

Year-end Report 2011



Year-end Report 2011

- Positive momentum in order bookings
- Deliver according to business plan
 - Strategic investments
 - Profitable divestments
- Opportunities
 - Order backlog
 - Continued high bid activity
 - Value creation in Commercial Property Development
- Challenges
 - Construction Finland and Norway
 - Residential Development Sweden



Gångaren 16 (Visma),
Lindhagensterrassen Stockholm

January–December 2011 in brief

- Order bookings SEK 123.6 bn (130.3)
 - Up 41% in Q4 2011 compared to Q4 2010
 - Up 20% in Q4 2011 compared to Q3 2011
 - 107% book-to-build ratio
- Backlog of SEK 155.7 bn represents 16 (16) months of construction
- Revenue in Construction SEK 115.0 bn (113.2)
 - Up 8% in local currencies
- Operating income of SEK 9.1 bn (5.3)
 - Gains from divestment of properties SEK 1.4 bn (0.9)
 - Gains from divestment of Autopista Central 4.5 bn
- Operating margin in Construction 3.0% (3.9%)

Dividend

- Proposed dividend
 - Regular SEK 6.00 (5.75) per share
- Dividend policy: 40–70 percent of the net profit
- The sale of the Autopista Central concession generated extra dividend of SEK 6.25 per share in 2011

Construction

- Continued improvement in order situation
- Mixed market sentiment
- Mixed performance
 - Good: U.S., Poland, Sweden and U.K.
 - Weak: Norway and Finland
- Acquisitions in U.S., Poland and Finland, pro forma 2011 revenue of about SEK 5 bn



Capital Health Healthcare
Replacement Hospital
Pennington, U.S.

New orders in Construction in Q4

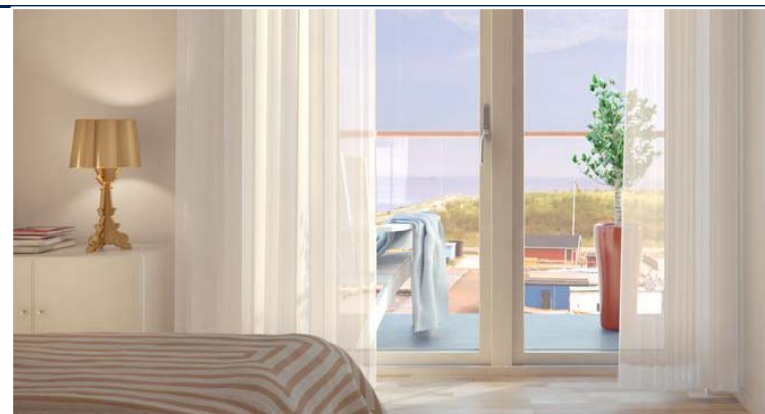
- Gas power plant, Rio de Janeiro, Brazil, SEK 3.2 bn
- University Medical Center, New Orleans, U.S., SEK 3.0 bn
- Bay Area Rapid Transit, California, U.S., SEK 2.2 bn
- Railroad, Vestfold, Norway, SEK 1.6 bn
- High-tech building, Western U.S., SEK 1.1 bn



University Medical Center,
New Orleans, U.S.,

Residential Development

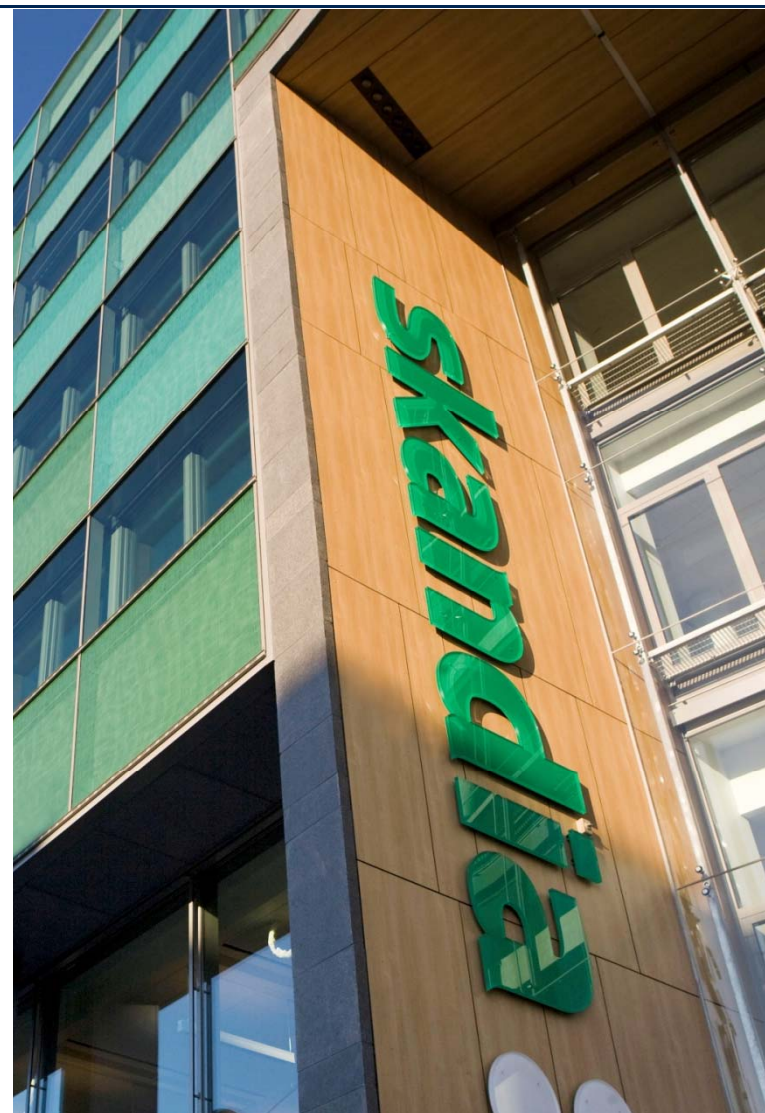
- Operating margin 4.0% (7.4)
- 3,630 (4,113) homes started
- 3,193 (3,176) homes sold
- Adjusting the business to prevailing market conditions
- Production started and homes sold in U.K.



Limhamns sjöstad, Malmö, Sweden

Commercial Property Development

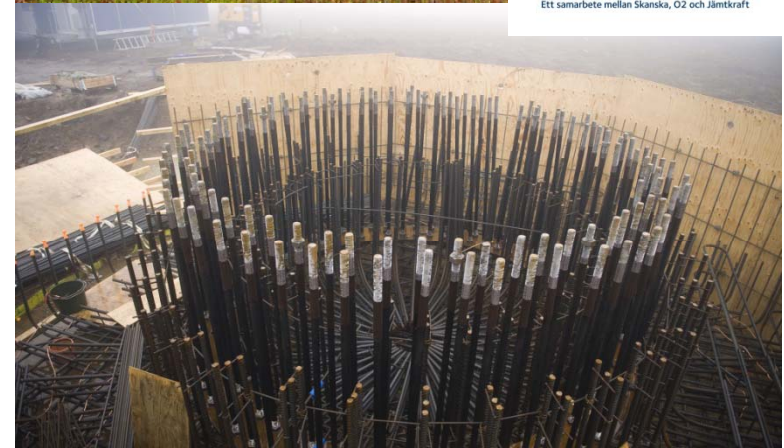
- Divestments of SEK 5.0 bn
 - Gain SEK 1.3 bn
- 32 ongoing projects
 - SEK 9.1 bn total investment value
 - 471,000 sq.m leasable space
 - 44% pre-leasing rate
- 73,000 sq. m leased in Q4
- 221,000 sq.m leased in 2011



Gångaren 11, Lindhagensterrassen
Stockholm

Infrastructure Development

- Financial close/Investments
 - Croydon and Lewisham Street Lighting (Q2)
 - Sjisjka wind farm (Q2)
- Divestments
 - Autopista Central, Chile (Q2)
 - Antofagasta (50%), Chile (Q3)
 - Midlothian schools, U.K (Q4)
- High bid activity
 - Expected Financial Close
Midtown tunnel, U.S., H1 2012



Sjisjka, Gällivare, Sweden

Construction revenue from Development units

<u>Internal revenue 2011</u>	<u>SEK bn</u>
Residential Development	4.4
Commercial Property Development	1.8
Infrastructure Development	8.6
Total	14.8

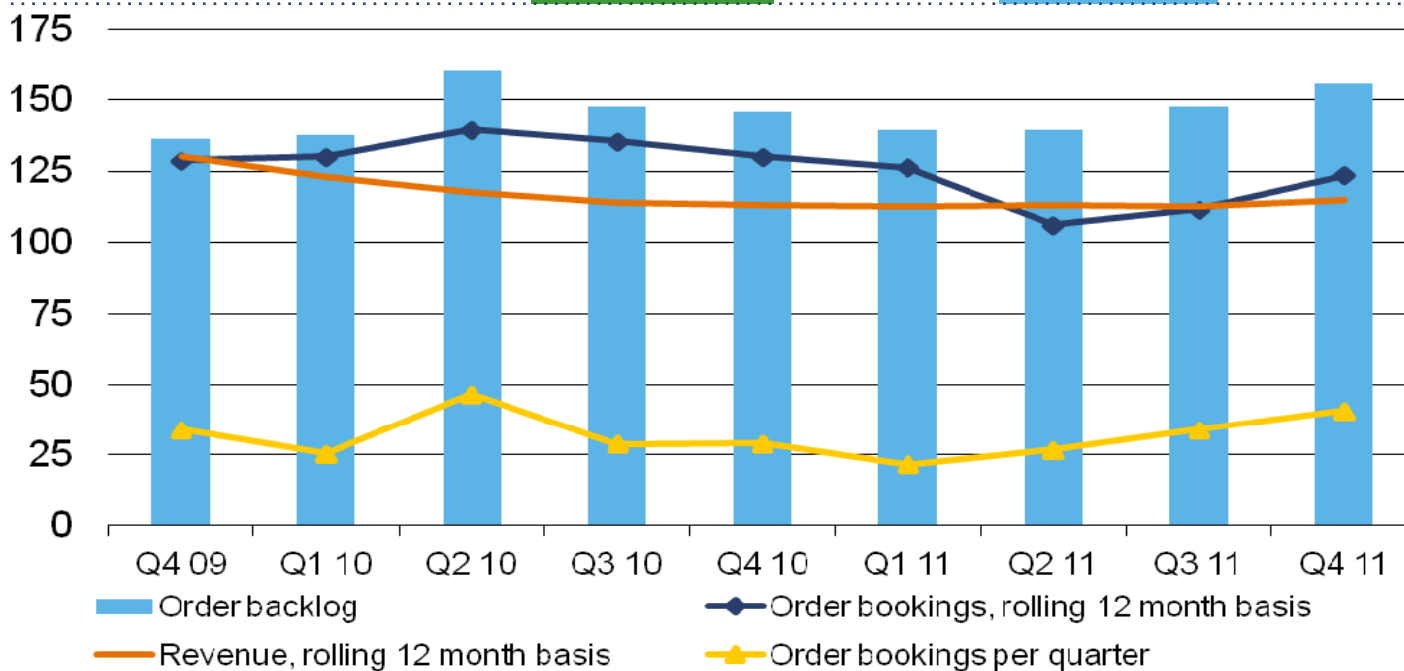


Lustgården, Stockholm

Construction

Order situation

SEK bn	Jan–Dec 2011	Jan–Dec 2010	Oct–Dec 2011	Oct–Dec 2010
Revenue	115.0	113.2	33.3	30.9
Order bookings	123.6	130.3	41.0	29.0
Order backlog	155.7	145.9		
Book-to-build ratio	107%	115%	123%	94%



Construction

Order bookings

SEK bn	Jan–Dec 2011	Jan–Dec 2010	Change in local currency, %	Book- to-build, R-12, %
Sweden	24.5	39.5	-38	91
Norway	17.8	12.9	42	142
Finland	8.4	8.7	3	103
Poland	9.1	6.9	45	88
Czech Republic	6.0	6.8	-9	90
UK	9.1	15.0	-35	72
USA Building	25.9	25.6	13	122
USA Civil	13.1	7.1	105	129
Latin America	9.6	8.0	33	159
Total	123.6	130.3	1	107

Construction

Income statement

SEK bn	Jan–Dec 2011	Jan–Dec 2010	Oct –Dec 2011	Oct–Dec 2010
Revenue	115.0	113.2	33.3	30.9
Gross income	9.3	10.1	2.5	2.9
Selling and administrative expenses	-5.9	-5.8	-1.7	-1.6
Operating income	3.5	4.4	0.8	1.3
Gross margin, %	8.1	9.0	7.5	9.4
Selling and admin. expenses, %	-5.1	-5.1	-5.1	-5.2
Operating margin, %	3.0	3.9	2.4	4.2

Construction

	Operating income SEK M		Operating margin %	
	Jan-Dec 2011	Jan-Dec 2010	Jan-Dec 2011	Jan-Dec 2010
Sweden	1,287	1,225	4.8	5.3
Norway	-333	182	neg	1.6
Finland	-349	-79	neg	neg
Poland	937	593	9.1	6.6
Czech Republic	54	397	0.8	4.6
UK	421	425	3.3	3.0
USA Building	394	418	1.8	1.8
USA Civil	939	944	9.2	8.2
Latin America	117	284	1.9	5.0
Total	3,467	4,388	3.0	3.9

Residential Development

Income statement, segment reporting

SEK M	Jan–Dec 2011	Jan–Dec 2010	Oct –Dec 2011	Oct–Dec 2010
Revenue	8,550	7,581	2,518	2,392
Gross income	1,030	1,095	271	307
Selling and administrative expenses	-681	-589	-182	-178
Income from joint ventures and associated companies	-5	53	-2	-3
Operating income	345	559	87	126
Gross margin, %	12.0	14.4	10.8	12.9
Selling and admin. expenses, %	-8.0	-7.8	-7.2	-7.2
Operating margin, %	4.0	7.4	3.5	5.5

Residential Development

Segment reporting

	Operating income SEK M		Operating margin %	
	Jan–Dec 2011	Jan–Dec 2010	Jan–Dec 2011	Jan–Dec 2010
Sweden	121	293	3.4	8.9
Norway	100	51	5.7	3.6
Finland	168	169	6.3	7.1
Nordics	389	513	4.9	7.3
Czech Republic	3	46	0.6	9.0
Other ¹⁾	-47	0	-	-
Total	345	559	4.0	7.4

¹⁾ Start-ups

- Development gain only, construction margin reported under Construction

Residential Development

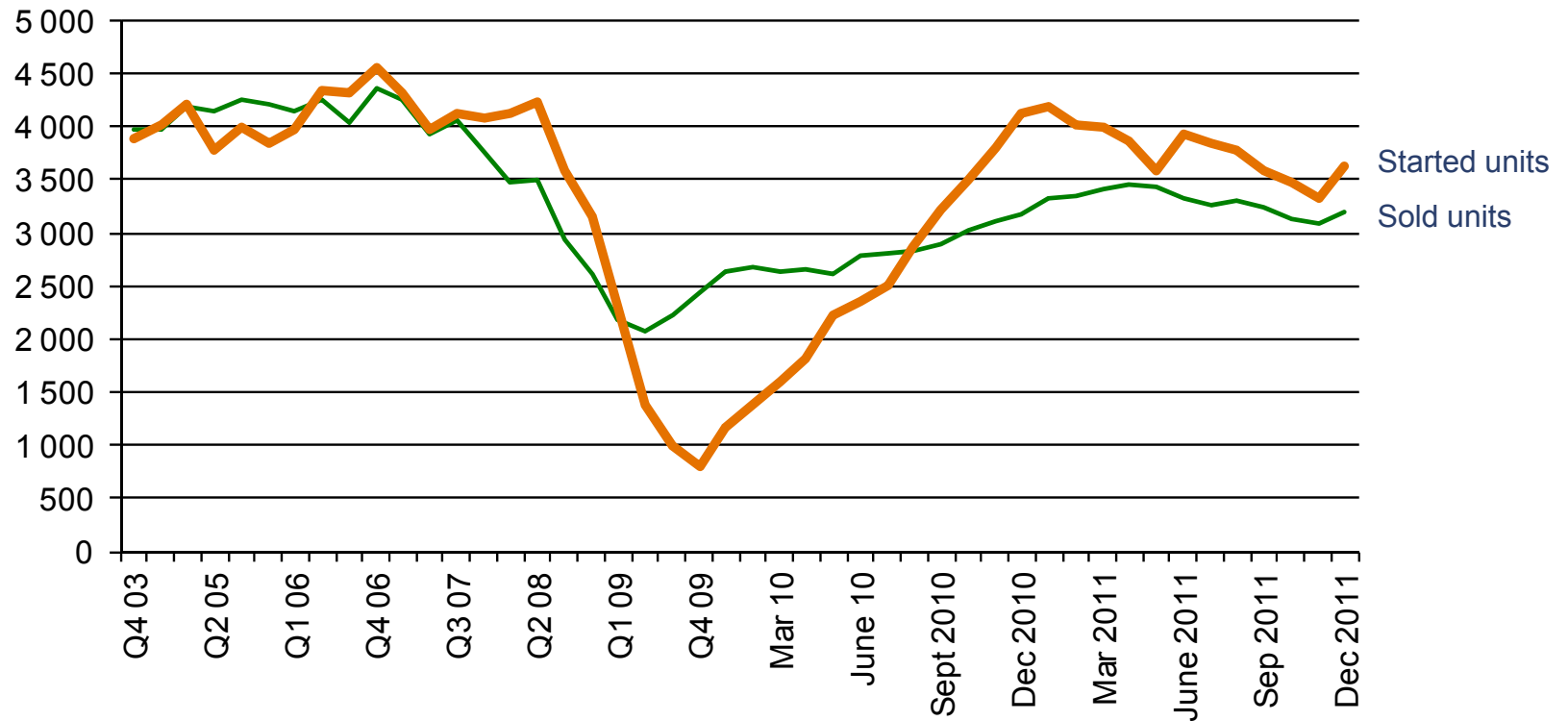
	Homes under construction		Of which sold, %		Completed unsold homes	
	Q4, 2011	Q3, 2011	Q4, 2011	Q3, 2011	Q4, 2011	Q3, 2011
Sweden	2,244	1,942	57	61	49	39
Norway	676	524	59	69	11	1
Finland	1,906	1,844	62	63	29	33
Nordics	4,826	4,310	59	63	89	73
Czech Republic	534	675	48	52	95	97
Other	85	-	46	-	0	-
Total	5,445	4,985	58	62	184	170

Residential Development

	Homes started				Homes sold			
	Jan-Dec 2011	Jan-Dec 2010	Oct-Dec 2011	Oct-Dec 2010	Jan-Dec 2011	Jan-Dec 2010	Oct-Dec 2011	Oct-Dec 2010
Sweden	1,293	1,681	580	503	1,147	1,227	344	367
Norway	540	461	287	192	408	396	166	158
Finland	1,298	1,556	321	530	1,192	1,138	284	300
Nordics	3,131	3,698	1,188	1,225	2,747	2,761	794	825
Czech Republic	414	415	0	0	407	415	46	101
Other	85	-	85	-	39	-	39	-
Total	3,630	4,113	1,273	1,225	3,193	3,176	879	926

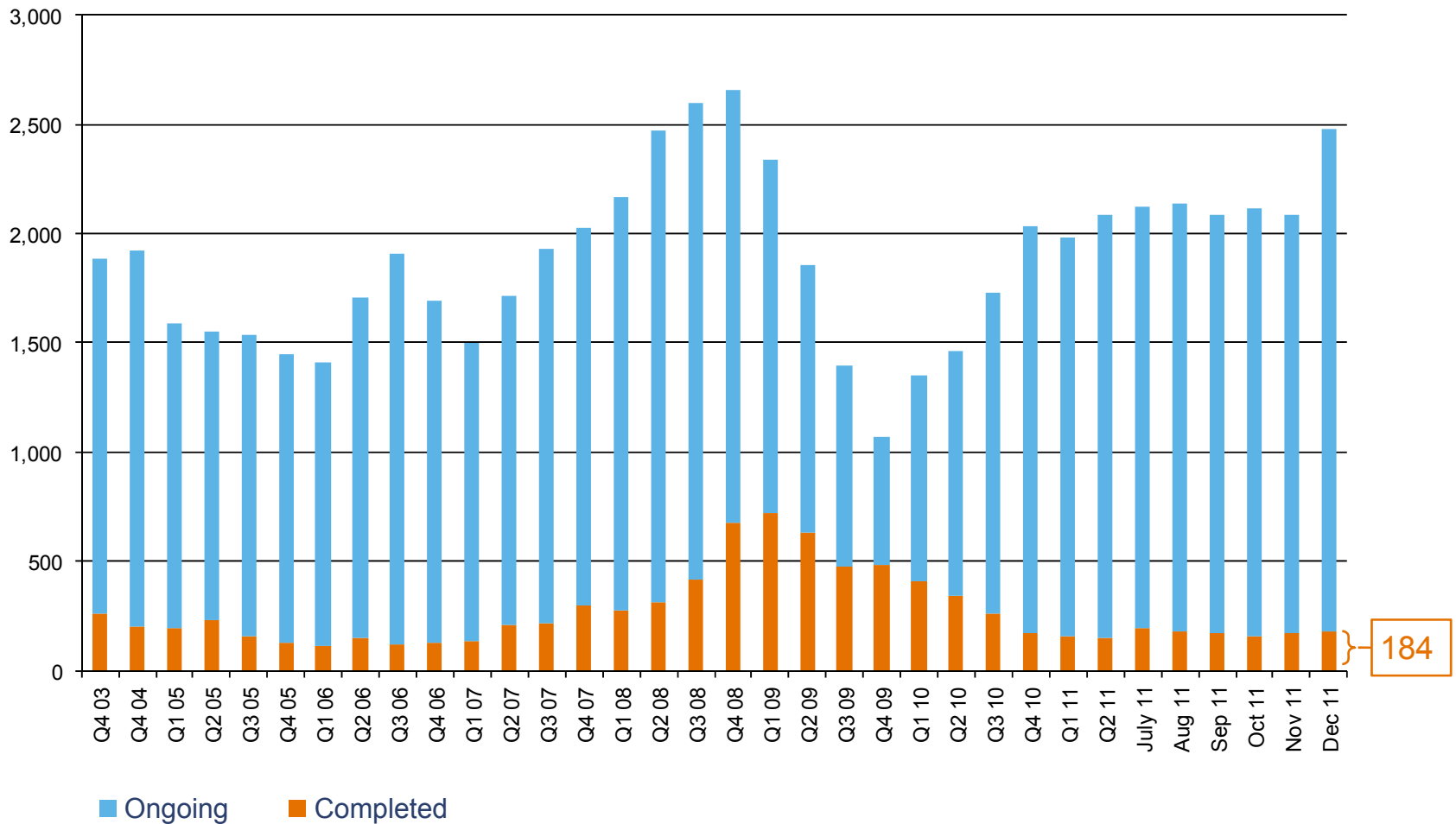
Residential Development

Sold and started R-12 months



Residential Development

Number of unsold homes



Commercial Property Development

Income statement, segment reporting

SEK M	Jan–Dec 2011	Jan–Dec 2010	Oct –Dec 2011	Oct–Dec 2010
Revenue	5,633	4,648	3,140	496
Gross income	1,603	1,277	751	229
Selling and administrative expenses	-412	-355	-121	-105
Income from J/V and associated companies	5	-2	6	-1
Operating income	1,196	920	636	123
of which gain from divestments of properties ¹⁾	1,266	791	712	93
of which write downs/reversal of write downs	-47	18	-41	22
¹ Additional gain included in eliminations was	136	80	61	-9

- Development gain only, construction margin reported under Construction

Commercial Property Development

Sale of commercial properties

SEK M	Sales price	Capital gain
Q1	183	43
Q2	404	111
Q3	1,437	475
Q4	3,001	773
Total	5,025	1,402

- Earlier eliminated construction profits, SEK 136 M included
- Divestments in Q4
 - Gångaren 11 (Skandia), 16 (Visma) and 20 (Skyhotel), Stockholm, Sweden
 - Forskaren, Lund, Sweden

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	2,913	2,913	4,072	85	100
Completed projects 2011	468	468	604	100	100
Total completed projects	3,381	3,381	4,676	86	
Undeveloped land and development properties	3,871	3,871	4,430		
Subtotal	7,252	7,252	9,106		
Ongoing projects	3,814	9,104	11,602	44	43
Total	11,066	16,356	20,708		
of which ongoing projects sold according to segment reporting	57	101	117		

- New leases of space were signed for 221,000 sq. m in 2011 and 73,000 sq. m in Q4

Infrastructure Development

Income statement

SEK M	Jan–Dec 2011	Jan–Dec 2010	Oct –Dec 2011	Oct–Dec 2010
Revenue	286	319	30	84
Gross income	-57	-101	-39	-35
Selling and administrative expenses	-132	-138	-31	-39
Income from joint ventures and associated companies	4,915	536	113	89
Operating income (EBIT)	4,726	297	43	16
of which gains from divestments of shares in projects	4,600	192	7	8
Capital employed, SEK bn	1.4	2.7		

Infrastructure Development

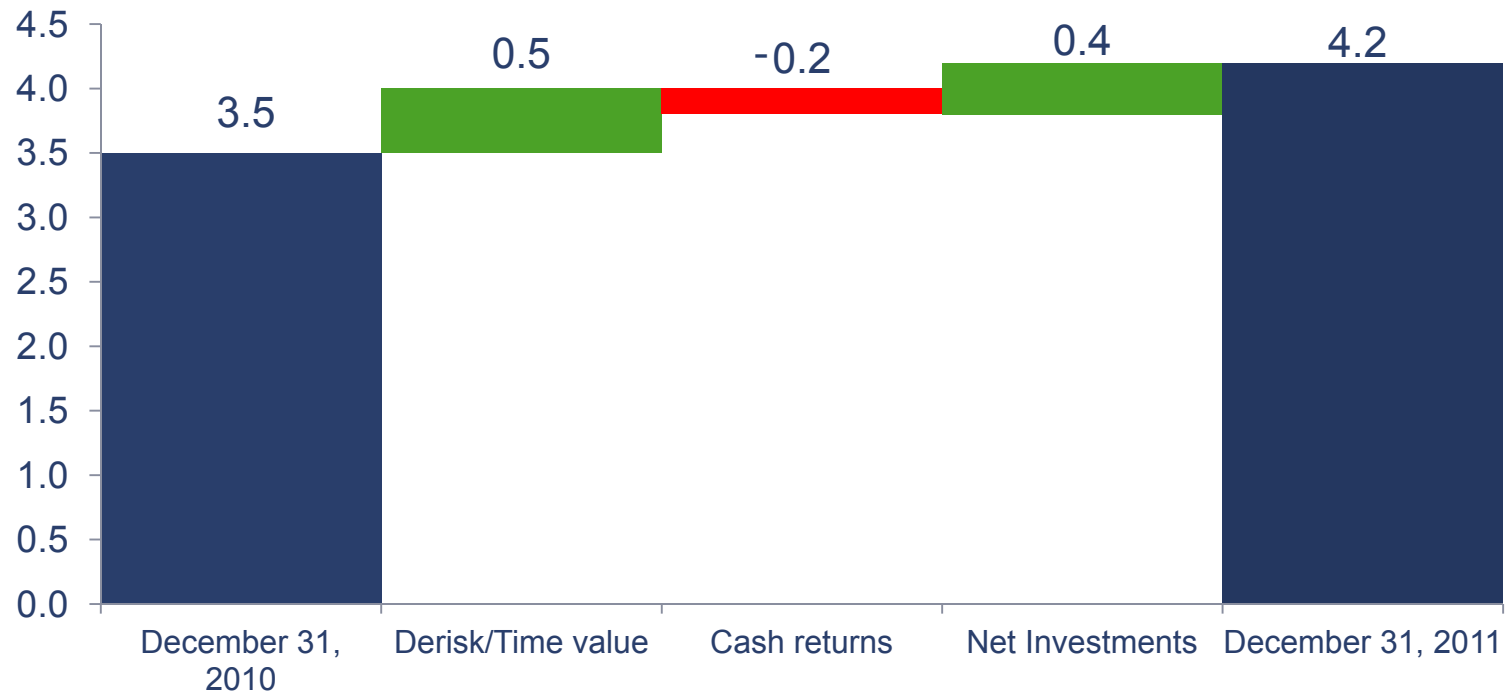
Unrealized development gains, ID projects

SEK bn	Dec 31 2011	Sep 30 2011	Dec 31 2010 ¹
Present value of cash flow from projects	5.0	4.8	4.6
Present value of remaining investments	-0.8	-0.9	-1.1
Net present value of projects	4.2	3.9	3.5
Carrying amount	-3.0	-2.6	-2.2
Unrealized development gain, Skanska ID	1.2	1.3	1.3

¹Autopista Central excluded

Infrastructure Development

Net Present Value of ID projects excl. Autopista Central, SEK bn



Group

Income statement, segment reporting

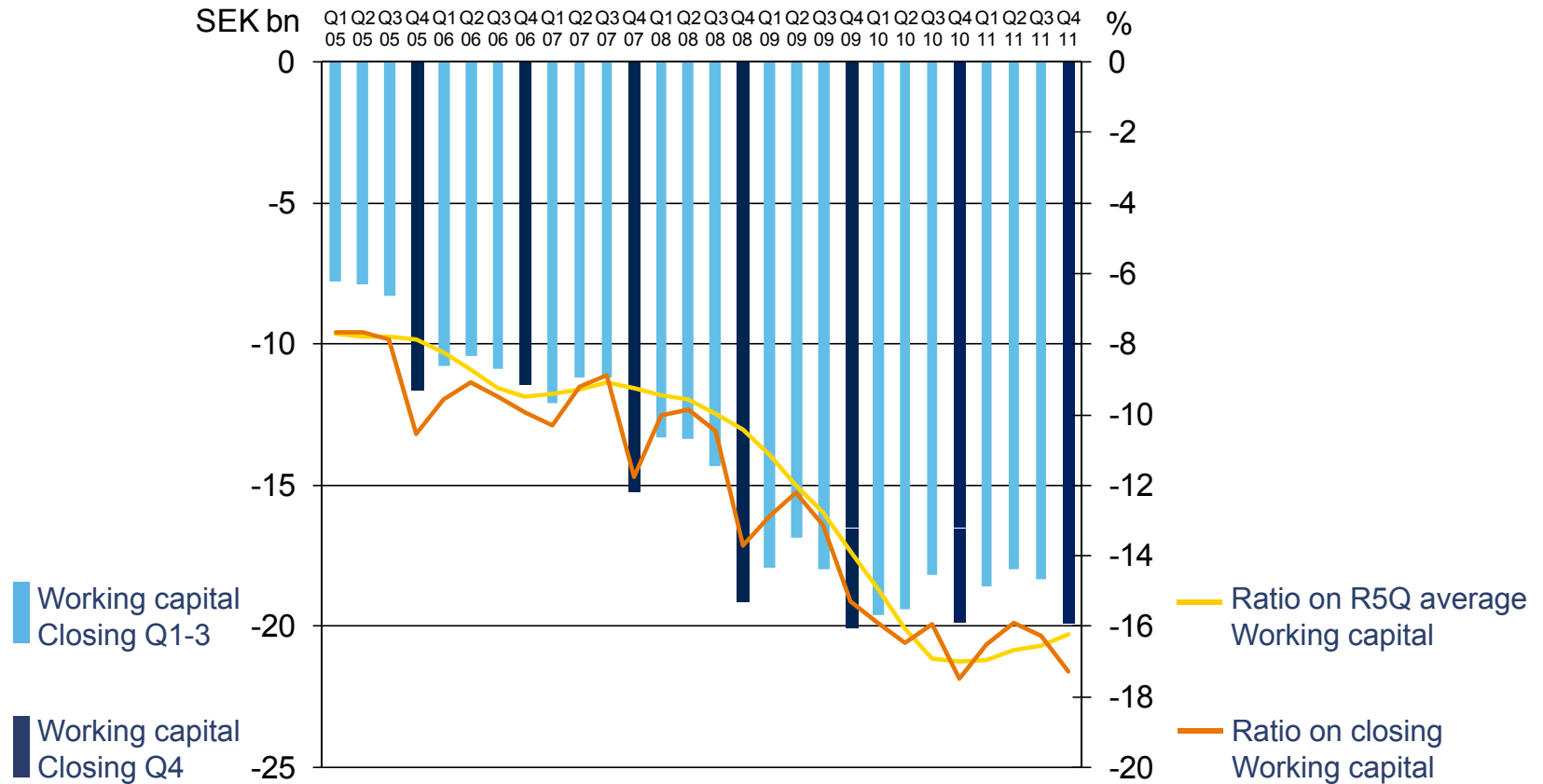
SEK M	Jan–Dec 2011	Jan–Dec 2010	Oct–Dec 2011	Oct–Dec 2010
Operating income from business streams	9,734	6,164	1,553	1,553
Central	-699	-792	-234	-261
Eliminations	52	-33	14	-23
Operating income	9,087	5,339	1,333	1,269
Net financial items	12	-35	-4	-19
Income after financial items	9,099	5,304	1,329	1,250
Taxes	-970	-1,364	-283	-270
Profit for the period	8,129	3,940	1,046	980
Earnings per share, SEK	19.72	9.54	2.53	2.37
<i>Tax rate, %</i>	<i>11</i>	<i>26</i>	<i>21</i>	<i>22</i>

Group

Balance sheet – Summary

SEK bn	Dec 31 2011	Dec 31 2010
Total assets	82.8	77.7
Equity attributable to equity holders	19.4	20.7
Interest-bearing net receivables (+)/net debt (-)	2.9	9.9
Capital employed, closing balance	30.2	25.7
Equity/assets ratio, %	23.7	26.8

Working capital ratio for Construction



Group

Change in equity

SEK bn	Jan–Dec 2011	Jan–Dec 2010	Oct–Dec 2011	Oct–Dec 2010
Opening balance	20.8	20.2	19.3	18.0
Dividend to shareholders	-4.9	-2.6	0	0
Effects of equity-settled share-based payments	0.2	0.2	0.1	0
Repurchase of shares	-0.2	-0.3	-0.1	0
Profit for the period (IFRS)	7.6	4.0	1.1	1.3
Currency translation differences	-0.4	-1.4	-0.4	-0.1
Actuarial gains and losses on pensions	-2.3	0.6	-0.3	1.2
Effects of cash flow hedges	-1.2	0.1	-0.2	0.4
Other comprehensive income	-	-	0.1	
Closing balance	19.6	20.8	19.6	20.8

Group

Operating cash flow

SEK bn	Jan–Dec 2011	Jan–Dec 2010	Oct–Dec 2011	Oct–Dec 2010
Cash flow from business operations before change in working capital	3.3	4.5	0.6	1.2
Change in working capital	-0.4	0.0	1.6	1.9
Net investments	1.1	1.9	0.5	1.5
Cash flow adjustment	0.4	-0.1	-0.1	0.0
Taxes paid in business operations	-1.8	-1.7	-0.2	-0.3
Cash flow from business operations	2.6	4.6	2.4	4.3
Cash flow from financing operations	-0.1	0.0	-0.1	0.0
Net strategic investments	-1.4	0.0	-1.2	0.0
Dividend etc.	-5.1	-2.9	0.0	-0.1
Cash flow before change in interest-bearing receivables and liabilities	-4.0	1.7	1.1	4.2

Group

Change in interest-bearing net receivables

SEK bn	Jan–Dec 2011	Jan–Dec 2010	Oct–Dec 2011	Oct–Dec 2010
Opening balance interest-bearing net receivables	9.9	8.1	2.1	4.4
Cash flow	-4.0	1.7	1.1	4.2
Translation differences	-0.4	-0.7	0.0	-0.1
Change in pension liability	-2.6	0.8	-0.3	1.4
Other changes	0.0	0.0	0.0	0.0
Change in interest-bearing net receivables	-7.0	1.8	0.8	5.5
Closing balance interest-bearing net receivables	2.9	9.9	2.9	9.9

Investments, net investments and capital employed Development streams

SEK bn	Jan–Dec 2011	Jan–Dec 2010	Oct–Dec 2011	Oct–Dec 2010
Investments				
Residential Development	-7.7	-5.6	-2.4	-1.3
Commercial Property Development	-3.5	-3.1	-1.2	-1.3
Infrastructure Development	-1.0	-0.7	-0.3	-0.2
Total	-12.2	-9.4	-3.9	-2.8
Net investments				
Residential Development	-2.0	-0.3	-0.4	0.4
Commercial Property Development	0.2	3.4	1.7	1.5
Infrastructure Development	4.8	-0.3	-0.3	-0.2
Total	3.0	2.8	1.0	1.7
Capital employed				
Residential Development	12.7	10.2	12.7	10.2
Commercial Property Development	11.0	9.6	11.0	9.6
Infrastructure Development	1.4 ¹⁾	2.7	1.4	2.7
Total	25.1	22.5	25.1	22.5

¹⁾ Gain on sale from Autopista Central excluded

Market outlook

Construction

- General
 - High bid activity
 - Fierce competition
- Positive outlook
 - Energy sector
- Stable outlook
 - U.S., Poland, Nordics
 - Larger civil projects
 - Healthcare buildings
 - High-tech buildings
- Weak outlook
 - Czech Republic
 - UK



Market outlook

Residential Development

- Norway
 - Stable market
- Sweden and Finland
 - Slow and uncertain market
- Czech Republic
 - Weak market
- U.K. and Poland
 - Opportunities for land investments



Clay Farm, Cambridge, UK

Market outlook

Commercial Property Development

- Nordics and Central Europe
 - Investors more cautious
 - Demand for modern green properties
 - Attractive valuations
 - Stable vacancy rates
- U.S.
 - Positive development in selected cities
 - Stable or falling vacancy rates

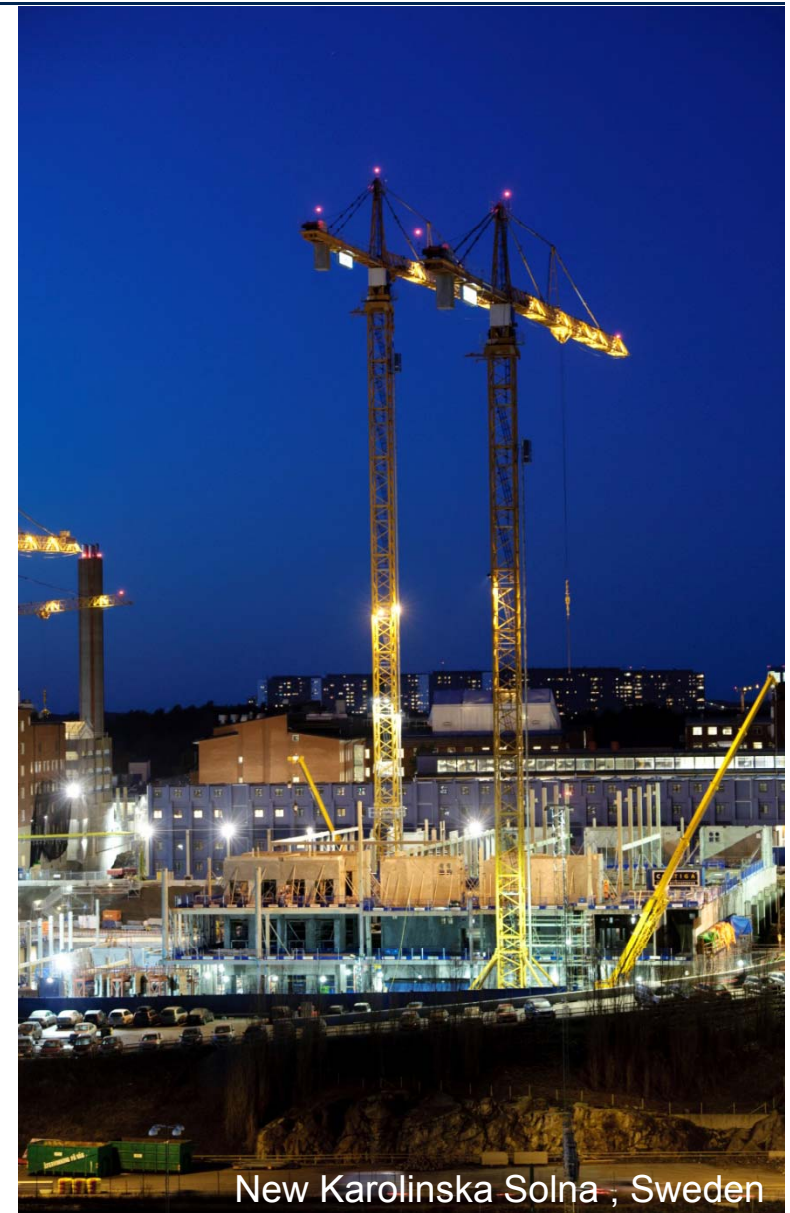


Arlington, Washington D.C., U.S.

Market outlook

Infrastructure Development

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



Going forward

- Stable market with some exceptions
- Integration of acquisitions
- Continued high activity in CD and ID businesses
- Intensive work with turnarounds
- High bid activity in general
- Strong backlog for 2012



Petrobras, Brazil – Zero Accidents achieved

125 Celebrating our
first 125 years