



Filmstaden Råsunda, Solna

Skanska

Nine Month Report 2006

Jan-Sep 2006 in brief

- Revenue in Construction of SEK 85.5 bn (81.3)
 - up 3 percent in local currencies
- Operating income of SEK 3,614 M (3,545)
 - of which, gains from divestments of properties 1,252 (1,342)
 - of which income from discontinued operations 0 (226)
- Order bookings in Construction up 15 percent to SEK 99.9 bn (86.7)
- Backlog of SEK 134.5 bn represents 14 months of sales
- Net cash position of SEK 10.1 bn (7.7)

Business Streams

Construction

- Continued good earnings, particularly from Sweden, Norway, Poland and the U.K.
- U.S earnings improving and Yeager delivering profit in Q3
- Continued problems in Denmark and fine in Slovakia have negative effects on earnings
- Order bookings down due to selectivity

Residential Development

- Increased production starts and continued high sales though caution for the market is warranted going forward

Commercial Development

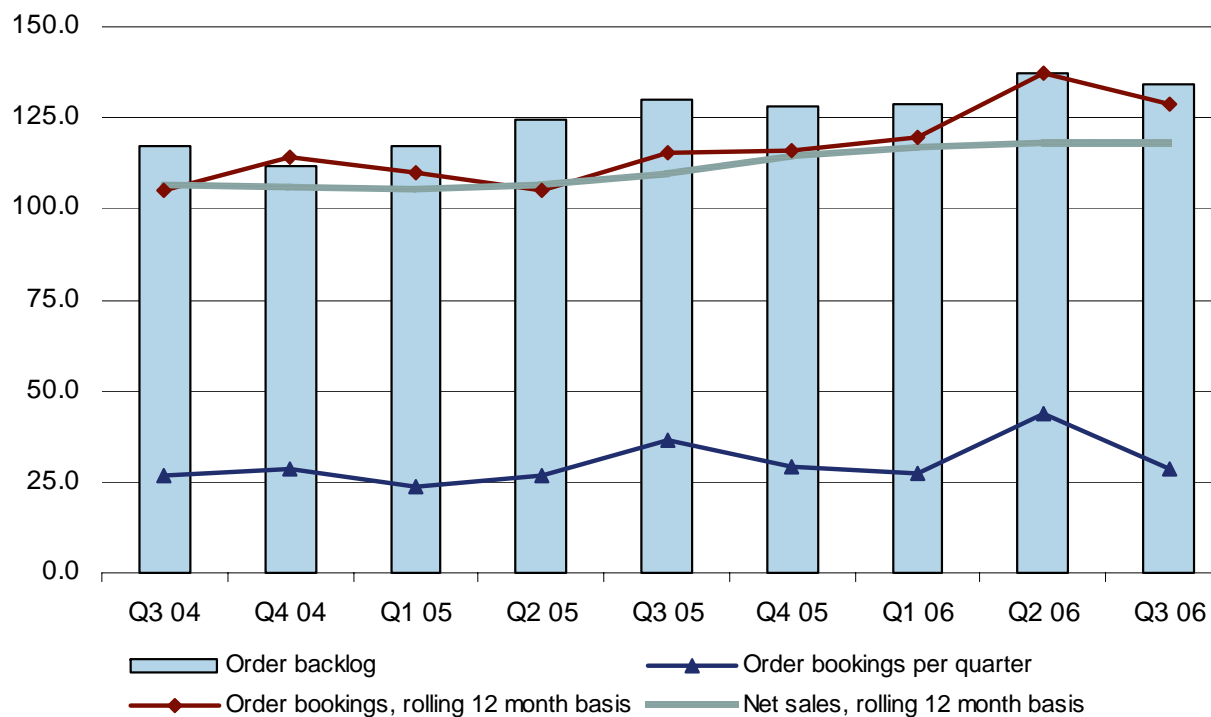
- Vacancy rates slowly decreasing, leading to new investment opportunities
- One new project started during Q3, 7 new projects year to date
- Still strong exit market

Infrastructure Development

- Financial close for Midlothian Schools
- Divestment of Kings College Hospital
- Increasing activity in the U.S. market

Order situation – Construction

SEK bn	Jan–Sep 2006	Jan–Sep 2005	Oct 2005–Sep 2006	Jan–Dec 2005
Revenue	85.5	81.3	118.7	114.5
Order bookings	99.9	86.7	129.0	115.8
Order backlog	134.5	129.9		127.9



Order bookings

SEK bn	Jan–Sep 2006	Jan–Sep 2005	Oct 2005– Sep 2006	Jan–Dec 2005
Sweden	19.4	17.3	24.1	22.1
Norway	8.2	8.6	10.9	11.4
Denmark	3.0	2.8	4.1	3.9
Finland	7.1	6.0	10.2	9.1
Poland	4.4	7.0	5.1	7.6
Czech Republic	8.9	6.3	11.1	8.6
UK	20.7	8.7	25.8	13.8
USA Building	16.9	16.0	24.1	23.2
USA Civil	8.3	11.7	9.8	13.2
Latin America	3.0	2.3	3.9	3.1
Total	99.9	86.7	129.0	115.8

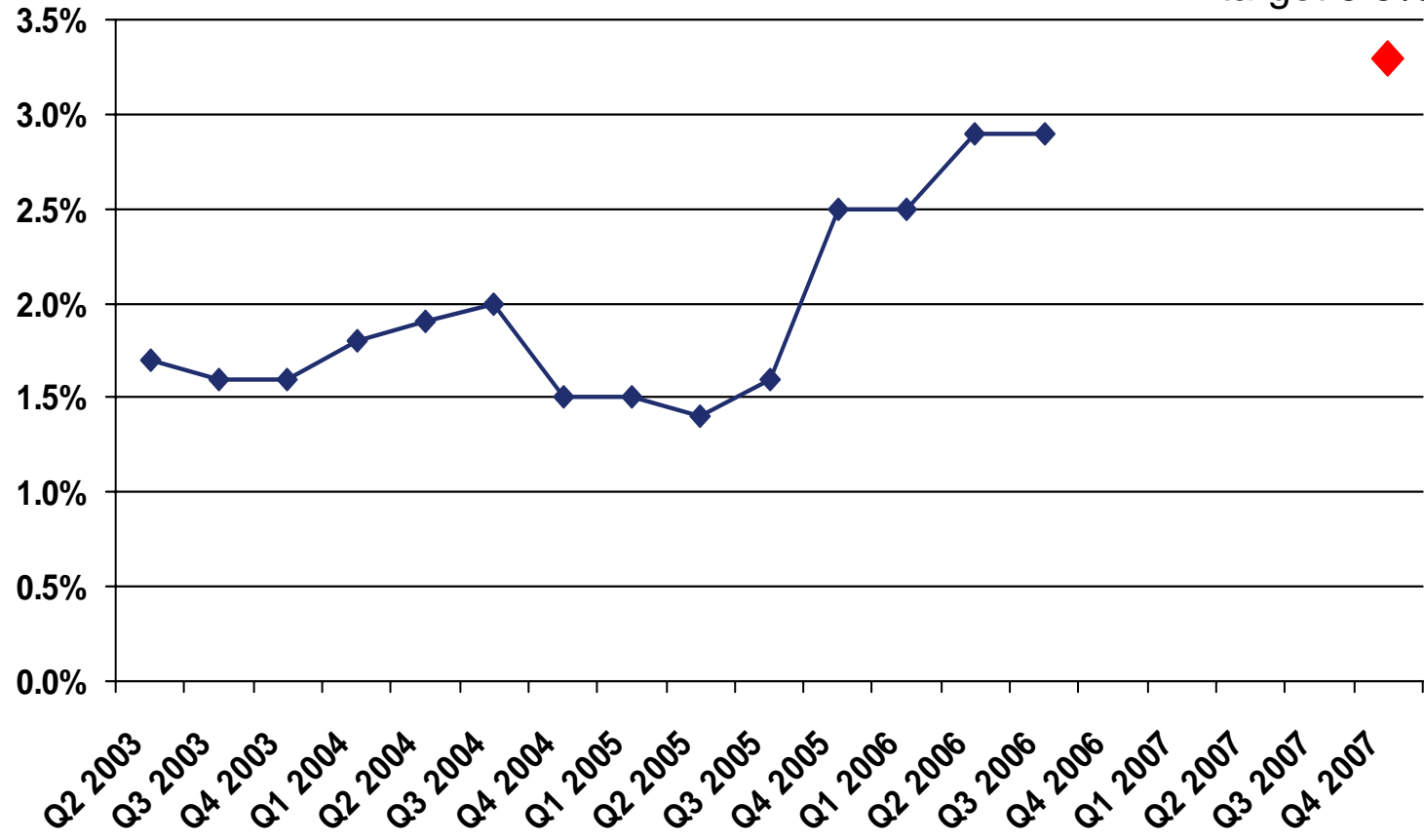
Construction

SEK bn	Jan–Sep 2006	Jan–Sep 2005	Oct 2005– Sep 2006	Jan–Dec 2005
Revenue	85.5	81.3	118.7	114.5
Gross income	6.5	5.6	9.1	8.2
Selling and administrative expenses	-4.2	-3.9	-5.6	-5.3
Income from joint ventures and associated companies	0.0	0.0	0.1	0.0
Operating income	2.4	1.8	3.5	2.9
Gross margin, %	7.6	6.9	7.6	7.1
Selling and admin. expenses, %	-4.9	-4.8	-4.8	-4.7
Operating margin, %	2.8	2.2	2.9	2.5
Capital employed, SEK bn	2.2	5.0		3.2
Order bookings, SEK bn	99.9	86.7		115.8
Order backlog, SEK bn	134.5	129.9		127.9

Operating margin in Construction

Rolling 12 months

Outperform target:3.3%



Residential Development

SEK M	Jan–Sep 2006	Jan–Sep 2005	Oct 2005– Sep 2006	Jan–Dec 2005
Revenue	4,686	4,221	6,348	5,883
Gross income	791	691	1,017	917
Selling and administrative expenses	-312	-233	-388	-309
Income from joint ventures and associated companies	33	-2	52	17
Operating income	512	456	681	625
Operating margin, %	10.9	10.8	10.7	10.6
Capital employed, SEK bn	3.7	2.3		2.4
Return on capital employed, %	24.8	24.8	24.8	25.6

Residential Project Development

September 30, 2006

	Under construction #		Of which, sold #		Of which, sold %		Completed, unsold #	
	Q3	Q2	Q3	Q2	Q3	Q2	Q3	Q2
Sweden	2,664	2,115	2,415	1,940	91	92	5	6
Norway	804	656	693	571	86	87	11	18
Finland incl. Estonia	1,821	2,070	1,159	1,393	64	67	86	100
Denmark	325	286	272	246	84	86	6	6
Nordic	5,614	5,127	4,539	4,150	81	81	108	130
Czech Republic	643	717	602	626	94	87	3	4
TOTAL	6,257	5,844	5,141	4,776	82	82	111	134

All units sold include reserved units in this summary.

Commercial Development

SEK M	Jan–Sep 2006	Jan–Sep 2005	Oct 2005– Sep 2006	Jan–Dec 2005
Revenue	3,005	3,967	4,113	5,075
Gross income	1,330	1,684	1,609	1,963
Selling and administrative expenses	-166	-159	-235	-228
Income from joint ventures and associated companies	2	4	3	5
Operating income	1,166	1,529	1,377	1,740
of which gain from divestments of properties	1,212	1,313	1,450	1,551
of which operating net, completed properties	89	313	126	350
Capital employed, SEK bn	5.9	6.9		6.0

Commercial Development

SEK M	Carrying amount end of period	Carrying amount upon completion	Market value Dec 31, 2005	Occupancy rate, %
Completed properties	2,515	2,515	3,314	72
Ongoing projects	1,059	2,633	3,392	48
Subtotal	3,574	5,148	6,706	6,312
Land bank	1,696	1,696		
TOTAL	5,270	6,844		

Sale of commercial properties, 2006

SEK M	Sale price	Capital gain
Q1	606	209
Q2	1,937	996
Q3	208	47
Total Q1-Q3	2,751	1,252

Divestments made at prices on average 25 percent in excess of market values assigned at year-end 2005

New projects

Project	Leasable area, sq m	Occupancy rate, %	Investment, SEK M
Q1			
Lundbyvassen, office, Gothenburg	11,000	70	135
Atrium, office, Copenhagen	16,000	0	319
Q2			
Népliget, office, Budapest	10,000	0	175
Stenalyckan III, retail, Halmstad	7,000	100	73
Pilsåker III, retail, Lund	2,000	100	20
Generatorn 11, warehouse, Mölndal	2,000	62	20
Q3			
Scylla III, office, Malmö	8,000	44	200
TOTAL Q1-Q3	56,000	33	942
Q4 to date			
Norra Bantorget, office, Stockholm	14,000	0	364
TOTAL YTD	69,000		1,306

Infrastructure Development

SEK M	Jan–Sep 2006	Jan–Sep 2005	Oct 2005– Sep 2006	Jan–Dec 2005
Revenue	128	11	170	53
Gross income	14	-39	6	-47
Selling and administrative expenses	-128	-74	-177	-123
Income from joint ventures and associated companies	150	37	274	161
Operating income	36	-76	103	-9
of which gains from divestments of shares in projects	118	0	118	0
Capital employed, SEK bn	2.4	2.2		2.5

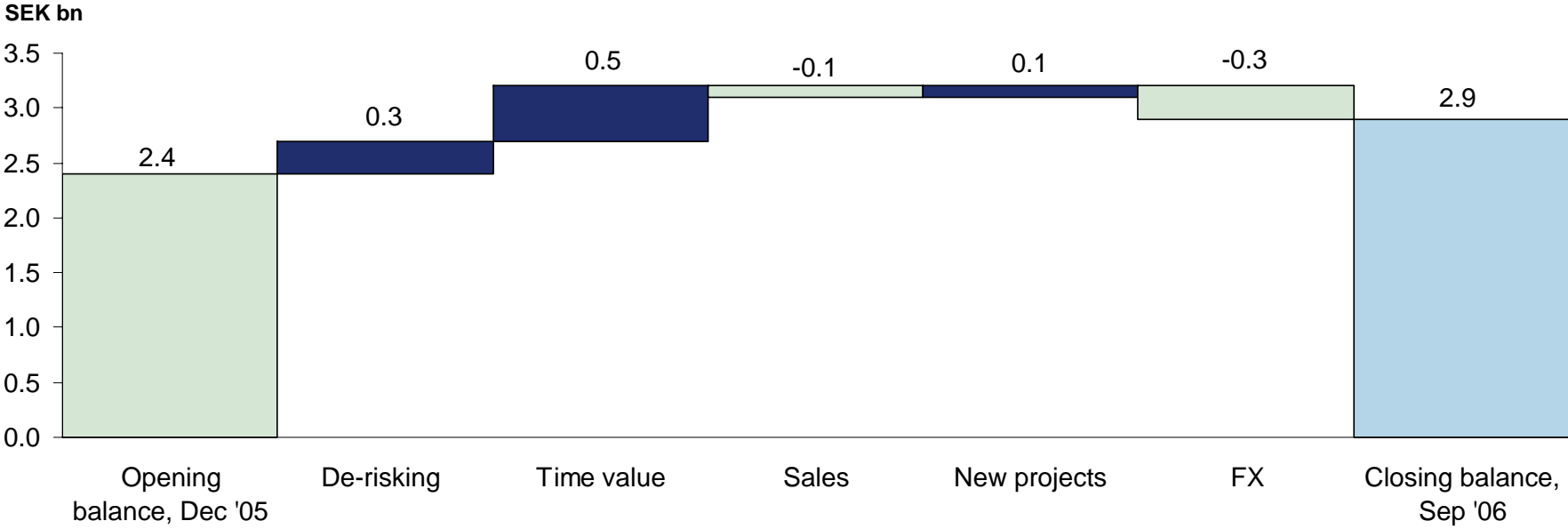
Divestments made at prices on average 35 percent in excess of market values assigned at year-end 2005

Infrastructure Development

SEK M	Sep 30 2006	Dec 31 2005
Net present value of cash flow from projects	5.9	5.2
Book value	-2.5	-2.4
Net present value of remaining investments	-0.6	-0.4
Unrealized development gain Skanska ID	2.9	2.4
Group eliminations	0.4	0.3
Unrealized development gain, Group	3.3	2.7

Infrastructure Development

Changes in unrealized development gain, 2006



Income statement

SEK M	Jan-Sep 2006	Jan-Sep 2005	Jul-Sep 2006	Jul-Sep 2005
Construction	2,380	1,759	1,018	970
Residential Development	512	456	162	179
Commercial Development	1,166	1,529	27	138
Infrastructure Development	36	-76	26	-61
Discontinued operations	-	126	-	17
Central	-419	-301	-117	-79
Eliminations	-61	-48	-69	-27
Operating income	3,614	3,545	1,047	1,137
Net financial items	153	150	44	82
Income after financial items	3,767	3,695	1,091	1,219
Taxes	-957	-887	-287	-244
Profit for the period	2,810	2,808	804	975
Earnings per share, SEK	6.68	6.68	1.91	2.31
<i>Tax rate, %</i>	25	24	26	20

Balance sheet

SEK bn	Sep 30, 2006	Sep 30, 2005	Dec 31, 2005
Property, plant and equipment	5.4	5.9	5.3
Goodwill	4.1	4.2	4.2
Intangible assets	0.6	0.6	0.6
Investments in joint ventures and associated companies	1.9	1.7	1.8
Commercial properties	6.2	7.6	7.2
Residential properties	4.6	3.1	3.3
Interest-bearing receivables	4.4	3.5	3.3
Net working capital	-14.4	-12.5	-15.0
Financial assets incl. cash	10.9	8.7	13.7
Capital employed	23.7	22.8	24.4
Equity attributable to equity holders	18.4	18.4	18.4
Minority interest	0.1	0.1	0.1
Interest-bearing liabilities	5.2	4.3	5.9
	23.7	22.8	24.4
Total assets	71.7	69.6	71.3
Net interest-bearing receivables	10.1	7.7	11.1
Equity/assets ratio, %	25.9	25.6	26.1

Change in interest-bearing assets and liabilities

SEK M	Jan–Sep 2006
Net receivables/Net debt opening balance	11,111
Change in interest-bearing receivables and liquid assets	-1,375
Translation differences interest-bearing receivables and liquid assets	-304
Change in interest-bearing liabilities	298
Translation differences interest-bearing liabilities	88
Effects of IAS 19	451
Reclassification and change in accounting principles	-29
Other changes	-131
Net receivables/Net debt closing balance	10,109

Operating cash flow

SEK M	Jan–Sep 2006	Jan–Sep 2005
Construction	1,734	-925
Residential Development	-573	1,191
Commercial Development	1,639	2,840
Infrastructure Development	60	-393
Central and eliminations	-462	-307
Discontinued operations	-	40
Cash flow before taxes, financial operations and dividends	2,398	2,446
Taxes paid	-825	-1,420
Net interest items and other financial items	80	-70
Dividend etc.	-2,730	-1,675
CASH FLOW BEFORE CHANGE IN INTEREST-BEARING ASSETS AND LIABILITIES	-1,077	-719

Group net investments

SEK M	Jan–Sep 2006	Jan–Sep 2005	Oct 2005– Sep 2006	Jan–Dec 2005
<u>Operations - investments</u>				
Intangible assets	-27	-17	-56	-46
Property, plant and equipment	-1,171	-1,183	-1,443	-1,455
Assets in ID operations	-204	-332	-348	-476
Shares	0	0	-3	-3
Current-asset properties	-4,509	-3,462	-6,003	-4,956
Investments	-5,911	-4,994	-7,853	-6,936
<u>Operations - divestments</u>				
Intangible assets	2	4	2	4
Property, plant and equipment	262	376	499	613
Assets in ID operations	176	8	203	35
Shares	4	1	4	1
Current-asset properties	6,024	6,962	8,462	9,400
Divestments	6,468	7,351	9,170	10,053
Net investments in operations	557	2,357	1,317	3,117
Net strategic divestments	104	244	388	528
TOTAL NET INVESTMENTS	661	2,601	1,705	3,645
Depreciation, non-current assets	-840	-795	-1,118	-1,073

Market outlook – Construction

- Cautiously optimistic outlook for commercial building
- Civil construction good in most home markets
- Most of the residential building markets remain at a high level but show early signs of cooling off

Market outlook – Project development

- Residential Development activity remains at a high level.
- In Commercial Development, interest in new facilities continues to lead to new project starts. Investor interest remains strong.
- Volume of PPP projects in the U.K. still large. More limited supply of projects in other markets. Pipeline of U.S. projects is increasing but lead times are extended.

Summary

- Market conditions remain favorable overall
- Operating margin in Construction still at 2.9 percent in spite of problems in Denmark and Slovakia
- Development business streams performing very well
- Stable market outlook though caution is warranted for the residential markets

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