

Six Month Report 2010



Hospital NKS, Stockholm



KKH, Malmö



Antofagasta highway, Chile

January–June 2010 in brief

- Revenue for the Group SEK 56.3 bn (65.0)
- Revenue in Construction SEK 51.8 bn (64.5)
 - Down 15 percent in local currencies
- Operating margin in construction improved to 3.3 (3.2) percent
- Operating cash flow increased to SEK 1.4 bn (0.9)
- Interest-bearing net receivables amounted to SEK 6.1 bn
- Order bookings increased by 17 percent to SEK 72.5bn (61.7)
 - Up 23 percent in local currencies
 - Book-to-build (rolling 12 month) 119% (76%)
- Backlog of SEK 160.4 bn represents 16 months of construction
- Operating income of SEK 2.4 bn (2.0)
 - Gains from divestment of properties SEK 0.4 bn (0.3)
 - Gains from divestment of ID assets SEK 0.2 bn (0.0)

Construction

- Strong order bookings
 - Book to build 119%
- Good earnings
 - + Sweden, U.S., Poland
 - Norway, Finland
- Revenue will bottom out 2010



Marriott Courtyard Hotel, Stockholm

New orders in Construction in Q2

- Total Bookings of SEK 46.9 bn
 - New Karolinska Solna, hospital, Sweden, SEK 14.5 bn
 - Antofagasta, highway, Chile, SEK 1.8 bn
 - Statoil Office, Norway, SEK 1.6 bn
 - Congress, concert hall and hotel facility, Malmö, Sweden, SEK 1.4 bn
 - Prison, U.K., SEK 1.2 bn
 - Essex Schools, U.K., SEK 0.8 bn
 - Highway viaduct in Seattle, U.S., SEK 0.8 bn

Residential Development

- Good earnings in all markets
- Good of new starts
- Focus on new projects
- Czech improved but Slovakia still slow market



Iskristallen, Stockholm

Commercial Development

- Divestments
 - SEK 0.8 bn
 - Gain SEK 203 M
- Three new projects started in Q2
 - Investment value SEK 0.7 bn
- Good interest from investors



Grunwaldski Center, Wrocław

Infrastructure Development

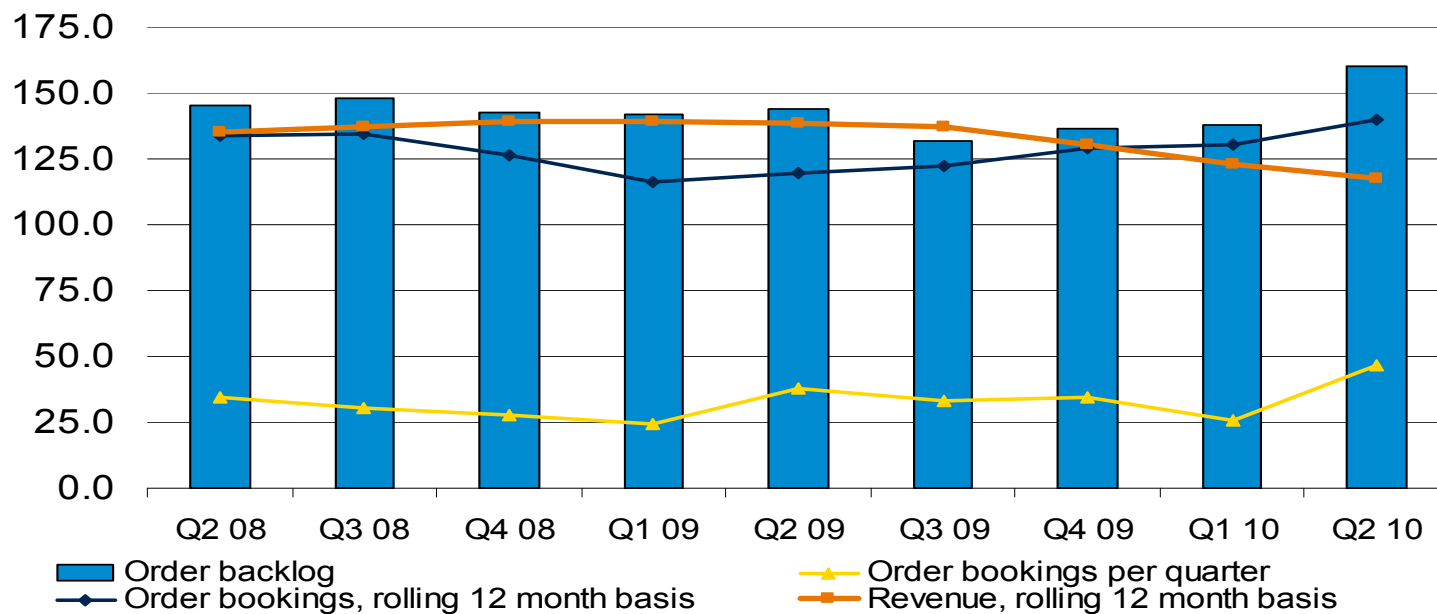
- Financial close
 - New Karolinska Solna, hospital, Sweden
 - Essex Schools, U.K.
- Concession agreement for Antofagasta highway Chile



Schools for the Future, U.K.

Order situation – Construction

SEK bn	Jan–Jun 2010	Jan–Jun 2009	Jul 2009– Jun 2010	Jan–Dec 2009
Revenue	51.8	64.5	117.7	130.4
Order bookings	72.5	61.7	139.6	128.8
Order backlog	160.4	144.0		136.5
Book-to-build ratio			119%	99%



Order bookings – Construction

SEK bn	Jan–Jun 2010	Jan–Jun 2009	Book to build, R-12
Sweden	23.9	11.4	154%
Norway	6.7	3.9	130%
Finland	4.8	2.9	125%
Poland	3.0	2.8	170%
Czech Republic	2.4	4.6	63%
UK	10.8	15.1	101%
USA Building	11.2	17.0	95%
USA Civil	4.3	1.9	113%
Latin America	5.4	2.4	102%
Total	72.5	61.7	119%

Construction

Income statement

SEK bn	Jan–Jun 2010	Jan–Jun 2009	Jul 2009– Jun 2010	Jan–Dec 2009
Revenue	51.8	64.5	117.8	130.4
Gross income	4.5	5.3	10.3	11.2
Selling and administrative expenses	-2.8	-3.3	-5.8	-6.3
Operating income	1.7	2.1	4.5	4.9
Gross margin, %	8.6	8.3	8.8	8.6
Selling and admin. expenses, %	-5.4	-5.1	-4.9	-4.8
Operating margin, %	3.3	3.2	3.8	3.7

Construction

	Operating income SEK M		Operating margin %	
	Jan-Jun 2010	Jan-Jun 2009	Jan-Jun 2010	Jan-Jun 2009
Sweden	427	556	4.1	4.4
Norway	192	211	3.6	3.6
Finland	-31	86	neg	2.5
Poland	163	100	5.4	4.8
Czech Republic	96	177	2.9	3.5
UK	174	181	2.4	1.9
USA Building	176	257	1.6	1.5
USA Civil	484	425	8.2	6.5
Latin America	12	84	0.5	3.0
Total	1,693	2,077	3.3	3.2

Residential Development

Income statement, segment reporting

SEK M	Jan–Jun 2010	Jan–Jun 2009	Jul 2009– Jun 2010	Jan–Dec 2009
Revenue	3,694	2,937	7,301	6,544
Gross income	527	179	926	578
Selling and administrative expenses	-250	-295	-545	-590
Income from joint ventures and associated companies	54	-6	56	-4
Operating income	331	-122	437	-16
Gross margin, %	14.3	6.1	12.7	8.8
S & A, %	-6.8	-10.0	-7.5	-9.0
Operating margin, %	9.0	neg	6.0	neg

Residential Development

Segment reporting

	Operating income ¹ SEK M		Operating margin ¹ %	
	Jan–Jun 2010	Jan–Jun 2009	Jan–Jun 2010	Jan–Jun 2009
Sweden	143	17	9.2	1.1
Norway	34	-29	5.5	neg
Denmark	-	-17	-	neg
Finland	127	-81	10.3	neg
Nordics	304	-110	8.9	neg
Czech Republic	27	-12	9.8	neg
Total	331	-122	9.0	neg

¹ Development gain only. Construction margin reported under Construction.

Residential Development

June 30, 2010

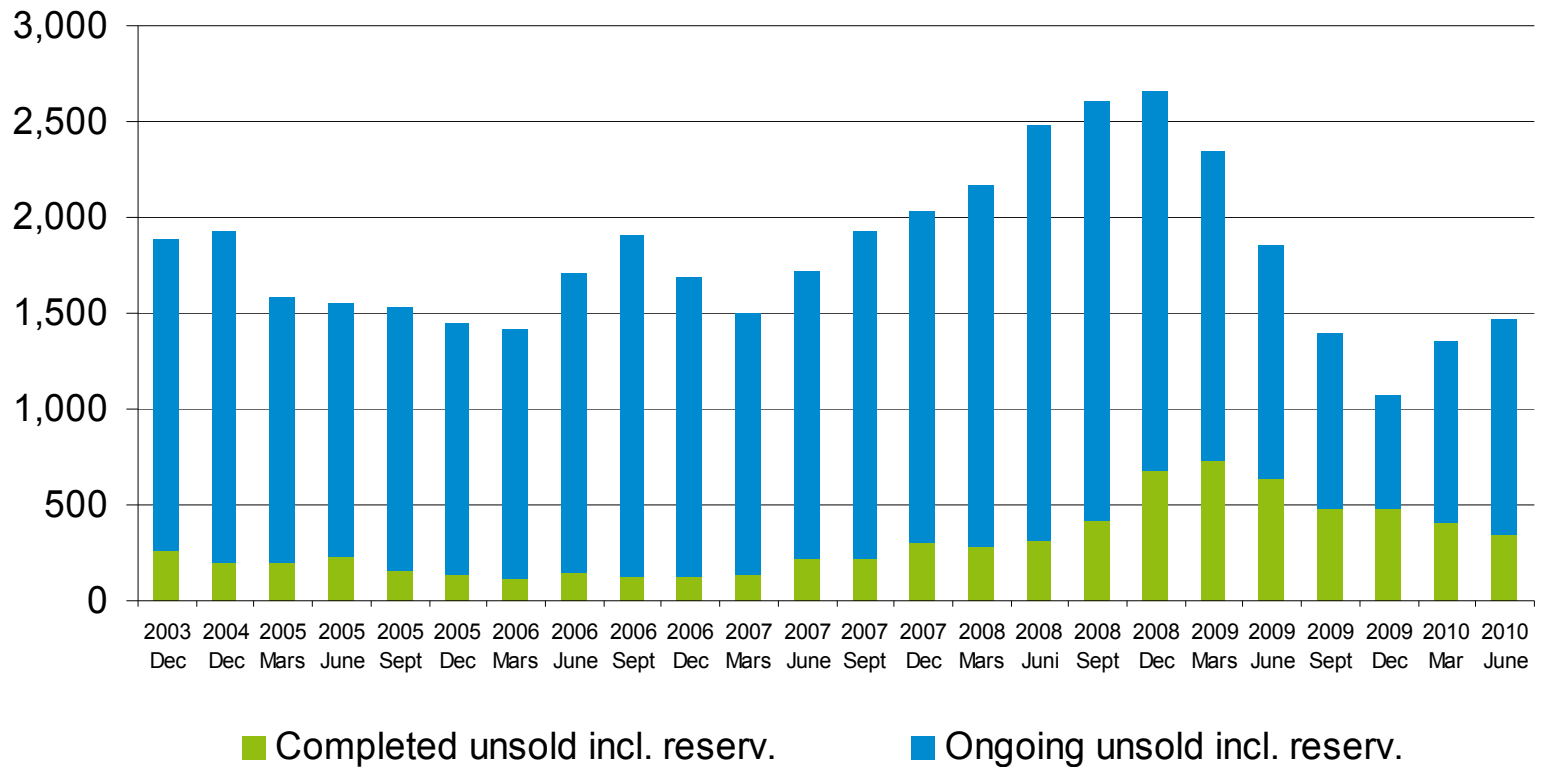
	Units under construction		Of which sold, %		Completed unsold units	
	Q2, 2010	Q1, 2010	Q2, 2010	Q1, 2010	Q2, 2010	Q1, 2010
Sweden	1,843	1,672	70	68	39	54
Norway	306	201	63	66	1	2
Finland incl. Estonia	828	463	69	71	75	126
Nordics	2,977	2,336	69	68	115	182
Czech Republic	400	463	49	55	228	229
TOTAL	3,377	2,799	67	66	343	411

Residential Development

	Started units				Sold units			
	Jan-Jun 2010	Jan-Jun 2009	Jul 2009– Jun 2010	Jan-Dec 2009	Jan-Jun 2010	Jan-Jun 2009	Jul 2009– Jun 2010	Jan-Dec 2009
Sweden	773	241	1,050	518	586	530	1,200	1,144
Norway	180	0	323	143	155	99	265	209
Finland incl. Estonia	687	0	715	28	594	345	1,019	770
Nordics	1,640	241	2,088	689	1,335	974	2,484	2,123
Czech Republic	274	121	274	121	206	138	337	269
TOTAL	1,914	362	2,362	810	1,541	1,112	2,821	2,392

Residential Development

Number of unsold units



Commercial Development

Income statement, segment reporting

SEK M	Jan–Jun 2010	Jan–Jun 2009	Jul 2009– Jun 2010	Jan–Dec 2009
Revenue	2,738	1,342	5,942	4,546
Gross income	633	420	1,327	1,114
Selling and administrative expenses	-179	-158	-355	-334
Income from J/V and assoc. companies	0	-1	1	0
Operating income	454	261	973	780
of which gain from divestments of properties ¹	377	270	861	754
of which writedowns/reversal of writedowns	0	0	-61	-79
¹ Additional gain included in eliminations was	60	28	105	73

Sale of commercial properties, Q2 2010

SEK M	Sales price	Capital gain
Q1	1,574	234
Q2	796	203
Total	2,370	437

- Earlier eliminated construction profits, SEK 60 M included
- Divestments in Q2
 - Grunwaldzki Center, Wroclaw Poland
 - SEK 735 M; gain SEK 120 M
- Divestments in Q3
 - Land and development project for SÄPO, Solna, Sweden
 - Office building, Hjälmarekajen, Malmö Sweden
 - SEK 400 M; gain SEK 120 M

Commercial Development

Specification of projects

SEK bn	Carrying amount, end of period	Carrying amount, upon completion	Market value	Occupancy rate, %	Degree of completion, %
Completed projects	5.5	5.5	7.1	92	100
Undeveloped land and development properties	3.2	3.2	3.7		
Subtotal	8.7	8.7	10.8		
Ongoing projects	2.9	5.2	6.2 ¹	70	58
Total	11.6	13.8	17.0		
<i>of which ongoing projects sold according to segment reporting</i>	<i>1.7</i>	<i>2.0</i>	<i>2.4</i>		

¹ Estimated market value at completion

- Three new projects started in Q2
- New leases signed for 53,000 sq. m

Infrastructure Development

Income statement

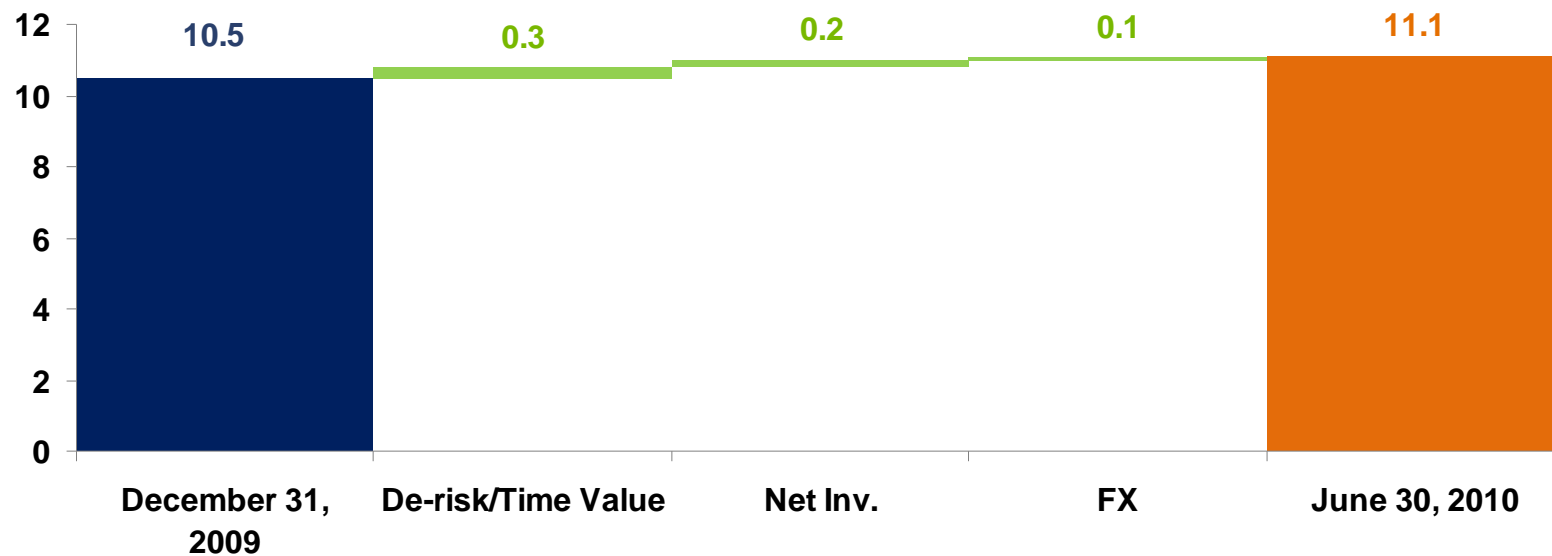
SEK M	Jan–Jun 2010	Jan–Jun 2009	Jul 2009– Jun 2010	Jan–Dec 2009
Revenue	104	102	153	151
Gross income	-34	0	-93	-59
Selling and administrative expenses	-75	-81	-149	-155
Income from joint ventures and associated companies	372	233	540	401
Operating income (EBIT)	263	152	298	187
of which gains from divestments of shares in projects	183	0	183	0

Unrealized development gains, ID projects

SEK bn	Jun 30 2010	Mar 31 2010	Jun 30 2009
Present value of cash flow from projects	12.3	11.2	11.4
Present value of remaining investments	-1.2	-0.9	-1.3
Net present value of projects	11.1	10.3	10.1
Carrying amount	-2.1	-2.1	-2.4
Unrealized development gain	9.0	8.2	7.7

Net Present Value of ID projects

SEK bn

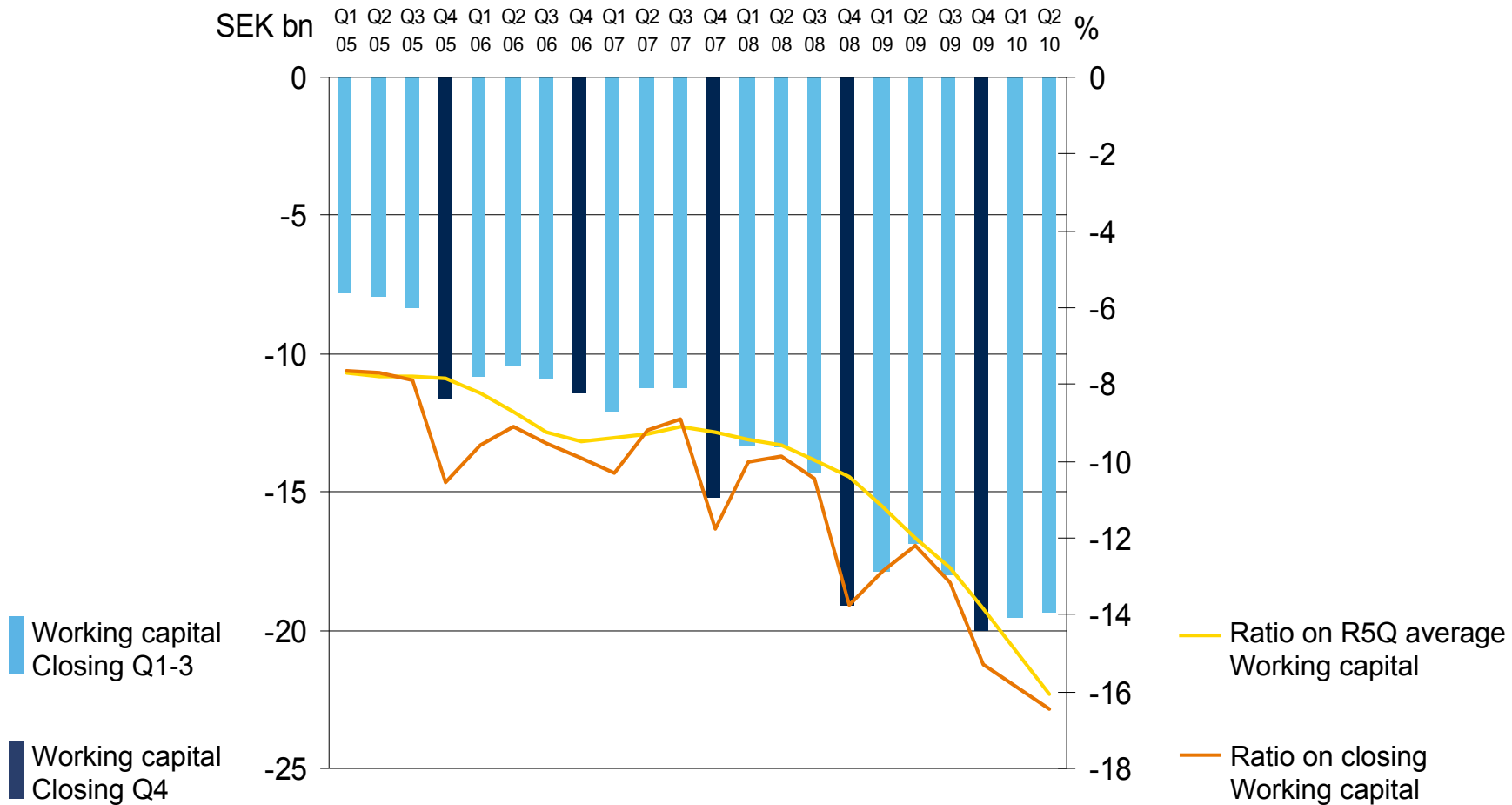


Income statement

Group, segment reporting

SEK M	Jan–Jun 2010	Jan–Jun 2009	Apr–Jun 2010	Apr–Jun 2009
Operating income from business streams	2,741	2,368	1,670	1,691
Central	-376	-299	-228	-155
Eliminations	9	-12	12	-5
Operating income	2,374	2,057	1,454	1,531
Net financial items	24	-99	8	-22
Income after financial items	2,398	1,958	1,462	1,509
Taxes	-671	-537	-409	-386
Profit for the period	1,727	1,421	1,053	1,123
Earnings for the period per share	4.18	3.40	2.53	2.70
<i>Tax rate %</i>	28	27	28	26

Working capital ratio for Construction



Changes in equity

Group

SEK M	Jan–Jun 2010	Jan–Jun 2009	Jul 2009– Jun 2010	Jan–Dec 2009
Opening balance	20,167	18,553	18,296	18,553
Dividend to shareholders	-2,582	-2,185	-2,582	-2,185
Dividend to non-controlling interests	-3	-5	-6	-8
Effects of equity-settled share-based payments	100	54	176	130
Repurchase of shares	-95	-62	-388	-355
Profit for the period (IFRS)	1,561	2,032	3,750	4,221
Other comprehensive income	-1,015	-91	-1,113	-189
Closing balance	18,133	18,296	18,133	20,167

Operating cash flow

Group

SEK bn	Jan–Jun 2010	Jan–Jun 2009	Jul 2009– Jun 2010	Jan–Dec 2009
Cash flow from business operations before change in working capital	1.8	2.3	5.0	5.6
Change in working capital	-1.1	-2.0	1.3	0.4
Net investments	1.0	0.8	1.5	1.3
Cash flow adjustment, net investments	-0.3	-0.2	0.0	0.0
Taxes paid in business operations	-0.9	-0.7	-1.3	-1.1
Cash flow from business operations	0.5	0.2	6.5	6.2
Cash flow from financing operations	0.1	0.0	-0.2	-0.3
Dividend	-2.7	-2.3	-3.0	-2.5
Cash flow before change in interest- bearing receivables and liabilities	-2.1	-2.0	3.3	3.3

Change in interest-bearing net receivables

Group

SEK bn	Jan–Jun 2010	Jan–Jun 2009	Jul 2009– Jun 2010	Jan–Dec 2009
Opening balance interest-bearing net receivables	8.1	4.5	2.0	4.5
Cash flow	-2.1	-2.0	3.3	3.3
Translation differences	0.6	-0.2	0.3	-0.5
Change in pension liability	-0.6	-0.1	0.2	0.7
Reclassification	0.0	0.0	0.2	0.2
Other changes	0.1	-0.1	0.1	-0.1
Change in interest-bearing net receivables	-2.0	-2.5	4.1	3.6
Closing balance interest-bearing net receivables	6.1	2.0	6.1	8.1

Market outlook

Construction

- Positive outlook
 - Residential construction in the Nordics
- Stable outlook
 - Larger Civil projects
 - Public building segments
- Weak outlook
 - Czech Republic & Slovakia
 - U.K.



Brooklyn bridge, New York

Market outlook

Residential Development

- All Nordics – positive market
- Czech Republic – somewhat improved market
- Slovakia slow market



Järvastaden, Sundbyberg

Market outlook

Commercial Development

- Good interest from investors
- Interest in green buildings
- Stable yield levels
- Stable vacancy rates



Market outlook

Infrastructure Development

- Uncertainty in U.K. PPP market
- Growing interest in PPP in other European markets
- Potential for PPP in U.S.



Antofagasta, Chile

Going forward

- Improved overall market situation
- Growth in Construction
 - Pressure on prices
- Increased activities in Project Development
 - Investments in land
 - Start new projects
- Need for new recruits



SKANSKA