

Capital Market Day

Norra Latin Stockholm
December 7, 2015



Agenda

| | |
|-------------|--|
| 8.00-8.30 | Registration & Coffee |
| 8.30-8.45 | Skanska introduction |
| 8.45-9.00 | Outcome previous Business Plan |
| 9.00-9.40 | Profit with Purpose – Introduction |
| 9.40-10.20 | Profit with Purpose – Business Streams' Focus Areas Construction Residential Development |
| 10.20-10.50 | Coffee break |
| 10.50-11.15 | Profit with Purpose – Business Streams' Focus Areas Cont'd Commercial Development Infrastructure Development |
| 11.15-11.35 | Profit with Purpose – Financial Targets |
| 11.35-11.50 | Profit with Purpose – Summary |
| 11.50-12.20 | Q&A |
| 12.20-13.45 | Lunch |

Johan Karlström
President and CEO,
Skanska



SKANSKA

Skanska

Founded 1887 in
Sweden

Quoted on the
NASDAQ Stockholm

A global company

2014 revenues:
SEK 145 billion

54,000 employees



Our business

Construction

Nashville Arena, Nashville, U.S.



Project Development

Residential Development

Stavstensudde, Trelleborg, Sweden



Commercial Property Development

Green Court, Bucharest, Romania

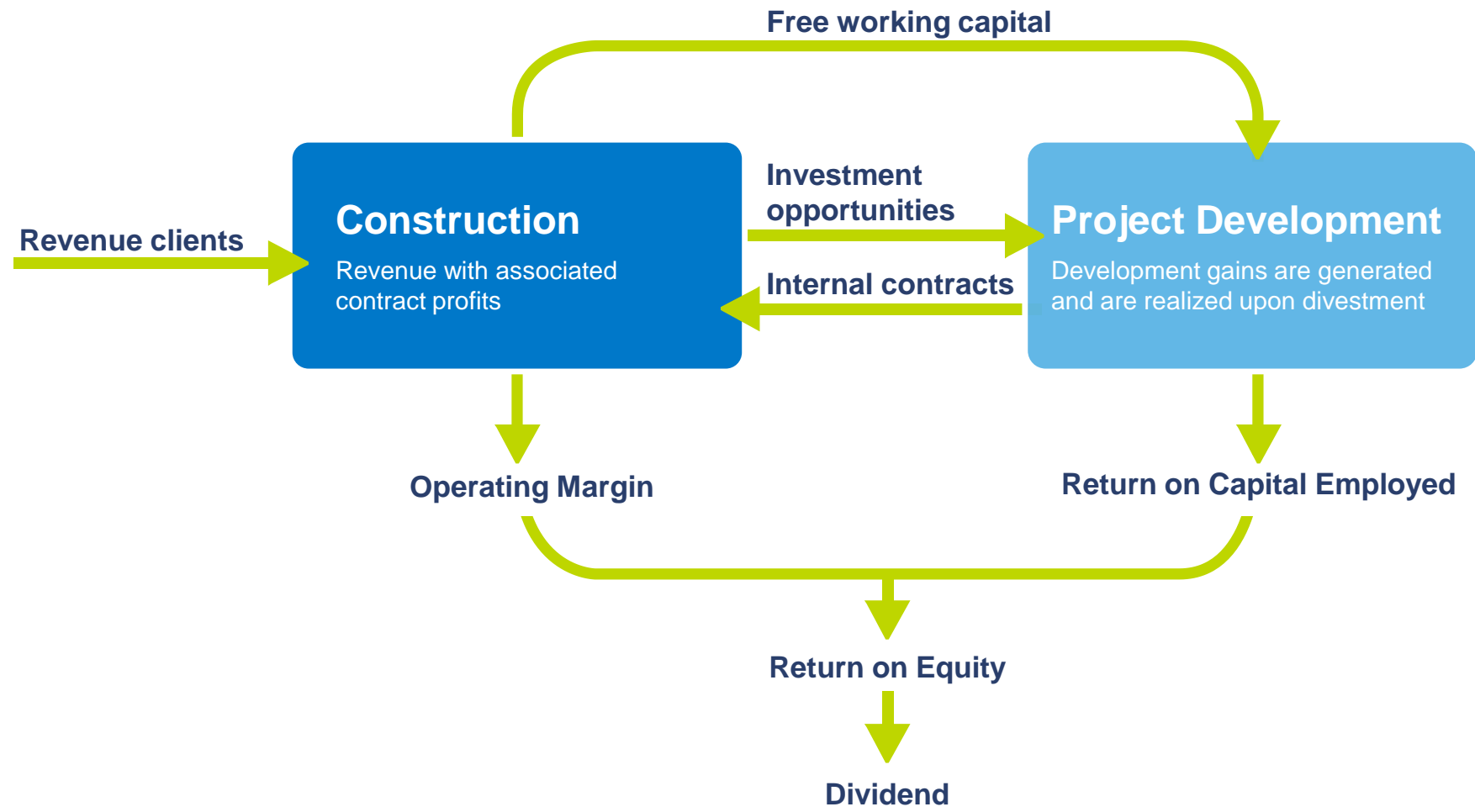


Infrastructure Development

LaGuardia, New York, U.S.



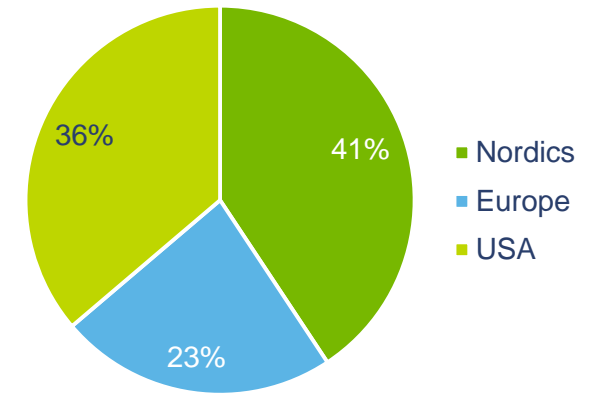
Skanska's business model



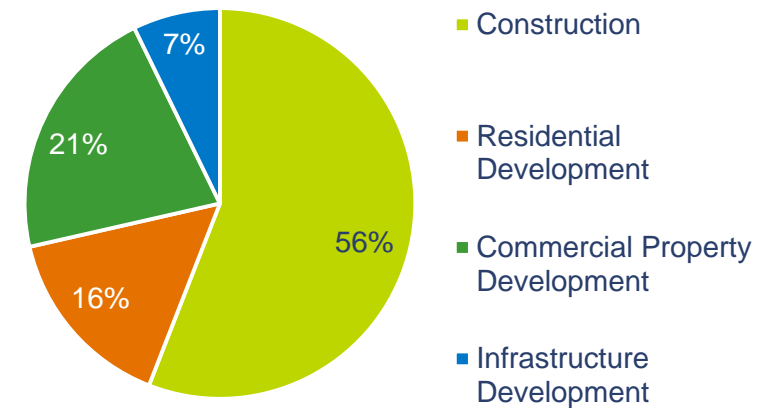
Local Presence – Global Strength



Revenue

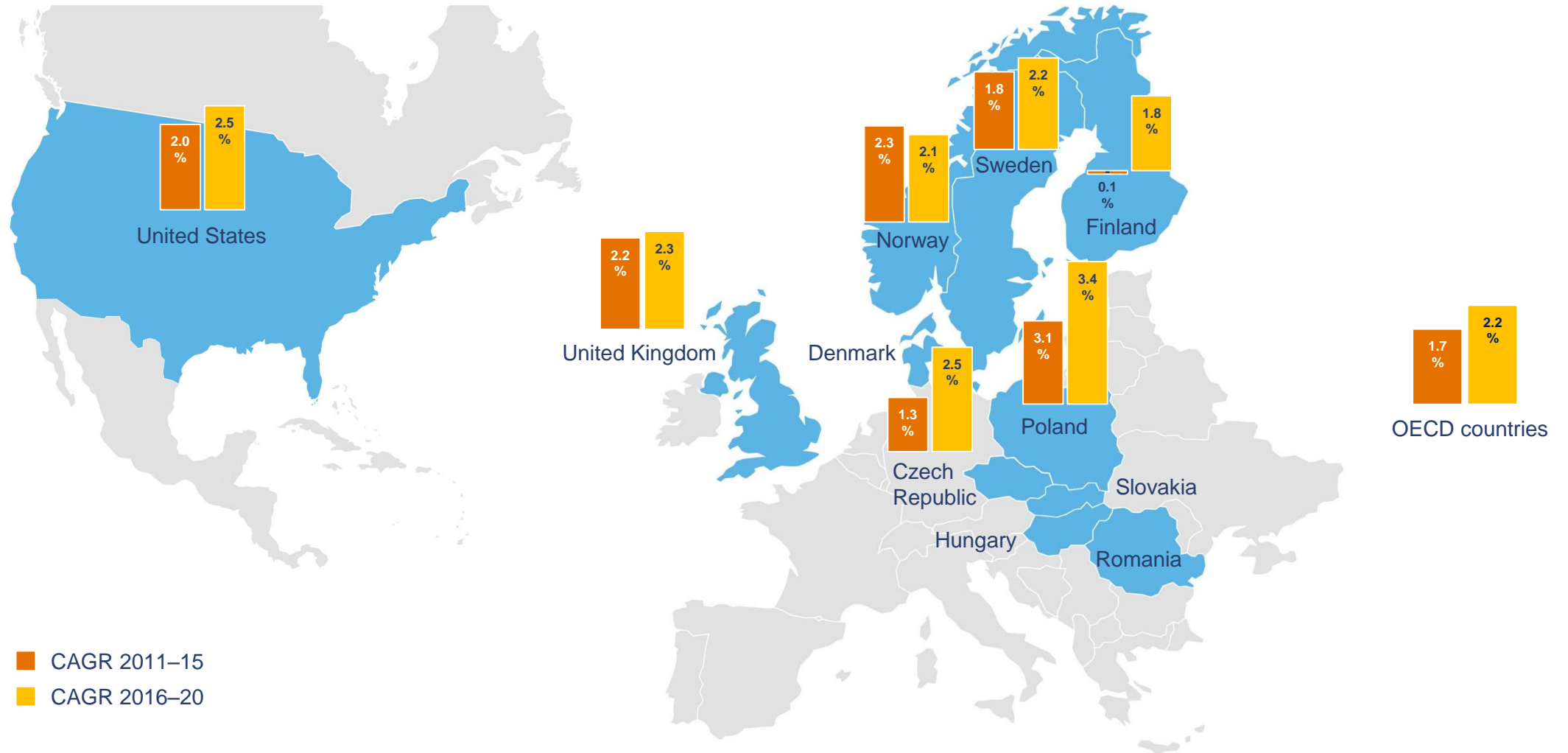


EBIT



R-12 2015 Q3

GDP development in Skanska's home markets



Source: National statistical agencies, Eurostats HSBC, Citibank, SEB and Oxford Economics. Growth rates 2011-2014 are actuals and 2015–2020 are forecasts



1990
4 out of 10
in urban areas



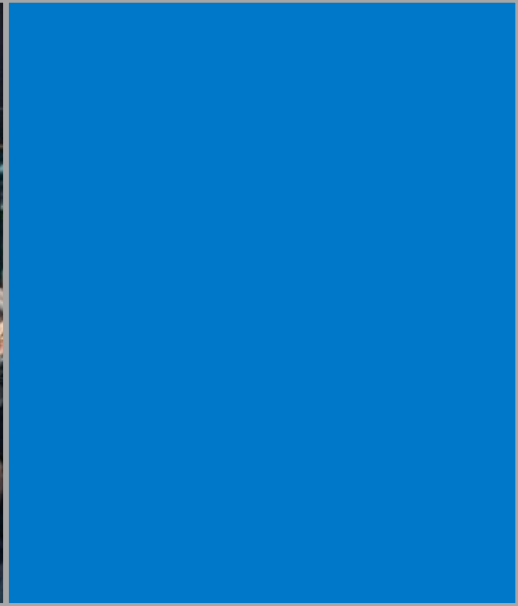


2010
5 out of 10
in urban areas



1990
4 out of 10
in urban areas





2010
5 out of 10
in urban areas



1990
4 out of 10
in urban areas

2030
6 out of 10
in urban areas



1990
4 out of 10
in urban areas



2010
5 out of 10
in urban areas



2030
6 out of 10
in urban areas



2050
7 out of 10
in urban areas

Our Home markets most important factors

Transparency

Consumer confidence

Growing populations

Political stability

Public finances

Migration



Our Home markets opportunities

Urbanization drives investments into:

Healthcare Housing Energy
Transportation/Transit Education Offices Water



Transbay Transit Center, San Francisco, U.S.

Business Plan 2011–2015

Financial outcome

Peter Wallin
EVP and CFO, Skanska

Conclusion

Profitable

Growth

Accomplished

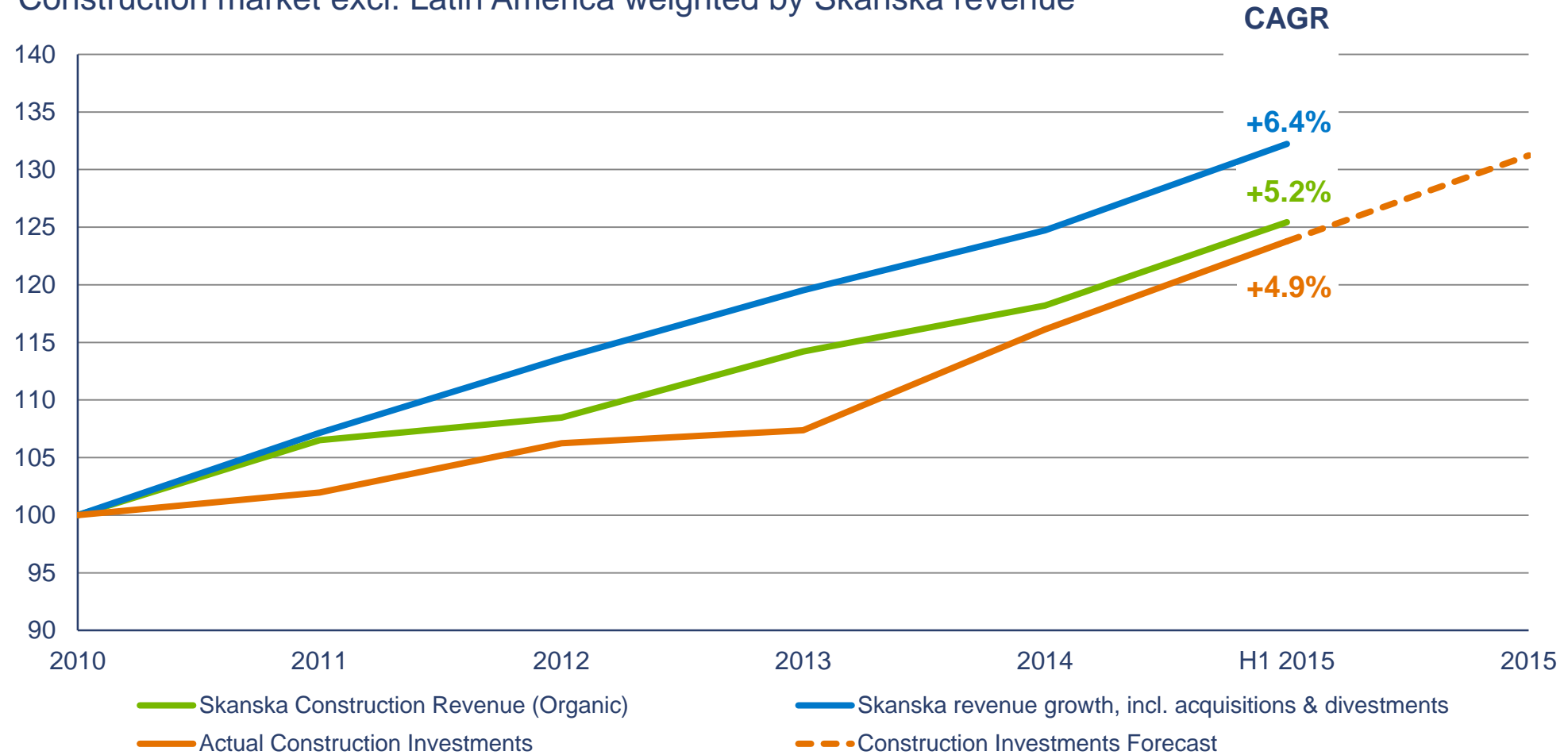
- Industry-leading total shareholder return
- Increased investments in Project Development
- Financial synergies
- Industry leader
 - Green
 - People development

Not fully accomplished

- Increased market share in Construction
- Operational synergies
- Industry leader
 - Safety
 - Ethics
 - Risk management

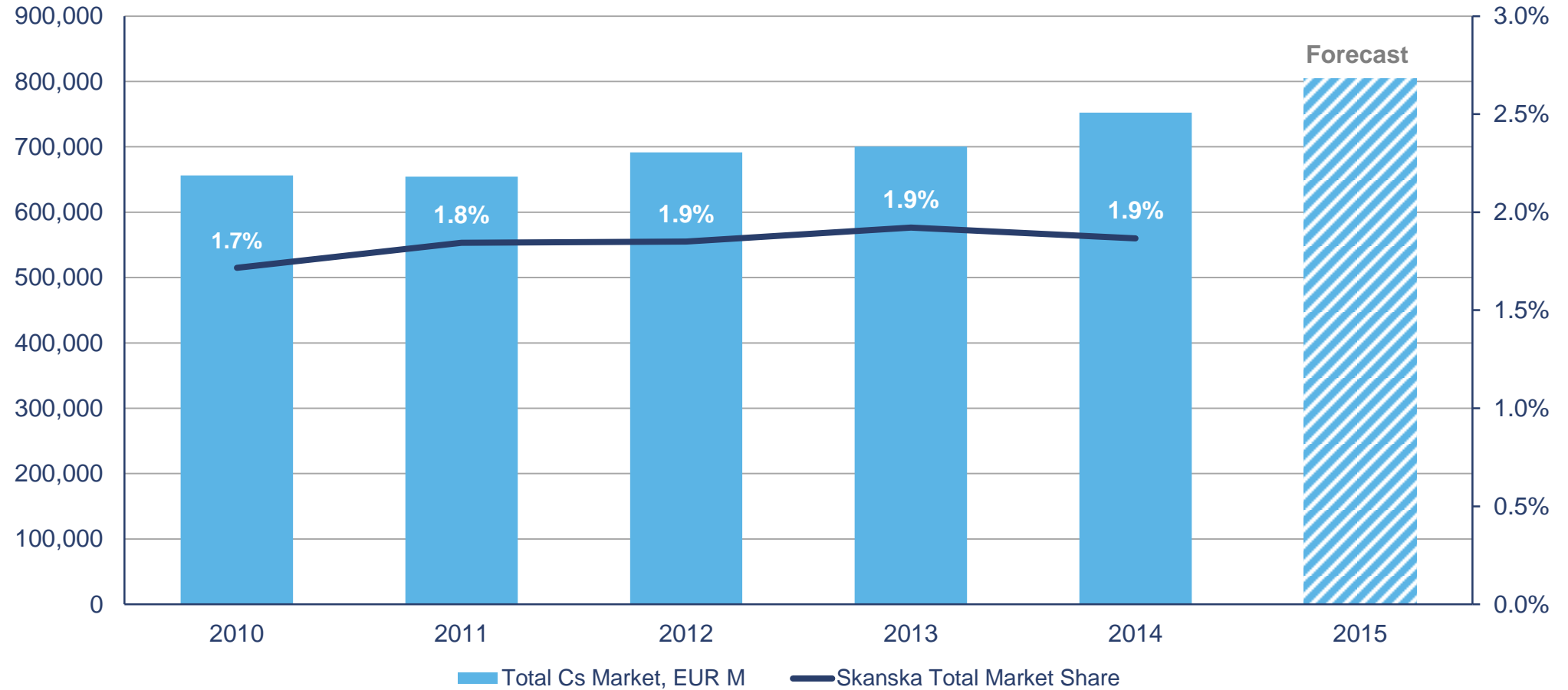
Construction Growth

Indexed, 2010=100: adjusting Skanska revenue for fx-effects
 Construction market excl. Latin America weighted by Skanska revenue

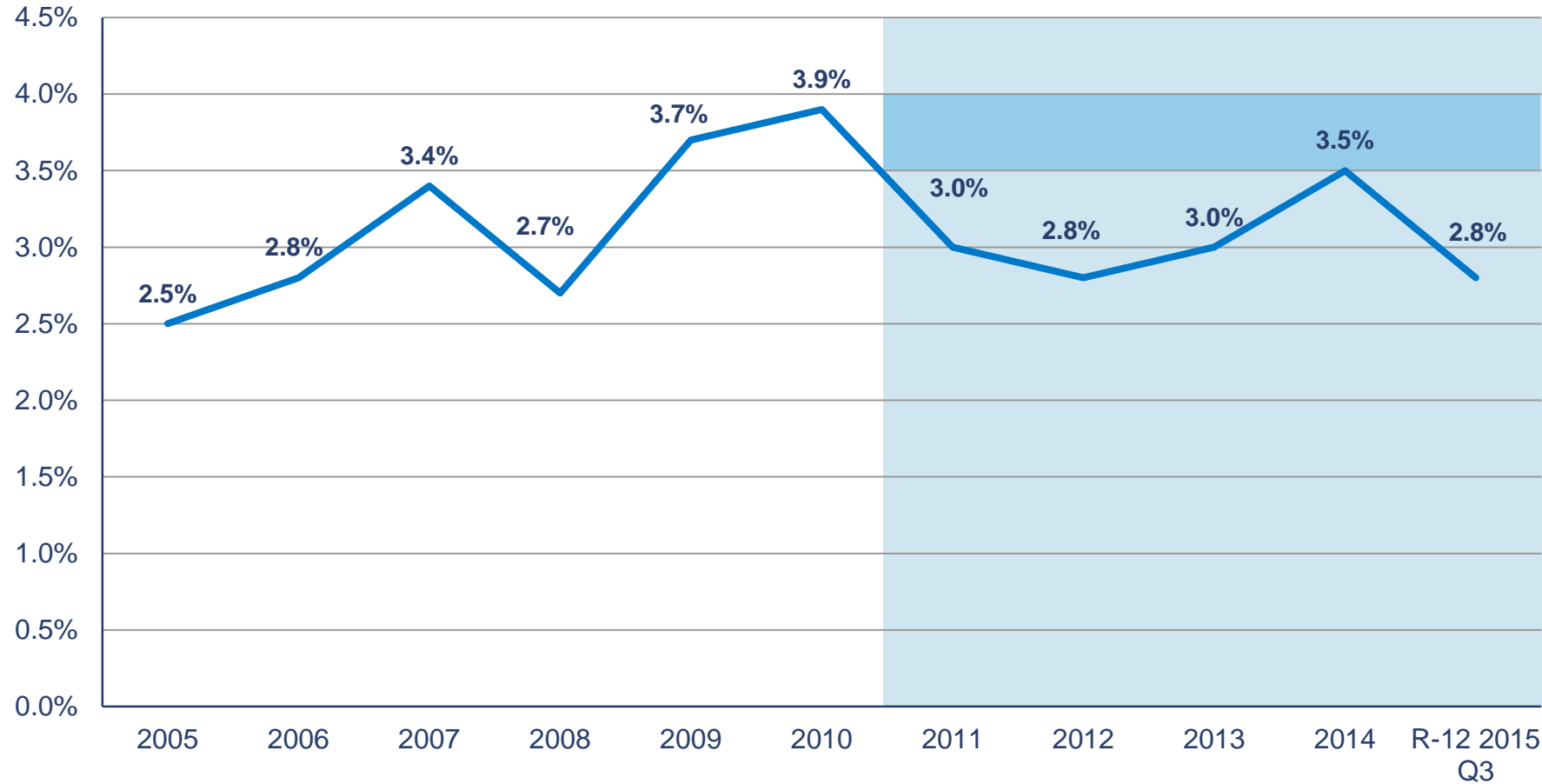


Skanska's share of construction market

Total Skanska construction market, excluding Latin America
 EUR M, based on 2010 currency rates



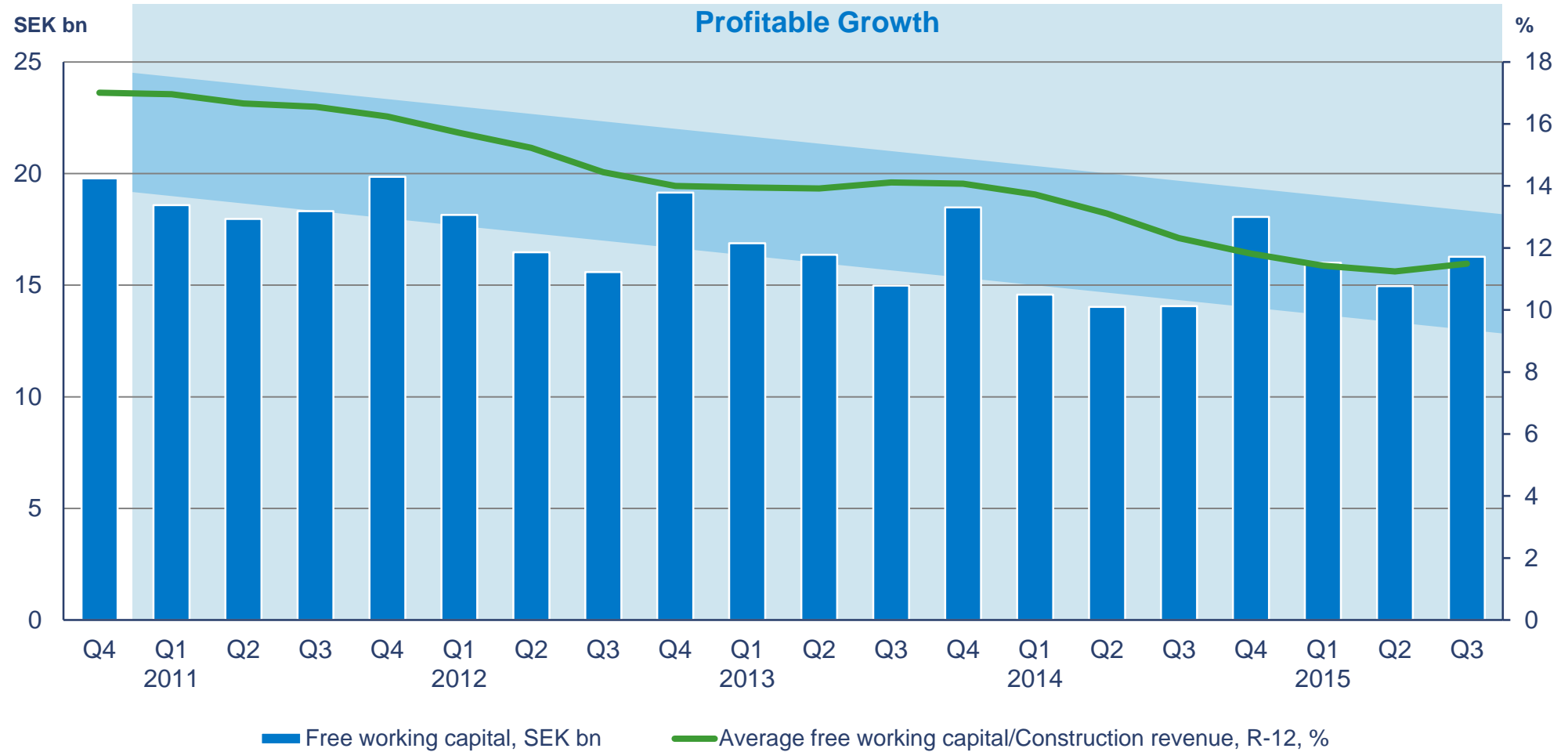
Operating Margin in Construction



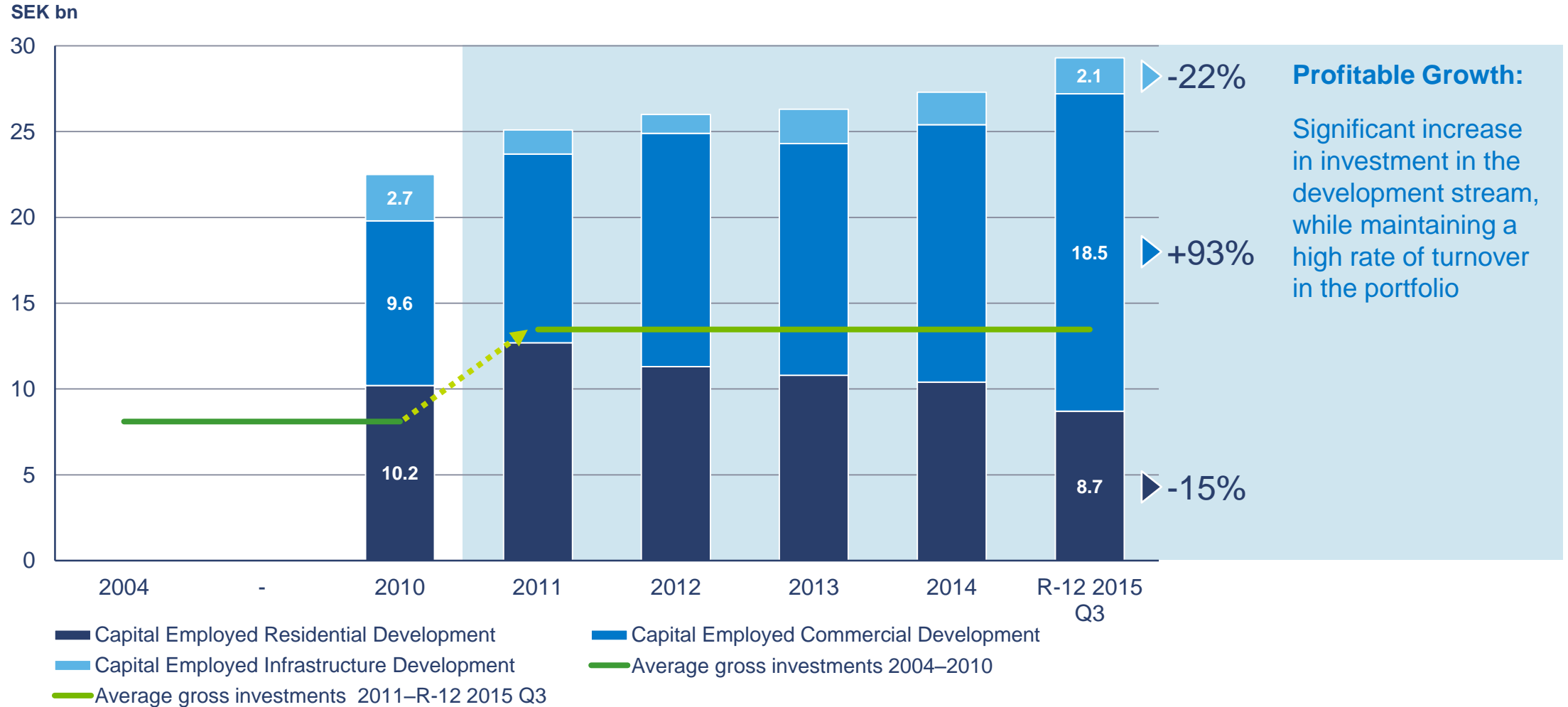
Profitable Growth:

The operating margin target is 3.5-4.0 percent, based on being in line with best-in-class among Skanska's competitors in relevant market sectors and geographic areas over a business cycle

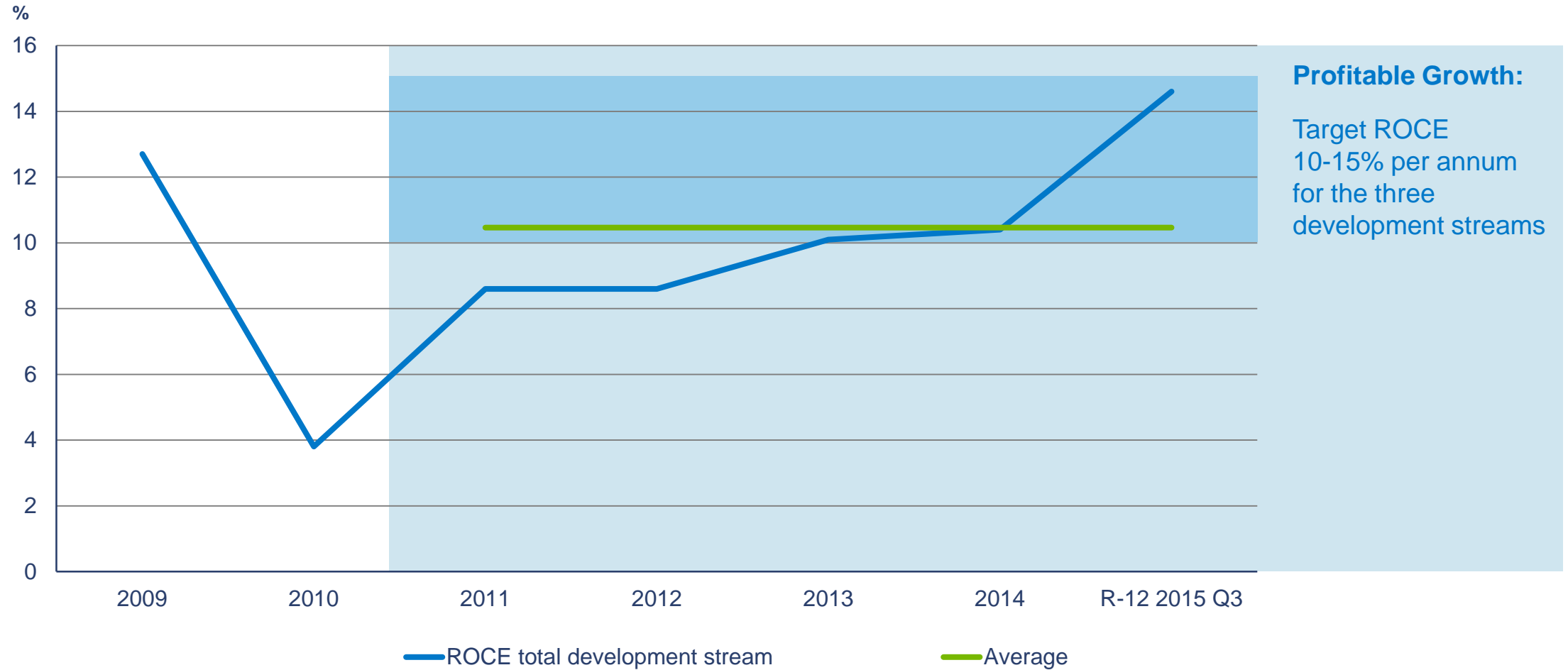
Free Working Capital in Construction



Investments and Capital Employed in Project Development



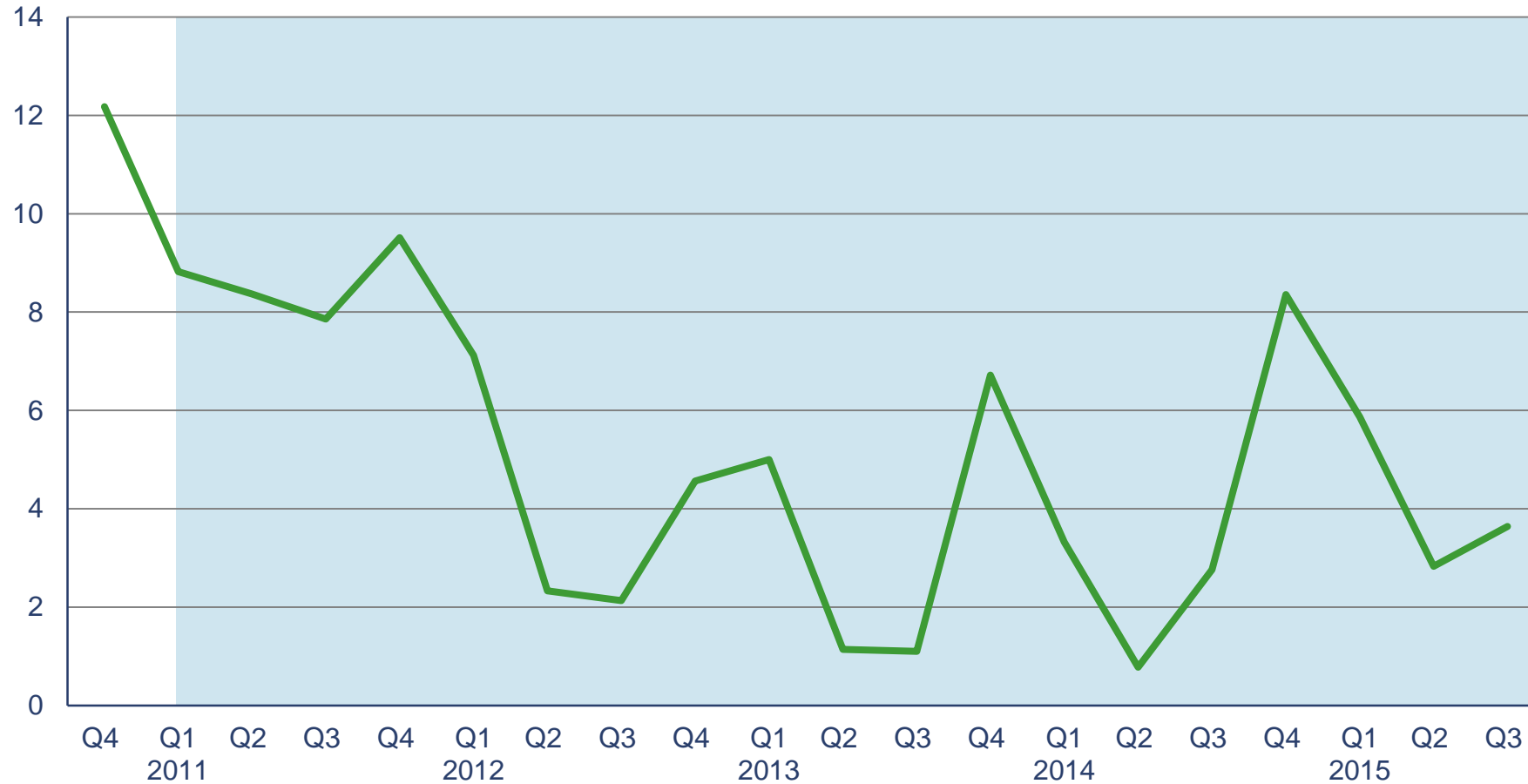
Return on Capital Employed in Project Development



Financial Strength

Operating net financial assets/liabilities (ONFAL)

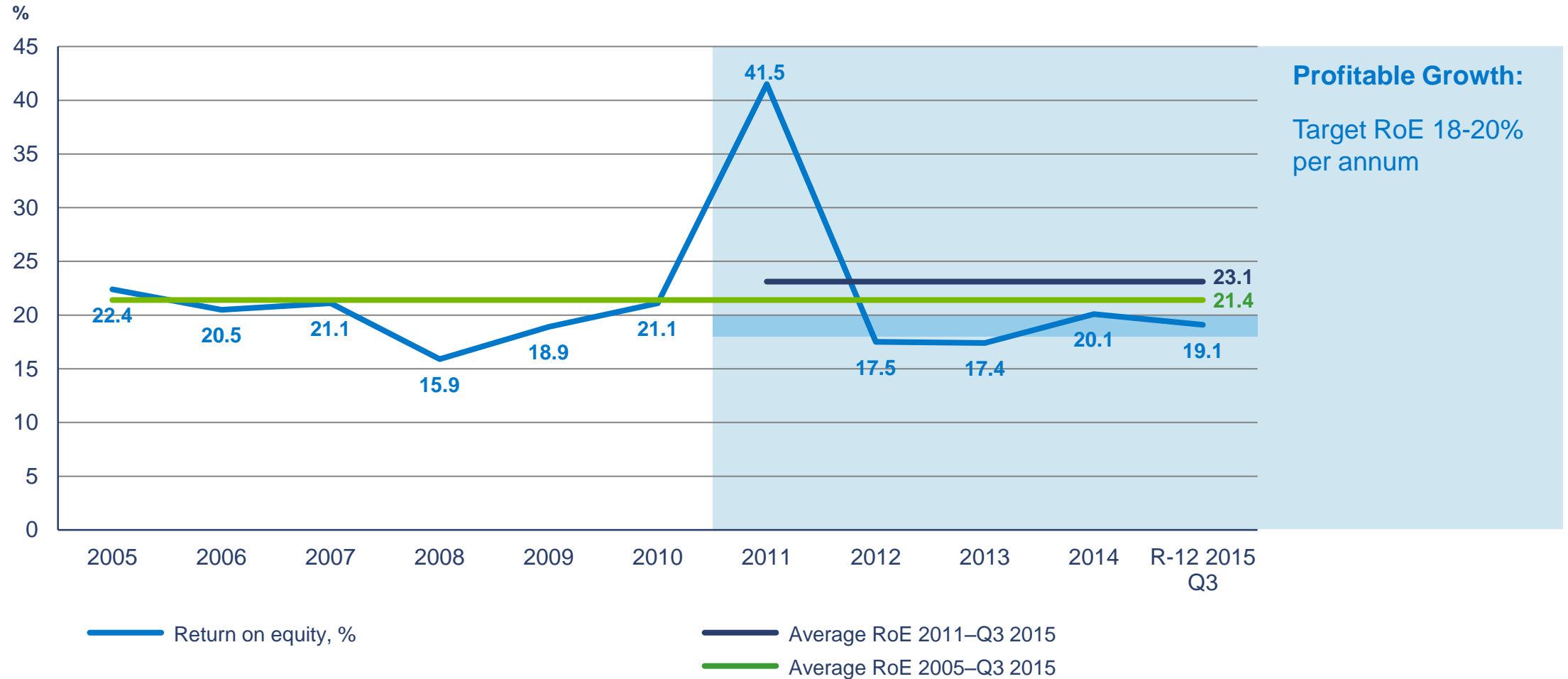
SEK bn



Profitable Growth:

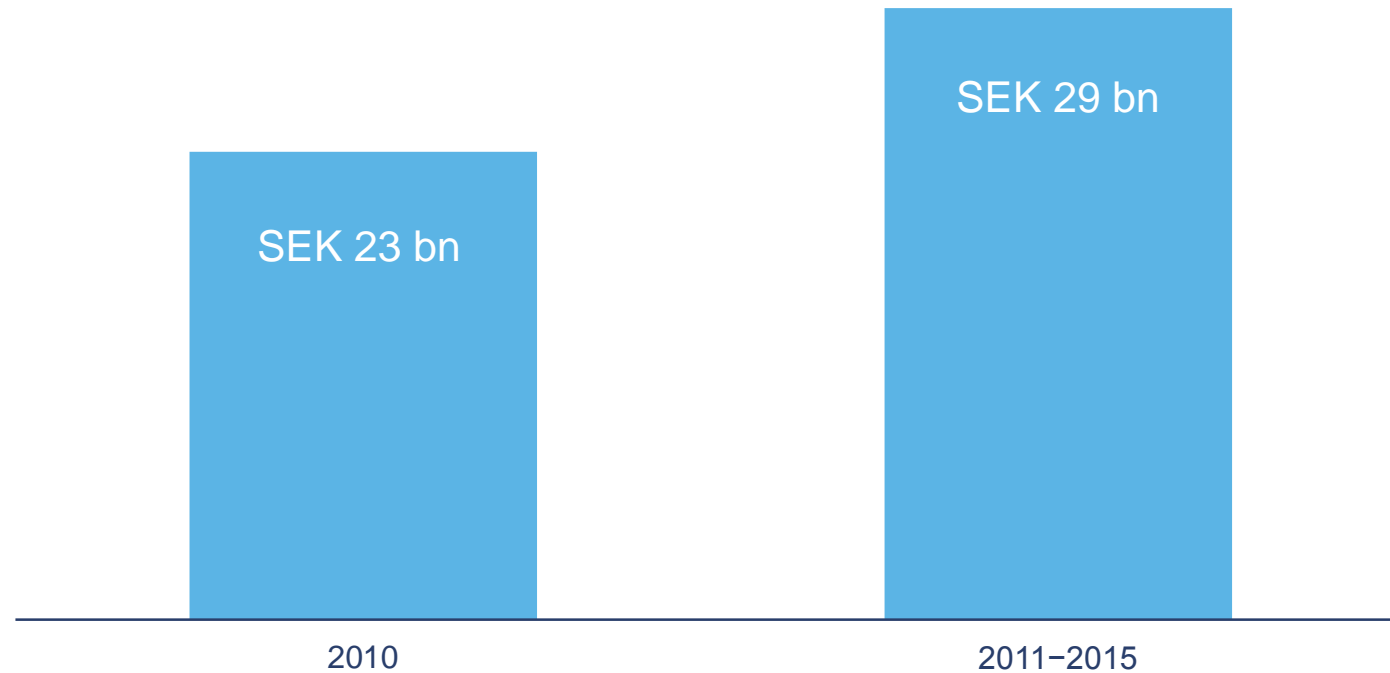
Target to have an operating net financial position above zero

Return on Equity



Financial synergies

Capital Employed in Project Development

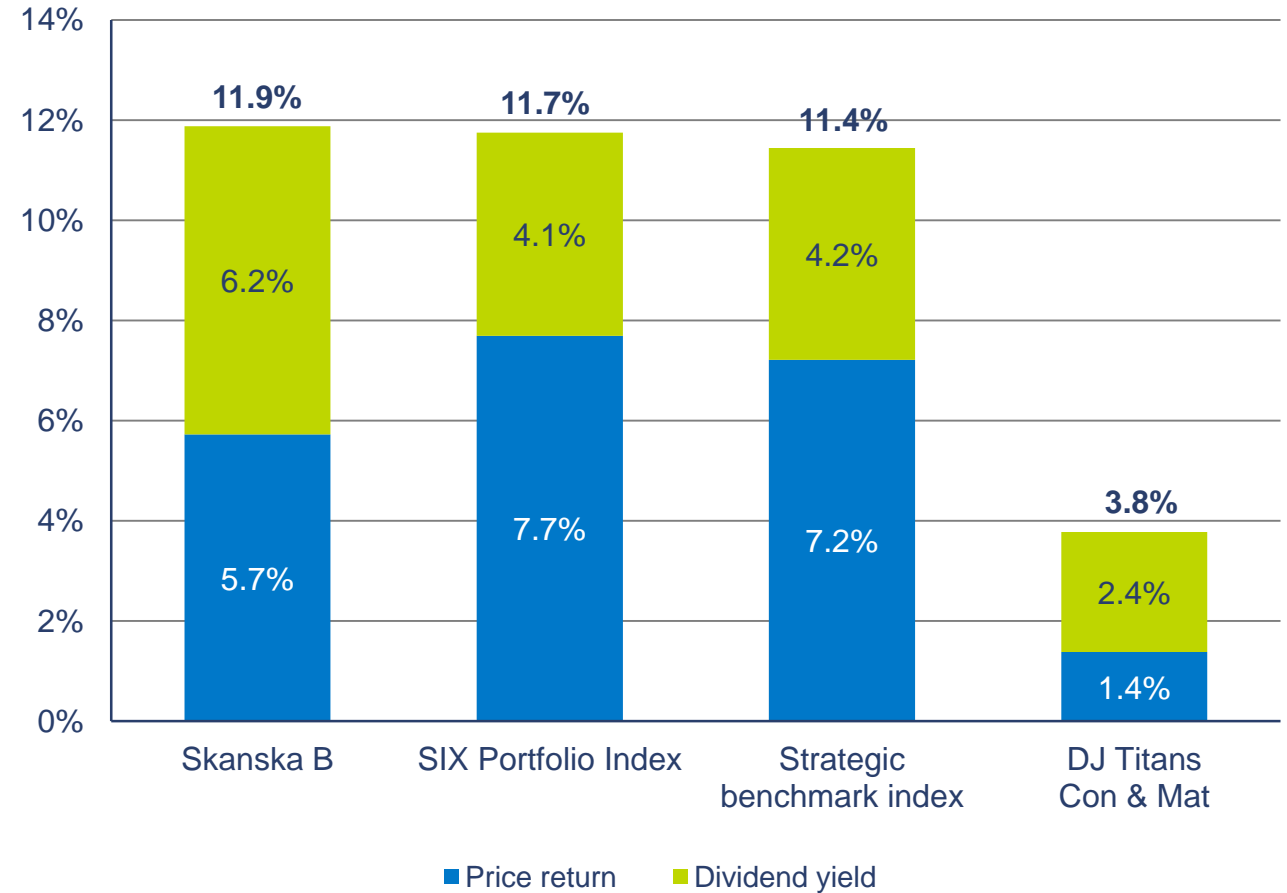


2011 – R-12 2015 Q3

| | |
|--|-----|
| Internally generated contracts of Construction revenue | 13% |
| Corporate Bond Index | 4% |
| OMXS30 Total Return | 10% |
| Average ROCE in Project Development | 11% |
| Average ROCE in Project Development incl. synergies | 18% |

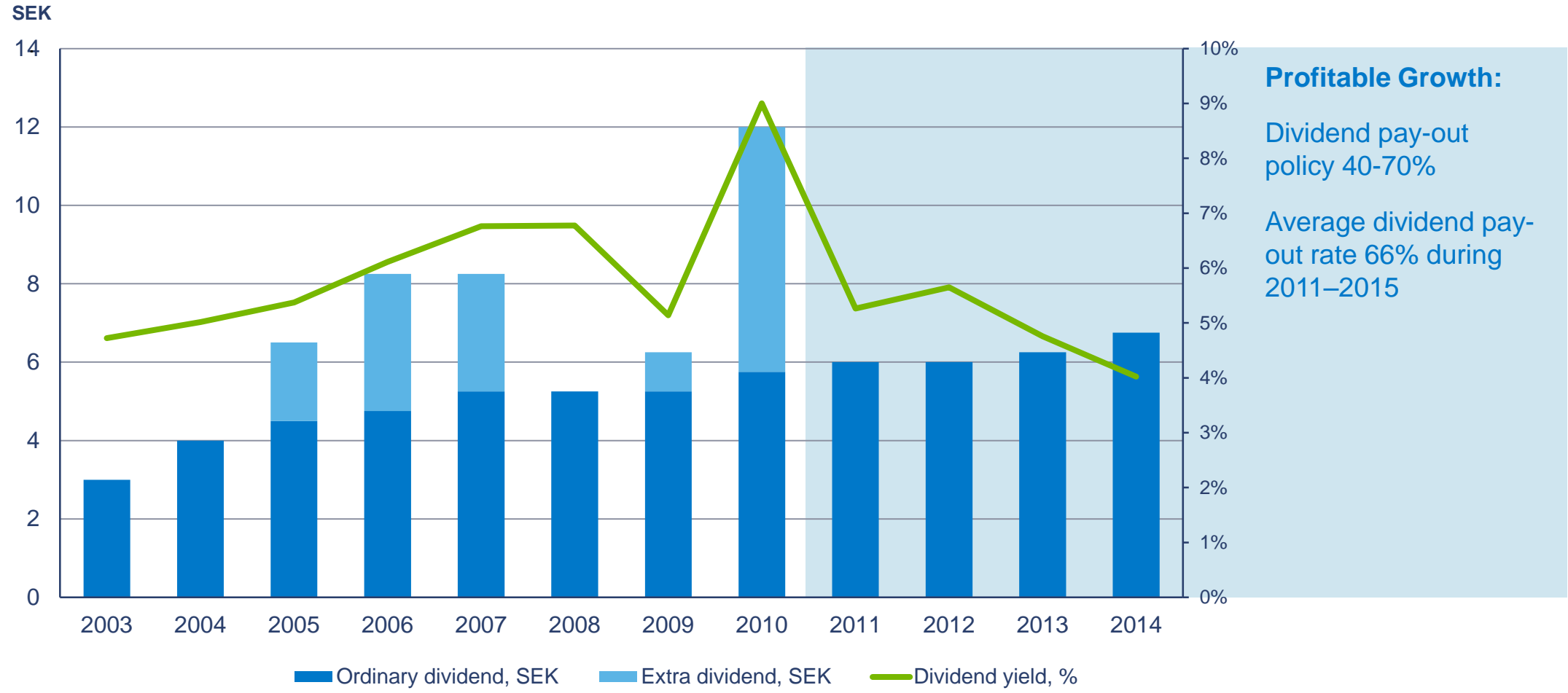
Total shareholder returns

- All-time high share price: SEK 208.4
- Total annual shareholder return: 12%, whereof 6% from dividends
- Closing share price December 2nd: SEK 175.3



Note: December 31, 2010 – December 2, 2015

Dividend



Skanska
Purpose

We build
for a better
society



Sergels Torg, Stockholm, Sweden

Johan Karlström
President and CEO,
Skanska

We build
for a better
society

Aspirations 2020

- Industry-leading total shareholder return
- Balanced value creation between Construction and Project Development
- Recognized as a preferred partner when it comes to creating solutions that meet customers' needs
- Living our values and recognized as a value-driven company building for a better society
- An injury free and ethical environment
- The most attractive employer in our industry
- A company fostering One Skanska and high performing teams
- Improved operational efficiency

Profit with
Purpose
Key strategic
actions in our
Home markets

- Controlled growth in Construction
- Stable Residential Development
- Expand Commercial Property Development
- Leverage Infrastructure Development business model

Business Plan Focus Areas



Focus Area Market Making



Focus Area Market Making



Dominikanski, Wrocław, Poland



Malmö Live, Sweden



Elizabeth River Tunnels, Virginia, U.S.

Focus Area Great People

Veronica Rörsgård
EVP, Skanska



Excellent Leaders

- Build a strong culture based on our values
- Secure people needed today and tomorrow
- Manage individual and team performance
 - Setting goals
 - Development planning
 - Reviewing & recognizing



Leveraging our Expertise

- Collaboration & Knowledge sharing
- Mobility
- Diversity & Inclusion



Ethics is key to trust

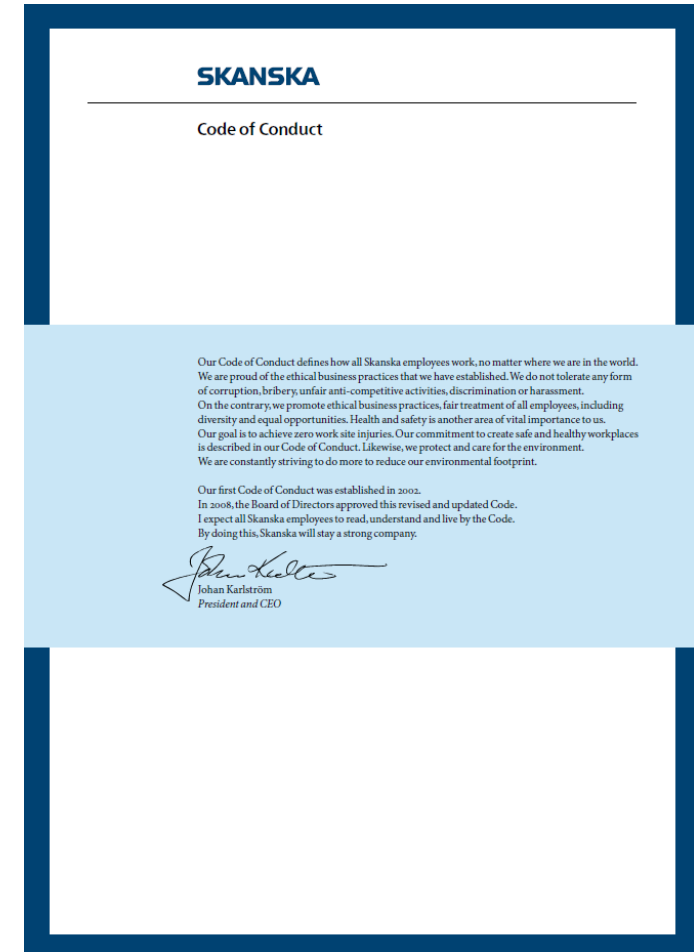
Christel Åkerman
EVP, Skanska



UN Headquarters New York, U.S.A.

Ethics going forward

- Revision of Code of Conduct
- Risk ranking and due diligence of cooperation partners
- Improving follow-up and compliance control
- Newly appointed SVP Ethics
- Additional resources within compliance and investigations

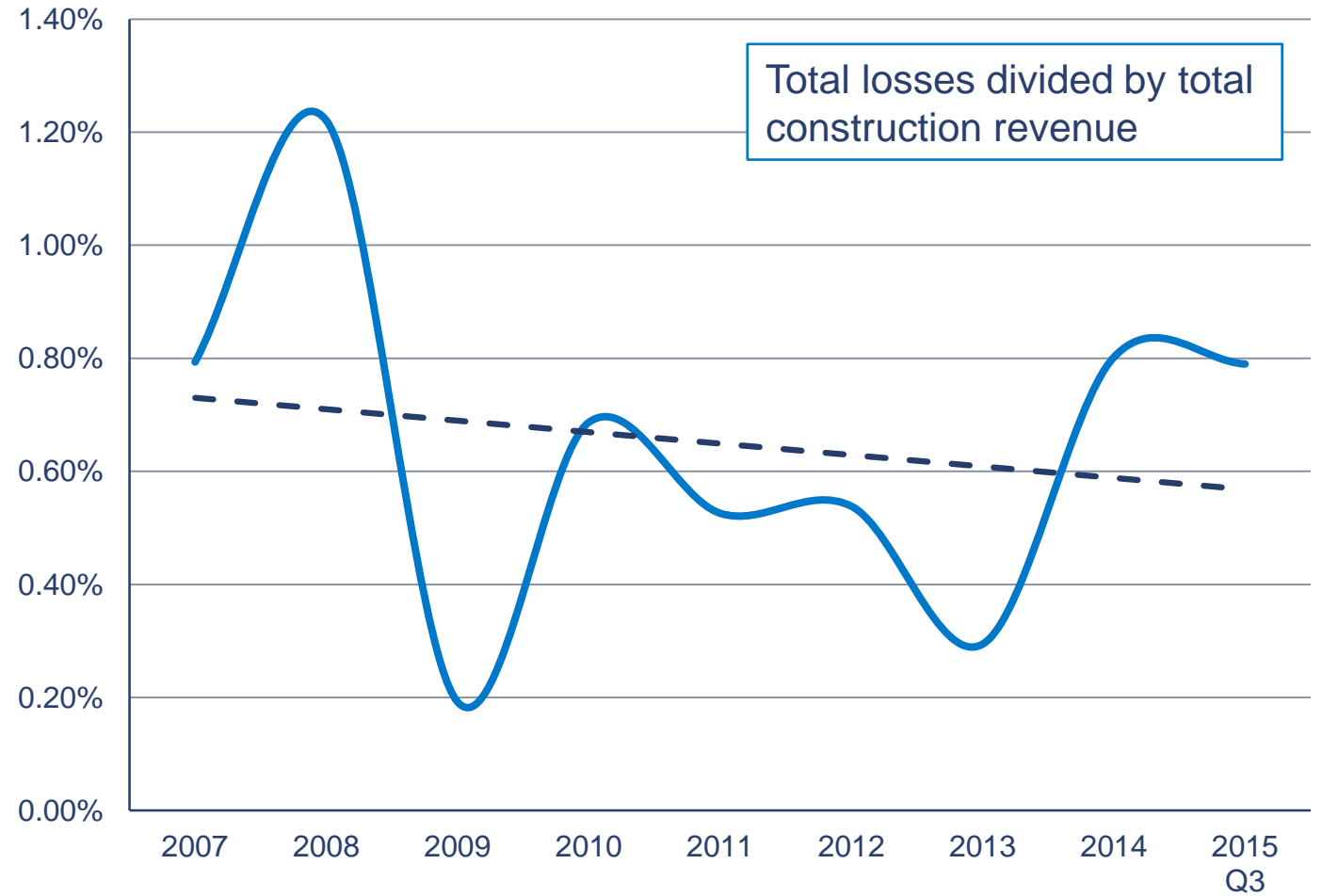


Focus Area Operational Excellence



Risk management

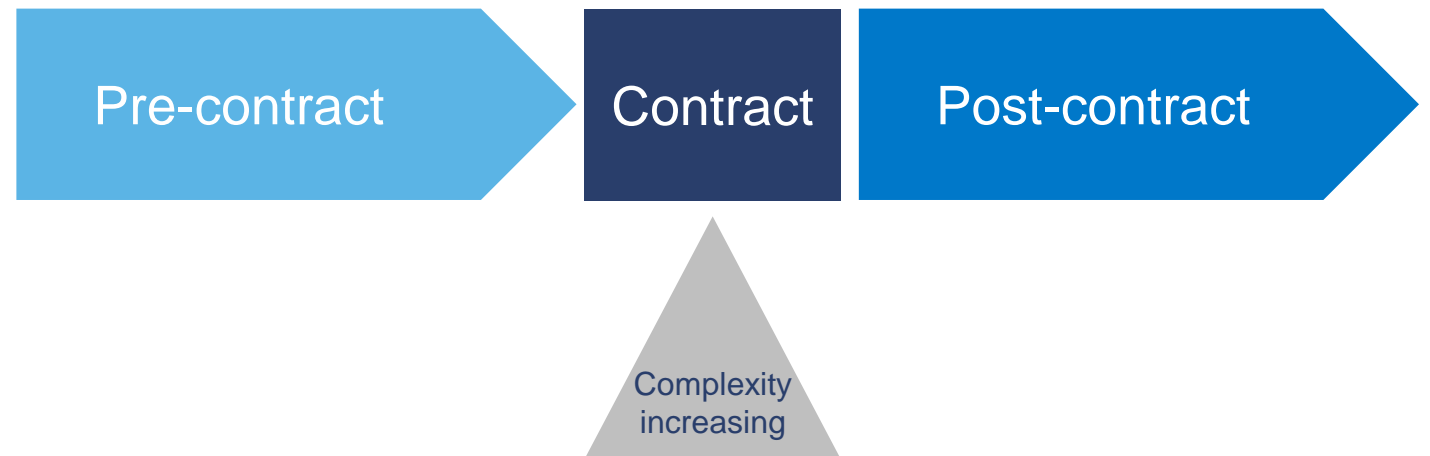
Losses and revenue



Source: Loss List; the data used includes all loss making projects in Loss List except from LA

Risk management

Crucial part of operational excellence





Project selection and bidding

- Group wide process
- Heat maps
- Skanska Risk Team
- SET Tender Board
- The Board of Directors

Strengthening actions

- Local Project Boards
- Local Risk Teams
- Project team- early commitment
- Training/development

Pre-contract



Execution and monitoring

- The right teams
- Controlling
- Large & Loss lists
- SET Quarterly reviews

Strengthening actions

- Early warning
- Contract management resources
- Design management resources
- Training/development

Post-contract

Construction

Richard Cavallaro
EVP, Skanska

The market
Our operations
Key actions

The market

Growth drivers

- GDP growth
- Government funding
- Urbanization
 - Roads, bridges, tunnels
 - Mass transit
 - Water/waste treatment
 - Schools
 - Housing
 - Offices

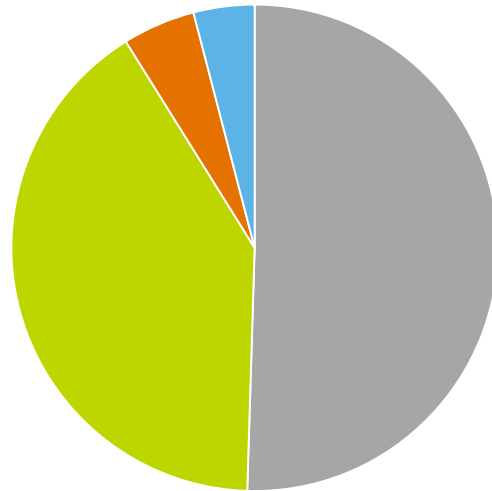


Stockholm Bypass Tunnel, Kungens Kurva, Sweden

Our operations

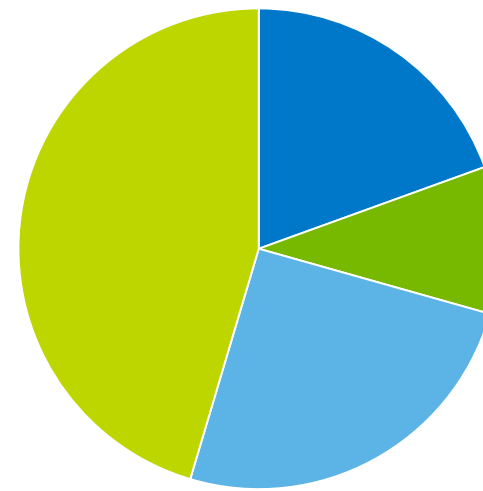
Order backlog Sept 30, 2015: SEK 168 bn

Operations



- Building construction, 50%
- Civil construction, 41%
- Residential, 5%
- Service, 4%

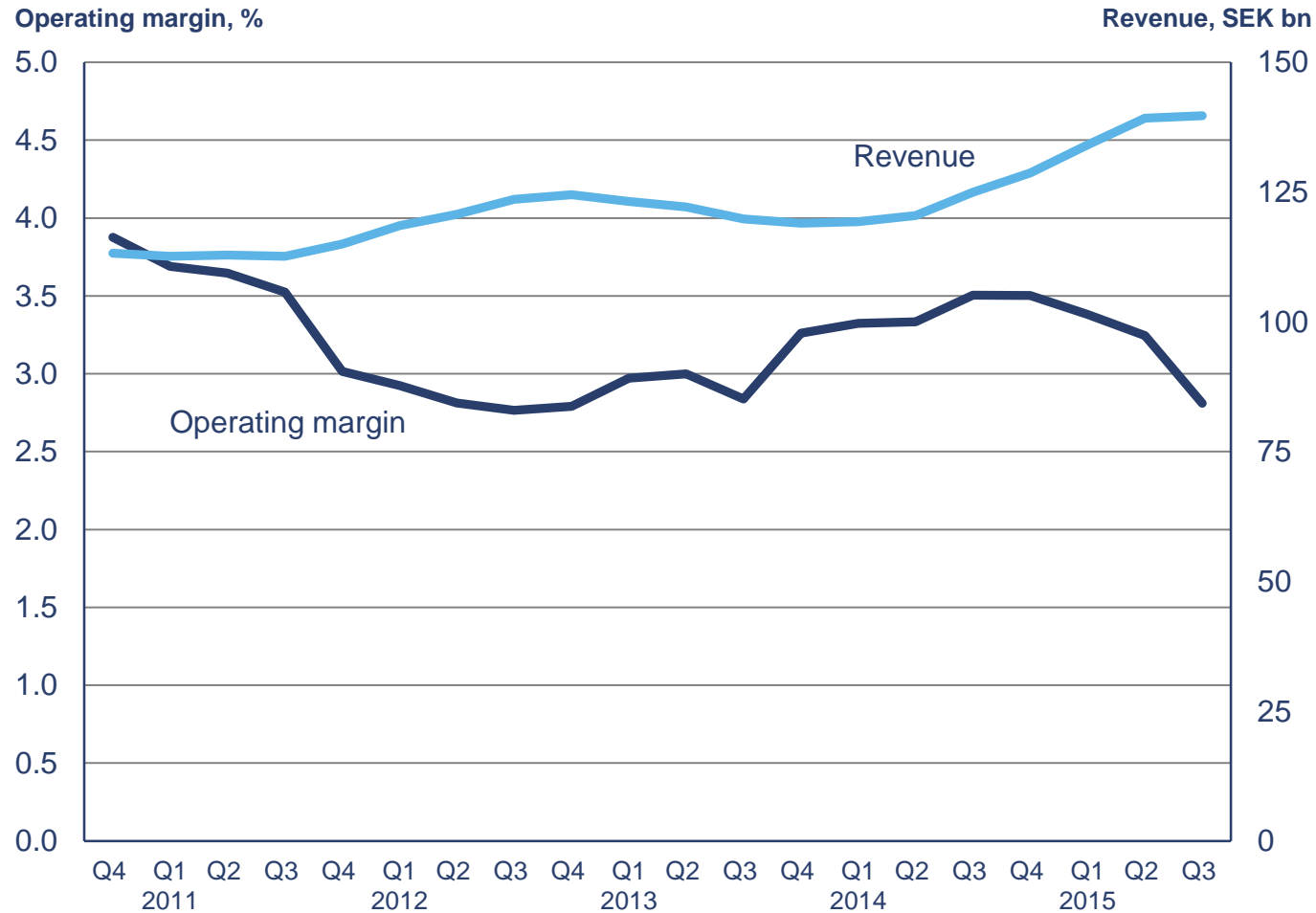
Geographic area



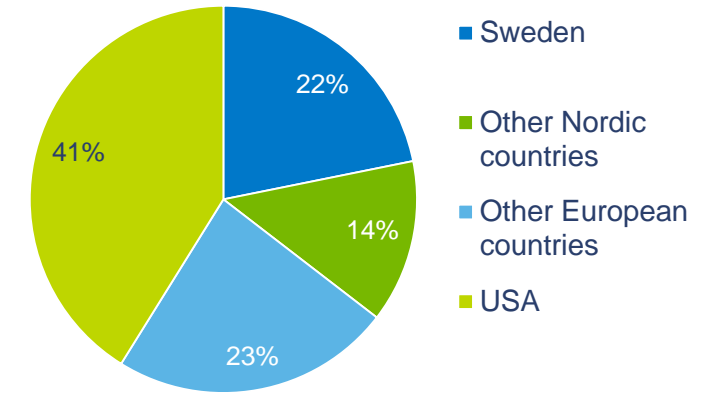
- Sweden, 18%
- Other Nordic countries, 9%
- Other European countries, 21%
- USA, 52%

Our operations

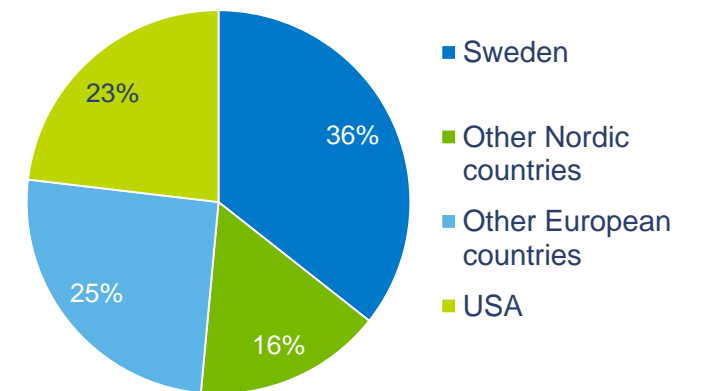
Rolling 12 months 2015 Q3



Revenue SEK 140 bn



Operating income SEK 4 bn



Key actions

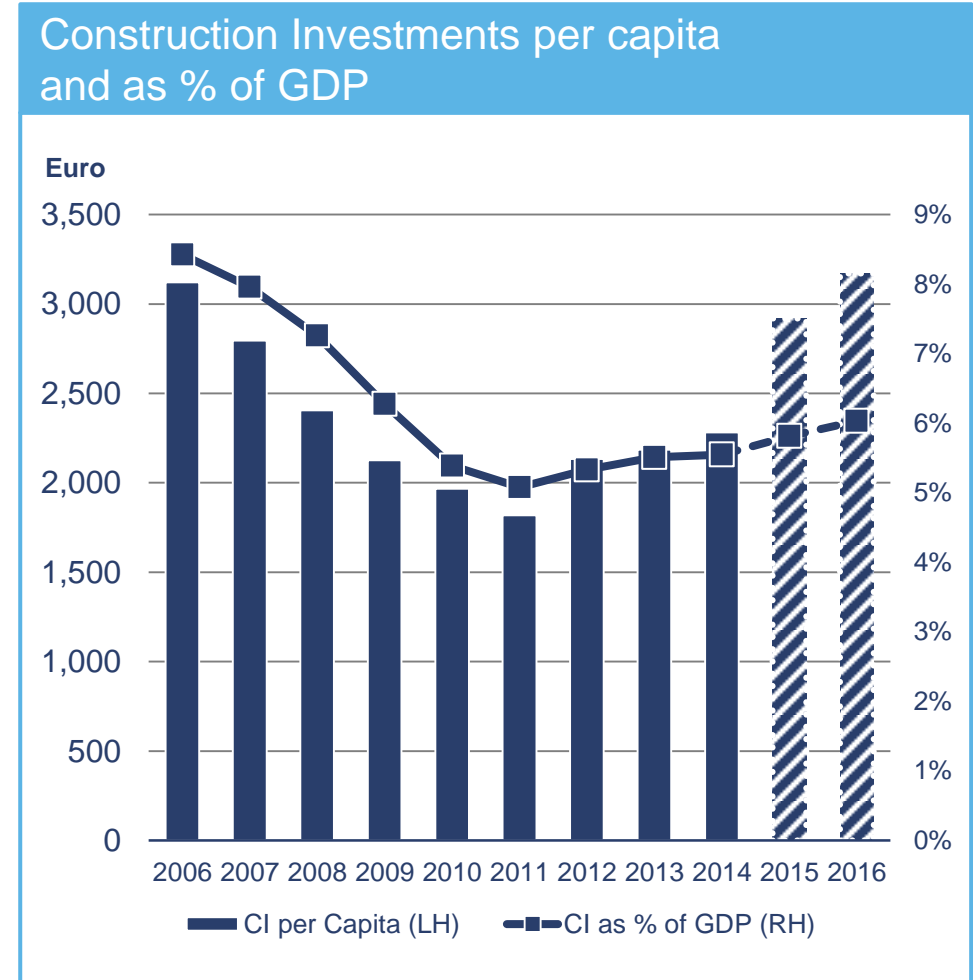
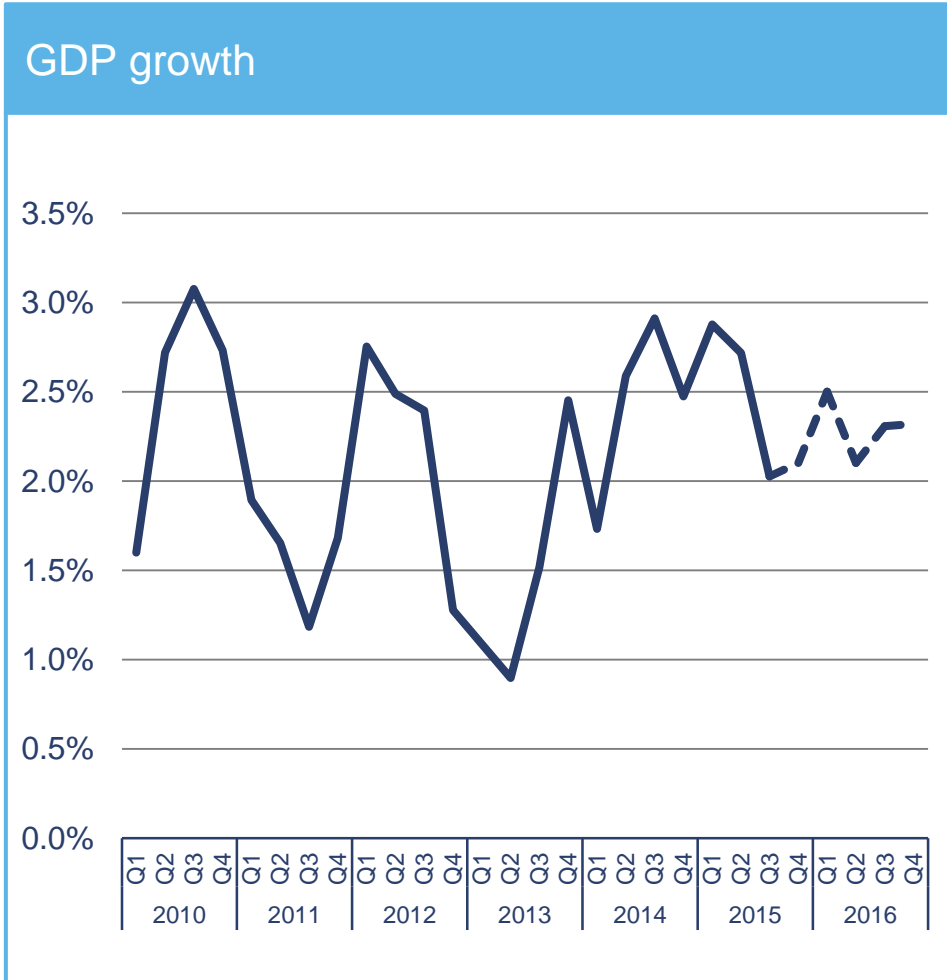
- Controlled growth
- Home market strategy
- Enhanced Risk management
- Higher level of early involvement
- Cross Business Unit collaboration
- Continued focus on working capital



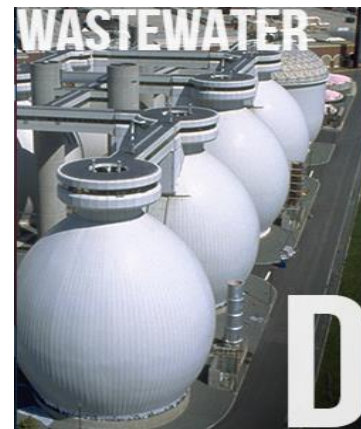
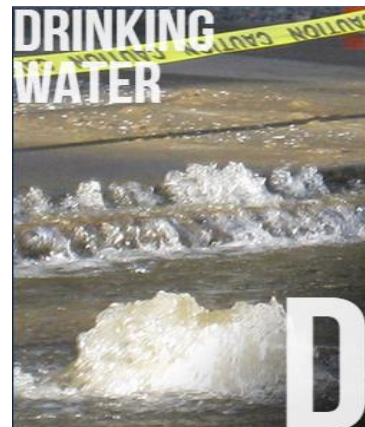
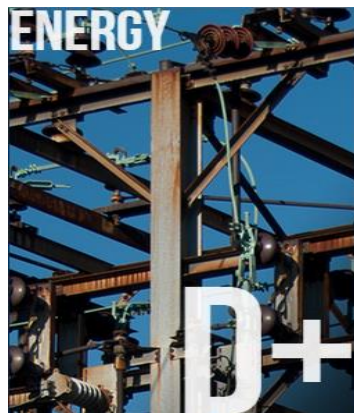
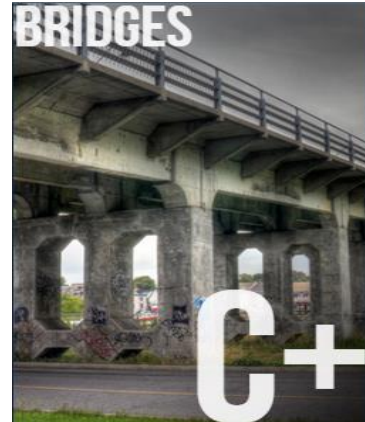
Construction
USA

The market
Our operations
Key actions

The market



The market



“Our current levels of investment fall far short of even what is needed just to keep our existing roads, bridges and transit in good condition.”

– Anthony Foxx, U.S. Transportation Secretary

The market

Funding of infrastructure

- Federal
 - Taxes, Debt
 - Department of Transportation, Highway Trust Fund
- State and Local
 - Taxes, Municipal bonds, Self financing
 - States, Municipalities, Port Authorities, Transit Agencies
- Private
 - Investments
 - Public Private Partnerships



Interstate 4, Orlando, Florida, U.S.

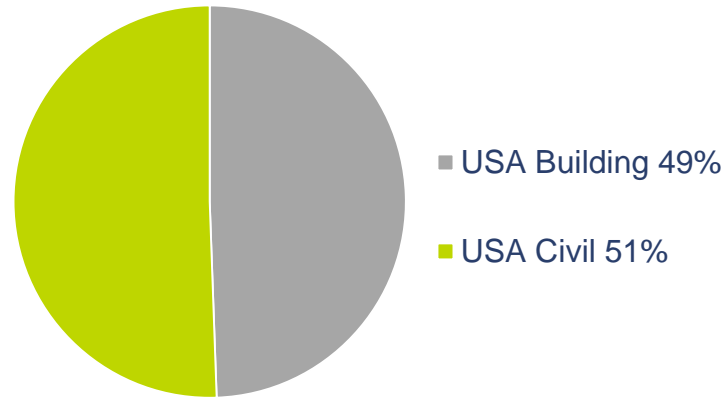
The market

| Building markets | Current USD bn | 2020 USD bn | CAGR % |
|-----------------------|-------------------|----------------|-----------|
| Healthcare | 41 | 51 | 6 |
| Education | 74 | 92 | 6 |
| Commercial | 50 | 62 | 6 |
| Sports and recreation | 16 | 19 | 5 |
| Aviation | 14 | 19 | 8 |
| Life sciences | 2 | 3 | 8 |
| Data centers | 15 | 18 | 3 |

Source: FMI, 2014 Forecast

Our operations

Order backlog Sept 30, 2015: **SEK 76 bn**



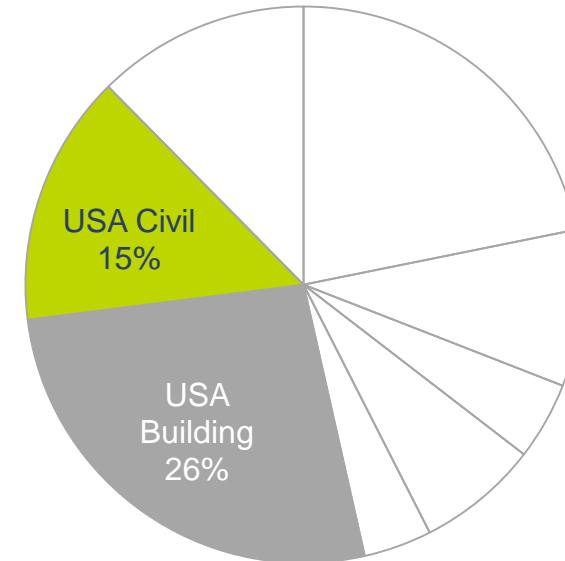
Civil segments

- Environment
- Tunnels, Bridges & Roads
- Ports
- Power & Industrial
- Deep foundations
- Mechanical
- Water and waste water
- Transit (people) & Rail (freight)

Building segments

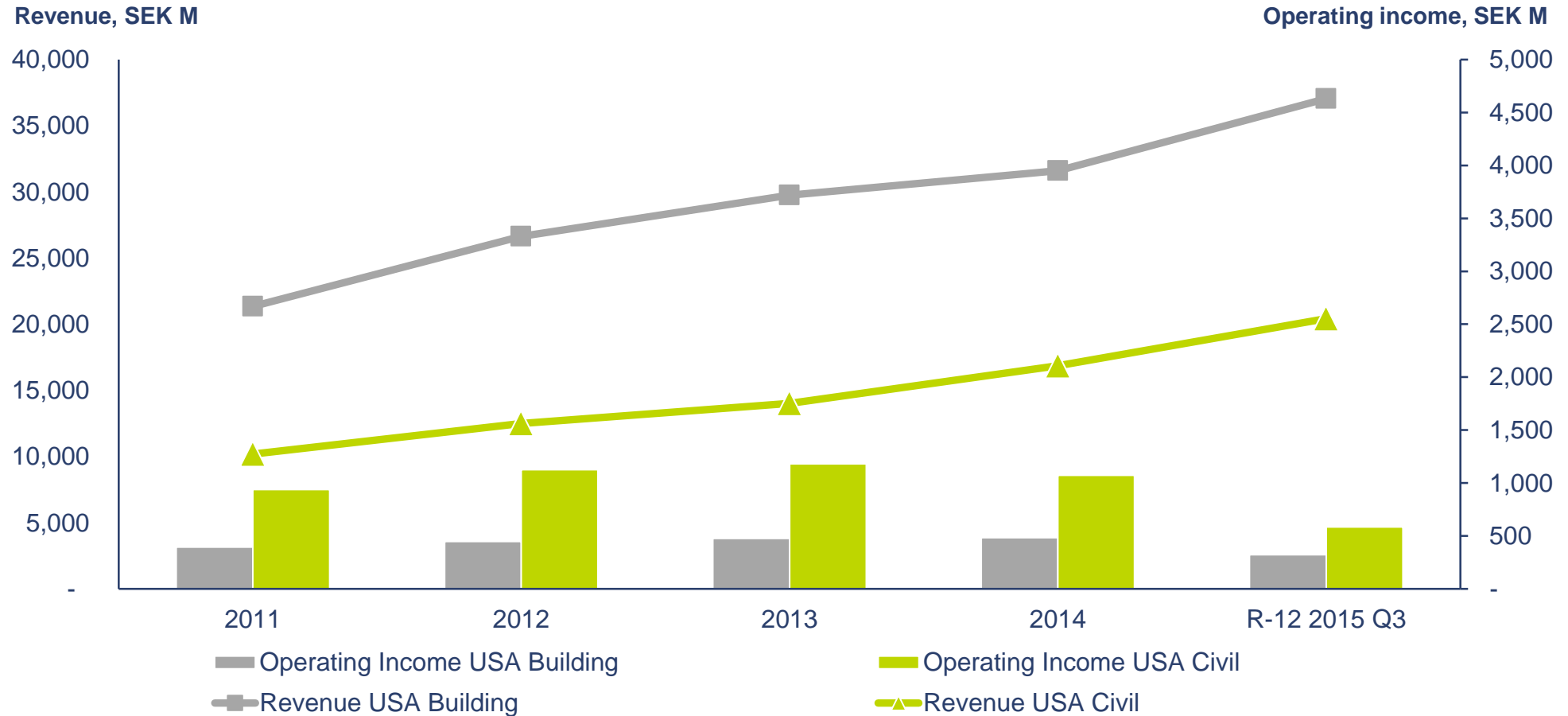
- Healthcare
- Education
- Data Centers
- Government
- Corporate Offices
- Life Sciences
- Aviation
- Sports

USA Construction revenue: **SEK 57 bn**
R-12 2015 Q3



Percentage of Skanska Construction revenue

Our operations



Key actions

USA Civil

#1: Operational excellence

- Develop and implement training for operations personnel to ensure consistent level of skills and capabilities in all markets
- Consolidating back-office functions and improving systems support
- Improving Risk management organization
- Discontinuing under-performing non-core business

#2: Controlled growth

- Evaluate water and wastewater opportunities in California and Florida
- Pursue new-build plants in the power sector
- Grow industrial business in the Midwest

Key actions

USA Building

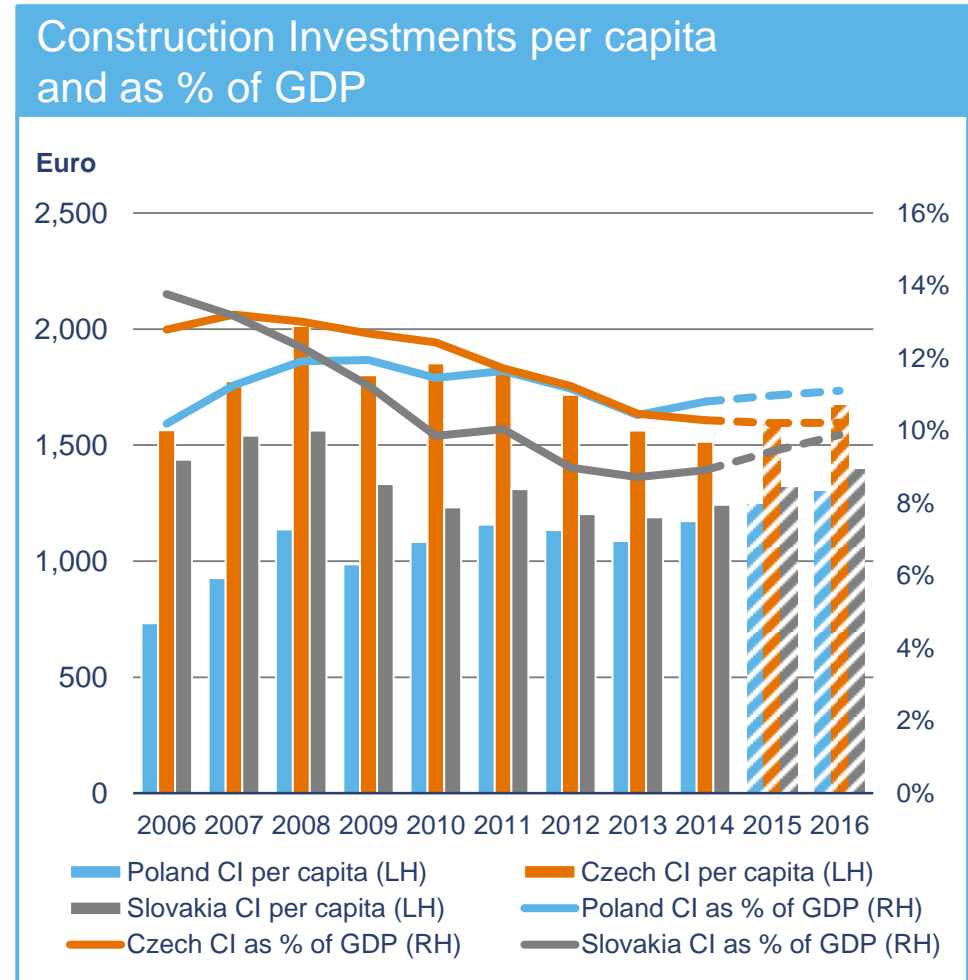
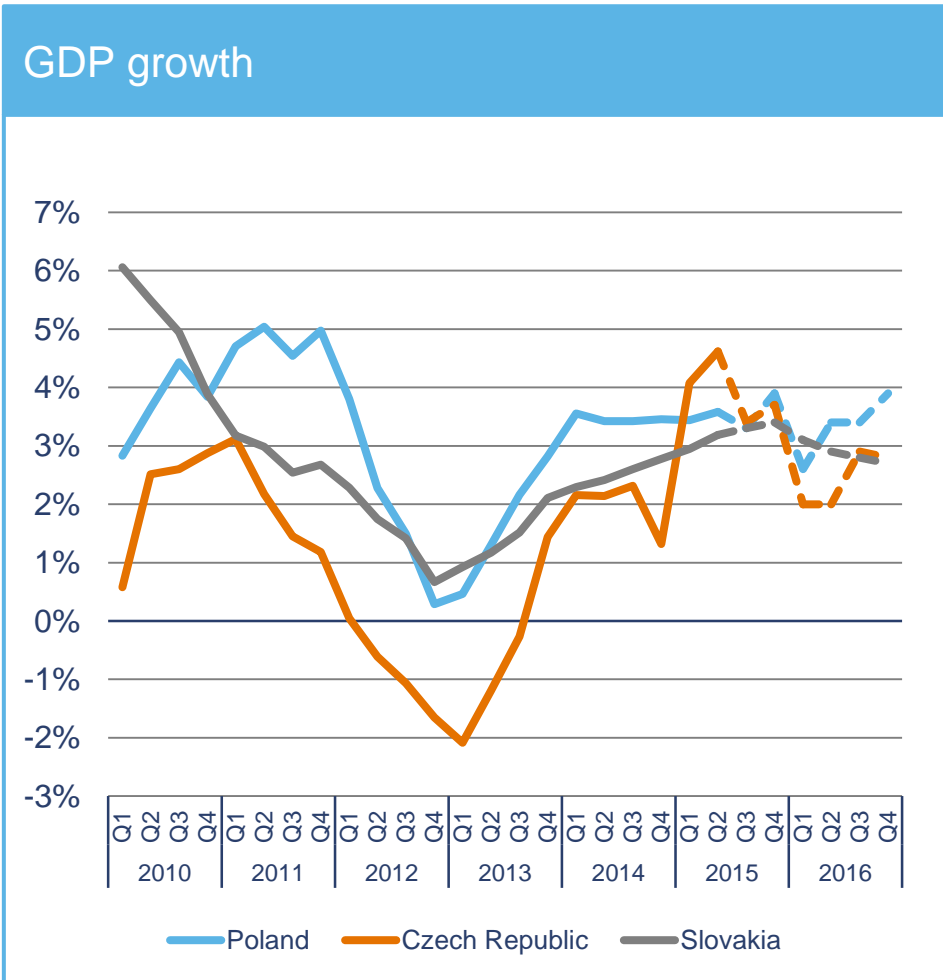
- Strengthen design-build delivery method, and position the company for opportunities in the PPP social infrastructure market
- Develop and implement training program for operations personnel to ensure consistent level of skills and capabilities in all markets
- Strengthen position in high-growth markets, such as Texas, California, New York and Florida
- Expand with clients into Arizona, Nevada, Oklahoma, Louisiana and Colorado
- Develop opportunities in bundled design-build-finance projects

Construction
Central Europe

Roman Wiczorek
EVP, Skanska

The market
Our operations
Key actions

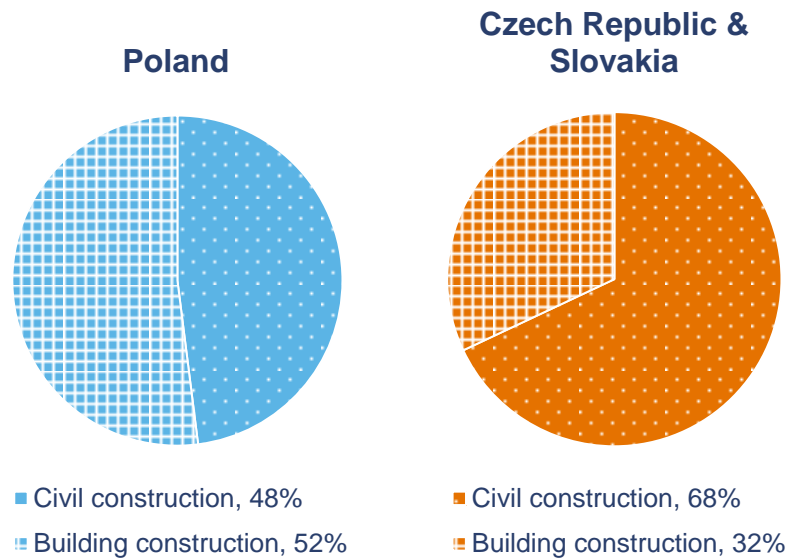
The market



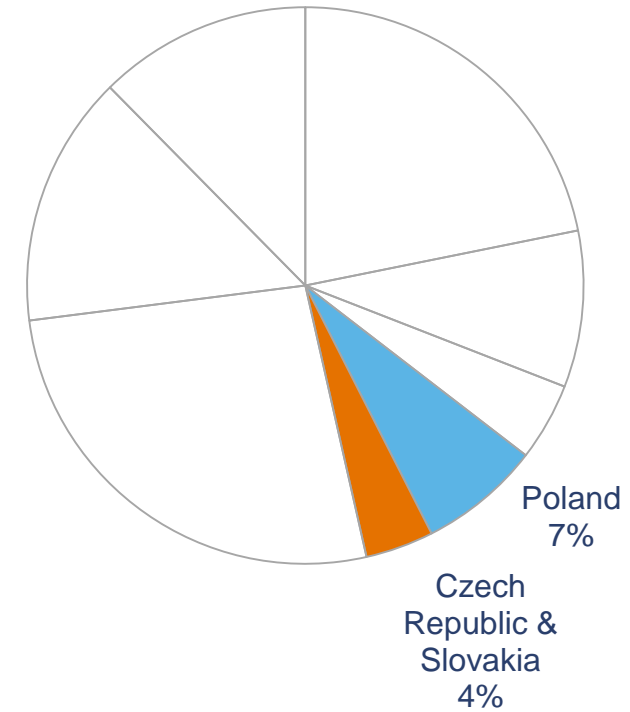
Source: Euroconstruct, Prognoscentret, Citibank, Oxford Economics, Eurostat, World Bank, SFS Research & Analysis & national statistical agencies

Our operations

Order backlog Sept 30, 2015: **SEK 11 bn**

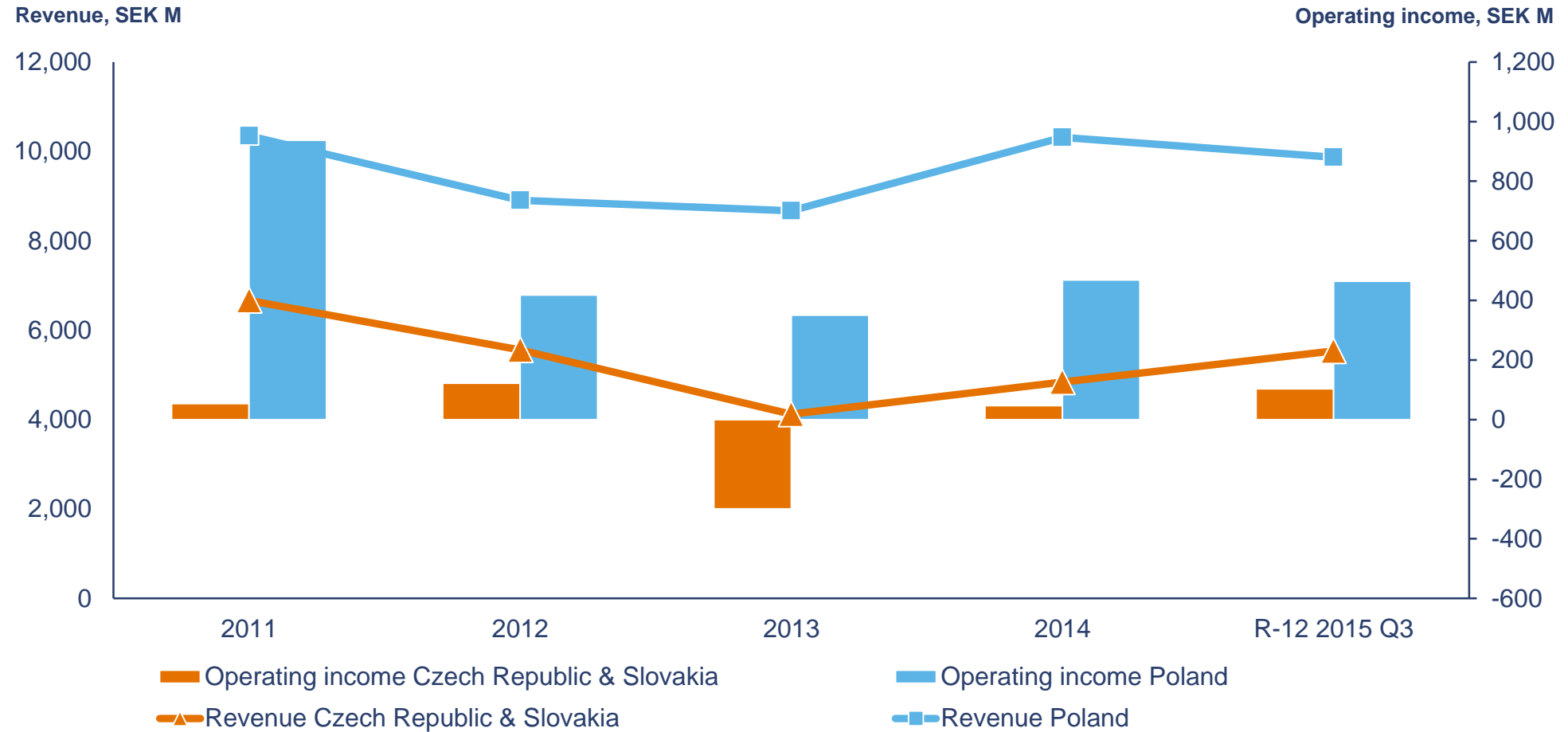


Central Europe Construction revenue: **SEK 15 bn**
R-12 2015 Q3



Percentage of Skanska Construction revenue

Our operations



Key actions

Poland

- Strengthen organization in large projects sector both in Building and Civil
- Strengthen our presence on local markets
- Develop and grow within road maintenance, healthcare, waste water treatment plants

Czech Republic and Slovakia

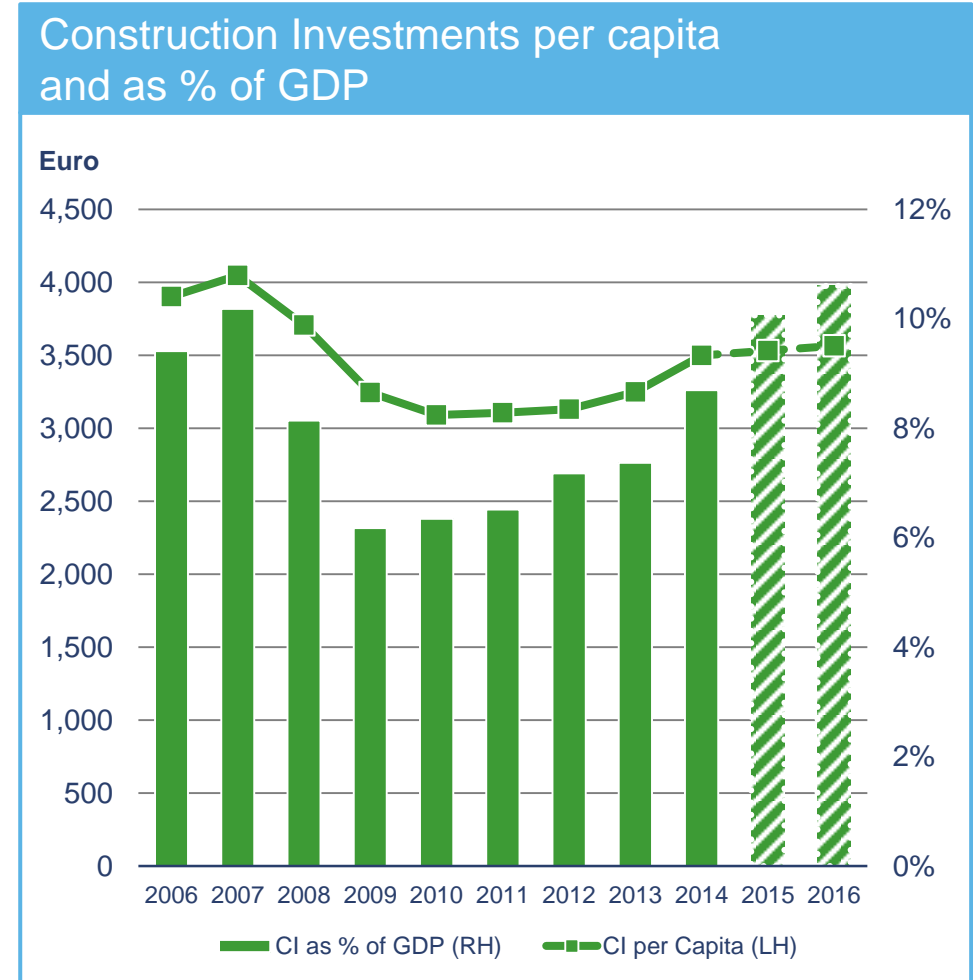
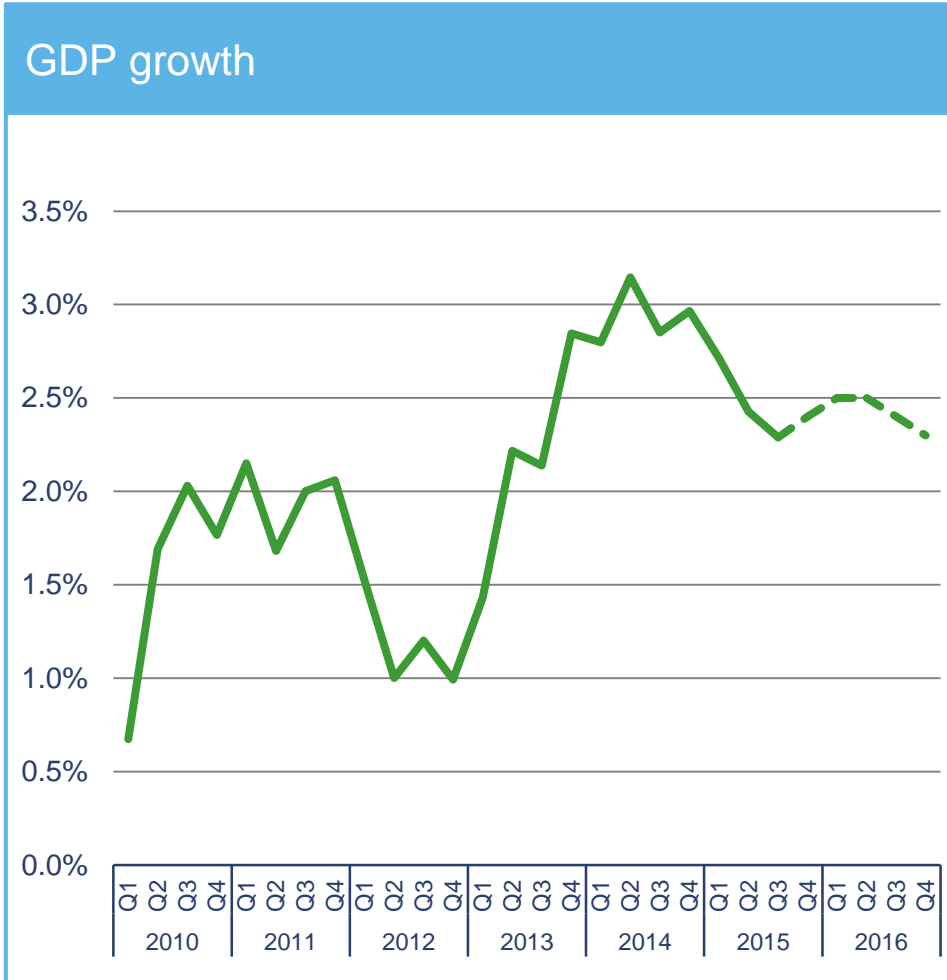
- Establish presence in selected regional markets, targeting small and medium-sized projects
- Further drive risk management

Construction UK

Mats Williamson
EVP, Skanska

The market
Our operations
Key actions

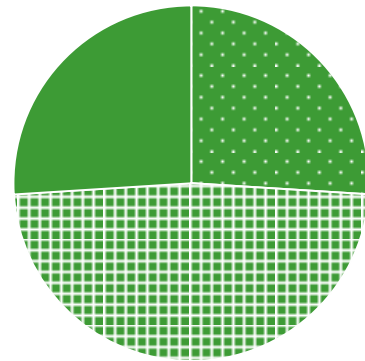
The market



Our operations

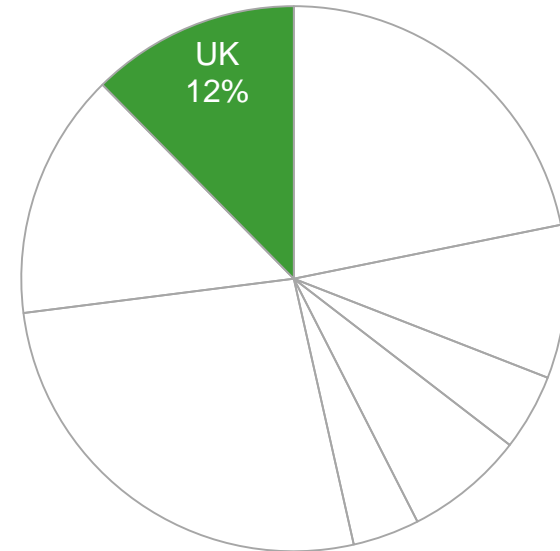
Order backlog Sept 30, 2015: **SEK 31 bn**

United Kingdom



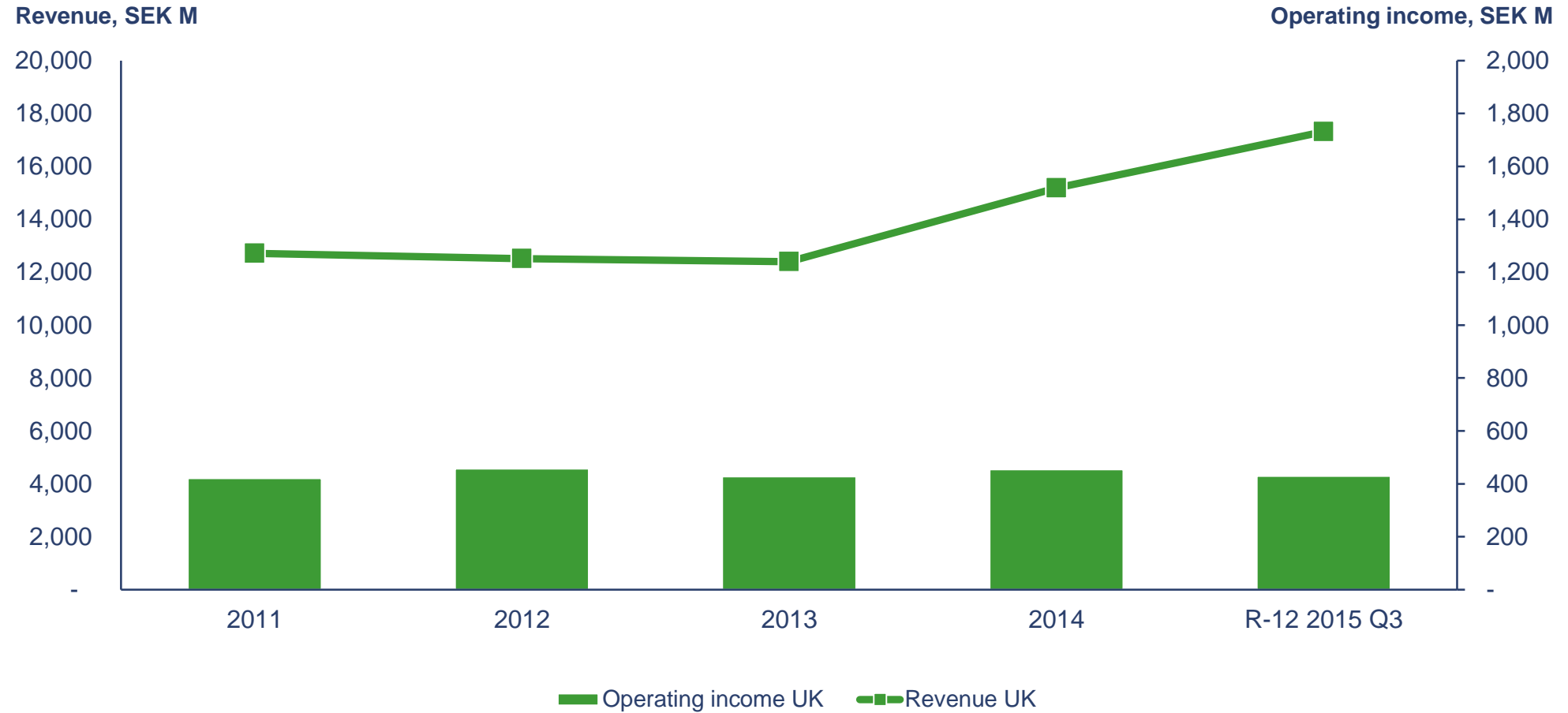
- Civil construction, 26%
- Building construction, 48%
- Service, 26%

UK Construction revenue: **SEK 17 bn**
R-12 2015 Q3



Percentage of Skanska Construction revenue

Our operations



Key actions

UK

- Primary geographic focus is Greater London and the regions of Bristol and Cambridge
- Opportunities in Manchester and Birmingham will be evaluated
- Grow by continuing to focus on existing clients and sectors in which investments are expected to increase



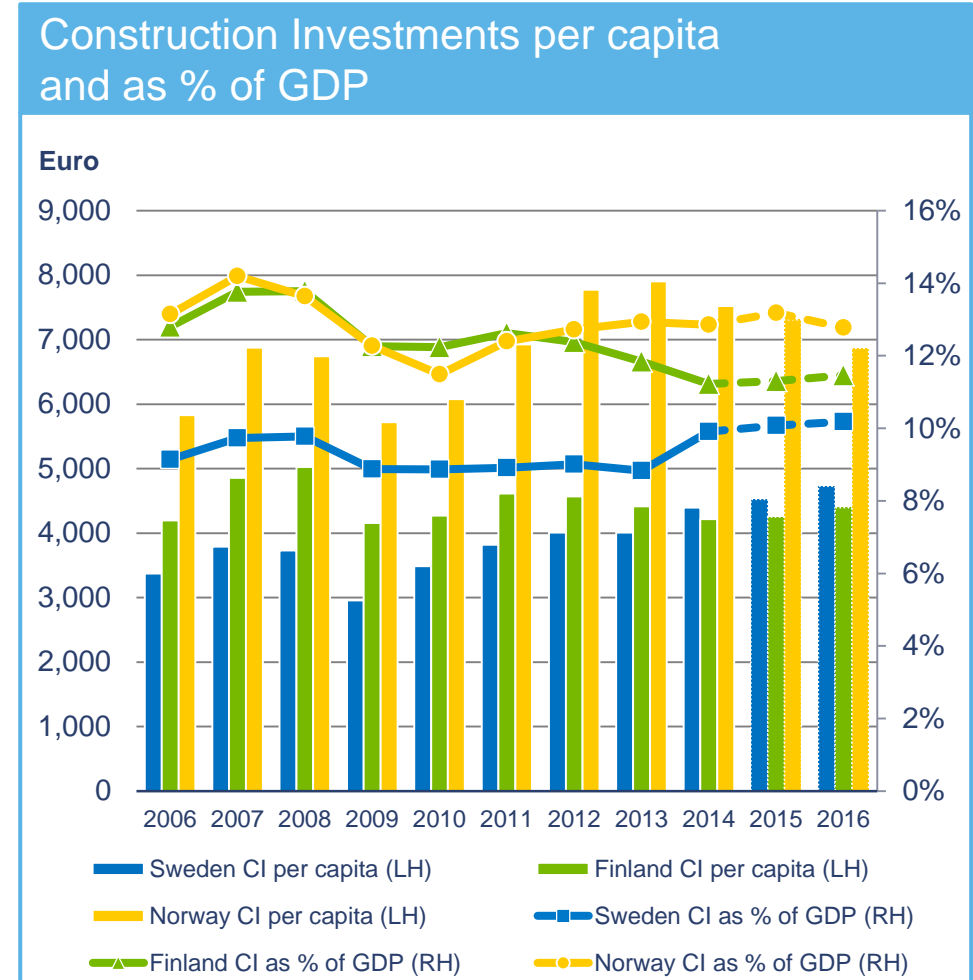
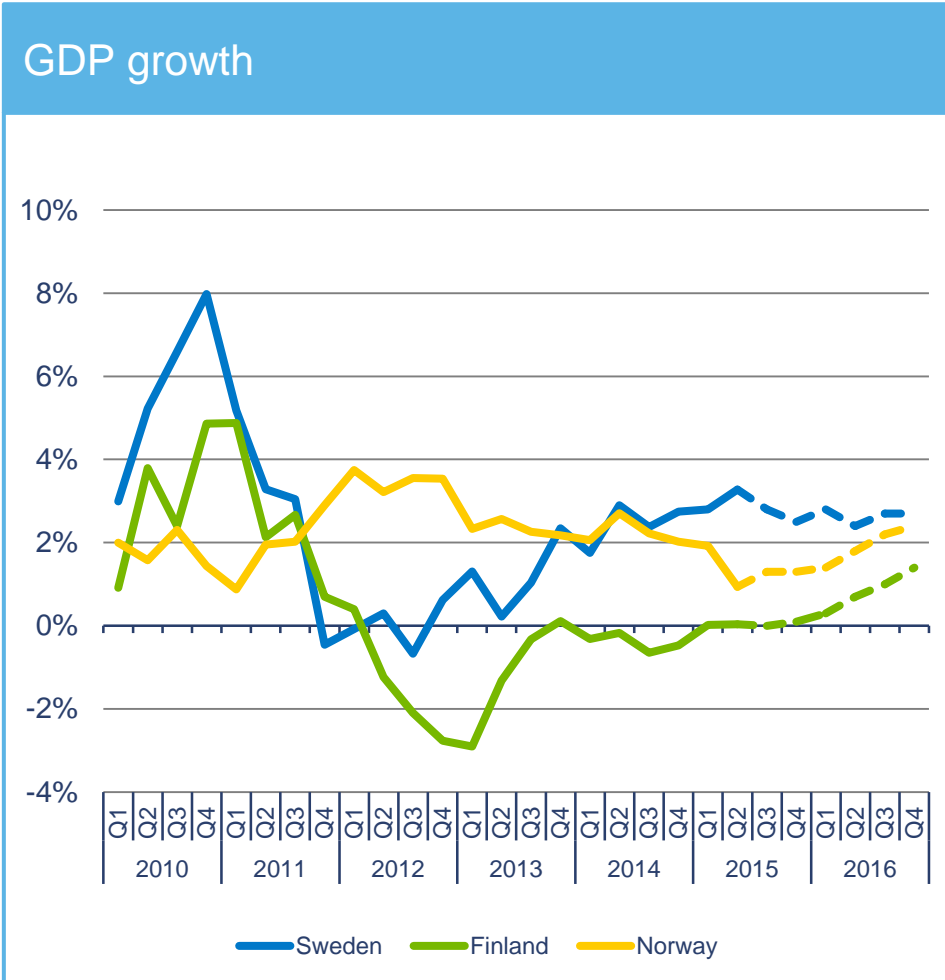
M25, London, UK

Construction
The Nordics

Anders Danielsson
EVP, Skanska

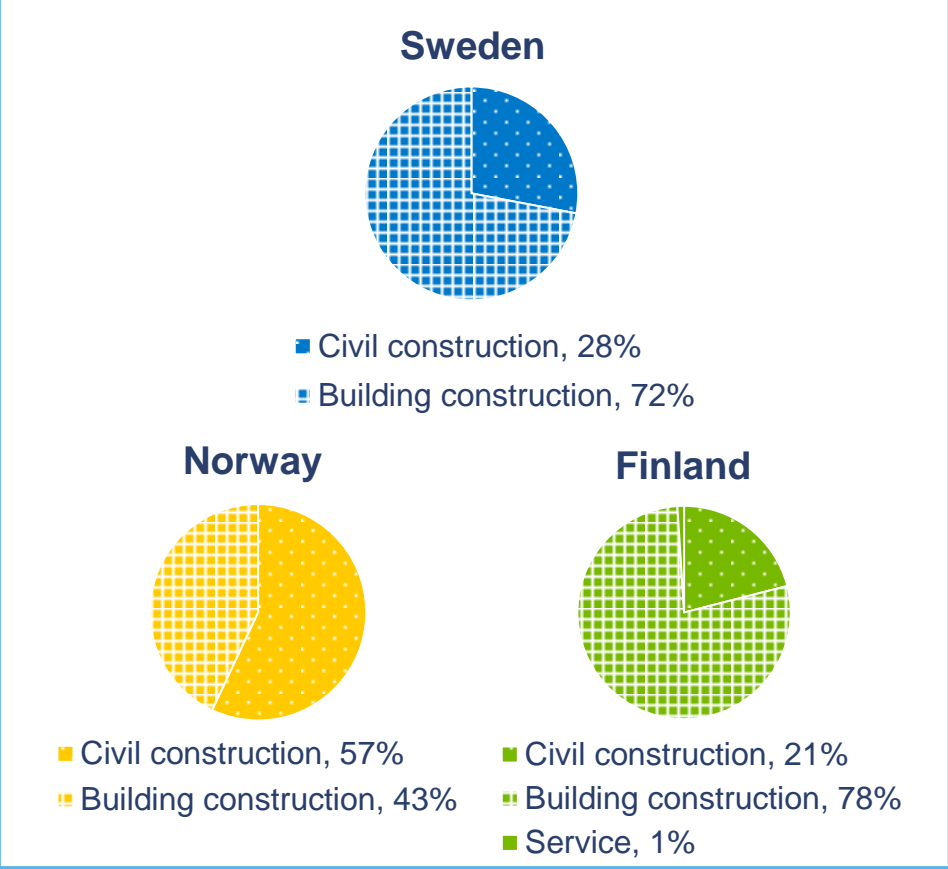
The market
Our operations
Key actions

The market

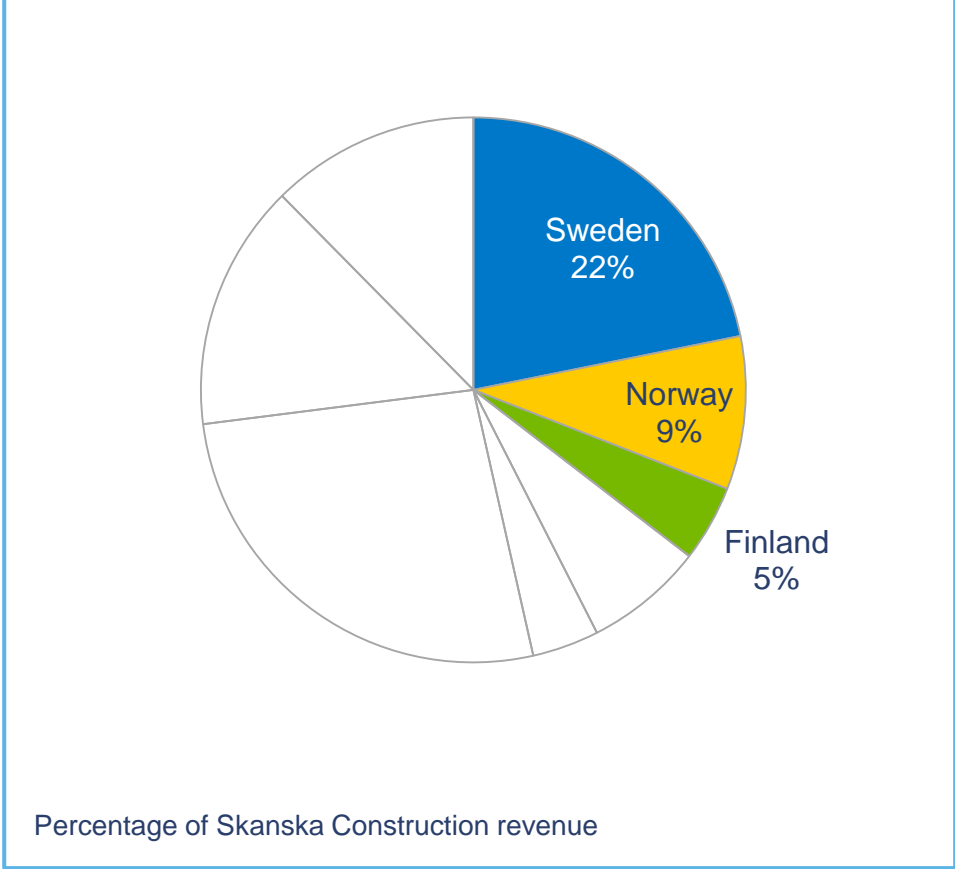


Our operations

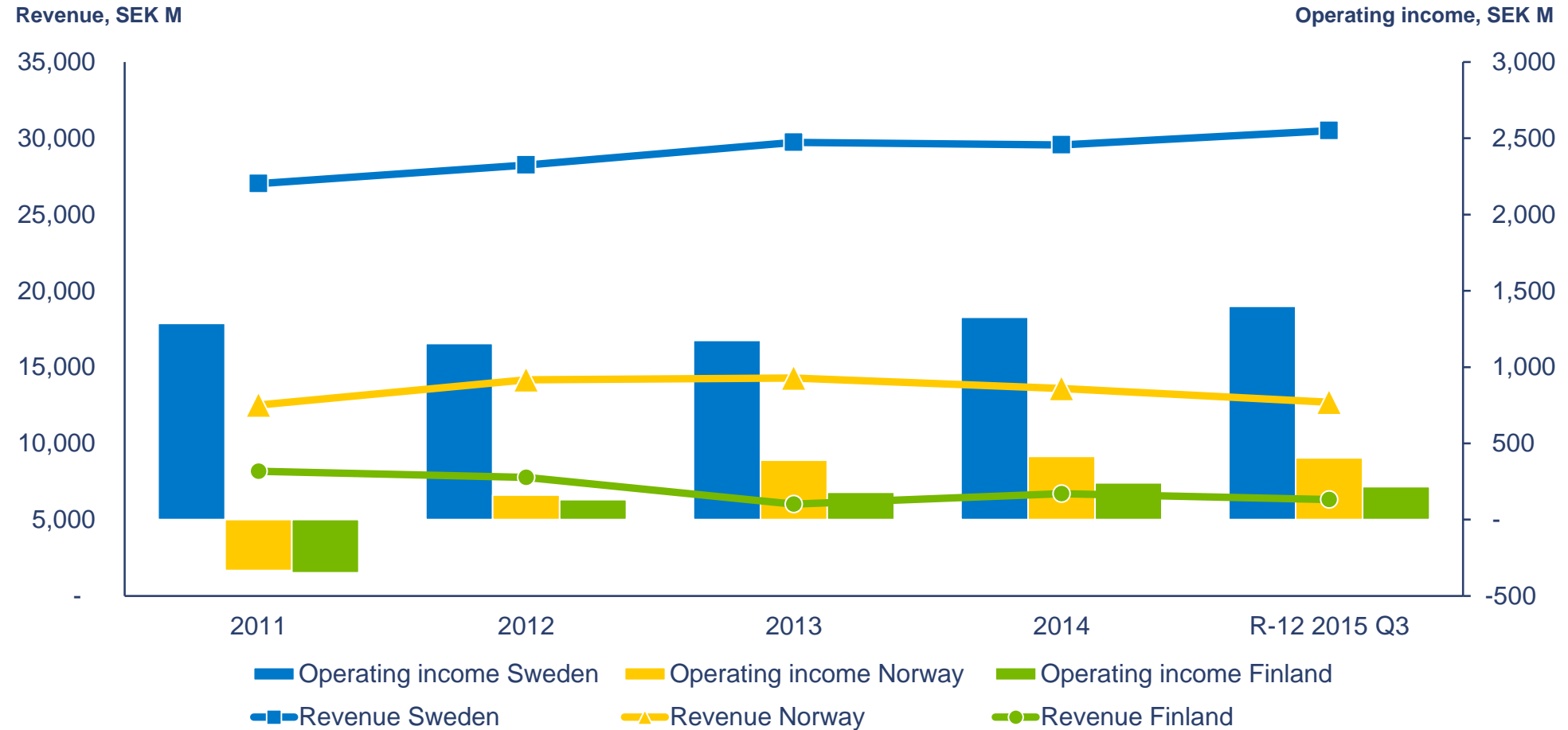
Order backlog Sept 30, 2015: **SEK 49 bn**



Total Construction revenue: **SEK 50 bn**
R-12 2015 Q3



Our operations



Key actions

Sweden: Beneficial market situation, strongest growth in major cities

- Improve Early Contract Involvement (ECI) capabilities, such as partnering
- Grow market share in Civil
- Drive growth in selected building segments, such as hospitals

Finland: Overall low growth and many uncertainties

- Improve abilities to meet increasing quality requirements from customers
- Strengthen organizational efficiency
- Civil developed further in the capital region
- Grow Commercial Building in the South
- Strengthen position in the hospital, renovation and large projects sectors

Norway: Will grow, but with distinctive variations between regions and segments

- Strengthen project and risk management
- Improve ECI capabilities

Residential Development

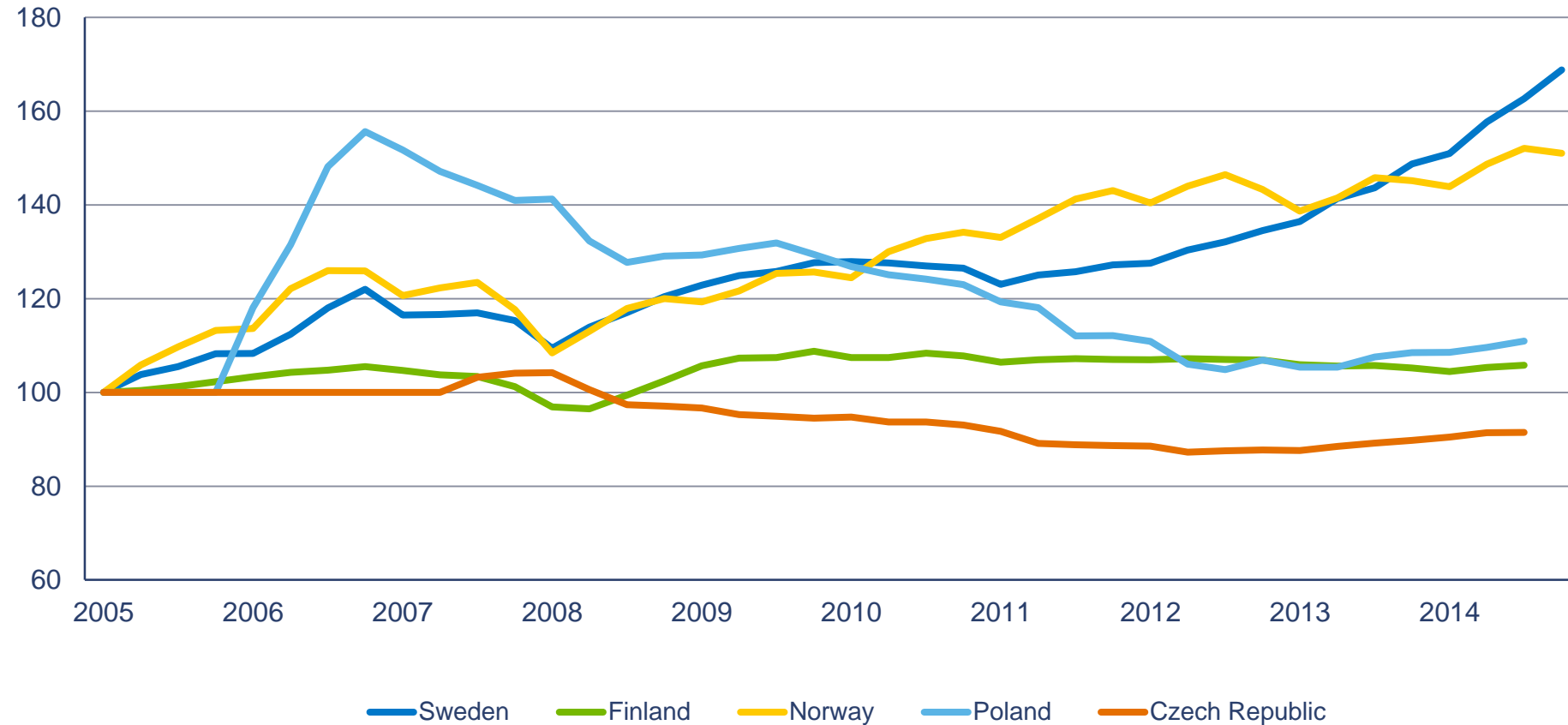
Anders Danielsson
EVP, Skanska

The market
Our operations
Key actions

The market

Housing prices

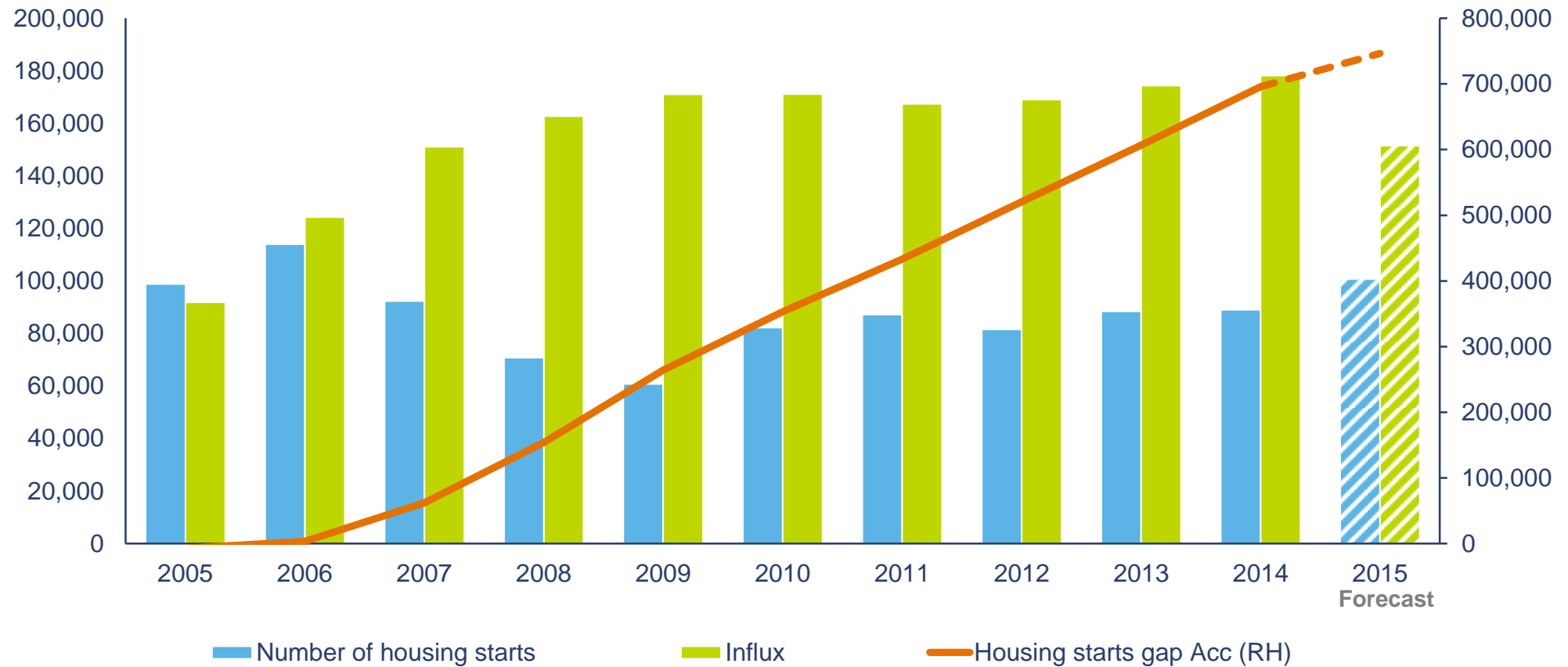
Indexed, 2005 = 100, real prices



Source: Bank of International Settlements

The market

The Nordic housing gap



Our operations

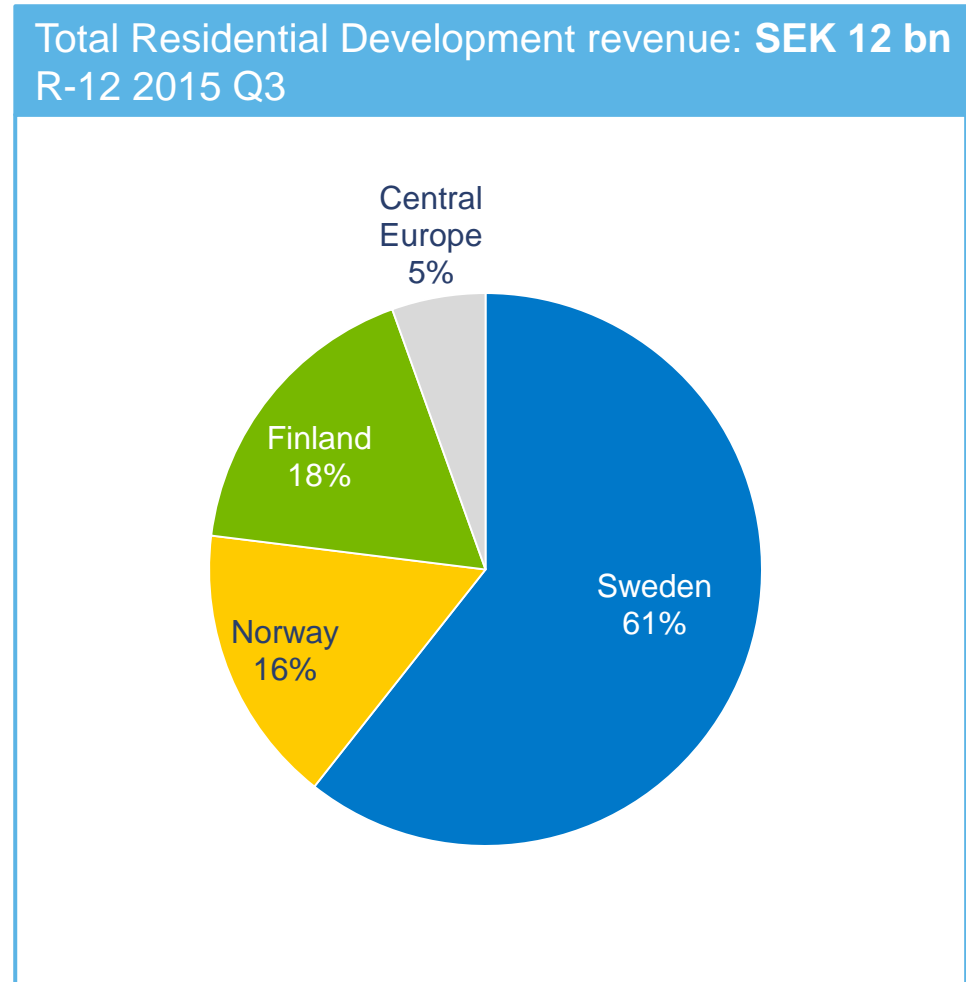
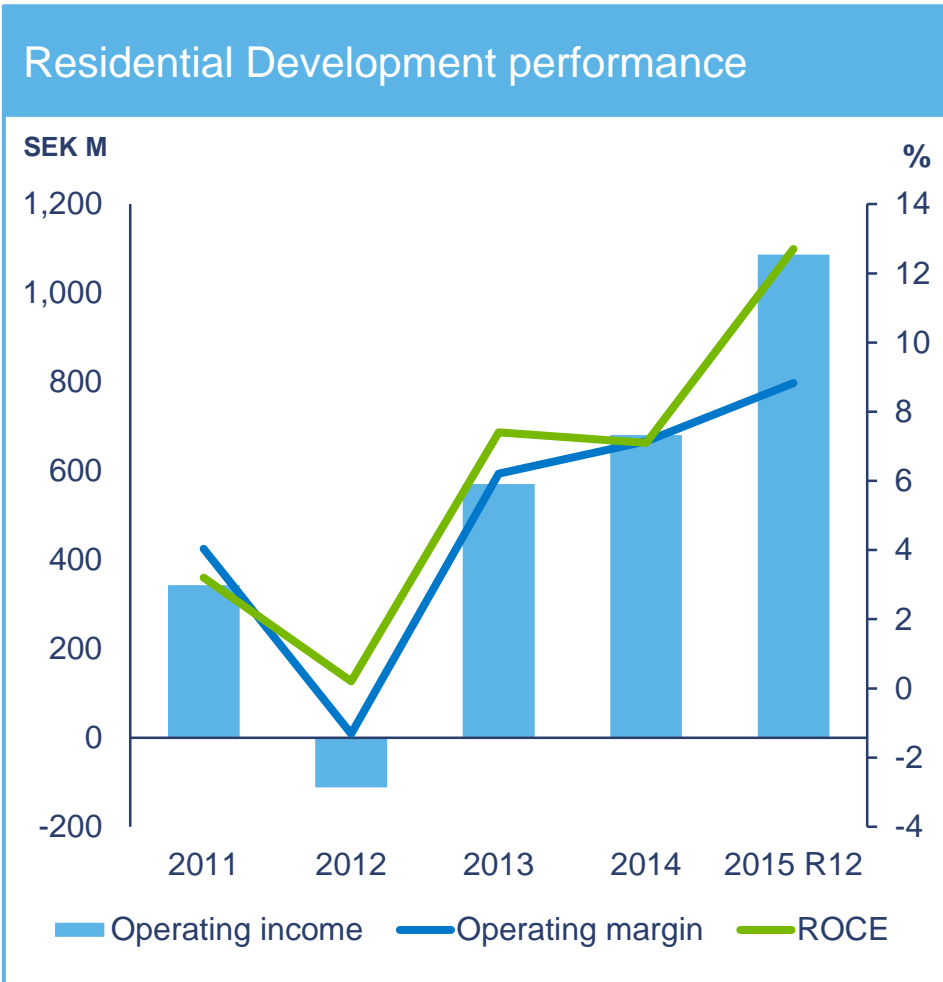
An integrated Residential Development and Construction model

- Construction generated cash used efficiently and enhances the returns for the group
 - Generates development profits
 - Generates construction revenue
- Improves operational efficiency
 - Close cooperation already at design stages, drives down costs
 - Cooperation improves resource planning and procurement



Uppsala entré , Sweden

Our operations



Our operations

Profit recognition in Residential Development



Key actions

- Increase capital efficiency
- Grow BoKlok
- Establish Residential Development Europe as a sustainable organization
- Design to cost
- 10 percent EBIT-margin and ROCE



Norra Djurgårdsstaden, Stockholm, Sweden

Coffee break



Commercial
Property
Development

Claes Larsson
EVP, Skanska

The market
Our operations
Key actions

The market

Nordic countries

- Locations with easy access to infrastructure clearly preferred
- New ways of working puts sqm/person out of play
- Green still important but not a differentiator



Stockholm New, Sweden

The market

Central Europe

The Business Process Outsourcing (BPO) to Central Europe a very strong market driver

Poland

- Warsaw – business hub for CEE. Wrocław, Kraków and TriCity 2nd tier markets followed by Poznań, Katowice and Łódź
- Strong exit market

Czech Republic

- HQ offices for local and CEE-based companies
- Strong exit market

Hungary & Romania

- Gaining momentum, increasing BPO demand



Generation Park, Poland, Warsaw

The market

USA

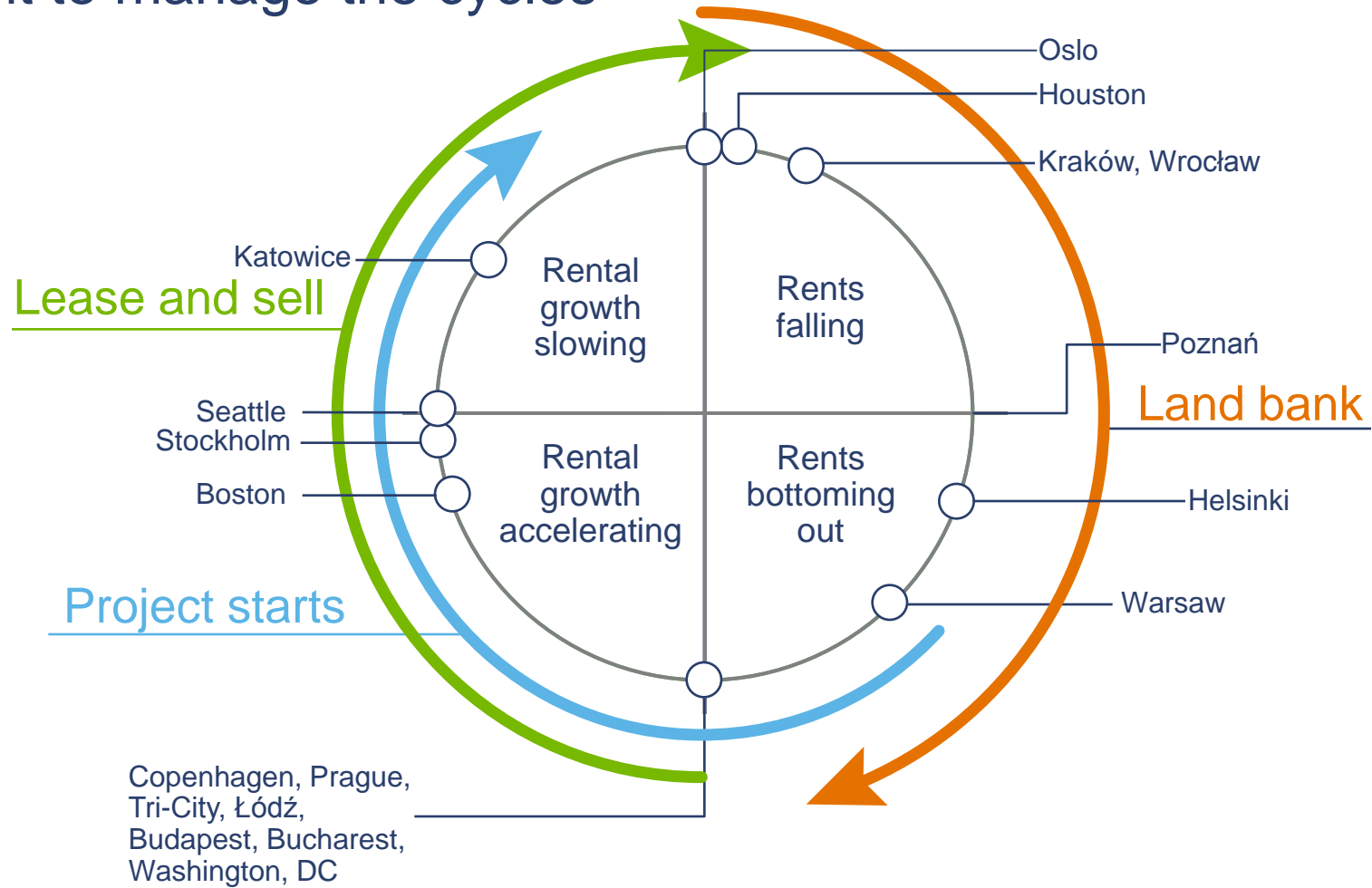
- Job growth starting to increase in industries outside of energy and tech
- Supply of new developments is increasing
- Efficiency, retention and sustainability drives many companies to favor new developments
- High lease supply but also stronger than expected demand in multifamily market
- Strong exit market



400 Fairview, Seattle, USA

The market

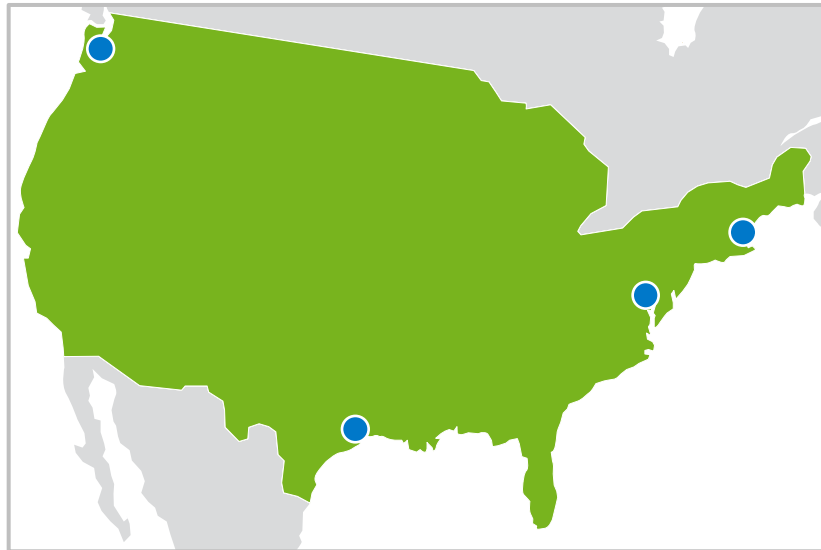
Important to manage the cycles



Source: Jones Lang LaSalle

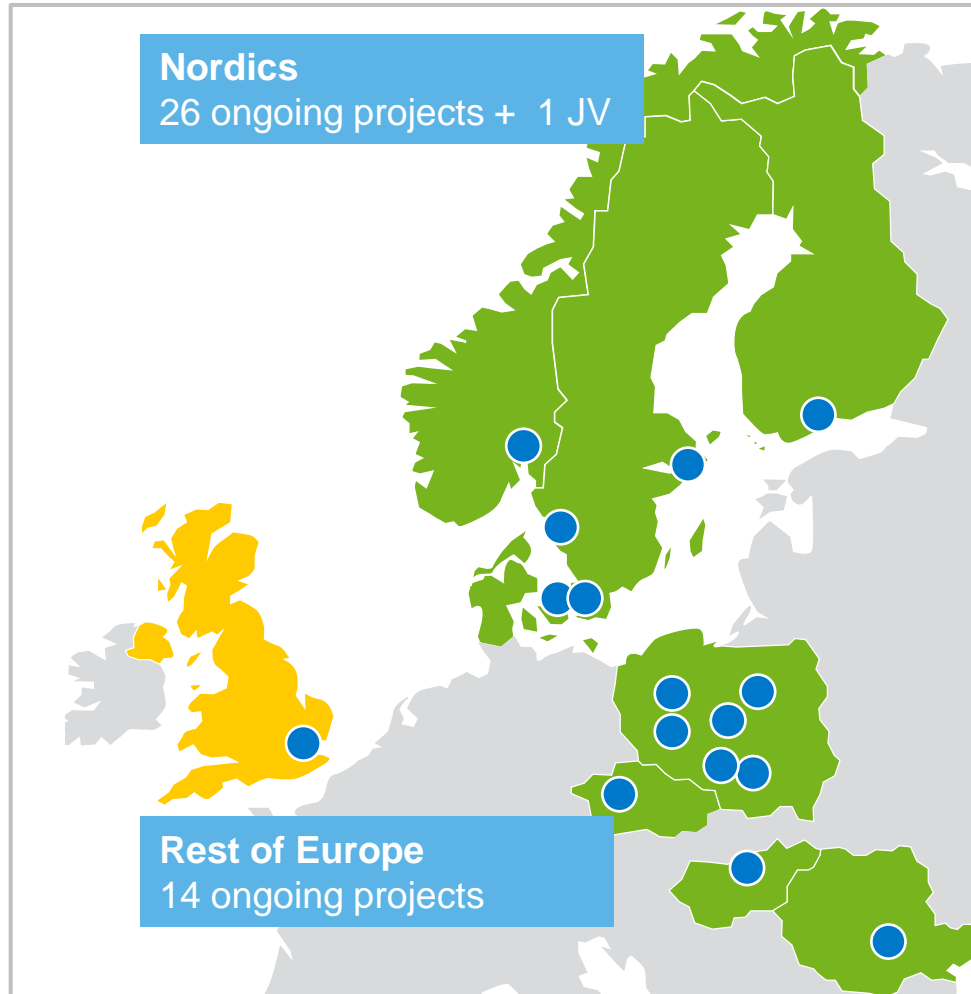
Our operations

Grand total (in balance sheet, Q3 2015)
45 ongoing projects + 3 JV
Investment SEK 19.3 bn



U.S.
5 ongoing projects + 2 JV

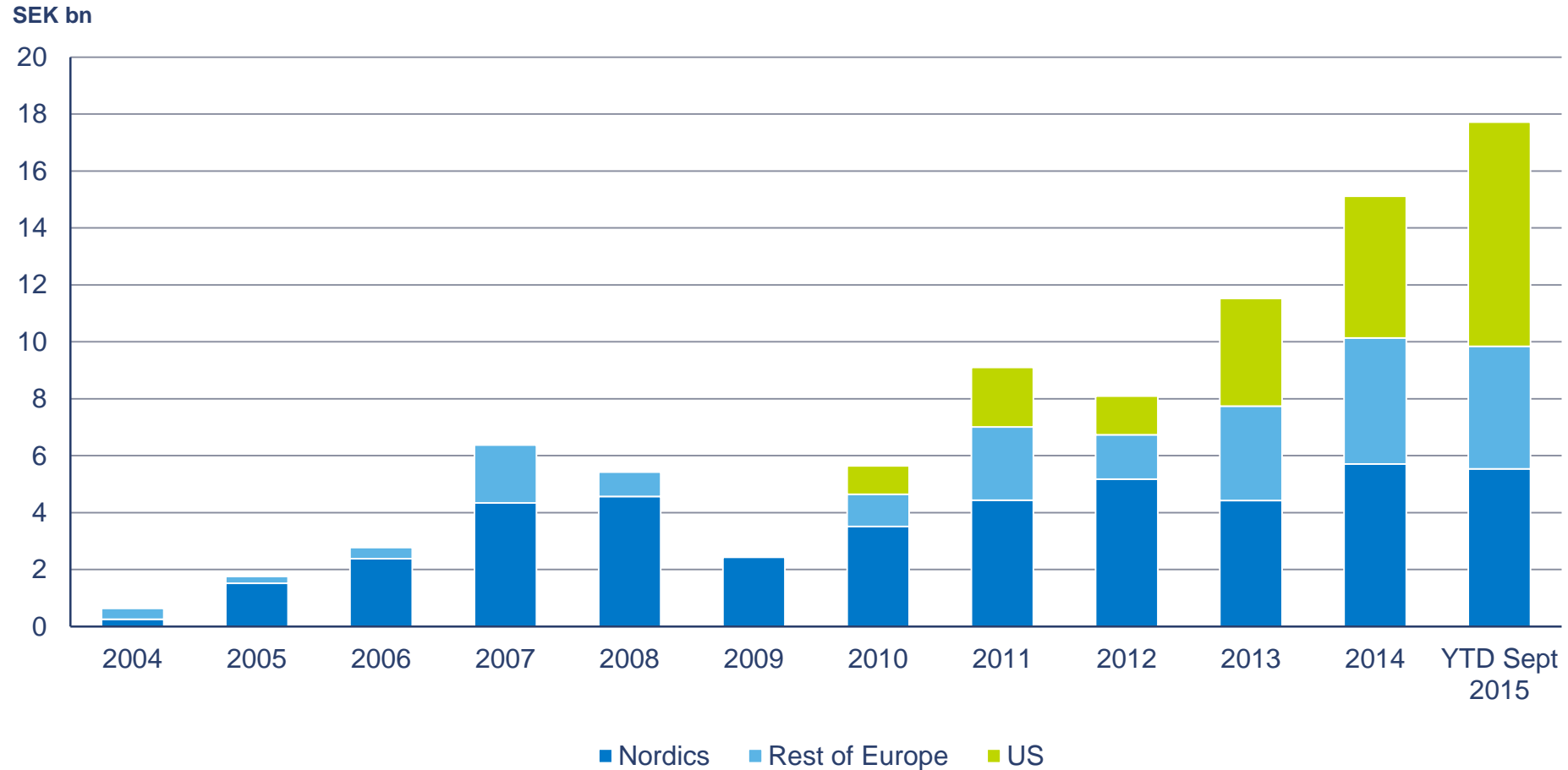
Nordics
26 ongoing projects + 1 JV



Rest of Europe
14 ongoing projects

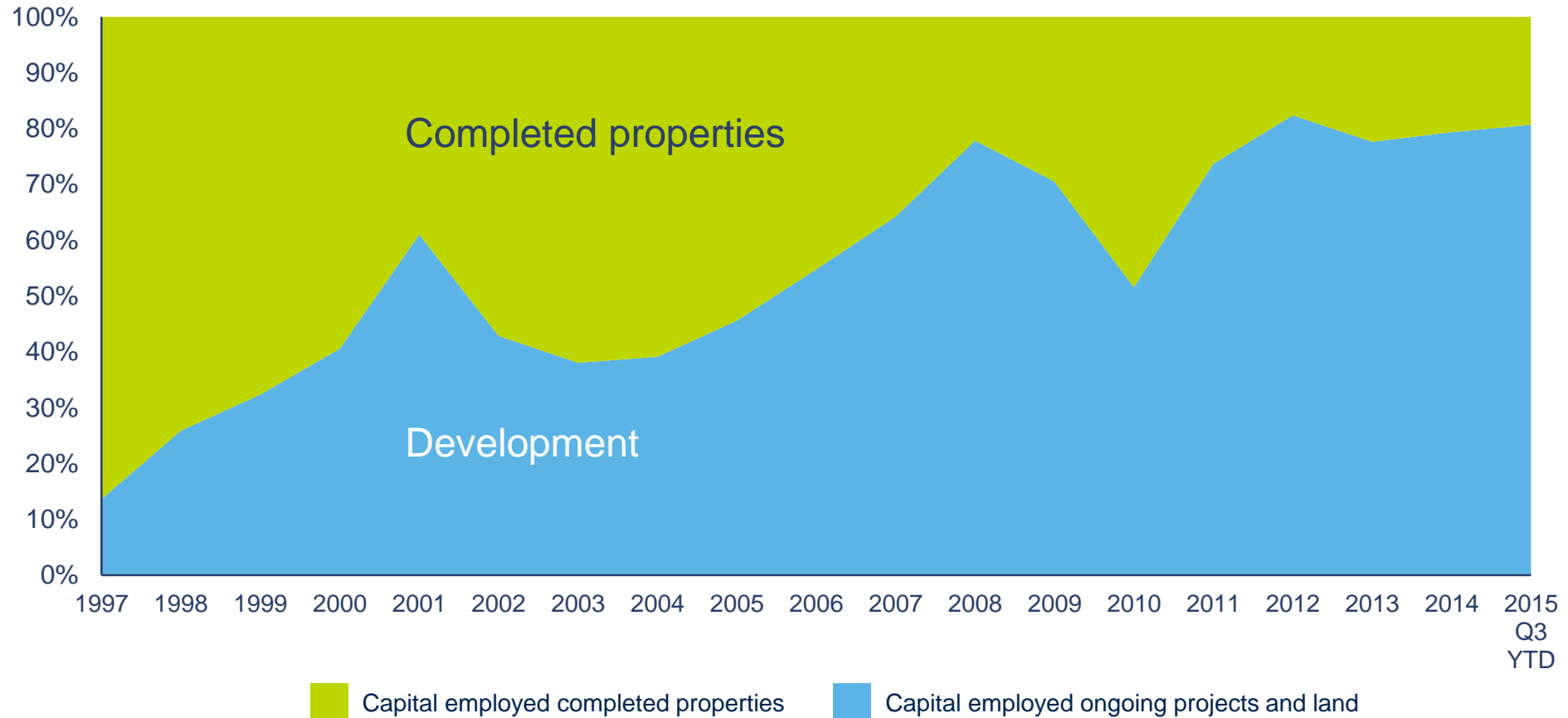
Our operations

Ongoing projects, book value at completion



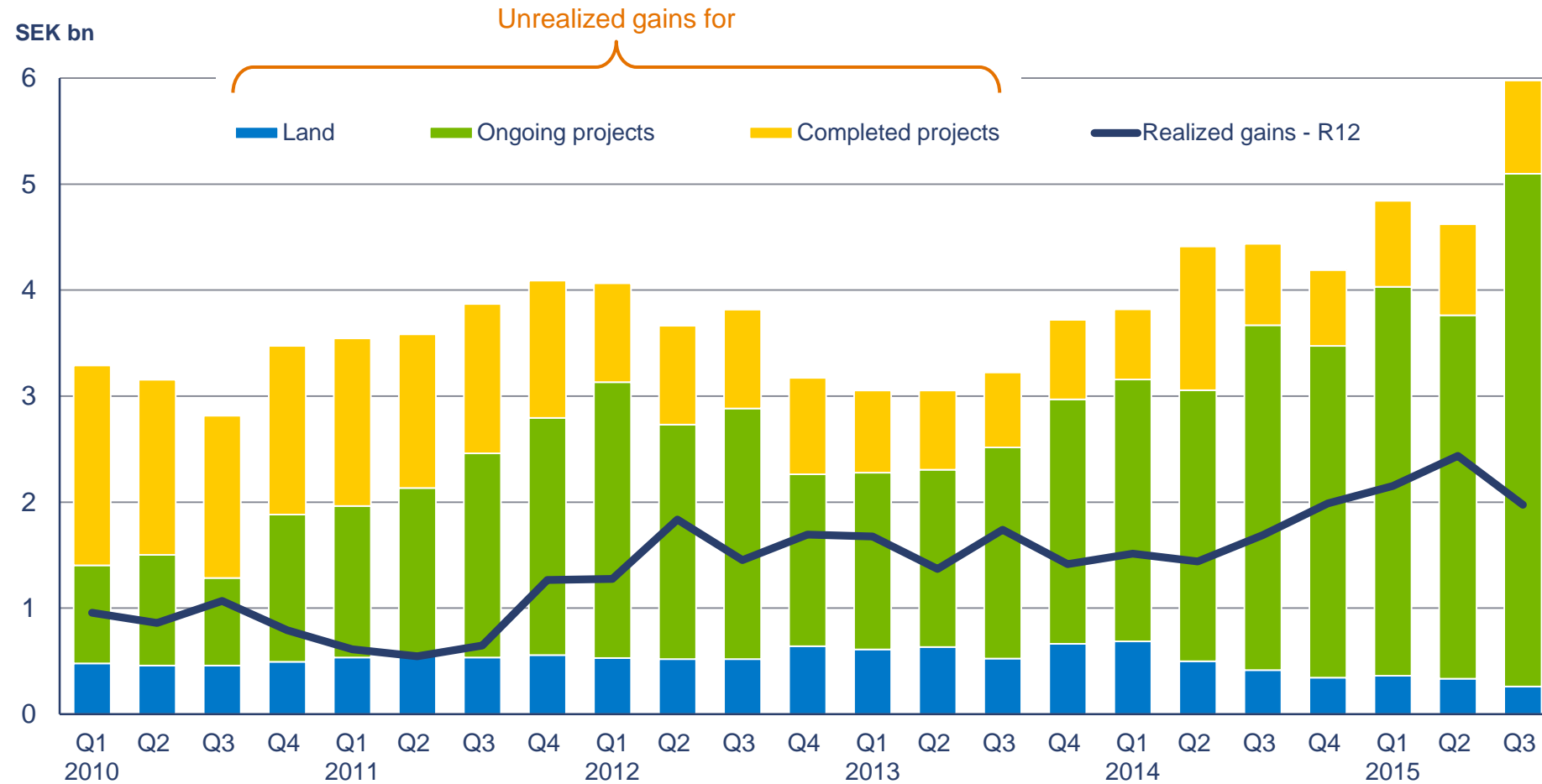
Our operations

Transition from a property company to a developer



Our operations

Unrealized and realized gains



Key actions

- Increase investments
- Drive cost efficiency
- Consider geographical expansion in the U.S. and CEE
- Continued strong focus on key client management
- Landbank focus to backfill pipeline



Stockholm Seaside, Hammarby Sjöstad, Sweden

Key actions

Nordics

- Retain and focus on present geographies
- Grow Oslo and Helsinki operations
- Improve process and cooperation with Construction units in order to reduce construction costs

Central Europe

- Continue to focus on the BPO market and proactivity towards clients
- Further improve client relationships by strategic partnerships and key client management
- Evaluate Tri-City in Poland as a new market

USA

- Grow the current office and residential multi-family business in our existing markets
- Evaluate potential new markets – San Francisco, Los Angeles, NYC, Denver, Dallas, Atlanta and Miami

Infrastructure Development

Mats Williamson
EVP, Skanska

The market
Our operations
Key actions

What is OPS, PPP, PFI?



Royal London Hospital, UK

Infrastructure Development



New Karolinska Solna, Stockholm, Sweden

The market

USA

- Infrastructure crisis, need to upgrade and build new capacity
- Large budget deficits, balance sheet constraints
- New states, sectors, opportunities in play
 - ~33 states with legislation
 - Social market
 - Availability
- Several attractive projects coming to market
- Growing, intense competition

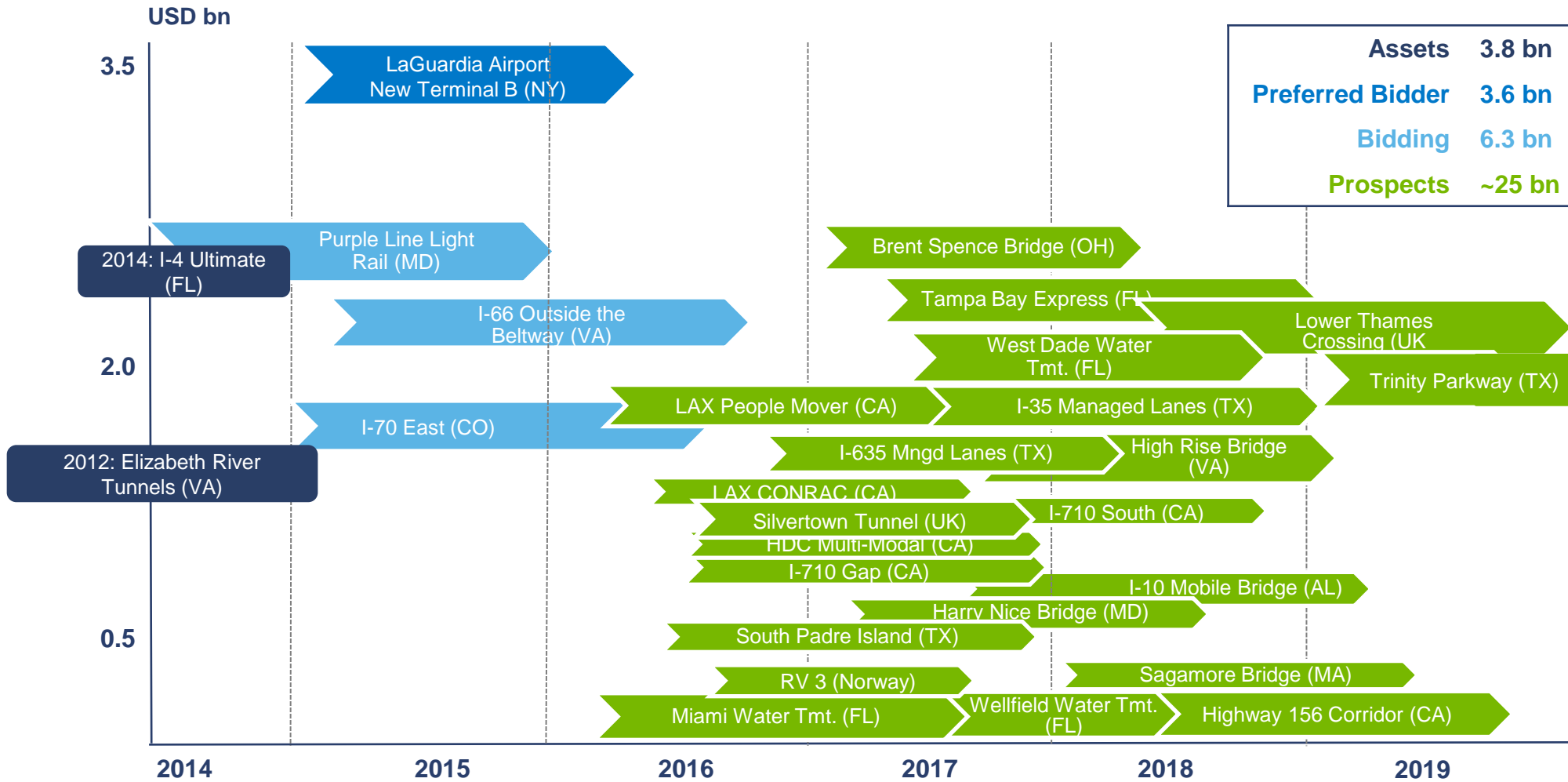
Norway

- Projects coming to the market



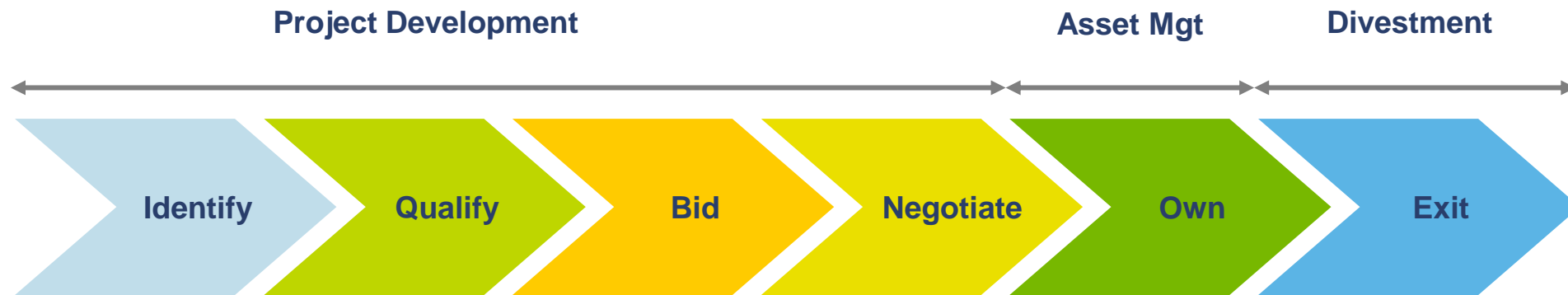
Interstate 4, Orlando, Florida, U.S.

The market Projects/Prospects



Our operations

Business model

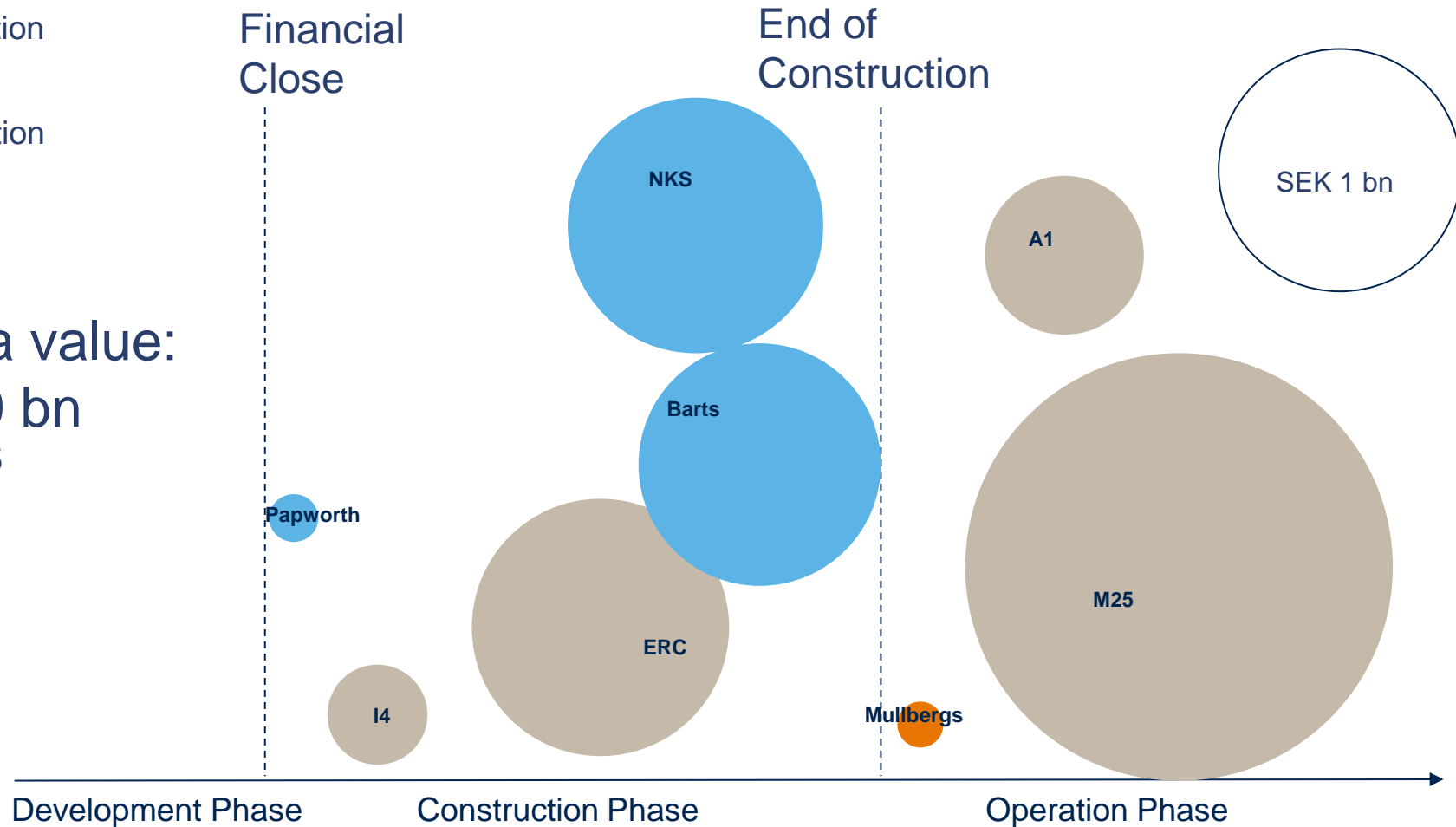


Our operations

Portfolio Q3 15 – Phase and Gross Value

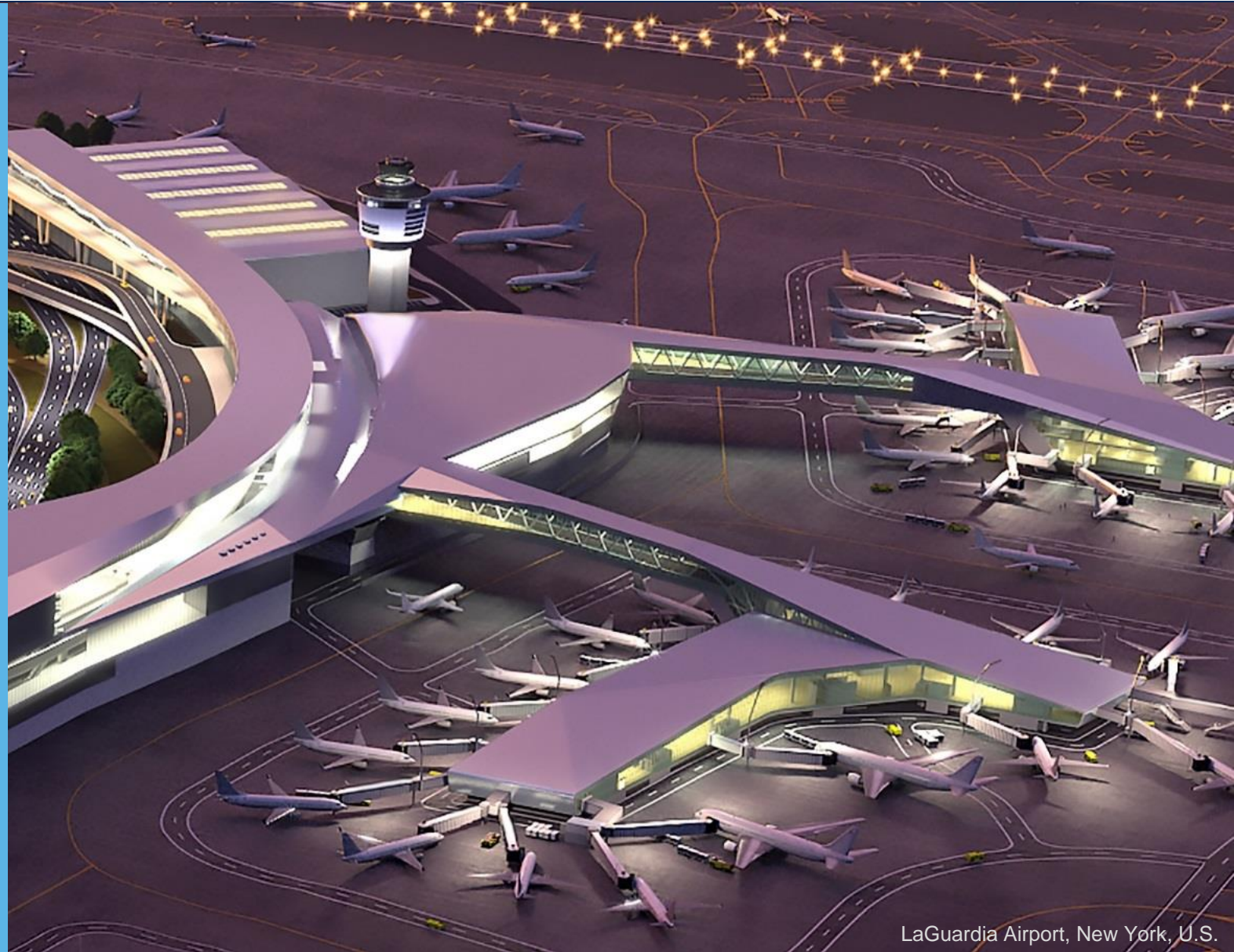
- Accomodation
- Utilities
- Transportation

Skanska value:
SEK 5.9 bn
 Sept 30, 2015



Key actions

- Operate across the full Skanska geographic footprint where PPP markets exist
- Grow presence in USA
- Establish presence in Norway
- Enhance values in portfolio and divest mature projects
- Increase investments
- More availability or mixed risks, less equity



LaGuardia Airport, New York, U.S.

Profit with Purpose Financial targets

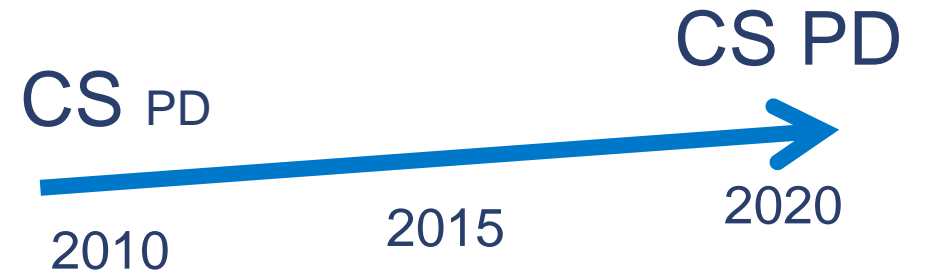
Peter Wallin
EVP and CFO, Skanska

Profit with Purpose – Financial targets

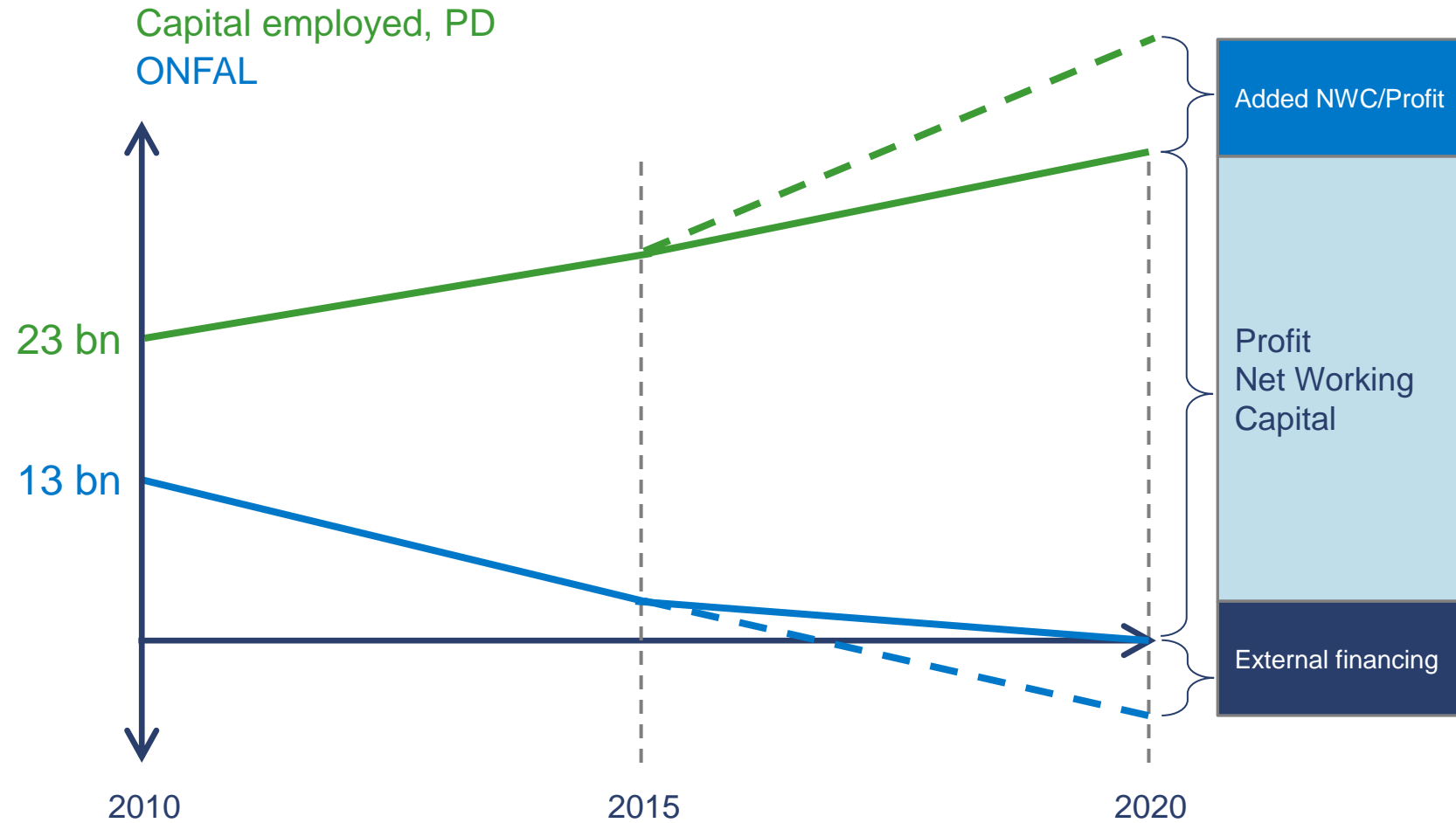
- Construction market growth
- All actions aim at strengthening the operational and financial synergies in our business model
- Balance value creation between Construction and Project Development
- Strong balance sheet important. If the right opportunities arises, leverage could come into play



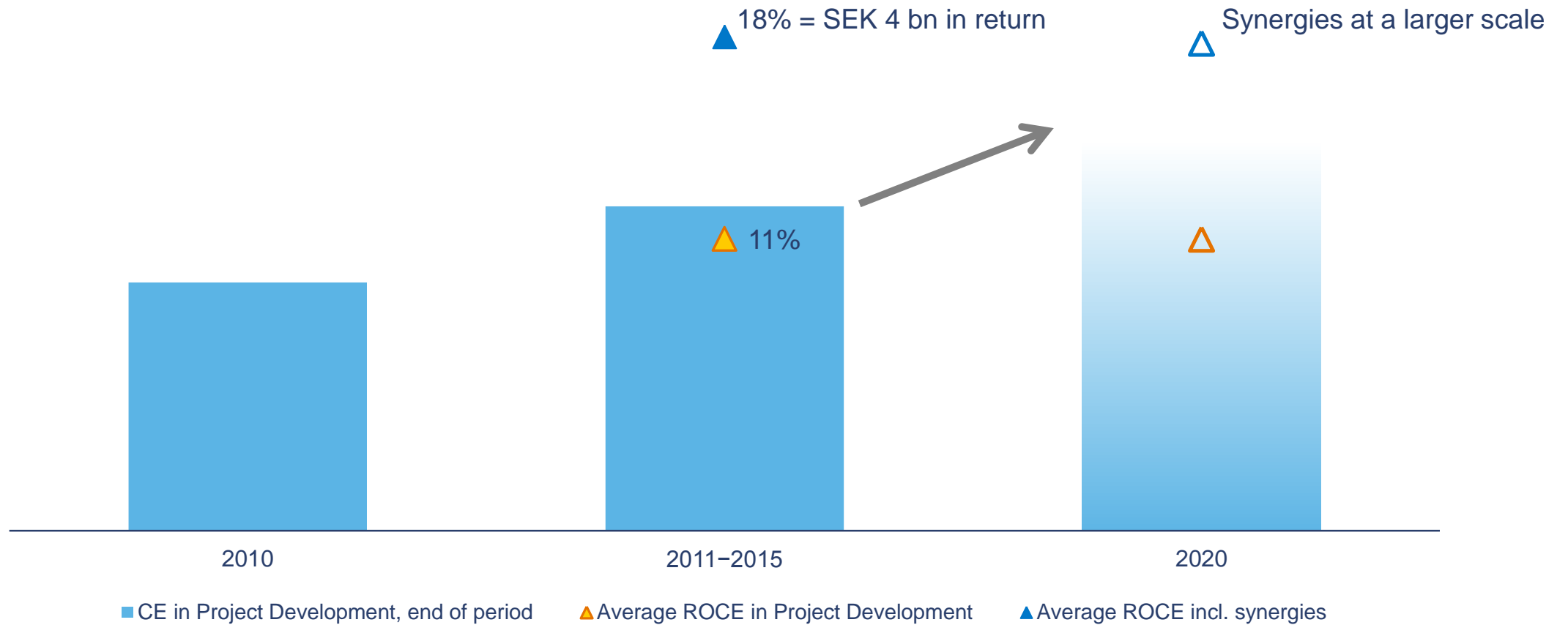
Balance value creation between Construction and Project Development



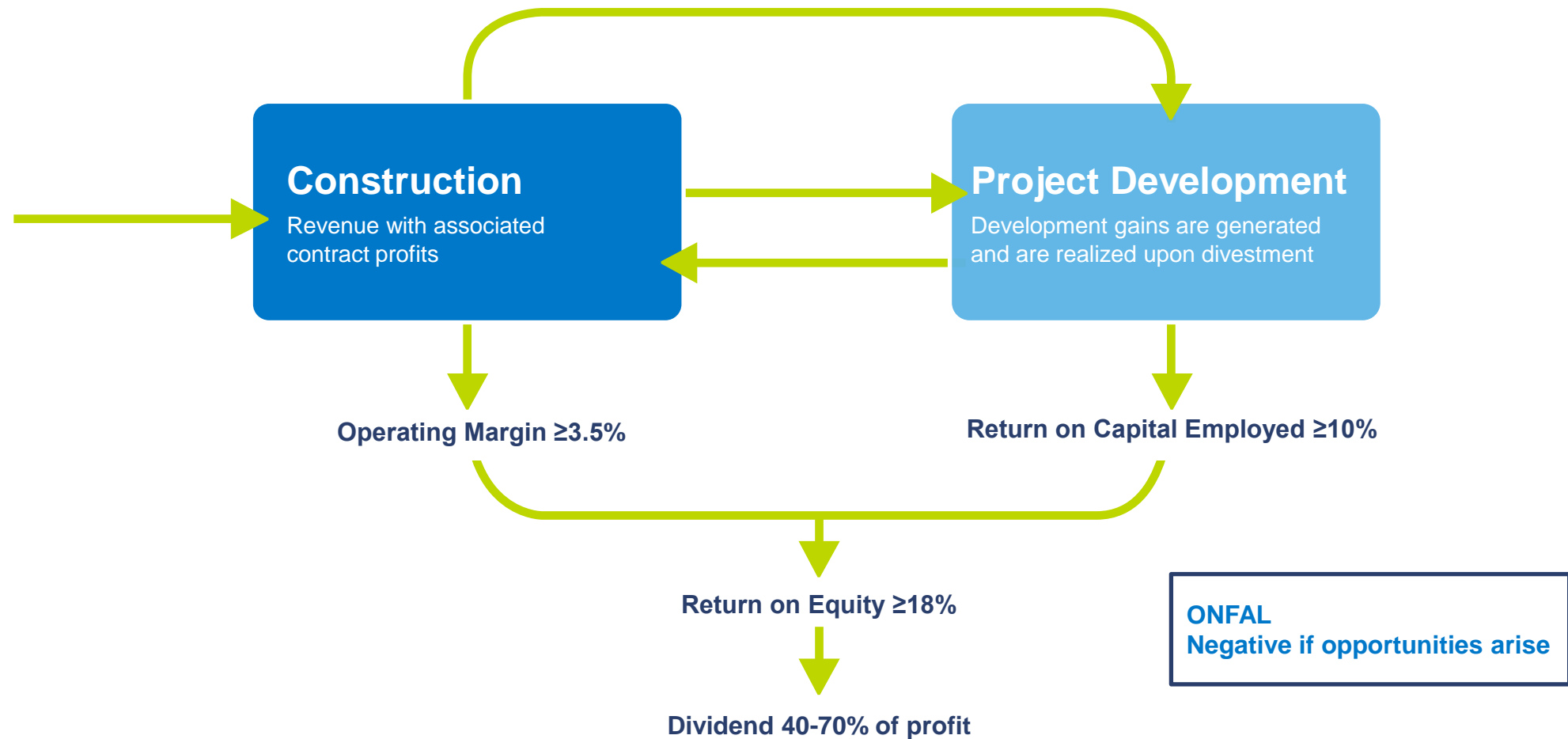
Leverage could come into play



Financial synergies



Profit with Purpose – Financial targets



Johan Karlström
President and CEO,
Skanska

Summary

Summary

- We will contribute to a sustainable future, build for a better society
- Good opportunities in our Home markets
- Industry leading total share holder return aspiration

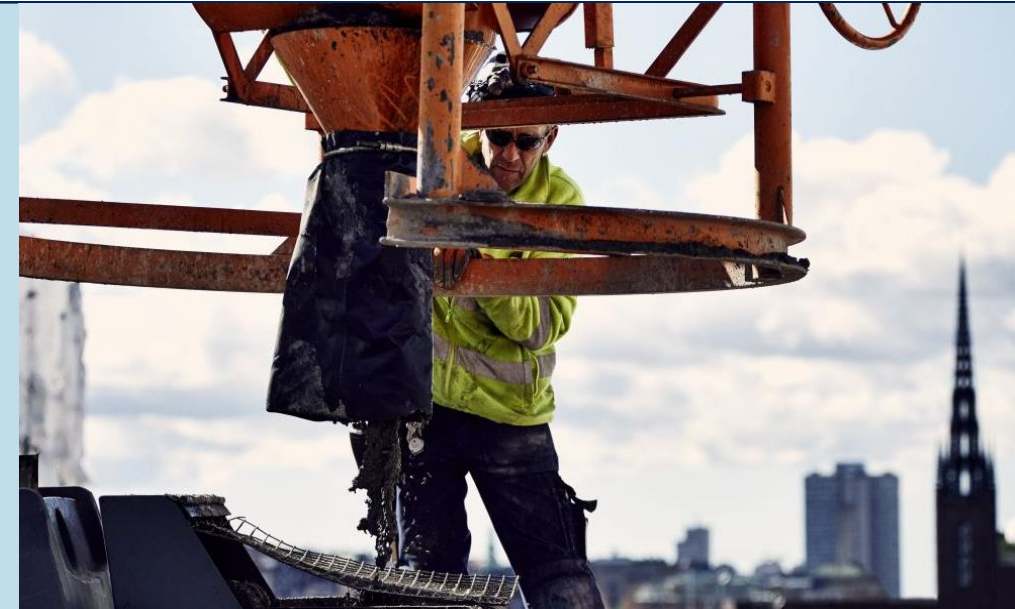


Slussen, Stockholm, Sweden

Summary

Balanced value creation between Construction and Project Development

- Controlled growth in Construction
- Increased investments in Commercial Property Development
- Leverage Infrastructure Development business model
- Stable Residential Development



Summary

Controlled growth in Construction

- Home market strategy
- Enhanced Risk management
- Higher level of early involvement
- Continued focus on working capital

Stable Residential Development

- Increase capital efficiency
- Grow BoKlok
- Establish Residential Development Europe
- Design to cost

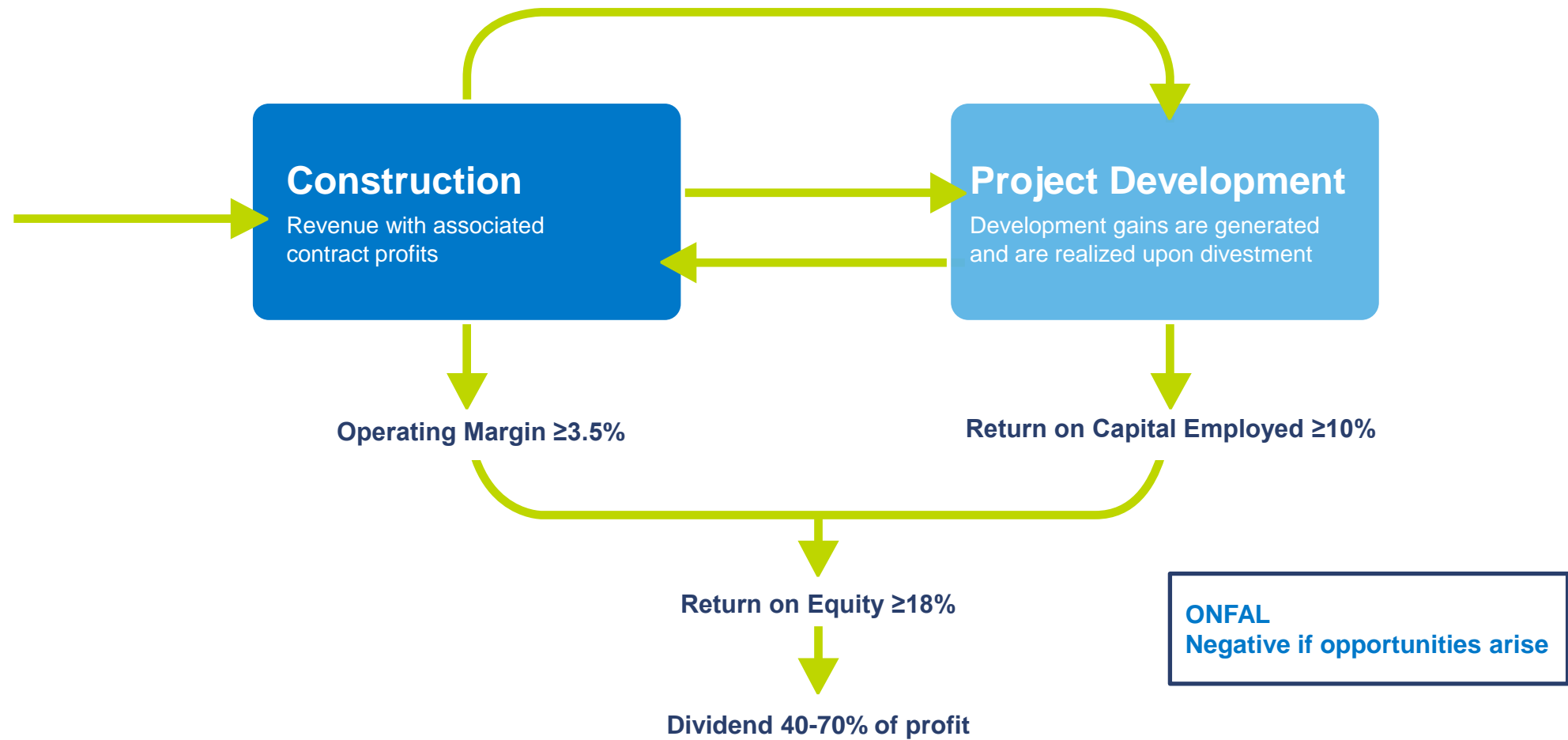
Expand Commercial Property Development

- Increase investments
- Drive cost efficiency
- Consider expansion in the U.S. and CEE
- Landbank focus to backfill pipeline

Leverage Infrastructure Development business model

- Grow presence in USA
- Establish presence in Norway
- Enhance values in portfolio and divest mature projects

Summary



Q&A

