

# Six Month Report 2013



*Bayonne Bridge, NY/NJ, U.S.*

# Six Month Report 2013

- Stable Q2
- Strong order bookings
- Increased revenues and profits in the U.S.
- Improved profitability in the Finnish and Norwegian construction operations
- Improved results in the RD business, especially in Sweden
- Three commercial properties and five PPP-projects divested during the quarter



# Construction

- Revenue SEK 58.9 bn (57.2)
  - 7% growth in local currency
- Order bookings SEK 60.3 bn (61.6)
  - Poland, Norway and U.S. strong
- Operating income SEK 1.6 bn (1.3)
  - Improved profitability in Finland and Norway



Gold Line Bridge, Los Angeles, U.S.

# New orders in Construction in Q2

SEK M

Building, U.S.	4,300
Bayonne Bridge, U.S.	2,600
Railway Project, Norway	1,500
Ludgate Office Project, UK	1,100
Bridge Project, U.S.	770
Office Project, U.S.	760
<b>Total bookings in Q2</b>	<b>36,000</b>



Ludgate, London, UK

# Residential Development

- Revenue SEK 5.2 bn (4.0)
  - 1,907 (1,408) homes sold
  - 1,663 (1,381) homes started
- Operating income SEK 329 M (-310)
  - Improved profitability in Sweden
- Lower volumes during rest of the year



BoKlok Tomtberget, Norsborg, Sweden

# Commercial Property Development

- Transactions
  - Divestments of SEK 1,905 M (3,222)
  - Income from divestments SEK 381 M (703)
- 3 project starts in Q2
- 29 ongoing projects
  - SEK 8.5 bn in investment value
  - 68% pre-leasing rate
  - 58% completion rate
- 77,000 sq m leased
  - 60,000 sq m in Q2



Dominikański, Wrocław, Poland

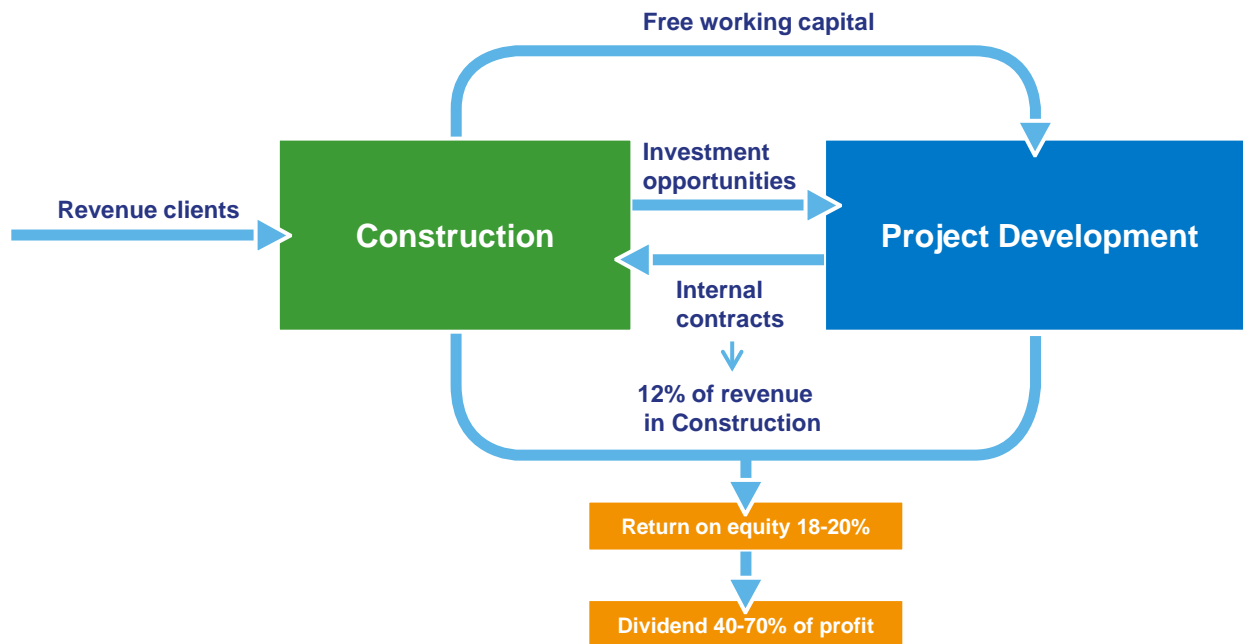
# Infrastructure Development

- Net present value of SEK 4.5 bn in project portfolio
- Divestments
  - 3 school projects (UK)
  - 2 street lighting projects (UK)
  - Divestments exceeding internal valuations



Bristol Schools, UK

# Synergies in Skanska's business model

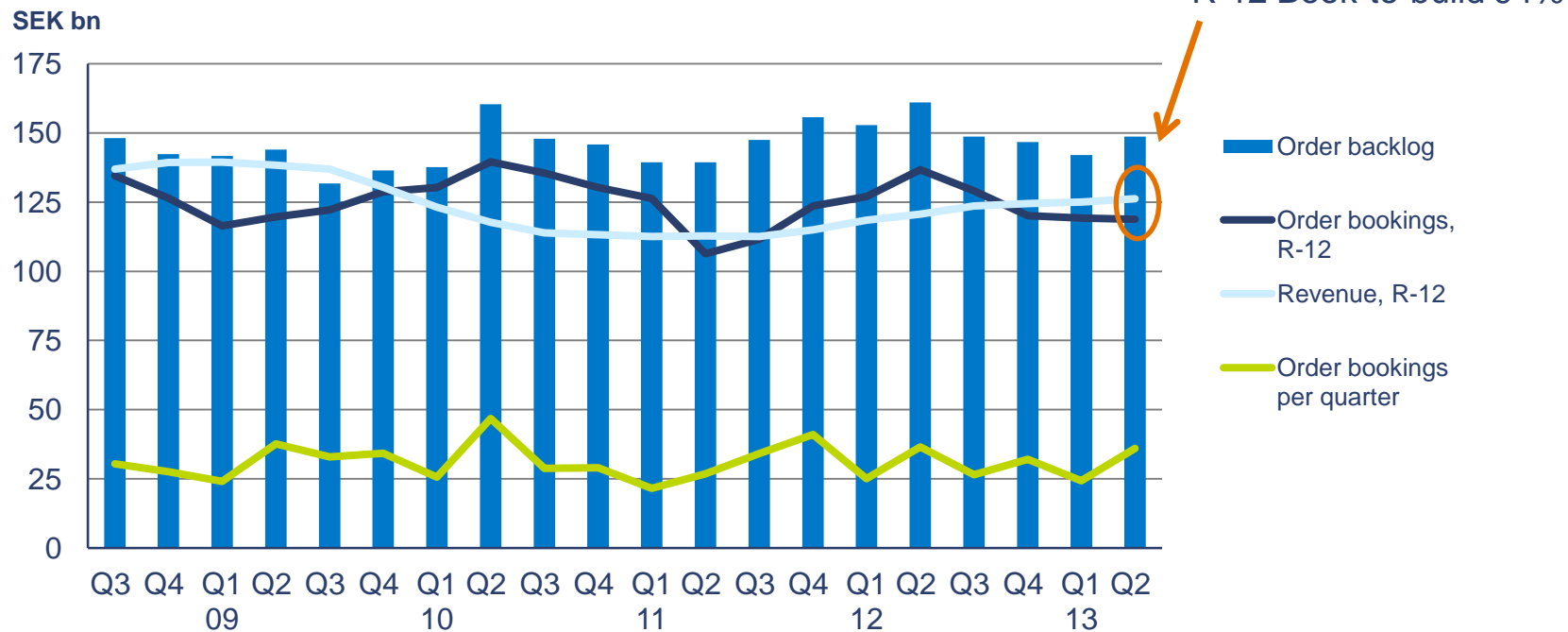


Internal revenue, SEK bn	Jan-Jun 2013	Jan-Jun 2012
Residential Development	2.2	2.4
Commercial Property Development	1.4	1.4
Infrastructure Development	3.5	3.3
<b>Total</b>	<b>7.1</b>	<b>7.1</b>



# Construction

## Order situation



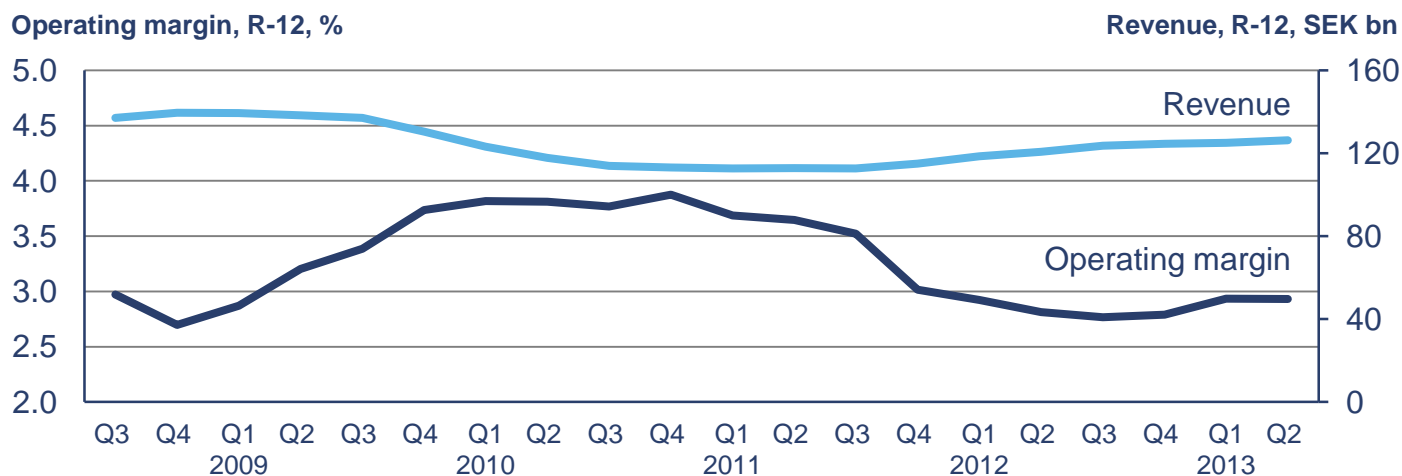
SEK bn	Jan-Jun 2013	Jan-Jun 2012	Jan-Dec 2012
Revenue	58.9	57.2	124.5
Order bookings	60.3	61.6	120.1
Order backlog	148.7	161.1	146.7

# Construction

## Order bookings

SEK bn	Jan–Jun 2013	Jan–Jun 2012	Change in local currency, %	Book- to-build, R-12, %
Sweden	13.9	13.6	2%	91%
Norway	8.6	5.9	50%	91%
Finland	3.3	3.1	14%	100%
Poland	4.5	2.4	93%	120%
Czech Republic	1.2	2.0	-36%	61%
UK	4.4	4.8	-1%	91%
USA Building	14.2	12.3	21%	100%
USA Civil	7.0	12.2	-39%	96%
Latin America	2.9	5.4	-43%	77%
Other	0.3	–	–	–
<b>Total</b>	<b>60.3</b>	<b>61.6</b>	<b>2%</b>	<b>94%</b>

# Construction Income statement



SEK bn	Jan–Jun 2013	Jan–Jun 2012	Jan–Dec 2012
Revenue	58.9	57.2	124.5
<b>Gross income</b>	<b>4.5</b>	<b>4.4</b>	<b>9.6</b>
Selling and admin. expenses	-2.9	-3.1	-6.2
<b>Operating income</b>	<b>1.6</b>	<b>1.3</b>	<b>3.5</b>
Gross margin, %	7.6	7.7	7.7
Selling and admin. expenses, %	-4.9	-5.4	-5.0
Operating margin, %	2.7	2.4	2.8

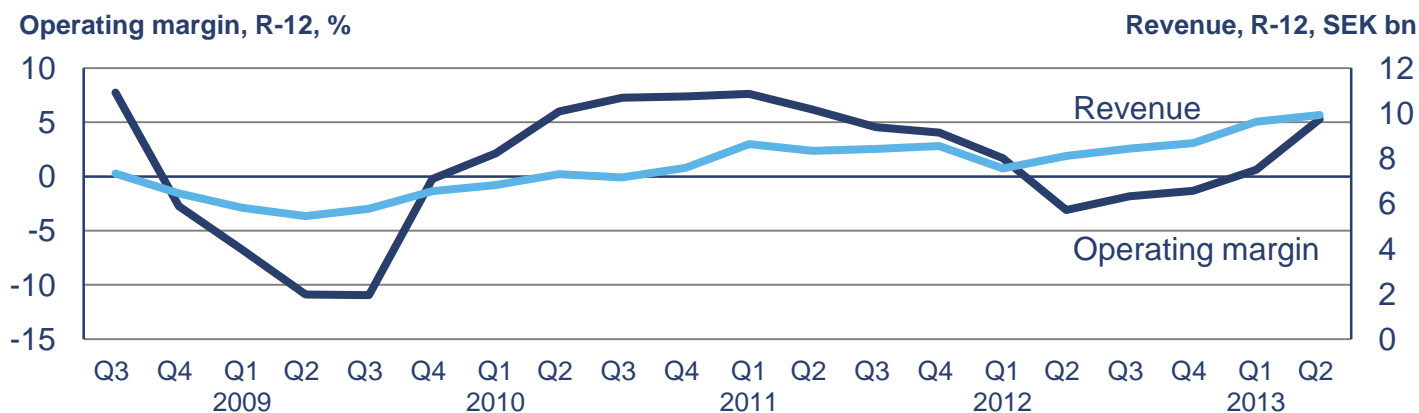
# Construction

## Income statement

	Operating income, SEK M		Operating margin, %	
	Jan–Jun 2013	Jan–Jun 2012	Jan–Jun 2013	Jan–Jun 2012
Sweden	311	410	2.3	3.1
Norway	177	36	2.5	0.5
Finland	66	22	2.4	0.6
Poland	84	132	3.6	4.2
Czech Republic	(12)	12	neg	0.5
UK	175	218	3.2	3.8
USA Building	216	198	1.4	1.6
USA Civil	520	411	8.1	6.9
Latin America	36	-91	0.9	neg
Other	–	–	–	–
<b>Total</b>	<b>1,573</b>	<b>1,348</b>	<b>2.7</b>	<b>2.4</b>

# Residential Development

## Income statement, segment reporting



SEK M	Jan–Jun 2013	Jan–Jun 2012	Jan–Dec 2012
Revenue	5,249	4,010	8,682
<b>Gross income</b>	<b>587</b>	<b>216</b>	<b>706</b>
Selling and admin. expenses	-265	-526	-823
Income from joint ventures	7	–	3
<b>Operating income</b>	<b>329</b>	<b>-310</b>	<b>-114</b>
Gross margin, %	11.2	5.4	8.1
Selling and admin. expenses, %	-5.0	-13.1	-9.5
Operating margin, %	6.3	neg	neg

# Residential Development

## Income statement

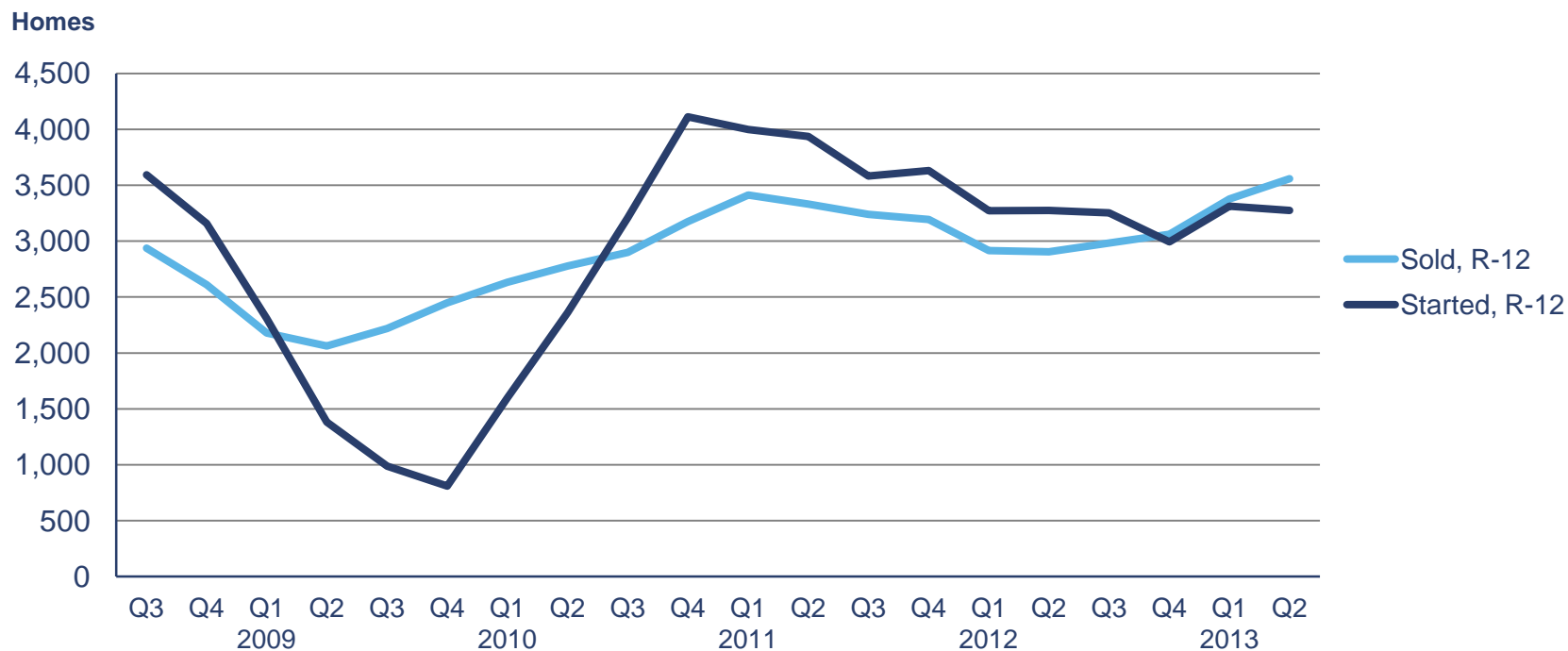
	Operating income, SEK M <sup>1</sup>		Operating margin, % <sup>1</sup>	
	Jan-Jun 2013	Jan-Jun 2012	Jan-Jun 2013	Jan-Jun 2012
Sweden	189	-333	7.7	neg
Norway	77	79	6.6	6.3
Finland	69	47	5.5	3.9
<b>Nordics</b>	<b>335</b>	<b>-207</b>	<b>6.8</b>	<b>neg</b>
Other European countries <sup>2</sup>	-6	-103	neg	neg
<b>Total</b>	<b>329</b>	<b>-310</b>	<b>6.3</b>	<b>neg</b>

1 Development gain only, construction margin reported under Construction

2 Czech Republic, Poland and the UK

# Residential Development

## Homes sold and started

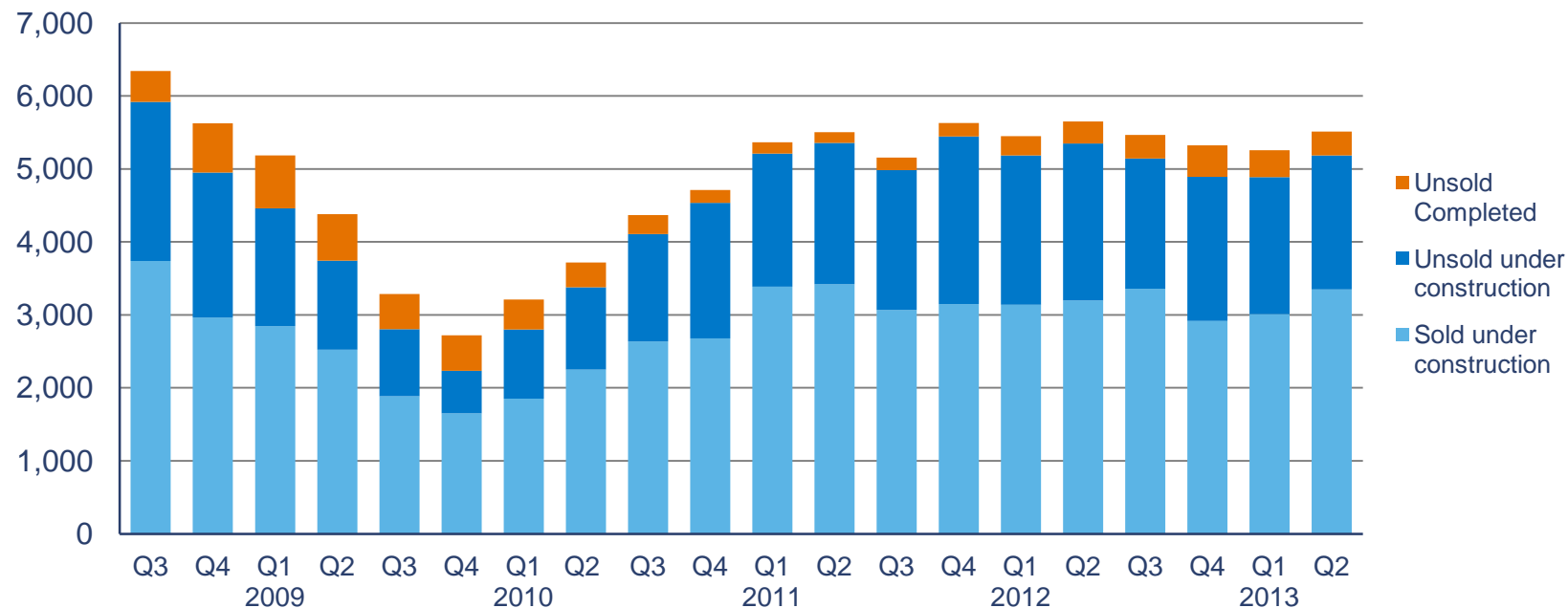


Homes started			Homes sold		
Jan-Jun 2013	Jan-Jun 2012	Jan-Dec 2012	Jan-Jun 2013	Jan-Jun 2012	Jan-Dec 2012
1,663	1,381	2,993	1,907	1,408	3,060

# Residential Development

## In production status

Homes



Homes in production		Of which sold, %		Unsold completed homes	
Jun 30, 2013	Dec 31, 2012	Jun 30, 2013	Dec 31, 2012	Jun 30, 2013	Dec 31, 2012
5,185	4,890	65	60	325	435



# Commercial Property Development

## Income statement, segment reporting

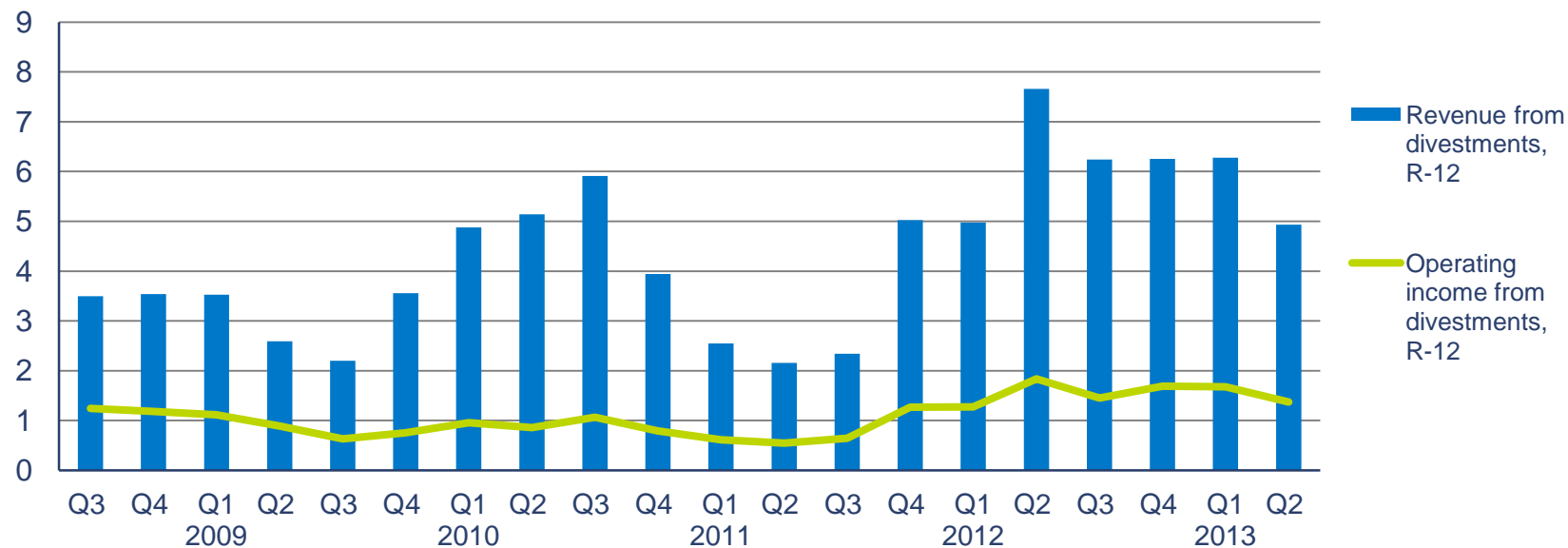
SEK M	Jan–Jun 2013	Jan–Jun 2012	Jan–Dec 2012
Revenue	2,122	3,467	6,742
<b>Gross income</b>	<b>477</b>	<b>823</b>	<b>1,923</b>
Selling and administrative expenses	-228	-230	-488
Income from J/V and associated companies	9	10	13
<b>Operating income</b>	<b>258</b>	<b>603</b>	<b>1,448</b>
of which gain from divestments of properties <sup>1</sup>	381	703	1,693
of which write downs/reversal of write downs	–	–	–
1 Additional gain included in eliminations was	26	27	107

Development gain only, construction margin reported under Construction

# Commercial Property Development

## Investments and divestments

SEK bn

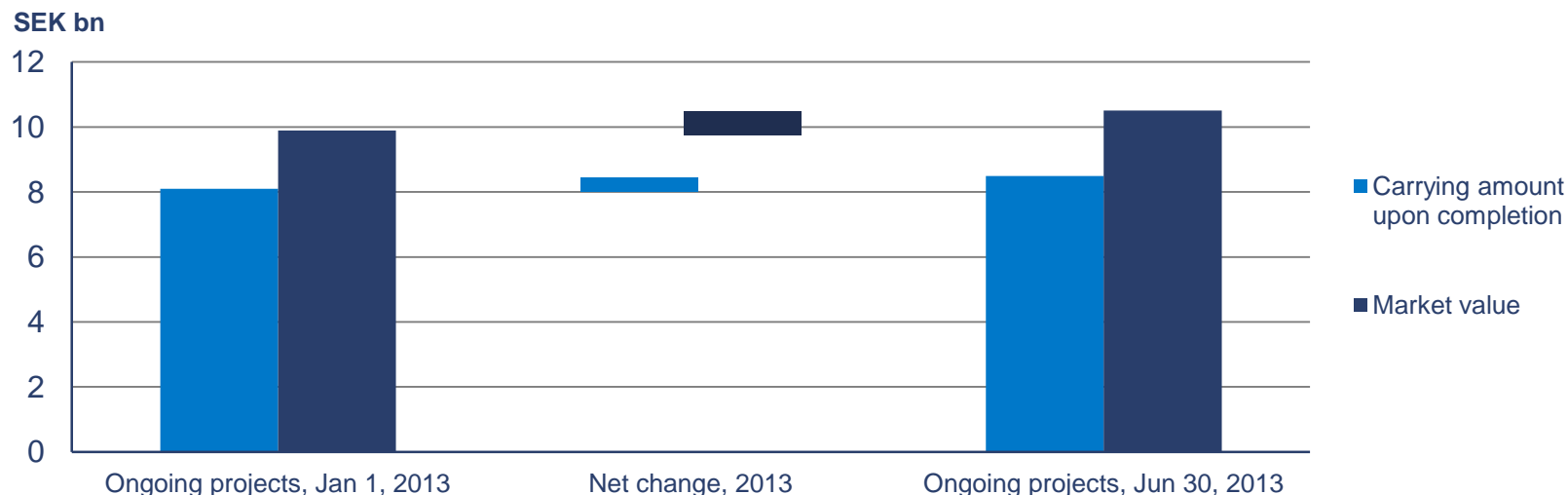


### Sale of commercial properties

SEK M	Sales price	Capital gain
YTD	1,905	381

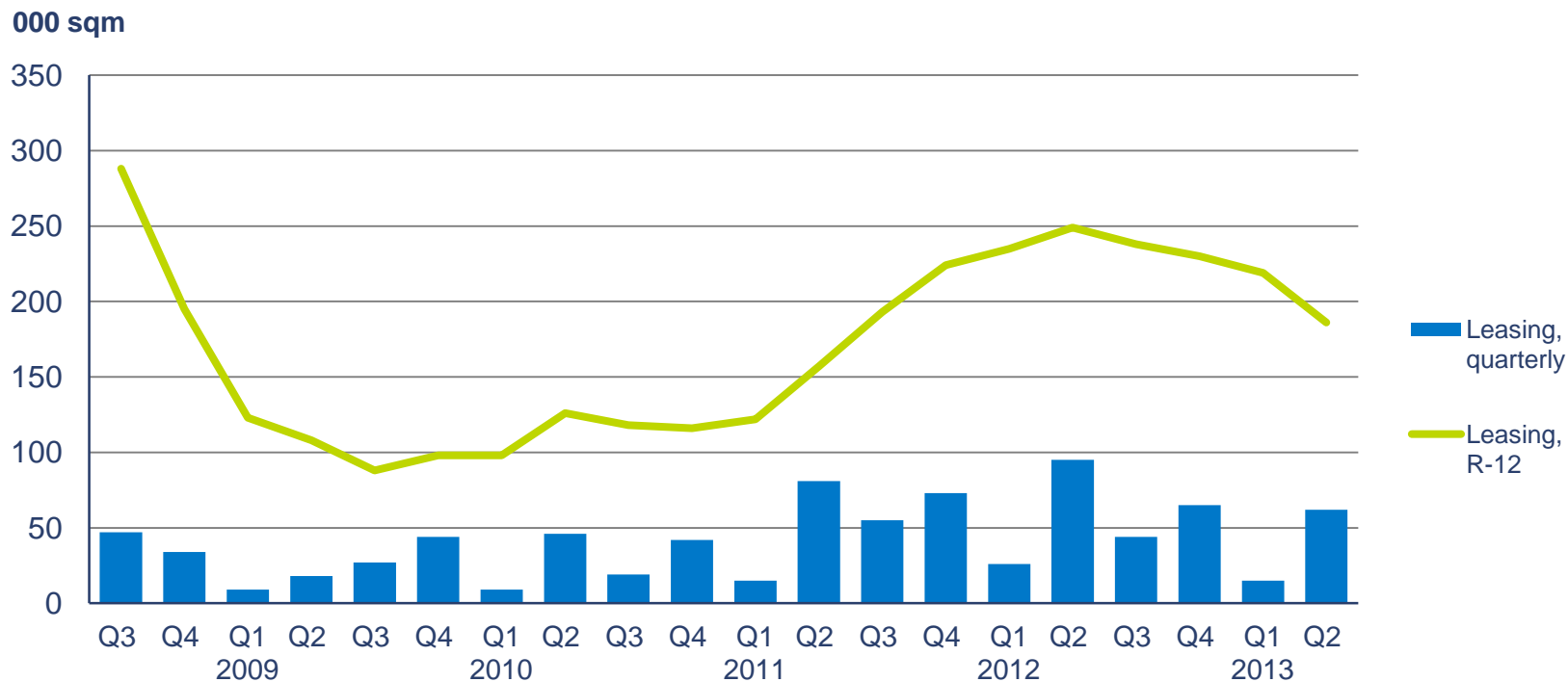
# Commercial Property Development

## 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	3.1	3.1	3.9	70	100
Undeveloped land and development properties	6.1	6.1	6.7		
Ongoing projects	4.9	8.5	10.5	68	58
<b>Total</b>	<b>14.0</b>	<b>17.7</b>	<b>21.1</b>		
of which completed projects sold according to segment reporting	0.5	0.5	0.6		
of which ongoing projects sold according to segment reporting	0.6	1.4	1.6		

# Commercial Property Development Leasing



New leases of space were signed for 60,000 sq m in Q2

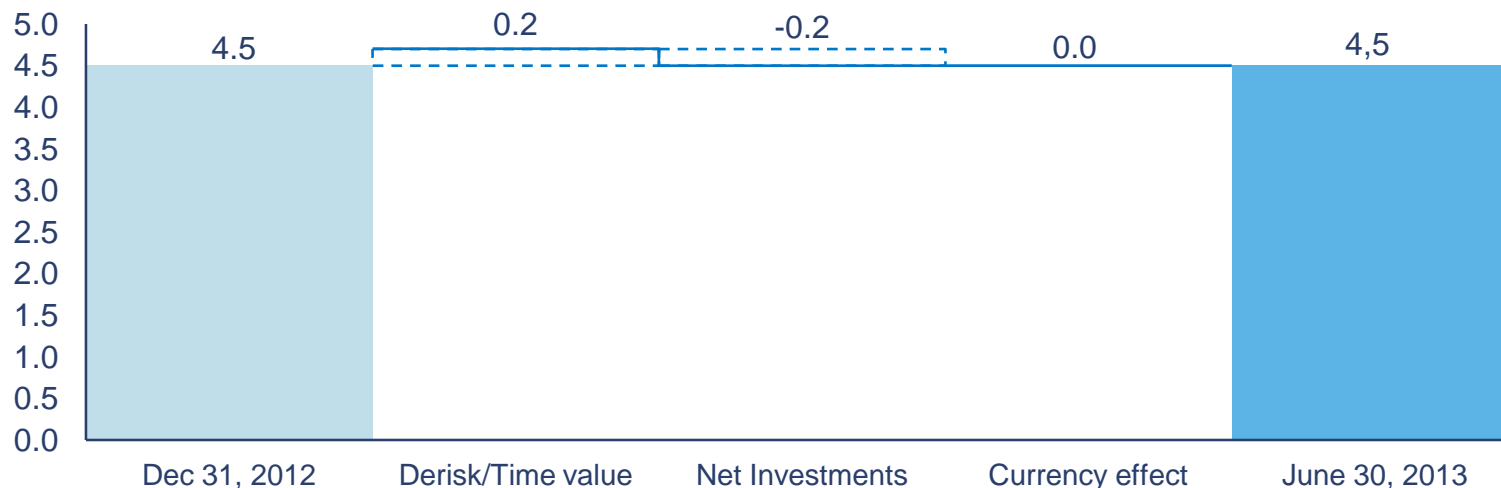
# Infrastructure Development

## Income statement

SEK M	Jan-Jun 2013	Jan-Jun 2012	Jan-Dec 2012
Revenue	46	158	242
<b>Gross income</b>	<b>-64</b>	<b>44</b>	<b>9</b>
Selling and admin. expenses	-65	-70	-186
Income from joint ventures	355	215	765
<b>Operating income</b>	<b>226</b>	<b>189</b>	<b>588</b>
of which gains from divestments of shares in projects	118	—	414

# Infrastructure Development Project portfolio

Net present value of projects, SEK bn



SEK bn	Jun 30, 2013	Jun 30, 2012	Dec 31, 2012
Present value of cash flow from projects	5.3	5.8	5.4
<b>Net present value of projects</b>	<b>4.5</b>	<b>4.8</b>	<b>4.5</b>
Carrying amount	-2.9	-3.3	-2.8
<b>Unrealized development gain</b>	<b>1.6</b>	<b>1.5</b>	<b>1.7</b>
Cash flow hedge	1.1	1.5	1.6
<b>Effect in unrealized Equity</b>	<b>2.7</b>	<b>3.0</b>	<b>3.3</b>

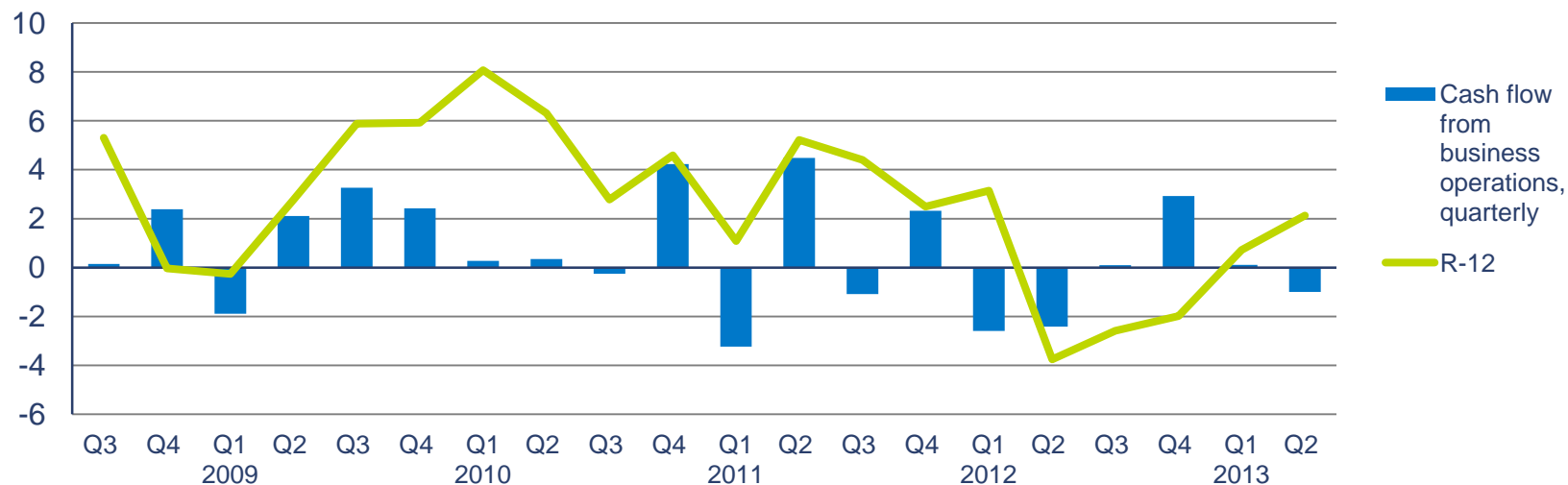
# Group

## Income statement

SEK M	Jan–Jun 2013	Jan–Jun 2012	Jan–Dec 2012
Operating income from business streams	2,386	1,830	5,396
Central	-351	-333	-723
Eliminations	-20	-50	-68
<b>Operating income</b>	<b>2,015</b>	<b>1,447</b>	<b>4,605</b>
<b>Net financial items</b>	<b>-147</b>	<b>-69</b>	<b>-234</b>
<b>Income after financial items</b>	<b>1,868</b>	<b>1,378</b>	<b>4,371</b>
Taxes	-467	-371	-1,066
<b>Profit for the period</b>	<b>1,401</b>	<b>1,007</b>	<b>3,305</b>
Earnings per share, SEK	3.40	2.44	8.00
<i>Tax rate, %</i>	25	27	24

# Group Cash flow

SEK bn

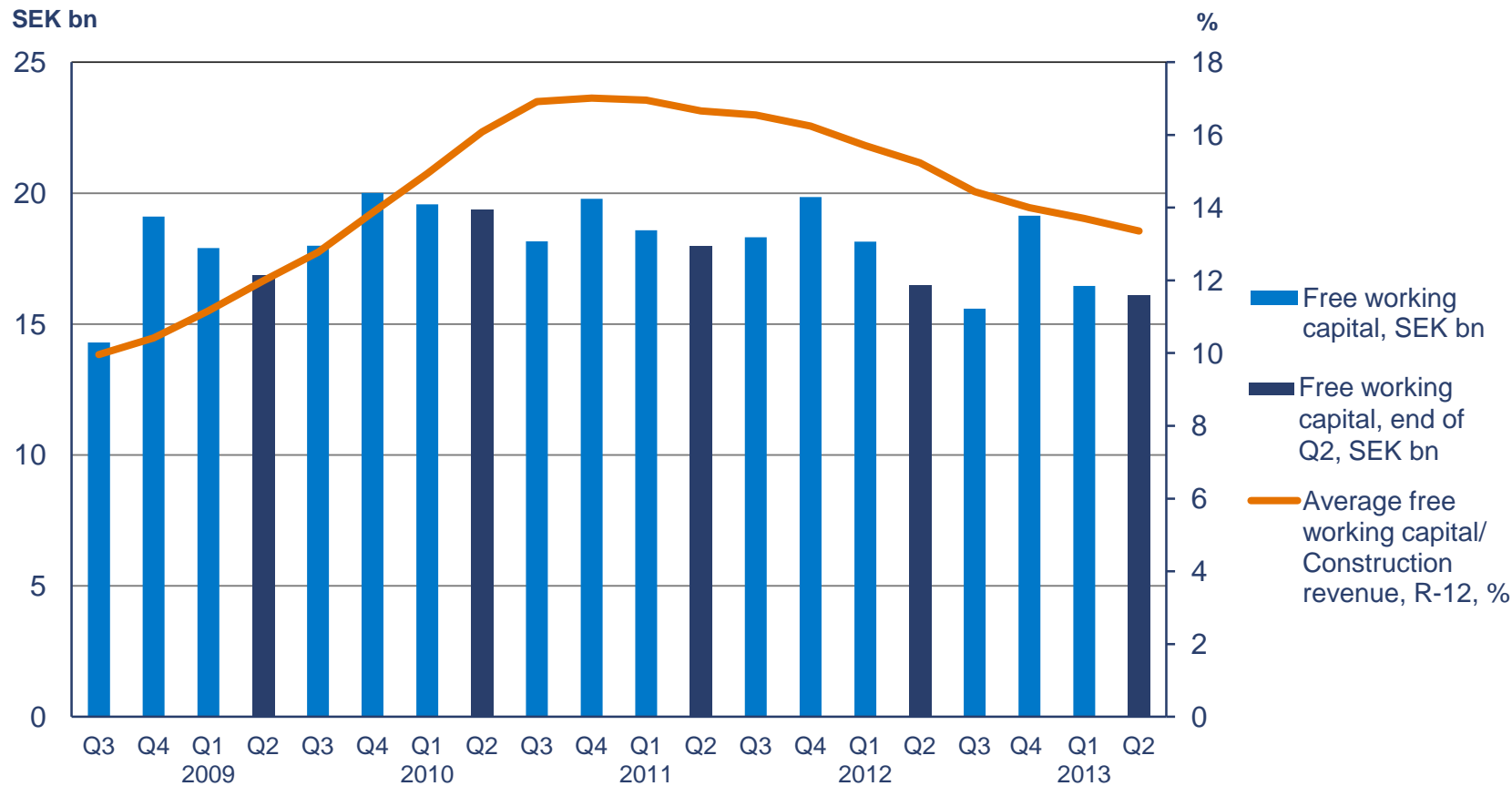


SEK bn	Jan–Jun 2013	Jan–Jun 2012	Jan–Dec 2012
Cash flow from operations	-0.9	-5.0	-2.0
Dividend etc.	-2.6	-2.6	-2.7
Cash flow before change in interest-bearing receivables and liabilities	-3.5	-7.6	-4.7



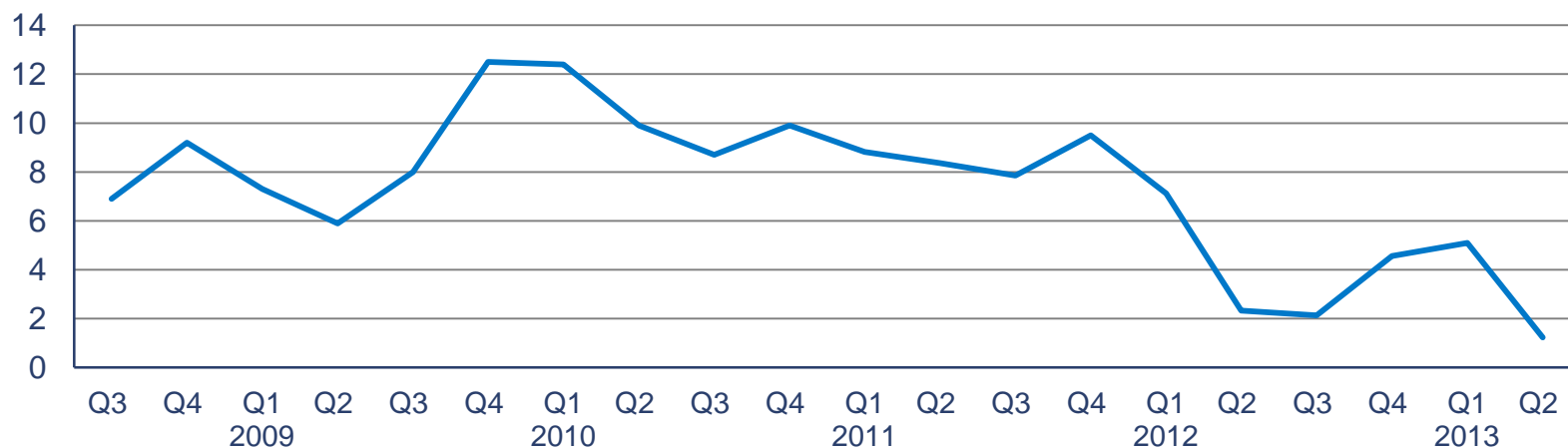
# Construction

## Free working capital



# Group Financial position

Operating net financial assets/liabilities  
SEK bn



SEK bn	Jun 30 2013	Jun 30 2012	Dec 31 2012
Total assets	86.3	85.7	88.2
Equity attributable to equity holders	19.4	17.8	19.4
Interest-bearing net receivables (+)/net debt (-)	-4.5	-5.0	-1.9
Operating net financial assets/liabilities	1.2	2.3	4.6
Capital employed, closing balance	35.2	33.0	34.5
Equity/assets ratio, %	22.5	20.7	21.9

# Group

## Change in financial position

SEK bn	Jan–Jun 2013	Jan–Jun 2012	Jan–Dec 2012
<b>Opening balance interest-bearing net receivables</b>	<b>-1.9</b>	<b>2.9</b>	<b>2.9</b>
Cash flow before change in interest-bearing receivables and liabilities	-3.5	-7.6	-4.7
Change in pension liability	0.5	-0.5	-0.1
Other changes	0.4	0.2	0.0
<b>Change in interest-bearing net receivables</b>	<b>-2.6</b>	<b>-8.0</b>	<b>-4.8</b>
<b>Closing balance interest-bearing net receivables/net debt</b>	<b>-4.5</b>	<b>-5.0</b>	<b>-1.9</b>
Pension liability, net	3.0	4.1	3.6
Interest-bearing debt co-ops	2.7	3.3	2.8
<b>Operating net financial assets/liabilities</b>	<b>1.2</b>	<b>2.3</b>	<b>4.6</b>

# Group

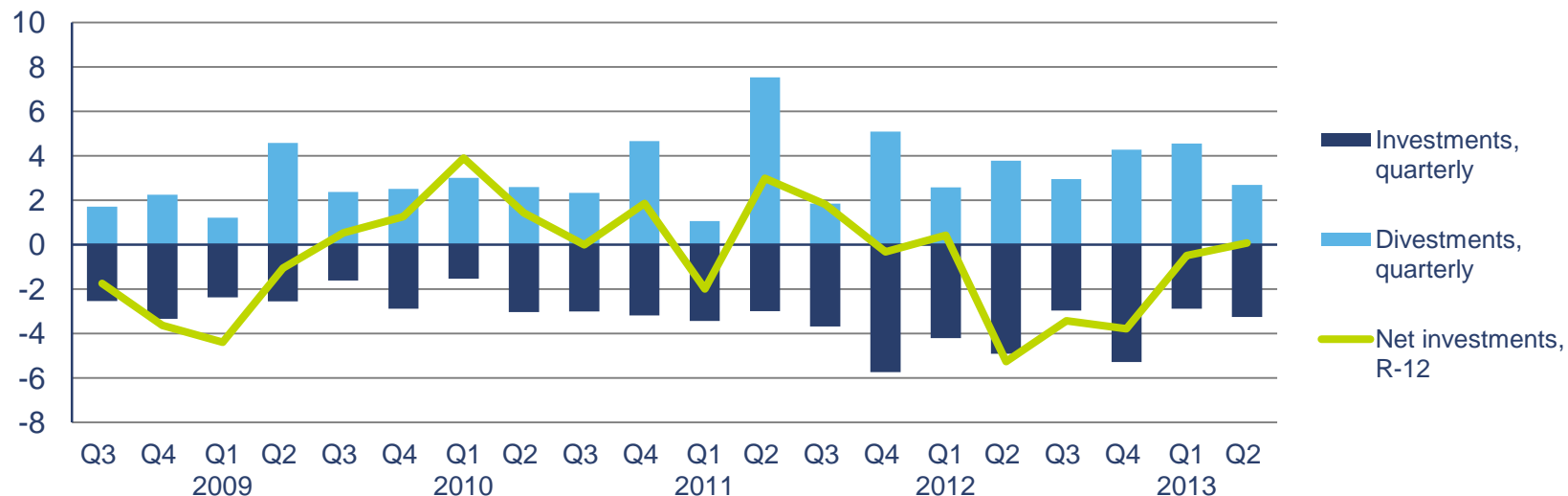
## Change in equity

SEK bn	Jan–Jun 2013	Jan–Jun 2012	Jan–Dec 2012
<b>Opening balance</b>	<b>19.4</b>	<b>19.6</b>	<b>19.6</b>
Dividend to shareholders	-2.5	-2.5	-2.5
Profit for the period	1.8	1.0	2.9
<b>Other comprehensive income</b>			
Translation differences	-0.2	0.1	-0.3
Effects of actuarial gains and losses on pensions	0.4	-0.5	-0.2
Effects of cash flow hedges	0.5	0.1	-0.1
<b>Closing balance</b>	<b>19.4</b>	<b>17.8</b>	<b>19.4</b>

# Group

## Investments and capital employed

SEK bn



SEK bn	Jun 30, 2013	Jun 30, 2012	Dec 31, 2012
<b>Capital employed in:</b>			
Residential Development	10.8	12.8	11.3
Commercial Property Development	13.8	12.2	13.6
Infrastructure Development	1.7	1.7	1.1
<b>Total in Development Streams</b>	<b>26.4</b>	<b>26.7</b>	<b>26.0</b>



Q2

# Market outlook

## Construction

- General
  - Stable but large local differences
  - Tough competition
-  - USA Civil
  - Large and complex civil construction projects
  - Intense competition
-  - USA Building
  - Healthcare, Airports, IT-facilities
  - Commercial buildings
-  - Latin America
  - Market towards mining industry remains weak
-  - Nordics
  - Norway good, Sweden stable
  - Large civil projects stable but competitive
-  - Other European countries



United Nations, NY, U.S.



# Market outlook

## Residential Development

- General
  - Improved market but still some uncertainty among buyers
-  - Sweden
  - Stable market
-  - Norway
  - Good demand
-  - Finland
  - Somewhat weaker
-  - Other European countries
  - Poland relatively stable
  - Czech weak but has improved somewhat





Q2

# Market outlook

## Commercial Property Development

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



Green Court – Bucharest, Romania





Q2

# Market outlook

## Infrastructure Development

- Good potential for PPP in the U.S. but tough competition
- UK market – thin pipeline
- Rest of Europe limited market



M25, London, UK

# Going forward

	Construction	Project Development		
		Residential	Commercial Property	Infrastructure
<b>Opportunities</b>	<ul style="list-style-type: none"> <li>- USA</li> </ul>	<ul style="list-style-type: none"> <li>- Poland</li> </ul>	<ul style="list-style-type: none"> <li>- Project portfolio</li> </ul>	<ul style="list-style-type: none"> <li>- U.S. market</li> </ul>
<b>Challenges</b>	<ul style="list-style-type: none"> <li>- Latin America</li> </ul>	<ul style="list-style-type: none"> <li>- Sweden</li> </ul>	<ul style="list-style-type: none"> <li>- Land in the Nordics</li> </ul>	<ul style="list-style-type: none"> <li>- UK pipeline</li> <li>- Long processes</li> </ul>
<b>Actions</b>	<ul style="list-style-type: none"> <li>- Expand U.S. operations</li> <li>- Turn around Latin America</li> </ul>	<ul style="list-style-type: none"> <li>- Improve production efficiency</li> </ul>	<ul style="list-style-type: none"> <li>- Leasing</li> <li>- Divestments</li> </ul>	<ul style="list-style-type: none"> <li>- Prepare new bids</li> </ul>