



SHAREHOLDER INFORMATION
Nine Month Report, January–September 2004

SKANSKA

Nine Month Report

January–September 2004

Group highlights	Jul-Sep 2004	Jul-Sep 2003	Jan-Sep 2004	Jan-Sep 2003	Oct 2003- Sep 2004	Jan-Dec 2003
SEK M						
■ Net sales	32,389	33,371	90,647	97,274	126,252	132,879
of which net sales on sale of properties in Commercial Project Development	2,016	609	4,098	5,074	6,596	7,572
■ Operating income	2,166	887	3,752	3,254	5,030	4,532
of which gain on sale of properties in Commercial Project Development	617	172	1,330	1,757	1,972	2,399
of which income from discontinued operations	797	68	861	153	802	94
■ Income after financial items	2,165	745	3,675	2,883	4,864	4,072
■ Net income	1,603	519	2,561	2,001	3,321	2,761
■ Earnings per share for the period	3.83	1.24	6.12	4.78	7.93	6.60
■ Capital employed	23,538	24,992	23,538	24,992	23,538	24,460
■ Net cash (+)/Net debt (-)	4,137	-4,112	4,137	-4,112	4,137	150
■ Shareholders' equity	15,839	13,423	15,839	13,423	15,839	14,169
■ Return on capital employed, %					22.4	17.1
■ Return on shareholders' equity, %					22.7	19.5
■ Operating cash flow before change in interest-bearing receivables and liabilities	4,304	1,029	4,108	5,276	8,787	9,955
■ Change in interest-bearing net cash (+)/net debt (-)	4,255	1,139	3,987	5,264	8,249	9,526
■ Order bookings, SEK bn ¹	26.9	34.2	88.2	95.4	108.7	115.9
■ Order backlog, SEK bn ¹	119.8	122.9	119.8	122.9	119.8	110.4

¹ Excluding discontinued operations

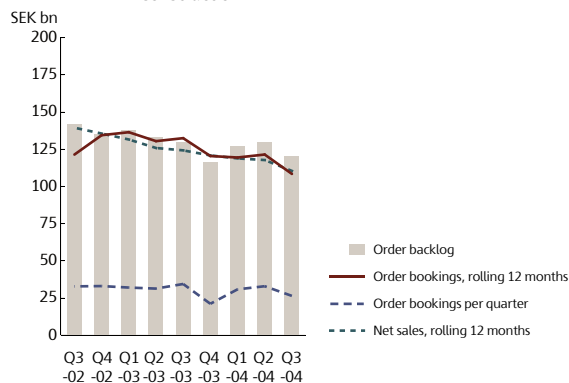
Third quarter of 2004 compared to third quarter of 2003

- Net sales decreased by 3 percent till SEK 32,389 M (33,371). Adjusted for currency rate effects, net sales were unchanged.
- Operating income amounted to SEK 2,166 M (887).
- Gain on sale of properties in Commercial Project Development amounted to SEK 617 M (172).
- Operating income from discontinued operations amounted to SEK 797 M (68).
- Income after financial items amounted to SEK 2,165 M (745).
- Net income amounted to SEK 1,603 M (519) and earnings per share in the third quarter amounted to SEK 3.83 (1.24).

Comments from Skanska's President and CEO Stuart Graham:

- Skanska's core business performed favorably in the third quarter, with improved earnings and higher margins in Construction. Both Residential and Commercial Project Development continue to report good earnings. Order bookings were low in the third quarter but for the nine-month period they exceeded net sales by almost SEK 8 billion.
- The outlook is generally unchanged in Skanska's main markets. U.S. civil construction is expected to remain at a low level, but a number of large infrastructure projects in the New York area are now beginning to be put out to tender.
- Despite weak market growth over the past two years, Skanska is now well on its way to meeting the financial targets established in early 2003. During late 2004 management will develop recommendations for the Board of Directors regarding capital structure and financial targets, which are expected to be communicated in conjunction with the Year-end Report in February.

Order bookings and backlog in Construction



Order bookings

July–September

Order bookings decreased by 21 percent and amounted to SEK 26,860 M (34,171). Adjusted for currency rate effects, order bookings fell by 19 percent. Skanska UK and Skanska USA Civil reported large declines in order bookings. At Skanska USA Civil, order bookings are being adversely affected by the lack of a new infrastructure funding program and increased competition for projects that are put out for tender. During the comparative period of 2003, Skanska USA Civil won water supply and wastewater treatment facility projects worth a total of SEK 3.0 billion, and in the United Kingdom, Skanska UK signed a BOT/PFI contract for Derby Acute Hospital worth about SEK 4.4 billion. Private Finance Initiative (PFI) projects in the U.K. tend to be very large and can appreciably influence comparisons between periods.

Skanska's Czech, Finnish and Latin American units showed the largest increases in order bookings.

During the period, Skanska USA Building received several large hospital contracts. In Fayetteville, North Carolina, the contract was worth SEK 672 M; in Detroit, Michigan, SEK 460 M; and in Baltimore, Maryland, Skanska USA Building signed a contract to manage the expansion of the Johns Hopkins Hospital. This assignment is valued at SEK 1.7 billion. The same unit also signed a contract to manage the construction of a biomedical research center in Baltimore. The contract value for this assignment amounts to SEK 1.2 billion. In the Czech Republic, Skanska received an extensive railroad contract in Prague worth the equivalent of SEK 735 M. In September, Skanska Sweden signed a contract related to the renovation and expansion of Skärholmens Centrum, a shopping center on the southern outskirts of Stockholm; the assignment is worth SEK 500 M, with an option for additional work totaling SEK 900 M.

January–September

Order bookings decreased by 7 percent and amounted to SEK 88,231 M (95,406). Currency rate effects had a negative impact of 4 percent on order bookings. In terms of local currencies, Skanska's Czech and Polish operations greatly increased their order bookings.

Skanska's business units in Norway, Sweden and Latin America also increased their order bookings, while Skanska UK and Skanska USA Civil both showed substantially lower order bookings than in the comparative period of 2003. In the Construction business stream as a whole, order bookings exceeded net sales by SEK 7.9 billion.

Order backlog

At the end of the report period, order backlog amounted to SEK 119,786 M (122,872), which represented a decrease of 3 percent compared to the end of September 2003. The currency rate effect was negative and amounted to 2 percent. Compared to year-end 2003, order backlog rose by 8 percent. In local currencies, the increase was 7 percent. Order backlog was equivalent to about 13 (13) months of construction.

Net sales and income

Performance analysis

SEK M	Jul-Sep 2004	Jul-Sep 2003	Jan-Sep 2004	Jan-Sep 2003	Oct 2003- Sep 2004	Jan-Dec 2003
Net sales						
Construction	28,887	30,287	80,334	85,452	111,136	116,254
Residential Project Development	1,422	1,362	4,368	4,280	6,233	6,145
Commercial Project Development	2,238	885	4,784	6,103	7,542	8,861
BOT	9	19	23	72	38	87
Central, eliminations and discontinued operations	-167	818	1,138	1,367	1,303	1,532
Skanska Group	32,389	33,371	90,647	97,274	126,252	132,879
Earnings before interest, taxes and amortization (EBITA)						
Construction	750	640	1,541	1,345	2,235	2,039
Residential Project Development	137	77	384	160	521	297
Commercial Project Development ¹	658	301	1,514	2,311	2,264	3,061
BOT	5	16	-5	25	-3	27
Central	-74	-109	-265	-379	-356	-470
Discontinued operations	899	81	1,001	188	1,041	228
Eliminations ¹	9	-21	21	-65	21	-65
Skanska Group	2,384	985	4,191	3,585	5,723	5,117
Goodwill amortization and writedowns ¹	-218	-98	-439	-331	-693	-585
Operating income	2,166	887	3,752	3,254	5,030	4,532
Net interest items	26	-113	-44	-343	-94	-393
Other financial items	-27	-29	-33	-28	-72	-67
Net financial items	-1	-142	-77	-371	-166	-460
Income after financial items	2,165	745	3,675	2,883	4,864	4,072
Taxes	-559	-223	-1,103	-868	-1,538	-1,303
Minority interests	-3	-3	-11	-14	-5	-8
Net income for the period	1,603	519	2,561	2,001	3,321	2,761
Earnings per share for the period	3.83	1.24	6.12	4.78	7.93	6.60

¹ Of which gain on sale of commercial properties reported in

Commercial Project Development	589	172	1,258	1,754	1,900	2,396
Eliminations	28	0	72	3	72	3

July–September

Net sales totaled SEK 32,389 M (33,371), a decline of 3 percent. Adjusted for currency rate effects, net sales were unchanged. Net sales of the Construction business stream fell by 1 percent in terms of local currencies. Among the reasons for the decrease in the Group's net sales was lower business volume in Skanska's American units compared to the third quarter of 2003.

Operating income totaled SEK 2,166 M (887) due to better margins in Construction, higher sale of properties and the capital gain on the divestment of Skanska Services. Currency rate effects had a positive impact of SEK 9 M on operating income. In Construction, operating income before goodwill amortization (EBITA) rose by 17 percent, amounting to SEK 750 M (640). In Residential Project Development, operating income before goodwill rose by 78 percent, amounting to SEK 137 M (77). Commercial Project Development reported an operating income of SEK 658 M (301) as a consequence of higher divestment of completed commercial projects. Meanwhile rental revenues fell as the property portfolio was reduced. Gain on the sale of properties amounted to SEK 617 M (172), of which SEK 28 M was reported under the item "Eliminations" as a recovery of previously eliminated gains in construction operations. Operating income in this business stream was negatively affected by a writedown of the 30 percent share in the Westin Hotel in Warsaw amounting to SEK 61 M. The operating income of Skanska BOT amounted to SEK 5 M (16) before goodwill. Corporate overhead totaled SEK -74 M (-109). The item "Discontinued operations" includes operating income before goodwill as well as capital gain effects related to the divestments of Skanska Services, Whessoe, Skanska Cementation Mining, Skanska Cementation India and Skanska's 50 percent holding in Gammon Skanska. During the comparative period, this item included Spectrum Skanska, which was divested during the first quarter of 2003.

In Construction, operating margin amounted to 2.2 (1.9) percent.

Goodwill amortization and writedowns during the period, which totaled SEK 218 M, consisted of scheduled amortization as well as SEK 101 M related to goodwill writedowns in the divested Indian operations.

As a consequence of the strengthened financial position, net interest items improved, amounting to SEK 26 M (-113). Capitalization of interest expenses in ongoing projects amounted to SEK 32 M (53). Other financial items totaled SEK -27 M (-29) and included currency hedging and currency rate losses.

Income after financial items rose to SEK 2,165 M (745). Taxes for the period amounted to SEK -559 M (-223), equivalent on an annualized basis to a tax expense of about 30 (30) percent. The capital gain from the sale of Skanska Services is tax-exempt, with the result that the Group's tax rate will be lower than estimated during the first half of 2004. Net income for the period amounted to SEK 1,603 M (519). Earnings per share during the period amounted to SEK 3.83 (1.24).

January–September

Net sales declined by 7 percent to SEK 90,647 M (97,274). Adjusted for currency rate effects, net sales fell by 3 percent. Net sales of the

Construction business stream declined by 2 percent in terms of local currencies.

Operating income rose to SEK 3,752 M (3,254). Construction as well as Residential Project Development increased their results. In Commercial Project Development the gain on sale of properties amounted to SEK 1,330 M (1,757). The comparative period of 2003 included the divestment of the CityCronan commercial property in Stockholm, with a gain of SEK 1.1 billion. The capital gain from the sale of Skanska Services compensates for the decrease in property gains. Currency rate effects had an influence of SEK 24 M on operating income. Operating margin including gain on property divestments amounted to 4.1 (3.3) percent. In Construction, operating margin before goodwill amounted to 1.9 (1.6) percent.

Income after net financial items amounted to SEK 3,675 M (2,883) and net income for the period rose to SEK 2,561 M (2,001). Earnings per share during the first nine months of 2004 totaled SEK 6.12 (4.78) and on a rolling 12 month basis SEK 7.93 (2003: 6.60).

Return on capital employed on a rolling 12 month basis was 22.4 (Dec. 2003: 17.1) percent. Return on shareholders' equity on a rolling 12 month basis was 22.7 (Dec. 2003: 19.5) percent.

Investments and divestments

SEK M	Jul-Sep 2004	Jul-Sep 2003	Jan-Sep 2004	Jan-Sep 2003	Oct 2003– Sep 2004	Jan-Dec 2003
INVESTMENTS						
Construction	-333	-376	-880	-1,080	-1,491	-1,691
Residential Project Development	-814	-681	-2,487	-2,570	-3,579	-3,662
Commercial Project Development	-433	-221	-1,060	-1,044	-1,415	-1,399
BOT	-27	6	-53	-20	-148	-115
Central, eliminations and discontinued operations	1	-57	-178	-108	-130	-60
Investments total	-1,606	-1,329	-4,658	-4,822	-6,763	-6,927
DIVESTMENTS						
Construction	157	275	617	751	1,386	1,520
Residential Project Development	1,066	919	2,994	2,920	4,469	4,395
Commercial Project Development	2,016	609	4,102	5,074	6,600	7,572
BOT	0	0	7	1	7	1
Central, eliminations and discontinued operations	1,848	3	1,854	421	1,786	353
Divestments total	5,087	1,806	9,574	9,167	14,248	13,841
NET INVESTMENTS						
Construction	-176	-101	-263	-329	-105	-171
Residential Project Development	252	238	507	350	890	733
Commercial Project Development	1,583	388	3,042	4,030	5,185	6,173
BOT	-27	6	-46	-19	-141	-114
Central, eliminations and discontinued operations	1,849	-54	1,676	313	1,656	293
Net investments total¹	3,481	477	4,916	4,345	7,485	6,914
1 Of which strategic investments/divestments	1,882	29	1,737	490	1,651	404

July–September

Investment amounted to SEK -1,606 M (-1,329). Investments in Construction decreased to SEK -333 M (-376). This item was mainly related to investments in fixed assets for Skanska's own production. Net investments in Construction totaled SEK -176 M (-101).

Investment volume in Residential Project Development rose to SEK -814 M (-681). Divestments in this business stream rose to SEK 1,066 M (919). In Commercial Project Development, investments rose to SEK -433 M (-221). Divestments also rose, amounting to SEK 2,016 M (609). Net divestments in Commercial Project Development totaled SEK 1,583 M (388).

The net amount of the Group's investments (-) and divestments (+) was SEK +3,481 (+477).

January–September

Investments totaled SEK -4,658 M (-4,822). Divestments amounted to SEK 9,574 M (9,167). The net amount of investments (-) and divestments (+) was SEK 4,916 M (4,345).

Operating cash flow and change in interestbearing net debt/net cash

Consolidated operating cash flow by business stream

SEK M	Jul-Sep 2004	Jul-Sep 2003	Jan-Sep 2004	Jan-Sep 2003	Oct 2003- Sep 2004	Jan-Dec 2003
CASH FLOW FROM OPERATIONS						
Construction	886	458	1,341	356	4,348	3,363
Residential Project Development	404	318	266	492	749	975
Commercial Project Development	1,416	517	3,202	4,922	5,390	7,110
BOT	-32	-12	-117	-60	-229	-172
Central, eliminations and discontinued operations	1,671	121	1,497	674	864	41
Cash flow before taxes, financial operations and dividends	4,345	1,402	6,189	6,384	11,122	11,317
Taxes paid	-40	-283	-717	70	-855	-68
Net interest items and other financial items	-1	-142	-77	-371	-136	-430
Dividend etc.	0	52	-1,287	-807	-1,344	-864
Cash flow before changes in interest-bearing receivables and liabilities	4,304	1,029	4,108	5,276	8,787	9,955
Translation differences, net debt	1	71	-50	357	20	427
Reclassification and change in accounting principle, interest-bearing net debt	14	-32	35	-1,317	-469	-1,821
Interest-bearing liabilities acquired/divested	-2	-3	-8	869	-31	846
Other changes, interest-bearing net debt	-62	74	-98	79	-58	119
Changes in interest-bearing net debt/net cash	4,255	1,139	3,987	5,264	8,249	9,526

July–September

Cash flow before taxes, financing operations and dividends totaled SEK 4,345 M (1,402). In Construction, cash flow increased to SEK 886 M (458). Cash flow also rose in Residential Project Development, amounting to SEK 404 M (318). Commercial Project Development

reported cash flow amounting to SEK 1,416 M (517), due to a larger volume of property divestments. In the Skanska BOT business stream, cash flow from business operations amounted to SEK -32 M (-12). Cash flow from "Central and eliminations" totaled SEK 1,671 M (121), where the increase is explained by divestments of businesses.

Taxes paid for the period amounted to SEK -40 M (-283). Dividends plus adjustments of minority interests amounted to SEK 0 M (52). Cash flow before change in interest-bearing receivables and liabilities totaled SEK 4,304 M (1,029).

The change in interest-bearing net debt amounted to SEK 4,255 M (1,139).

January–September

Cash flow before taxes, financial operations and dividends totaled SEK 6,189 M (6 384). The decline was mainly attributable to lower volume of commercial property divestments. Cash flow before changes in interest-bearing receivables and liabilities totaled SEK 4,108 M (5,276).

Financial position

Capital employed, by business stream on September 30, 2004

SEK bn	Construction	Residential Project Development	Commercial Project Development	BOT	Central, eliminations & discontinued operations	Total Skanska Group
Intangible fixed assets	3.8	0.0	0.0	0.4	0.0	4.2
Tangible fixed assets	5.9	0.0	0.0	0.0	0.1	6.0
Shares and participations	0.2	0.1	0.0	0.8	-0.2	0.9
Commercial properties	1.4	0.0	7.7	0.0	-0.2	8.9
Residential properties	0.0	3.2	0.0	0.0	0.0	3.2
Interest-bearing receivables	1.0	0.0	1.1	0.1	2.2	4.4
Net working capital	-7.5	-0.9	-0.1	0.1	-2.8	-11.2
Cash, bank & short term investments	2.5	0.0	0.0	0.0	4.6	7.1
Capital employed on Sep 30, 2004	7.3	2.4	8.7	1.4	3.7	23.5
Capital employed on Dec 31, 2003	8.6	2.9	9.5	1.2	2.3	24.5
Capital employed on Sep 30, 2003	10.3	3.3	10.9	1.3	-0.8	25.0

During the third quarter, capital employed rose by SEK 0.7 billion. The increase is explained primarily by the capital gain from the divestment of Skanska Services, which is booked as an interest-bearing receivable until payment is collected.

At the close of the quarter, the Group's capital employed totaled SEK 23.5 billion (25.0). Compared to year-end 2003, the Group reduced its capital employed by SEK 0.9 billion.

In Construction, capital employed declined by 29 percent compared to the third quarter of 2003 and amounted to SEK 7.3 billion (10.3). In Residential Property Development, capital employed totaled SEK 2.4 billion (3.3), and in Commercial Project Development it was SEK 8.7 billion (10.9). In Skanska BOT, the corresponding figure was SEK 1.4 billion (1.3).

Change in interest-bearing assets and liabilities

SEK M	Jul-Sep 2004	Jul-Sep 2003	Jan-Sep 2004	Jan-Sep 2003	Oct 2003- Sep 2004	Jan-Dec 2003
Net debt (-) / Net cash surplus (+), opening balance	-118	-5 251	150	-9,376	-4,112	-9,376
Change in interest-bearing receivables and liquid assets	3,451	-2,167	1,509	-49	4,705	3,147
Translation differences interest-bearing receivables and liquid assets	-69	-138	79	-598	-52	-729
Change in interest-bearing liabilities	853	3,196	2,599	5,325	4,082	6,808
Translation differences in interest-bearing liabilities	70	209	-129	955	72	1,156
Reclassification and change in accounting principle	14	-32	35	-1,317	-469	-1,821
Interest-bearing debts acquired/divested	-2	-3	-8	869	-31	846
Other changes	-62	74	-98	79	-58	119
Net debt (-) / Net cash surplus (+), closing balance	4,137	-4,112	4,137	-4,112	4,137	150

The Group's net debt, which amounted to SEK -118 M at the beginning of the quarter, turned into a net cash position of SEK 4,137 M (-4,112). At the close of the third quarter, interest-bearing liabilities and provisions amounted to SEK 7,558 M (Dec. 2003: 10,091).

The shareholders' equity of the Group rose to SEK 15,839 M (Dec. 2003: 14,169) during the third quarter. The net debt/equity ratio amounted to -0.3 (Dec. 2003: 0.0) and the equity/assets ratio was 23.3 (Dec. 2003: 21.5) percent.

Total assets in the consolidated balance sheet fell to SEK 68.6 billion (69.7). Currency rate effects increased total assets by SEK 0.8 billion.

The book value of current-asset properties amounted to SEK 12.1 billion (15.7), of which commercial properties in project development operations accounted for SEK 7.6 billion (10.7). Please see the table on page 17.

Exchange rates for the most important currencies

	Average exchange		Exchange rates on the balance sheet date		
	Jan-Sep	Jan-Sep	Sep 30	Sep 30	Dec 31
SEK	2004	2003	2004	2003	2003
U.S. dollar	7.48	8.25	7.35	7.66	7.26
British pound	13.61	13.29	13.22	12.81	12.89
Norwegian crown	1.09	1.16	1.09	1.09	1.08
Euro	9.16	9.16	9.07	8.95	9.07

Personnel

The number of employees in the Group was 65,263 (70,119), measured as the average number of employees.

Market outlook

Construction investments in several Skanska markets are starting to show signs of slow recovery. In the Nordic countries, the situation is cautiously positive, Poland, the Czech Republic and Estonia – new members of the European Union – are experiencing growth. However, the competition in Poland remains fierce. In the United Kingdom, the volume of Private Finance Initiative (PFI) projects is still growing. In other segments of importance to Skanska, U.K. investment volume is still low. In the United States, investment activities in industrial and commercial construction remain at a low level. Vacancy rates are still high, resulting in low demand for new office space. The outlook for industrial construction in the U.S. has not yet improved.

Civil construction in most Skanska markets is showing continued signs of slow recovery. In the U.S., civil construction is nevertheless expected to remain at a low level, as a consequence of large budget deficits in individual states. No long-term decision has yet been made on the federal program of infrastructure investments that has been discussed over a long period. Some projects for the reconstruction of lower Manhattan are however beginning to be put out to tender. There are also a number of other large infrastructure projects out for tender in the New York area. The Norwegian civil construction market is positive, driven by projects for the oil industry and by BOT investments in highways. In Finland, civil construction is growing. The Czech Republic and Poland are expected to show some growth, among other things due to EU membership. In South America, economic recovery is continuing, with a good outlook for power transmission projects and projects in the oil and gas industries, which are important sectors for Skanska's operations in this region.

Residential construction remains at a high level in the Czech Republic, Finland and St. Petersburg, Russia. In Sweden and Norway, the number of projects being started is increasing. In many markets, the volume of planned housing starts is also rising. The increase consists of units in the medium and lower price segments, for which there is heavy demand.

The vacancy rates in the Scandinavian and Central European office markets are beginning to stabilize. A cautious approach to investments in new projects remains, however. In Scandinavia there is good demand for high-volume retail and logistics properties with efficient space in the right locations.

Accounting principles and changes in accounting practices

This Interim Report was prepared in compliance with the Swedish Financial Accounting Standards Council's recommendation RR20, "Interim Financial Accounting." The same accounting principles and calculation methods have been applied as in the latest Annual Report.

Nomination Committee

On March 30, 2004, the Annual Shareholders' Meeting of Skanska AB approved a resolution giving a mandate to the Chairman of the Board to assemble a Nomination Committee and stating that its composition would be announced in conjunction with the publication of Skanska's Interim Report for January-September 2004. The Chairman of the Board has announced that the Nomination Committee in preparation for the 2005 Annual Meeting consists of Sverker Martin-Löf, Chairman of Skanska AB; Carl-Olof By representing Industrivärden AB; Jan-Erik Erenius representing AMF Pension; Curt Källströmer representing Handelsbankens Pensionsstiftelser and Svenska Handelsbanken AB; Karl Gunnar Lindvall representing Robur Fonder; and Per Ludvigsson representing Inter IKEA Investments AB. The Annual Shareholders' Meeting will be held at 5 p.m. on April 7, 2005 at the Rival Hotel on Mariatorget in Stockholm, Sweden.

Discontinued operations

During the third quarter, Skanska sold its majority holding in its mining contracting business in South Africa and Canada to South African construction company Murray & Roberts at a capital loss of SEK 111 M, of which SEK 100 M was already charged to consolidated earnings for the fourth quarter of 2003. Skanska's 50 percent holding in the Hong Kong-based Gammon Skanska was sold to the British construction company Balfour Beatty at a loss of about SEK 30 M, which is being charged to earnings for the third quarter of 2004. On September 30, a binding agreement was signed concerning the sale of Skanska Services to the international private equity company 3i. The purchase price was about SEK 1.2 billion and the capital gain before and after taxes totaled about SEK 1 billion. This gain was included in third quarter earnings.

Other matters

After an "intermediate judgment" in Sweden's Market Court in September 2004, it was clarified that the Swedish Competition Authority's suit in Stockholm City Court demanding fines for alleged collusive anti-competitive practices will be heard in its entirety, i.e., also concerning contracting procurements by the National Road Administration included in the Competition Authority's allegations concerning cartels. The City Court estimates that the main hearings on this case can be held no earlier than January 2006. No new information has emerged either in the corresponding Finnish legal action or in cases where individual Swedish municipalities have sued construction companies, among them Skanska, maintaining that they had suffered damage from alleged cartels. The amounts of infringement fines proposed by the competition authorities in Sweden and Finland have been reported as contingent liabilities.

Events after the close of the report period

Skanska has signed an agreement on the sale of its majority holding (80.4 percent) in Skanska Cementation India. The buyer is Thailand-based Italian-Thai Development Plc (ITD). The purchase price of about SEK 100 M signifies a loss of about SEK 146 M of which about SEK 101 M in the form of a goodwill writeoff, which is being charged to third quarter earnings.

As of today (October 29), Skanska has carried out no new property divestments during the fourth quarter.

Financial reports about 2004

Effective from January 1, 2005, Skanska will no longer print and distribute interim reports. In the future, only the Annual Report will be printed and distributed. The interim reports and the Year-end Report will be available for downloading on Skanska's website, www.skanska.com, and can also be ordered from Skanska AB, Investor Relations.

The Skanska Group's Year-end Report concerning 2004 will be published on February 16, 2005.

Solna, October 29, 2004



STUART E. GRAHAM
President and CEO

This interim report has not been subjected to separate examination by the Company's auditors.

The Skanska Group

INCOME STATEMENT, SUMMARY¹

SEK M	Jul-Sep 2004	Jul-Sep 2003	Jan-Sep 2004	Jan-Sep 2003	Oct 2003- Sep 2004	Jan-Dec 2003
Net sales	32,389	33,371	90,647	97,274	126,252	132,879
Construction, manufacturing and property management expenses ²	-28,406	-30,754	-81,269	-87,989	-113,253	-119,973
Gross income	3,983	2,617	9,378	9,285	12,999	12,906
Selling and administrative expenses ³	-1,783	-1,757	-5,640	-6,086	-8,007	-8,453
Income from joint ventures and associated companies ⁴	-34	27	14	55	38	79
Operating income	2,166	887	3,752	3,254	5,030	4,532
Income from associated companies ⁵	0	1	0	2	0	2
Income from other financial fixed assets ⁵	94	-240	-91	-561	-131	-601
Income from financial current assets ⁵	86	42	170	164	215	209
Interest expenses and similar items ⁵	-181	55	-156	24	-250	-70
Income after financial items	2,165	745	3,675	2,883	4,864	4,072
Taxes	-559	-223	-1,103	-868	-1,538	-1,303
Minority interests	-3	-3	-11	-14	-5	-8
Net profit	1,603	519	2,561	2,001	3,321	2,761
Earnings per share for the period	3.83	1.24	6.12	4.78	7.93	6.60
Average number of shares	418,553,072	418,553,072	418,553,072	418,553,072	418,553,072	418,553,072
Depreciation, fixed assets, excl. goodwill amortization	-292	-360	-922	-1,049	-1,250	-1,377
RoCE, rolling twelve months, %					22.4	17.1
Return on equity (RoE), rolling twelve months, %					22.7	19.5
Average number of employees			65,263	70,119	65,263	69,669

1 Of which Discontinued operations, see separate Income statement

2 Of which gain on sale of operations 1,088 0 1,088 0 1,102 14

3 Of which goodwill amortization and writedowns -218 -98 -439 -331 -693 -585

4 Of which gain on sale of operations -35 0 -35 0 -35 0

5 Of which:

Interest income 100 45 193 185 300 292

Interest expenses -74 -158 -237 -528 -394 -685

Net interest expenses 26 -113 -44 -343 -94 -393

Other financial items -27 -29 -33 -28 -72 -67

Financial net -1 -142 -77 -371 -166 -460

SUMMARY CASH FLOW STATEMENT

SEK M	Jul-Sep 2004	Jul-Sep 2003	Jan-Sep 2004	Jan-Sep 2003	Oct 2003- Sep 2004	Jan-Dec 2003
Cash flow from business operations	2,604	1,301	4,228	5,875	9,415	11,062
Cash flow from investment operations	151	1,950	-115	-745	-577	-1,207
Cash flow from financing operations	-854	-3,239	-3,940	-6,458	-5,449	-7,967
Cash flow for the period	1,901	12	173	-1,328	3,389	1,888

CHANGES IN SHAREHOLDERS' EQUITY

SEK M	Jul-Sep 2004	Jul-Sep 2003	Jan-Sep 2004	Jan-Sep 2003	Oct 2003- Sep 2004	Jan-Dec 2003
Opening balance	14,076	13,166	14,169	14,217	13,423	14,217
Dividend	0	0	-1,256	-837	-1,256	-837
Change in accounting principle	0	0	0	-1,110	0	-1,110
Translation differences etc.	160	-262	365	-848	351	-862
Net profit for the period	1,603	519	2,561	2,001	3,321	2,761
Closing balance	15,839	13,423	15,839	13,423	15,839	14,169

Group net investments

SEK M	Jul-Sep 2004	Jul-Sep 2003	Jan-Sep 2004	Jan-Sep 2003	Oct 2003- Sep 2004	Jan-Dec 2003
OPERATIONS – INVESTMENTS						
Intangible fixed assets	-12	-9	-41	-36	-56	-51
Tangible fixed assets	-210	-271	-794	-888	-1,215	-1,309
Assets in BOT operations	-27	5	-54	-20	-149	-115
Shares	-1	-10	-1	-10	24	15
Current-asset properties	-1,373	-1,054	-3,645	-3,859	-5,158	-5,372
of which Residential Project Development	-831	-681	-2,482	-2,679	-3,575	-3,772
of which Commercial Project Development	-542	-373	-1,163	-1,180	-1,583	-1,600
Investments	-1,623	-1,339	-4,535	-4,813	-6,554	-6,832
OPERATIONS – DIVESTMENTS						
Intangible fixed assets	-1	-2	8	1	11	4
Tangible fixed assets	81	31	398	175	604	381
Assets in BOT operations	0	0	7	1	7	1
Shares	4	-19	10	0	10	0
Current-asset properties	3,138	1,777	7,291	8,491	11,756	12,956
of which Residential Project Development	1,034	921	2,958	3,104	4,435	4,581
of which Commercial Project Development	2,104	856	4,333	5,387	7,321	8,375
Divestments	3,222	1,787	7,714	8,668	12,388	13,342
Net investments in operations	1,599	448	3,179	3,855	5,834	6,510
STRATEGIC INVESTMENTS						
Businesses	17	8	-122	-7	-205	-90
Shares	0	2	-1	-2	-4	-5
Strategic investments	17	10	-123	-9	-209	-95
STRATEGIC DIVESTMENTS						
Businesses	1,407	6	1,398	69	1,395	66
Shares	458	13	462	430	465	433
Strategic divestments	1,865	19	1,860	499	1,860	499
Net strategic investments	1,882	29	1,737	490	1,651	404
TOTAL NET INVESTMENTS	3,481	477	4,916	4,345	7,485	6,914
Depreciation, fixed assets, excl. goodwill amortization	-292	-360	-922	-1,049	-1,250	-1,377

Consolidated operating cash flow statement

SEK M	Jul-Sep 2004	Jul-Sep 2003	Jan-Sep 2004	Jan-Sep 2003	Oct 2003- Sep 2004	Jan-Dec 2003
Cash flow from business operations						
Cash flow from business operations before change in working capital	919	872	2,267	2,356	3,353	3,442
Change in working capital	187	161	-880	-321	354	913
Net investments in business operations	1,599	448	3,179	3,855	5,834	6,510
Cash flow adjustment, net investments	-242	-108	-114	4	-70	48
Taxes paid in business operations	-40	-325	-711	-797	-857	-943
Cash flow from operating business	2,423	1,048	3,741	5,097	8,614	9,970
Net interest items and other financial items						
Net interest items and other financial items	-1	-142	-77	-371	-136	-430
Taxes paid in financing operations	0	42	23	111	47	135
Cash flow from finance operations	-1	-100	-54	-260	-89	-295
CASH FLOW FROM OPERATIONS	2,422	948	3,687	4,837	8,525	9,675
Net strategic investments	1,882	29	1,737	490	1,651	404
Taxes paid on net strategic investments	0	0	-29	756	-45	740
Cash flow from net strategic investments	1,882	29	1,708	1,246	1,606	1,144
Dividend etc.	0	52	-1,287	-807	-1,344	-864
CASH FLOW BEFORE CHANGE IN INTEREST-BEARING RECEIVABLES AND LIABILITIES						
Cash flow before change in interest-bearing receivables and liabilities	4,304	1,029	4,108	5,276	8,787	9,955
Change in interest-bearing receivables and liabilities	-2,403	-1,017	-3,935	-6,604	-5,398	-8,067
CASH FLOW FOR THE PERIOD	1,901	12	173	-1,328	3,389	1,888
Liquid assets at the beginning of the period						
Liquid assets at the beginning of the period	5,407	4,048	7,037	5,763	3,924	5,763
Exchange rate differences in liquid assets						
Exchange rate differences in liquid assets	-42	-136	56	-511	-47	-614
Liquid assets at the end of the period						
Liquid assets at the end of the period	7,266	3,924	7,266	3,924	7,266	7,037
Change in interest-bearing net debt						
Change in interest-bearing net debt	4,255	1,139	3,987	5,264	8,249	9,526

BALANCE SHEET, SUMMARY

SEK M	Sep 30 2004	Sep 30 2003	Dec 31 2003
ASSETS			
Intangible fixed assets			
Goodwill	3,731	4,578	4,259
Other intangible fixed assets	475	438	459
	4,206	5,016	4,718
Tangible fixed assets			
Buildings and land	1,789	2,275	2,144
Machinery and equipment	4,091	4,650	4,482
Construction in progress	101	128	104
	5,981	7,053	6,730
Financial fixed assets			
Shares and participations	950	1,473	1,450
Interest-bearing receivables	1,405	2,389	1,956
Deferred tax claims	1,560	1,631	1,539
	3,915	5,493	4,945
Total fixed assets	14,102	17,562	16,393
Current-asset properties			
Commercial Project Development	7,580	10,986	9,249
Other commercial properties	1,362	1,055	1,051
Residential Project Development	3,160	3,660	3,394
	12,102	15,701	13,694
Inventories			
	984	879	828
Current receivables			
Interest-bearing receivables	3,024	838	1,248
Tax claims	626	549	415
Non-interest-bearing receivables	30,509	30,219	27,123
	34,159	31,606	28,786
Short-term investments	1,217	115	218
Cash and bank balances	6,049	3,809	6,819
Total current assets	54,511	52,110	50,345
Total assets	68,613	69,672	66,738
of which interest-bearing	11,695	7,151	10,241

SEK M	Sep 30 2004	Sep 30 2003	Dec 31 2003
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity	15,839	13,423	14,169
Minority interests	141	306	200
Provisions			
Provisions for pensions and similar commitments	1,514	2,171	2,058
Provisions for taxes	3,346	2,824	3,104
Other provisions	3,169	2,927	3,230
	8,029	7,922	8,392
Long-term liabilities, interest-bearing	4,806	7,585	7,182
Current liabilities			
Interest-bearing liabilities	1,104	1,751	809
Tax liabilities	832	786	571
Non-interest-bearing liabilities	37,862	37,899	35,415
	39,798	40,436	36,795
Total shareholders' equity and liabilities of which interest-bearing	68,613	69,672	66,738
	7,558	11,263	10,091

Contingent liabilities

During the report period, the Group's contingent liabilities increased by SEK 3.1 billion to SEK 21.8 billion (Dec 31, 2003: 18.7)

	Sep 30 2004	Sep 30 2003	Dec 31 2003
FINANCIAL RATIOS ETC.¹			
Capital employed, closing balance, SEK M	23,538	24,992	24,460
Capital employed, average, SEK M	23,792	30,433	28,183
Equity/assets ratio, %	23.3	19.7	21.5
Net cash surplus (+)/net debt (-), SEK M	4,137	-4,112	150
Debt/equity ratio	-0.3	0.3	0.0

¹ The definitions of the financial ratios can be found in the Annual Report for 2003

Additional information

Business streams

Construction

SEK M	Jul-Sep 2004	Jul-Sep 2003	Jan-Sep 2004	Jan-Sep 2003	Oct 2003- Sep 2004	Jan-Dec 2003
Net sales	28,887	30,287	80,334	85,452	111,136	116,254
Gross income	1,978	1,943	5,575	5,730	7,838	7,993
Selling and administrative expenses ¹	-1,242	-1,309	-4,063	-4,380	-5,689	-6,006
Share of income in associated companies	14	6	29	-5	86	52
Earnings before interest, taxes and amortization (EBITA)	750	640	1,541	1,345	2,235	2,039
Goodwill amortization and writedowns	-103	-78	-282	-281	-445	-444
Operating income	647	562	1,259	1,064	1,790	1,595
Capital employed	7,314	10,340	7,314	10,340	7,314	8,608
Depreciation, fixed assets	-281	-317	-844	-948	-1,141	-1,245
Investments	-333	-376	-880	-1,080	-1,491	-1,691
Divestments	157	275	617	751	1,386	1,520
Net investments	-176	-101	-263	-329	-105	-171
Cash flow from operations before investments and changes in working capital	1,030	783	2,318	2,045	3,210	2,937
Changes in working capital	29	-222	-715	-1,304	1,240	651
Net investments in operations	-211	-137	-260	-487	-65	-292
Cash flow adjustment, net investments	3	-1	2	-55	3	-54
Operating cash flow from business operations²	851	423	1,345	199	4,388	3,242
Strategic net investments	35	35	-4	157	-40	121
Cash flow	886	458	1,341	356	4,348	3,363
Gross margin, %	6.8	6.4	6.9	6.7	7.1	6.9
Selling and administrative expenses, %	-4.3	-4.3	-5.1	-5.1	-5.1	-5.2
Operating margin before interest, taxes and amortization, %	2.6	2.1	1.9	1.6	2.0	1.8
Operating margin, %	2.2	1.9	1.6	1.2	1.6	1.4
Return on capital employed (RoCE), %					23.1	16.3
Order bookings, SEK bn	26.9	34.2	88.2	95.4	108.7	115.9
Order backlog, SEK bn	119.8	122.9	119.8	122.9	119.8	110.4
Employees			53,435	56,313	53,435	55,804

1 Excluding goodwill amortization and writedowns

2 Before taxes, financing operations and dividends

July–September

Further information by business/reporting unit can be found on page 16.

Net sales declined by 5 percent to SEK 28,887 M (30,287). Net sales were negatively impacted by currency rate effects of 4 percent.

Operating income before goodwill amortization (EBITA) rose by 17 percent, amounting to SEK 750 M (640). In Sweden, operating income before goodwill amounted to SEK 176 M (130) and operating margin before goodwill rose to 3.3 (2.3) percent. Aside from Skanska's Swedish operations, its Danish, Finnish, Czech, British and Latin American operations also showed rising earnings. Skanska USA Building (American building construction) and Skanska USA Civil (American civil construction) reported a combined decrease of SEK 96 M in operating income before goodwill, and margins were also lower than in the comparative period of 2003. The effects of the severe winter in the New York area necessitated adjustments in expected project results during the first quarter. The adjustments will result in a lower margin during the remainder of the project period. Operating income of the business stream amounted to SEK 647 M (562). Currency rate effects increased operating income by SEK 17 M. During the third quarter, operating margin amounted to 2.2 (1.9) percent.

During the third quarter, a number of businesses were divested, as described on page 7. These businesses are reported separately and are not included in this business stream's tables.

January–September

Net sales fell by 6 percent to SEK 80,334 M (85,452). Negative currency rate effects lowered net sales by 4 percent.

Operating income before goodwill amortization rose by 15 percent, amounting to SEK 1,541 M (1,345). Operating income rose by 18 percent to SEK 1,259 M (1,064). Currency rate effects had a negative impact of SEK 24 M on operating income.

Residential Project Development

SEK M	Jul-Sep 2004	Jul-Sep 2003	Jan-Sep 2004	Jan-Sep 2003	Oct 2003- Sep 2004	Jan-Dec 2003
Net sales	1,422	1,362	4,368	4,280	6,233	6,145
Gross income	216	166	624	424	853	653
Selling and administrative expenses ¹	-79	-89	-240	-264	-327	-351
Share of income in associated companies	0	0	0	0	-5	-5
Earnings before interest, taxes and amortization (EBITA)	137	77	384	160	521	297
Goodwill amortization and writedowns	-1	-1	-4	-6	-5	-7
Operating income	136	76	380	154	516	290
Capital employed	2,450	3,302	2,450	3,302	2,450	2,931
Depreciation, fixed assets	0	-6	-1	-8	-4	-11
Investments	-814	-681	-2,487	-2,570	-3,579	-3,662
Divestments	1,066	919	2,994	2,920	4,469	4,395
Net investments	252	238	507	350	890	733
Cash flow from operations before investments and changes in working capital	30	-124	-45	-257	-15	-227
Changes in working capital	111	218	-181	514	-274	421
Net investments in operations	252	235	507	350	889	732
Cash flow adjustment, net investments	11	-13	-15	-115	149	49
Operating cash flow from business operations ²	404	316	266	492	749	975
Strategic net investments	0	2	0	0	0	0
Cash flow	404	318	266	492	749	975
Operating margin, %	9.6	5.6	8.7	3.6	8.3	4.7
Return on capital employed (RoCE), %					18.8	8.3
Employees			800	925	800	824

1 Excluding goodwill amortization and writedowns

2 Before taxes, financing operations and dividends

July–September

Further information by business/reporting unit can be found on page 17.

Net sales rose by 4 percent to SEK 1,422 M (1,362). Operating income before goodwill rose to SEK 137 M (77). Skanska's operations in Sweden, Norway and Finland all improved their operating incomes, and so did Polish operations. In Poland, Skanska is mainly selling previously completed residential units, and virtually no new project development is underway. Czech operations maintained good earnings despite lower business volume than during the comparative period of 2003.

January–September

Net sales fell by 2 percent, amounting to SEK 4,368 M (4,280). Operating income climbed sharply to SEK 380 M (154). Demand for residential units in the medium and lower price segment remains good in Skanska's main markets.

At the end of September there were 7,227 (6,594) residential units under construction. Of these, 70 (70) percent had been sold. The number of completed unsold residential units totaled 285 (466). Since year-end 2003, construction has started on about 3,900 (2,900) units. During the first nine months of 2004, the number of residential units sold was about 3,600 (3,200).

The book value of current-asset properties in Residential Project Development totaled SEK 3.2 billion (3.7). A breakdown of book value can be seen in the table on page 17. The book value of undeveloped land and development properties totaled SEK 1.9 billion. This is equivalent to building rights for about 18,000 residential units. There are more than 2,000 additional building rights in associated companies.

Commercial Project Development

SEK M	Jul-Sep 2004	Jul-Sep 2003	Jan-Sep 2004	Jan-Sep 2003	Oct 2003- Sep 2004	Jan-Dec 2003
Net sales	2,238	885	4,784	6,103	7,542	8,861
Gross income	741	360	1,714	2,491	2,532	3,309
Selling and administrative expenses ¹	-46	-56	-159	-178	-225	-244
Share of income in associated companies	-37	-3	-41	-2	-43	-4
Earnings before interest, taxes and amortization (EBITA)	658	301	1,514	2,311	2,264	3,061
Goodwill amortization and writedowns	0	0	0	0	0	0
Operating income	658	301	1,514	2,311	2,264	3,061
of which gain on sale of properties ²	589	172	1,258	1,754	1,900	2,396
of which operating net, completed properties	133	182	409	609	550	750
of which writedowns/reversal of writedowns	0	0	0	0	0	0
Capital employed	8,719	10,898	8,719	10,898	8,719	9,459
Investments	-433	-221	-1,060	-1,044	-1,415	-1,399
Divestments	2,016	609	4,102	5,074	6,600	7,572
Net investments	1,583	388	3,042	4,030	5,185	6,173
Cash flow from operations before investments and changes in working capital	106	133	297	559	409	671
Changes in working capital	-17	89	-36	158	19	213
Net investments in operations	1,583	389	3,041	4,031	5,183	6,173
Cash flow adjustment, net investments	-256	-94	-101	174	-222	53
Operating cash flow from business operations before taxes ³	1,416	517	3,201	4,922	5,389	7,110
Strategic investments	0	0	1	0	1	0
Cash flow	1,416	517	3,202	4,922	5,390	7,110
Return on capital employed (RoCE), %					23.9	24.8
Employees			138	148	138	149

1 Excluding goodwill amortization and writedowns

2 Additional gain included in eliminations was

3 Before taxes, financing operations and dividends

July–September

See page 17 for more information.

Net sales rose to SEK 2,238 M (885) as a consequence of higher divestments of completed commercial projects. For the same reason, operating income increased to SEK 658 M (301). Higher capital gains were offset to some extent by the fact that rental revenues decline as the property portfolio is reduced. Included in operating income is a writedown of the 30 percent share in the Westin Hotel in Warsaw, amounting to SEK 61 M. This is reported under the item “Share of income in associated companies.”

During the period, Skanska sold projects and other properties with a combined sales price of SEK 2,016 M (609) and a capital gain of 617 M (172).

January–September

Net sales fell to SEK 4,784 M (6 103). The comparative period of 2003 included the divestment of the CityCronan property in Stockholm at a purchase price of SEK 2.3 billion. Operating income amounted to SEK 1,514 M (2 311). Included in operating income is a writedown in the third quarter of the 30 percent share in the Westin Hotel in Warsaw, amounting to SEK 61 M. In the comparative period, the gain from the sale of CityCronan amounted to SEK 1.1 billion.

Commercial Project Development has eight projects underway, six of them in Sweden. Ongoing projects represent leasable space of about 104,000 sq. m (1.12 million sq. ft.) and are 52 percent pre-leased, measured in rent. If ongoing projects sold during construction are also included, the pre-leasing rate was 73 percent, measured in rent. At the end of the period, the book value of ongoing projects totaled SEK 0.4 billion (Dec. 2003: 0.4). Their book value upon completion is expected to total SEK 1.1 billion, with an estimated market value of SEK 1.4 billion. The degree of completion in ongoing projects is about 38 percent.

The book value of Skanska’s portfolio of completed projects amounted to SEK 4.6 billion (Dec. 2003: 6.2), with an estimated market value, based on an appraisal dated December 2003, of about SEK 7.0 billion (Dec. 2003: 9.4). The occupancy rate, measured in rent, amounted to 80 percent.

The book value of Skanska’s undeveloped land and development properties (“land bank”) totaled about SEK 2.6 billion (Dec. 2003: 2.6).

As of today (October 29), no property divestments have been carried out during the fourth quarter.

BOT

SEK M	Jul-Sep 2004	Jul-Sep 2003	Jan-Sep 2004	Jan-Sep 2003	Oct 2003- Sep 2004	Jan-Dec 2003
Net sales	9	19	23	72	38	87
Gross income	2	13	-4	15	13	32
Selling and administrative expenses ¹	-20	-12	-53	-37	-73	-57
Share of income in associated companies	23	15	52	47	57	52
Earnings before interest, taxes and amortization (EBITA)	5	16	-5	25	-3	27
Goodwill amortization and writedowns	0	-6	0	-9	9	0
Operating income	5	10	-5	16	6	27
of which gain on sale of projects	0	0	0	0	0	0
Capital employed	1,392	1,289	1,392	1,289	1,392	1,243
Depreciation, fixed assets	0	0	0	0	0	0
Investments	-27	6	-53	-20	-148	-115
Divestments	0	0	7	1	7	1
Net investments	-27	6	-46	-19	-141	-114
Cash flow from operations before investments and changes in working capital	-17	0	-56	-21	-54	-19
Changes in working capital	12	-18	-14	-20	-33	-39
Net investments in operations	-27	6	-47	-19	-142	-114
Cash flow adjustment, net investments	0	0	0	0	0	0
Operating cash flow from business operations ²	-32	-12	-117	-60	-229	-172
Strategic investments	0	0	0	0	0	0
Cash flow	-32	-12	-117	-60	-229	-172
Return on capital employed (RoCE), %					1.6	3.8
Employees			39	31	39	32

1 Excluding goodwill amortization and writedowns

2 Before taxes, financing operations and dividends

July–September

Net sales of Skanska BOT amounted to SEK 9 M (19). Share of income from associated companies increased, mainly from the Breiten power plant in Brazil and the Nelostie highway in Finland. Operating income totaled SEK 5 M (10). An expanded organization and a change in accounting principle regarding tendering costs explain the downturn.

During the quarter, Skanska was selected to be responsible for the A1 highway project south of Gdansk, Poland. In September, the Polish Ministry of Infrastructure and the Skanska-led consortium Gdansk Transport Company (GTC) signed a concession agreement. The construction contract, which is expected to be worth about SEK 4.5 billion, and the financing agreement are expected to be signed in early 2005. Skanska's investment will be less than EUR 20 M.

A consortium of Skanska and the British-based investment fund Innisfree was also selected as preferred bidder for implementation of the privately financed King's Mill Hospital and Mansfield Community Hospital project in Nottinghamshire, U.K. Skanska BOT and Innisfree will each own 50 percent of the project company and be responsible for arranging financing and contracting suppliers. The construction assignment, which will be conducted by Skanska, is expected to be valued at about SEK 3.6 billion. Skanska BOT's investment amounts to about SEK 224 M.

January–September

Net sales totaled SEK 23 M (72) and operating income was SEK -5 M (16).

Skanska BOT develops and invests in privately financed infrastructure projects in cooperation with Skanska's construction units. BOT is a co-owner of twelve projects, of which four are completed and in operation. During the second quarter of 2004, Skanska in consortium with the British-based Mill Group signed a contract and financing agreement for two school projects in Bexley, southeast London. Skanska BOT holds a 50 percent interest in the consortium and Skanska BOT's investment will amount to about SEK 28 M. During December 2003, Skanska in consortium with Innisfree was selected to expand St. Bartholomew's Hospital (Barts) and the Royal London Hospital in central London. The assignment is Skanska's largest ever and comprises design and construction as well as operation and maintenance during a 38 year concession period. The construction project, worth about GBP 1 billion, will be included in order bookings when the contract and financing agreement have been signed. This is expected to occur in the first half of 2005. Skanska's investment amounts to about SEK 350 M.

At the end of the report period, the book value of shares, participations and subordinated receivables totaled about SEK 1.3 billion. Skanska BOT's remaining investment commitments related to ongoing projects totaled about SEK 1.0 billion.

Discontinued Operations

SEK M	Jul-Sep 2004	Jul-Sep 2003	Jan-Sep 2004	Jan-Sep 2003	Oct 2003- Sep 2004	Jan-Dec 2003
Net sales	305	1,329	3,278	3,916	4,754	5,392
Construction, manufacturing and property management expenses	646	-1,164	-2,005	-3,409	-3,304	-4,708
of which gain on sale of operations	1,088	0	1,088	0	1,102	14
Gross income	951	165	1,273	507	1,450	684
Selling and administrative expenses ¹	-119	-106	-384	-369	-639	-624
Income from joint ventures and associated companies	-35	9	-28	15	-9	34
of which gain on sale of operations	-35	0	-35	0	-35	0
Operating income	797	68	861	153	802	94
Interest income	2	8	5	18	2	15
Interest expenses	-2	-15	-9	-40	-10	-41
Net interest expenses	0	-7	-4	-22	-8	-26
Other financial items	-15	0	-15	6	-18	3
Net financial items	-15	-7	-19	-16	-26	-23
Income after financial items	782	61	842	137	776	71
Taxes	-35	-20	-66	-27	-86	-47
Minority interests	2	-1	-1	-5	-2	-6
Net profit	749	40	775	105	688	18
1 Of which goodwill amortization and writedowns	-102	-13	-141	-35	-240	-134
Cash flow from operations before investments and changes in working capital	-151	105	4	421	-133	284
Changes in working capital	-38	44	109	-220	-8	-337
Net investments in operations	6	-44	-51	-14	-61	-24
Cash flow adjustment, net investments	0	0	0	0	0	0
Operating cash flow from business operations ²	-183	105	62	187	-202	-77
Strategic net investments	660	-25	554	-57	574	-37
Cash flow	477	80	616	130	372	-114

² Before taxes, financing operations and dividends

Construction, by business/reporting unit

SEK M	Net sales						Operating income					
	Jul-Sep 2004	Jul-Sep 2003	Jan-Sep 2004	Jan-Sep 2003	Oct 2003-Sep 2004	Jan-Dec 2003	Jul-Sep 2004	Jul-Sep 2003	Jan-Sep 2004	Jan-Sep 2003	Oct 2003-Sep 2004	Jan-Dec 2003
Sweden	5,394	5,767	15,549	16,875	22,354	23,680	170	130	425	320	600	495
Norway	2,211	1,880	6,161	6,168	8,216	8,223	34	51	88	62	51	25
Denmark	837	822	2,450	2,451	3,429	3,430	23	-4	43	-53	59	-37
Finland	1,959	2,126	5,455	5,567	7,767	7,879	86	69	112	88	236	212
Poland	1,446	1,068	2,603	2,557	3,592	3,546	43	56	36	44	82	90
Czech Republic	2,350	2,429	5,459	5,734	7,379	7,654	101	91	252	262	330	340
UK	2,663	3,104	8,813	8,984	11,835	12,006	41	39	178	77	170	69
USA Building	7,575	7,767	21,058	22,658	28,640	30,240	50	91	-26	-98	83	11
USA Civil	3,334	4,155	9,569	11,259	13,531	15,221	68	117	137	462	197	522
Latin America	662	603	1,816	1,599	2,359	2,142	34	30	90	91	118	119
International ¹	456	566	1,401	1,600	2,034	2,233	-3	-108	-76	-191	-136	-251
Total	28,887	30,287	80,334	85,452	111,136	116,254	647	562	1,259	1,064	1,790	1,595

1 International includes operations in Russia as well as International Projects.

SEK M	EBITA ²						EBITA, % ²					
	Jul-Sep 2004	Jul-Sep 2003	Jan-Sep 2004	Jan-Sep 2003	Oct 2003-Sep 2004	Jan-Dec 2003	Jul-Sep 2004	Jul-Sep 2003	Jan-Sep 2004	Jan-Sep 2003	Oct 2003-Sep 2004	Jan-Dec 2003
Sweden	176	130	433	333	644	544	3.3	2.3	2.8	2.0	2.9	2.3
Norway	69	93	173	163	193	183	3.1	4.9	2.8	2.6	2.3	2.2
Denmark	23	-2	43	-49	61	-31	2.7	-0.2	1.8	-2.0	1.8	-0.9
Finland	105	91	162	157	307	302	5.4	4.3	3.0	2.8	4.0	3.8
Poland	44	60	41	52	89	100	3.0	5.6	1.6	2.0	2.5	2.8
Czech Republic	105	57	266	219	351	304	4.5	2.3	4.9	3.8	4.8	4.0
UK	65	62	251	149	265	163	2.4	2.0	2.8	1.7	2.2	1.4
USA Building	61	105	8	-58	130	64	0.8	1.4	0.0	-0.3	0.5	0.2
USA Civil	69	121	147	477	211	541	2.1	2.9	1.5	4.2	1.6	3.6
Latin America	34	30	90	91	118	119	5.1	5.0	5.0	5.7	5.0	5.6
International ¹	-1	-107	-73	-189	-134	-250	-0.2	-18.9	-5.2	-11.8	-6.6	-11.2
Total	750	640	1,541	1,345	2,235	2,039	2.6	2.1	1.9	1.6	2.0	1.8

2 Earnings before interest, taxes and amortization

SEK M	Capital employed, closing balance			Return on capital employed ³	
	Sep 30 2004	Sep 30 2003	Dec 31 2003	Oct 2003-Sep 2004	Jan-Dec 2003
Sweden	248	1,455	1,027	86.7	36.6
Norway	819	1,950	1,777	5.5	2.8
Denmark	7	-238	56	>100	69.6
Finland	645	959	765	32.9	23.5
Poland	414	663	421	15.8	13.0
Czech Republic	1,879	1,879	1,508	20.6	20.2
UK	487	874	368	37.1	14.0
USA Building	351	480	404	23.0	4.3
USA Civil	1,737	1,574	1,663	12.1	31.0
Latin America	414	461	375	23.0	27.8
International ¹	360	343	493	-37.6	-69.2
Eliminations	-47	-60	-249		
Total	7,314	10,340	8,608	23.1	16.3

3) Rolling 12 months

SEK M	Order backlog			Order bookings					
	Sep 30 2004	Sep 30 2003	Dec 31 2003	Jul-Sep 2004	Jul-Sep 2003	Jan-Sep 2004	Jan-Sep 2003	Oct 2003-Sep 2004	Jan-Dec 2003
Sweden	16,948	15,090	13,797	5,002	6,316	18,494	17,430	23,758	22,694
Norway	6,621	5,288	5,690	2,194	1,954	7,025	6,648	9,542	9,165
Denmark	2,088	2,151	1,999	797	843	2,504	2,914	3,198	3,608
Finland	5,446	4,995	5,403	2,086	1,741	5,690	6,306	8,360	8,976
Poland	3,164	2,848	2,730	1,178	1,113	2,874	2,297	3,721	3,144
Czech Republic	12,040	5,943	7,426	2,896	565	9,836	5,328	13,324	8,816
UK	13,449	15,822	13,684	1,358	6,635	8,209	10,149	8,936	10,876
USA Building	43,182	45,170	38,055	9,046	11,006	25,773	30,051	27,900	32,178
USA Civil	12,807	20,590	17,405	1,888	3,203	4,663	10,947	6,283	12,567
Latin America	2,356	2,420	2,087	394	332	2,087	2,173	2,315	2,401
International ¹	1,685	2,555	2,132	21	463	1,076	1,163	1,338	1,425
Total	119,786	122,872	110,408	26,860	34,171	88,231	95,406	108,675	115,850

Residential Project Development, by business/reporting unit

SEK M	Net sales						Operating income					
	Jul-Sep 2004	Jul-Sep 2003	Jan-Sep 2004	Jan-Sep 2003	Oct 2003-Sep 2004	Jan-Dec 2003	Jul-Sep 2004	Jul-Sep 2003	Jan-Sep 2004	Jan-Sep 2003	Oct 2003-Sep 2004	Jan-Dec 2003
Sweden	497	453	1,606	1,749	2,272	2,415	45	14	100	-16	131	15
Norway	287	224	901	690	1,235	1,024	26	24	95	61	117	83
Denmark	0	69	0	202	111	313	0	15	0	34	27	61
Finland	367	309	1,152	871	1,722	1,441	45	7	101	39	127	65
Poland	25	34	84	93	150	159	4	0	11	-16	2	-25
Czech Republic	160	221	420	496	441	517	21	25	74	52	101	79
International	86	52	205	179	302	276	-5	-9	-1	0	11	12
Other	-	0	-	0	0	0	-	0	-	0	0	0
Total	1,422	1,362	4,368	4,280	6,233	6,145	136	76	380	154	516	290

SEK M	Capital employed, closing balance			Return on capital employed ¹					
	Sep 30 2004	Sep 30 2003	Dec 31 2003	Jul-Sep 2004	Jul-Sep 2003	Jan-Sep 2004	Jan-Sep 2003	Oct 2003-Sep 2004	Jan-Dec 2003
Sweden	692	1,015	735					18.0	1.5
Norway	761	881	823					14.5	8.9
Denmark	0	278	313					24.1	17.0
Finland	537	739	719					19.2	8.9
Poland	122	198	158					1.0	-12.2
Czech Republic	238	149	130					51.4	64.5
International	100	42	53					12.3	19.8
Other	-	0	0					-	0.0
Total	2,450	3,302	2,931					18.8	8.3

¹ Rolling 12 months

Breakdown of book value, current assets properties, Sep 30, 2004

Mkr	Residential Project Development	Commercial Project Development	Other Commercial Properties	Summa
Completed projects	703	4,600	338	5,641
Ongoing projects	572	408	173	1,153
Land bank	1,885	2,572	851	5,308
Total	3,160	7,580	1,362	12,102

Commercial Project Development

SEK M	Book value, end of period	Book value upon completion	Market value Dec 31, 2003	Occupancy rate, %
Completed properties	4,600	4,603	7,010	80
Ongoing projects	408	1,083	1,359	52
Total	5,008	5,686	8,369	
Land bank	2,572	2,569		
TOTAL	7,580	8,255		

Project development – performance analysis before selling and administrative expenses

SEK M	Jul-Sep 2004	Jul-Sep 2003	Jan-Sep 2004	Jan-Sep 2003	Oct 2003-Sep 2004	Jan-Dec 2003
SALE PRICE						
Commercial Project Development	2,016	609	4,098	5,074	6,596	7,572
Other commercial properties	88	247	235	313	725	803
Residential Project Development	1,034	921	2,958	3,104	4,435	4,581
Total	3,138	1,777	7,291	8,491	11,756	12,956
BOOK VALUE						
Commercial Project Development	1,399	437	2,768	3,317	4,624	5,173
Other commercial properties	91	219	203	282	652	731
Residential Project Development	914	736	2,516	2,687	3,839	4,010
Total	2,404	1,392	5,487	6,286	9,115	9,914
GROSS INCOME						
Commercial Project Development	617	172	1,330	1,757	1,972	2,399
Other commercial properties	-3	28	32	31	73	72
Residential Project Development	120	185	442	417	596	571
Total	734	385	1,804	2,205	2,641	3,042



Cover

The library is the first part of Skanska's ongoing New Coventry Hospital BOT project to be completed.