

Six Month Report 2011



Six Month Report 2011

- Deliver according to strategic plan
 - Investments
- Opportunities
 - High bid activity
 - CD-assets
- Challenges
 - Norway and Czech Rep
 - Market



January–June 2011 in brief

- Operating income of SEK 6,102 M (2,374)
 - Gains from divestment of properties SEK 0.2 bn (0.4)
 - Gains from divestment of ID assets SEK 4.5 bn (0.2)
- Operating cash flow amounted to SEK 2.0 bn (1.4)
 - Net investments 2.2 (1.0)
- Revenue in Construction SEK 51.4 bn (51.8)
 - Up 8% in local currencies
- Operating margin in Construction amounted to 2.8% (3.3%)
- Order bookings decreased by 33% to SEK 48.4 bn (72.5)
 - Down 27% in local currencies
 - In the comparison period order bookings for NKS of SEK 14.5 bn was included
- Backlog of SEK 139.4 bn represents 15 (16) months of construction

Construction

- Mixed picture
 - Order situation
 - Healthy margins in USA Civil, Poland and Sweden
 - Norway and Czech Rep



Motorway A1, Phase 2, Poland

New orders in Construction in Q2

- Subway line in Prague, Czech Republic, SEK 1.3 bn
- Children's hospital in Wilmington, Delaware, U.S., SEK 1.3 bn
- Financial Close street lighting in Croydon and Lewisham, London, U.K., SEK 760 M
- Waste water tunnel, Washington D.C., U.S. SEK 530 M



Children's hospital in Wilmington, U.S.

Residential Development

- Operating margin 6.4%
(9,0%)
- 1,737 (1,914) homes started
- 1,697 (1,541) homes sold
- S&A: Investing for future growth
- Slower Swedish market



Pilestredet Park, Oslo, Norway

Commercial Property Development

- 81,000 sq.m of new leases in Q2
- 21 ongoing projects with a total investment value of SEK 6.4 bn
- Divestments with healthy gains



City Green Court, Prague, Czech Republic

Infrastructure Development

- Autopista Central, Chile
 - Sale completed and full payment is received
- Financial Close
 - Street lighting in Croydon and Lewisham, U.K. and Sjisjka wind farm in Gällivare, Sweden
 - Total Investment SEK 0.3 bn
 - Total Construction value SEK 1.0 bn

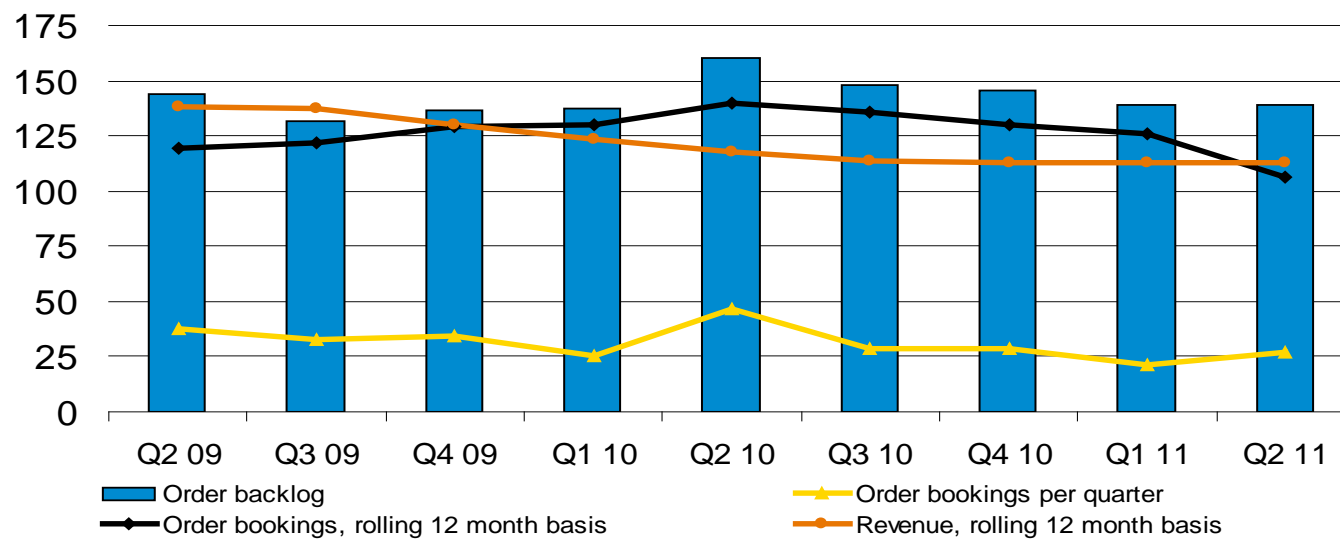


Surrey street lighting, U.K.

Construction

Order situation

SEK bn	Jan–Jun 2011	Jan–June 2010	Jul 2010–Jun 2011	Jan–Dec 2010
Revenue	51.4	51.8	112.8	113.2
Order bookings	48.4	72.5	106.2	130.3
Order backlog	139.4	160.4		145.9
Book-to-build ratio	94%	140%	94%	115%



Construction Order bookings

SEK bn	Jan–June 2011	Jan–June 2010	Book to build R-12	Duration of backlog month
Sweden	11.6	23.9	108%	15
Norway	6.2	6.7	110%	12
Finland	3.5	4.8	98%	9
Poland	3.9	3.0	83%	12
Czech Republic	2.8	2.4	89%	13
UK	4.1	10.8	60%	18
USA Building	7.7	11.2	100%	14
USA Civil	6.0	4.3	86%	25
Latin America	2.7	5.4	93%	12
Total	48.4	72.5	94%	15

Construction

Income statement

SEK bn	Jan–Jun 2011	Jan–Jun 2010	Jun 2010– June 2011	Jan–Dec 2010
Revenue	51.4	51.8	112.8	113.2
Gross income	4.2	4.5	9.9	10.1
Selling and administrative expenses	-2.8	-2.8	-5.8	-5.8
Operating income	1.4	1.7	4.1	4.4
Gross margin, %	8.2	8.6	8.7	9.0
Selling and admin. expenses, %	-5.4	-5.4	-5.1	-5.1
Operating margin, %	2.8	3.3	3.6	3.9

Construction

	Operating income SEK M		Operating margin %	
	Jan-Jun 2011	Jan-Jun 2010	Jan-Jun 2011	Jan-Jun 2010
Sweden	458	427	3.7	4.1
Norway	-160	192	neg	3.6
Finland	-7	-31	neg	neg
Poland	382	163	11.4	5.4
Czech Republic	-33	96	neg	2.9
UK	190	174	2.9	2.4
USA Building	172	176	1.7	1.6
USA Civil	417	484	9.2	8.2
Latin America	1	12	0.0	0.5
Total	1,420	1,693	2.8	3.3

Residential Development

Income statement, segment reporting

SEK M	Jan–Jun 2011	Jan–Jun 2010	Jul 2010– Jun 2011	Jan–Dec 2010
Revenue	4,453	3,694	8,340	7,581
Gross income	625	527	1,193	1,095
Selling and administrative expenses	-335	-250	-674	-589
Income from joint ventures and associated companies	-4	54	-5	53
Operating income	286	331	514	559
Gross margin, %	14.0	14.3	14.3	14.4
Selling and admin. expenses, %	-7.5	-6.8	-8.1	-7.8
Operating margin, %	6.4	9.0	6.2	7.4

Residential Development

Segment reporting

	Operating income SEK M		Operating margin %	
	Jan–Jun 2011	Jan–Jun 2010	Jan–Jun 2011	Jan–Jun 2010
Sweden	144	143	6.6	9.2
Norway	20	34	3.5	5.5
Finland	108	127	7.8	10.3
Nordics	272	304	6.6	8.9
Czech Republic	34	27	10.5	9.8
Expansion ¹⁾	-20	–	–	–
Total	286	331	6.4	9.0

¹⁾ Start-ups

Development gain only, construction margin reported under Construction

Residential Development

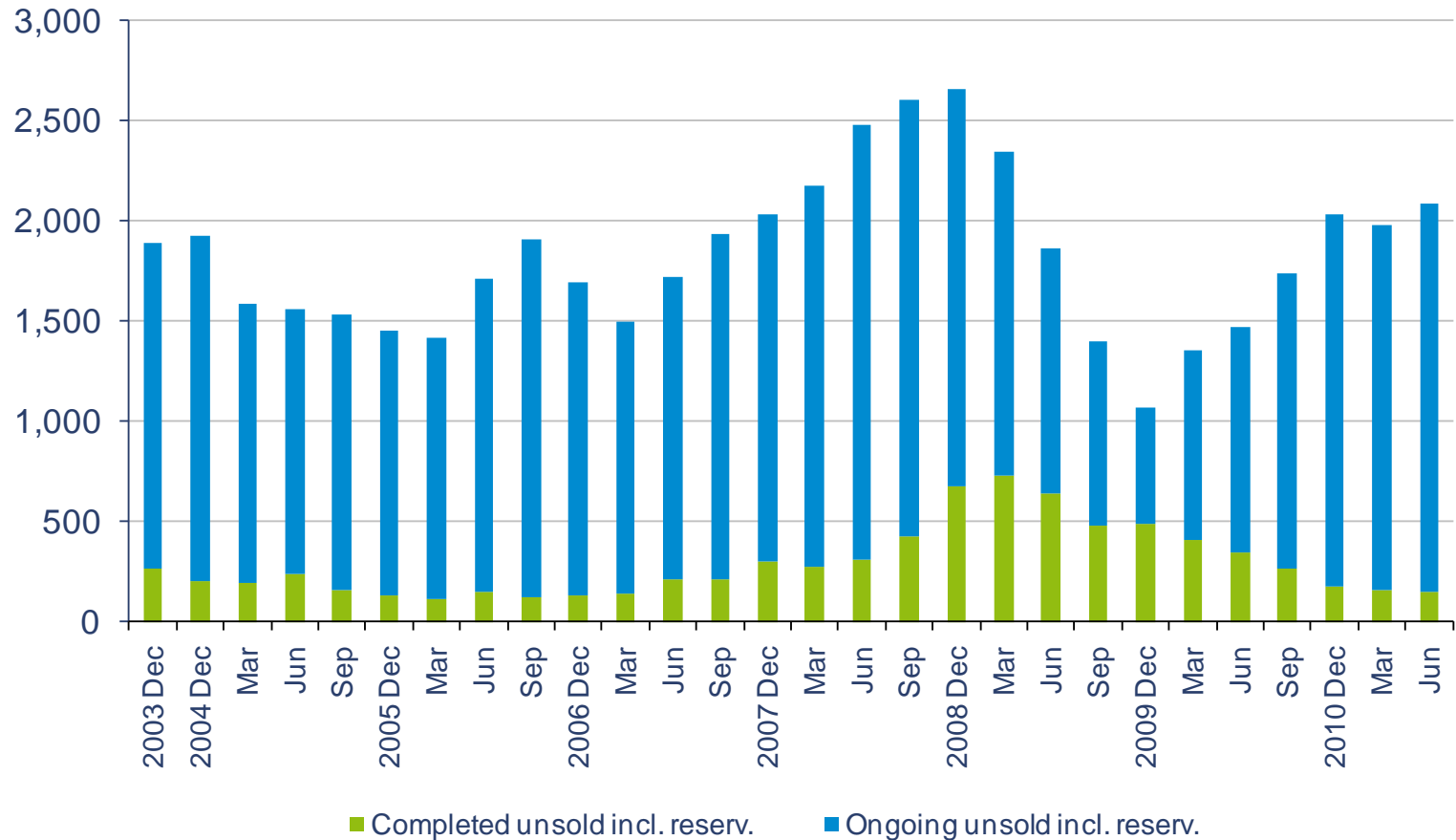
	Homes under construction		Of which sold, %		Completed unsold homes	
	Q2, 2011	Q1, 2011	Q2, 2011	Q1, 2011	Q2, 2011	Q1, 2011
Sweden	2,303	2,326	63	64	42	27
Norway	421	446	79	83	2	3
Finland	1,909	1,764	60	65	34	33
Nordics	4,633	4,536	64	66	78	63
Czech Republic	722	674	66	58	70	93
Total	5,355	5,210	64	65	148	156

Residential Development

	Homes started				Homes sold			
	Jan-Jun 2011	Jan-Jun 2010	Jul 2010– Jun 2011	Jan-Dec 2010	Jan-Jun 2011	Jan-Jun 2010	Jul 2010– Jun 2011	Jan-Dec 2010
Sweden	645	773	1,553	1,681	637	586	1,278	1,227
Norway	76	180	357	461	141	155	382	396
Finland	792	687	1,661	1,556	648	594	1,192	1,138
Nordics	1,513	1,640	3,571	3,698	1,426	1,335	2,852	2,761
Czech Republic	224	274	365	415	271	206	480	415
Total	1,737	1,914	3,936	4,113	1,697	1,541	3,332	3,176

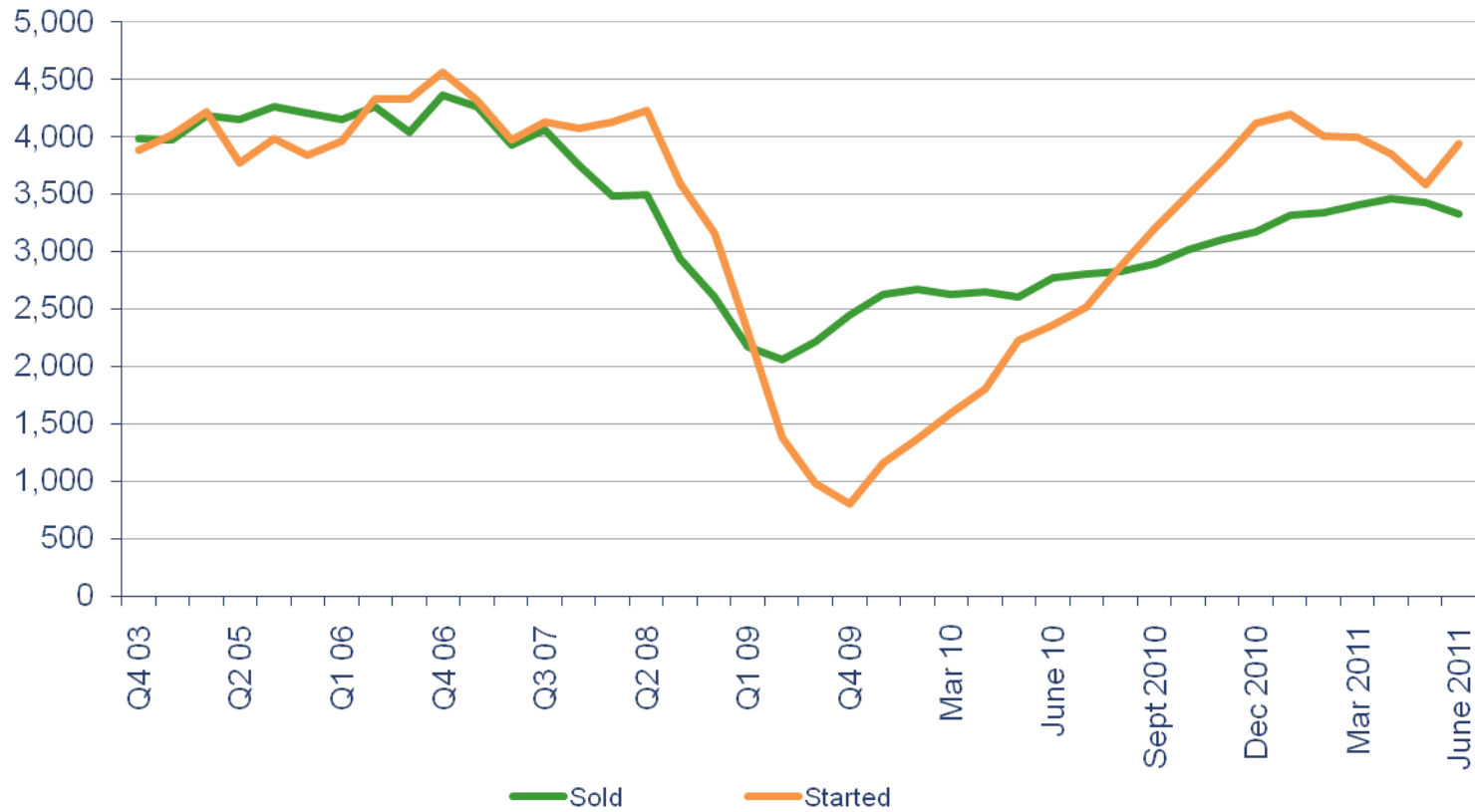
Residential Development

Number of unsold homes



Residential Development

Sold and started R-12 month



Commercial Property Development

Income statement, segment reporting

SEK M	Jan–Jun 2011	Jan–Jun 2010	Jul 2010– Jun 2011	Jan–Dec 2010
Revenue	897	2,738	2,807	4,648
Gross income	334	633	978	1,277
Selling and administrative expenses	-198	-179	-374	-355
Income from J/V and associated companies	-1	0	-3	-2
Operating income	135	454	601	920
of which gain from divestments of properties ¹⁾	133	377	547	791
of which writedowns/reversal of writedowns	-1	0	21	18
¹⁾ Additional gain included in eliminations was	21	60	41	80

Development gain only, construction margin reported under Construction

Sale of commercial properties, Q2 2011

SEK M	Sales price	Capital gain
Q1	183	43
Q2	404	114
Total	587	154

- Earlier eliminated construction profits, SEK 21 M included
- Divestments in Q2
 - Backa 30:3, Gothenburg

Commercial Property Development

Specification of projects

SEK bn	Carrying amount, end of period	Carrying amount, upon completion	Market value	Occupancy rate, %	Degree of completion, %
Completed projects	4.7	4.7	6.1	88	100
Total completed projects	4.7	4.7	6.1		
Undeveloped land and development properties	3.9	3.9	4.5		
Subtotal	8.6	8.6	10.6		
Ongoing projects	2.8	6.4	8.0	49	45
Total	11.4	15.0	18.5		
of which ongoing projects sold according to segment reporting	4	45	52		

– New leases were signed for 81,000 sq.m of space in Q2

Infrastructure Development

Income statement

SEK M	Jan–Jun 2011	Jan–Jun 2010	Jul 2010– Jun 2011	Jan–Dec 2010
Revenue	233	104	448	319
Gross income	-64	-34	-131	-101
Selling and administrative expenses	-74	-75	-137	-138
Income from joint ventures and associated companies	4,699	372	4,863	536
Operating income (EBIT)	4,561	263	4,595	297
of which gains from divestments of shares in projects	4,500	183	4,509	192

Infrastructure Development

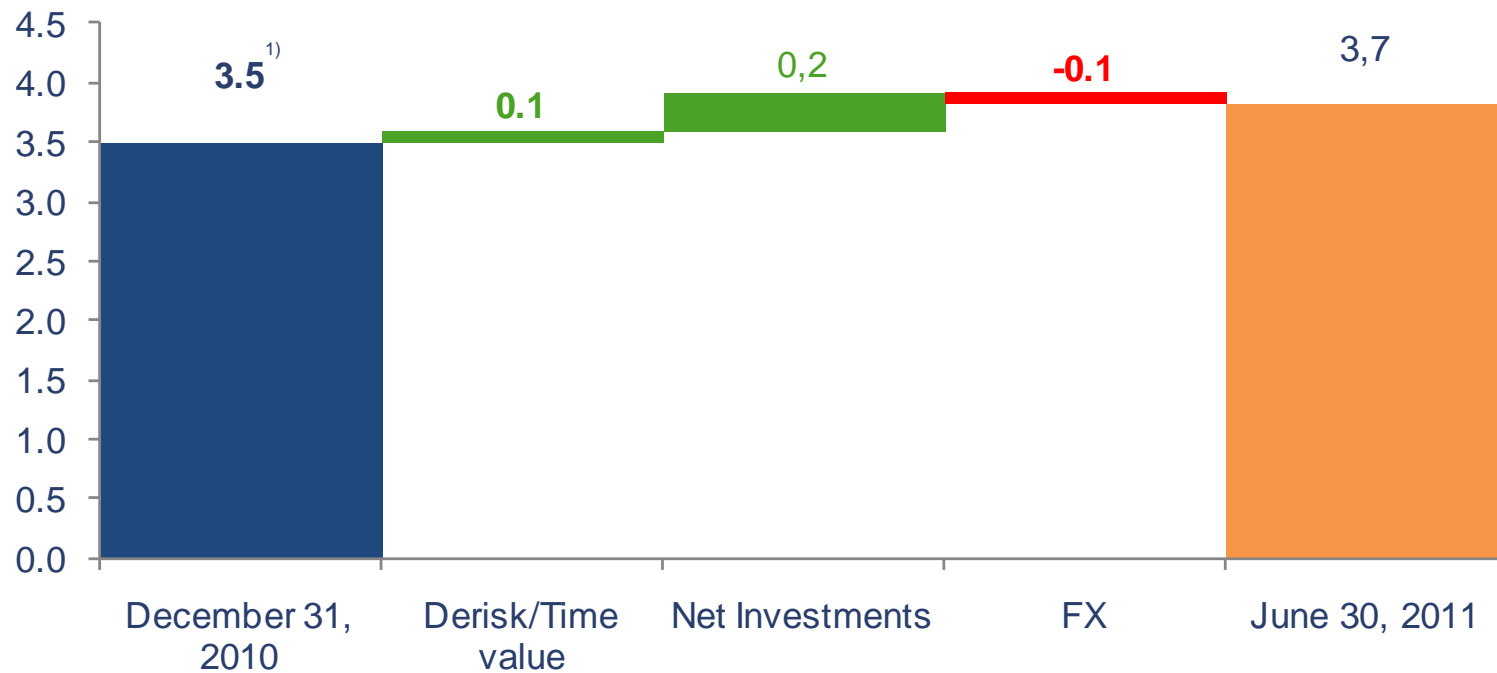
Unrealized development gains, ID projects

SEK bn	Jun 30 2011	Mar 31 ¹⁾ 2011	Dec 31 ¹⁾ 2010
Present value of cash flow from projects	4.7	4.5	4.6
Present value of remaining investments	-1.0	-1.0	-1.1
Net present value of projects	3.7	3.5	3.5
Carrying amount	-1.9	-1.8	-1.7
Unrealized development gain, Skanska ID	1.8	1.7	1.8

¹⁾ Excl. Autopista Central

Infrastructure Development

Net Present Value of ID projects, SEK bn



¹⁾ Excl. Autopista Central

Group

Income statement, segment reporting

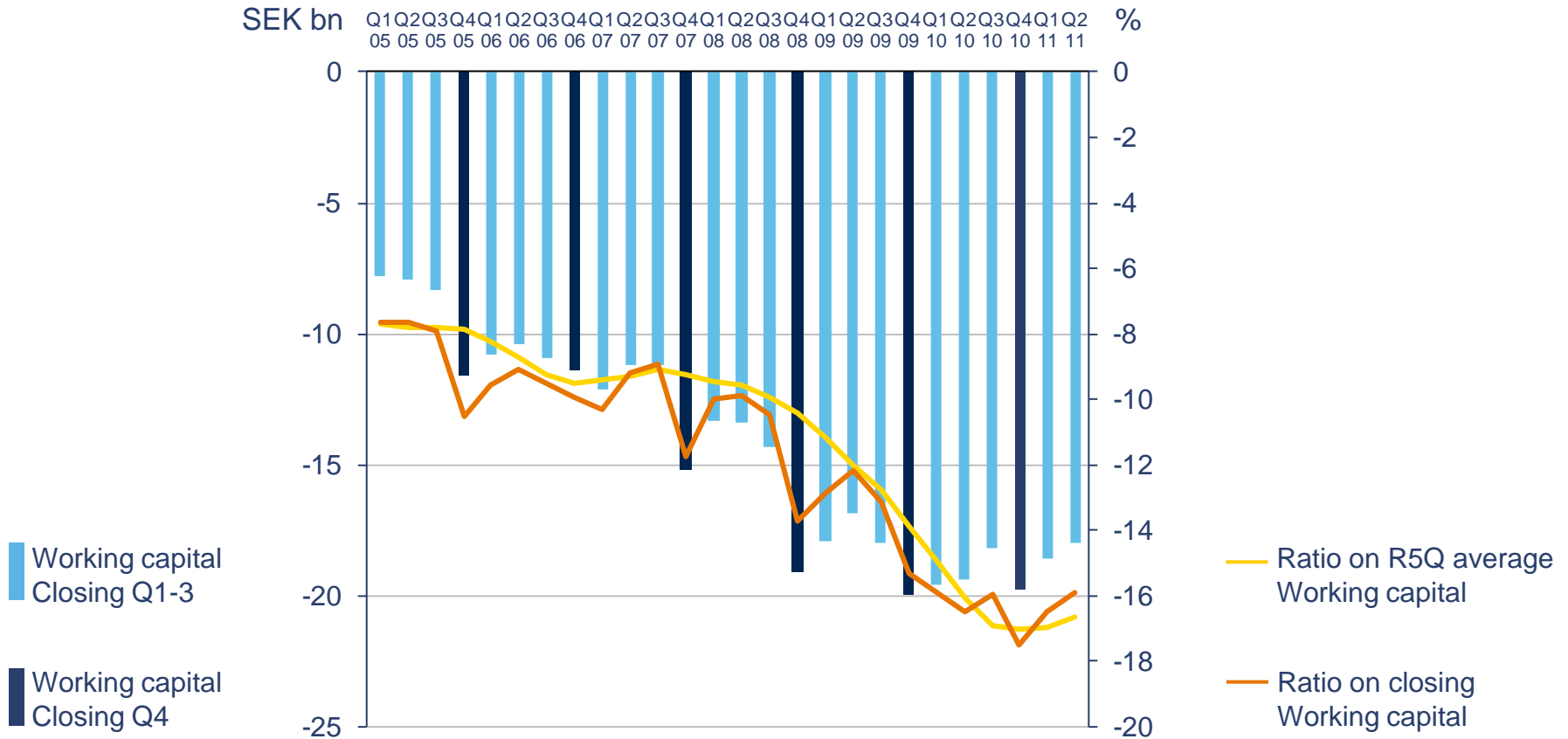
SEK M	Jan–Jun 2011	Jan–Jun 2010	Jul 2010– Jun 2011	Jan–Dec 2010
Operating income from business streams	6,402	2,741	9,825	6,164
Central	-305	-376	-720	-792
Eliminations	5	9	-37	-33
Operating income	6,102	2,374	9,068	5,339
Net financial items	10	24	-49	-35
Income after financial items	6,112	2,398	9,019	5,304
Taxes	-339	-671	-1,032	-1,364
Profit for the period	5,773	1,727	7,987	3,940
Earnings per share, SEK	14.02	4.17	19.39	9.54
<i>Tax rate, %</i>	5.5	28	11.4	26

Balance sheet – Summary

Group

SEK bn	June 30 2011	Dec 31 2010
Total assets	79.4	77.7
Equity attributable to equity holders	20.4	20.7
Interest-bearing net receivables (+)/net debt (-)	4.5	9.9
Capital employed, closing balance	28.9	25.7
Equity/assets ratio, %	25.8	26.8

Working capital ratio for Construction



Group

Changes in equity

SEK bn	Jan–Jun 2011	Jan–Jun 2010	Jul 2010– Jun 2011	Jan–Dec 2010
Opening balance	20.8	20.2	18.1	20.2
Dividend to shareholders	-5.0	-2.6	-5.0	-2.6
Effects of equity-settled share-based payments	0.1	0.1	0.2	0.2
Repurchase of shares	-0.1	-0.1	-0.2	-0.2
Profit for the period (IFRS)	5.5	1.6	8.0	4.0
Other comprehensive income				
Currency translation differences	-0.1	-0.4	-1.2	-1.5
Actuarial gains and losses on pensions	-0.5	-0.5	0.6	0.6
Other	-0.2	-0.2	0.0	0.1
Closing balance	20.5	18.1	20.5	20.8

Group

Operating cash flow

SEK bn	Jan–Jun 2011	Jan–Jun 2010	Jul 2010– Jun 2011	Jan–Dec 2010
Cash flow from business operations before change in working capital	1.3	1.8	4.1	4.5
Change in working capital	-1.6	-1.1	-0.5	0.0
Net investments	2.5	1.0	3.3	1.9
Cash flow adjustment	0.1	-0.3		-0.1
Taxes paid in business operations	-1.1	-0.9	-1.8	-1.7
Cash flow from business operations	1.2	0.5	5.3	4.6
Cash flow from financing operations	0.0	0.1	-0.1	0.0
Net strategic investments	-0.2	0.1	-0.3	0.0
Dividend	-5.0	-2.7	-5.2	-2.9
Cash flow before change in interest- bearing receivables and liabilities	-4.0	-2.1	-0.3	1.7

Group

Change in interest-bearing net receivables

SEK bn	Jan–Jun 2011	Jan–Jun 2010	Jul 2010– Jun 2011	Jan–Dec 2010
Opening balance interest-bearing net receivables	9.9	8.1	6.1	8.1
Cash flow	-4.0	-2.1	-2.3	1.7
Translation differences	-0.7	0.6	0.4	-0.7
Change in pension liability	-0.6	-0.6	-0.8	0.8
Other changes	-0.1	0.1	0.0	0.0
Change in interest-bearing net receivables	-5.4	-2.0	-2.7	1.8
Closing balance interest-bearing net receivables	4.5	6.1	3.4	9.9

Investments, net investments and capital employed

Development streams

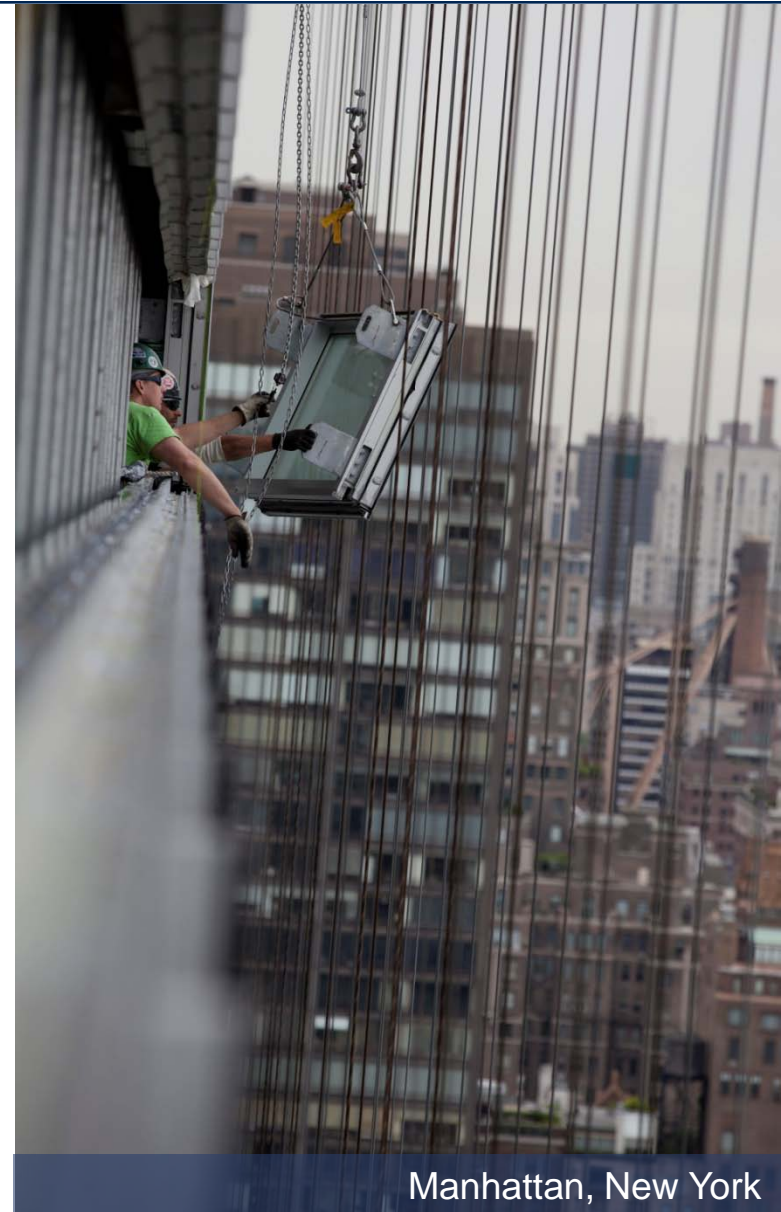
SEK bn	Jan–Jun 2011	Jan–Jun 2010	2010	2009
Investments				
Residential Development	-3.0	-2.4	-5.6	-3.4
Commercial Property Development	-1.6	-1.3	-3.1	-4.3
Infrastructure Development	-0.5	-0.2	-0.7	-0.4
Total	-5.1	-3.9	-9.4	-7.9
Net investments				
Residential Development	-0.6	0.0	-0.3	2.5
Commercial Property Development	-1.0	1.4	3.4	0.0
Infrastructure Development	5.0	0.1	-0.3	-0.3
Total	3.4	1.5	2.8	2.2
Capital employed				
Residential Development	11.0	8.9	10.2	8.7
Commercial Property Development	11.0	11.1	9.6	12.1
Infrastructure Development	2.8 ¹⁾	2.0	2.7	1.9
Total	24.8	22.0	22.5	22.7

¹⁾ Gain on sale from Autopista Central excluded

Market outlook

Construction

- General
 - Fierce competition
- Positive outlook
 - Nordics
- Stable outlook
 - Larger civil projects
 - Healthcare buildings
- Weak outlook
 - Czech Republic
 - U.K.

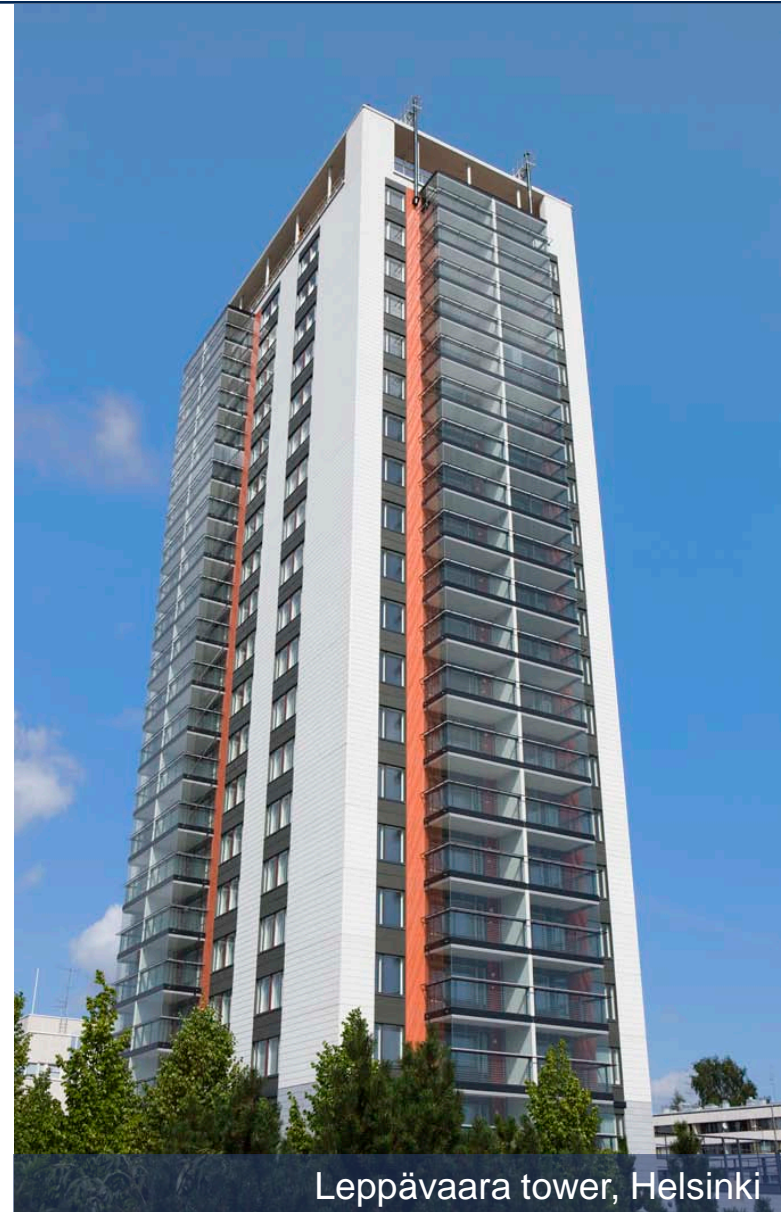


Manhattan, New York

Market outlook

Residential Development

- All Nordics
 - Stable market
 - Growing uncertainty in Sweden
- Czech Republic
 - Continue to improve
- U.K. and Poland
 - Opportunities for land investments



Leppävaara tower, Helsinki

Market outlook

Commercial Property Development

- Nordics and Central Europe
 - Strong interest from investors
 - Tenants are seeking modern green properties
 - Falling vacancy rates
- U.S.
 - Potential in selected cities

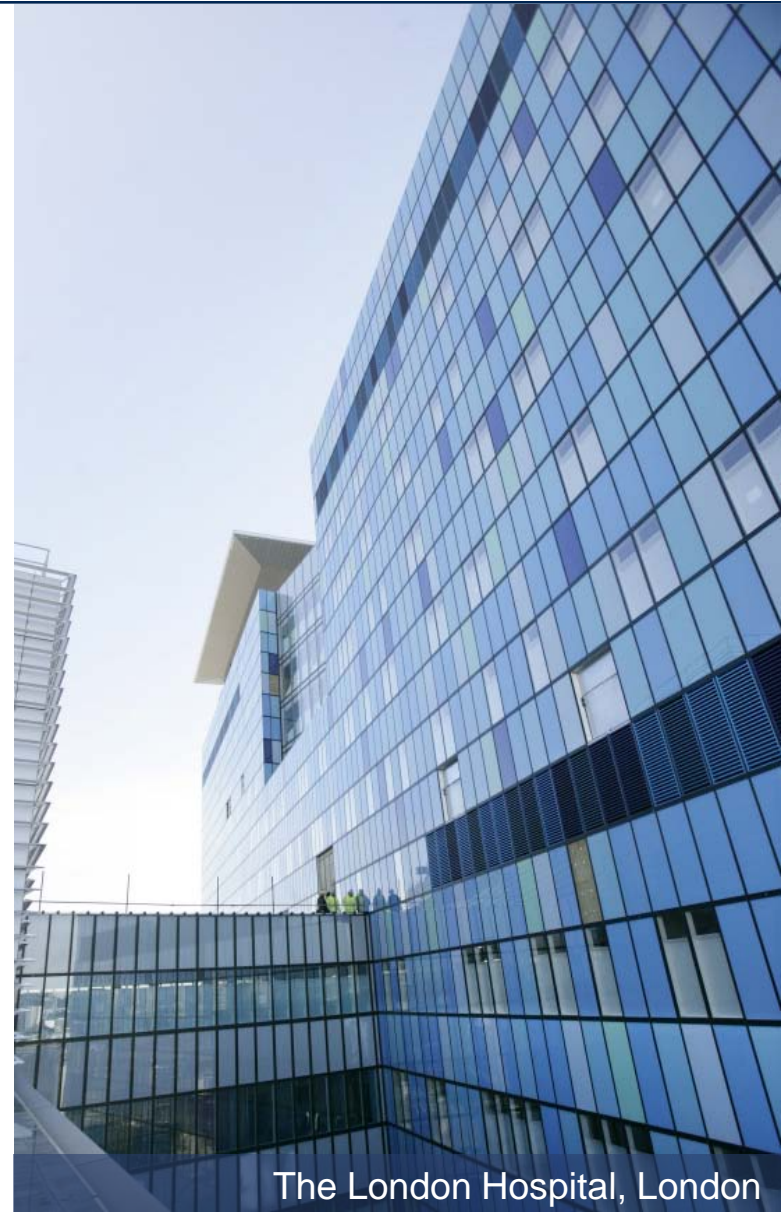


Green Tower Office Center, Gothenburg

Market outlook

Infrastructure Development

- PPP under review in U.K.
- Interest for PPP in other European markets
- Potential for PPP in U.S. and Latin America



The London Hospital, London

Going forward

- Mixed picture of the market situation
- Focus to improve weak parts of the business
- Win new orders
- Continue high activity in Development businesses
 - Investments in land
 - Start new projects
 - Divest mature assets



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