



Nine Month Report 2012

# New Karolinska Solna

- First PPP hospital in Sweden
- World's most environmentally friendly hospital
- Skanska's largest project ever

# Nine Month Report 2012

- The U.S. very good
  - Market
  - Order situation
  - Performance
- Good results in all Business Units except in Latin America
- Turnarounds Norway, Finland and Residential Development Nordic according to plan
- Overall good order situation
  - Lower order bookings in Q3



# January–September 2012 in brief

- Ongoing operating income SEK 3.2 bn (3.3)
  - Restructuring costs and sale of the Autopista Central excluded
- Revenue in Construction SEK 90.3 bn (81.7)
  - Up 11% (9% in local currency)
- Operating margin in Construction
  - YTD: 2.9% (3.3%)
  - Q3: 3.9% (4.2%)
- Order bookings SEK 88.1 bn (82.6)
  - YTD: Up 7%
  - Q3: Down 23%
  - 104% book-to-build ratio rolling 12 months
- Backlog of SEK 148.7 bn represents 15 (15) months of construction

# Construction

- Increased income for seven of nine units
- Growth in revenue in the Nordics and in the U.S.
- Turnarounds in Norway and Finland according to plan
- Project write-downs in Latin America of SEK 180 M in Q3
- Mixed market sentiment
  - Nordic somewhat weaker
  - Other European countries weak
  - The Americas strong



Beacon High School, New York

# New orders in Construction in Q3

SEK bn

- The U.S: 11.5
  - Power plant, 1.4,
  - Higher education, 0.8
  - Bridge, Boston, 0.7
  - School, New York, 0.6
  - Hospital, San Antonio, 0.6
  - Hospital, Richmond, 0.6
  - Auditorium, Charleston, 0.5
  - Highway, California, 0.5
- Road, Silesia, Poland, 0.5
- College, Grays, U.K., 0.4



Children's Pavilion  
at Children's Hospital, Richmond, U.S.

# Residential Development

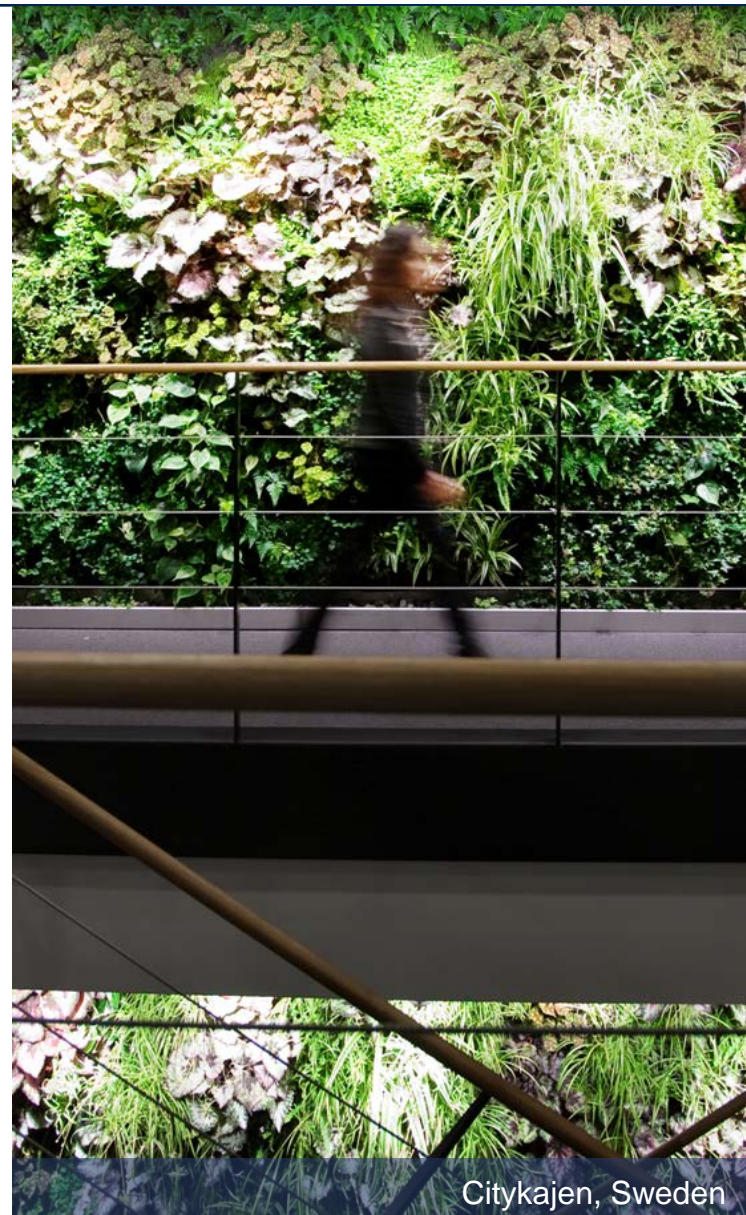
- Revenue SEK 5.9 bn (6.0)
  - 2,104 (2,314) homes sold
  - 1,980 (2,357) homes started
- Operating income in Q3  
SEK 68 M (-28)
  - Improved gross margin
  - Reduced S&A costs
- Restructuring process of the Nordics
  - Organization in place
  - Enhanced efficiency of production and land bank
  - SEK 1.9 bn of land transferred to central level



Stavstensudde, Sweden

# Commercial Property Development

- Divestments YTD of SEK 3.2 bn (2.0)
  - No divestments in Q3
- 2 new project start-ups
- 33 ongoing projects
  - SEK 10.1 bn in investment value
  - 64% pre-leasing rate
- 165,000 sq. m leased YTD
  - 44,000 sq. m in Q3

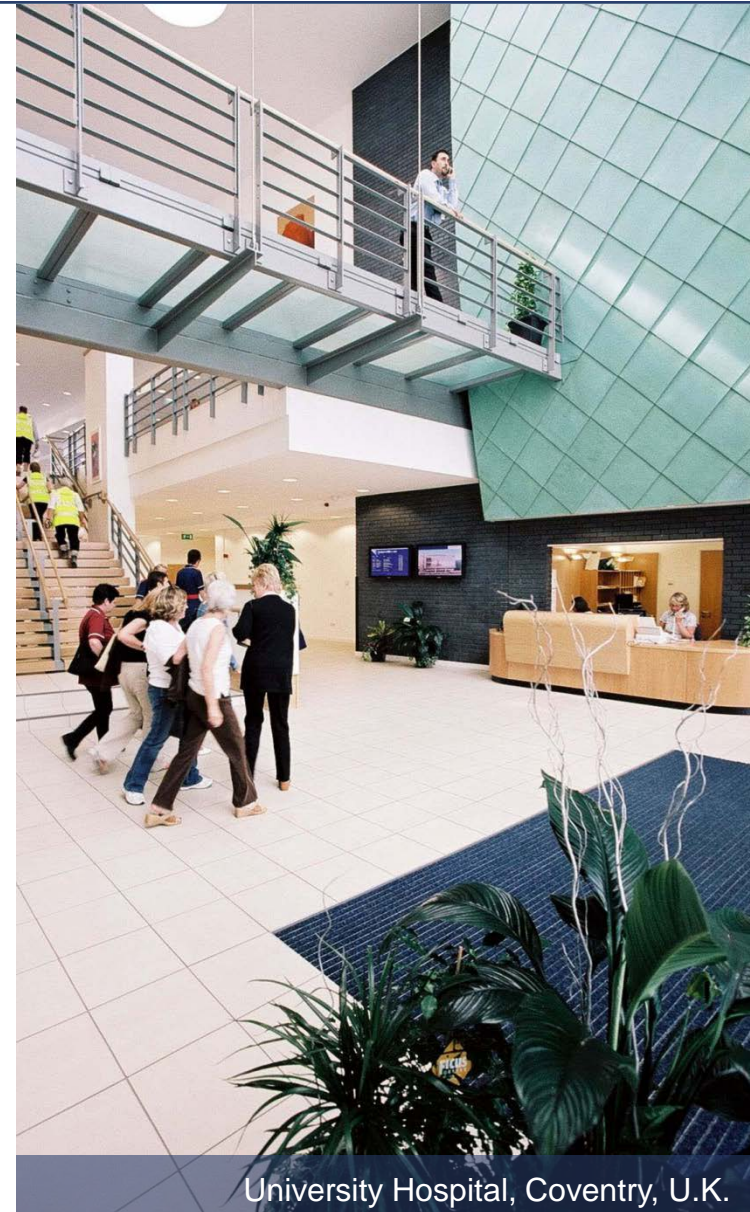


Citykajen, Sweden



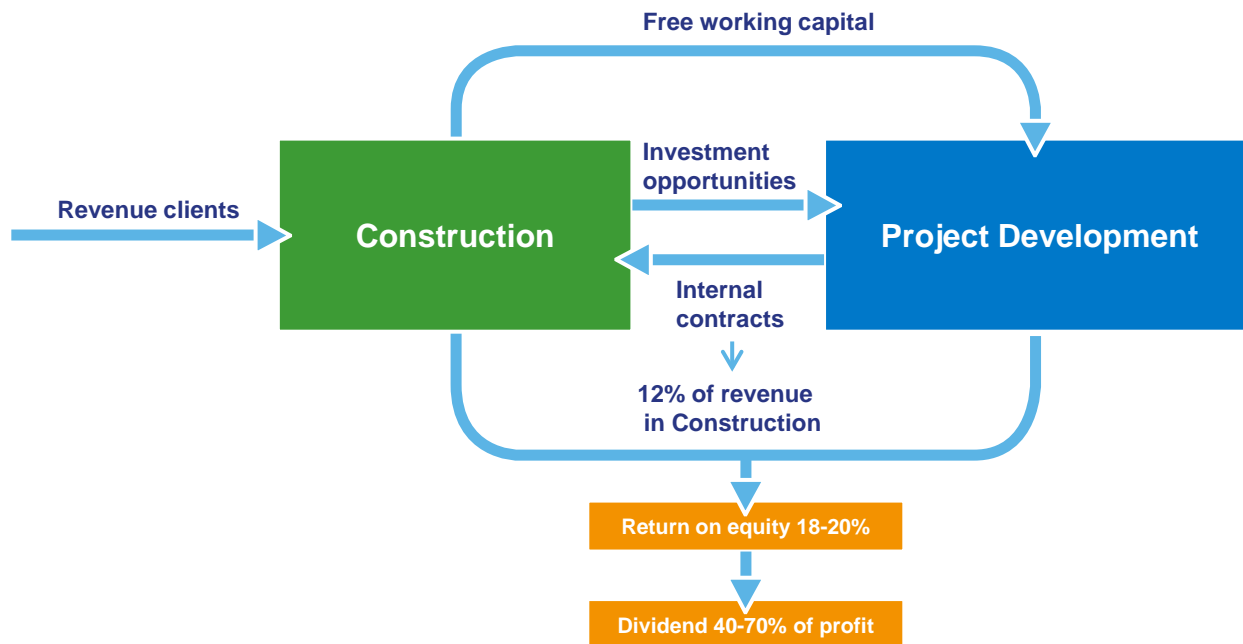
# Infrastructure Development

- Divestments of three Midlands hospitals
  - Divestment price SEK 715 M
  - Attractive price level
- Handed over the Finnish Nelostie highway
- Investment in wind farm in Sweden



University Hospital, Coventry, U.K.

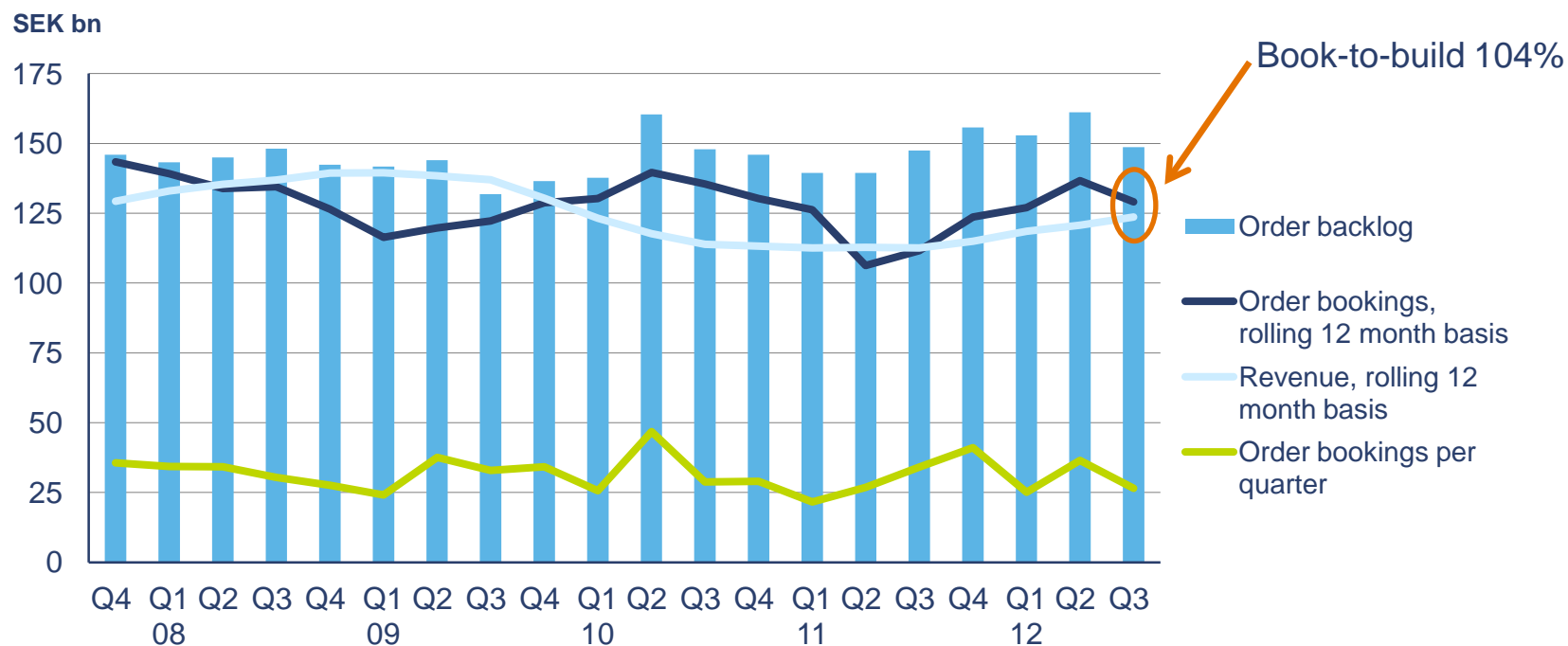
# Synergies in Skanska's business model



Internal revenue, SEK bn	Jan-Sep 2012	Jan-Sep 2011
Residential Development	3.3	3.0
Commercial Property Development	2.1	1.2
Infrastructure Development	5.4	6.4
<b>Total</b>	<b>10.8</b>	<b>10.6</b>

# Construction

## Order bookings and Order backlog



SEK bn	Jan-Sep 2012	Jan-Sep 2011	Jan-Dec 2011
Revenue	90.3	81.7	115.0
Order bookings	88.1	82.6	123.6
Order backlog	148.7	147.5	155.7

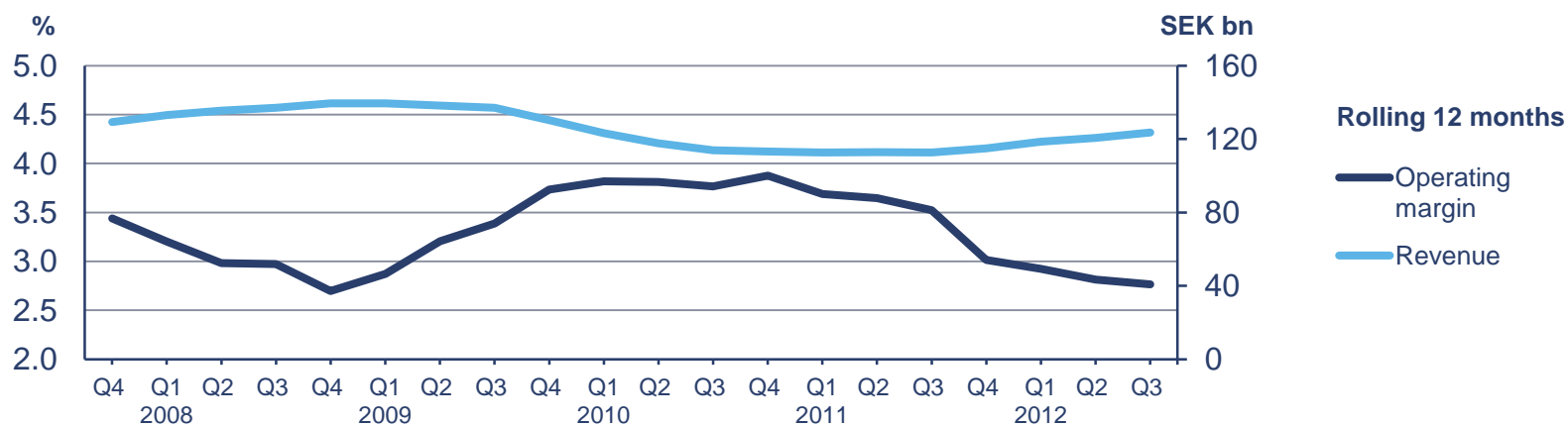
# Construction

## Order bookings

SEK bn	Jan-Sep 2012	Jan-Sep 2011	Change in local currency, %	Book- to-build, R-12, %
Sweden	18.7	18.6	0	86
Norway	7.6	11.4	-34	98
Finland	4.0	6.2	-34	73
Poland	4.9	6.7	-21	79
Czech Republic	3.0	4.3	-25	80
UK	6.5	6.1	1	78
USA Building	20.2	15.6	22	122
USA Civil	15.9	9.5	57	164
Latin America	7.3	4.0	70	157
<b>Total</b>	<b>88.1</b>	<b>82.6</b>	<b>4</b>	<b>104</b>

# Construction

## Income statement



	Jan-Sep 2012	Jan-Sep 2011	Jan-Dec 2011
<b>SEK bn</b>			
Revenue	90.3	81.7	115.0
<b>Gross income</b>	<b>7.1</b>	<b>6.8</b>	<b>9.3</b>
Selling and admin. expenses	-4.5	-4.2	-5.9
<b>Operating income</b>	<b>2.6</b>	<b>2.7</b>	<b>3.5</b>
Gross margin, %	7.9	8.4	8.1
Selling and admin. expenses, %	-5.0	-5.1	-5.1
Operating margin, %	2.9	3.3	3.0

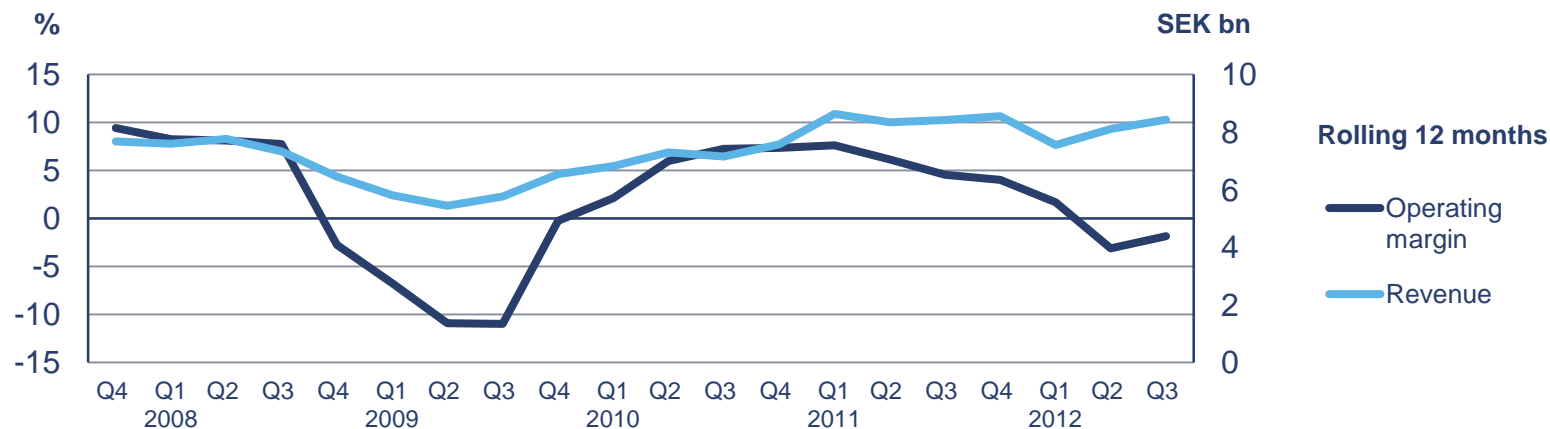
# Construction

## Income statement

	Operating income, SEK M		Operating margin, %	
	Jan-Sep 2012	Jan-Sep 2011	Jan-Sep 2012	Jan-Sep 2011
Sweden	852	835	4.2	4.4
Norway	82	-234	0.8	neg
Finland	85	-32	1.4	neg
Poland	275	809	4.5	11.4
Czech Republic	76	10	1.9	0.2
UK	321	291	3.5	3.0
USA Building	367	301	1.9	1.9
USA Civil	781	705	8.7	9.7
Latin America	-207	-5	neg	neg
<b>Total</b>	<b>2,632</b>	<b>2,680</b>	<b>2.9</b>	<b>3.3</b>

# Residential Development

## Income statement, segment reporting



SEK M	Jan-Sep 2012	Jan-Sep 2011	Jan-Dec 2011
Revenue	5,913	6,032	8,550
<b>Gross income</b>	<b>413</b>	<b>759</b>	<b>1,030</b>
Selling and admin. expenses	-656	-498	-680
Income from joint ventures	1	-3	-5
<b>Operating income</b>	<b>-242</b>	<b>258</b>	<b>345</b>
Gross margin, %	7.0	12.6	12.0
Selling and admin. expenses, %	-11.1	-8.3	-8.0
Operating margin, %	neg	4.3	4.0

# Residential Development

## Income statement

	Operating income, SEK M <sup>1</sup>		Operating margin, % <sup>1</sup>	
	Jan-Sep 2012	Jan-Sep 2011	Jan-Sep 2012	Jan-Sep 2011
Sweden	-305	104	neg	4.0
Norway	121	47	6.5	4.6
Finland	72	135	4.3	6.8
<b>Nordics</b>	<b>-112</b>	<b>286</b>	<b>neg</b>	<b>5.1</b>
Czech Republic	-69	3	neg	0.7
Other <sup>2</sup>	-61	-31	–	–
<b>Total</b>	<b>-242</b>	<b>258</b>	<b>neg</b>	<b>4.3</b>

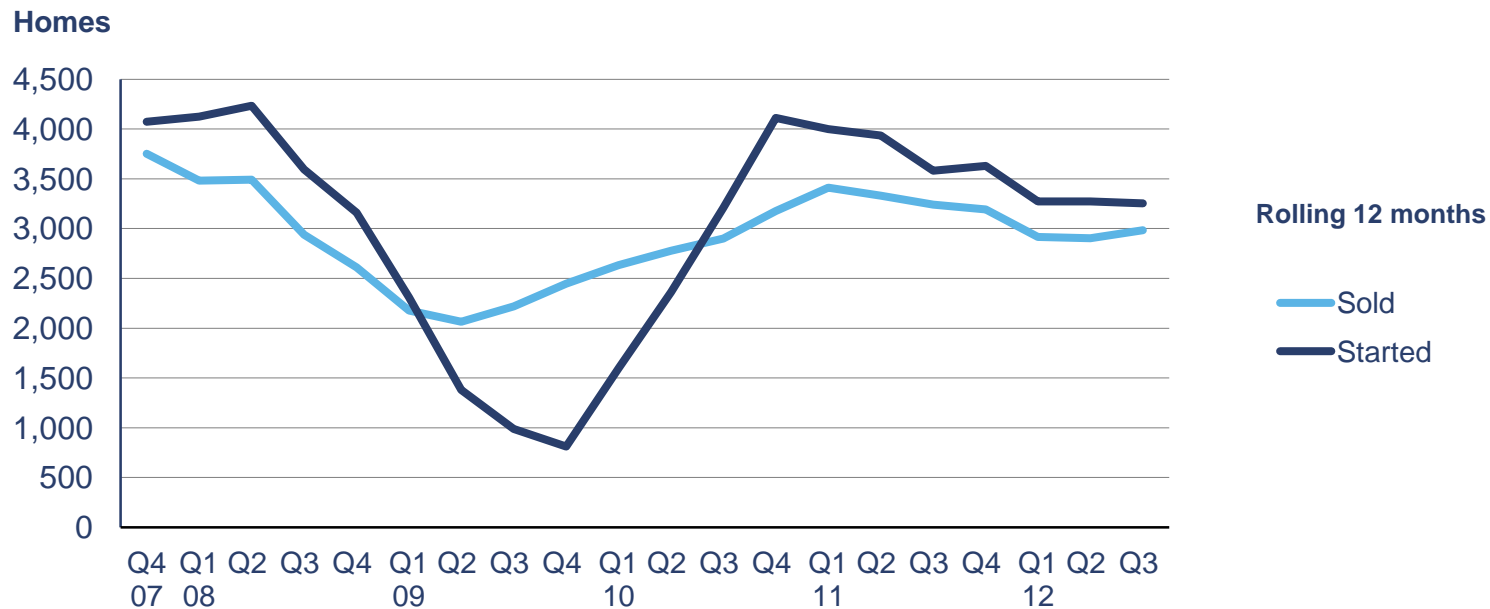
1 Development gain only, construction margin reported under Construction

2 Start-ups in new markets



# Residential Development

## Homes sold and started

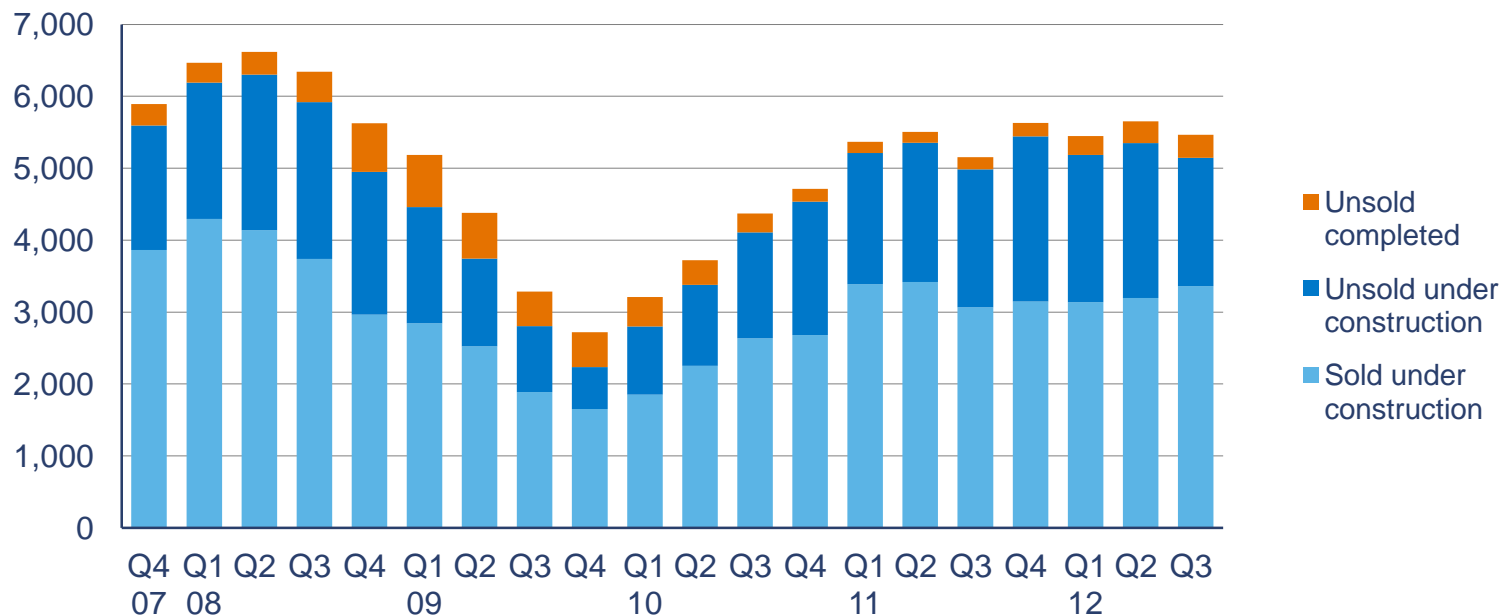


Homes sold			Homes started		
Jan–Sep 2012	Jan–Sep 2011	Jan–Dec 2011	Jan–Sep 2012	Jan–Sep 2011	Jan–Dec 2011
2,104	2,314	3,193	1,980	2,357	3,630

# Residential Development

## In production status

Homes



Homes in production		Of which sold, %		Unsold completed homes	
Sep 30, 2012	Sep 30, 2011	Sep 30, 2012	Sep 30, 2011	Sep 30, 2012	Sep 30, 2011
5,143	4,985	61	62	323	170

# Commercial Property Development

## Income statement, segment reporting

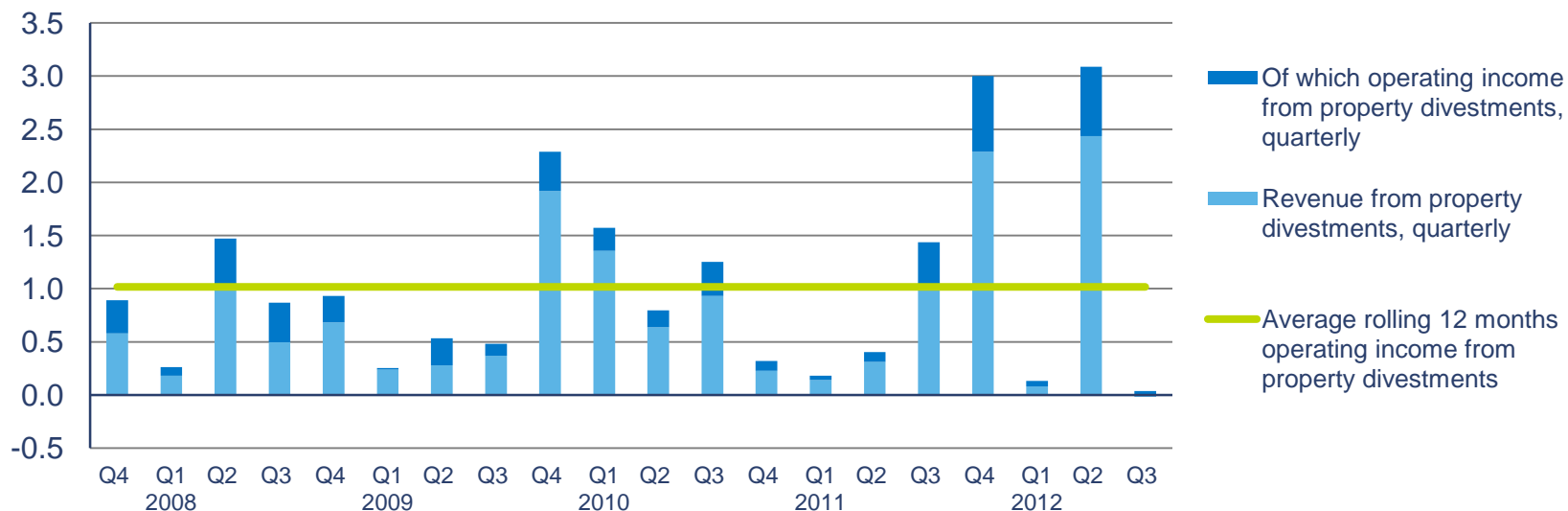
SEK M	Jan-Sep 2012	Jan-Sep 2011	Jan-Dec 2011
Revenue	3,596	2,493	5,633
<b>Gross income</b>	<b>919</b>	<b>852</b>	<b>1,603</b>
Selling and administrative expenses	-357	-291	-412
Income from J/V and associated companies	12	-1	5
<b>Operating income</b>	<b>574</b>	<b>560</b>	<b>1,196</b>
of which gain from divestments of properties <sup>1</sup>	741	548	1,266
of which write downs/reversal of write downs	2	-6	-47
1 Additional gain included in eliminations was	34	75	136

Development gain only, construction margin reported under Construction

# Commercial Property Development

## Property divestments

SEK bn

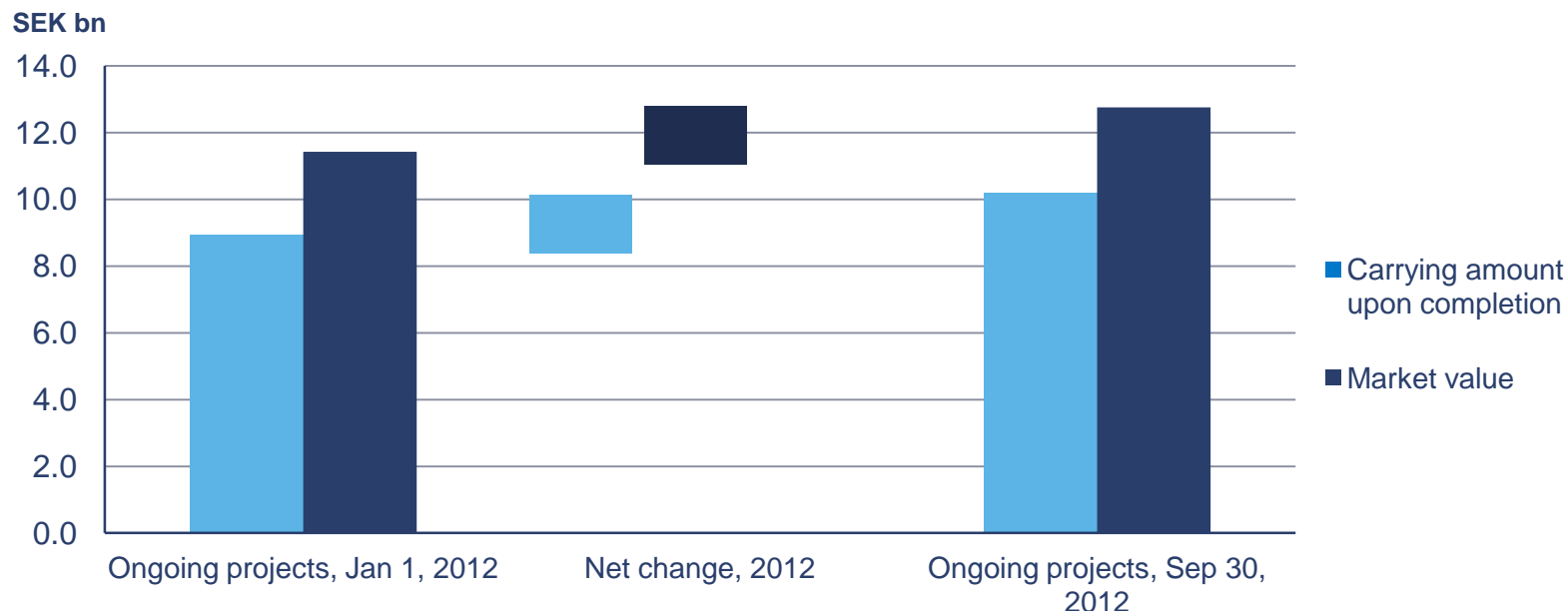


### Sale of commercial properties

SEK M	Sales price	Capital gain
YTD	3,242	741

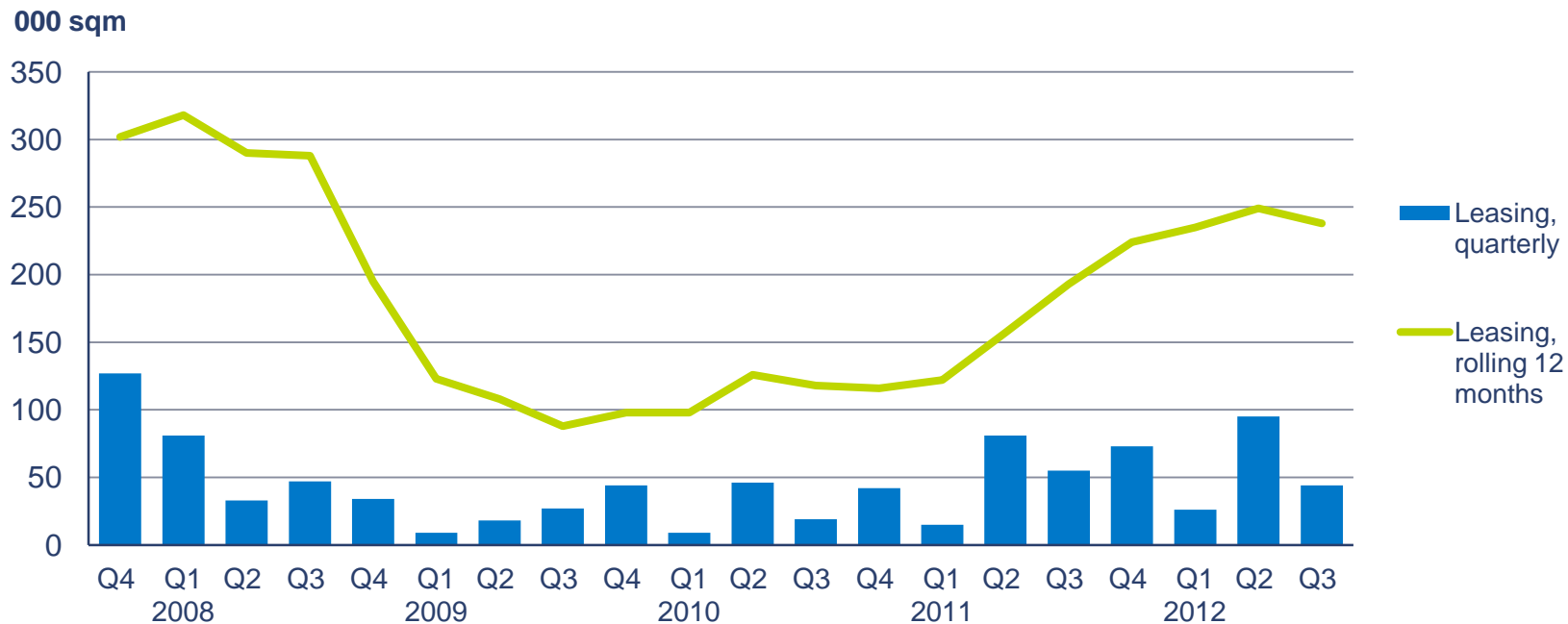
# Commercial Property Development

## Carrying amounts and market values



SEK bn	Carrying amount, end of period	Carrying amount, upon completion	Market value	Occupancy rate, %	Degree of completion%
Completed projects	2.5	2.5	3.4	79	100
Undeveloped land and development properties	4.8	4.8	5.3		
Ongoing projects	5.5	10.1	12.7	64	56
<b>Total</b>	<b>12.8</b>	<b>17.4</b>	<b>21.4</b>		
of which ongoing projects sold according to segment reporting	0.4	1.3	1.5		

# Commercial Property Development Leasing



New leases of space were signed for 44,000 sqm in Q3

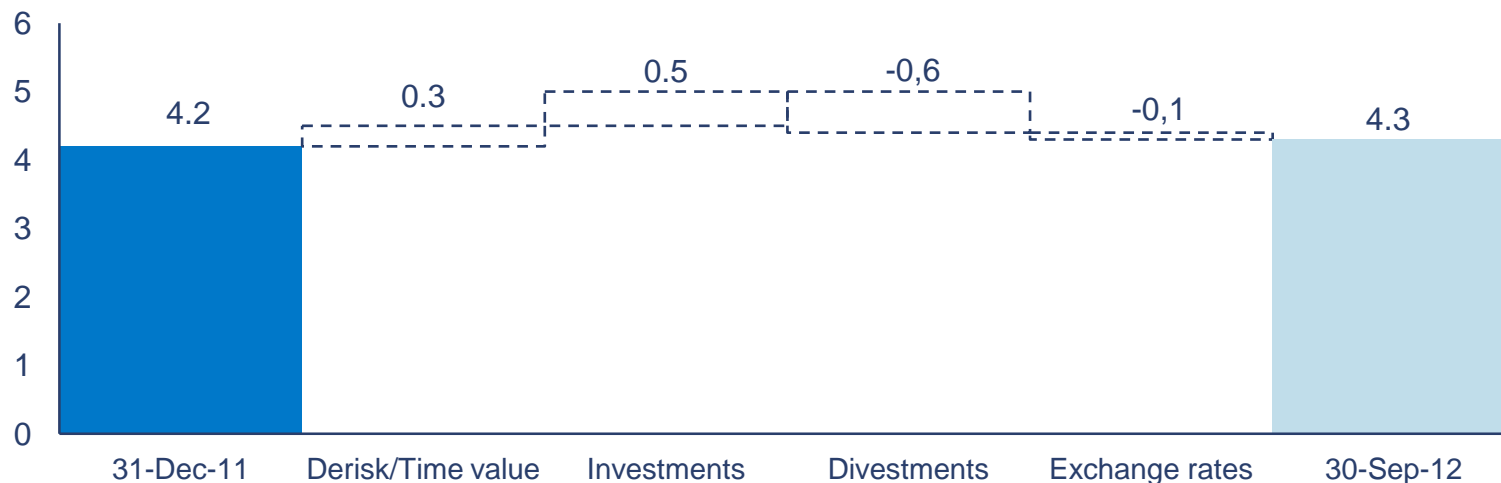
# Infrastructure Development

## Income statement

SEK M	Jan-Sep 2012	Jan-Sep 2011	Jan-Dec 2011
Revenue	206	257	286
<b>Gross income</b>	<b>29</b>	<b>-18</b>	<b>-57</b>
Selling and admin. expenses	-110	-101	-132
Income from joint ventures	562	4,802	4,915
<b>Operating income</b>	<b>481</b>	<b>4,683</b>	<b>4,726</b>
of which gains from divestments of shares in projects	306	4,593	4,600

# Infrastructure Development Project portfolio

Net present value of projects, SEK bn



SEK bn	Sep 30, 2012	Jun 30, 2012	Dec 31, 2011
Present value of cash flow from projects	5.2	5.8	5.0
<b>Net present value of projects</b>	<b>4.3</b>	<b>4.8</b>	<b>4.2</b>
Carrying amount	-2.9	-3.3	-3.0
<b>Unrealized development gain</b>	<b>1.4</b>	<b>1.5</b>	<b>1.2</b>
Cash flow hedge	1.6	1.5	1.6
<b>Effect in unrealized Equity</b>	<b>3.0</b>	<b>3.0</b>	<b>2.8</b>



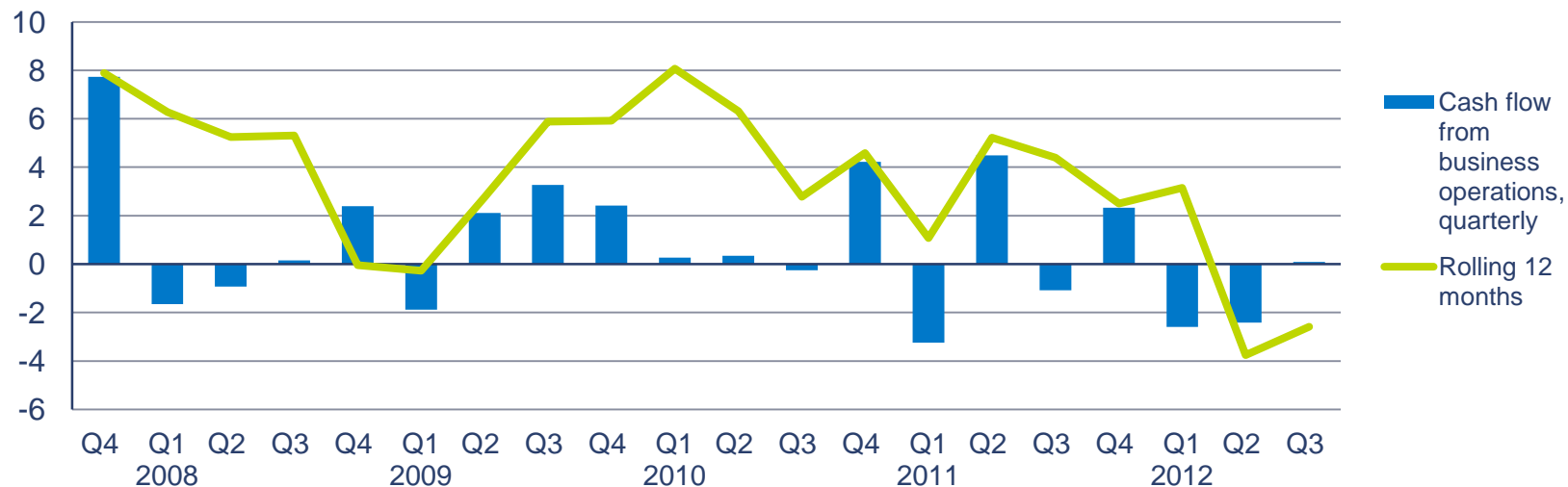
# Group

## Income statement

SEK M	Jan-Sep 2012	Jan-Sep 2011	Jan-Dec 2011
Operating income from business streams	3,445	8,181	9,734
Central	-487	-465	-699
Eliminations	-93	38	52
<b>Operating income</b>	<b>2,865</b>	<b>7,754</b>	<b>9,087</b>
<b>Net financial items</b>	<b>-149</b>	<b>16</b>	<b>12</b>
<b>Income after financial items</b>	<b>2,716</b>	<b>7,770</b>	<b>9,099</b>
Taxes	-706	-687	-970
<b>Profit for the period</b>	<b>2,010</b>	<b>7,083</b>	<b>8,129</b>
Earnings per share, SEK	4.87	17.20	19.72
<i>Tax rate, %</i>	26	9	11

# Group Cash flow

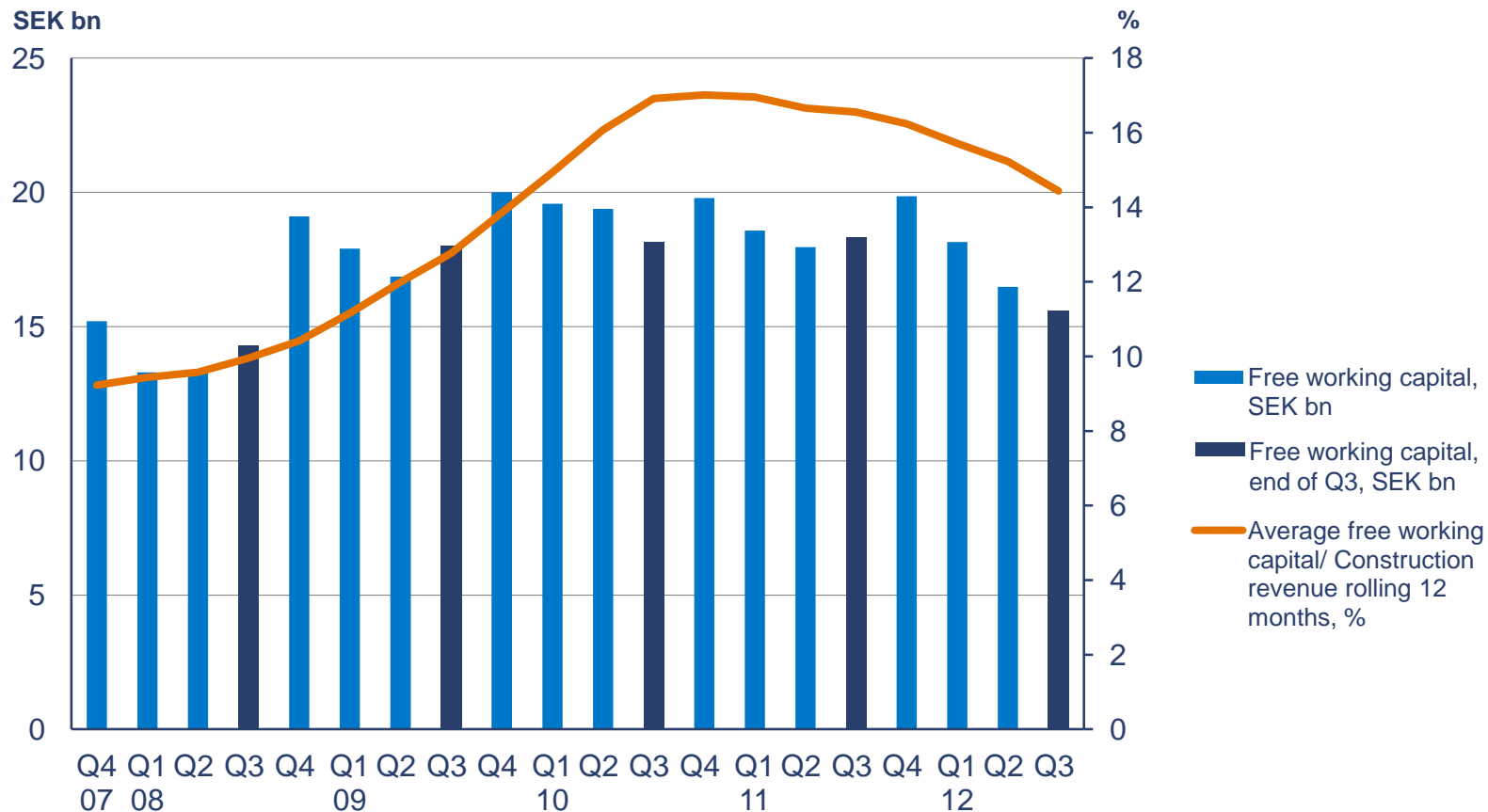
SEK bn



SEK bn	Jan-Sep 2012	Jan-Sep 2011	Jan-Dec 2011
Cash flow from operations	-4.9	0.2	2.5
Net strategic investments	0.0	-0.3	-1.4
Dividend etc.	-2.7	-5.1	-5.1
Cash flow before change in interest-bearing receivables and liabilities	-7.6	-5.2	-4.0

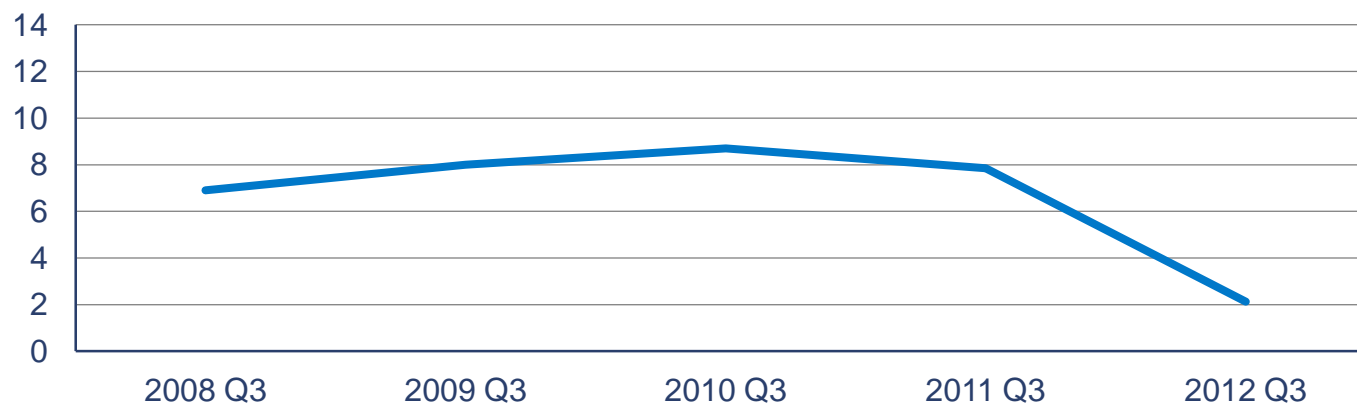
# Construction

## Free working capital



# Group Financial position

Operating net financial assets/liabilities  
SEK bn



SEK bn	Sep 30 2012	Sep 30 2011	Dec 31 2011
Total assets	86.5	81.2	82.8
Equity attributable to equity holders	18.4	19.3	19.6
Interest-bearing net receivables (+)/net debt (-)	-4.9	2.1	2.9
Operating net financial assets/liabilities	2.1	7.9	9.5
Capital employed, closing balance	34.6	29.1	30.2
Equity/assets ratio, %	21.3	23.8	23.7

# Group

## Change in financial position

SEK bn	Jan-Sep 2012	Jan-Sep 2011	Jan-Dec 2011
<b>Opening balance interest-bearing net receivables</b>	<b>2.9</b>	<b>9.9</b>	<b>9.9</b>
Cash flow before change in interest-bearing receivables and liabilities	-7.6	-5.2	-4.0
Change in pension liability	-0.4	-2.3	-2.6
Other changes	0.1	-0.3	-0.4
<b>Change in interest-bearing net receivables</b>	<b>-7.8</b>	<b>-7.8</b>	<b>-7.0</b>
<b>Closing balance interest-bearing net receivables/net debt</b>	<b>-4.9</b>	<b>2.1</b>	<b>2.9</b>
Pension liability, net	4.0	3.4	3.6
Interest-bearing debt co-ops	3.1	2.4	3.0
<b>Operating net financial assets/liabilities</b>	<b>2.1</b>	<b>7.9</b>	<b>9.5</b>

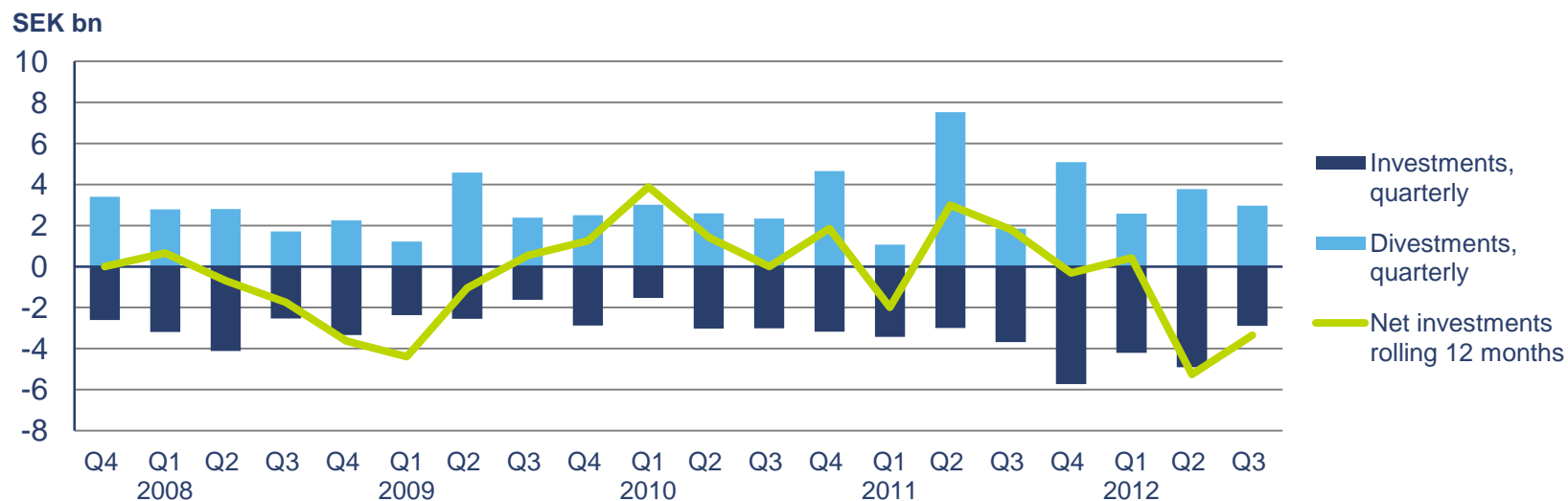
# Group

## Change in equity

SEK bn	Jan-Sep 2012	Jan-Sep 2011	Jan-Dec 2011
<b>Opening balance</b>	<b>19.6</b>	<b>20.8</b>	<b>20.8</b>
Dividend to shareholders	-2.5	-5.0	-4.9
Other changes in equity not included in total comprehensive income for the year	0	0	0.1
Profit for the period	2.1	6.5	7.6
<b>Other comprehensive income</b>			
Translation differences	-0.5	0.1	-0.4
Effects of actuarial gains and losses on pensions	-0.3	-2.0	-2.3
Effects of cash flow hedges	0	-1.1	-1.3
<b>Closing balance</b>	<b>18.4</b>	<b>19.3</b>	<b>19.6</b>

# Group

## Investments and capital employed



SEK bn	Sep 30, 2012	Sep 30, 2011	Dec 31, 2011
<b>Capital employed in:</b>			
Residential Development	11.1	11.9	12.7
Commercial Property Development	12.4	11.7	11.0
Infrastructure Development	1.3	6.7	1.4
<b>Total in Development Streams</b>	<b>24.8</b>	<b>30.3</b>	<b>25.1</b>

1 Gain on sale from Autopista Central excluded



# Market outlook

## Construction

- General
  - Stable but large local differences
  - Fierce competition
-  - USA Civil
  - Especially large and complex civil construction projects
-  - USA Building
  - Healthcare
  - Aviation
  - High tech buildings
-  - Nordics and Poland
  - Weaker building market
-  - Czech Republic and U.K.



TELUS Super Internet Data Center, Canada





Q3

# Market outlook Residential Development

- General
  - Uncertainty in the market
-  - Norway
  - Good demand and rising prices
-  - Poland
-  - Sweden, Finland, U.K.
  - Long decision processes
-  - Czech Republic

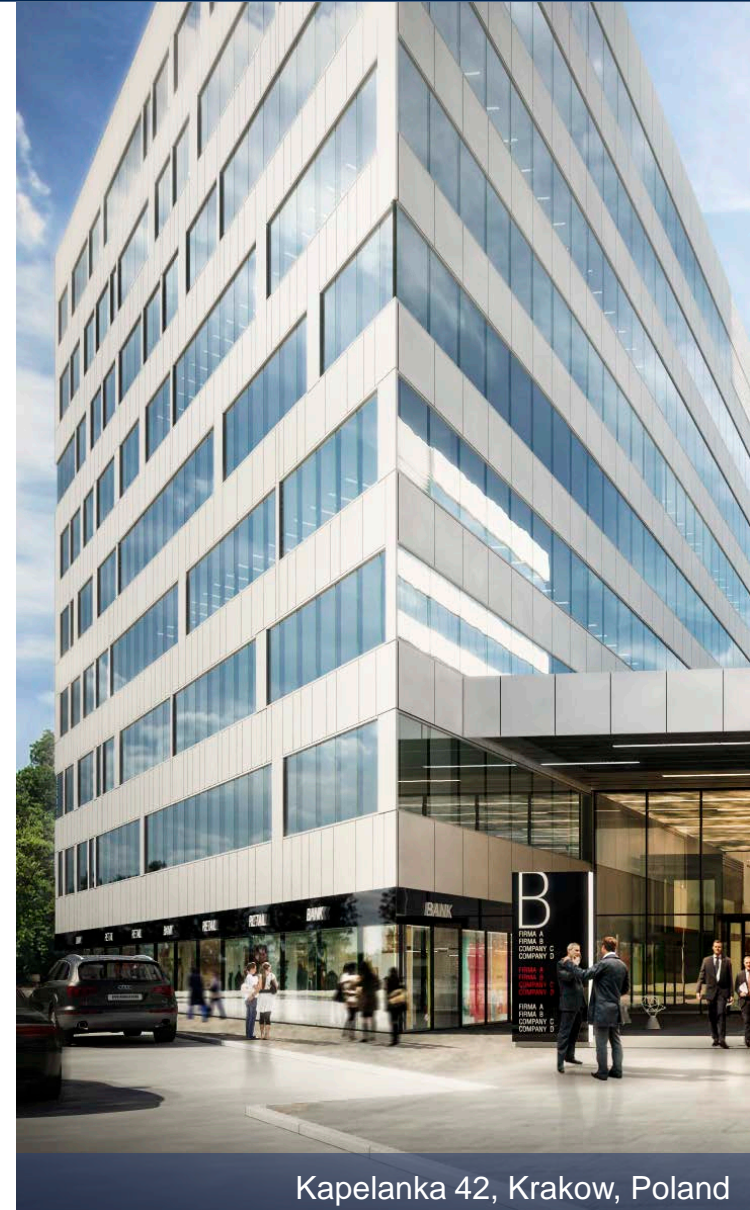


Kilåsen, Lysaker, Norway



# Market outlook Commercial Property Development

- General
  - Tenants: Relative stable vacancy rates, long decision processes
  - Investors: Demand for green properties with stable tenants, valuations attractive
-  - Nordics
  - Tenants, longer decision processes
  - Investors picky
-  - Other European countries
  - Higher demand in Poland
-  - The U.S.



Kapelanka 42, Krakow, Poland



# Market outlook

## Infrastructure Development

- Good potential for PPP in the U.S.
- Good potential for new projects in Latin America



Manhattan Bridge, New York

# Going forward

	Construction	Project Development		
		Residential	Commercial Property	Infrastructure
<b>Opportunities</b>	- USA	- Poland	- Project portfolio	- The Americas
<b>Challenges</b>	- Latin America	- Sweden	- Land in the Nordics	- Long processes
<b>Actions</b>	- Restructuring in Latin America	- Implementation of restructured Residential business	- Leasing - Divestments	- Prepare new bids



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