

Nine Month Report 2010



New Meadowlands Stadium, New Jersey

January–September 2010 in brief

- Operating income of SEK 4.1 bn (3.6)
 - Gains from divestment of properties SEK 0.8 bn (0.4)
 - Gains from divestment of ID assets SEK 0.2 bn (0.0)
- Operating cash flow decreased to SEK 1.7 bn (4.7)
- Interest-bearing net receivables amounted to SEK 4.4 bn
- Revenue in Construction SEK 82.3 bn (98.7)
 - Down 13% in local currencies
- Operating margin in construction improved to 3.8% (3.7%)
- Order bookings increased by 7% to SEK 101.3 bn (94.6)
 - Up 12% in local currencies
- Backlog of SEK 147.9 bn represents 17 months of construction

Construction

- Good margins
- Mixed picture
 - + Sweden, U.S., Poland
 - Norway, Finland
- Book-to-build 119%



Wroclaw bypass, Poland

New orders in Construction in Q3

– Total bookings of	SEK 28.8 bn
– Data center, Ontario, Canada	SEK 2.8 bn
– U.S. Navy facility, Portsmouth, VA, U.S.	SEK 1.2 bn
– Veterinary center, Uppsala, Sweden	SEK 1.1 bn
– Swedish Security Service's, HQ , Sweden	SEK 1.0 bn
– R4 Expressway, Slovakia	SEK 0.7 bn
– Shopping center, Trondheim, Norway	SEK 0.6 bn
– Railroad network, Oslo, Norway	SEK 0.5 bn

Residential Development

- Operating margin 8.5% (neg)
- Increased project starts
- Increased sold units
- Stable prices
- Shortage of homes for sale in Sweden



Fjordspeilet, Stavanger, Norway

Commercial Development

- Strong interest from investors
- Divestments in Q3 of SEK 1.3 bn with a gain of SEK 0.4 bn
- Two new projects started in Q3 with Investment value SEK 0.4 bn
- Three new projects announced with an investment value of SEK 1.1 bn
- More projects to be started
- Land investments in Q3, Washington D.C., Houston and Wroclaw



Gårda, Gothenburg

Infrastructure Development

- Nya Karolinska Solna, Sweden
 - Construction started
- Antofagasta, Chile
 - Construction started
- Autopista, Chile
 - Divestment process ongoing



Hospital Nya Karolinska Solna, Stockholm

Construction

Order situation

SEK bn	Jan–Sep 2010	Jan–Sep 2009	Oct 2009–Sep 2010	Jan–Dec 2009
Revenue	82.3	98.7	113.9	130.4
Order bookings	101.3	94.6	135.5	128.8
Order backlog	147.9	131.8	147.9	136.5
Book-to-build ratio			119%	99%



Construction

Order bookings

SEK bn	Jan–Sep 2010	Jan–Sep 2009	Change in local currency	Book- to-build, R-12
Sweden	31.9	16.9	89%	163%
Norway	9.6	6.5	47%	131%
Finland	6.2	4.3	61%	126%
Poland	5.6	11.5	-57%	90%
Czech Republic	5.7	7.6	-20%	78%
UK	12.3	17.7	-25%	99%
USA Building	16.9	20.4	-11%	114%
USA Civil	6.6	6.3	11%	100%
Latin America	6.5	3.3	123%	137%
Total	101.3	94.6	12%	119%

Construction

Income statement

SEK bn	Jan–Sep 2010	Jan–Sep 2009	Oct 2009– Sep 2010	Jan–Dec 2009
Revenue	82.3	98.7	113.9	130.4
Gross income	7.2	8.4	10.0	11.2
Selling and administrative expenses	-4.1	-4.7	-5.7	-6.3
Operating income	3.1	3.7	4.3	4.9
Gross margin, %	8.8	8.5	8.8	8.6
Selling and admin. expenses, %	-5.0	-4.8	-5.0	-4.8
Operating margin, %	3.8	3.7	3.8	3.7

Construction

	Operating income SEK M		Operating margin %	
	Jan-Sep 2010	Jan-Sep 2009	Jan-Sep 2010	Jan-Sep 2009
Sweden	819	882	5.0	4.8
Norway	200	363	2.4	4.3
Finland	-129	149	-2.7	2.8
Poland	438	267	6.9	5.6
Czech Republic	237	366	4.1	4.3
UK	304	315	2.8	2.2
USA Building	297	400	1.7	1.6
USA Civil	799	784	8.9	7.9
Latin America	135	152	3.3	3.5
Total	3,100	3,678	3.8	3.7

Residential Development

Income statement, segment reporting

SEK M	Jan–Sep 2010	Jan–Sep 2009	Oct 2009– Sep 2010	Jan–Dec 2009
Revenue	5,150	4,579	7,115	6,544
Gross income	785	311	1,052	578
Selling and administrative expenses	-404	-406	-588	-590
Income from joint ventures and associated companies	56	-7	59	-4
Operating income	437	-102	523	-16
Gross margin, %	15.2	6.8	14.8	8.8
S & A, %	-7.8	-8.9	-8.3	-9.0
Operating margin, %	8.5	neg	7.4	neg

Residential Development

Segment reporting

	Operating income SEK M		Operating margin %	
	Jan-Sep 2010	Jan-Sep 2009	Jan-Sep 2010	Jan-Sep 2009
Sweden	215	35	10.3	1.5
Norway	66	-38	6.8	neg
Denmark	-	-21	-	neg
Finland	125	-74	7.3	neg
Nordics	406	-98	8.5	neg
Czech Republic	31	-4	8.0	neg
Total	437	-102	8.5	neg

Development gain only, Construction margin reported under Construction

Residential Development

	Homes under construction		Of which sold, %		Completed unsold homes	
	Q3, 2010	Q2, 2010	Q3, 2010	Q2, 2010	Q3, 2010	Q2, 2010
Sweden	2,004	1,843	66	70	30	39
Norway	395	306	70	63	1	1
Finland incl. Estonia	1,167	828	69	69	61	75
Nordics	3,566	2,977	67	69	92	115
Czech Republic	541	400	45	49	170	228
Total	4,107	3,377	64	67	262	343

Residential Development

	Started homes				Sold homes			
	Jan-Sep 2010	Jan-Sep 2009	Oct 2009- Sep 2010	Jan-Dec 2009	Jan-Sep 2010	Jan-Sep 2009	Oct 2009- Sep 2010	Jan-Dec 2009
Sweden	1,178	362	1,334	518	860	907	1,097	1,144
Norway	269	6	406	143	238	138	309	209
Finland incl. Estonia	1,026	0	1,054	28	838	550	1,058	770
Nordics	2,473	368	2,794	689	1,936	1,595	2,464	2,123
Czech Republic	415	121	415	121	314	203	380	269
Total	2,888	489	3,209	810	2,250	1,798	2,844	2,392

Residential Development

Number of unsold homes



Commercial Development

Income statement, segment reporting

SEK M	Jan–Sep 2010	Jan–Sep 2009	Oct 2009– Sep 2010	Jan–Dec 2009
Revenue	4,152	2,071	6,627	4,546
Gross income	1,048	625	1,537	1,114
Selling and administrative expenses	-250	-233	-351	-334
Income from J/V and assoc. companies	-1	-4	3	0
Operating income	797	388	1,189	780
of which gain from divestments of properties ¹	698	384	1,068	754
of which writedowns/reversal of writedowns	-4	-22	-61	-79
¹ Additional gain included in eliminations was	89	40	122	73

Development gain only, Construction margin reported under Construction

Commercial Development

Sale of commercial properties

SEK M	Sales price	Capital gain
Q1	1,574	234
Q2	796	203
Q3	1,252	350
Total	3,622	787

- Earlier eliminated construction profits, SEK 89 M included
- Divestments in Q3
 - Hjälmarekajen, Malmö, Sweden
 - Lintulahti, Helsinki, Finland
 - Laboratoriet 1, Solna, Sweden
 - Högsbo 27:9, Gothenburg, Sweden
 - Svågertorp, Malmö, Sweden

Commercial Development

Specification of projects

SEK bn	Carrying amount, end of period	Carrying amount, upon completion	Market ¹ value	Occupancy rate, %	Degree of completion, %
Completed projects	4.9	4.9	6.4	92	100
Undeveloped land and development properties	3.0	3.0	3.5		
Subtotal	7.9	7.9	9.9		
Ongoing projects	3.1	5.5	6.7 ²	67	58
Total	11.0	13.4	16.6		
<i>of which ongoing projects sold according to segment reporting</i>	<i>1.8</i>	<i>2.0</i>	<i>2.4</i>		

¹ Market value according to appraisal on December 31, 2009

² Estimated market value at completion

- Two new projects started in Q3
- New leases signed for 7,000 sq. m

Infrastructure Development

Income statement

SEK M	Jan–Sep 2010	Jan–Sep 2009	Oct 2009– Sep 2010	Jan–Dec 2009
Revenue	235	114	272	151
Gross income	-66	-25	-100	-59
Selling and administrative expenses	-100	-122	-133	-155
Income from joint ventures and associated companies	447	248	600	401
Operating income (EBIT)	281	101	367	187
of which gains from divestments of shares in projects	184	0	184	0

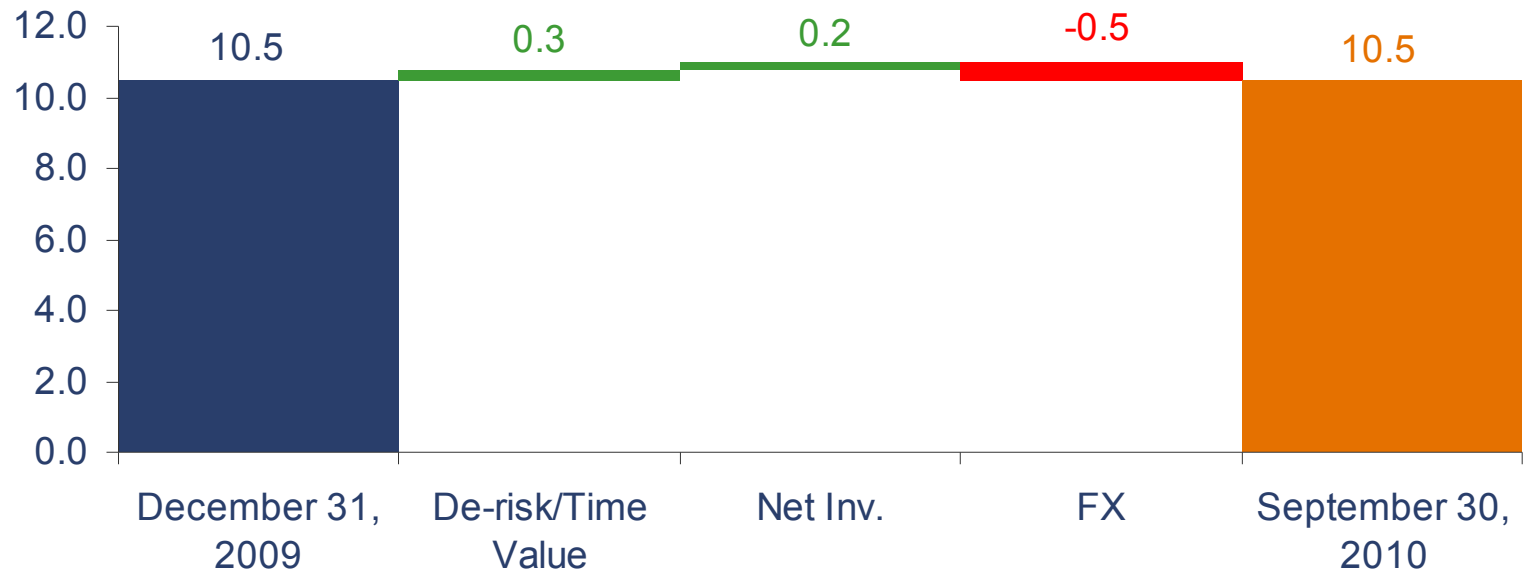
Infrastructure Development

Unrealized development gains, ID projects

SEK bn	Sep 30 2010	Jun 30 2010	Dec 31 2009
Present value of cash flow from projects	11.6	12.3	11.5
Present value of remaining investments	-1.1	-1.2	-1.0
Net present value of projects	10.5	11.1	10.5
Carrying amount	-2.0	-2.1	-2.1
Unrealized development gain	8.5	9.0	8.4

Infrastructure Development

Net Present Value of ID projects, SEK bn



Group

Income statement, segment reporting

SEK M	Jan–Sep 2010	Jan–Sep 2009	Jul–Sep 2010	Jul–Sep 2009
Operating income from business streams	4,615	4,065	1,874	1,697
Central	-535	-441	-159	-142
Eliminations	-10	0	-19	12
Operating income	4,070	3,624	1,696	1,567
Net financial items	-16	-181	-40	-82
Income after financial items	4,054	3,443	1,656	1,485
Taxes	-1,094	-897	-423	-360
Profit for the period	2,960	2,546	1,233	1,125
Earnings for the period per share, SEK	7.17	6.10	2.99	2.70
Tax rate, %	27	26	26	24

Group

Changes in equity

SEK bn	Jan–Sep 2010	Jan–Sep 2009	Oct 2009– Sep 2010	Jan–Dec 2009
Opening balance	20.2	18.6	19.0	18.6
Dividend to shareholders	-2.6	-2.2	-2.6	-2.2
Effects of equity-settled share-based payments	0.1	0.1	0.3	0.2
Repurchase of shares	-0.2	-0.2	-0.4	-0.4
Profit for the period (IFRS)	2.8	3.3	3.6	4.2
Other comprehensive income	-2.3	-0.6	-1.9	-0.2
Closing balance	18.0	19.0	18.0	20.2

Group

Operating cash flow

SEK bn	Jan–Sep 2010	Jan–Sep 2009	Oct 2009– Sep 2010	Jan–Dec 2009
Cash flow from business operations before change in working capital	3.3	4.1	4.8	5.6
Change in working capital	-1.9	-0.7	-0.8	0.4
Net investments	0.4	1.7	0.0	1.3
Cash flow adjustment, net investments	-0.1	-0.3	0.2	0.0
Taxes paid in business operations	-1.3	-1.1	-1.4	-1.1
Cash flow from business operations	0.4	3.7	2.8	6.2
Cash flow from financing operations	-0.1	-0.2	0.0	-0.4
Dividend ¹	-2.8	-2.4	-3.0	-2.5
Cash flow before change in interest- bearing receivables and liabilities	-2.5	1.1	-0.2	3.3

¹ Of which repurchases of shares

Group

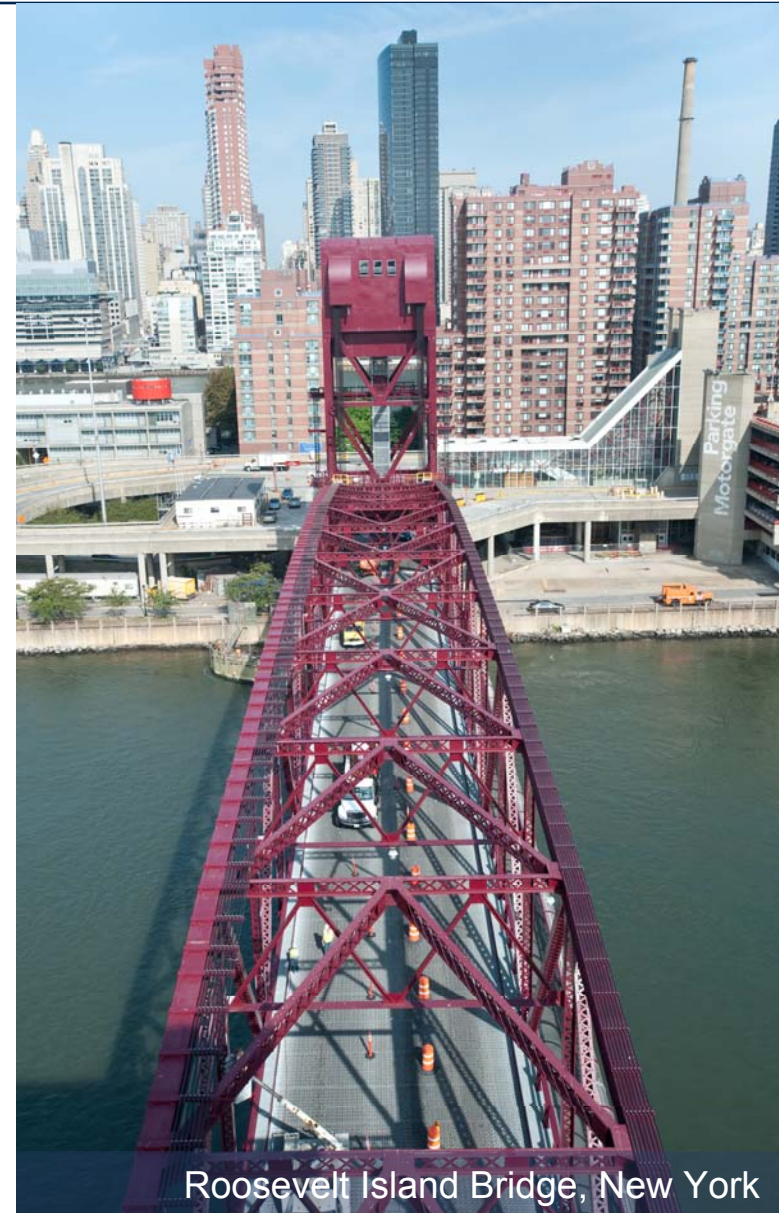
Change in interest-bearing net receivables

SEK bn	Jan–Sep 2010	Jan–Sep 2009	Oct 2009– Sep 2010	Jan–Dec 2009
Opening balance interest-bearing net receivables	8.1	4.5	4.8	4.5
Cash flow	-2.5	1.1	-0.2	3.3
Translation differences	-0.7	-0.7	-0.6	-0.5
Change in pension liability	-0.7	0.1	0.2	0.7
Other changes	0.2	-0.2	0.1	0.1
Change in interest-bearing net receivables	-3.7	0.3	-0.4	3.6
Closing balance interest-bearing net receivables	4.4	4.8	4.4	8.1

Market outlook

Construction

- Positive outlook
 - Nordics
 - Poland
- Stable outlook
 - Larger civil projects
 - Healthcare buildings
 - Education buildings
- Weak outlook
 - Czech Republic
 - U.K.
- Mixed picture
 - U.S.



Roosevelt Island Bridge, New York

Market outlook

Residential Development

- All Nordics
 - stable and good market
- Czech Republic
 - continues to improve



Lomma, Sweden

Market outlook

Commercial Development

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



Atrium City, Warsaw

Market outlook

Infrastructure Development

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



Bristol Schools, U.K.

Going forward

- Mixed picture of the market situation
- Opportunities in the market
 - Use financial strength to win new projects
- Continue to increase activity in Development businesses
 - Investments in land
 - Start new projects



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