

Six Month Report 2009



United Nations headquarters, New York

January–June 2009 in brief

- Revenue for the Group SEK 66.6 bn (68.6)
- Revenue in Construction SEK 64.5 bn (65.6)
 - Down 13 percent in local currencies
- Order bookings down 10 percent to SEK 61.7 bn
 - Down 18 percent in local currencies
- Backlog of SEK 144.0 bn represents 13 months of construction
- Operating income of SEK 2,310 M (2,424)
 - Gains from divestment of properties SEK 544 M (583)
 - Gains from divestment of ID assets SEK 0 M (686)

Construction

- Strong earnings
 - Solid project performance
- Strong order bookings in Q2
 - Orders in U.S. civil construction to come in Q3 & Q4
- S&A costs are coming down
- Revenue decline



Subway 2nd Avenue, New York

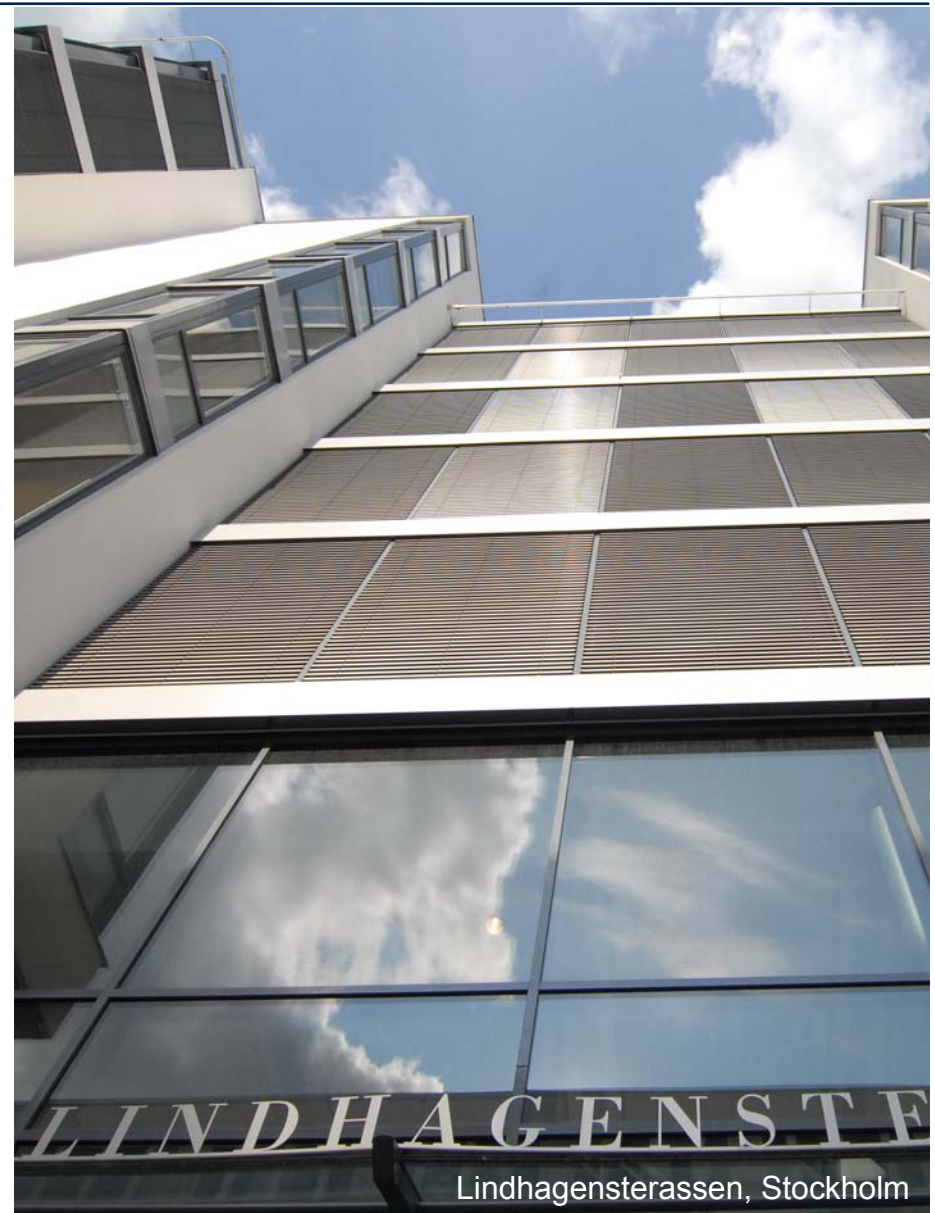
Residential Development

- Decreasing inventory
- Market recovery in Sweden & Norway
 - New projects will be started
- Weak market in Finland, Czech Republic and Slovakia



Commercial Development

- Negative market trends
- Divestments
- SEK 2 bn unrealized gains
- Low vacancy rates and strong tenants in our properties
- Demand for modern, green and flexible premises in good locations
- Citykajen (Q3)



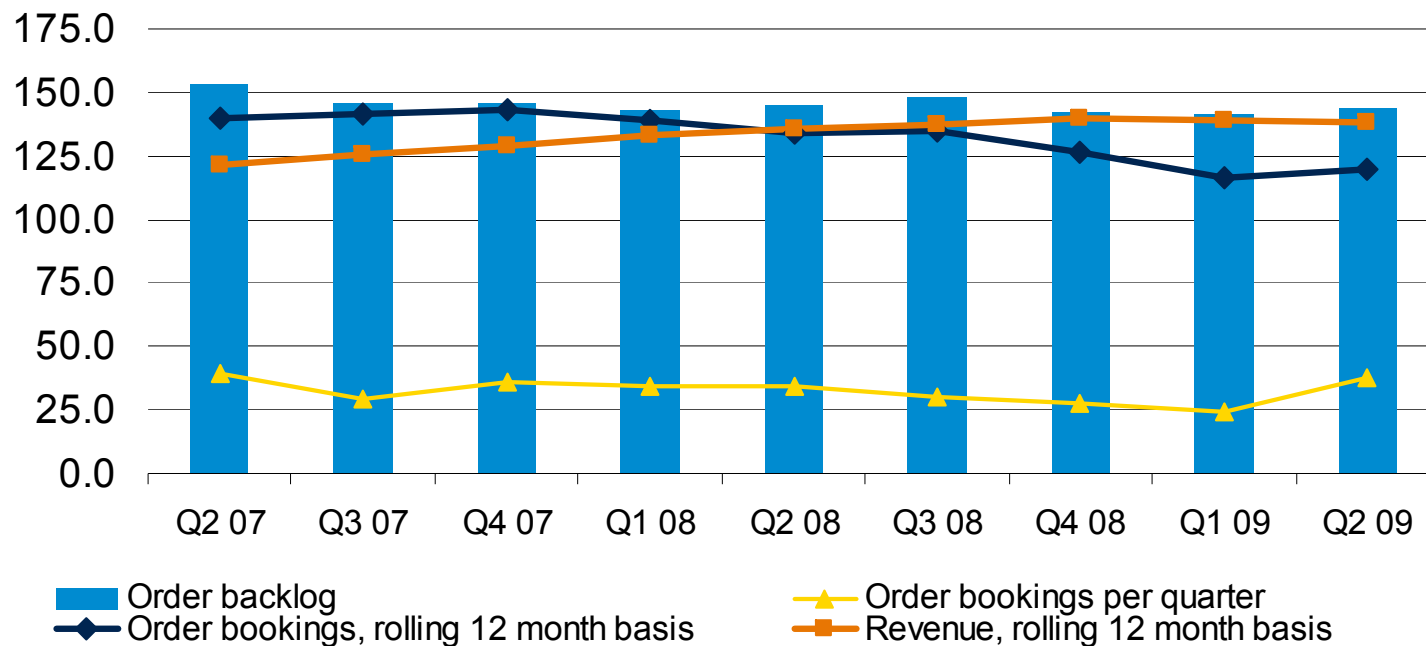
Infrastructure Development

- Financial close M25, London
- Financial close A1, Poland (Q3)
- Preferred bidder – Surrey street lighting, U.K.
- SEK 8 bn unrealized gains



Order situation – Construction

SEK bn	Jan–Jun 2009	Jan–Jun 2008	Jul 2008– Jun 2009	Jan–Dec 2008
Revenue	64.5	65.6	138.3	139.5
Order bookings	61.7	68.5	119.7	126.5
Order backlog	144.0	145.0		142.4



Order bookings – Construction

SEK bn	Jan–Jun 2009	Jan–Jun 2008	Jul 2008– Jun 2009	Jan–Dec 2008
Sweden	11.4	15.0	23.6	27.3
Norway	3.8	6.0	8.5	10.7
Finland	2.9	3.1	6.5	6.7
Poland	2.8	2.9	9.3	9.4
Czech Republic	4.6	6.6	12.1	14.1
UK	15.0	8.8	19.3	13.1
USA Building	17.0	13.1	29.9	26.0
USA Civil	1.8	10.2	5.4	13.7
Latin America	2.4	2.7	5.3	5.6
Total	61.7	68.5	119.7	126.5

Construction

SEK bn	Jan–Jun 2009	Jan–Jun 2008	Jul 2008– Jun 2009	Jan–Dec 2008
Revenue	64.5	65.6	138.3	139.5
Gross income	5.4	4.6	11.3	10.5
Selling and administrative expenses	-3.3	-3.2	-6.8	-6.8
Income from joint ventures and associated companies	0.0	0.0	0.0	0.0
Operating income	2.1	1.4	4.5	3.8
Gross margin, %	8.4	7.0	8.2	7.5
Selling and admin. expenses, %	-5.1	-4.9	-5.0	-4.9
Operating margin, %	3.3	2.1	3.2	2.7

Construction

	Operating income SEK M		Operating margin %	
	Jan-Jun 2009	Jan-Jun 2008	Jan-Jun 2009	Jan-Jun 2008
Sweden	586	766	4.6	5.0
Norway	211	218	3.6	3.2
Finland	86	58	2.5	1.3
Poland	100	124	4.8	4.5
Czech Republic	177	140	3.5	2.5
UK	181	-497	1.9	neg
USA Building	257	202	1.5	1.4
USA Civil	425	267	6.5	5.1
Latin America	84	127	3.0	5.3
Total	2,107	1,405	3.3	2.1

Residential Development

SEK M	Jan–Jun 2009	Jan–Jun 2008	Jul 2008– Jun 2009	Jan–Dec 2008
Revenue	3,236	3,945	5,741	6,450
Gross income	320	575	224	479
Selling and administrative expenses	-287	-346	-672	-731
Income from joint ventures and associated companies	-6	65	4	75
Operating income	27	294	-444	-177
Operating margin, %	0.8	7.5	neg	neg
Capital employed, SEK bn	5.8	5.8	5.8	6.3
Return on capital employed, %		12.5	neg.	neg.

Residential Development

	Operating income SEK M		Operating margin %	
	Jan-Jun 2009	Jan-Jun 2008	Jan-Jun 2009	Jan-Jun 2008
Sweden	71	168	3.9	8.7
Norway	-19	80	neg.	10.8
Denmark	-19	-40	neg.	neg.
Finland	-52	4	neg.	0.8
Nordics	-19	212	neg.	6.4
Czech Republic	46	82	9.1	13.5
Total	27	294	0.8	7.5

Residential Development, June 30, 2009

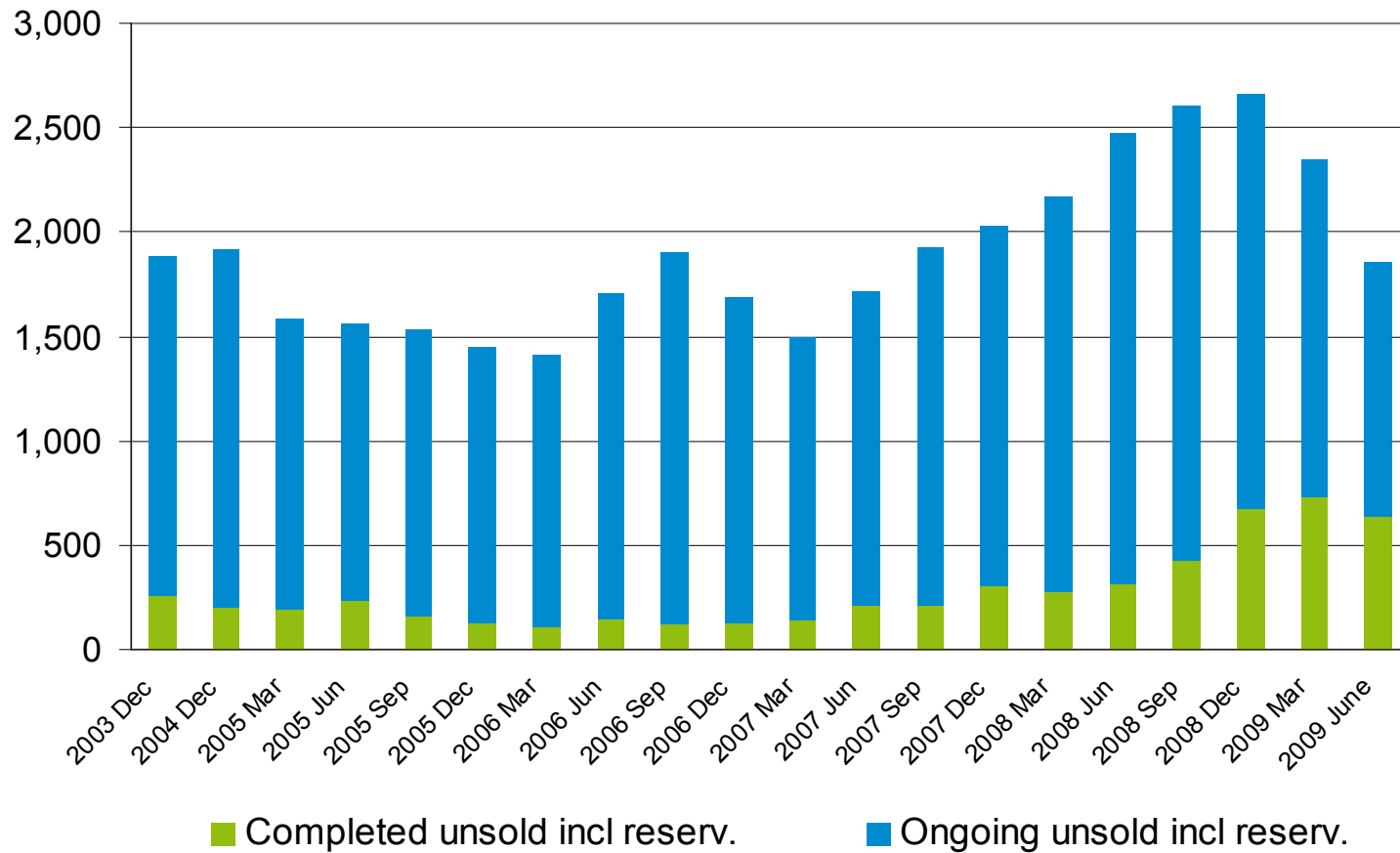
	Under construction #		Of which sold %		Completed unsold #	
	Q2, 2009	Q1, 2009	Q2, 2009	Q1, 2009	Q2, 2009	Q1, 2009
Sweden	2,198	2,459	73	67	39	41
Norway	83	83	83	66	42	75
Finland incl. Estonia	392	627	46	44	423	521
Denmark	0	38	0	97	41	49
Nordics	2,673	3,207	69	63	545	686
Czech Republic	1,072	1,254	62	66	91	40
TOTAL	3,745	4,461	67	64	636	726

Residential Development

	Started				Sold			
	Jan-Jun 2009	Jan-Jun 2008	Jul 2008- Jun 2009	Jan-Dec 2008	Jan-Jun 2009	Jan-Jun 2008	Jul 2008- Jun 2009	Jan-Dec 2008
Sweden	168	932	452	1,216	495	576	730	811
Norway	0	87	16	103	99	65	117	83
Finland incl. Estonia	0	423	248	671	345	510	612	777
Denmark	0	19	0	19	13	14	17	18
Nordics	168	1,461	716	2,009	952	1,165	1,476	1,689
Czech Republic	121	644	486	1,009	138	495	342	699
TOTAL	289	2,105	1,202	3,018	1,090	1,660	1,818	2,388

Residential Development

Number of unsold units



Commercial Development

SEK M	Jan–Jun 2009	Jan–Jun 2008	Jul 2008– Jun 2009	Jan–Dec 2008
Revenue ¹	2,088	1,917	4,132	3,961
Gross income	684	623	1,353	1,292
Selling and administrative expenses ²	-150	-138	-317	-305
Income from J/V and assoc. companies	-1	3	-38	-34
Operating income	533	488	998	953
of which gain from divestments of properties ³	516	561	1,138	1,183
of which operating net, completed properties ⁴	130	48	197	115
of which writedowns/reversal of writedowns	-22	0	-124	-102
Capital employed SEK bn	11.1	10.1	11.1	11.5
1 Of which SEK 206 M consisted of intra-Group property divestments				
2 Of which cost for development organization	-129	-120	-271	-262
3 Additional gain included in eliminations was	28	22	61	55
4 After selling and administrative expenses				

Sale of commercial properties, Q2 2009

SEK M	Total		Of which ongoing projects	
	Sales price ¹	Capital gain ²	Sales price	Capital gain ²
Q1	657	166	404	146
Q2	1,127	378	897	261
Total	1,784	544	1,301	407

1 Including sale of building right to RDN for SEK 206 M with 0 gain

2 Including eliminations of intra-Group project gains

- New leases were signed for 15,000 sq.m of space in Q2
- Divestments in Q2
 - Sturegatan 1 – selling price of approx SEK 400 M
 - Combination deal with Platzer generating SEK 97 M in gain
- Divestments in Q3
 - Citykajen – ongoing project, investment value SEK 375 M
- Gains from ongoing projects are reported on a percentage of completion basis.

Commercial Development

SEK bn	Carrying amount, end of period	Carrying amount upon completion	Market value	Occupancy rate, %	Degree of completion, %
Completed projects	3.6	3.6	4.8	91	100
Undeveloped land and development properties	2.5	2.5	2.7		
Subtotal	6.1	6.1	7.5		
Ongoing projects	4.2	5.9	4.7	78	73
Total	10.3	11.9	12.2		

Infrastructure Development

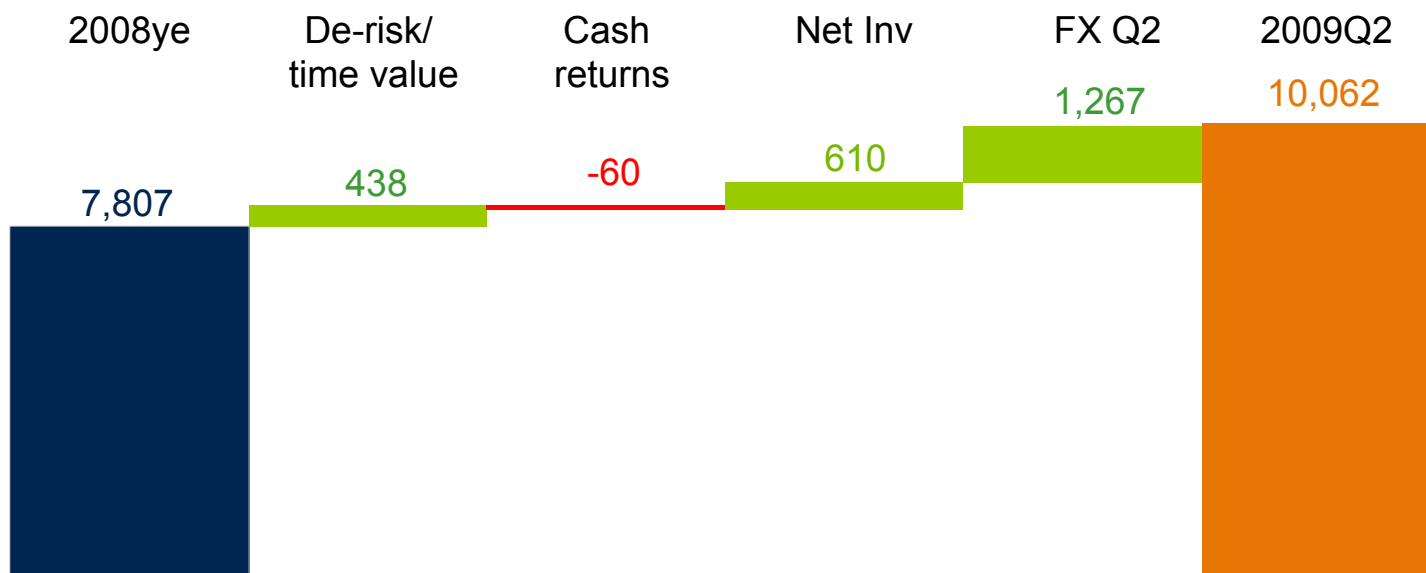
SEK M	Jan–Jun 2009	Jan–Jun 2008	Jul 2008– Jun 2009	Jan–Dec 2008
Revenue	102	23	134	55
Gross income	-14	-79	-119	-184
Selling and administrative expenses	-81	-96	-187	-202
Income from joint ventures and associated companies	80	765	97	782
Operating income (EBIT)	-15	590	-209	396
of which gains from divestments of projects	0	686	-2	684
Capital employed, SEK bn	2.2	1.9		1.8

Unrealized development gains, ID projects

SEK bn	Jun 30 2009	Dec 31 2008
Present value of cash flow from projects	11.4	8.4
Present value of remaining investments	-1.3	-0.6
NPV of projects	10.1	7.8
Carrying amount	-2.4	-2.0
Unrealized development gain Skanska ID	7.7	5.8
Group eliminations	0.3	0.2
Unrealized development gain, Group	8.0	6.0

Net Present Value of projects

SEK M



Income statement

SEK M	Jan-Jun 2009	Jan-Jun 2008	Apr-Jun 2009	Apr-June 2008
Operating income from business streams	2,652	2,777	1,837	1,525
Central	-299	-359	-156	-208
Eliminations	-43	6	-46	27
Operating income	2,310	2,424	1,635	1,344
Net financial items	-72	263	-15	123
Income after financial items	2,238	2,687	1,620	1,467
Taxes	-626	-725	-441	-383
Profit for the period	1,612	1,962	1,179	1,084
Earnings per share	3.85	4.65	2.82	2.57
<i>Tax rate</i>	28%	27%	27%	26%

Financial net

SEK bn	Jan–Jun 2009	Jan–Jun 2008	Apr–Jun 2009	Apr–June 2008
Interest income	120	284	45	112
Financial net pension costs	-20	46	-10	22
Interest expenses	-102	-115	-36	-57
Capitalized interest	47	91	16	53
Net interest	45	306	15	130
Change in fair value	-62	-20	-29	5
Other financial net	-55	-23	-1	-12
Net financial items	-72	263	-15	123

Balance sheet – summary

SEK bn	Jun 30 2009	Jun 30 2008	Dec 31 2008
Total assets	84.7	79.9	83.5
Equity attributable to equity holders	18.6	18.5	19.1
Interest-bearing net receivables (+)/net debt (-)	5.9	7.6	9.2
Working capital in construction, net	-16.9	-13.4	-19.1
Capital employed, closing balance	26.4	24.2	25.2
Equity/assets ratio, %	22.1	23.4	23.1

Changes in equity

SEK bn	Jan–Jun 2009	Jan–Jun 2008	Jul 2008– Jun 2009	Jan–Dec 2008
Opening balance	19.2	20.7	18.7	20.7
Profit for the period	1.6	2.0	2.8	3.2
Dividend	-2.2	-3.4	-2.2	-3.4
Translation differences incl. Fx hedges	0.2	0.2	1.0	1.0
Actuarial losses on pensions	-0.1	-0.5	-1.5	-2.0
Repurchase of shares	-0.1	-0.2	-0.1	-0.3
Other	0.2	-0.1	0.1	0.0
Closing balance	18.8	18.7	18.8	19.2

Operating cash flow

SEK bn	Jan–Jun 2009	Jan–Jun 2008	Jul 2008– Jun 2009	Jan–Dec 2008
Cash flow from business operations before change in working capital	2.3	1.2	4.2	3.2
Change in working capital	-1.2	-1.5	2.2	1.9
Net investments in business operations	-0.7	-1.7	-2.7	-3.6
Cash flow adjustment, net investments	-0.2	0.5	-0.7	0.0
Taxes paid in business operations	-0.7	-1.2	-1.3	-1.8
Cash flow from business operations	-0.5	-2.7	1.8	-0.4
Cash flow from financing operations	0.0	0.1	0.2	0.3
Dividend	-2.3	-3.7	-2.4	-3.8
Cash flow before change in interest- bearing receivables and liabilities	-2.8	-6.2	-0.3	-3.8

Change in interest-bearing net receivables

SEK bn	Jan–Jun 2009	Jan–Jun 2008	Jun 2008– Jul 2009	Jan–Dec 2008
Opening balance interest-bearing net receivables	9.2	14.6	7.6	14.6
Cash flow before change in interest-bearing receivables and liabilities	-2.8	-6.2	-0.4	-3.8
Translation differences, interest-bearing net receivables	-0.3	0.0	0.5	0.8
Change in pension liability	-0.1	-0.7	-1.8	-2.4
Other changes, interest-bearing net receivables	-0.1	-0.1	0.0	0.0
Change in interest-bearing net receivables	-3.3	-7.0	-1.7	-5.4
Closing balance interest-bearing net receivables	5.9	7.6	5.9	9.2

Market outlook – Construction

- Geographical discrepancies
 - Nordics and Czech Republic weakest outlook
- Continued weak building construction market, especially in residential and for private customers
- Civil construction less affected by the economic downturn, private customers are decreasing but public sector is holding up
- Government stimulus packages will have a positive impact on civil construction markets, especially in the United States

Market outlook – Residential Development

- Stabilized market in Sweden and Norway, new projects to be started
- Weak residential markets in Finland, Czech Republic and Slovakia
- Development of unemployment and interest rates key factors

Market outlook – Commercial Development

- Vacancy rates expected to increase
- Pressure on rent levels
- Increased yield requirements
- Pressure on land prices
- Few active investors

Market outlook – Infrastructure Development

- Still a good volume of PPP projects in the UK
- Some interest in PPP in other markets
- Financing relatively expensive

Going forward

- Revenue decline
- Continued focus on S&A costs
- Continued focus on cash flow and risk management
- RD projects to be started in Norway and Sweden
- Increased interest in green construction
- Unrealized development gains of SEK 11 bn

Summary

- Strong earnings and margins
- Strong order bookings in Q2
- Strong order backlog
- Falling revenues
- Building construction – weak outlook
- Civil construction – stable outlook
- Mixed residential markets
- CD transactions
- Financial close in M25 and A1 (Q3)

SKANSKA