.

Net interest on pensions, which refers to the estimated net amount of interest expenses related to defined–benefit pension obligations and return on pension plan assets on January 1, 2013, based on the outcome in 2012, increased to EUR –10.9 M (–7.8). See also Note 28, "Pensions."

The Group had net interest items of EUR 1.5 M (2.2) that were recognized in operating income. See "Accounting and valuation principles," Note 1.

Change in fair value

The change in fair value amounted to EUR 2.4 M (5.4) and the decrease is mainly due to lower interest rates in Sweden relative to the interest rates for the hedged currencies.

Other financial items

Other financial items totaled EUR –8.6 M (–7.7) and mainly consisted of various financial fees.

Note 15 Borrowing costs

Borrowing costs related to investments that require a substantial period for completion are capitalized. See "Accounting and valuation principles," Note 1.

During 2013, borrowing costs were capitalized at an unchanged interest rate of about 3.0 percent.

	Capitalized interest during the year		Total accumulated capitalized interest included in cost	
	2013	2012	2013	2012
Current-asset properties	30.2	17.3	29.0	39.0
Total	**30.2**	**17.3**	**29.0**	**39.0**

Note 16 Income taxes

Income taxes are reported in compliance with IAS 12, "Income Taxes." See "Accounting and valuation principles," Note 1.

Tax expenses

	2013	2012
Current taxes	–111.0	–93.7
Deferred tax expenses from change in temporary differences	–45.4	–43.2
Deferred tax expenses/tax benefits from change in loss carryforwards	–19.8	33.4
Taxes in joint ventures	–3.1	–2.5
Total	**–179.3**	**–106.0**

Tax items recognized under other comprehensive income

	2013	2012
Deferred taxes attributable to cash-flow hedges	2.0	–0.1
Deferred taxes attributable to pensions	–21.2	–10.2
Total	**–19.2**	**–10.3**

There was no deferred tax attributable to the category "available-for-sale financial assets."

Income taxes paid in 2013 amounted to EUR –124.0 M (–130.4).

Relation between taxes calculated after aggregating nominal tax rates and recognized taxes

The Group's recognized tax rate amounted to 29 (24) percent.

The Group's aggregated nominal tax rate was estimated at 30 (32) percent.

The average nominal tax rate in Skanska's home markets in Europe amounted to about 23 (24) percent, and in the U.S., just over 40 (40) percent, depending on the allocation of income between the different states.

The relation between taxes calculated after aggregating nominal tax rates of 30 (32) percent and recognized taxes of 29 (24) percent is explained in the table below.

	2013	2012
Income after financial items	614.9	434.7
Tax according to aggregation of nominal tax rates, 30 (32) percent	–184.5	–139.1
Tax effect of:		
Property divestments	42.5	28.6
Divestments of infrastructure projects	3.5	12.3
Changed tax rate in Sweden	0.0	19.3
Other items	–40.8	–27.1
Recognized tax expenses	**–179.3**	**–106.0**

.

Note 16 Continued

Tax assets and tax liabilities

	Dec 31, 2013	Dec 31, 2012
Tax assets	110.3	66.1
Tax liabilities	69.8	27.9
Net tax assets (+), tax liabilities (–)	**40.5**	**38.2**

Tax assets and tax liabilities refer to the difference between estimated income tax for the year and preliminary tax paid, as well as income taxes for prior years that have not yet been settled.

Deferred tax assets and deferred tax liabilities

	Dec 31, 2013	Dec 31, 2012
Deferred tax assets according to the statement of financial position	119.0	146.2
Deferred tax liabilities according to the statement of financial position	112.6	66.6
Net deferred tax assets (+), deferred tax liabilities (–)	**6.4**	**79.5**

	Dec 31, 2013	Dec 31, 2012
Deferred tax assets for loss carryforwards	50.2	75.5
Deferred tax assets for other assets	39.6	62.8
Deferred tax assets for provisions for pensions	69.9	97.0
Deferred tax assets for ongoing projects	47.0	42.2
Other deferred tax assets	116.8	115.1
Total before net accounting	**323.5**	**392.5**
Net accounting of offsettable deferred tax assets/liabilities	–204.5	–246.3
Deferred tax assets according to the statement of financial position	**119.0**	**146.2**

	Dec 31, 2013	Dec 31, 2012
Deferred tax liabilities for non-current assets	34.3	46.8
Deferred tax liabilities for ongoing projects	193.5	174.3
Deferred tax liabilities for other current assets	9.7	41.5
Other deferred tax liabilities	79.6	50.3
Total before net accounting	**317.1**	**312.9**
Net accounting of offsettable deferred tax assets/liabilities	–204.5	–246.3
Deferred tax liabilities according to the statement of financial position	**112.6**	**66.6**

Change in net deferred tax assets (+), liabilities (–)

	2013	2012
Net deferred tax assets, January 1	78.5	83.4
Acquisitions of companies	0.9	
Divestments of companies	11.8	
Recognized under other comprehensive income	–19.2	–10.3
Deferred tax expenses	–65.2	–9.8
Reclassifications		16.4
Exchange-rate differences	–0.4	–1.3
Net deferred tax assets, December 31	**6.4**	**78.5**

Deferred tax assets other than for loss carryforwards refer to temporary differences between carrying amounts for tax purposes and carrying amounts recognized in the statement of financial position. These differences arise, among other things, when the Group's valuation principles diverge from those applied locally by a Group company. These deferred tax assets are mostly expected to be realized within five years.

Deferred tax assets arise, for example, when a recognized depreciation/amortization/impairment loss on assets becomes deductible for tax purposes only in a later period, when eliminating intra-Group profits, when the provisions for defined-benefit pensions differ between local rules and IAS 19, when the required provisions become tax-deductible in a later period and when advance payments to ongoing projects are taxed on a cash basis.

Deferred tax liabilities on other assets and other deferred tax liabilities refer to temporary differences between carrying amounts for tax purposes and carrying amounts in the statement of financial position. These differences arise, among other things, when the Group's valuation principles diverge from those applied locally by a Group company. These deferred tax liabilities are expected to be mostly realized within five years.

For example, deferred tax liabilities arise when depreciation/amortization for tax purposes in the current period is larger than the required economic depreciation/amortization and when accrued profits in ongoing projects are taxed only when the project is completed.

Temporary differences attributable to investments in Group companies, branches, associated companies and joint ventures for which deferred tax liabilities were not recognized total EUR 0.0 M (0.0).

In Sweden and a number of other countries, divestments of holdings in limited companies are tax-exempt under certain circumstances. Temporary differences thus do not normally exist for shareholdings by the Group's companies in these countries.

Temporary differences and loss carryforwards that are not recognized as deferred tax assets

	Dec 31, 2013	Dec 31, 2012
Loss carryforwards that expire within one year	6.4	0.1
Loss carryforwards that expire in more than one year but within three years	0.4	21.0
Loss carryforwards that expire in more than three years	119.9	136.8
Total	**126.8**	**157.9**

Skanska has loss carryforwards in a number of different countries. In some of these countries, Skanska currently has no operations or limited ones. In certain countries, current earnings generation is at such a level that the likelihood that a loss carryforward can be utilized is difficult to assess. There may also be limitations on the right to offset loss carryforwards against income. In these cases, no deferred tax asset is reported for these loss carryforwards.

Note 17 Property, plant and equipment

Property, plant and equipment are reported in compliance with IAS 16, "Property, Plant and Equipment." See Note 1, "Accounting and valuation principles."

Office buildings and other buildings used in the Group's business are recognized as property, plant and equipment.

Machinery and equipment are recognized as a single item ("Plant and equipment").

Property, plant and equipment by asset class

	2013	2012
Property	222.3	244.2
Plant and equipment	611.2	663.1
Property, plant and equipment under construction	3.7	17.1
Total	**837.2**	**924.4**

Depreciation of property, plant and equipment by asset class and function

	Cost of sales		Selling and administration		Total	
	2013	2012	2013	2012	2013	2012
Property	–5.8	–6.4	–2.4	–2.2	–8.2	–8.6
Plant and equipment	–151.2	–143.9	–14.3	–13.2	–165.5	–157.2
Total	**–157.0**	**–150.4**	**–16.8**	**–15.4**	**–173.7**	**–165.8**

Impairment losses/reversals of impairment losses on property, plant and equipment

During 2013, net impairment losses in the amount of EUR –8.1 M (–3.3) were recognized. The impairment losses were applied in the Czech Republic and Slovakia where the protracted downturn in the market has meant a substantial reduction in Skanska's business volume and in the value of property.

All impairment losses/reversals of impairment losses were recognized under "Cost of sales."

	Property		Plant and equipment		Total	
Impairment losses/reversals of impairment losses	2013	2012	2013	2012	2013	2012
Impairment losses	-8.1	-1.8	-0.1	-2.5	-8.2	-4.4
Reversals of impairment losses	0.1	0.0	0.0	1.0	0.1	1.0
Total	**-8.0**	**-1.8**	**-0.1**	**-1.5**	**-8.1**	**-3.3**

Amount of impairment losses/reversals of impairment losses based on	2013	2012	2013	2012	2013	2012
Net realizable value	-7.9	-1.8	0.0	-2.5	-7.9	-4.4
Value in use	-0.1		-0.1	1.0	-0.2	1.0
Total	**-8.0**	**-1.8**	**-0.1**	**-1.5**	**-8.1**	**-3.3**

Information about cost, accumulated amortization and accumulated impairment losses

	Property		Plant and equipment		Property, plant and equipment under construction	
	2013	2012	2013	2012	2013	2012
Accumulated cost						
January 1	390.8	336.0	2,205.2	1,935.6	17.1	14.8
Investments	7.6	29.4	147.5	248.9	7.1	25.4
Acquisitions of companies	0.0	7.1	6.5	0.1		
Divestments	–2.2	–0.8	–42.4	–54.5	–0.5	–2.8
Reclassifications	10.1	10.8	15.7	24.8	–19.9	–20.4
Exchange-rate differences for the year	–22.5	8.3	–118.3	50.2	–0.1	0.1
	383.8	**390.8**	**2,214.1**	**2,205.2**	**3.7**	**17.1**
Accumulated depreciation according to plan						
January 1	–123.2	–111.1	–1,520.6	–1,364.0		
Divestments and disposals	–0.7	0.2	25.7	39.1		
Reclassifications	–6.8	0.2	–5.5	–1.7		
Depreciation for the year	–8.2	–8.6	–165.5	–157.2		
Exchange-rate differences for the year	7.5	–3.9	83.3	–36.7		
	–131.4	**–123.2**	**–1,582.7**	**–1,520.6**		
Accumulated impairment losses						
January 1	–23.4	–15.0	–21.5	–9.2		
Divestments	–0.5		0.2	–2.2		
Reclassifications	0.5	–6.0	0.0	–7.7		
Impairment losses/reversals of impairment losses for the year	–8.0	–1.8	–0.1	–1.5		
Exchange-rate differences for the year	1.3	–0.6	1.2	–1.0		
	–30.1	**–23.4**	**–20.2**	**–21.5**		
Carrying amount, December 31	**222.3**	**244.2**	**611.2**	**663.1**	**3.7**	**17.1**
Carrying amount, January 1	244.2	209.8	663.1	562.4	17.1	14.8

Other matters

Information about capitalized interest is presented in Note 15, "Borrowing costs."

For information on finance leases, see Note 40, "Leases."

Skanska has obligations to acquire property, plant and equipment in the amount of EUR 53.8 M (44.1).

Skanska did not receive any compensation from third parties for property, plant and equipment that was damaged or lost, either in 2013 or 2012.

Note 18 Goodwill

Goodwill is recognized in compliance with IFRS 3, "Business Combinations." See Note 1, "Accounting and valuation principles."

For key judgments, see Note 2.

Goodwill amounted to EUR 545.0 M (568.5). During 2013, goodwill decreased by EUR –23.5 M, mainly due to exchange-rate differences. During the comparative year, goodwill increased by EUR 6.5 M.

See also Note 7.

Goodwill value by cash-generating units

	2013	2012	change during the year	of which acquisitions	of which impairment losses	of which reclassification	of which exchange-rate differences
Sweden	13.4	8.4	5.0	1.9		3.3	–0.2
Norway	159.7	182.1	–22.4				–22.4
Finland	44.8	48.0	–3.1			–3.3	0.1
Poland	5.1	5.1	–0.1				–0.1
Czech Republic/Slovakia	55.1	65.9	–10.8		–5.5		–5.3
UK	169.4	157.0	12.4	15.1			–2.7
USA Building	29.4	30.9	–1.4				–1.4
USA Civil	68.1	71.2	–3.0				–3.0
Total	**545.0**	**568.5**	**–23.5**	**17.0**	**–5.5**	**0.0**	**–35.0**

The goodwill recoverable amount is based exclusively on value in use. Goodwill value together with other non-current asset, current-asset property and net working capital values are tested annually.

Expected cash flows are based on forecasts for each submarket in the countries where the Group has operations. Important variables taken into account include demographic and interest-rate trends. The forecasts are based on previous experience, Skanska's own assessments and external sources of information. The forecast period encompasses three years. The growth rate that is used to extrapolate cash-flow forecasts beyond the period covered by the three-year forecasts is the normal growth rate for the industry in each respective country. Normally, 2 percent has been used.

Each unit uses a unique discount factor based on weighted average cost of capital (WACC). Parameters that affect the WACC are interest rates for borrowing, market risks and the ratio between borrowed funds and equity. The WACC interest rate is stated before taxes.

The following table shows how the carrying amount relates to the recoverable amount for the respective business units for Skanska's largest goodwill items. The recoverable amount is expressed as 100. The tests are based on an assessment of developments during the coming three-year period.

	Norway	Finland	Czech Republic	UK	USA Civil
Recoverable value, 100	100	100	100	100	100
Carrying amount[1]	20	41	78	n.a	n.a
Interest rate, percent (WACC)	8	8	9	9	10
Carrying amount in relation to recoverable amount, 100 in case of increase in interest rate by					
+ 1 percentage point	24	47	90	n.a	n.a
+ 5 percentage point[2]	39	72	145	n.a	n.a

1 For Skanska's operations in the UK and U.S., the carrying amount was negative due to a negative working capital that exceeds the value of non-current assets.
2 Value > 100 indicates that the recoverable amount is less than the carrying amount and an impairment loss needs to be recognized.

Goodwill impairment losses

During 2013 the Group recognized goodwill impairment losses of EUR 5.5 M (0.0) in Slovakia, which is grouped with the Czech Republic, due to the protracted downturn in the market there, which meant a substantial reduction in Skanska's business volume.

Information about cost and accumulated impairment losses

	Goodwill	
	2013	2012
Accumulated cost		
January 1	618.6	611.6
Acquisitions of companies	17.0	–7.5
Exchange-rate differences for the year	–36.4	14.4
	599.2	**618.6**
Accumulated impairment losses		
January 1	–50.1	–49.6
Impairment losses for the year	–5.5	0.0
Exchange-rate differences for the year	1.4	–0.5
	–54.2	**–50.1**
Carrying amount, December 31	**545.0**	**568.5**
Carrying amount, January 1	568.5	562.1

Note 19 Intangible assets

Intangible assets are recognized in compliance with IAS 38, "Intangible Assets." See"Accounting and valuation principles," Note 1.

Intangible assets and useful life applied

	Dec 31, 2013	Dec 31, 2012	Useful life applied
Intangible assets, internally generated	2.5	0.9	3–5 years
Intangible assets, externally acquired	36.4	20.7	3–10 years
Total	**38.9**	**21.7**	

Externally acquired intangible assets include acquired patents in Sweden, acquired service contracts in the UK, acquired customer contracts in Poland, extraction rights for gravel pits and rock quarries in Sweden, and business systems.

Business systems are amortized over three to five years. Service contracts are amortized over a period of three to six years, customer contracts are amortized at the pace of completion and patents are amortized over ten years.

Extraction rights for rock quarries and gravel pits are amortized as material is extracted.

Amortization of other intangible assets by function

All intangible assets are amortized, because they have a limited useful life.

Amortization by function	2013	2012
Cost of sales	–3.2	–4.6
Selling and administration	–4.3	–4.3
Total	**–7.5**	**–8.8**

Impairment losses/reversals of impairment losses on other intangible assets

During 2013 and 2012, there were no impairment losses/reversals of impairment losses on other intangible assets.

Information about cost, accumulated amortization and accumulated impairment losses

	Other intangible assets, externally acquired		Intangible assets, internally generated[1]	
	2013	2012	2013	2012
Accumulated cost				
January 1	103.5	93.6	1.2	7.2
Acquisitions of companies	9.6	0.0		
Other investments	12.5	11.7	1.8	0.3
Divestments	–0.2	–1.0		–7.4
Reclassifications	2.0	–1.8		0.8
Exchange-rate differences for the year	–4.4	1.0	–0.1	0.2
	123.0	**103.5**	**2.9**	**1.2**
Accumulated amortization				
January 1	–79.8	–73.0	–0.2	–7.2
Divestments	0.0	1.0		7.4
Amortization for the year	–7.3	–8.6	–0.2	–0.2
Reclassifications	–0.2	1.0	0.0	0.0
Exchange-rate differences for the year	3.7	–0.2	0.0	–0.2
	–83.6	**–79.8**	**–0.5**	**–0.2**
Accumulated impairment losses				
January 1	–3.0	–2.9		
Exchange-rate differences for the year	0.1	–0.1		
	–2.9	**–3.0**	**0.0**	**0.0**
Carrying amount, December 31	**36.4**	**20.7**	**2.5**	**0.9**
Carrying amount, January 1	20.7	17.7	0.9	0.0

1 Internally generated intangible assets consist of business systems.

Other matters

Information about capitalized interest is presented in Note 15, "Borrowing costs." Direct research and development expenses amounted to EUR 24.3 M (13.1).

Note 20 Investments in joint ventures and associated companies

Investments in joint ventures and associated companies are reported according to the equity method of accounting. Income from joint ventures and associated companies is reported on a separate line in operating income.

This income consists of the Group's share of the income in joint ventures and associated companies after financial items, adjusted for any impairment losses on consolidated goodwill and intra-Group profits.

Income from joint ventures and associated companies is presented in the following table: [1]

	2013	2012
Share of income in joint ventures according to the equity method[1]	83.4	62.3
Share of income in associated companies according to the equity method[1]	–0.2	0.3
Divestments of joint ventures	13.5	49.6
Impairment losses in joint ventures	–16.6	–1.4
Total	**80.1**	**110.9**

1 When calculating the income of joint ventures and associated companies according to the equity method, the Group's share of taxes is recognized on the "Taxes" line in the income statement. The Group's share of taxes in joint ventures amounts to EUR –3.1 M (–2.5) and its share of taxes in associated companies amounts to EUR 0 M (0). See also Note 16, "Income taxes."

Carrying amount according to the statement of financial position and the change that occurred during 2013 can be seen in the following table:

	2013			2012		
	Joint ventures	Associated companies	Total	Joint ventures	Associated companies	Total
January 1	278.4	3.0	281.5	280.1	3.1	283.3
Investments	18.5		18.5	44.5		44.5
Divestments	–15.1	0.0	–15.1	–73.2	–1.0	–74.2
Reclassifications	–20.3	0.0	–20.3	–7.0	0.8	–6.2
Exchange-rate differences for the year	–12.8	–0.3	–13.2	7.3	0.1	7.4
The year's provision/reversal for intra-Group profit on contracting work	–1.0		–1.0	0.0		0.0
Changes in fair value of derivatives	70.7		70.7	–6.1		–6.1
Impairment losses for the year	–16.6		–16.6	–1.4		–1.4
The year's change in share of income in joint ventures and associated companies after subtracting dividends received	45.4	–0.6	44.8	34.2	0.0	34.2
Carrying amount, December 31	**347.1**	**2.1**	**349.2**	**278.4**	**3.0**	**281.5**

Joint ventures

Joint ventures are reported in compliance with IAS 31, "Interests in Joint Ventures." See "Accounting and valuation principles," Note 1.

The Group has holdings in joint ventures with a carrying amount of EUR 347.1 M (278.4).

Infrastructure Development includes a carrying amount in joint ventures totaling EUR 234.0 M (161.6).

Income from joint ventures

Share of income in joint ventures is reported in operating income, because these holdings are an element of Skanska's business.

Share of income in joint ventures according to the equity method comes mainly from Infrastructure Development operations.

Infrastructure Development

Infrastructure Development specializes in identifying, developing and investing in privately financed infrastructure projects, such as roads, hospitals and schools. The business stream focuses on creating new potential projects, mainly in the markets where the Group has operations.

Specification of major holdings of shares and participations in joint ventures

					Consolidated carrying amount	
Company	Operations	Country	Percentage of share capital	Percentage of voting power	Dec 31, 2013	Dec 31, 2012
Joint ventures in Infrastructure Development						
Antofagasta Inversora S.A.	Highway	Chile	50	50	31.6	26.8
Bristol LEP Ltd	Education	UK	80	80	0.8	0.1
Bristol PFI Development Ltd[1]	Education	UK	–	–	–	–
Capital Hospitals (Holdings) Ltd	Healthcare	UK	38	38	39.6	39.7
Connect Plus Holdings Ltd	Highway	UK	40	40	41.0	17.7
Croydon and Lewisham Lighting Services (Holdings) Limited shares[1]	Street lighting	UK	–	–	–	–
Elizabeth River Crossings LLC	Highway/Tunnel	USA	50	50	0.0	0.0
Elizabeth River Crossings Holdco LLC	Highway/Tunnel	USA	50	50	9.3	0.0
Essex LEP Ltd	Education	UK	70	70	1.1	0.0
Essex PFI Ltd[1]	Education	UK	–	–	–	–
Essex Schools Holdings (Woodlands) Limited[1]	Education	UK	–	–	–	–
Gdansk Transport Company S.A	Highway	Poland	30	30	52.5	47.7
Mullbergs Vindpark AB	Wind power	Sweden	50	50	4.8	5.1
Sjisjka Vind AB	Wind power	Sweden	50	50	23.5	24.1
Surrey Lighting Service Holding Company Ltd[1]	Street lighting	UK	–	–	–	–
Swedish Hospital Partners Holding AB	Healthcare	Sweden	50	50	29.8	0.0
Tieyhtiö Nelostie Oy[1]	Highway	Finland	–	–	–	0.3
Total joint ventures in Infrastructure Development					**234.0**	**161.6**
Galoppfältet Exploatering AB	Residential Development	Sweden	50	50	23.9	38.8
AB Sydsten	Construction	Sweden	50	50	10.0	10.0
AB Nacka Exploatering	Residential Development	Sweden	50	50	10.0	0.0
Västermalms Strand Holding AB	Residential Development	Sweden	50	50	16.0	4.5
Tiedemannsbyen DA	Residential Development	Norway	50	50	13.9	15.5
Other joint ventures					39.2	48.0
Total joint ventures, Skanska Group					**347.1**	**278.4**

1 The holding was divested during 2013.

Estimated value of shares and participations in joint ventures in Infrastructure Development

EUR billion	Dec 31, 2013	Dec 31, 2012
Present value of cash flow from projects	0.6	0.6
Present value of remaining investments	–0.1	–0.1
Present value of projects	**0.6**	**0.5**
Carrying amount before cash-flow hedging	–0.3	–0.3
Unrealized development gain	**0.2**	**0.2**
Cash-flow hedges	0.1	0.2
Effect on unrealized equity[1]	**0.3**	**0.4**

1 Tax effects not included

Note 20 Continued

Information on the Group's share of the income statements and statements of financial position of joint ventures reported according to the equity method

			The amounts include Infrastructure Development operations totaling	
Income statement	**2013**	**2012**	**2013**	**2012**
Revenue	583.0	705.5	446.1	509.0
Operating expenses	–532.7	–675.4	–405.0	–503.7
Operating income	**50.3**	**30.1**	**41.1**	**5.3**
Financial items	16.5	31.6	19.9	35.0
Income after financial items[1]	**66.8**	**61.7**	**61.0**	**40.3**
Taxes	–3.1	–2.5	–2.1	–1.8
Profit for the year	**63.7**	**59.2**	**58.9**	**38.5**
Statement of financial position				
Non-current assets	2,304.0	2,084.0	2,154.5	2,046.9
Current assets	485.7	813.6	367.8	526.3
Total assets	**2,789.7**	**2,897.5**	**2,522.3**	**2,573.2**
Equity attributable to equity holders	347.1	256.9	234.0	140.6
Non-controlling interests	0.0	0.2	0.0	0.2
Non-current liabilities	2,340.2	2,433.2	2,217.5	2,359.6
Current liabilities	102.4	207.2	70.8	72.8
Total equity and liabilities	**2,789.7**	**2,897.5**	**2,522.3**	**2,573.2**

1 The amount includes impairment losses in the consolidated accounts.

			The amounts include Infrastructure Development operations totaling	
Reconciliation with shares in joint ventures	**2013**	**2012**	**2013**	**2012**
Skanska's portion of equity in joint ventures, adjusted for surplus value and goodwill	347.1	256.9	234.0	140.6
+ Recognized as provisions		0.5		
+ Losses in Infrastructure Development that are recognized as provisions		21.1		21.1
Carrying amount of shares	**347.1**	**278.4**	**234.0**	**161.6**

Assets pledged

Shares in joint ventures pledged as collateral for loans and other obligations amount to EUR 50.0 M (52.3).

Other matters

Skanska's portion of the total investment obligations of partly owned joint ventures amounted to EUR 444.6 M (509.8), of which Skanska has remaining obligations to invest EUR 144.3 M (179.5) in Infrastructure Development in the form of equity holdings and loans.

The remaining portion is expected to be financed mainly in the form of bank loans or bond loans in the respective joint ventures and in the form of participations and loans from other co-owners.

Contingent liabilities for joint ventures amounted to EUR 46.8 M (74.2).

Associated companies

Associated companies are reported in compliance with IAS 28, "Investments in Associates." See "Accounting and valuation principles," Note 1.

The carrying amount of associated companies is EUR 2.1 M (3.0).

Information on the Group's share of revenue, income, assets, liabilities and equity in associated companies

	2013	**2012**
Revenue	1.5	2.0
Earnings	–0.1	0.0
Assets	2.7	3.0
Equity[1]	2.1	3.0
Liabilities	0.6	0.0
	2.7	**3.0**

1 Reconciliation between equity and carrying amount of holdings, in accordance with the equity method of accounting.

	2013	**2012**
Equity in associated companies	2.1	3.0
Adjustment for losses not recognized	0.0	0.0
Carrying amount	**2.1**	**3.0**

Other matters

The associated companies have no liabilities or contingent liabilities which the Group may become responsible for paying.

Nor are there any obligations for further investments.

Note 21 Financial assets

Financial investments, financial receivables and shareholdings where ownership is less than 20 percent and the Group has no significant influence are recognized as financial non-current assets.

Financial investments and financial receivables are recognized as financial current assets.

Refer also to Note 6, "Financial instruments and financial risk management."

Financial non-current assets	Dec 31, 2013	Dec 31, 2012
Financial investments		
Financial assets at fair value through profit or loss		
Derivatives	0.4	
Hedge-accounted derivatives	0.2	
Financial assets available for sale[1]	3.6	5.8
	4.3	**5.8**
Financial receivables, interest-bearing		
Receivables from joint ventures	65.2	88.2
Restricted cash	83.6	64.9
Net assets in funded pension plans	57.4	53.1
Other interest-bearing receivables	2.1	2.6
	208.4	**208.7**
Total	**212.7**	**214.5**
of which interest-bearing financial non-current assets	208.4	208.7
of which non-interest-bearing financial non-current assets	4.3	5.8

Financial current assets	Dec 31, 2013	Dec 31, 2012
Financial investments		
Financial assets at fair value through profit or loss		
Derivatives	4.4	10.0
Hedge-accounted derivatives	8.5	11.9
Held-to-maturity investments	143.6	153.6
	156.6	**175.5**
Financial receivables, interest-bearing		
Restricted cash	425.1	464.5
Receivables from joint ventures	20.1	8.5
Discounted receivables	41.9	
Other interest-bearing receivables	25.6	31.3
	512.8	**504.4**
Total	**669.3**	**679.9**
of which interest-bearing financial current assets	656.4	658.0
of which non-interest-bearing financial current assets	12.9	21.9
Total carrying amount, financial assets	**882.0**	**894.4**
of which financial assets excluding shares	878.4	888.6

1 Includes EUR 3.6 M (5.8) in shares carried at cost.
During 2013, shareholdings were affected by impairment losses of EUR 0 M (–0.1).

Note 22 Current-asset properties/Project development

Current-asset properties are reported in compliance with IAS 2, "Inventories." See "Accounting and valuation principles," Note 1.

The allocation of items in the statement of financial position among the various business streams is presented below.

Business stream	Dec 31, 2013	Dec 31, 2012
Commercial Property Development	1,539.8	1,639.8
Residential Development	1,218.8	1,324.1
Central	66.1	169.2
Total	**2,824.8**	**3,133.1**

For a further description of the respective business streams, see Note 4, "Operating segments."

Completed properties, properties under construction and development properties are all reported as current-asset properties.

Impairment losses/Reversals of impairment losses

Current-asset properties are valued in compliance with IAS 2, "Inventories," and are thus carried at cost or net realizable value, whichever is lower. Adjustment to net realizable value via an impairment loss is recognized, as are reversals of previous impairment losses, in the income statement under "Cost of sales."

Net realizable value is affected by the type and location of the property and by the yield requirement in the market.

The following table shows that during 2013, impairment losses totaling EUR 7.1 M (0.2) were reversed. The reason for this is that the net realizable value increased during the year.

	Impairment losses		Reversals of impairment losses		Total	
	2013	2012	2013	2012	2013	2012
Commercial Property Development	–8.1	–0.2	6.6	0.2	–1.5	0.0
Residential Development	–5.7	–13.6	0.5	0.0	–5.2	–13.6
Total	**–13.8**	**–13.8**	**7.1**	**0.2**	**–6.7**	**–13.6**

Carrying amount

	Completed properties		Properties under construction		Developmet properties		Current-asset properties	
	Dec 31, 2013	Dec 31, 2012	Dec 31, 2013	Dec 31, 2012	Dec 31, 2013	Dec 31, 2012	Dec 31, 2013	Dec 31, 2012
Commercial Property Development	344.5	289.5	612.3	680.8	583.0	669.5	1,539.8	1,639.8
Residential Development	137.8	103.6	593.8	579.7	487.2	640.7	1,218.8	1,324.1
Central					66.1	169.2	66.1	169.2
Total	**482.3**	**393.2**	**1,206.1**	**1,260.5**	**1,136.3**	**1,479.4**	**2,824.8**	**3,133.1**

	Commercial Property Development		Residential Development		Central		Total current-asset properties	
	2013	2012	2013	2012	2013	2012	2013	2012
Carrying amount								
January 1	1,639.8	1,241.0	1,324.1	1,384.4	169.2	0.0	3,133.1	2,625.4
Investments	516.1	738.2	797.2	890.9	10.9	1.1	1,324.1	1,630.2
Carrying amount, properties divested	–584.4	–337.6	–790.6	–809.9	–133.7	–3.0	–1,508.7	–1,150.5
Impairment losses/Reversals of impairment losses	–1.5	0.0	–5.2	–13.6			–6.7	–13.6
The year's provision for intra-Group profits in contracting work	–14.7	–18.7	–5.4	–7.4			–20.1	–26.1
Reclassifications	23.2	–0.3	–38.4	–161.4	22.9	168.8	7.7	7.0
Exchange-rate differences for the year	–38.7	17.3	–62.8	41.0	–3.1	2.3	–104.7	60.6
December 31	**1,539.8**	**1,639.8**	**1,218.8**	**1,324.1**	**66.1**	**169.2**	**2,824.8**	**3,133.1**

The carrying amount of current-asset properties is allocated between properties carried at cost and properties carried at net realizable value as shown in the following table:

	Cost		Net realizable value		Total	
	Dec 31, 2013	Dec 31, 2012	Dec 31, 2013	Dec 31, 2012	Dec 31, 2013	Dec 31, 2012
Commercial Property Development	1,461.3	1,585.0	78.6	54.9	1,539.8	1,639.8
Residential Development	1,214.3	1,307.2	4.5	16.9	1,218.8	1,324.1
Central	66.1	169.2			66.1	169.2
Total	**2,741.7**	**3,061.4**	**83.1**	**71.7**	**2,824.8**	**3,133.1**

Note 22 Continued

Difference between fair value and carrying amount for current-asset properties

EUR billion	Surplus value 31 dec 2013	Surplus value 31 dec 2012
Commercial Property Development		
Completed projects	0.08	0.20
Undeveloped land and development properties	0.08	0.07
Ongoing projects[1]	0.33	0.21
	0.48	**0.48**
Residential Development		
Undeveloped land and development properties	0.11	0.12
Total	**0.60**	**0.59**

1 Estimated market value. Internal appraisal, with valuation on respective completion dates.

Assets pledged

Current-asset properties used as collateral for loans and other obligations amount to EUR 0.0 M (0.0). See Note 33, "Assets pledged, contingent liabilities and contingent assets."

Other matters

Information about capitalized interest is presented in Note 15, "Borrowing costs." Skanska has committed itself to investing EUR 5.6 M (9.2) in current-asset properties.

Note 23 Inventories etc.

Inventories are reported in compliance with IAS 2, "Inventories." See "Accounting and valuation principles," Note 1.

	Dec 31, 2013	Dec 31, 2012
Raw materials and supplies	39.6	67.3
Products being manufactured	9.1	12.8
Finished products and merchandise	57.4	45.5
Total	**106.1**	**125.7**

There are no significant differences between the carrying amount for inventories and their fair value. No portion of inventories was adjusted due to an increase in net realizable value. No merchandise was used as collateral for loans and other obligations.

Note 24 Trade and other receivables

Non-interest-bearing business receivables are reported as "Trade and other receivables." Trade and other receivables are part of the Group's operating cycle and are recognized as current assets.

	Dec 31, 2013	Dec 31, 2012
Trade accounts receivable from joint ventures	29.1	51.2
Other trade accounts receivable	1,854.8	2,150.6
Other operating receivables	482.3	404.7
Prepaid costs and accrued income	142.0	137.8
Total	**2,508.1**	**2,744.3**
of which financial instruments reported in Note 6, "Financial instruments and financial risk management"		
Trade accounts receivable	1,883.9	2,201.8
Other operating receivables including accrued interest income	25.3	6.2
	1,909.2	**2,208.0**
of which non-financial instruments	599.0	536.3

Note 25 Cash

"Cash" consists of cash and available funds at banks and equivalent financial institutions.

Cash totaled EUR 817.2 M (671.9).

The Group had no cash equivalents on the closing day, or on the year-earlier closing day.

Note 26 Equity/earnings per share

In the consolidated financial statements, equity is allocated between equity attributable to equity holders (shareholders) and non-controlling interests (minority interest).

Non-controlling interests comprised about one percent of total equity.

Equity changed during the year as follows:

	2013	2012
January 1	**2,253.7**	**2,196.1**
of which non-controlling interests	18.8	19.2
Total comprehensive income for the year		
Profit for the year attributable to		
Equity holders	435.2	327.7
Non-controlling interests	0.5	0.9
Other comprehensive income		
Items that will not be reclassified to profit and loss		
Remeasurement of defined benefit plans[1]	83.6	–14.9
Tax related to items that cannot be reclassified to profit and loss	–21.2	–10.2
	62.4	**–25.1**
Items that have been or will be reclassified to profit and loss		
Translation differences attributable to equity holders[2]	–161.8	58.2
Translation differences attributable to non-controlling interests	–0.8	–0.5
Hedging of exchange-rate risk in foreign operations[2]	35.4	–11.4
Effect of cash flow hedges[3]	60.8	–4.8
Tax related to items that have been or will be reclassified to profit and loss	2.0	–0.1
	–64.4	**41.4**
Other comprehensive income after tax	**–2.0**	**16.3**
Total comprehensive income for the year	**433.6**	**344.9**
of which attributable to equity holders	434.0	344.5
of which attributable to non-controlling interests	–0.3	0.4
Other changes in equity not included in total comprehensive income for the year		
Dividend to equity holders	–285.5	–283.9
Dividend to non-controlling interests	–0.1	–0.9
Effect of share-based payments	29.8	27.6
Repurchases of shares	–33.2	–30.1
	–289.0	**–287.3**
Equity, December 31	**2,398.4**	**2,253.7**
of which non-controlling interests	18.3	18.8

1 Remeasurement of defined benefit pension plans, EUR 83.6 M (–14.9), together with tax, EUR –21.2 M (–10.2), totaling EUR 62.4 M (–25.1), comprise the Group's total effect on other comprehensive income of remeasurement of pensions recognized in compliance with IAS 19 and are recognized in retained earnings.

2 Translation differences attributable to equity holders, EUR –161.8 M (58.2), plus hedging of exchange-rate risk in foreign operations, EUR 35.4 M (–11.4), totaling EUR –126.4 M (46.8), comprise the Group's change in translation reserve.

3 Effect of cash-flow hedges, EUR 60.8 M (–4.8), together with tax, EUR 2.0 M (–0.1), totaling EUR 62.8 M (–4.9) comprise the Group's change in cash-flow hedge reserve.

Equity attributable to equity holders is allocated as follows:

	Dec 31, 2013	Dec 31, 2012
Share capital	138.9	138.9
Paid-in capital	157.3	127.5
Reserves	–98.9	–35.3
Retained earnings	2,182.8	2,003.9
Total	**2,380.1**	**2,235.0**

Paid-in capital

Paid-in capital in excess of quota (par) value from historical issues of new shares is recognized as "Paid-in capital."

The change during 2013 and 2012 was attributable to share-based payments and amounted to EUR 29.8 M (27.6).

Reserves	2013	2012
Translation reserve	26.9	153.3
Cash flow hedge reserve	–125.9	–188.6
Total	**–98.9**	**–35.3**

Reconciliation of reserves		
Translation reserve		
January 1	153.3	106.5
Translation differences for the year	–161.8	58.2
Less hedging on foreign-exchange rate risk in operations outside Sweden	35.4	–11.4
	26.9	**153.3**
Cash-flow hedge reserve		
January 1	–188.6	–183.7
Cash-flow hedges recognized in other comprehensive income:		
Hedges for the year	–5.0	–54.3
Transferred to the income statement	65.8	49.5
Taxes attributable to hedging for the year	2.0	–0.1
	–125.9	**–188.6**
Total reserves	**–98.8**	**–35.3**

Translation reserve

The translation reserve comprises accumulated translation differences from the translation of financial reports for operations abroad. The translation reserve also includes exchange-rate differences that have arisen when hedging net investments in operations abroad. The translation reserve was reset at zero upon the transition to IFRSs on January 1, 2004.

Translation differences for the year amounted to EUR –161.8 M (58.2) and consisted of negative translation differences in all currencies (for currency abbreviations, refer to Note 34, "Effect of changes in foreign-exchange rates.")

During 2013, the translation reserve was affected by exchange-rate differences of EUR 35.4 M (–11.4) due to currency hedging.

The Group has currency hedges against net investments mainly in USD, EUR, NOK, CZK, PLN and CLP.

The accumulated translation reserve totaled EUR 26.9 M (153.3).

Cash-flow hedge reserve

Hedge accounting is applied mainly to Infrastructure Development. Recognized in the cash-flow hedge reserve are unrealized gains and losses on hedging instruments. The change during 2013 amounted to EUR 62.8 M (–4.9), and the closing balance of the reserve totaled EUR –125.9 M (–188.6).

Retained earnings

Retained earnings include the profit for the year plus undistributed Group profits earned in prior years. The statutory reserve is part of retained earnings, along with remeasurements of pension liabilities, which in compliance with IAS 19 are recognized under "Other comprehensive income."

Note 26 Continued

Remeasurement of defined benefit pension plans

During 2013, equity was affected by remeasurement of defined-benefit plans in the amount of EUR 62.4 M (–25.2) after taking into account social insurance contributions and taxes. The change due to remeasurement of pension obligations during 2013 was EUR 11.4 M (–40.4) and was due to the net result of changed assumptions and experience-adjustments. Remeasurement of plan assets during the year amounted to EUR 52.8 M (34.0) and is because the actual gain on plan assets exceeded the expected return in all three countries where Skanska has defined-benefit plans.
See also Note 28, "Pensions."

	2013	2012
Remeasurement of pension obligations	11.4	–40.4
Difference between expected and actual return on plan assets	52.8	34.0
Social-insurance contributions	19.3	–8.5
Taxes	–21.2	–10.2
	62.4	**–25.2**

IFRS 2, "Share-based Payment"

The share incentive programs introduced in 2008 and 2011 respectively are recognized as share-based payment, which is settled with an equity instrument in compliance with IFRS 2. This implies that fair value is calculated on the basis of estimated fulfillment of established financial targets during a measurement period. After the close of the measurement period, fair value is established.

This value is allocated over the three-year vesting period. There is no reappraisal after fair value is established during the remainder of the vesting period, aside from changes in the number of shares because the condition of continued employment during the vesting period is no longer met.

Dividend

After the closing day, the Board of Directors proposed a regular dividend of SEK 6.25 (6.00) per share (corresponding to EUR 0.70 [0.69] per share) for the 2013 financial year. The proposed dividend for 2013 totals an estimated EUR 288.9 M (285.5).

No dividend is paid for the Parent Company's holding of its own Series B shares. The total dividend amount may change by the record date, depending on repurchases of shares and transfers of Series B shares to participants in Skanska's long-term employee ownership programs. The dividend is subject to the approval of the Annual Shareholders' Meeting on April 3, 2014.

Shares

Information on the number of shares as well as earnings and equity per share can be seen in the table below.

	2013	2012
Number of shares, December 31	419,903,072	419,903,072
of which Series A shares	19,923,597	19,947,643
of which Series B shares	399,979,475	399,955,429
Average price, repurchased shares, SEK	107.85	105.53
Corresponding to average price, repurchased shares, EUR	12.47	12.12
of which repurchased during the year	2,392,580	2,417,000
Number of Series B treasury shares, December 31	8,625,005	8,066,894
Number of shares outstanding, December 31	411,278,067	411,836,178
Average number of shares outstanding	411,721,772	412,035,381
Average number of shares outstanding after dilution	413,426,939	413,529,383
Average dilution, percent	0.41	0.36
Earnings per share, EUR	1.06	0.79
Earnings per share after dilution, EUR	1.05	0.79
Equity per share, EUR	5.79	5.43
Change in number of shares		
Number on January 1	411,836,178	411,579,969
Number of Series B shares repurchased	–2,392,580	–2,417,000
Number of shares transferred to employees	1,834,469	2,673,209
Number on December 31	**411,278,067**	**411,836,178**

Dilution effect

In the employee ownership programs introduced in 2008 and 2011 respectively the number of potential ordinary shares is calculated during the measurement period based on the estimated number of shares that will be issued due to the fulfillment of the established targets. After the end of the measurement period, Skanska establishes the number of shares that may be issued, provided that the requirement of continued employment is fulfilled. The number of potential ordinary shares thus calculated is then reduced by the difference between the payment Skanska is expected to receive and the average share price during the period.

Excluding social insurance contributions, the cost of both employee ownership programs is estimated at a total of about EUR 169.5 M, allocated over three years, corresponding to 14,083,841 shares. The maximum dilution at the close of the vesting period is estimated at 1.83 percent.

During 2013, the cost of both programs amounted to EUR 29.8 M excluding social insurance contributions. Share awards earned but not yet distributed through 2013 totaled 4,018,349 shares. The dilution effect up to and including 2013 totaled 0.97 percent.

Capital management

Capital requirements vary between business streams. Skanska's construction projects are mainly based on customer funding.

As a result, in its Construction business stream, the Company can operate with negative working capital. However, the equity requirement for a construction company is substantial and is related to the large business volume and to the risks inherent in the various types of construction assignments carried out. Skanska must also take into account the financing of goodwill and the performance guarantees required in publicly procured projects in the U.S. market.

In the Board's judgment, the Group's equity totals a reasonable amount in view of the requirements posed by Skanska's financial position and market circumstances.

Note 27 Financial liabilities

Financial liabilities are allocated between non-current and current liabilities. Normally, a maturity date within one year is required if a liability is to be treated as current. This does not apply to discounted operating liabilities, which are part of Skanska's operating cycle and are consequently recognized as current liabilities regardless of their maturity date.

Concerning financial risks and financial policies, see Note 6, "Financial instruments and financial risk management."

Financial non-current liabilities	Dec 31, 2013	Dec 31, 2012
Financial liabilities at fair value through profit or loss		
Derivatives	0.7	0.7
Hedge-accounted derivatives	4.8	5.0
Other financial liabilities		
Liabilities to credit institutions	261.0	206.9
Other liabilities	464.6	348.7
Total	**731.1**	**561.3**
of which interest-bearing financial non-current liabilities	725.6	555.6
of which non-interest-bearing non-current financial liabilities	5.5	5.7
Financial current liabilities		
Financial liabilities at fair value through profit or loss		
Derivatives	4.0	7.6
Hedge-accounted derivatives	2.1	2.7
Other financial liabilities		
Construction loans to cooperative housing associations	319.9	330.5
Liabilities to credit institutions	21.8	62.9
Commercial papers		263.2
Other liabilities	104.9	64.9
Total	**452.7**	**731.7**
of which interest-bearing financial current liabilities	446.6	721.4
of which non-interest-bearing financial current liabilities	6.2	10.2
Total carrying amount for financial liabilities	**1,183.9**	**1,293.0**

Note 28 Pensions

Pension provisions are recognized in accordance with IAS 19, "Employee Benefits." See "Accounting and valuation principles," Note 1.

Pension liability according to the statement of financial position

According to the statement of financial position, interest-bearing pension liabilities amounted to EUR 383.4 M (476.7) and interest-bearing pension receivables amount to EUR 57.4 M (53.1). The net amount of interest-bearing pension liabilities and interest-bearing pension receivables was EUR 326.0 M (423.5).

Skanska has defined-benefit pension plans in Sweden, Norway and the UK. The pension in these plans is mainly based on final salary or average earnings during the term of employment. The plans include a large number of employees, but Skanska also has defined-contribution plans in these countries. Group companies in other countries mainly have defined-contribution plans.

Defined-benefit plans

The pension plans mainly consist of retirement pensions. Each respective employer usually has an obligation to pay a lifetime pension. Benefits are based on the number of years of employment. The employee must belong to the plan for a certain number of years to earn a full retirement pension entitlement. For each year, the employee earns increased pension entitlements, which are reported as pension earned during the period plus an increase in pension obligation.

Pension plans are funded by securing pension obligations with assets in pension funds and provisions in the accounts.

The plan assets in Sweden and the UK are smaller than the pension obligations. For this reason, the difference is recognized as a liability in the statement of financial position. The plan assets in Norway exceed the pension obligations. For this reason, the difference is recognized as a receivable. The ceiling rule that, in some cases, limits the value of these assets in the accounts does not apply according to the existing pension foundation statutes, with the exception of one of the smaller plans in the UK. On the closing day, the pension obligation amounted to EUR 1,786.5 M (1,823.8). The obligation for pensions increased mainly due to costs for accrued pensions and interest expenses exceeding pensions paid. The effect of higher discount rates in Sweden and the UK was reduced as a result of an increase in inflation assumptions for the UK and increases in life expectancy for the plans in Norway and the UK. The net result of remeasurement of pension liabilities via other comprehensive income during 2013 was EUR 11.4 M (–40.4).

Plan assets amounted to EUR 1,460.6 M (1,400.3). The value of plan assets increased because actual return on plan assets and paid-in funds exceeded benefits paid. The result of remeasurement of plan assets via other comprehensive income during 2013 was EUR 52.8 M (34.0), largely due to the upturn in the value of equities and mutual funds exceeding the expected return.

The return on plan assets recognized in the income statement amounted to EUR 53.6 M (60.5), while actual return amounted to EUR 106.5 M (94.5). The higher return was attributable to pension plans in all three countries where Skanska has defined-benefit plans. The plan assets mainly comprised equities, interest-bearing securities, mutual fund units and investments in properties and infrastructure projects. No assets were used in Skanska's operations. The number of directly owned shares in Skanska AB totaled 650,000 (650,000) Series B shares with a market value of about EUR 106.5 M (94.5) at December 31, 2013. There was also an insignificant percentage of indirectly owned shares in Skanska AB via investments in various mutual funds.

There are various types of risk inherent in the Company's defined-benefit pension plans. Pension obligations are mainly affected by the relevant discount rate, wage increases, inflation and life expectancy. The risk inherent in the plan assets is mainly market risk. Overall, these risks may result in volatility in the Company's equity and in increased future pension costs and higher than estimated pension disbursements. Skanska continually monitors changes in its pension commitments and updates assumptions at least annually. Pension commitments are calculated by independent actuaries. The Company has prepared policy documents for management of plan assets in the form of investment guidelines regulating permitted investments and allocation frameworks for these. In addition, the Company uses external investment advisors that continually monitor development of the plan assets. The long duration of the pension commitments is partly matched by long-term investments in infrastructure projects and property investments and investments in long-term

Note 28 Continued

interest-bearing securities.

The largest defined-benefit plan for Skanska in Sweden is the ITP 2 plan, in which pensions are based on final salary on retirement. ITP 2 covers salaried employees born in 1978 or earlier. The pension commitments are secured through assets in a pension foundation and through insurance with PRI Pensionsgaranti. The pension commitment is lifelong and sensitive to changes in the discount rate, pay increases, inflation and life span.

A small portion of the ITP 2 plan is secured by insurance from the retirement insurance company Alecta. This is a multi-employer insurance plan, and there is insufficient information to report these obligations as a defined-benefit plan. Pensions secured by insurance from Alecta are therefore reported as a defined-contribution plan. At the close of 2013, the collective consolidated level of defined-benefit plans in Alecta totaled 148 percent (129). The collective consolidated level comprises assets as a percentage of actuarial obligations.

The ITP 1 occupational pension plan in Sweden is a defined-contribution plan. Skanska pays premiums for employees covered by ITP 1, and each employee selects a manager. The Company offers employees the opportunity to select Skanska as the manager. For employees who have selected Skanska as their manager, there is a guaranteed minimum amount that the employee will receive upon retirement. This guarantee means that the portion of the ITP 1 plan for which Skanska is the manager is recognized as a defined-benefit plan. The net amount of obligations and plan assets for ITP 1 managed by Skanska is recognized in the Company's statement of financial position. In 2013, the decision was taken that Skanska would no longer act as a manager of the ITP 1 plan. The assets managed will therefore be transferred to external occupational pension companies during 2014 and thereby be included in the defined-contribution ITP 1 plan. As a result of this decision, a reduction is recognized in the income statement for 2013 and interest-bearing pension liabilities will be reduced by about EUR 45 M in 2014.

Within Skanska Norway, the largest defined-benefit pension plan is the Skanska Norge Pensionskassa pension fund. This plan covered almost all employees of Skanska in Norway and the pension is based on final salary and number of years of employment with Skanska. The pension commitments are secured through assets in the pension fund. The pension commitment is lifelong and sensitive to changes in the discount rate, pay increases, inflation and life span.

The largest of Skanska's defined-benefit pension plans in the UK is the Skanska Pension Fund. The plan covers salaried employees and is based on average earnings over the period of employment. The pension is remeasured following changes in inflation (index-linked). The pension commitments are secured through assets in the pension fund. The pension commitment is sensitive to changes in the discount rate, inflation and life span.

Net liability related to employee benefits, defined-benefit plans

	2013	2012
Pension obligations, funded plans, present value on December 31	1,786.5	1,823.8
Plan assets, fair value, December 31	–1,460.6	–1,400.3
Net pension liability according to the statement of financial position	**326.0**	**423.5**

Pension obligations and plan assets by country

	Sweden	Norway	UK	Total
2013				
Pension obligations	798.8	327.0	660.8	1,786.5
Plan assets	–418.3	–384.4	–657.9	–1,460.6
Net pension liability according to the statement of financial position	**380.5**	**–57.4**	**2.9**	**326.0**
2012				
Pension obligations	878.5	331.4	613.8	1,823.8
Plan assets	–419.4	–384.5	–596.4	–1,400.3
Net pension liability according to the statement of financial position	**459.2**	**–53.1**	**17.5**	**423.5**

Interest-bearing pension liability, net

	2013	2012
Net pension liability, January 1	423.5	404.3
Pension expenses	81.7	78.5
Benefits paid by employers	–28.3	–26.9
Funds contributed by employers	–63.2	–50.7
Remeasurements[1]	–64.3	6.4
Curtailments and settlements	–16.3	–3.3
Exchange-rate differences	–7.2	15.2
Net pension liability according to the statement of financial position	**326.0**	**423.5**

1 See also Note 26, which shows the tax portion and social insurance contributions including special employer's contribution recognized under other comprehensive income.

Pension obligations

	2013	2012
January 1	1,823.8	1,647.3
Pensions earned during the year	71.7	71.5
Interest on obligations	64.5	68.4
Benefits paid by employers	–28.3	–26.9
Benefits paid from plan assets	–32.5	–34.1
Remeasurements:		
– Actuarial gains (–), losses (+) changed financial assumptions	–52.7	36.2
– Actuarial gains (–), losses (+) changed demographic assumptions	47.5	0.0
– Experience-adjustments	–6.2	4.3
Curtailments and settlements	–16.3	–3.3
Exchange-rate differences	–84.9	60.6
Pension obligations, present value	**1,786.5**	**1,823.8**

Distribution of pension obligations and average duration by country

	Sweden	Norway	UK
2013			
Active members' portion of obligations	40%	66%	42%
Dormant pension rights	22%	0%	29%
Pensioners' portion of obligations	38%	34%	29%
Weighted average duration	18 years	20 years	21 years
2012			
Active members' portion of obligations	40%	64%	42%
Dormant pension rights	24%	0%	29%
Pensioners' portion of obligations	36%	36%	29%
Weighted average duration	19 years	20 years	20 years

Plan assets

	2013	2012
January 1	1,400.3	1,243.0
Estimated return on plan assets	53.6	60.5
Funds contributed by employers	63.2	50.7
Funds contributed by employees	0.8	0.8
Benefits paid	–32.5	–34.1
Difference between actual return and estimated return	52.8	34.0
Exchange-rate differences	–78	45
Plan assets, fair value	**1,460.6**	**1,400.3**

Amounts contributed are expected to total about EUR 56.2 M in 2014.

Note 28 Continued

Plan assets and return by country

	Sweden	Norway	UK
2013			
Shares	28%	38%	33%
Interest-bearing securities	31%	46%	39%
Alternative investments	41%	16%	28%
Estimated return	3.00%	4.00%	4.50%
Actual return	5.60%	10.60%	7.30%
2012			
Shares	30%	35%	32%
Interest-bearing securities	29%	48%	47%
Alternative investments	41%	17%	21%
Estimated return	4.00%	4.50%	5.00%
Actual return	5.80%	8.60%	7.30%

Total plan assets by asset class

Equities and mutual funds:	2013	2012
Swedish equities and mutual funds	50.9	52.4
Norwegian equities and mutual funds	53.4	51.7
UK equities and mutual funds	114.2	96.0
Global mutual funds	263.6	246.9
Total equities and mutual funds	**482.1**	**447.0**
Interest-bearing securities:		
Swedish bonds	99.8	86.8
Norwegian bonds	90.3	91.8
UK bonds	256.5	280.4
Bonds in other countries	115.2	131.0
Total interest-bearing securities	**561.8**	**590.0**
Alternative investments:		
Hedge funds	112.8	120.8
Property investments	75.9	64.2
Infrastructure projects	74.9	57.5
Other	153.2	120.9
Total alternative investments	**416.8**	**363.3**
Total plan assets	**1,460.6**	**1,400.3**

Equities and mutual funds, interest-bearing securities and hedge funds were measured at current market prices. Property investments and infrastructure projects were measured by discounting future cash flow. About 80 percent of total plan assets have a quoted price on an active market.

Actuarial assumptions

	Sweden	Norway	UK
2013			
Financial assumptions			
Discount rate, January 1	3.00%	4.00%	4.50%
Discount rate, December 31	3.50%	4.00%	4.75%
Estimated return on plan assets for the year	3.00%	4.00%	4.50%
Expected pay increase, December 31	3.50%	3.50%	3.75%
Expected inflation, December 31	1.75%	2.00%	3.25%
Demographic assumptions			
Life expectancy after age 65, men	23 years	21 years	24 years
Life expectancy after age 65, women	25 years	24 years	25 years
Life expectancy table	PRI	K2013	S1
2012			
Financial assumptions			
Discount rate, January 1	3.50%	4.25%	4.75%
Discount rate, December 31	3.00%	4.00%	4.50%
Estimated return on plan assets for the year	4.00%	4.50%	5.00%
Expected pay increase, December 31	3.50%	3.50%	3.50%
Expected inflation, December 31	1.75%	2.00%	2.75%
Demographic assumptions			
Life expectancy after age 65, men	23 years	18 years	22 years
Life expectancy after age 65, women	25 years	21 years	25 years
Life expectancy table	PRI	K2005	PA92

All three countries where Skanska has defined-benefit plans have an extensive market for high-grade long-term corporate bonds, including mortgage bonds. The discount rate is established on the basis of the market yield for these bonds on the closing day.

The rules of IAS 19 were changed with effect from January 1, 2013. This means that as of 2013, the estimated percentage yield of plan assets will correspond to the discount rate. In previous years the expected yield was established based on market interest rates and the composition of the assets. This change has no material effect on the consolidated income statement and comparative figures for 2012 have therefore not been restated.

Sensitivity of pension obligations to changes in assumptions

	Sweden	Norway	UK	Total[1]
Pension obligations, December 31, 2013	798.8	327.0	660.8	1,786.5
Discount rate increase of 0.25%	–35	–20	–35	–90
Discount rate decrease of 0.25%	35	20	35	90
Increase of 0.25% in expected pay increase	10	5	0	15
Reduction of 0.25% in expected pay increase	–10	–5	0	–15
Increase of 0.25% in expected inflation	25	10	30	65
Decrease of 0.25% in expected inflation	–25	–10	–30	–65
Life expectancy increase of 1 year	30	5	15	50

1 Estimated change in pension obligation/pension liability in the event of a change in the assumption for all three countries. If pension liability increases, the Group's equity is reduced by about 85 percent of the increase in pension liability, after taking into account deferred tax and social insurance contributions.

Note 28 Continued

Sensitivity of plan assets to changes in estimated return

	Sweden	Norway	UK	Total[1]
Plan assets, December 31, 2013	–418.3	–384.4	–657.9	–1,460.6
Return increase of 5%	20	20	30	70
Return decrease of 5%	–20	–20	–30	–70

1 If actual return increases by 5 percent in relation to estimated return, the gain on revaluation is expected to amount to about EUR 70 M. If actual return decreases by 5 percent in relation to estimated return, the loss on revaluation is expected to amount to about EUR 70 M.

The sensitivity analyses are based on existing circumstances, assumptions and populations. Application at other levels may produce different effects of changes.

Defined-contribution plans

These plans mainly cover retirement pension, disability pension and family pension. The premiums are paid regularly during the year by the respective Group company to separate legal entities, for example insurance companies. The size of the premium is based on salary. The pension expense for the period is included in the income statement.

Total pension expenses in the income statement for defined-benefit plans and defined-contribution plans

	2013	2012
Defined-benefit pensions earned during the year	–71.7	–71.5
Less: Funds contributed by employees	0.8	0.8
Interest on obligations	–64.5	–68.4
Estimated return on plan assets	53.6	60.5
Curtailments and settlements[1]	16.3	3.3
Pension expenses, defined-benefit plans	**–65.4**	**–75.1**
Pension expenses, defined-contribution plans	–115.0	–110.1
Social insurance contributions, defined-benefit and defined-contribution plans[2]	–10.2	–14.4
Total pension expenses	**–190.6**	**–199.5**

1 For 2013: The reduction relates to Skanska's management of ITP 1 in Sweden.
2 Refers to special payroll tax in Sweden and employer fee in Norway.

Allocation of pension expenses in the income statement

	2013	2012
Cost of sales	–142.9	–147.4
Selling and administrative expenses	–36.9	–44.3
Net financial items	–10.9	–7.8
Total pension expenses	**–190.6**	**–199.5**

Note 29 Provisions

Provisions are reported in compliance with IAS 37, "Provisions, Contingent Liabilities and Contingent Assets. See "Accounting and valuation principles," Note 1.

Provisions are allocated in the statement of financial position between non-current liabilities and current liabilities. Provisions are both interest-bearing and non-interest-bearing. Provisions that are part of Skanska's operating cycle are recognized as current. Interest-bearing provisions that fall due within a year are treated as current.

	Dec 31, 2013	Dec 31, 2012
Non-current provisions		
Interest-bearing	0.2	1.4
Current provisions		
Interest-bearing	4.7	6.2
Non-interest-bearing	630.2	694.4
Total	**635.2**	**702.0**

The change in provisions broken down into reserve for legal disputes, provisions for warranty obligations and other provisions is presented in the following table.

	Reserve for legal disputes		Provision for warranty obligations		Other provisions		Total	
	2013	2012	2013	2012	2013	2012	2013	2012
January 1	137.5	143.7	270.4	242.6	294.0	280.7	702.0	666.9
Acquisitions	5.7	0.2	0.0	0.0	2.3	–0.2	8.0	0.0
Divestments	–0.1	–0.1	0.0	–0.1	–0.1	0.0	–0.2	–0.2
Provisions for the year	44.4	66.2	83.8	78.6	118.0	76.4	246.2	221.1
Provisions utilized	–13.6	–50.0	–61.6	–38.0	–70.5	–30.1	–145.7	–118.1
Unutilized amounts that were reversed, change in value	–44.2	–32.7	–21.0	–16.4	–45.8	–27.6	–111.0	–76.7
Exchange-rate differences	–9.7	4.9	–9.6	8.7	–18.6	5.5	–37.9	19.1
Reclassifications	1.7	5.4	–2.1	–4.8	–25.8	–10.7	–26.1	–10.1
December 31	**121.7**	**137.5**	**259.9**	**270.4**	**253.6**	**294.0**	**635.2**	**702.0**

Specification of "Other provisions"

	2013	2012
Provisions for restructuring measures	19.6	15.1
Employee-related provisions	57.2	58.5
Environmental obligations	12.5	15.8
Provision for social insurance contributions on pensions	51.4	68.6
Contingent consideration	19.3	28.5
Provision for negative values recognized in joint ventures	0.0	21.5
Other provisions	93.6	85.9
Total	**253.6**	**294.0**

1 Of which EUR 3.9 M (0.0) is from acquisitions of operations and EUR 15.4 M (28.5) from acquisitions of current-asset properties.

Normal cycle time for "Other provisions" is about 1 to 3 years.

Provisions for warranty obligations refer to expenses that may arise during the warranty period. Such provisions in Construction are based on individual assessments of each project or average experience-based cost, expressed as a percentage of sales during a five-year period. The expenses are charged to each project on a continuous basis. Provisions for warranty obligations in other business streams are based on individual assessments of each project. The change in 2013 was mainly related to Construction.

Reserve for legal disputes refers to provisions in the Construction business stream for projects that have been completed.

Employee-related provisions included such items as the cost of profit-sharing, certain bonus programs and other obligations to employees.

Among provisions for environmental obligations are the costs of restoring gravel pits to their natural state in Swedish operations.

Note 30 Trade and other payables

Non-interest-bearing liabilities in business operations are recognized as "Trade and other payables." Such liabilities are part of the Group's operating cycle and are recognized as current liabilities.

	Dec 31, 2013	Dec 31, 2012
Trade payables	1,461.6	1,456.0
Other operating liabilities to joint ventures	1.0	0.7
Other operating liabilities[1]	880.4	1,040.9
Accrued expenses and prepaid income	1,025.2	1,122.5
Total	**3,368.2**	**3,620.1**
of which financial instruments reported in Note 6, "Financial instruments and financial risk management"		
Trade payables	1,461.6	1,456.0
Other operating liabilities including accrued interest expenses	137.0	59.7
	1,598.6	**1,515.8**
of which non-financial instruments	1,769.6	2,104.3

1 "Other operating liabilities" included EUR 44.3 M (46.0) for checks issued but not yet cashed in the U.S. and the UK.

See "Accounting and valuation principles," Note 1.

Note 31 Specification of interest-bearing net receivables/liabilities per asset and liability

The following table allocates financial current and non-current assets as well as liabilities between interest-bearing and non-interest-bearing items.

	Dec 31, 2013			Dec 31, 2012		
	Interest-bearing	Non-interest-bearing	Total	Interest-bearing	Non-interest-bearing	Total
ASSETS						
Non-current assets						
Property, plant and equipment		837.2	837.2		924.4	924.4
Goodwill		545.0	545.0		568.5	568.5
Other intangible assets		38.9	38.9		21.7	21.7
Investments in joint ventures and associated companies		349.2	349.2		281.5	281.5
Financial non-current assets	208.4	4.3	212.7	208.7	5.8	214.5
Deferred tax assets		119.0	119.0		146.2	146.2
Total non-current assets	**208.4**	**1,893.7**	**2,102.0**	**208.7**	**1,948.1**	**2,156.7**
Current assets						
Current-asset properties		2,824.8	2,824.8		3,133.1	3,133.1
Inventories		106.1	106.1		125.7	125.7
Financial current assets	656.4	12.9	669.3	658.0	21.9	679.9
Tax assets		110.3	110.3		66.1	66.1
Gross amount due from customers for contract work		700.5	700.5		697.7	697.7
Other operating receivables		2,508.1	2,508.1		2,744.3	2,744.3
Cash	817.2		817.2	671.9		671.9
Total current assets	**1,473.6**	**6,262.6**	**7,736.3**	**1,329.9**	**6,788.8**	**8,118.7**
TOTAL ASSETS	**1,682.0**	**8,156.3**	**9,838.3**	**1,538.6**	**8,736.8**	**10,275.4**
LIABILITIES						
Non-current liabilities						
Financial non-current liabilities	725.6	5.5	731.1	555.6	5.7	561.3
Pensions	383.4		383.4	476.7		476.7
Deferred tax liabilities		112.6	112.6		66.6	66.6
Non-current provisions	0.2		0.2	1.4		1.4
Total non-current liabilities	**1,109.2**	**118.1**	**1,227.4**	**1,033.7**	**72.3**	**1,106.0**
Current liabilities						
Financial current liabilities	446.6	6.2	452.7	721.4	10.2	731.7
Tax liabilities		69.8	69.8		27.9	27.9
Current provisions	4.7	630.2	634.9	6.2	694.4	700.6
Gross amount due to customers for contract work		1,686.9	1,686.9		1,835.3	1,835.3
Other operating liabilities		3,368.2	3,368.2		3,620.1	3,620.1
Total current liabilities	**451.3**	**5,761.2**	**6,212.5**	**727.6**	**6,188.1**	**6,915.7**
TOTAL LIABILITIES	**1,560.5**	**5,879.4**	**7,439.9**	**1,761.3**	**6,260.4**	**8,021.7**
Interest-bearing net receivables/liabilities	121.5			–222.7.		

Note 32 Expected recovery periods of assets and liabilities

Amounts expected to be recovered	Dec 31, 2013 Within 12 months	Dec 31, 2013 12 months or longer	Dec 31, 2013 Total	Dec 31, 2012 Within 12 months	Dec 31, 2012 12 months or longer	Dec 31, 2012 Total
ASSETS						
Non-current assets						
Property, plant and equipment[1]	168.6	668.6	837.2	163.0	761.4	924.4
Goodwill[1]		545.0	545.0		568.5	568.5
Other intangible assets[1]	7.9	31.0	38.9	11.6	10.0	21.7
Investments in joint ventures and associated companies[2]		349.2	349.2		281.5	281.5
Financial non-current assets		212.7	212.7		214.5	214.5
Deferred tax assets[3]		119.0	119.0		146.2	146.2
Total non-current assets	**176.5**	**1,925.6**	**2,102.0**	**174.7**	**1,982.1**	**2,156.7**
Current assets						
Current-asset properties[4]	1,236.4	1,588.4	2,824.8	1,281.0	1,852.1	3,133.1
Inventories	51.8	54.3	106.1	110.6	15.0	125.7
Financial current assets	669.3		669.3	679.9		679.9
Tax assets	110.3		110.3	66.1		66.1
Gross amount due from customers for contract work[5]	643.8	56.6	700.5	659.3	38.4	697.7
Trade and other receivables[5]	2,260.6	247.5	2,508.1	2,624.8	119.5	2,744.3
Cash	817.2		817.2	671.9		671.9
Total current assets	**5,789.5**	**1,946.8**	**7,736.3**	**6,093.6**	**2,025.0**	**8,118.7**
TOTAL ASSETS	**5,965.9**	**3,872.4**	**9,838.3**	**6,268.3**	**4,007.1**	**10,275.4**
LIABILITIES						
Non-current liabilities						
Financial non-current liabilities	4.0	727.1	731.1	0.9	560.4	561.3
Pensions[6]	28.5	354.8	383.4	27.9	448.7	476.7
Deferred tax liabilities		112.6	112.6		66.6	66.6
Non-current provisions	0.2		0.2	0.5	0.9	1.4
Total non-current liabilities	**32.8**	**1,194.6**	**1,227.4**	**29.3**	**1,076.6**	**1,106.0**
Current liabilities						
Financial current liabilities	362.5	90.3	452.7	686.7	45.0	731.7
Tax liabilities	69.8		69.8	27.9		27.9
Current provisions	312.5	322.5	634.9	296.6	404.0	700.6
Gross amount due to customers for contract work	1,422.6	264.2	1,686.9	1,567.1	268.2	1,835.3
Other operating liabilities	3,319.1	49.1	3,368.2	3,545.1	75.0	3,620.1
Total current liabilities	**5,486.4**	**726.1**	**6,212.5**	**6,123.6**	**792.1**	**6,915.7**
TOTAL LIABILITIES	**5,519.3**	**1,920.6**	**7,439.9**	**6,152.9**	**1,868.8**	**8,021.7**

1 In case of amounts expected to be recovered within twelve months, expected annual depreciation/amortization has been recognized.
2 Allocation cannot be estimated.
3 Deferred tax assets are expected to be recovered in their entirety in more than twelve months.
4 Recovery within one year on current-asset properties is based on a historical assessment from the past three years.
5 Current receivables that fall due in more than twelve months are part of the operating cycle and are thus recognized as current.
6 "Within 12 months" refers to expected benefit payments (payments from funded plans are not included).

Note 33 Assets pledged, contingent liabilities and contingent assets

Assets pledged

	2013	2012
Mortgages, current-asset properties	0.4	–
Shares and participations	50.0	52.3
Receivables	143.8	120.4
Total	**194.2**	**172.7**

Pledged shares and participations refers to shares in joint ventures belonging to Infrastructure Development. These assets are pledged as collateral when obtaining outside lending for these joint ventures.

Assets pledged for liabilities

	Property mortgage		Shares and receivables		Total	
	2013	2012	2013	2012	2013	2012
Own obligations						
Liabilities to credit institutions		0.0	22.5		22.5	0.0
Other liabilities	0.4		121.3	120.4	121.7	120.4
Total own obligations	**0.4**	**0.0**	**143.8**	**120.4**	**144.2**	**120.4**
Other obligations			50.0	52.3	50.0	52.3
Total	**0.4**	**0.0**	**193.8**	**172.7**	**194.2**	**172.7**

Assets pledged for other liabilities, EUR 0.1 billion, refer predominantly to financial instruments pledged as collateral to customers in conjunction with contracting work in the U.S.

Contingent liabilities

Contingent liabilities are reported in compliance with IAS 37, "Provisions, Contingent Liabilities and Contingent Assets." See "Accounting and valuation principles," Note 1.

	2013	2012
Contingent liabilities related to construction consortia	3,508.7	3,423.8
Contingent liabilities related to joint ventures	46.8	74.2
Other contingent liabilities	262.3	261.6
Total	**3,817.8**	**3,759.5**

The Group's contingent liabilities related to construction consortia totaled nearly EUR 3.51 billion (3.42 This amount refers to the portion of the joint and several liability for the obligations of construction consortia affecting consortium members outside the Group. Such liability is often required by the customer. To the extent it is deemed likely that Skanska will be subject to liability claims, the obligation is reported as a liability.

Contingent liabilities related to joint ventures refer mainly to guarantees issued for joint ventures belonging to the Residential Development business stream.

In the Group's other contingent liabilities, just over EUR 0.26 billion (0.26), were related to obligations attributable to residential projects.

In November 2013, Helsinki District Court in Finland ruled on the claims for damages relating to the asphalt cartel. The claim for damages from the State of Finland was dismissed, while some of the local authority claims for damages were allowed. Under the court ruling the defendants must jointly pay damages at an amount equivalent to about EUR 37.1 M in total. The companies concerned have joint and several liability for part of this sum, while other elements are directly attributable to individual companies. Local authority claims on Skanska corresponded to about EUR 13.9 M in damages, of which Skanska Asfaltti Oy was ordered to pay an amount equivalent to about EUR 2.1 M. This sum does not include interest and legal costs. The ruling can be appealed to the Court of Appeal in Helsinki.

In October 2006, Slovakia's Antitrust Office decided to fine six companies that had participated in tendering for a road project. Skanska was part of a joint venture led by a local Slovakian company. The fine in Skanska's case is the equivalent of EUR 7.2 M. Skanska denies the Authority's allegations and requested that the decision be reviewed by a court of law. In December 2008 the court decided to annul the decision of the Antitrust Office and remit the case to the Office for a new procedure. Following an appeal by the Office, in December 2013 the Supreme Court in Slovakia rescinded the regional court's decision and confirmed the Office's ruling. Skanska and other defendants were found to have formed a bidding cartel and the companies must therefore pay the fines.

From time to time, disputes arise with customers about contractual terms related to both ongoing and completed projects. Their outcomes are often difficult to assess. To the extent it is probable that a dispute will lead to an expense for the Group, this is taken into account in the financial statements.

Contingent assets

The Group has no contingent assets of significant importance in assessing the position of the Group.

See "Accounting and valuation principles," Note 1.

Note 34 Foreign-exchange rates and effect of changes in foreign-exchange rates

Exchange rates are dealt with in compliance with IAS 21, "The Effect of Changes in Foreign Exchange Rates." See "Accounting and valuation principles," Note 1.

		Average exchange rate			Change, percent	
Currency	**Country**	**2013**	**2012**	**2011**	**2012–2013**	**2011–2012**
ARS	Argentina	0.138	0.171	0.174	–19	–2
BRL	Brazil	0.351	0.400	0.430	–12	–7
CZK	Czech Republic	0.039	0.040	0.041	–3	–2
DKK	Denmark	0.134	0.134	0.134	0	0
GBP	UK	1.178	1.233	1.152	–4	7
NOK	Norway	0.128	0.134	0.128	–4	4
PLN	Poland	0.238	0.239	0.243	0	–2
SEK	Sweden	0.116	0.115	0.111	1	4
USD	U.S.	0.753	0.778	0.719	–3	8

		Closing day exchange rate			Change, percent	
Currency	**Country**	**2013**	**2012**	**2011**	**2012–2013**	**2011–2012**
ARS	Argentina	0.112	0.154	0.180	–28	–14
BRL	Brazil	0.312	0.372	0.414	–16	–10
CZK	Czech Republic	0.036	0.040	0.039	–8	3
DKK	Denmark	0.134	0.134	0.135	0	0
GBP	UK	1.197	1.223	1.195	–2	2
NOK	Norway	0.119	0.136	0.129	–12	5
PLN	Poland	0.241	0.245	0.224	–2	9
SEK	Sweden	0.112	0.116	0.112	–3	4
USD	U.S.	0.727	0.759	0.773	–4	–2

Income statement

During 2013, the average exchange rate of the EUR strengthened against all currencies except SEK. Revenue was positively affected in the amount of EUR 197.6 M due to exchange rate differences.

Adjusted for currency rates effects, revenue increased 5 percent.

Currency-rate effect by respective currency

	SEK	USD	GBP	NOK	CZK	PLN	Other	Total
2013								
Revenue	159.6	236.2	31.5	–1.2	–29.5	–21.1	–177.9	197.6
Operating income	9.9	9.8	1.2	0.0	2.0	–0.8	–4.0	18.1
Income after financial items	9.6	9.5	1.2	–0.1	2.0	–0.8	–1.7	19.7
Profit for the year	10.5	5.0	0.9	0.0	2.0	–0.7	5.6	23.3

	SEK	USD	GBP	NOK	CZK	PLN	Other	Total
2012								
Revenue	119.5	348.0	93.7	69.5	–15.6	–18.2	–13.0	583.9
Operating income	6.0	14.5	3.2	0.8	–0.2	–0.8	–0.9	22.6
Income after financial items	5.7	14.6	3.2	1.1	–0.2	–0.8	–0.9	22.7
Profit for the year	5.4	8.3	2.7	0.7	–0.2	–0.6	–0.9	15.2

Note 34 Continued

Consolidated statement of financial position by currency

Consolidated total assets decreased by EUR 437.1 M, from EUR 10,275.4 M to EUR 9,838.3 billion. The effect of changes in foreign-exchange rates had a negative impact of EUR –0,6 billion. The EUR appreciated against essentially all of the Group's currencies.

Dec 31, 2013 EUR billion	USD	GBP	EUR	NOK	CZK	PLN	DKK	Other foreign currencies[1]	Hedge loans[2]	SEK	Total
Assets											
Property, plant and equipment	0.19	0.02	0.04	0.13	0.08	0.07	0.01	0.06		0.22	0.83
Intangible assets	0.10	0.18	0.04	0.16	0.06	0.01		0.00		0.03	0.58
Shares and participations	0.01	0.08	0.06	0.02	0.01			0.04		0.12	0.35
Interest-bearing receivables	0.92	0.39	0.17	0.33	0.08	0.33	0.01	–1.54		0.18	0.87
Current-asset properties	0.29	0.09	0.84	0.34	0.06	0.08	0.09	–0.01		1.05	2.82
Non-interest-bearing receivables	1.01	0.36	0.24	0.44	0.20	0.30	0.02	0.33		0.66	3.56
Cash and cash equivalents	0.20	0.00	0.01	0.00	0.02	0.03		0.04		0.51	0.82
Total	**2.73**	**1.13**	**1.40**	**1.42**	**0.51**	**0.82**	**0.13**	**–1.08**		**2.78**	**9.83**
Equity and liabilities											
Equity attributable to equity holders[3]	0.38	0.22	0.49	0.37	0.26	0.25	0.04	0.11		0.25	2.38
Non-controlling interests	0.01				0.01			0.00		0.00	0.02
Interest-bearing liabilities	0.58	0.20	0.49	0.31	0.00	0.08	0.07	–1.52	0.30	1.03	1.56
Non-interest-bearing liabilities	1.75	0.70	0.42	0.73	0.24	0.49	0.02	0.33		1.19	5.87
Total	**2.73**	**1.12**	**1.40**	**1.42**	**0.51**	**0.82**	**0.13**	**–1.08**	**0.30**	**2.47**	**9.83**

Dec 31, 2012 EUR billion	USD	GBP	EUR	NOK	CZK	PLN	DKK	Other foreign currencies[1]	Hedge loans[2]	SEK	Total
Assets											
Property, plant and equipment	0.20	0.02	0.06	0.16	0.10	0.07	0.01	0.06		0.23	0.92
Intangible assets	0.10	0.15	0.06	0.19	0.07	0.01		–0.01		0.02	0.59
Shares and participations		0.05	0.09	0.02				0.01		0.12	0.29
Interest-bearing receivables	1.21	0.43	0.10	0.28	0.08	0.40	0.01	–1.76		0.10	0.86
Current-asset properties	0.29	0.09	0.92	0.35	0.06	0.06	0.09	0.00		1.27	3.13
Non-interest-bearing receivables	0.98	0.37	0.23	0.47	0.30	0.26	0.01	0.44		0.73	3.80
Cash and cash equivalents	0.23	0.00	0.00	0.00	0.05	0.07		0.06		0.27	0.68
Total	**3.02**	**1.12**	**1.47**	**1.47**	**0.66**	**0.86**	**0.13**	**–1.20**		**2.75**	**10.27**
Equity and liabilities											
Equity attributable to equity holders[3]	0.62	0.13	0.48	0.42	0.34	0.26	0.03	0.10		–0.14	2.24
Non-controlling interests					0.01			0.01		0.00	0.02
Interest-bearing liabilities	0.58	0.26	0.57	0.31	0.00	0.13	0.06	–1.70	0.24	1.30	1.76
Non-interest-bearing liabilities	1.82	0.73	0.42	0.73	0.31	0.48	0.03	0.38		1.34	6.25
Total	**3.02**	**1.12**	**1.47**	**1.47**	**0.66**	**0.86**	**0.13**	**–1.20**	**0.24**	**2.50**	**10.27**

1 Including elimination of intra-Group receivables and liabilities.
2 Aside from hedge loans in EUR and GBP (EUR and GBP), Skanska hedged equity in foreign currencies through forward contracts amounting to EUR 0.64 billion (0.70) before taxes, allocated among USD 0.22 (0.28), EUR 0.04 (0.03), CZK 0.13 (0.14), PLN 0.06 (0.08), NOK 0.16 (0.17) and CLP 0.03 (0.02) billion.
3 The respective currencies are calculated including Group goodwill and the net amount of Group surpluses after subtracting deferred taxes.

Effect on the Group of change in EUR against other currencies and change in USD against EUR

The following sensitivity analysis, based on the 2013 income statement and statement of financial position, shows the sensitivity of the Group to a unilateral 10-percent change in the EUR against all currencies, as well as a unilateral 10-percent change in the USD against the EUR.

EUR billion	+/– 10%	Of which, USD +/– 10%
Revenue	+/- 1.44	+/- 0.52
Operating income	+/- 0.06	+/- 0.02
Equity	+/–0.22	+/–0.02

Other matters

For information on the change in the translation reserve in equity, see Note 26 "Equity/earnings per share".

Note 35 Cash-flow statement

Aside from the cash-flow statement prepared in compliance with IAS 7, "Cash-flow Statements," Skanska prepares a cash-flow statement based on the operations carried out by the respective business streams. This is called the "Consolidated operating cash-flow statement." The connection between the respective cash-flow statements is explained below.

Adjustments for items not included in cash flow

	2013	2012
Depreciation/amortization and impairment losses/reversals of impairment losses	218.2	192.9
Income from divestments of non-current assets and current-asset properties	–374.0	–259.2
Income after financial items from joint ventures and associated companies	–83.2	–62.6
Dividends from joint ventures and associated companies	35.3	25.8
Provision for the year, intra-Group profits on contracting work	21.4	26.0
Pensions recognized as expenses but not related to payments	54.6	67.3
Pensions paid	–60.7	–61.0
Cost of Seop	29.5	28.3
Gain on joint ventures divested	–14.1	–51.2
Other items that have not affected cash flow from operating activities	–3.6	–0.9
Total	**–176.7**	**–94.7**

Taxes paid

Taxes paid are divided into operating activities, investing activities and financing activities.

Total taxes paid for the Group during the year amounted to EUR –124.0 M (–130.4).

Information about interest and dividends

	2013	2012
Interest income received during the year	15.6	21.0
Interest payments made during the year	–51.4	–50.9
Dividends received during the year	35.3	25.8

Cash and cash equivalents

Cash and cash equivalents in the cash-flow statement consist of cash and current investments. The definition of cash in the statement of financial position can be seen in Note 1, "Accounting and valuation principles."

The same rule that has been used in determining cash and cash equivalents in the statement of financial position has been used in determining cash and cash equivalents according to the cash-flow statement. Only amounts that can be used without restrictions are recognized as cash.

	2013	2012
Cash	817.2	671.9
Total	**817.2**	**671.9**

Other matters

At year-end, the Group's unutilized credit facilities amounted to EUR 646.6 M (661.8).

Information about assets and liabilities in acquired Group companies/businesses

	2013	2012
Assets		
Intangible assets	26.3	–7.6
Property, plant and equipment	6.3	7.3
Shares and participations		0.3
Interest-bearing assets	0.1	–0.7
Non-interest-bearing assets	6.2	–1.4
Total	**38.9**	**–2.0**
Liabilities		
Non-controlling interests	0.0	0.0
Interest-bearing liabilities	5.5	–1.2
Non-interest-bearing liabilities	11.7	–3.4
Total	**17.2**	**–4.5**
Purchase price paid	–22.3	–2.5
Cash and cash equivalents in acquired companies	0.6	0.0
Effect on cash and cash equivalents, investment	**–21.7**	**–2.5**

Acquired Group companies are described in Note 7, "Business combinations."

Relation between consolidated operating cash-flow statement and consolidated cash-flow statement

The difference between the consolidated operating cash-flow statement and the consolidated cash-flow statement in compliance with IAS 7, "Cash-flow Statements," is presented below.

The consolidated cash-flow statement that was prepared in compliance with IAS 7 recognizes cash flow divided into:
Cash flow from operating activities
Cash flow from investing activities
Cash flow from financing operations

The consolidated operating cash-flow statement recognizes cash flow divided into:
Cash flow from business operations
Cash flow from financing operations
Cash flow from strategic investments
Dividend etc.
Change in interest-bearing receivables and liabilities

The consolidated operating cash-flow statement refers to operating activities as "business operations." Unlike the cash-flow statement in compliance with IAS 7, "business operations" also includes net investments, which are regarded as an element of business operations together with tax payments on these. Such net investments are net investments in property, plant and equipment and intangible non-current assets as well as net investments in Infrastructure Development.

Investments of a strategic nature are recognized under cash flow from strategic investments.

Under cash flow from financing activities, the operating cash-flow statement recognizes only interest and other financial items as well as taxes paid on the same. Dividends are recognized separately. Loans provided and repayment of loans are also recognized separately along with changes in interest-bearing receivables at the bottom of the operating cash-flow statement, resulting in a subtotal in that statement that shows cash flow before changes in interest-bearing receivables and liabilities.

Note 35 Continued

Cash flow for the year

	2013	2012
Cash flow from business operations according to operating cash flow	580.8	–215.9
Less net investments in property, plant and equipment and intangible assets	137.5	203.1
Less tax payments on property, plant and equipment and intangible assets divested and divestment of assets in Infrastructure Development	4.6	2.3
Cash flow from operating activities	**723.0**	**–10.5**
Cash flow from strategic investments according to operating cash flow	–22.2	–2.5
Net investments in property, plant and equipment and intangible assets	–137.5	–203.1
Increase and decrease in interest-bearing receivables	–2.9	70.9
Taxes paid on property, plant and equipment and intangible assets divested and assets in Infrastructure Development	–4.6	–2.3
Cash flow from investing activities	**–167.2**	**–137.0**
Cash flow from financing operations according to operating cash-flow statement, including changes in interest-bearing receivables and liabilities	–58.3	600.8
Increase and decrease in interest-bearing liabilities	2.9	–70.9
Dividend etc[1]	–318.7	–314.9
Cash flow from financing activities	**–374.0**	**215.0**
Cash flow for the year	**181.7**	**67.5**
1 Of which repurchases of shares.	–33.2	–30.1

Relation between the Group's investments in the cash-flow statement and investments in the operating cash-flow statement

Total net investments are recognized in the cash-flow statement divided into operating activities and investing activities, taking into account the settlement of payments for investments and divestments.

Purchases and divestments of current-asset properties are recognized under operating activities, while other net investments are recognized under investing activities.

	2013	2012
Net investments in operating activities	570.3	–190.2
Net investments in investing activities	–159.7	–205.6
	410.5	**–395.9**
Less accruel adjustments, cash-flow effect of investments	–30.3	–39.5
Total net investments	**380.3**	**–435.4**

The consolidated operating cash-flow statement recognizes net investments divided into net investments in operations and strategic net investments as follows.

Investments/Divestments

	2013	2012
Operations – Investments		
Intangible assets	–14.6	–12.1
Property, plant and equipment	–177.4	–304.0
Assets in Infrastructure Development	–8.7	–43.8
Shares	–10.3	–2.5
Current-asset properties	–1,324.1	–1,630.2
of which Residential Development	–808.0	–892.0
of which Commercial Property Development	–516.1	–738.2
	–1,535.0	**–1,992.5**
Operations – Divestments		
Intangible assets	0.1	0.0
Property, plant and equipment	43.7	31.1
Assets in Infrastructure Development	28.0	124.5
Shares	1.6	3.6
Current-asset properties	1,864.1	1,400.5
of which Residential Development	1,060.7	928.4
of which Commercial Property Development	803.4	472.0
	1,937.5	**1,559.7**
Net investments in operations	402.5	–432.9
Strategic investments		
Acquisitions of businesses	–22.3	–2.5
	–22.3	**–2.5**
Strategic divestments		
Divestments of businesses	0.1	0.0
Divestments of shares	0.0	0.0
	0.1	**0.0**
Net strategic investments	–22.2	–2.5
Total net investments	**380.3**	**–435.4**

Note 36 Personnel

Wages, salaries, other remuneration and social insurance contributions

	2013	2012
Wages, salaries and other remuneration		
Board members, Presidents, Executive Vice Presidents and other executive team members[1]	59.8	58.1
of which variable remuneration	22.9	22.2
Other employees	2,452.4	2,446.1
Total wages, salary and other remuneration	**2,512.2**	**2,504.2**
Social insurance contributions	547.7	610.8
of which pension expenses	179.7	191.7

1 The amount related to Board members, Presidents, Executive Vice Presidents and other executive team members includes remuneration to former Board members, Presidents and Executive Vice Presidents in all Group companies during the financial year.

Of the Group's total pension expenses, EUR 5.0 M (5.3) relates to the category "Board members, Presidents, Executive Vice Presidents and other executive team members." The amount includes remuneration to former Board members, Presidents and Executive Vice Presidents.

Average number of employees

Personnel is calculated as the average number of employees. See "Accounting and valuation principles," Note 1.

	2013	2012
Sweden	10,462	10,814
Norway	4,275	4,313
Denmark	125	134
Finland	2,377	2,882
UK	4,610	3,933
Poland	6,399	6,822
Czech Republic	3,592	3,916
Slovakia	800	1,066
USA	8,791	8,044
Argentina	4,674	5,345
Brazil	4,722	4,094
Chile	2,402	2,122
Peru	2,874	1,778
Other countries	1,002	1,355
Total	**57,105**	**56,618**

Other matters

No loans, assets pledged or contingent liabilities have been provided for the benefit of any Board member or President in the Group.

Note 37 Remuneration to senior executives and Board members

The Senior Executive Team (SET) comprises the President and CEO and the eight Executive Vice Presidents. The Team consisted of a total of nine persons at the end of 2013.

Senior executives are defined as the members of the Senior Executive Team.

Preparation and decision-making processes

Principles for remuneration to senior executives are established annually by the Annual Shareholders' Meeting. The salary and other benefits of the President and CEO are established by the Board of Directors of Skanska AB, following recommendations from the Board's Compensation Committee. The Committee sets salaries, variable remuneration and other benefits of the other members of the Senior Executive Team. The President and CEO regularly informs the Compensation Committee about the salaries, variable remuneration and other benefits of the heads of Group staff units and business units. During 2013, the Compensation Committee consisted of Stuart Graham, Chairman of the Board, Sverker Martin-Löf, Board member, Lars Pettersson, Board member, and Josephine Rydberg-Dumont, Board member. The Compensation Committee met six times during the year. The Annual Shareholders' Meeting approves the directors' fees and remuneration for committee work for members of the Board, following a recommendation from the Nomination Committee.

Remuneration to senior executives

Principles for remuneration

The 2013 Annual Shareholders' Meeting approved the following guidelines for salary and other remuneration to senior executives:

Remuneration to the senior executives in Skanska AB shall consist of fixed salary, variable remuneration, if any, other customary benefits and pension. The senior executives include the President and CEO, and the other members of the Senior Executive Team.

The combined remuneration for each executive must be market-related and competitive in the labor market in which the executive is placed, and distinguished performance should be reflected in the total remuneration.

Fixed salary and variable remuneration shall be related to the responsibility and authority of the executive. The variable remuneration shall be payable in cash and/or shares and it shall have a ceiling and be related to fixed salary. The receipt of shares shall require a three-year vesting period and shall be part of a long-term incentive program. Variable remuneration shall be based on outcome in relation to established targets and be designed with the aim of achieving increased alignment between the interests of the executive and the Company's shareholders. The terms of variable remuneration should be designed in such a way that if exceptional economic conditions prevail, the Board has the opportunity to limit or refrain from paying variable remuneration if such payment is deemed unreasonable and incompatible with the Company's other responsibilities toward shareholders, employees and other stakeholders. In the case of annual bonus, it should be possible to limit or refrain from paying variable remuneration if the Board of Directors considers this reasonable on other grounds.

To the extent that a Board member performs work on behalf of the Company in addition to his or her Board work, a consultant fee and other compensation for such work may be payable.

In case of termination or resignation, the normal notice period is 6 months, combined with severance pay equivalent to a maximum of 18 months of fixed salary or, alternatively, a notice period with a maximum of 24 months.

Pension benefits shall be either defined-benefit or defined-contribution, or a combination of these, and should entitle the executive to receive an occupational pension from the age of 65. In individual cases, however, the pension age may be as early as 60. To qualify for a full defined-benefit pension, employment is required to have existed during as long a period as is required according to the Company's general pension plan in each respective country. Variable remuneration shall not be pensionable, except in cases where it follows from the rules in a general pension plan, for example Sweden's ITP occupational pension plan.

The Board of Directors may diverge from these guidelines, if there are special reasons to do so in an individual case.

Matters related to the salary and other remuneration of the President and CEO are prepared by the Compensation Committee and decided by the Board. Matters related to the salary and other remuneration of other senior executives are decided by the Compensation Committee.

Targets and performance related to variable remuneration

Variable remuneration may consist of two parts: annual variable salary, which is cash-based, and the share incentive program, which provides compensation in the form of shares.

The long-term share programs are described in the sections entitled "Long-term share programs" and "Previous long-term share programs" in this note. The table below specifies, by business stream, the starting point and "Outperform" target that were decided by the Board for the 2013 cash-based variable remuneration.

Financial targets for variable salary elements 2013

	Measure of earnings	Starting Point	Outperform	Outcome	Percentage fulfilled[2]
Group	Income after financial items, EUR billion[1]	0.35	0.54	0.57	100%
Construction[3]	Operating income, EUR billion	0.32	0.49	0.44	87%
	Skanska Value Added, EUR billion	0.34	0.49	0.46	90%
Residential Development[4]	Operating income, EUR billion	0.03	0.05	0.07	73%
	Return on capital employed, %	3	7	7	67%
Commercial Property Development	Operating income, EUR billion	0.06	0.10	0.12	86%
	Return on capital employed, %[5]	4	7	11	89%
	Leasing, thousands of sq m	130	230	311	90%
Infrastructure Development	Operating income, EUR billion	0.03	0.03	0.05	100%
	Project development, %[6]	0	100	90	90%

1 Income excludes eliminations at the Group level. The Outperform target at the Group level is 95 percent of the total Outperform targets of the business streams, and the Starting Point target is 105 percent of the total Starting Point targets of the business streams.

2 Percentage fulfilled is based on outcomes in the respective business units, which are weighed together.

3 The target Skanska Value Added (SVA) corresponds to operating profit after deduction for cost of capital employed. Cost of capital refers to the estimated cost of borrowed capital and equity before tax.

4 Residential Development in Poland, the Czech Republic & Slovakia and the UK, as well as BoKlok are also measured for number of sold units. Rental Properties are also measured for number of units started. The target was not reached during the year.

5 Including unrealized development gains and changes in market value. Encompasses the Commercial Property Development Nordic, Europe and U.S. business units.

6 Contains targets for project development in Europe and the Americas, as well as asset management and divestments.

Note 37 Continued

In addition to the above-mentioned financial-performance targets, each person in the Senior Executive Team has non-financial targets that may reduce the final outcome measured only according to the financial targets. These non-financial targets mainly concern strategic initiatives for profitable growth and management development. The outcome is reduced in cases where the operations for which the person is responsible have not achieved the non-financial targets.

For the Senior Executive Team, excluding the President and CEO, annual variable remuneration is mainly tied to the Group targets and/or to the business units they are directly responsible for. The non-financial targets are connected to the business units and/or operations that individuals in the Senior Executive Team are responsible for. The preliminary outcome for the other members of the Senior Executive Team averaged 91 percent. This calculation is preliminary, insofar as any deductions as a consequence of non-financial targets have not yet been taken into account. The Board will decide on the final outcome of variable remuneration after a follow-up of operations during the first quarter of 2014.

Targets and performance related to variable remuneration for the President and CEO

For the President and CEO, the financial targets have been the same as the Group targets according to the above table. The Board of Directors has the option of reducing the final outcome of variable remuneration that is measured solely on the financial targets by a maximum of 50 percent, based on the outcome of the Group's non-financial targets. The preliminary outcome for the variable remuneration of the President and CEO (i.e. excluding the Employee Ownership Program) shows an outcome of 75 percent of fixed salary, based on financial targets with a target fulfillment of 100 percent. This calculation is preliminary, insofar as any deductions as a consequence of non-financial targets have not yet been taken into account. The Board will decide on the final outcome after a follow-up of operations during the first quarter of 2014.

Pension benefits

The retirement age for members of the Senior Executive Team is 60 to 65 years, and employees in Sweden are entitled to pension benefits according to the ITP occupational pension plan. The ITP plan encompasses the premium-based ITP1 pension system and the defined-benefit ITP2 pension system. Employees outside Sweden are covered by local pension plans. The ITP1 premium is 4.5 percent of gross cash salary up to 7.5 base amounts of income per year (as defined by Swedish social insurance rules, and amounting to EUR 49,000 in 2013) and 30 percent of gross cash salary above that. The defined-benefit ITP2 plan 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 7.5 base amounts, 65 percent for portions between 7.5 and 20 base amounts (in 2013: EUR 130,000) and 32.5 percent for portions of salary between 20 and 30 base amounts. (in 2013: EUR 196,000) In addition, this ITP2 group is covered by a supplementary pension entitlement, with a premium of 20 percent, for portions of salary exceeding 30 base amounts. Within the framework of the ITP 1 pension system, Skanska has had a company-specific pension plan known as Skanska Egen Regi. This plan was offered to employees in Sweden with an ITP 1 plan. The premium was 5.5 percent of gross cash salary up to 7.5 base amounts of income per year and 30 percent of gross cash salary above that. The plan was closed with effect from December 31, 2013, and replaced by a defined-contribution ITP 1 plan. During 2014, the pension assets will be transferred to an external occupational pension company and will thereby be included in the defined-contribution ITP 1 plan.

Severance pay

For members of the Senior Executive Team, in case of termination by the Company, the notice period is six months, with continued fixed salary and benefits, excluding variable remuneration. After the notice period, severance pay is disbursed for 12 to 18 months. When payments are disbursed after the notice period, other income must normally be subtracted from the amount payable.

A mutual notice period of 24 months applies between Skanska and the President and CEO, with retention of fixed salary and benefits, excluding variable remuneration. No severance pay will be disbursed in case of termination.

EUR thousand	Director's fee	Audit Committee	Compensation Committee	Project Review Committee	Total
Chairman of the Board					
Stuart Graham	190.7	14.4	11.6	23.1	239.8
Other Board members					
Sverker Martin-Löf	63.6	17.3	11.6	23.1	115.6
Lars Pettersson	63.6		11.6		75.1
Sir Adrian Montague	63.6			23.1	86.7
Matti Sundberg	63.6			23.1	86.7
Fredrik Lundberg	63.6			23.1	86.7
Pär Östberg	63.6	14.4			78.0
Josephine Rydberg-Dumont	63.6		11.6		75.1
Charlotte Strömberg	63.6	14.4			78.0
Board of Directors	**699.3**	**60.7**	**46.2**	**115.6**	**921.8**

Remuneration and benefits recognized as expenses in 2013

Directors' fees

The 2013 Annual Shareholders' Meeting resolved that fees would be paid to the Board members elected by the Meeting, with the exception of the President and CEO, totaling EUR 921,800 including a special appropriation for committee work. See the table above.

Chairman of the Board

During the 2013 financial year, the Chairman of the Board, Stuart Graham, received a director's fee totaling EUR 239,800, of which EUR 49,100 related to committee work.

Board members

Other members of the Board did not receive any remuneration for their role as Board members beyond their regular directors' fees and remuneration for committee work. Matti Sundberg received approximately EUR 23,100 for serving as a Board member of the subsidiary Skanska Oy, while Sir Adrian Montague received approximately EUR 24,900 for his assignment as an advisor to Skanska's UK operations.

For Board members appointed by the employees, no disclosures are made concerning salaries and remuneration or pensions, since they do not receive these in their capacity as Board members. For Board members who were employees of the Company before the beginning of the financial year, disclosures are made concerning pension obligations in their former role as employees.

Senior Executive Team

EUR thousand	Annual salary	Variable remuneration[1]	Allocated value of employee ownership programs[2]	Other remuneration and benefits	Pension expense	Total
President and CEO						
Johan Karlström	1,250.0	937.5	523.2	9.1	508.3	3,228.1
Other SET members (8 persons)	3,455.4	3,128.3	1,446.1	170.3	1,496.4	9,696.6
Total	**4,705.5**	**4,065.8**	**1,969.3**	**179.4**	**2,004.7**	**12,924.7**

1 Variable remuneration related to the 2013 financial year is preliminary and will be finally fixed and disbursed after a follow-up of the outcome in the first quarter of 2014. The amounts included under the heading, "Variable remuneration" in the above table refer to the 2013 financial year. The variable remuneration agreements include a general clause stipulating that the Board of Directors and the Compensation Committee are entitled to wholly or partly reduce variable remuneration in case of violation of the Code of Conduct.

2 The value stated refers to a preliminary allotment of matching shares and performance shares for 2013, at the share price on December 30, 2013 (SEK 131, corresponding to EUR 14.7). The Senior Executive Team will receive an estimated 8,493 matching shares and 124,845 performance shares. The Board will decide the final outcome after a follow-up of operations during the first quarter of 2014. In order to receive matching shares and performance shares, an additional three years of service are required. The cost is allocated over three years in compliance with IFRS 2. See the section entitled "Long-term share programs." In addition to the above amounts, the President and CEO as well as some other members of the Senior Executive Team received remuneration related to the 2010 financial year. After a three-year vesting period as part of the previous Employee Ownership Program, Seop 1, the President and CEO received 30,987 shares equivalent to EUR 470,6000 in 2013, related to shares allotted for the financial year 2010. During 2013, as part of Seop 1, the other members of the Senior Executive Team – after a three-year vesting period – received 84,235 Series B Skanska shares, equivalent to EUR 1,279,300, related to shares allotted for the financial year 2010.

The President and CEO

During 2013, the President and CEO, Johan Karlström, received a fixed salary of EUR 1,250,000 plus an estimated variable salary element of EUR 937,500 based on financial targets with a 100 percent fulfillment level. Variable remuneration may total a maximum of 75 percent of fixed annual salary. The final outcome of variable remuneration for the President and CEO will be established by the Board after a follow-up of operations during the first quarter of 2014. The preliminary outcome was equivalent to 75 percent of fixed annual salary. Disbursement normally occurs during May of the year following the performance year.

The President and CEO is also covered by the Group's ongoing Employee Ownership Program, Seop 2, with an allocation of matching shares and performance shares. See the section entitled "Long-term share programs" in this note. Within the framework of Seop 2, Johan Karlström acquired 9,025 Series B Skanska shares during 2013, which resulted in an allocation of 2,256 matching shares equivalent to EUR 33,300. An estimated 33,168 performance shares may be allocated, at a value of EUR 489,800, since the Outperform targets were preliminarily 98 percent fulfilled. The stated value refers to the share price on December 30, 2013 (SEK 131, corresponding to EUR 14.7). The final allocation of performance shares will be established by the Board after a follow-up of operations during the first quarter of 2014.

The President and CEO will be eligible for a pension from age 60 at the earliest. Annual pension provisions will total 40 percent of fixed annual salary. The cost during 2013 totaled EUR 508,300.

Other members of the Senior Executive Team

During 2013, one new person joined the Senior Executive Team and one person resigned from their position. The other members of the Senior Executive Team totaled eight individuals at the end of 2013.

Members of the Senior Executive Team received a fixed salary and variable remuneration based on the Group's earnings and/or the earnings of the business units for which they are directly responsible. In addition, senior executives were covered by the Group's ongoing Employee Ownership Program, Seop 2, with an allocation of matching shares and performance shares. See the section entitled "Long-term share programs" in this note. A total of 24,946 Series B Skanska shares were purchased by the other members of the Senior Executive Team during 2013 under the Seop 2 program, which resulted in 6,237 matching shares, equivalent to EUR 92,100. An estimated 91,677 performance shares may be allocated, at a value of EUR 1,353,900 since the Outperform targets were preliminarily 98-percent fulfilled. The stated value refers to the share price on December 30, 2013 (SEK 131, corresponding to EUR 14.7). Variable remuneration and the outcome of performance shares for 2013 are preliminary, and the final outcome will be established after a follow-up of operations during the first quarter of 2014. Disbursement of the cash-based variable remuneration normally occurs during May of the year following the performance year.

All above-mentioned remuneration and benefits were charged to Skanska AB, except for EUR 2,164,700 to other members of the Senior Executive Team, which was charged to other Group companies.

Pension obligations to current and former senior executives

In 2013, outstanding pension obligations to Presidents and CEOs, including former Presidents and CEOs, amounted to EUR 15,268,500 . Outstanding obligations to other current and former members of the Senior Executive Team amounted to EUR 20,076,300.

Long-term share programs

Share incentive program – Skanska employee ownership program, Seop 2 (2011 to 2013)

In 2010, the Annual Shareholders' Meeting approved the introduction of the Seop 2 long-term share ownership program for employees of the Skanska Group, which is essentially an extension of the earlier Seop 1 share ownership program that ran from 2008 to 2010. The terms and conditions coincide in all essential respects with those of the earlier Seop 1 program.

The program is aimed at about 40,000 permanent employees of the Skanska Group, of whom some 2,000 are key employees and about 300 executives, including the President and CEO and the rest of the Senior Executive Team.

The program offers employees, key employees and executives the opportunity – provided they have made their own investment in Series B Skanska shares during a given financial year – to receive Series B Skanska shares from Skanska free of charge. For each four Series B "investment" shares purchased, the employee will be entitled, after a three-year vesting period, to receive one Series B Skanska share free of charge. In addition, after the vesting period, the employee will be able to receive additional Series B Skanska shares free of charge, depending on the fulfillment of certain earnings-based performance conditions during the purchase period.

The program is aimed at three categories of people: employees, key employees and executives. The purchase period covers the years 2011–2013 and the vesting period runs for three years from the month in which the investment shares are acquired. For each four investment shares purchased, employees may – in addition to one matching share – receive a maximum of three performance shares. For each four investment shares, key employees may – in addition to one matching share – receive a maximum of seven performance shares. For each four investment shares, executives may – in addition to one matching share – receive a maximum of 15 performance shares. The maximum number of investment shares that each employee participating in the program may acquire, through monthly savings, depends on the employee's salary and whether an employee is participating in the program as an employee, a key employee or an executive.

To qualify for receiving matching and performance shares, a participant must be employed in the Skanska Group throughout the vesting period and must have retained his or her investment shares during this period.

The program has two cost ceilings. The first ceiling depends on the extent to which financial "Seop-specific Outperform targets" are met, which limits Skanska's total cost per year to EUR 23–73 M, related to fulfillment of the financial "Seop-specific Outperform targets" at the Group level. The first cost ceiling is adjusted in accordance with the Consumer Price Index, with 2010 as the base year for Seop 2. The other cost ceiling is that Skanska's total cost per year may not exceed 15 percent of earnings before interest and taxes (EBIT) at the Group level. The actual cost ceiling will be the lower of these two cost ceilings. The cost for the outcomes of stock-purchase programs from previous years is included in annually established earnings goals. In addition to the cost ceilings, the number of shares that may be repurchased as part of the three-year program is also limited to 13,500,000 shares.

The table below shows Seop 2 target fulfillment in 2013 for each business stream.

Note 37 Continued

Financial targets for the Employee Ownership Program, Seop 2 2013[1]

	Measure of earnings	Starting Point	Outperform	Outcome	Percentage fulfilled[2]
Group	Income after financial items, EUR billion	0.41	0.58	0.57	98%
Construction[3]	Operating income, EUR billion	0.36	0.51	0.44	81%
Residential Development[4]	Operating income, EUR billion	0.03	0.05	0.07	73%
Commercial Property Development	Operating income, EUR billion	0.08	0.11	0.12	72%
	Leasing, thousands of sq m	130	230	311	90%
Infrastructure Development	Operating income, EUR billion	0.03	0.03	0.05	100%
	Project development, %	0	100	90	90%

1 For further information, see the table, "Financial targets for variable salary elements" in Note 37 on page 161.
2 Percentage fulfilled is based on outcomes in the respective business units, which are weighed together.
3 For Latin America, the target Skanska Value Added is also applied, which corresponds to operating profit after deduction for cost of capital employed. The target was not reached during the year.
4 Residential Development units in Poland, the Czech Republic & Slovakia and the UK, as well as BoKlok are also measured for return on capital employed. Rental Properties are also measured for the number of units started.

In the Skanska Group, a total of 21 percent of permanent employees participated in Seop 2 during 2013.

Excluding social insurance contributions, the cost of Seop 2 for 2013 is estimated at about EUR 95.0 M, of which EUR 22.3 M was recognized in 2012, while the cost for 2013 amounts to around EUR 26.7 M. The remaining cost of Seop 2 up to and including 2016 is estimated at about EUR 46.0 M.

The dilution effect through 2013 in respect of Seop 2 for the 2013 program is estimated at 3,841,045 shares or 0.93 percent of the number of Skanska Series B shares outstanding. Maximum dilution for the program in 2013 is projected at 7,476,712 shares or 1.79 percent.

Share incentive program – Skanska employee ownership program, Seop 3 (2014 to 2016)

In 2013, the Annual Shareholders' Meeting approved the introduction of the Seop 3 long-term share ownership program for employees of the Skanska Group, which is essentially an extension of the earlier Seop 2 share ownership program that ran from 2011 to 2013. The terms and conditions coincide in all essential respects with those of the earlier Seop 2 program.

Previous long-term share programs

Share incentive program – Skanska employee ownership program, Seop 1 (2008 to 2010)

For the initial Skanska employee ownership program, which ran from 2008 to 2010, the distribution of shares was implemented in 2011, 2012 and 2013. This related to shares that were earned during 2008, 2009 and 2010, which, after a three-year vesting period, were distributed to those who had been employed by the Group throughout the vesting period and who had retained their investment shares during this vesting period.

Excluding social insurance contributions, the cost of Seop 1 totaled EUR 74.5 M, of which EUR 71.4 M was recognized previously in 2008, 2009, 2010, 2011 and 2012, while the cost for 2013 amounts to around EUR 3.1 M.

The dilution effect through 2013 for Seop 1 is estimated at 177,304 shares or 0.04 percent of the number of Skanska Series B shares outstanding. Maximum dilution for the program at the end of the vesting period in 2013 is projected at 177,304 shares or 0.04 percent.

Local incentive programs

Salaries and other remuneration are established with reference to prevailing conditions in the rest of the construction industry and customary practices in each local market. The Skanska Group applies a remuneration model for the affected executives and managers that consists of a fixed annual salary plus variable remuneration, which is based on financial targets achieved.

Note 38 Fees and other remuneration to auditors

	2013	2012
KPMG		
Audit assignments	6.0	6.4
Tax advisory services	1.4	0.9
Other services	0.9	1.3
Total	**8.3**	**8.6**

"Audit assignments" refers to the statutory audit of the annual accounts and accounting documents as well as the administration by the Board of Directors and the President and CEO, along with audit and other review work conducted according to agreement or contract. This includes other tasks that are incumbent upon the Company's auditors as well as advisory services or other assistance as a result of observations during such review work or the completion of such other tasks.

"Other services" refers to advisory services related to accounting issues, advisory services concerning the divestment and acquisition of businesses and advisory services concerning processes and internal controls.

.

Note 39 Related party disclosures

Skanska sells administrative services to pension funds that manage assets intended to cover the Group's pension obligations.

Associated companies and joint ventures are companies related to Skanska. Information on transactions with these is presented in the following tables.

Information on remuneration and transactions with senior executives is found in Note 36, "Personnel," and Note 37, "Remuneration to senior executives and Board members."

Note 39 Continued

Transactions with joint ventures	2013	2012
Sales to joint ventures	792.0	955.2
Purchases from joint ventures	8.8	10.0
Dividends from joint ventures	34.9	25.5
Receivables from joint ventures	114.4	147.9
Liabilities to joint ventures	1.0	0.7
Contingent liabilities for joint ventures	46.8	74.2

Transactions with associated companies	2013	2012
Purchases from associated companies	0.8	1.3
Receivables from associated companies	0.0	0.5
Liabilities to associated companies	0.0	1.0

The L E Lundbergföretagen AB group has assigned Skanska to undertake two construction contracts at a total contract amount of EUR 18.3 M (16.1).

Skanska's pension fund directly owns 650,000 (650,000) Series B shares in Skanska. There is also an insignificant percentage of indirectly owned shares via investments in various mutual funds.

During 2013, Skanska divested its share of three school projects and two street lighting projects in the UK for about EUR 25.4 M to Skanska Pension Fund (Skanska UK's pension fund).

Note 40 Leases

Skanska is a lessee in both finance and operating leases.

When Skanska is a lessee, finance lease assets are recognized as a non-current asset in the statement of financial position, while the future obligation to the lessor is recognized as a liability in the statement of financial position.

Skanska is not a financial lessor.

As an operating lessor, Skanska leases properties to tenants mainly via its Commercial Property Development operations.

A. Skanska as a lessee

Finance leases

Leased property, plant and equipment including buildings and land ("Property") as well as machinery and equipment ("Plant and equipment") are recognized in the consolidated financial statements as finance leases.

Of the amount in the statement of financial position for finance leases, most relates to car leases in Sweden.

Agreements with lease companies in other countries are operating leases.

Financial leases, carrying amount	2013	2012
Property, plant and equipment		
Property	3.8	6.1
Plant and equipment	34.5	29.3
Total	**38.3**	**35.4**
Acquisition value	118.2	89.8
Depreciation for the year	–9.2	–8.2
Accumulated depreciation, January 1	–70.7	–46.2
Carrying amount	**38.3**	**35.4**

Variable fees for finance leases included in 2013 income amounted to EUR 0.0 M (0.0).

No property leased to Skanska has been subleased to others.

Future minimum lease payments and their present value can be seen in the following table.

	Future minimum lease payments		Present value of future minimum lease payments	
Expenses, due date	2013	2012	2013	2012
Within one year	–12.5	–7.7	–11.5	–6.5
Later than one year but within five years	–25.9	–9.7	–21.9	–8.2
Later than five years	–1.1	–1.7	–1.0	–1.6
Total	**–39.5**	**–19.1**	**–34.4**	**–16.3**

Reconciliation, future minimum lease payments and their present value	2013	2012
Future minimum lease payments	–39.5	–19.1
Less interest charges	5.1	2.8
Present value of future minimum lease payments	**–34.4**	**–16.3**

Operating leases

Most of the amounts for future minimum lease payments are related to leased cars and office space for operations in the UK, Poland and the U.S. Also included are site leasehold agreements, especially in Stockholm.

The Group's leasing expenses related to operating leases in 2013 totaled EUR –49.9 M (–51.9), of which EUR –48.5 M (–46.0) relates to minimum lease payments and EUR –1.4 M (–6.0) to variable payments. The Group had EUR 0.6 M (0.0) in leasing income related to subleasing on operating leases.

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

Expenses, due date	2013	2012
Within one year	–39.2	–40.8
Later than one year but within five years	–96.5	–87.1
Later than five years	–146.7	–141.6
Total	**–282.5**	**–269.5**

Of this amount, EUR 0.0 M (0.0) relates to properties that were subleased.

B. Skanska as lessor

Finance leases

Skanska is not a financial lessor.

Operating leases

Operating lease business in the form of property leasing is mainly carried out by the Commercial Property Development business stream. These properties are recognized as current assets in the statement of financial position. See Note 4, "Operating segments."

In 2013, Commercial Property Development's lease income amounted to EUR 48.5 M (56.3).

The Group's variable lease income related to operating leases amounted to EUR 0.0 M (0.0) during the year.

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

Revenue, due date	2013	2012
Within one year	52.4	35.6
Later than one year but within five years	159.7	111.3
Later than five years	126.8	36.7
Total	**338.9**	**183.6**

The carrying amount of current-asset properties in Commercial Property Development totaled EUR 1,539.8 M (1,639.8).

Note 41 Events after the reporting period

Skanska has divested the Chokladfabriken office property in Stockholm. The transaction value is EUR 67.4 M and will be reported in the first quarter 2014, when the property is taken over.

The financial statements were signed on February 6, 2014 and will be submitted for adoption by the Annual Shareholders' Meeting of Skanska AB on April 3, 2014.

Note 42 Consolidated quarterly results

	2013				2012			
In compliance with IFRS	**Q4**	**Q3**	**Q2**	**Q1**	**Q4**	**Q3**	**Q2**	**Q1**
Order bookings	**3,282.2**	**3,514.7**	**4,211.6**	**2,857.7**	**3,704.5**	**3,149.8**	**4,100.1**	**2,840.1**
Income								
Revenue	4,350.2	4,122.1	3,800.9	3,502.4	4,163.1	3,961.4	3,660.3	3,074.5
Cost of sales	–3,972.9	–3,763.4	–3,462.0	–3,128.6	–3,810.4	–3,591.1	–3,311.3	–2,818.4
Gross income	**377.3**	**358.7**	**338.9**	**373.8**	**352.7**	**370.3**	**349.1**	**256.0**
Selling and administrative expenses	–234.5	–198.3	–232.1	–221.7	–267.6	–231.2	–247.9	–230.7
Income from joint ventures and associated companies	20.3	18.9	33.1	7.8	32.1	47.0	17.1	14.7
Operating income	**163.1**	**179.2**	**139.9**	**159.8**	**117.2**	**186.1**	**118.2**	**40.0**
Interest income	3.9	3.8	3.6	4.4	4.0	4.4	5.7	6.8
Interest expenses	–6.3	–7.4	–11.9	–10.1	–12.3	–13.1	–11.6	–6.7
Change in fair value	0.4	0.6	1.4	0.0	1.2	1.3	0.9	2.0
Other financial items	–0.9	–4.1	–1.9	–2.7	–2.7	–1.9	–3.6	–1.4
Net financial items	**–2.8**	**–7.1**	**–8.8**	**–8.5**	**–9.8**	**–9.3**	**–8.6**	**0.8**
Income after financial items	**160.3**	**172.1**	**131.2**	**151.3**	**107.4**	**176.9**	**109.7**	**40.8**
Taxes	–56.4	–52.3	–34.1	–36.5	–20.9	–44.5	–29.6	–11.0
Profit for the period	**103.9**	**119.8**	**97.1**	**114.9**	**86.4**	**132.3**	**80.1**	**29.8**
Profit for the period attributable to								
Equity holders	103.6	119.7	97.1	114.7	86.1	132.0	79.9	29.8
Non-controlling interests	0.2	0.1	0.0	0.1	0.3	0.3	0.2	0.0
Order backlog	15,690.8	16,734.9	16,927.1	17,002.5	17,081.8	17,617.7	18,363.2	17,298.6
Capital employed	3,959.0	4,143.1	4,004.8	4,259.9	4,015.0	4,101.7	3,761.9	3,457.1
Interest-bearing net receivables	121.5	–476.8	–511.8	–138.5	–222.7	–583.1	–573.0	55.0
Debt/equity ratio	–0.1	0.2	0.2	0.1	0.1	0.3	0.3	0.0
Return on capital employed, %	16.1	15.0	15.3	15.3	13.0	14.8	13.9	30.3
Cash flow								
Cash flow from operating activities	685.6	95.6	–101.8	43.7	397.5	4.8	–189.1	–223.6
Cash flow from investing activities	–7.4	–68.4	–27.2	–64.3	5.3	16.1	–46.7	–111.7
Cash flow from financing activities	–238.0	–3.8	–229.7	97.4	–134.7	169.9	164.0	15.8
Cash flow for the period	**440.2**	**23.3**	**–358.7**	**76.8**	**268.1**	**190.8**	**–71.8**	**–319.5**

Note 42 Continued

Business streams

In compliance with IFRS	2013 Q4	2013 Q3	2013 Q2	2013 Q1	2012 Q4	2012 Q3	2012 Q2	2012 Q1
Order bookings								
Construction	3,282.2	3,514.7	4,211.6	2,857.7	3,704.5	3,149.8	4,100.1	2,840.1
Total	**3,282.2**	**3,514.7**	**4,211.6**	**2,857.7**	**3,704.5**	**3,149.8**	**4,100.1**	**2,840.1**
Revenue								
Construction	4,004.7	3,830.4	3,755.4	3,146.2	3,958.4	3,906.5	3,476.0	2,962.2
Residential Development	231.0	286.7	177.6	234.2	312.8	174.3	309.0	137.4
Commercial Property Development	234.7	221.3	105.9	285.7	141.8	104.2	123.2	161.0
Infrastructure Development	2.5	2.2	2.0	3.4	4.2	5.8	14.1	3.7
Central and eliminations	–122.7	–218.5	–240.0	–167.2	–254.2	–229.5	–262.0	–189.8
Total	**4,350.2**	**4,122.1**	**3,800.9**	**3,502.4**	**4,163.1**	**3,961.4**	**3,660.3**	**3,074.5**
Operating income								
Construction	141.0	117.7	123.4	61.0	97.7	149.6	115.3	36.5
Residential Development	13.2	23.9	7.5	21.7	13.6	9.8	–22.5	–5.4
Commercial Property Development	36.1	31.4	14.3	81.2	26.2	17.5	31.0	24.3
Infrastructure Development	8.4	11.5	20.0	6.5	12.5	33.8	15.7	5.5
Central	–32.8	–5.0	–21.8	–18.7	–28.5	–18.3	–18.4	–19.1
Eliminations	–2.7	–0.3	–3.5	8.2	–4.2	–6.4	–2.9	–1.8
Total	**163.1**	**179.2**	**139.9**	**159.8**	**117.2**	**186.1**	**118.2**	**40.0**

Note 43 Five-year Group financial summary

Income statements, in compliance with IFRS

	2013	2012	2011	2010	2009
Revenue	15,775.5	14,859.3	13,150.3	12,797.0	13,096.5
Cost of sales	–14,326.9	–13,531.2	–11,896.1	–11,493.5	–11,806.2
Gross income	**1,448.6**	**1,328.1**	**1,254.2**	**1,303.5**	**1,290.3**
Selling and administrative expenses	–886.6	–977.4	–869.8	–788.7	–760.4
Income from joint ventures and associated companies	80.1	110.9	547.3	56.6	38.0
Operating income	**642.1**	**461.6**	**931.8**	**571.5**	**567.9**
Net financial items	–27.2	–26.9	1.3	–3.7	–21.9
Income after financial items	**614.9**	**434.7**	**933.1**	**567.8**	**546.0**
Taxes	–179.3	–106.0	–91.9	–146.1	–148.6
Profit for the year	**435.6**	**328.7**	**841.2**	**421.7**	**397.3**
Profit for the year attributable to					
Equity holders	435.2	327.7	840.5	421.1	396.9
Non-controlling interests	0.5	0.9	0.7	0.6	0.5
Other comprehensive income					
Items that will not be reclassified to profit or loss					
Remeasurement of defined-benefit pension plans	83.6	–14.9	–344.0	93.1	71.9
Tax related to items that will not be reclassified to profit or loss	–21.2	–10.2	89.8	–25.0	–20.2
	62.4	**–25.2**	**–254.2**	**68.1**	**51.7**
Items that have been or will be reclassified to profit or loss					
Translation differences attributable to equity holders	–161.8	58.2	–21.6	174.0	113.2
Translation differences attributable to non-controlling interests	–0.8	–0.5	–0.1	–1.6	–0.5
Hedging of exchange rate risk in foreign operations	35.4	–11.4	5.8	–42.3	–31.8
Effects of cash flow hedges	60.8	–4.8	–146.9	13.3	–37.6
Tax related to items that have been or will be reclassified to profit or loss	2.0	–0.1	6.3	–5.7	–1.7
	–64.4	**41.4**	**–156.5**	**137.8**	**41.7**
Other comprehensive income after tax	**–2.0**	**16.2**	**–410.6**	**205.8**	**93.4**
Total comprehensive income for the year	**433.6**	**344.9**	**430.5**	**627.6**	**490.7**
Total comprehensive income for the year attributable to					
Equity holders	434.0	344.5	430.0	628.5	490.7
Non-controlling interests	–0.3	0.4	0.6	–0.9	0.0
Cash flow					
Cash flow from operating activities	723.0	–10.5	27.1	653.1	714.0
Cash flow from investing activities	–167.2	–137.0	101.7	–403.1	–294.7
Cash flow from financing activities	–374.0	215.0	–270.0	–511.8	–259.4
Cash flow for the year	**181.7**	**67.5**	**–141.2**	**–261.8**	**159.8**

Note 43 Continued

Income statements, in compliance with Segment Reporting

	2013	2012	2011	2010	2009
Revenue					
Construction	14,736.8	14,303.2	12,733.6	11,853.5	12,274.1
Residential Development	1,065.2	997.4	946.9	793.7	616.0
Commercial Property Development	717.3	774.5	623.9	486.7	427.9
Infrastructure Development	10.1	27.8	31.7	33.4	14.2
Central and eliminations	–770.4	–947.0	–765.0	–429.1	–546.8
Group	**15,759.0**	**15,155.8**	**13,571.2**	**12,738.2**	**12,785.5**
Operating income					
Construction	443.0	399.1	384.0	459.4	458.4
Residential Development	65.7	–13.1	38.2	58.5	–1.5
Commercial Property Development	123.4	166.3	132.5	96.3	73.4
Infrastructure Development	46.3	67.5	523.4	31.1	17.6
Central	–79.2	–83.1	–77.4	–82.9	–64.0
Eliminations	–5.3	–7.8	5.8	–3.5	2.9
Operating income	**594.0**	**529.0**	**1,006.4**	**559.0**	**486.9**
Net financial items	**–27.2**	**–26.9**	**1.3**	**–3.7**	**–21.9**
Income after financial items	**566.8**	**502.1**	**1,007.8**	**555.3**	**464.9**
Taxes	–165.3	–122.5	–107.4	–142.8	–126.5
Profit for the year	**401.5**	**379.7**	**900.3**	**412.5**	**338.4**
Earnings per share, segment, EUR	0.97	0.92	2.18	1.00	0.81
Earnings per share after dilution, segment, EUR	0.97	0.92	2.17	0.99	0.81

Note 43 Continued

Statements of financial position

	31 dec 2013	31 dec 2012	31 dec 2011	31 dec 2010	31 dec 2009
ASSETS					
Non-current assets					
Property, plant and equipment	837.2	924.4	787.0	655.3	612.1
Goodwill	545.0	568.5	562.1	434.6	423.7
Intangible assets	38.9	21.7	17.7	39.3	20.2
Investments in joint ventures and associated companies	349.2	281.5	283.3	196.9	246.7
Financial non-current assets[1, 3]	212.7	214.5	236.4	235.4	101.2
Deferred tax assets	119.0	146.2	187.4	163.3	151.0
Total non-current assets	**2,102.0**	**2,156.7**	**2,073.9**	**1,724.8**	**1,554.9**
Current assets					
Current-asset properties[2]	2,824.8	3,133.1	2,625.4	2,264.1	2,230.5
Inventories	106.1	125.7	113.7	102.7	81.1
Financial current assets[3]	669.3	679.9	713.4	701.3	543.2
Tax assets	110.3	66.1	48.9	56.1	51.8
Gross amount due from customers for contract work	700.5	697.7	572.8	548.2	448.3
Trade and other receivables	2,508.1	2,744.3	2,538.7	2,363.7	2,310.6
Cash	817.2	671.9	595.4	738.3	913.7
Assets held for sale				122.9	
Total current assets	**7,736.3**	**8,118.7**	**7,208.4**	**6,897.4**	**6,579.2**
TOTAL ASSETS	**9,838.3**	**10,275.4**	**9,282.3**	**8,622.2**	**8,134.1**
of which interest-bearing	1,682.0	1,538.6	1,515.1	1,647.1	1,531.4
EQUITY					
Equity attributable to equity holders	2,380.2	2,235.0	2,176.9	2,293.0	1,939.4
Non-controlling interests	18.2	18.8	19.2	13.9	18.9
Total equity	**2,398.4**	**2,253.7**	**2,196.1**	**2,306.9**	**1,958.3**
LIABILITIES					
Non-current liabilities					
Financial non-current liabilities[3]	731.1	561.3	149.7	122.8	185.8
Pensions	383.4	476.7	421.3	134.9	215.4
Deferred tax liabilities	112.6	66.6	104.0	181.6	149.1
Non-current provisions	0.2	1.4	1.9	3.1	5.1
Total non-current liabilities	**1,227.4**	**1,106.0**	**676.9**	**442.5**	**555.4**
Current liabilities					
Financial current liabilities[3]	452.7	731.7	623.9	309.1	359.9
Tax liabilities	69.8	27.9	29.5	111.3	103.3
Current provisions	634.9	700.6	665.0	558.9	486.7
Gross amount due to customers for contract work	1,686.9	1,835.3	1,887.1	1,879.2	1,641.0
Trade and other payables	3,368.2	3,620.1	3,203.8	3,014.4	3,029.5
Total current liabilities	**6,212.5**	**6,915.7**	**6,409.2**	**5,872.9**	**5,620.4**
TOTAL EQUITY AND LIABILITIES	**9,838.3**	**10,275.4**	**9,282.3**	**8,622.2**	**8,134.1**
of which interest-bearing	1,560.5	1,761.3	1,186.6	547.1	745.7
1 Of which shares	3.6	5.8	4.3	4.5	5.3
2 Current-asset properties					
Commercial Property Development	1,539.8	1,639.8	1,241.0	1,109.5	1,247.0
Residential Development	1,218.8	1,324.1	1,384.4	1,154.6	983.5
Central	66.1	169.2			
Total	**2,824.8**	**3,133.1**	**2,625.4**	**2,264.1**	**2,230.5**
3 Items related to non-interest-bearing unrealized changes in the value of derivatives/securities are included as follows:					
Financial non-current assets	0.7			1.0	
Financial current assets	12.9	21.9	25.8	22.4	21.4
Financial non-current liabilities	5.5	5.7	0.2		
Financial current liabilities	6.2	10.2	15.4	25.2	22.5

Note 43 Continued

Financial ratios[4]

	31 dec 2013	31 dec 2012	31 dec 2011	31 dec 2010	31 dec 2009
Order bookings[5]	13,866.1	13,794.5	13,687.8	13 641,8 [6]	12,123.0
Order backlog[5]	15,690.8	17,081.8	17,460.8	16 191,8 [7]	13,257.7
Average number of employees	57,105.0	56,618.0	52,557.0	51,645.0	52,931.0
Regular dividend per share, SEK[7]	6.25	6.00	6.00	5.75	5.25
Corresponding to regular dividend per share, EUR	0.70	0.69	0.69	0.64	0.55
Extra dividend per share, SEK[7]	0.00	0.00	0.00	6.25	1.00
Corresponding to extra dividend per share , EUR	0.00	0.00	0.00	0.69	0.10
Earnings per share, EUR	1.06	0.79	2.04	1.02	0.96
Earnings per share after dilution, EUR	1.05	0.79	2.03	1.01	0.95
Operating financial assets	767.3	531.4	1,067.0	1,351.0	1,249.0
Capital employed	3,959.0	4,015.0	3,382.8	2,854.0	2,704.0
Interest-bearing net receivables (+)/net debt (–)	121.5	-222.7	328.5	1,100.0	785.7
Equity per share, EUR	5.79	5.43	5.29	5.58	4.70
Equity/assets ratio, %	24.4	21.9	23.7	26.8	24.1
Debt/equity ratio	–0.1	0.1	–0.1	–0.5	–0.4
Interest cover	41.8	29.2	–325.7	–114.2	597.8
Return on equity, %	18.8	15.2	38.2	20.9	22.6
Return on capital employed, %	16.1	13.0	30.8	21.5	22.4
Operating margin, %	4.1	3.1	7.1	4.5	4.3
Cash flow per share, EUR	0.57	–1.32	–1.09	0.43	0.75
Number of shares at year-end	419,903,072	419,903,072	419,903,072	423,053,072	423,053,072
of which Series A shares	19,923,597	19,947,643	19,975,523	20,032,231	20,100,265
of which Series B shares	399,979,475	399,955,429	399,927,549	399,380,841	399,012,807
of which Series D shares (not entitled to dividend, treasury shares)	0	0	0	3,640,000	3,940,000
Average price, repurchased shares	107.85	105.53	104.79	105.40	100.69
Number of repurchased Series B shares	2,392,580	2,417,000	1,800,000	2,110,000	3,419,000
Number of Series B treasury shares at year-end	8,625,005	8,066,894	8,323,103	8,253,247	6,331,190
Number of shares outstanding at year-end	411,278,067	411,836,178	411,579,969	411,159,825	412,781,882
Average number of shares outstanding	411,721,772	412,035,381	411,824,469	412,229,351	415,059,131
Average number of shares outstanding after dilution	413,426,939	413,529,383	414,568,384	416,448,523	416,743,454
Average dilution, percent	0.41	0.36	0.66	1.01	0.40

4 For definitions, see Note 44.
5 Refers to Construction.
6 In 2010, correction of EUR –119.4 M.
7 In 2010, correction of EUR –126.5 M.

Note 44 Definitions

Average capital employed	Calculated on the basis of five measuring points: half of capital employed on January 1 plus capital employed at the end of the first, second and third quarters plus half of capital employed at year-end, divided by four.
Average visible equity	Calculated on the basis of five measuring points: half of equity attributable to equity holders on January 1 plus equity attributable to equity holders at the end of the first, second and third quarters plus half of equity attributable to equity holders at year-end, divided by four.
Capital employed in business streams, markets and business/reporting units	Total assets minus tax assets and deposits in Skanska's treasury unit minus non-interest-bearing liabilities excluding tax liabilities. Capitalized interest expense is removed from total assets for the Residential Development and Commercial Property Development segments.
Cash flow per share	Cash flow before change in interest-bearing receivables and liabilities divided by the average number of shares outstanding.
Comprehensive income	Change in equity not attributable to transactions with owners.
Consolidated capital employed	Total assets minus non-interest-bearing liabilities.
Consolidated operating cash flow	In the consolidated operating cash-flow statement, which includes taxes paid, investments are recognized both in cash flow from business operations and in cash flow from strategic investments. See also Note 35.
Consolidated return on capital employed	Operating income plus financial income as a percentage of average capital employed.
Debt/equity ratio	Interest-bearing net debt divided by visible equity including non-controlling interests.
Earnings per share	Profit for the period attributable to equity holders divided by the average number of shares outstanding.
Earnings per share after dilution	Profit for the period attributable to equity holders divided by the average number of shares outstanding after dilution.
Equity/assets ratio	Visible equity including non-controlling interests as a percentage of total assets.
Equity per share	Visible equity attributable to equity holders divided by the number of shares outstanding at year-end.
Interest-bearing net receivables	Interest-bearing assets minus interest-bearing liabilities.
Interest cover	Operating income and financial income plus depreciation/amortization divided by net interest items.
Negative/free working capital	Non-interest-bearing receivables less non-interest-bearing liabilities excluding taxes.
Operating cash flow	Cash flow from operations before taxes and before financial activities. See also Note 35.
Operating financial assets/liabilities net	Interest-bearing net receivables/liabilities excluding construction loans to cooperative housing associations and interest-bearing net pension liabilities.
Order backlog	Contracting assignments: The difference between order bookings for the period and accrued revenue (accrued project costs plus accrued project income adjusted for loss provisions) plus order backlog at the beginning of the period. Services: The difference between order bookings and accrued revenue plus order backlog at the beginning of the period.
Order bookings	Contracting assignments: Upon written order confirmation or signed contract, where financing has been arranged and construction is expected to begin within 12 months. If a previously received order is canceled in a subsequent quarter, the cancellation is recognized as a negative item when reporting order bookings for the quarter when the cancellation occurs. Reported order bookings also include orders from Residential Development and Commercial Proeprty Development, which assumes that a building permit has been obtained and construction is expected to begin within three months. Services: For fixed-price assignments, upon signing of contract. For cost-plus assignments, order bookings coincide with revenue. For service agreements, a maximum of 24 months of future revenue is included. No order bookings are reported in Residential Development and Commercial Property Development.
Other comprehensive income	Comprehensive income minus profit according to the income statement. The item includes translation differences, hedging of exchange-rate risk in foreign operations, remeasurements of defined-benefit pension plans, effects of cash-flow hedges and tax attributable to other comprehensive income.
Return on capital employed in business streams, markets and business/reporting units	Operating income plus financial income minus interest income from Skanska's treasury unit and other financial items as a percentage of average capital employed. Capitalized interest expense is removed from operating income for the Residential Development and Commercial Property Development segments.
Return on equity	Profit attributable to equity holders as a percentage of average visible equity attributable to equity holders.

Note 45 Supplementary information

Skanska AB, Swedish corporate identity number 556000–4615, is the Parent Company of the Group. The Company has its registered office in Solna, Stockholm County, Sweden, and is a limited company in compliance with Swedish legislation. The Company's headquarters are located in Stockholm, Sweden.

Address:
Skanska AB
SE-112 74 STOCKHOLM
Tel: +46-10-448 00 00
Fax: +46-8-755 71 26
www.skanska.se

For questions concerning financial information, please contact
Skanska AB, Investor Relations,
SE-112 74 STOCKHOLM, Sweden

Tel: +46-10-448 00 00
Fax: +46-8-755 12 56
E-mail: investor.relations@skanska.se

Statement by the President and Chief Executive Officer

These financial statements have been prepared in accordance with the international accounting standards referred to in Regulation (EC) No 1606/2002 of the European Parliament and of the Council of July 19, 2002 on the application of international accounting standards and give a true and fair view of the Group's financial position and results.

Stockholm, April 2, 2014

Johan Karlström

President and Chief Executive Officer

Independent Auditor's report

To the Board of Directors of Skanska AB (publ)
Corporate identity number 556000–4615

We have audited the consolidated financial statements of Skanska AB (publ) on pages 103–173, which comprise the statement of financial position at December 31, 2013, and the income statement, statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the EU, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide bases for our audit opinion.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the financial position of Skanska AB (publ) as of December 31, 2013, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

Stockholm, April 2, 2014

KPMG AB

George Pettersson
Authorized Public Accountant

Entré Lindhagen on the island of Kungsholmen in Stockholm is Skanska's new head office. The office was designed for an Activity-Based Workplace approach and has a full spectrum of work stations for various types of activities. The building, which is aiming for LEED Platinum-certification, was opened early 2014.

Senior Executive Team





	Johan Karlström	Anders Danielsson	Claes Larsson	Karin Lepasoon	Mike McNally
Position	President and Chief Executive Officer Responsible for Group staff units/support unit: – Legal Affairs – Risk Management	Executive Vice President Responsible for business units: – Skanska Finland – Skanska Norway – Skanska Sweden Responsible for Group staff units/support unit: – BoKlok Housing – Nordic Procurement Unit – Skanska Rental Properties – Operational Performance Center Residential – Land Bank Development Unit	Executive Vice President Responsible for business units: – Skanska Commercial Property Development Nordic – Skanska Commercial Property Development USA – Skanska Commercial Property Development Europe – Skanska Residential Development Poland – Skanska Residential Development Czech Republic	Executive Vice President Responsible for Group staff units/support unit: – Strategy – Communications – Investor Relations – Information Technology – Sustainability and Green Support – Green Business Officer	Executive Vice President Responsible for business units: – Skanska USA Building – Skanska USA Civil
Born	1957	1966	1965	1968	1955
Joined Skanska in	1983–95, 2001	1991	1990	2006	1998
Shareholding in Skanska, December 31, 2013	249,012 B shares	45,686 B shares	78,602 B shares	38,383 B shares	90,421 B shares
Board assignments	– Sandvik AB, Board member – Skanska AB, Board member – Stockholm Chamber of Commerce, Board member	–	– Handelsbanken's regional bank board of directors, western Sweden, Board member	–	– ACE Mentoring, National Board of Directors – Association for the Improvement of American Infrastructure, Board member – Incident and Injury Free CEO Forum, Board member – NYC YMCA Strong Kids Campaign, Vice Chairman
Education	– M.Sc. Engineering, Royal Institute of Technology, Stockholm – Advanced Management Program, Harvard, Boston MA, USA	– M.Sc. Engineering, Royal Institute of Technology, Stockholm – Advanced Management Program, Harvard, Boston MA, USA	– M.Sc. Engineering, Chalmers University of Technology – MBA, Chalmers University of Technology and Göteborg University	– Master of Swedish and International Law, University of Lund, Sweden – Master of European Community Laws, University of Leiden, The Netherlands	– B.S. Civil Engineering, University of Notre Dame – M.B.A., University of Rhode Island
Work experience	– Regional Manager, Skanska Norrland – President and CEO, BPA (now Bravida) – Executive Vice President, Skanska AB responsible for Nordic construction operations – Executive Vice President, Skanska AB responsible for U.S. construction operations	– President, Skanska Norway – President, Skanska Sweden	– President, Skanska Fastigheter Göteborg – President, Skanska Commercial Property Development Nordic	– Corporate Communications Manager, UBI AB – Corporate Communications Vice President, Gambro AB – Senior Vice President, Communications, Skanska AB	– Director of Operations, Marshall Contractors, Providence RI – Vice President, Fluor Daniel – Industrial Group, Greenville, SC – President, Beacon-Skanska, Boston, MA – Co-Chief Operating Officer, Skanska USA Building – President, Skanska USA Building

	Veronica Rörsgård	Peter Wallin	Roman Wieczorek	Mats Williamson
	Executive Vice President, Human Resources Responsible for Group staff units/support unit: – Human Resources	Executive Vice President, Chief Financial Officer Responsible for Group staff units/support unit: – Skanska Financial Services – Controlling – Mergers & Acquisitions – Reporting – Internal Audit and Compliance	Executive Vice President Responsible for business units: – Skanska Czech and Slovak Republics – Skanska Poland Responsible for Group staff units/support unit: – Ethics[1]	Executive Vice President Responsible for business units: – Skanska UK – Skanska Infrastructure Development – Skanska Latin America Responsible for Group staff units/support unit: – Safety
	1974	1967	1957	1958
	2009	2000	1998	1981–87, 1989
	12,690 B shares	35,902 B shares	82,473 B shares	121,230 B shares
	– Aditro AB	–	– Member of the Advisory Board, Bonnier Business Polska	– SP Technical Research Institute of Sweden, Board Member – KTH Royal Institute of Technology, Board member
	– Master of Science in Business and Economics, Mälardalen University – Université Jean Moulin Lyon III	– Master of Science in Business and Economics, Uppsala University	– Master of Law and Administration, Adam Mickiewicz University in Poznań – Poland – Legal Counsel title	– M.Sc. Engineering, Lund Institute of Technology – Advanced Management Program, Harvard, Boston, MA, U.S.A
	– International Account Manager, IBM – Managing Director, Propell – Managing Director, Alumni Sweden	– Controller and Finance Manager, Stadshypotek Fastigheter AB – Equities Manager/Analyst, Trygg Hansa/SEB – Equities Analyst, Hagströmer & Qviberg – Senior Vice President, Investor Relations, Skanska AB – CFO, Skanska Infrastructure Development – CFO, Skanska Sweden	– Division Manager, Skanska Poland – President, Skanska Poland	– Project Director, Skanska – Öresund Bridge – President, Skanska International Projects – President, Skanska Sweden – President, Skanska UK

1 Mats Williamson before February 2014

Presidents of Business Units

Krzysztof Andrulewicz	Skanska Poland
Richard Cavallaro	Skanska USA Civil
Alfredo Collado	Skanska Latin America
William Flemming	Skanska USA Building
Mats Johansson	Skanska Commercial Property Development USA
Nicklas Lindberg	Skanska Commercial Property Development Europe
Mikael Matts	Skanska Residential Development Czech Republic
Michał Melaniuk	Skanska Residential Development Poland
Kenneth Nilsson	Skanska Finland
Jan Odelstam	Skanska Commercial Property Development Nordic
Pierre Olofsson	Skanska Sweden
Mike Putnam	Skanska UK
Ståle Rød	Skanska Norway
Steve Sams	Skanska Infrastructure Development
Jonas Spangenberg	BoKlok Housing
Dan Ťok	Skanska Czech and Slovak Republics

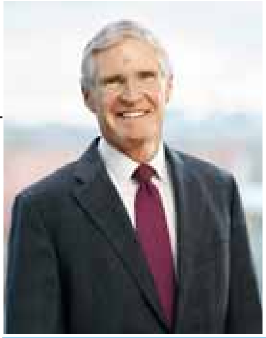
President of Support Unit

Magnus Paulsson	Skanska Financial Services

Senior Vice Presidents, Group staff units

Lars Björklund	Ethics
Katarina Bylund	Reporting
Katarina Grönwall	Communications
Anders Göransson	Internal Audit & Compliance
Thomas Henriksson	Controlling
Ann-Marie Hedbeck	Legal Affairs
Kevin Hutchinson	Information Technology (IT)
Peter Lundström	Mergers & Acquisitions
Neil Moore	Safety
Noel Morrin	Sustainability and Green Support
Magnus Persson	Investor Relations
Veronica Rörsgård	Human Resources
Staffan Schéle	
Christel Åkerman	Risk Management

Board of directors





	Stuart E. Graham	Johan Karlström	Fredrik Lundberg	Sverker Martin-Löf	Sir Adrian Montague
Position	Chairman	Board member	Board member	Board member	Board member
Born	United States, 1946	Sweden, 1957	Sweden, 1951	Sweden, 1943	United Kingdom, 1948
Elected	2009	2008	2011	2001	2007
Shareholding in Skanska, December 31, 2013	97,606 B shares	249,012 B shares	9,050,000 B shares and 6,032,000 A shares through L E Lundbergföretagen AB (publ) 1,000,000 B shares via privately owned enterprise, 5,376 A shares privately	8,000 B shares	0 shares
Other Board assignments	– Industrivärden AB, Board member – PPL Corporation, Board member – Harsco Corporation, Board member – Brand Energy and Infrastructure Services, Board member	– Sandvik AB, Board member – Stockholm Chamber of Commerce, Board member	– Holmen AB, Chairman – Hufvudstaden, Chairman – Indutrade AB, Chairman – Svenska Handelsbanken, Vice Chairman – AB Industrivärden, Board member – L E Lundbergföretagen AB, Board member – Sandvik AB, Board member	– Svenska Cellulosa Aktiebolaget SCA, Chairman – AB Industrivärden, Chairman – SSAB Svenskt Stål AB, Chairman – Telefonaktiebolaget LM Ericsson, Vice Chairman – Svenska Handelsbanken AB, Vice Chairman	– 3i Group plc, Chairman – Anglian Water Group Limited, Chairman – Aviva plc., Board member – CellMark Holdings AB, Board member – The Point of Care Foundation, Chairman
Education	– Bachelor of Science in Economics, USA – Honorary Doctorate, Czech Technical University	– M.Sc. Engineering, Royal Institute of Technology, Stockholm – Advanced Management Program, Harvard, Boston MA, USA	– M.Sc. Engineering, Royal Institute of Technology, Stockholm – MBA, Stockholm School of Economics – Dr. (Econ.) h.c., Stockholm School of Economics – Dr. (Eng.) h.c., Linköping University	– M.Sc. Engineering, Royal Institute of Technology, Stockholm – Doctor of Technology, Royal Institute of Technology, Stockholm – Ph.D. h.c., Mid-Sweden University, Sundsvall	– Law Society Qualifying Exam Part II – MA Law, Trinity Hall, Cambridge
Work experience	– President, Sordoni Construction Company, USA – President, Sordoni Skanska, USA – President, Skanska USA Civil – President, Skanska (USA) Inc., USA – Executive Vice President, Skanska AB – President and CEO, Skanska AB (2002–2008)	– Regional Manager, Skanska Norrland – President and CEO, BPA (now Bravida) – Executive Vice President, Skanska AB responsible for Nordic construction operations – Executive Vice President, Skanska AB responsible for U.S. construction operations – President and CEO, Skanska AB	– President and CEO, L E Lundbergföretagen	– Swedish Pulp and Paper Research Institute – President, MoDo Chemetics – Technical Director, Mo och Domsjö AB – President, Sunds Defibrator AB – President, Svenska Cellulosa Aktiebolaget SCA	– Head of Projects Group, Linklaters & Paines, Solicitor – Co-head, Global Project Finance, Dresdner Kleinwort Benson – Chief Executive, HM Treasury Taskforce – Senior International Adviser, Société Générale – Deputy Chairman, Network Rail – Chairman, Friends Provident plc – Chairman, British Energy Group plc – UK Green Investment Bank plc, Vice Chairman – Hurricane Exploration plc, Chairman
Dependency relationship in accordance with Code of Corporate Governance	– Independent in relation to company and company management – Dependent in relation to major shareholders	– Dependent in relation to company and company management – Independent in relation to major shareholders	– Independent in relation to company and company management – Dependent in relation to major shareholders	– Independent in relation to company and company management – Dependent in relation to major shareholders	– Independent in relation to company and company management – Independent in relation to major shareholders

Anders Fogelberg
Tjörn, born 1951
Ledarna, appointed 2011
Board member

Shareholding in Skanska
512 B shares

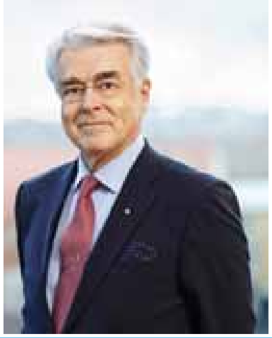
Richard Hörstedt
Helsingborg, born 1963
Swedish Building Workers' Union, appointed 2007,
Deputy Board member

Shareholding in Skanska
0 shares

Inge Johansson
Huddinge, born 1951
Swedish Building Workers' Union, appointed 1999
Board member

Shareholding in Skanska
761 B shares




Lars Pettersson	Josephine Rydberg-Dumont	Charlotte Strömberg	Matti Sundberg	Pär Östberg
Board member	Board member	Board member	Board member	Board member
Sweden, 1954	Sweden, 1955	Sweden, 1959	Finland, 1942	Sweden, 1962
2006	2010	2010	2007	2013
2,000 B shares	3,000 B shares	4,800 B shares	15,000 B shares	0 shares
– LE Lundbergsföretagen AB, Board Member – PMC Group AB, Board member – Uppsala University, Board member – Indutrade AB, Board member – LKAB, Board member	– Åhlens AB, Board Member	– Fourth Swedish National Pension Fund, Board member – Intrum Justitia AB, Board member – Boomerang AB, Board member – Castellum AB, Chairman – Swedbank AB, Board member – Karolinska Institutet, Board Member	– SSAB Svenskt Stål AB, Board member – Grängesberg Iron AB, Board member – Chempolis Oy, Chairman – FIS, Board member – Ph. D. h.c., Jyväskylä University, Finland	– SSAB Svenskt Stål AB, board member – Telefonaktiebolaget LM Ericsson, board member
– CM.Sc. Engineering Physics, Uppsala University – Ph.D. h.c., Uppsala University	– BA, Gothenburg School of Economics – MBA, University of San Francisco	– MBA, Stockholm School of Economics	– Mining Counselor – EM.Sc. (Econ.), Åbo Akademi University, Finland – D.Sc. (Econ.) h.c., University of Vaasa, Finland – University of Jyväskylä, Finland, member of Financial Board	– MBA, School of Business, Economics and Law, University of Gothenburg
– President, AB Sandvik Coromant – President, Sandvik Tooling – President, Sandvik Materials Technology – President and CEO, Sandvik AB	– Sales Manager, IKEA US West – President, IKEA Catalogue Services – President, IKEA of Sweden AB	– Senior Project and Account Manager, Alfred Berg, ABN AMRO, Stockholm – Head of Investment Banking, Carnegie Investment Bank – President, Jones Lang LaSalle Norden	– Regional Director, Scania – CEO, Metso (Valmet-Rauma Corporation)	– CEO, Volvo Treasury Asia Ltd., Singapore – CFO, Volvo Trucks, France – CFO, Renault Trucks – Director, AB Volvo – President, Volvo Trucks Asia – Executive Vice President, Volvo Group Truck Joint Ventures – Executive Vice President, AB Industrivärden
– Independent in relation to company and company management – Dependent in relation to major shareholders	– Independent in relation to company and company management – Independent in relation to major shareholders	– Independent in relation to company and company management – Independent in relation to major shareholders	– Independent in relation to company and company management – Independent in relation to major shareholders	– Independent in relation to company and company management – Dependent in relation to major shareholders

Roger Karlström
Härnösand, born 1949
SEKO, appointed 2008
Board member

Shareholding in Skanska
1,291 B shares

Thomas Larsson
Täby, born 1969
Unionen, appointed 2011
Deputy Board member

Shareholding in Skanska
0 shares

Gerardo Vergara
Strängnäs, born 1963
IF Metall, appointed 2012
Deputy Board member

Shareholding in Skanska
171 B shares

Auditor
KPMG AB
Auditor in charge since 2009:
George Pettersson, Stockholm, born 1964, Authorized Public Accountant.

Major events during 2013

This page spread shows a selection of order bookings that were announced through press releases and were included in 2013 order bookings.

Order bookings included in 2013

2014/01/10	Skanska signs contract to extend prison building in London, UK, worth GBP 34 M, SEK 350 M.
2014/01/10	Skanska books additional contracts for the renovation of the United Nations in New York, USA, for USD 57 M, SEK 372 M.
2014/01/09	Skanska awarded contract for engineering and construction services in Harrodsburg, USA, worth USD 56 M, SEK 365 M.
2014/01/09	Skanska awarded additional contract for state-of-the-art R&D facility in USA for USD 259 M, SEK 1.7 billion.
2013/12/23	Skanska to build Södra Marieholmsbron, Gothenburg, Sweden, for SEK 554 M.
2013/12/11	Skanska constructs motorway in the UK for GBP 129 M, SEK 1.3 billion.
2013/12/09	Skanska to expand and renovate the University of Kentucky, USA, for USD 71 M, SEK 462 M.
2013/11/27	Skanska signs contract for construction of educational facility in Boston, USA, for USD 57 M, SEK 370 M.
2013/11/12	Skanska to renovate Klara C at the central station in Stockholm, Sweden, for SEK 800 M
2013/10/31	Skanska to construct multi-purpose sports hall in Partille, Sweden, for SEK 328 M.
2013/10/28	Skanska signs design-build contract for tunnel in Washington, D.C., USA, worth USD 94 M, SEK 612 M.
2013/10/11	Skanska signs contract to renovate the Duke University in Durham, USA, for USD 65 M, SEK 420 M.
2013/10/11	Skanska signs additional contract for office tower in Newark, USA, worth USD 220 M, SEK 1.4 billion.

2013/10/09	Skanska signs contract for multifamily tower in Bellevue, USA, worth USD 54 M, SEK 350 M.
2013/10/03	Skanska awarded additional contract for state-of-the-art R&D facility in USA for USD 120 M, SEK 780 M.
2013/10/02	Skanska to construct research laboratory in Solna, Sweden, for SEK 1.2 billion.
2013/10/01	Skanska to construct the world's largest cable test facility for ABB in Karlskrona, Sweden, for SEK 400 M.
2013/09/27	Skanska to expand an atmospheric and vacuum distillation unit in Brazil, for BRL 111 M, SEK 347 M.
2013/08/22	Skanska constructs new logistics center in Sipoo, Finland – Skanska's contract worth EUR 49 M, SEK 419 M.
2013/08/22	Skanska signs contract for next phase of Novartis Cambridge Campus Expansion project, USA, worth USD 130 M, SEK 848 M.
2013/08/12	Skanska to expand and renovate at the University of Kentucky, USA, for USD 53 M, SEK 345 M.
2013/08/12	Skanska constructs campus in Washington D.C., USA, worth USD 78 M, SEK 510 M.
2013/08/12	Skanska signs contract to erect steel in San Francisco, USA, worth USD 189 M, SEK 1.2 billion.
2013/08/08	Skanska to construct tramway extension in Bergen, Norway, for NOK 532 M, SEK 600 M.
2013/08/08	Skanska signs contract for bypass road in Seinäjoki, Finland, worth EUR 56 M, SEK 480 M.

2013/07/05	Skanska signs contract to expand thermal power plant in Brazil, worth BRL 169 M, about SEK 540 M.
2013/07/02	Skanska signs new contract for the renovation of the United Nations in New York worth USD 65 M, SEK 425 M.
2013/07/01	Skanska signs contract to build hospital addition in Queens, NY, USA, worth USD 90 M, SEK 585 M.
2013/07/01	Skanska signs contract to build office tower in New Jersey, USA, worth USD 117 M, SEK 760 M.
2013/06/28	Skanska signs contract for office and commercial property in Oslo, Norway, worth NOK 524 M, SEK 600 M.
2013/06/28	Skanska to replace the Bayonne Bridge in the northeast of USA for USD 401 M, SEK 2.6 billion.
2013/06/28	Skanska signs additional contract for state-of-the-art R&D facility in USA, worth USD 658 M, SEK 4.3 billion.
2013/06/26	Skanska signs contract for bridge design and construction in Florida, USA, worth USD 118 M, about SEK 770 M
2013/06/20	Skanska wins commercial design and construction contract in the City of London, worth GBP 109 M, SEK 1.1 billion.
2013/06/11	Skanska to build bus depot in Gustavsberg, Sweden, for SEK 375 M.
2013/05/10	Skanska to construct subway in Oslo, Norway, for NOK 357 M, SEK 406 M.
2013/05/08	Skanska to construct cultural center in Stjørdal, Norway, for NOK 381 M, SEK 434 M.
2013/04/23	Skanska signs power plant construction contract in Indiana, USA, worth USD 101 M, SEK 650 M.
2013/04/22	Skanska to construct railway in Norway, for NOK 1.34 billion, SEK 1.5 billion.
2013/04/17	Skanska announce order cancellation for USD 75 M, SEK 482 M in Latin America.
2013/04/11	Skanska signs contract to rehabilitate the Longfellow Bridge in the northeast of USA for USD 89 M, SEK 573 M.
2013/04/11	Skanska to build a pipeline for concentrate transport in Chile for USD 67 M, SEK 432 M.
2013/04/04	Skanska awarded building contract in the western USA for USD 221 M, SEK 1.4 billion.
2013/03/22	Skanska signed contract for construction and renovation of IsoKristiina Shopping Center in Lappeenranta, Finland, for SEK 754.
2013/03/22	Skanska to construct innovation park in Norway, for SEK 820 M.
2013/03/01	Skanska to operate and maintain oil and gas installations in Colombia for USD 51 M, SEK 331 M.
2013/02/18	Skanska awarded Bond Street Crossrail main station works in the UK, worth GBP 55 M, SEK 554 M.
2013/02/15	Skanska to build image and intervention center at Sahlgrenska University Hospital in Gothenburg, Sweden for SEK 399 M.
2013/02/11	Skanska builds school in Norway for NOK 363 M, SEK 425 M.
2013/01/28	Skanska awarded contract for E6 highway in southwest Sweden, worth SEK 453 M.

Below are the investments and divestments that were announced through press releases and were related to 2013 operations.

Investments

2013/12/19	Skanska invests EUR 24 M, SEK 206 M, in phase II of office project in Kraków, Poland.
2013/12/18	Skanska invests GBP 57 M, SEK 576 M, in City office building in London, UK.
2013/12/18	Skanska invests EUR 31 M, SEK 267 M, in office project in Prague, Czech Republic.
2013/12/17	Skanska invests SEK 680 M in commercial property in Malmö, Sweden.
2013/11/06	Skanska makes land investment in Boston, USA, for USD 36 M, SEK 234 M.
2013/10/15	Skanska invests USD 150 M, SEK 980 M, in new office building in Seattle, USA.
2013/09/04	Skanska invests USD 94 M, SEK 613 million, in a new office building in Houston, USA.
2013/08/06	Skanska invests USD 265 M, SEK 1.7 billion, in new office building in Boston, USA.
2013/05/06	Skanska invests EUR 42 M, SEK 357 M, in office project in Wrocław, Poland.
2013/02/26	Skanska invests EUR 46 M, SEK 397 M, in Green Court Bucharest office project in Bucharest, Romania.

Divestments

2013/12/09	Skanska and Areim form a joint venture company to develop apartments in Stockholm, Sweden. The company will acquire about 700 development rights from Skanska for about SEK 750 M.
2013/12/03	Skanska to sell laboratory and office building in Boston, USA, for USD 95 M, SEK 620 M.
2013/12/02	Skanska sells the Gullbergsvass 5:26 property in the Tennet block in Gothenburg, Sweden, for SEK 630 M.
2013/11/06	Skanska sells the office project Atrium 1 in Warsaw, Poland, for EUR 94 M, SEK 808 M.
2013/09/26	Skanska to sell development property in Houston, Texas for USD 112 M, SEK 730 M.
2013/09/23	Skanska sells Green Day office building in Wrocław, Poland, for EUR 43 M, SEK 370 M.
2013/08/21	Skanska has sold its Finnish head office to Union Investment for EUR 32 M, SEK 274 M.
2013/07/02	Skanska sells the new police station in Södertälje, Sweden, for SEK 300 M.
2013/06/24	Skanska sells the Gröna Skrapan office property in Gothenburg, Sweden, for SEK 617 M.
2013/05/23	Skanska sells property in Gothenburg, Sweden, for SEK 420 M.
2013/05/02	Skanska divests interest in five social infrastructure projects in the UK for GBP 22 M, SEK 220 M.

The Radisson Blu Riverside Hotel, right on the Göta Älv river in Gothenburg, offers a true waterfront location. The hotel has 265 rooms in an elegant setting with views across the harbor inlet. Skanska not only developed and built the hotel, but also provided all the furnishings – everything from furniture to pillows and televisions. Skanska bought the plot in 2010 and signed a 25-year lease with Winn Hotel Group, which was able to welcome the first guests to the 11-story hotel in March 2013.

Definitions and explanations

Average capital employed – Calculated on the basis of five measuring points: half of capital employed on January 1 plus capital employed at the end of the first, second and third quarters plus half of capital employed at year-end, divided by four.

Average visible equity – Calculated on the basis of five measuring points: half of equity attributable to equity holders (shareholders) on January 1 plus equity attributable to equity holders at the end of the first, second and third quarters plus half of equity attributable to equity holders at year-end, divided by four.

BREEAM – BREEAM is one of the world's leading systems for environmental certification of buildings. Numerous similarities exist between BREEAM and LEED; both take a holistic approach to a building's environmental performance. BREEAM stands for BRE Environmental Assessment Method.

Bundled construction – project development that may occur within Construction operations for a specific user or tenant.

Capital employed in business streams, markets and business/reporting units – Total assets minus tax assets and deposits in Skanska's treasury unit minus non-interest-bearing liabilities minus provisions for taxes and tax liabilities. Capitalized interest expense is removed from total assets for the Residential Development and Commercial Property Development segments.

Cash flow per share – Cash flow before change in interest-bearing receivables and liabilities divided by the average number of shares outstanding.

CEEQUAL – A British assessment and certification tool developed with the aim of improving environmental performance in civil engineering projects.

Comprehensive income – Change in equity not attributable to transactions with owners.

Consolidated capital employed – Total assets minus non-interest-bearing liabilities.

Consolidated operating cash flow – In the consolidated operating cash-flow statement, which includes taxes paid, investments are recognized both in cash flow from business operations and in cash flow from strategic investments. See also Note 35.

Consolidated return on capital employed – Operating income plus financial income as a percentage of average capital employed.

Debt/equity ratio – Interest-bearing net debt divided by visible equity including non-controlling interests.

Earnings per share – Profit for the year attributable to equity holders divided by the average number of shares outstanding.

Earnings per share after dilution – Profit for the year attributable to equity holders divided by the average number of shares outstanding after dilution.

Equity/assets ratio – Visible equity including non-controlling interests as a percentage of total assets.

Equity per share – Visible equity attributable to equity holders divided by the number of shares outstanding at year-end.

EU GreenBuilding – A European Union system for environmental certification of buildings. To meet the requirement for EU GreenBuilding classification, a building's energy use must be at least 25 percent lower than the national standard for newly constructed buildings (in Sweden, set by the National Board of Housing, Building and Planning).

Free working capital – Non interest-bearing liabilities reduced by non interest-bearing receivables, excluding taxes. This corresponds to the negative working capital in Construction with reversed sign.

GDP – Gross domestic product.

IFRIC (International Financial Reporting Interpretations Committee) – a series of interpretations related to international accounting standards.

Interest-bearing net receivable – Interest-bearing assets minus interest-bearing liabilities.

Interest cover – Operating income and financial income plus depreciation/amortization divided by net interest items.

LEED – Leadership in Energy and Environmental Development is an international system for environmental certification of buildings. Resource use, the location, design and indoor climate of the building as well as minimization of energy consumption and waste provide the basis for LEED classification.

Operating cash flow – Cash flow from operations before taxes and before financial activities. See also Note 35.

Operating net financial assets/liabilities – Interest-bearing net receivables/liabilities excluding construction loans to cooperative housing associations and interest-bearing pension liabilities.

Operating net on properties – Rental income and interest subsidies minus operating, maintenance and administrative expenses as well as real estate tax. Site leasehold rent is included in operating expenses.

ORA – Operational Risk Assessment (Skanska's risk management model)

Order backlog – Contracting assignments: The difference between order bookings for the period and accrued revenue (accrued project costs plus accrued project income adjusted for loss provisions) plus order backlog at the beginning of the period.

Services: The difference between order bookings and accrued revenue plus order backlog at the beginning of the period.

Order bookings – Contracting assignments: Upon written order confirmation or signed contract, where financing has been arranged and construction is expected to begin within 12 months. If a previously received order is cancelled in a subsequent quarter, the cancellation is recognized as a negative item when reporting order bookings for the quarter when the cancellation occurs. Reported order bookings also include orders from Residential Development and Commercial Development, which assumes that a building permit has been obtained and construction is expected to begin within three months.

Services: For fixed-price assignments, upon signing of contract. For cost-plus assignments, order bookings coincide with revenue. For service agreements, a maximum of 24 months of future revenue is included.

No order bookings are reported in Residential Development and Commercial Property Development.

Other comprehensive income – Comprehensive income minus profit according to the income statement. The item includes translation differences, hedging of exchange risk in foreign operations, effects of actuarial gains and losses on pensions, effects of cash flow hedges and tax attributable to other comprehensive income.

PFI – Private Finance Initiative (privately financed infrastructure projects, used in the U.K.)

PPP – Public-Private Partnership (privately financed infrastructure projects).

Return on capital employed in business streams, markets and business/reporting units – Operating income plus financial income minus interest income from Skanska's treasury unit and other financial items as a percentage of average capital employed. Capitalized interest expense is removed from total assets for the Residential Development and Commercial Property Development segments.

Return on equity – Profit attributable to equity holders as a percentage of average visible equity attributable to equity holders.

Seop – Skanska employee ownership program

SET – Senior Executive Team (Skanska's corporate management team)

SFS – Skanska Financial Services

SRT – Skanska Risk Team

STAP – Skanska Tender Approval Procedure

STEP – Skanska Top Executive Program

Yield on properties – Operating net divided by year-end carrying amount.

Addresses

Skanska AB (publ)
SE-112 74 Stockholm
Sweden
Street address: Warfvinges väg 25
Tel: +46 10 448 00 00
Fax: +46 8 755 12 56
www.skanska.com/group

Skanska Sweden
SE-112 74 Stockholm
Sweden
Street address: Warfvinges väg 25
Tel: +46 10 448 00 00
Fax: +46 8 755 63 17
Customer service: +46 20 30 30 40
www.skanska.se

Skanska Norway
Postboks 1175 Sentrum
NO-0107 Oslo
Norway
Street address: Drammensveien 60
Tel: +47 40 00 64 00
Fax: +47 23 27 17 30
www.skanska.no

Skanska Finland
P.O. Box 114
FI-00101 Helsingfors
Finland
Street address: Nauvontie 18
Entrance: Kallioportaankatu 8
Tel: +358 20 719 211
Fax: +358 20 719 2271
www.skanska.fi

Skanska Poland
ul. Generala Zajaczka 9
PL-01 518 Warszaw
Poland
Tel: +48 22 561 30 00
Fax: +48 22 560 83 01
www.skanska.pl

Skanska Czech Republic
Libalova 1/2348
149 00 Prague 4
Czech Republic
Tel: +420 267 095 111
Fax: +420 267 310 644
www.skanska.cz

Skanska UK
Maple Cross House
Denham Way, Maple Cross
Rickmansworth
Hertfordshire WD3 9SW
United Kingdom
Tel: +44 1923 776 666
Fax: +44 1923 423 900
www.skanska.co.uk

Skanska USA
Empire State Building
350 Fifth Avenue, 32nd Floor
New York
New York 10118
U.S.A.
Tel: +1 917 438 4500
Fax: +1 866 597 7899
www.skanska.com/us

Skanska USA Building
1633 Littleton Road
Parsippany, NJ 07054
U.S.A
Tel: +1 973 753 3500
Fax: +1 973 753 3499
www.skanska.com/us

Skanska USA Civil
75–20 Astoria Boulevard
Suite 200
Queens, New York, N.Y. 11370
U.S.A.
Tel: +1 718 340 07 77
Fax: +1 718 747 34 58
www.skanska.com/us

Skanska Latin America
Reconquista 134, 5° piso
AR-1035 Buenos Aires
Argentina
Tel: +54 11 4341 7000
Fax: +54 11 4341 77 45
www.skanska.com/la

Skanska Commercial Property Development Nordic
SE-112 74 Stockholm
Sweden
Street address: Warfvinges väg 25
Tel: +46 10 448 00 00
Fax: +46 8 753 6791
www.skanska.com/property

Skanska Commercial Property Development Europe
SE-112 74 Stockholm
Sweden
Street address: Warfvinges väg 25
Tel: +46 10 448 00 00
www.skanska.com/property

Skanska Commercial Property Development USA
Empire State Building
350 Fifth Avenue, 32nd Floor
New York 10118
USA
Tel: +1 917 438 4500
Fax: +1 866 597 7899
www.skanska.com/us

Skanska Infrastructure Development
SE-112 74 Stockholm
Sweden
Street address: Warfvinges väg 25
Tel: +46 10 448 00 00
Fax: +46 8 755 13 96
www.skanska.com/id

Skanska Financial Services
SE-112 74 Stockholm
Sweden
Street address: Warfvinges väg 25
Tel: +46 10 448 00 00
Fax: +46 8 753 18 52
www.skanska.com/group

For other addresses:
www.skanska.com/group

More information about Skanska is at:
www.skanska.com/group

Annual Report production team:
Skanska AB in collaboration with Addira and IMS Consulting.
Graphic design and illustrations: Ira Jerselius.
Texts: Skanska AB.
Translation: Novoterm.
Photos: Skanska
Page 11, 77 Mary Campbell
Page 26, 53 Jan Malmström
Page 42-43 Staffan Andersson
Page 47, Petteri Kivimäki
Page 56–57, Jim Hobart
Page 58 Jonas Lundberg
Page 71 Kuvatoimisto Kuvio Oy
Page 73 Maciej Lulko
Page 74–75 Wayne Dion
Page 83 Cory Ruck
Page 84 Barts Health NHS Trust
Page 192–193 Ekgren och Folke
Page 197 Ulf Celander

Annual Shareholders' Meeting

The Annual Shareholders' Meeting of Skanska AB (publ) will be held at 4:00 p.m. on Thursday, April 3, 2014 at Clarion Sign Hotel, Östra Järnvägsgatan 35, Stockholm, Sweden.

Notification and registration

Shareholders who wish to participate in the Annual Shareholders' Meeting must be listed in the register of shareholders maintained by Euroclear Sweden AB, the Swedish central securities depository and clearing organization, produced on Friday, March 28, 2014 and must notify Skanska by March 28, 2014, preferably before 12 noon, of their intention to participate in the Meeting.

Shareholders whose shares have been registered in the name of a trustee must have requested temporary re-registration in their own name in the register of shareholders maintained by Euroclear Sweden AB to be entitled to participate in the Meeting. Such re-registration should be requested well in advance of Friday, March 28, 2014 from the bank or brokerage house holding the shares in trust. Notification may be sent in writing to:

Skanska AB, Legal Affairs, SE-112 74 Stockholm, Sweden;
by telephone to +46 8 402 92 81
or on the website www.skanska.com/group

The notification must always state the shareholder's name, national registration or corporate ID number, address and telephone number. If participation is authorized by proxy, this should be sent to the Company before the Meeting. Shareholders who have duly notified the Company of their participation will receive an admittance card, which should be brought and shown at the entrance to the Meeting venue.

Dividend

The Board's assessment is that the Group's financial position justifies an increased dividend and proposes a regular dividend of SEK 6.25 (6.00) (corresponding to EUR 0.70 [0.69]) per share for the 2013 financial year. The regular dividend is equivalent to a total dividend of EUR 289 M (286). The Board proposes April 8 as the record date for the dividend. Provided that the Meeting approves this proposal, the regular dividend is expected to be distributed by Euroclear AB on April 11, 2014.

The total dividend amount may change by the record date, depending on repurchases of shares and transfers of shares to participants in the company's long-term share incentive programs.

Investors

Calendar

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

Three Month Report
May 9, 2014

Six Month Report
July 18, 2014

Nine Month Report
November 7, 2014

Year-end Report
February 12, 2015

Distribution and other information

The interim reports and the Annual Report, can be read or downloaded from Skanska's website www.skanska.com/investors.

Those wishing to order the printed Annual Report can easily use the order form found on the above website, or contact Skanska AB, Investor Relations.

The website also contains an archive of interim reports and Annual Reports.

If you have questions, please contact:
Skanska AB, Investor Relations
SE-112 74 Stockholm, Sweden
Telephone: +46 10 448 00 00
Fax: +46 8 755 12 56
E-mail: investor.relations@skanska.se

SKANSKA

Skanska AB
www.skanska.com/group

Warfvinges väg 25
SE-112 74 Stockholm
Sweden
Tel: +46 10-448 00 00
Fax: +46 8-755 12 56

A unique creation takes shape in New York

The reconstruction of lower Manhattan in New York following the act of terror at the World Trade Center is approaching completion. But construction is still under way of the most spectacular building – the Oculus, designed by Santiago Calatrava. Skanska is now completing the PATH station and the Oculus, which will be the centerpiece of the World Trade Center Transportation Hub.

The 60 meter long rafters or tentacles that will extend out over the neighboring area make this structure unique. Glass and steel dominate the open design that will allow the sun to shine right through the 120 meter long and 65 meter high hall, which is being built with 12,000 metric tons of steel.

Skanska has been active in the World Trade Center district right since 2001. Construction of the Oculus started in 2011 and Skanska's structural steel work will be complete in 2015.

The contract with the Port Authority of New York & New Jersey has a value of USD 204 M.

" When the architect and builder work together, the owner always benefits. If you, as the contractor, give us the chance to design something better, we will take that opportunity. When you are working hand-in-hand, the building will only be more innovative.

Santiago Calatrava, architect