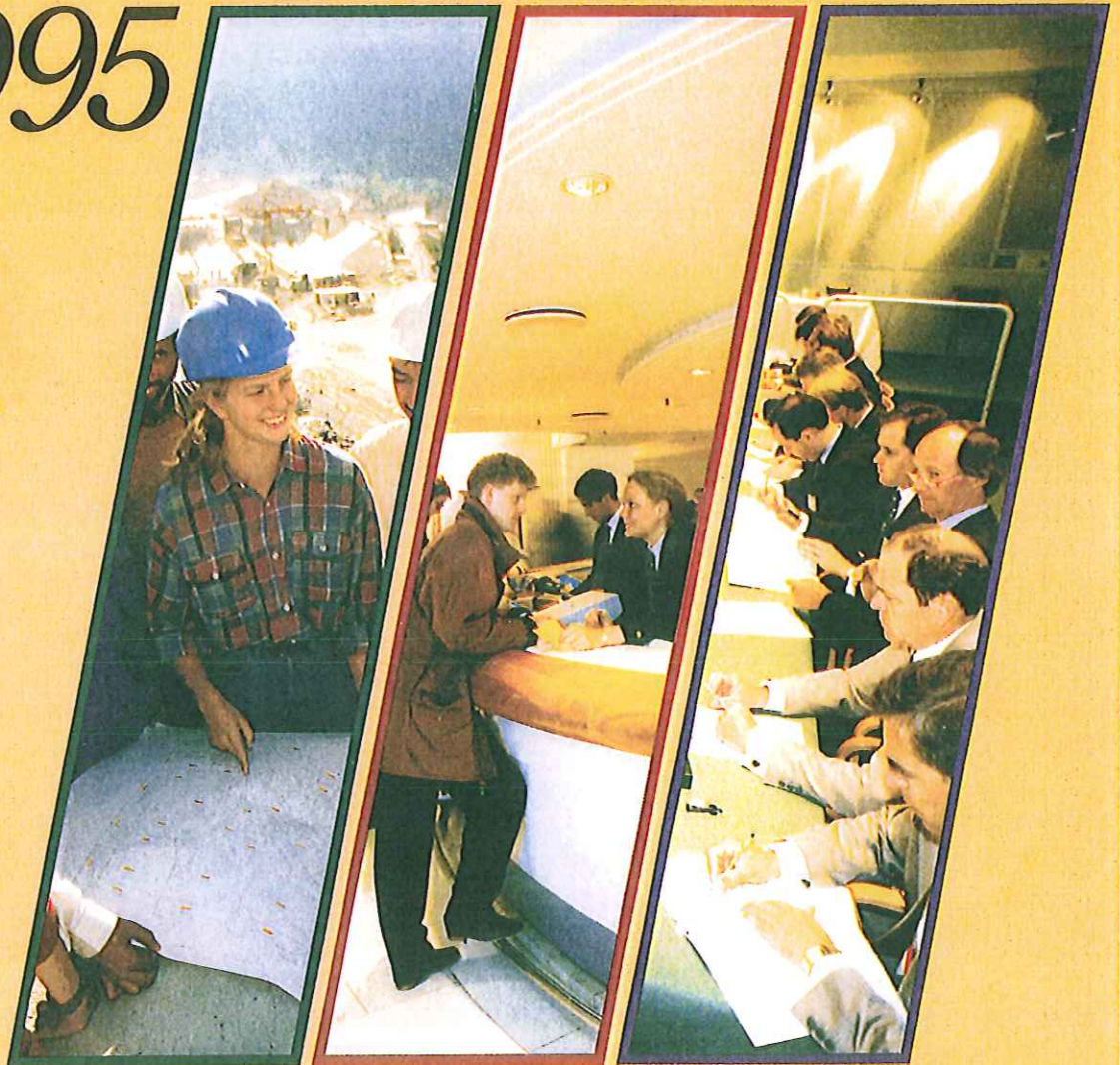


Skanska Annual Report 1995



Skanska strengthened its position as Sweden's leading construction company, while continuing its international expansion.

In the real estate field, Skanska continued the task of restructuring its holdings and was instrumental in establishing Sweden's first specialized hotel property company, Pandox.

Skanska arranged a five-year syndicated bank loan with a total credit ceiling of USD 400 M in order to refinance existing loans outside Sweden.



Skanska Group highlights

SEK M	1995	1994
Invoiced sales for the year	38,395	32,358
Of which, abroad	14,793	10,886
New appraisals	- 2	- 91
Operating income after depreciation	3,072	2,329
Net profit for the year	1,729	2,691
Dividend per share, SEK	5.00 *	3.75
Net profit per share, SEK	13.75	21.35

* Proposed by the Board of Directors

This is Skanska

Skanska—one of the largest construction and real estate companies in Europe and North America and a major Swedish industrial corporation—began operations more than 100 years ago.

Today Skanska is a name known around the world. The Skanska Group has experience in heavy civil engineering and construction of buildings from more than 80 countries. Aside from Sweden, it can also regard the United States, Denmark and Finland as "domestic markets." Skanska also does local construction work in a number of other countries and engages in extensive project exports using its domestic markets as a base.

As the Swedish construction market leader, Skanska is strongly decentralized. Throughout Sweden, regional construction companies are responsible for its operations. They work on a local basis but are backed up by a broad range of resources. Meanwhile Skanska is moving toward greater specialization in order to achieve greater efficiency and client satisfaction.

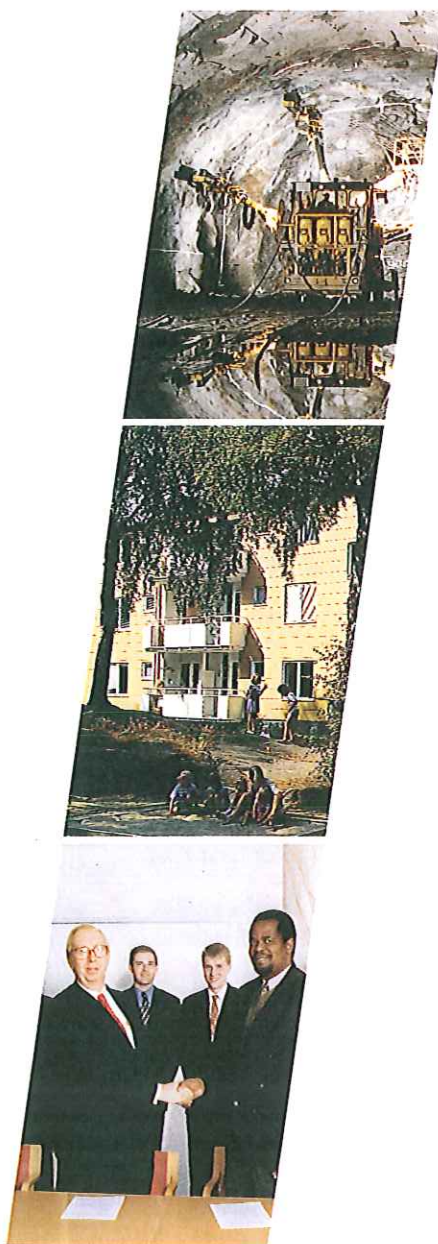
One of Sweden's largest private real estate owners, the Skanska Group also has real estate holdings elsewhere in Europe and in the United States.

Skanska has gradually built up strong financial stability, including a sizable stock portfolio.

In 1965 Skanska shares were introduced on the Stockholm Stock Exchange.

Skanska AB, 1995 Annual Report

Public Company (publ.) · Seat of the Board of Directors: Malmö ·
Reg. No. 556000-4615



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Annual Meeting of Shareholders: April 29 in Stockholm, Sweden.
For an official announcement of the Annual Meeting, see the inside
back cover of this Annual Report.

Skanska further strengthened its position during 1995. A good level of order bookings in the Construction sector—and a number of major restructuring transactions in the Real Estate sector—are indications that the Group has improved its situation in several major respects.

Naturally I am pleased to report a continued positive trend in the Skanska Group's earnings during 1995. Earnings were in line with the projections I stated in the year's interim reports and were higher than those of the preceding year, disregarding the 1994 dividend in connection with the liquidation of Protorp. The Group's 1995 earnings helped to further strengthen its equity/assets ratio.

Swedish construction

Starting from a low level, construction investments in Sweden rose only marginally during 1995. Housing starts remained extremely low.

An upturn in the Swedish construction market presupposes a resurgence in residential building activity. To promote a fruitful public debate on this issue, in 1995 Skanska initiated a study on the problems affecting Swedish housing construction. Conducted by outside researchers, the study recommended practical steps considered likely to have a positive impact on housing investments within a relatively short period.

In this context, it is important to remember that the actual cost of construction comprises no more than about half the total costs of new housing construction. A considerable part of the other costs include value-added

tax as well as national and municipal government fees. Obviously construction companies have a major responsibility in helping lower construction costs by improving their own efficiency, thereby stimulating an increase in housing construction. For some years, Skanska has applied the Think Total Time (3T) process, which is now beginning to yield results in the form of shorter construction periods, lower costs and higher quality. This work will continue, of course.



Infrastructure investment is another important engine of economic growth in Sweden. Realizing this, in recent years Sweden has upgraded highways and railroads connecting its major metropolitan regions. It is vital that these investments be completed. Meanwhile the need for more efficient traffic systems in major Swedish cities must also be met.

Despite relatively weak construction market conditions, order bookings in our Swedish Construction business area rose significantly during 1995. Skanska thereby strengthened its position in several segments of the market. I would like to attribute our success largely to the dynamic organization we have created within Swedish Construction.

Our strong position in Sweden, together with the Group's rapidly growing international breadth and expertise, are vital success factors in the competition for new assignments, both in Sweden and abroad.

This underscores how vital it is to take advantage of the opportunities that the collective resources of the Group provide. Here I attach great importance to our 3T programs, including the internationalization of our purchasing work, as well as our investments in advanced information technology.

International construction

The Group's international construction operations are continuing to grow in scale. During 1995, order bookings and invoiced sales increased sharply, especially in the United States, partly as a result of wider geographic coverage and a broadening of expertise. Similarly, Skanska strengthened its position in Finland and Denmark.

Skanska now has a well established base for profitable growth in all three domestic markets where its operations are similar in character to those in Sweden. In these countries, the margins are at the same overall level as the margin in our Swedish operations. At the same time, this means that the return on capital employed is high. It may therefore continue to be in Skanska's interest to increase the number of its domestic markets when suitable opportunities for such expansion arise.

In the other segment of Skanska's international construction operations—project exports—the risks are often higher but the potential profits are also better. Project exports comprise 20 percent of the Group's overall international construction operations and thus have a limited impact on total earnings.

largest and, in many respects, the most important assignment Skanska ever received. We also attach great importance to this project for our future export operations."



Project export operations involve risks beyond those of a business-related nature. Sometimes our personnel in these projects are also exposed to special hazards that, moreover, are difficult to eliminate entirely. We were thus very relieved last May to be able to welcome home two of our colleagues who had been kidnapped late in 1994 and had spent nearly six months in captivity. We are grateful for this happy outcome, as well as for the help that Skanska received from various quarters in this difficult situation.

Our project export work currently includes several large-scale undertakings, including such hydroelectric power projects as Uri in India and Urrá in Colombia. Skanska has participated in more than 200 hydroelectric power projects in Sweden and abroad over the years. This experience is a major asset in the competition for new assignments in this field. Our ambition is to expand our project exports further within fields in which we possess or can develop the same kind of special expertise. In light of this, we attach great importance to Swedish-based projects like the Öresund Bridge, the High Coast Bridge and the Halland Ridge Tunnel, also for our future export operations.

The Öresund bridge/tunnel project is also a clear example of the rapid advances underway in the environmental field, which are also having a growing influence on working methods in the construction industry. The environmental impact study conducted during the preparations for the Öresund project is thus expected to be precedent-setting in many respects. We believe that the experience that we gain from projects close to home will also benefit us elsewhere.

The environmental policy that we adopted for the Group during 1995 views environmental work as an important element of our overall business development work. More efficient resource utilization and environmentally adapted product development will help us to strengthen our competitiveness and increase our profitability, both in construction and property management operations.

Real Estate

In our Swedish real estate operations, we implemented a number of restructuring transactions during 1995. Their purpose was to achieve higher profitability and increase the value of properties by means of specialization and greater geographic concentration of holdings.

We joined Sweden's Securum group in establishing Pandox, a company that focuses entirely on the management of hotel properties. A property exchange between Skanska and Klöverna improved the geographic concentration of Skanska's real estate holdings.

Skanska's subsidiary JM acquired two attractive property portfolios from the Swedish companies Apoteksbolaget and Bergaliden by means of non-cash issues of new shares. As a result of these transactions, JM greatly strengthened its cash flow and capital base. JM is now a very attractive partner for additional real estate restructuring transactions.

In the course of restructuring transactions, Skanska has realized large capital gains over the past few years. Meanwhile properties with development potential have been added to the Group's holdings. We will continue to be active in this area.

The stock portfolio

The stock portfolio underwent a significant change, consisting of an extra dividend to Skanska's shareholders in the form of warrants entitling them to purchase most of its shareholding in Custos at a discounted price. This sale, which was completed in June 1995,

dissolved the cross-ownership arrangement between Skanska and Custos.

Outlook

Skanska's strong financial position is essential to the growth of the Group's core businesses—construction, real estate and manufacturing. I look upon our acquisition of additional shares in Euroc as part of the continued growth of our commitment in construction-

related operations.

A weaker market for Swedish export companies and continued imbalance in the government budget are reasons for some concern about the Swedish construction market during 1996. In light of this, the broadening of the Group's market base resulting from the internationalization process of recent years seems especially valuable. At the same time, during 1995

we demonstrated that it is possible to do business even in a relatively weak Swedish domestic market.

Our order bookings have been good during the early months of 1996, and the Swedish real estate market is continuing to stabilize.


Melker Schörling

The Öresund Bridge—one of Skanska's biggest ever projects

In November 1995, Skanska signed one of the largest contracts in its history—the Öresund Bridge. The order to the Skanska-led consortium is worth about SEK 6.5 billion.

As the largest bridge project in Nordic history, it will be an economic boon for the Öresund straits region.

This gigantic construction effort is led by Skanska's highly experienced large-bridge specialists. It will be implemented according to "Skanska's Way of Working," a new work model

based on the Skanska Group's Think Total Time (3T) efficiency-raising effort.

The Skanska-led consortium Sundlink Contractors is a strong team of internationally recognized, highly regarded specialists in the construction of large bridges. Skanska, Germany's Hochtief and the two Danish companies Højgaard & Schultz and Monberg & Thorsen are all leaders in their domestic markets and have extensive international operations as well. The bridge will open in the year 2000.



Jan-Gunnar Glave
Project Director

Client

Øresundskonsortiet (The Öresund Consortium)

Contractor

Sundlink Contractors HB
Manager: Skanska AB, 37%
Hochtief AG, 26%
Højgaard & Schultz a/s, 18.5%
Monberg & Thorsen A/S, 18.5%

Contract value

DKK 5,349,700,000 (about SEK 6.5 billion)

The bridges included in the Öresund Link will total 7,844 m (25,736 ft) in length. They will consist of an elevated (or "high") bridge and two approach bridges.

The length of the elevated bridge will be 1,092 m (4,160 ft), with a maximum navigation clearance of 57 m (187 ft) and free span of 490 m (1,608 ft). The pylons will tower 203.5 m (668 ft) above sea level. The western approach bridge will be 3,013 m (9,886 ft) long, the eastern one 3,739 m (12,267 ft).

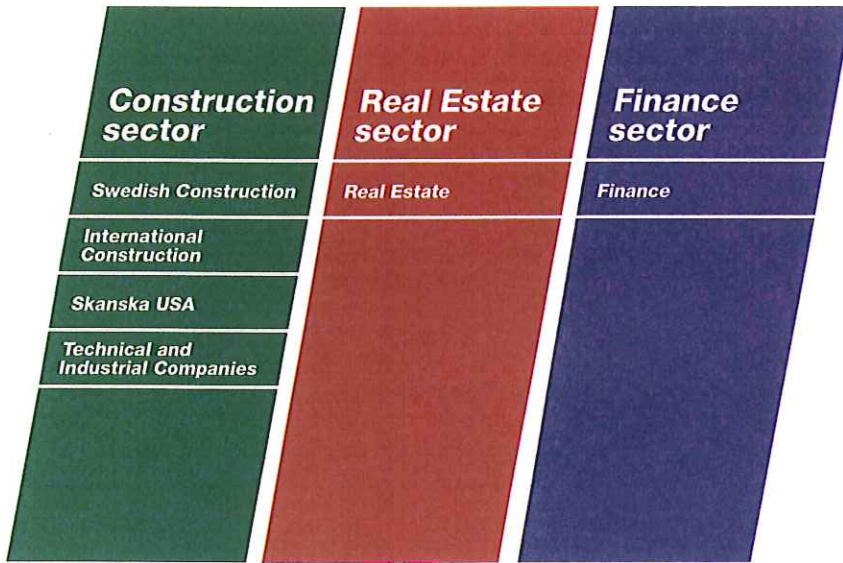
Allocation of bridge project within Skanska

- International Construction business area, Skanska International Civil Engineering AB, 40%
- Swedish Construction business area, 60%, of which: Skanska Syd AB 30%, Skanska Stockholm AB 18% and Skanska Väst AB 12%.



The photo shows the Öresund Bridge contract-signing ceremony in Malmö in November 1995.

Organization



President and Group Chief Executive
Melker Schörling
 Born 1947. Joined Skanska in 1993. Holdings in Skanska: 30,378 Series A shares.

Other members of Group Management
Bo Ingemarson, Executive Vice President, Finance. Born 1950. Joined Skanska in 1993. Holdings: 366 Series A shares and 1,050 Series B shares.

Mats Mared, Executive Vice President, Real Estate. Born 1944. Joined Skanska in 1968. Holdings: 610 Series B shares.

Per Westlund, Executive Vice President, Group Development. Born 1944. Joined Skanska in 1968. Holdings: 1,100 Series B shares.

Claes Björk, Senior Vice President, Skanska USA. Born 1945. Joined Skanska in 1967. Holdings: 160 Series B shares.

Claes Gustafson, Senior Vice President, Swedish Construction. Born 1943. Joined Skanska in 1968. Holdings: 210 Series B shares.

From March 1, 1996

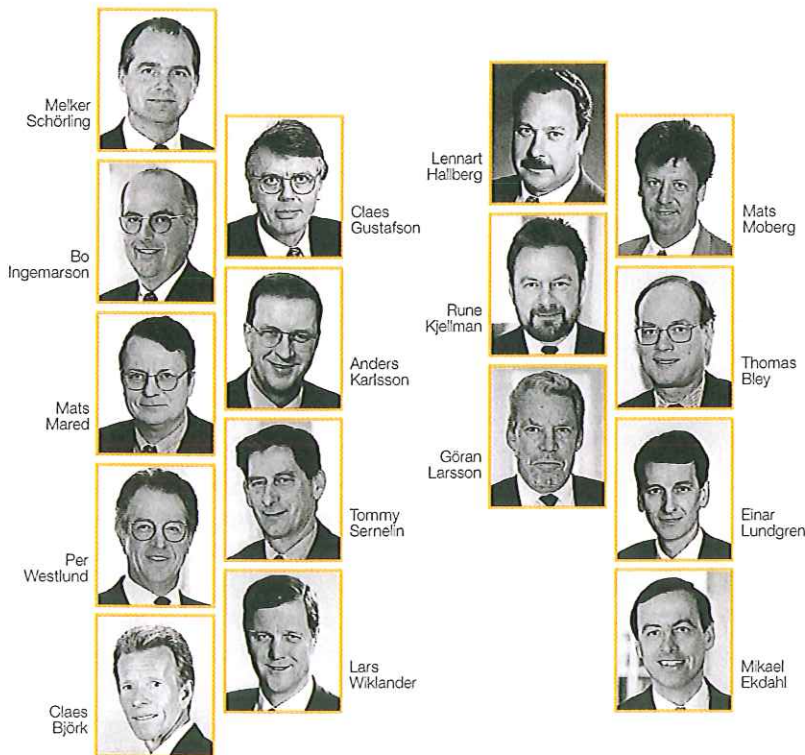
Anders Karlsson, Head of Technical and Industrial Companies. Born 1950. Joined Skanska in 1996.

Tommy Sernelin, Senior Vice President, Technology. Born 1937. Joined Skanska in 1962. Holdings: 1,710 Series B shares.

Lars Wiklander, Senior Vice President, International Construction. Born 1943. Joined Skanska in 1968. Holdings: 200 Series B shares.

Assistants to the President
Monica Wennlo Falk, Danderyd.
Inger Dahlgren, Malmö.

Secretary to the Board
Mikael Ekdahl, Attorney at Law. Born 1951. Retained by Skanska since 1993.



Heads of Group staff units

Lennart Hallberg, Senior Vice President, Public Affairs. Born 1946. Joined Skanska in 1989. Holdings: 1,200 Series B shares.

Rune Kjellman, Senior Vice President, Personnel. Born 1944. Joined Skanska in 1988.

Göran Larsson, Senior Vice President, Purchasing. Born 1937. Joined Skanska in 1964. Holdings: 820 Series B shares.

Mats Moberg, Head of Accounting. Born 1950. Joined Skanska in 1976. Holdings: 100 Series B shares.

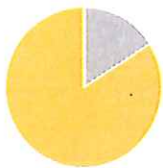
From April 1, 1995

Thomas Bley, Head of Information Technology. Born 1951. Joined Skanska in 1978. Holdings: 40 Series B shares.

From June 1, 1995

Einar Lundgren, Head of Legal Affairs. Born 1952. Joined Skanska in 1993. Holdings: 50 Series B shares.

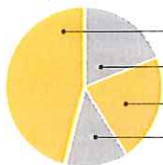
Construction sector



Construction sector, as a percentage of total Group invoiced sales

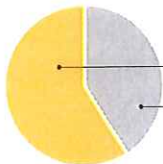
84% (83)

Construction sector, invoiced sales by business area



Swedish Construction, 46% (51)
International Construction, 19% (14)
Skanska USA, 22% (20)
Technical and Industrial Companies, 13% (15)

Construction sector, invoiced sales in Sweden and abroad



Sweden, 59% (66)
Abroad, 41% (34)



Think Total Time

S Skanska's position as the leading construction company in Sweden was strengthened during 1995 by several major infrastructure projects, topped by the Öresund Bridge. Meanwhile the Group is continuing its international expansion. Today more than 50 percent of order backlog originates in markets outside Sweden.

Skanska's Construction sector is divided into four business areas: Swedish Construction, International Construction, Skanska USA and Technical and Industrial Companies. Sweden is the sector's largest single market. Internationally, Skanska operates in three other "domestic markets": the United States, Denmark and Finland. In addition, Skanska has sizable local construction operations in a number of other countries as well as extensive project exports from its domestic markets in Sweden, Finland and Denmark.

The market

During 1995 Skanska continued its expansion in the international market. This applied especially to Denmark and the U.S., but Skanska also expanded its presence in a number of new countries, including Malta, Ghana and Uganda.

The Swedish construction market bottomed out and showed a weak increase in demand. Skanska strengthened its position as Sweden's leading construction company.

Transnational vision

Skanska's vision is to develop a transnational group of construction companies. By cooperating across borders and taking advantage of the Group's

collective experience, financial strength and skills base, it offers clients better cost-effectiveness and quality. Meanwhile Skanska will strengthen its competitive edge and profitability.

Continuous improvement work

On the basis of its 3T efficiency-raising and cost-cutting process, Skanska developed an upgraded quality management system known as "Skanska's Way of Working."

Using management by objectives, continuous improvements are incorporated into Skanska's work systems. The line organization is responsible for ensuring that agreed Time, Profitability and Quality targets are met. With its recurring audits and goal coordination sessions, "Skanska's Way of Working" is the engine of this improvement process.

The new working model conforms with ISO 9001 international quality standards and focuses on how the construction sector handles client relations, quality management, financial controls, the physical environment, the working environment and human resources development.

Purchasing work

A strategically important campaign to streamline Skanska's purchasing and logistics work has now been imple-



Skanska's operations took place in 51 countries and territories during 1995

- | | | |
|----------------|-----------|---------------|
| Algeria | Greenland | Netherlands |
| Austria | Hong Kong | Norway |
| Belarus | Hungary | Pakistan |
| Belgium | Iceland | Panama |
| Chile | India | Poland |
| Colombia | Iran | Portugal |
| Czech Republic | Ireland | Russia |
| Denmark | Italy | Saudi Arabia |
| Egypt | Japan | South Korea |
| Estonia | Kenya | Spain |
| Fiji | Laos | Sweden |
| Finland | Latvia | Switzerland |
| France | Libya | Taiwan |
| Germany | Lithuania | Tanzania |
| Great Britain | Malaysia | Thailand |
| Greece | Malta | Ukraine |
| | Morocco | United States |
| | | Zimbabwe |

mented in all domestic markets and project exports. By coordinating purchases and cooperating more closely with selected suppliers, the Group has achieved lower purchasing costs, more efficient material flows and improved products and working methods.

EU projects

Skanska intensified its efforts to take full advantage of Sweden's membership in the European Union, which took effect in January 1995. Three of Skanska's four domestic markets are located in the EU. This allows Skanska to compete for EU-financed development assistance projects in Africa, Central and Eastern Europe and elsewhere, as well as participate in EU-sponsored R&D programs.

Outlook for the future

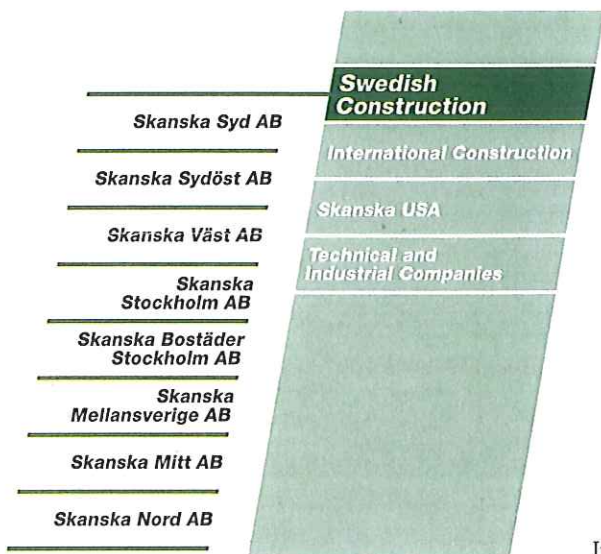
Skanska's international expansion will continue primarily in those markets where it already has a foothold, but the Group will also take steps to establish a future presence in new markets. Meanwhile it is developing new export projects and redoubling its marketing efforts in the European infrastructure sector.

The Swedish construction market will continue to be hampered by weak economic growth and relatively high interest rates during 1996.

Skanska's project exports also involve large-scale transfer of Swedish construction expertise to other countries. The big Uri hydroelectric power project in India is now in its final phase.



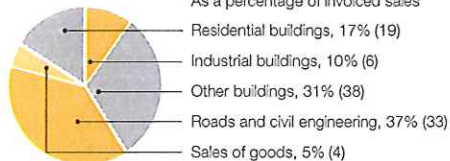
Construction sector



Skanska strengthened its role as Sweden's leading construction company by increasing its market share, especially in the civil engineering sector.

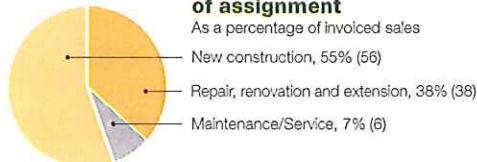
Operations by production area

As a percentage of invoiced sales



Operations by type of assignment

As a percentage of invoiced sales



Client structure

As a percentage of invoiced sales



In recent years Swedish Construction has moved toward greater specialization, but it still performs all types of assignments. Since the autumn of 1995, this business sector has operated through eight regional companies, most of them with annual invoiced sales averaging more than SEK 2 billion.

Operations are strongly decentralized and take place at about 4,000 sites in a given year. Assignments are of varying sizes, ranging from small short-term jobs to projects costing more than a billion and lasting for years. In 1995 design-construct contracts accounted for about 36 percent of volume.

Financial results

During 1995 order bookings rose by 20 percent to SEK 17,126 M. Year-end order backlog totaled SEK 8,905 M, an increase of 24 percent. Invoiced sales rose to SEK 15,675 M, or by 8 percent. Operating income after depreciation was SEK 400 M, a decline of 20 percent. The earnings margin was unchanged at 2.5 percent.

Skanska strengthened its leading role in the Swedish market, among other things by enlarging its market share in road and civil engineering projects. This sector increased to 37 percent of invoiced sales in the Swedish Construction business area (33).

The Swedish construction market

The Swedish construction market remained weak. Margins were squeezed by overcapacity in the construction industry and relatively low demand. Residential construction was at the lowest level since the early 20th century, the preliminary number of housing starts totaling about 12,000. Sweden is thus among the four or five countries in the world with the lowest residential construction per capita. Government subsidies to stimulate renovations led to some increase in this type of assignment, however.

Construction of commercial and public buildings was very limited. Building investments by the export sector, which have been the engine of the Swedish construction market, reached a peak, as did infrastructure projects. There were further delays in implementing previously approved investments in urban traffic systems.

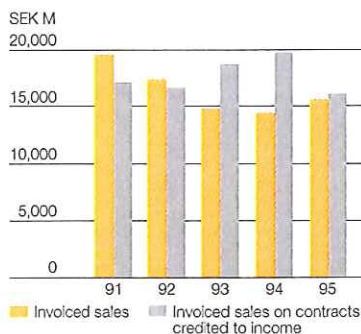
The 182 m (597 pylons of the HI Coast Bridge, which were completed during 1995, is Sweden's tallest "buildings." During 1996 the steel suspension cables that will support the roadway of the bridge will be strung across the Ångermanälven river.



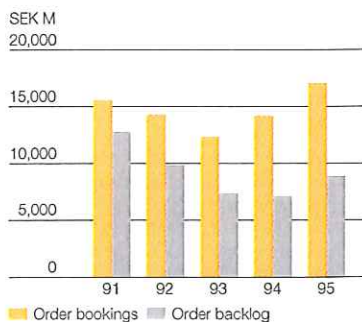
Swedish Construction

SEK M	1995	1994
Invoiced sales	15,675	14,499
Invoiced sales on contracts credited to income	16,118	19,775
Level of invoicing credited to income (%)	103	136
Operating income	400	504
Earnings margin (%)	2.5	2.5
Order bookings	17,126	14,263
Order backlog, Dec 31	8,905	7,159
Average number of employees	11,701	11,599

Invoiced sales/Invoiced sales on contracts credited to income



Order bookings/Order backlog



The largest listed construction and real estate companies in Sweden

Companies	1995 invoiced sales, SEK M
Skanska (incl JM)	38,395
NCC	16,573
SIAB	10,737
PEAB	9,992 ¹
JM	4,128
Lundbergs	2,605 ²
Platzer	1,047

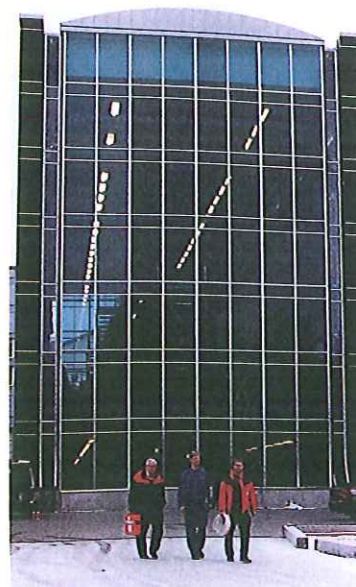
¹Invoiced sales on contracts credited to income.

² 1994 invoiced sales. Data on 1995 invoiced sales was not available at the time the Skanska Annual Report was printed.



The four- and five-story wooden buildings that Skanska is erecting in Linköping and Växjö are examples of recent technical development projects.

The Nya Wermlands-Tidningen newspaper building—one of the most modern of its kind in Europe—went into service in Karlstad.



Operations in 1995

Among major construction contracts landed during the year were two projects for the Ericsson telecommunications group, one in Älvsjö (Stockholm) and the other in Gävle, the expansion of the MoDo pulp mill in Husum, a new Thorax Clinic at Uppsala University Hospital and new university college buildings in Jönköping and Sundsvall.

Residential projects included Bellevue Park in Malmö and Elektroniken in Linköping. Infrastructure contracts included the widening of the E4 European highway to four lanes at Ödeshög and to six lanes at the northern approach to Stockholm. Varberg harbor is being extended, as is the Käppala sewage treatment plant in Lidingö near Stockholm. Construction began at the new Karlstad airport.

Swedish Construction has also established operations in Norway. It won several new contracts, including offices and a shopping center in Oslo and a military installation in Rena, near the Swedish border. Early in 1996 it signed an agreement to build a new headquarters in downtown Oslo for the Norwegian insurance company Uni Storebrand. The contract is worth more than SEK 800 M.

The final phase of casting the 182 m (597 ft) pylons took place at the High Coast Bridge over northern Sweden's Ängermanälven river. Läg-

gesta Bridge on the Svealandsbanan railroad line was completed. In Gothenburg, work is under way on the Marieholm Bridge over the Göta älv river and the Lundby Tunnel in the Hisingen district.

In January 1996 Skanska was awarded the technically advanced task of completing the drilling of a rail tunnel beneath the Halland Ridge in southwestern Sweden.

Specialization

During 1995 the Group brought together its technological expertise in large bridge construction within Skanska Stockholm, as it had previously done with underground construction. The resulting high degree of specialization has actively contributed to Skanska's market success in these fields.

Skanska Bostäder Stockholm is likewise responsible for the Group's work in the development of tomorrow's housing. New residential concepts are being designed to respond to continuous changes in the market.

Residential projects developed at Skanska's initiative are growing in importance. The Group carried out an analysis of the housing market over the next few years.

Wooden buildings are another development area. In Linköping and Växjö, Skanska is now building the first four- and five-story wooden buildings in Sweden since the 19th century.

Production at Skanska's permanent concrete, asphalt, rock and gravel facilities is becoming more industrialized.

Swedish Construction divided its Norrland (northern Sweden) operations into two companies — Skanska Mitt and Skanska Nord — which thus work closer to clients and markets. By acquiring JM Norrbotten, Skanska Nord strengthened its position in the



road and civil engineering field in Sweden's northernmost county.

The 3T reform process

The 3T project led to significant improvements. During 1995 Swedish Construction achieved its target of reducing project times by 30 percent compared to the times measured in 1991. The number of defects noted at final inspection has been reduced by 50 percent. This raised quality and cut costs.

Outlook for 1996

Relatively high interest rates, a low growth rate and weak purchasing power will continue to hamper the Swedish construction market in 1996.

There will again be low demand in the housing market during 1996, even though there have already been signs

of housing shortages in the Stockholm, Gothenburg and Malmö regions and in other university cities.

No upturn is expected in the construction of other types of new buildings, but there is continued demand for renovation of existing properties.

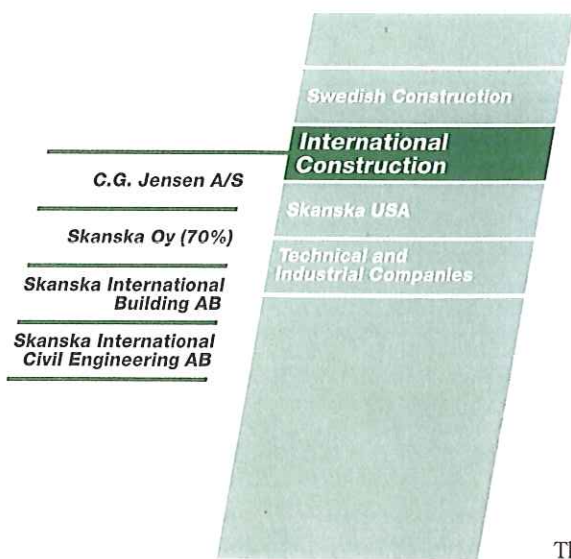
Industrial companies are continuing to add capacity at a relatively vigorous pace but this growth is expected to stagnate during 1996.

The infrastructure sector is threatened by shrinking government appropriations. There is still a great deal of uncertainty about the proposed expansion of traffic systems in major urban areas.

On the whole, however, it should be possible for order bookings at Swedish Construction during 1996 to equal the 1995 level.

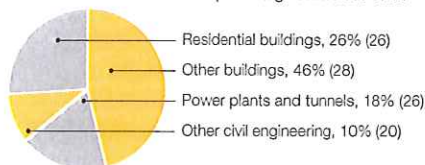
The double 2 km (1.2 mi) long Lundby Tunnel will ease traffic congestion and improve the environment in the Hisingen area of Gothenburg.

Construction sector



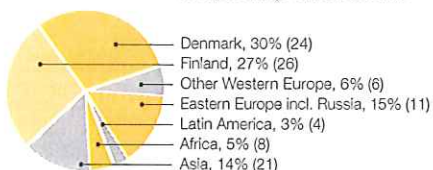
Operations by production area

As a percentage of invoiced sales



Operations by market area

As a percentage of invoiced sales



S Skanska is continuing its international expansion strategy. During 1995 it established a presence in new markets, both in Central Europe and in Africa.

The International Construction business area increased its invoiced sales to SEK 6,384 M (4,105). Order bookings were SEK 7,797 M (5,043). Year-end order backlog was SEK 6,277 M (4,957). The average number of employees during 1995 was 10,969 (7,812).

Aside from operations in their respective domestic markets and project exports from these, the Danish-based C.G. Jensen A/S also has local construction operations in selected African countries and the Finnish-based Skanska Oy in Russia, Belarus and Ukraine.

Skanska International Building AB and Skanska International Civil Engineering AB engage primarily in project exports in their specialties, with Sweden as a base. In addition, Skanska International Building has started local construction operations in eastern Germany, Poland, the Czech Republic, Hungary and the Baltic states.

Mission and strategy

The *mission* of the International Construction business area is to utilize and develop Skanska's competitive edge in selected markets, with growing profitability.

Its *strategy* is

- to create additional domestic markets, similar to Denmark and Finland
- to establish local construction operations in additional countries
- to engage in project exports, using its domestic markets as bases.

Skanska's competitive edge includes 3T (an efficiency-raising process that uses time as a management tool), coordinated cross-border purchasing, state-of-the-art technical expertise in selected fields, financial strength, project financing know-how and experienced personnel. These advantages enable Skanska to offer high quality, short construction periods and cost-effectiveness to its clients, while increasing its profitability.

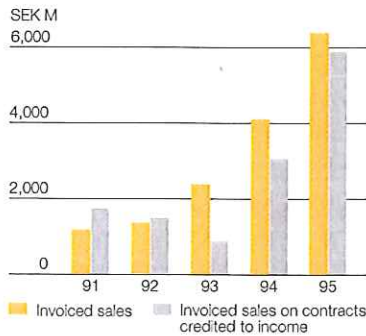
C.G. Jensen

C.G. Jensen is one of Denmark's four largest construction companies, with nationwide operations. The company

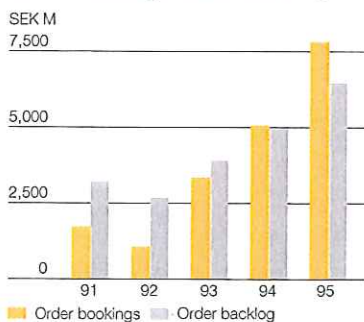
The tunnels at the Urrá hydroelectric power project in Colombia were completed during 1995. Early in 1996, the river was diverted and foundation work began for the 66 m (217 ft) high dam.



Invoiced sales/Invoiced sales on contracts credited to income



Order bookings/Order backlog



The largest construction/ civil engineering companies in Europe

1995 invoiced sales SEK billion ¹⁾		
Bouygues	France	109 ²⁾
SGE	France	66 ²⁾
Philipp Holzmann	Germany	63 ²⁾
BICC	Britain	46 ²⁾
Eiffage	France	46 ²⁾
GTM-Entrepose	France	43 ²⁾
Trafalgar House	Britain	42
Skanska	Sweden	38
Bilfinger + Berger	Germany	37 ²⁾
Tarmac	Britain	30 ²⁾
Hochtief	Germany	28 ²⁾

1 Based on each company's own figures.

2 1994 invoiced sales. Data on 1995 invoiced sales was not available at the time the Skanska Annual Report was printed.

also has a permanent presence in Tanzania and in Greenland. C.G. Jensen performs a wide range of construction and civil engineering work, but it also has several specialties.

During the autumn of 1995 C.G. Jensen acquired contracting businesses in Ghana, Uganda, Zimbabwe and Tanzania. After this expansion, the African operations of C.G. Jensen were placed under the direction of the Zimbabwe-based company Skanska Jensen International.

By acquiring the Danish construction companies Hans Jørgensen & Søn and Rasmussen & Stisager, C.G. Jensen more than doubled its invoiced sales. During 1995 these companies were integrated and adapted to the organization.

Among others, C.G. Jensen completed two major projects in 1995: the Sheraton Dar es Salaam Hotel in Tanzania and Odense Banegård Center, Denmark, a combined station, commercial and entertainment center.

Order bookings were the highest in company history. Two major new contracts involved the expansion of rail services related to the Öresund bridge/tunnel.

The level of activity in the Danish construction market rose during the year. Construction projects by the private business sector are expected to decline slightly during 1996, however.

Skanska Oy

Skanska Oy is one of the five largest construction enterprises in Finland. Its operations, which are nationwide, were broadened at the end of 1995 by the acquisition of 45 percent of Tekra Oy, a major civil engineering company.

During the year, the company completed a total of 2,600 apartments as well as the Euromarket shopping center in Kuopio and a sawmill in St. Michel, among other projects. In

Helsinki it is constructing one of Finland's largest shopping centers, Vuosaari Shopping Center, for Pro Paulig and renovating a historically valuable building at Aleksanterinkatu 44.

In the paper industry, Skanska Oy began projects for Enso-Gutzeit and Kaukas.

The Skanska-Palmberg consortium was selected as main contractor for Helsinki's large new ice hockey arena. Skanska Oy is also constructing Finland's first modern multi-story wooden building at Ylöjärvi, near Tampere.

The construction market in Finland is expected to remain depressed during 1996.

Skanska Oy is also active in Russia, Ukraine and Belarus, with an emphasis on Russia. The main focus is on local construction work in Moscow and St. Petersburg, but also project exports. The company strengthened its market position and increased its order backlog to one of the largest among Western construction companies in Russia, although continued political uncertainty, along with financing difficulties, are hampering market growth.

During 1995 the company completed an office building in Moscow for Japan's Seiyo Corporation and several projects in St. Petersburg, Riazan, Samara, Murmansk and Karelia, among others.

Its new contracts in Moscow include a major renovation assignment for Promstroy Bank, in which Skanska helped arrange a financing package.

Skanska Oy and the City of St. Petersburg established a jointly owned company to develop and renovate older properties.

Skanska Building

Skanska International Building's strategy is to build up a long-term presence in Central Europe and the Baltic states. Its strategy also includes proj-



The second phase of the Atrium Business Centre in Warsaw, Poland is now under construction.

ect exports in cases where the company can offer special competitive advantages. Such projects therefore mainly include hospitals, hotels and office complexes of the highest international standard.

During 1995 the company completed the first phase of the Atrium Business Centre in Warsaw—an office building project developed by Skanska in Poland with the European Bank for Reconstruction and Development, the Swedish Export Credit Corporation, the Polish Development Bank and Skanska as financiers. The 20,000 sq m (230,000 sq ft) building is fully leased. Caisse de Dépôt et Consignations of France is participating as an investor and financier during the second phase, now under construction. Two additional phases are planned.

In eastern Germany and the Baltic States, Skanska Building completed several projects. It also completed a turnkey hospital on the island of Langkawi, Malaysia.

During the spring, the German construction firm of Voigt & Co. was acquired. Effective in 1996 this company is assuming responsibility for Skanska's construction work around Berlin. Skanska established a presence

in Prague, Czech Republic, through the construction and management company Skanska Stav.

The Central European market grew very rapidly in 1995. Skanska Building signed several new construction contracts, including an office building in Warsaw, an IKEA home furnishings superstore in Prague and the new airport terminal in Budapest, Hungary. It also landed a number of small projects in the Baltic countries and in the Berlin area.

In Malta, the company began work on the 500-bed San Raffaele hospital. In Wales it began construction of the privately financed Bridgend prison, where Skanska is participating as contractor and financier.

Skanska Civil

Skanska International Civil Engineering gives priority to hydroelectric power plants, underground work and other complex civil engineering projects. Most of its assignments are performed in developing countries.

Skanska Civil has a number of specialized subsidiaries – Skanska Raise Boring, Skanska Lundby, Skanska Dredging—and an asphalt business in St. Petersburg, Russia. All of them are showing positive growth.

During 1995 Skanska Civil completed some small-scale projects in Europe and Panama. In Hong Kong it completed the drilling of shafts for the city's new waste water system and repairs to the underground rail network. It signed contracts for additional Hong Kong underground rail works.

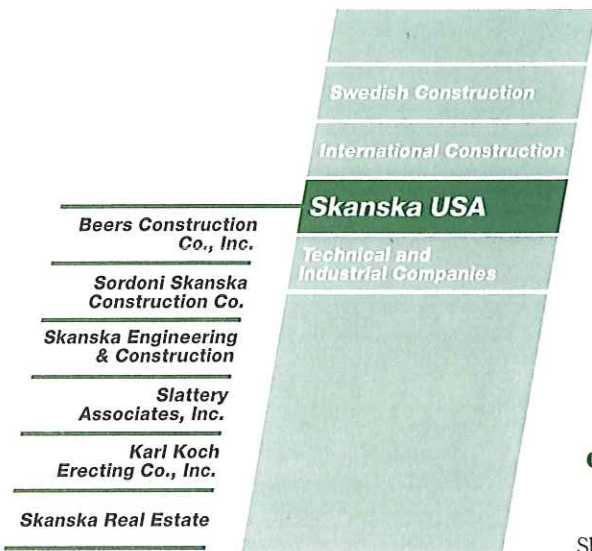
During the autumn, Skanska Lundby began a major pipe jacking assignment in Bangkok, Thailand. Skanska Raise Boring landed new assignments in Portugal, Italy, Switzerland and Fiji. Skanska Dredging completed a large number of projects in the Nordic countries.

Outlook for 1996

International Construction will continue its long-term effort to establish new domestic markets and new local construction markets. Demand is expected to show the most favorable growth in Central and Eastern Europe.

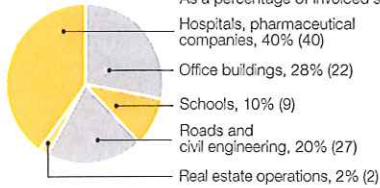
Higher demand is also expected in a number of developing countries, among other things for water supply projects in Africa. International Construction expects its overall order bookings to increase during 1996.

Construction sector

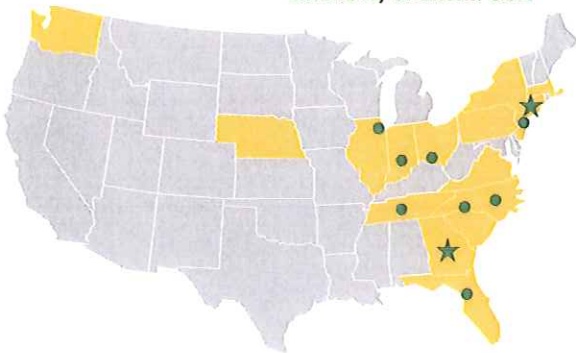


Operations by production area

As a percentage of invoiced sales



Markets, Skanska USA



S Skanska USA's record order backlog of **SEK 10.7 billion** includes a number of projects each worth at least **SEK 1 billion**. Aside from highways, subways, water tunnels and bridge repairs, there are major assignments from the pharmaceutical, health care and educational sectors.

Skanska USA continued to expand, diversify, open new offices and broaden its product range. Invoiced sales climbed from just above SEK 6 billion to SEK 7.4 billion, not counting acquisitions.

The company signed long-term cooperation agreements with a number of major clients.

Improving U.S. economy

The growth of the U.S. economy led to expanded activity. Low interest rates stimulated the residential and commercial real estate markets as well as capital spending in the private sector. The pharmaceutical, health care and educational sectors were particularly strong. Heavier demand in the Southeast and preparations for the 1996 Summer Olympic Games created a construction boom in the Atlanta area. Infrastructure funding continues to be a problem.

Strategy and position

Skanska USA is a diversified construction group with a broad range of expertise — everything from design and engineering to a wide variety of construction and related management services. Since its founding in 1971, the company has continuously strengthened its resources.

Skanska USA now also helps put together financing packages and own/operate arrangements.

Skanska has 15 U.S. offices, mainly in the East and the Midwest. The company is the market leader in the New York metropolitan region and the Southeast, and it has carried out projects in about 20 states altogether.

Skanska USA's strongest competitive advantages are:

- Total Quality Management based on ISO 9000 standards.
- Highly qualified employees, who have one of the lowest turnover rates in the industry and who put client satisfaction first.
- The company's large size and the financial strength of the Skanska Group, make it possible to provide the best client value-added at all stages of capital spending.

Full service

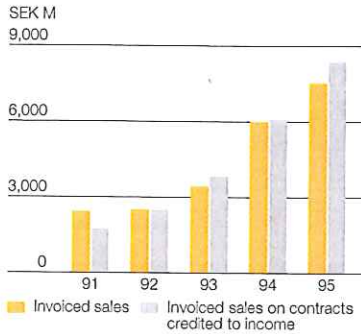
Skanska USA operates through highly specialized subsidiaries that are leaders in their respective fields.

Beers Construction, with headquarters in Atlanta, is a market leader and one of the largest construction com-

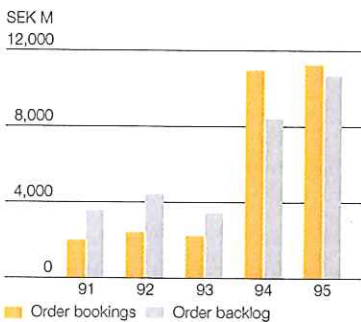
The new Olympic Stadium is the largest of many construction assignments that Beers is completing for the 1996 Summer Olympic Games in Atlanta, Georgia.



Invoiced sales/Invoiced sales on contracts credited to income



Order bookings/Order backlog



Slattery is working on three new infrastructure projects each worth more than SEK 1 billion. One of these is the extension of a New York City subway line.



panies in the Southeast. Beers dominates the health care, office building, school and sports facility construction markets. During 1995 Beers acquired a North Carolina-based contractor, Davidson Jones Beers, Inc. Diversification of Beers included the formation of a new unit for heavy civil engineering assignments.

Sordoni Skanska, based in New Jersey, provides program and construction management for retail, pharmaceutical, health care, educational and transportation companies, among others. *Sordoni Skanska* offers customized solutions based on the varying needs of clients. It has expanded its portfolio of services to all phases of the construction process, from feasibility studies to facility operation and management.

Skanska Engineering & Construction, with headquarters in Indianapolis, offers engineering and construction management services for process, chemical and pharmaceutical industries. *Skanska E & C's* operations grew significantly during 1995. The company created new technical centers in Chicago and Cincinnati.

Slattery is known for its urban infrastructure projects in the New York City area and New England. *Karl Koch* is the leader in the New York steel erection and bridge rehabilitation industry.

Through cooperation between its different companies, Skanska USA has achieved major synergies. For example, *Skanska E & C* and *Sordoni Skanska* work together for pharmaceutical companies. *Slattery* and *Karl Koch* cooperate in major projects, as do *Beers* and *Sordoni Skanska*, thereby broadening their respective geographic coverage.

Operations in 1995

During 1995 Skanska USA won a large number of major new orders. Three

infrastructure projects each worth SEK 1 billion or more are on the books, along with new projects in preparation for the Summer Olympics and continued assignments for the chemical and pharmaceutical industries.

During the year, *Sordoni Skanska* completed an SEK 280 M design/build multi-use facility for Pitney Bowes, in 14 months. An SEK 175 M project for Calvin Klein Cosmetics was completed in less than eight months.

Beers Construction is a major builder for the 1996 Summer Olympic Games. The new Olympic Stadium in Atlanta is a project worth nearly SEK 1.5 billion. Beers is constructing 17 other Olympic-related projects. Its record backlog confirms Beers' strong position in the southeastern United States. Beers expanded its presence in North Carolina, winning a contract to build a 30-story office tower for NationsBank in Charlotte. In Florida, Beers is continuing with a number of projects for the state government and for Disney.

Skanska E & C was awarded an advanced process engineering project for Great Lakes Chemical in Memphis, Tennessee. *Skanska E & C* is responsible for several complex infrastructure projects related to expansion of a polymer production plant.

In the infrastructure sector, *Slattery* won three contracts in joint ventures, each worth more than SEK 1 billion, a New York subway construction project, a highway construction project in Boston and an addition to the New York City Third Water Tunnel.

Karl Koch won ten new bridge repair contracts in New York during 1995. The company completed its repair of the Queensborough Bridge, consisting of four contracts totaling SEK 1.8 billion. It also completed its repairs of the World Trade Center.

Sordoni Skanska's renovation and extension of the Mall at Short Hills, New Jersey was a prestige assignment worth nearly SEK 400 M.



Skanska Real Estate reported continued improvement in the Atlanta and Seattle office markets. Its buildings are nearly fully leased, and rentals improved. The sale of single-family homes in the Sharon Foxboro residential project in Massachusetts rose sharply.

Outlook for 1996

Skanska USA's record backlog of SEK 10.7 billion is a good foundation for continued growth in 1996.

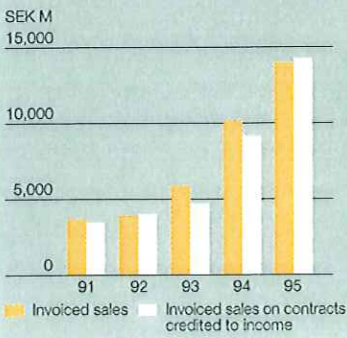
Corporate alliance agreements also open future potential. Sordoni Skanska has such a strategic alliance with the Prudential Insurance Company. Beers and Sordoni Skanska have joined forces in an agreement with the telecommunications company AT&T. Beers has also initiated cooperation agreements with a number of major companies, of which BellSouth is one.

Karl Koch expects a slowdown in the bridge repair sector in 1996 while the continued construction of the Central Artery highway in Boston will continue to provide opportunities for Slattery. For Skanska E & C strong growth is expected during 1996.

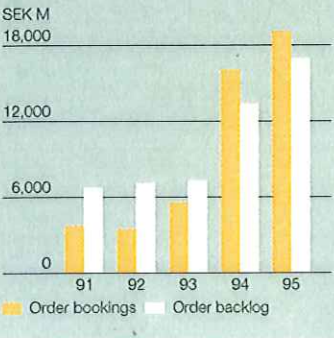
Effective from January 1, 1995, Skanska USA is a separate business area, but for reporting purposes the Group's U.S. operations remain a part of International Construction.

SEK M	1995	1994
Invoiced sales	13,935	10,125
Invoiced sales on contracts credited to income	14,241	9,141
Level of invoicing credited to income (%)	102	90
Operating income	293	51
Earnings margin (%)	2,1	0,6
Order bookings	19,066	16,022
Order backlog, Dec 31.	16,949	13,357
Average number of employees	13,611	9,528

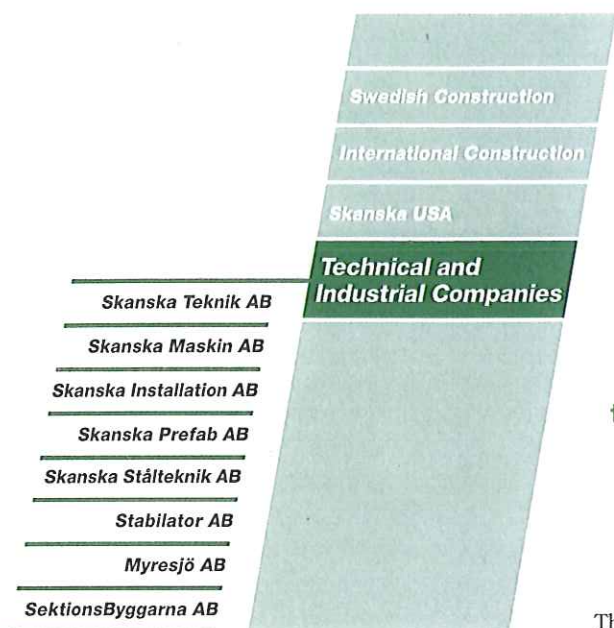
Invoiced sales/Invoiced sales on contracts credited to income



Order bookings/Order backlog



Construction sector



Technical and Industrial Companies

SEK M	1995	1994
Invoiced sales	4,631	4,176
Invoiced sales on contracts credited to income	4,664	4,322
Level of invoicing credited to income (%)	101	104
Operating income	113	97
Earnings margin (%)	2.4	2.2
Order bookings	5,064	4,557
Order backlog, Dec. 31	1,650	1,397
Average number of employees	4,381	4,394

The Technical and Industrial Companies business area showed an upturn in all areas — except in the housing sector. By strengthening their specialized expertise, the business area improved its competitive edge and thus that of the Skanska Group.

The business area consists of eight specialist companies operating in different submarkets of the construction sector.

In 1995 their work for other parts of the Skanska Group accounted for an average of 40 percent of sales, but with major variations between companies. By cooperating with each other and taking advantage of synergies with other Skanska companies, they increased the Group's overall competitive edge.

Because technical development and skills enhancement are key elements of their work, the companies added state-of-the-art expertise in strategic areas of their specialties and organizations.

Financial results

Order bookings during 1995 rose by 11 percent. Year-end order backlog stood 18 percent higher than in 1994. The year's invoiced sales rose by 11 percent and invoiced sales on contracts credited to income by 8 percent. Both operating income after depreciation and the earnings margin showed some improvement.

All units, except those with all their operations in the housing sector, are now showing positive earnings.

Market

Of particular importance to Skanska's Technical and Industrial Companies

are housing and industrial construction, along with road and civil engineering projects.

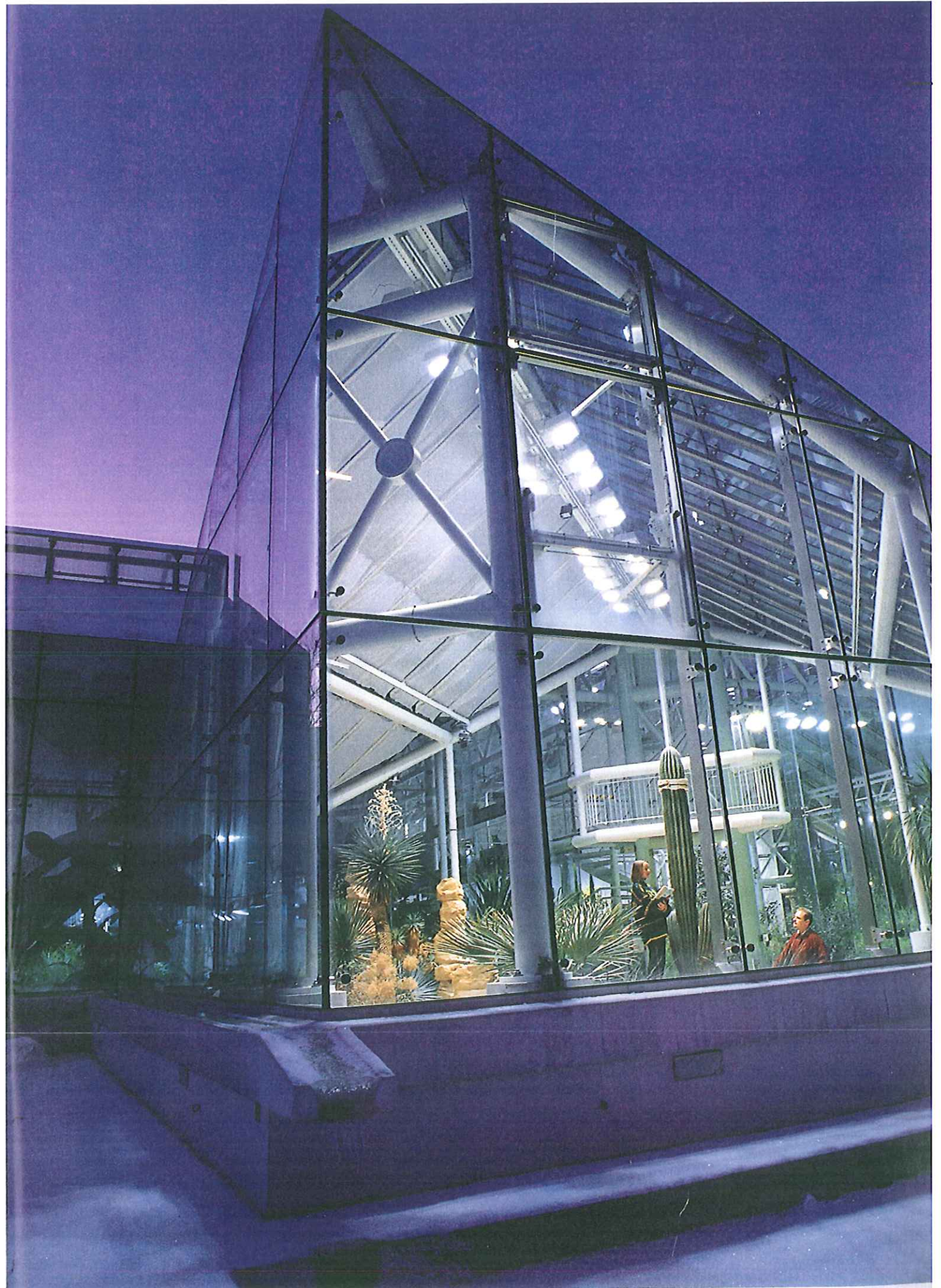
The low number of housing starts in Sweden led to substantial difficulties for the companies in the Myresjö group. Because no apparent improvement in the housing market is discernible, these companies are in the process of adapting their resources to the current extremely low demand level. Repair, renovation and extension work showed weak growth and did not offset the downturn in new construction.

Industrial construction rose sharply, but from a low level. The companies in the business area won their share of the enlarged market.

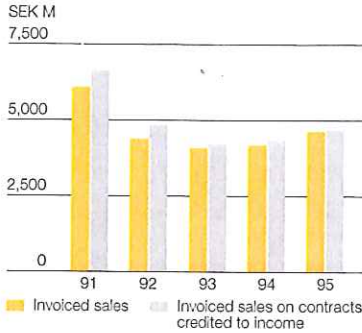
Road and civil engineering projects began to decline slightly. It is of decisive importance that approved infrastructure expansion projects in major cities actually begin.

It was not possible to fully offset the large price hikes on building materials and services. This adversely affected earnings.

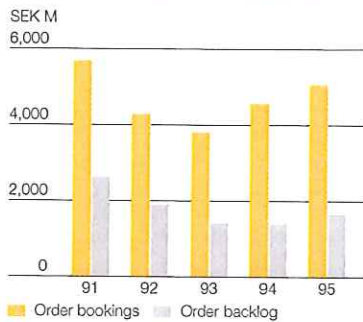
The new greenhouse at the Bergianska botanical garden in Stockholm is an exciting, prizewinning glass and steel structure from Skanska Stålteknik.



Invoiced sales/Invoiced sales on contracts credited to income



Order bookings/Order backlog



Skanska Prefab performs major assignments for Swedish export companies. In this case it is expanding Stora's board mill in Skoghall.

Myresjöhus unveiled 38 new types of single-family homes for different categories of customers.

Market target and strategy

The mission of the companies in this business area is to offer specialist knowledge and skills in high-tech operations. In cooperation with other Skanska units, the Technical and Industrial Companies should help improve the construction earnings and profitability of the Group.

In their respective submarkets, each company should be among the three largest enterprises, while focusing on enlarging its share of markets in which there is potential for sustained profitability.

Quality and productivity improvements as part of the 3T process are top priorities. The industrial companies are continuing their ISO 9000 quality certification procedures. The development of technologies and products must meet increasingly stringent quality and environmental standards.

Companies

Skanska Teknik, which offers engineering consulting and technological specialist operations, and *Skanska Maskin*, with rentals of construction equipment, are primarily support functions for other units of Skanska and have external sales of only about 15 percent.

Skanska Installation, which provides design, manufacturing, installation and servicing operations in the



electrical, plumbing and ventilation fields, operates in the open market. Half of invoiced sales are related to the Skanska Group.

Skanska Prefab and *Skanska Stålteknik* are specialists in prefabricated concrete and steel construction products, respectively, for on-site assembly. *Stabilator* works in foundation and reinforcement engineering, the repair/renovation/extension market and prestressing. Nearly half the invoiced sales of these companies take place within the Skanska Group.

The *Myresjö group*, which specializes in ready-to-assemble single-family homes, kitchen fittings, windows, insulating panes, forest management and sawmills, consists mainly of industrial companies. Exports of single-family homes, windows and sawn timber account for about one fourth of invoiced sales.

SektionsByggarna manufactures, sells and rents out movable buildings, barracks and work site sheds. Intra-Group sales account for only about 10 percent of the total.

Operations in 1995

The companies in this business area took advantage of higher volume and defended or improved their market share.

The record-low level of housing construction forced the Myresjö group to implement extensive restructuring. The group's prefabricated home production companies and Myresjökök (kitchen fittings) cut back their resources by about 20 percent. After this restructuring, Myresjöhus is building homes for the Nordic markets, Nordiska Trähus for non-Nordic export markets.

During the autumn, the Myresjö group decided to merge its two window manufacturers Myresjöfönster and Combigras with Elitfönster AB, owned by the Swedish investment company Industrivärden. The restruc-



turing of the Myresjö group will improve productivity and opportunities to trim costs.

Using elements from Myresjöhus the regional company Skanska Sydöst is adding a fourth floor to the apartment houses in a large residential development in Växjö.

Because of weaker demand for wood during the second half of 1995, Myresjö Trä received lower prices for sawn timber and adjusted its production level accordingly.

Among Skanska Teknik's major design jobs during the year were the Vårby Bridge in Stockholm, Hasselblad Center in Gothenburg and, in the international market, an underground oil storage facility in Zimbabwe and a hospital in Malaysia.

Skanska Installation's international order backlog increased sharply, with assignments for Skanska International Building in Warsaw, Malta and the Czech Republic.

Skanska Prefab's work for the pulp and paper industry consisted of large assignments in Skoghall for Stora Billerud and in Mönsterås for Södra Cell. By using concrete elements in the Stocksund rail tunnel near Stockholm, construction time was cut by about 6 months. For concrete paving products, Skanska Prefab developed more efficient production methods.

Skanska Stålteknik's most spectacu-

lar new structure was the greenhouse at the Bergianska botanical garden in Stockholm, built with a frame of acid-resistant stainless steel and with roof and walls of glass.

Stabilator strengthened its position in Poland by receiving an assignment to reinforce the foundation of the Royal Palace in Warsaw and by undertaking a new phase of reinforcement work at Malbork Castle.

SektionsByggarna's subsidiary Flexator is taking advantage of a new Swedish regulation that allows construction of wooden buildings taller than two stories. Flexator delivered its first three-story office building to Husqvarna AB. In Glöwen, Flexator's German subsidiary completed a school construction project.

Outlook for 1996

The upturn in the market and in order bookings over the past two years ended during the second half of 1995. This has caused some uncertainty about the prospects for 1996. The Technical and Industrial Companies business area is therefore anticipating unchanged volume. The steps already taken to improve efficiency will enable the business area to improve its margins and earnings. Developments in the housing sector will be of great importance. A further weakening could lead to additional difficulties.

SektionsByggarna supplies both movable and permanent buildings to industrial companies and municipal governments. This building is a day care center in Fagersjö.

Major subsidiaries in brief

Construction sector · Swedish Construction

SEK M	Skanska Syd		Skanska Sydöst		Skanska Väst		Skanska Stockholm		Skanska Bostäder Stockholm		Skanska Mellan-sverige		Skanska Mitt		Skanska Nord*		Total	
	1995	1994	1995	1994	1995	1994	1995	1994	1995	1994	1995	1994	1995	1994	1995	1994	1995	1994
Invoiced sales	2,112	1,917	2,605	2,181	2,637	2,287	2,811	3,038	885	1,111	2,253	2,471	2,165	1,494	207	—	15,675	14,499
Order bookings	2,969	2,067	2,477	2,250	2,714	2,503	3,419	2,239	964	735	2,370	2,455	2,213	2,014	—	—	17,126	14,263
Order backlog, Dec. 31	1,685	819	1,010	1,047	1,461	1,374	1,850	1,289	573	517	1,153	1,051	860	1,062	313	—	8,905	7,159
Average number of employees	1,900	1,908	1,922	1,893	1,876	1,903	1,735	1,869	539	627	1,855	2,060	1,784	1,339	90	—	11,701	11,599

President



Per-Ingemar Persson



Leif Stridh



Lars Löwhagen



Lennart Daleke



Per-Arne Lindqvist



Per-Olov Gatu



Hans Hörnqvist



Roland Eriksson

* Included in Skanska Mitt (Skanska Norrland) for accounting purposes during 1995, except for the subsidiary Kallax Betong och Grus.

Construction sector · Technical and Industrial Companies

SEK M	Skanska Teknik AB		Skanska Maskin AB		Skanska Installation AB		Skanska Prefab AB		Skanska Stålteknik AB		Stabilator AB		Myresjö AB		Sektions-Byggarna AB		Total	
	1995	1994	1995	1994	1995	1994	1995	1994	1995	1994	1995	1994	1995	1994	1995	1994	1995	1994
Invoiced sales	137	134	338	281	924	862	898	806	208	226	551	536	1,308	1,148	267	183	4,631	4,176
Order bookings	138	227	338	281	1,175	934	1,039	789	205	224	519	580	1,456	1,382	194	140	5,064	4,557
Order backlog, Dec. 31	37	40	—	—	490	300	170	85	99	69	253	277	528	587	73	39	1,650	1,397
Average number of employees	234	230	389	393	911	937	866	947	150	144	548	524	1,106	1,093	177	126	4,381	4,394

President



Nils Rune Andreasson



Curt Isacsson



Stig Lewenhagen



Bertil Kjellin



Leif Jacobsson



Björn Emt



Ants Suurkuusk



Sixten Wallin

Construction sector · International Construction

	C. G. Jensen		Skanska Oy		Skanska International Building		Skanska International Civil Engineering		Total	
	1995	1994	1995	1994	1995	1994	1995	1994	1995	1994
SEK M										
Invoiced sales ¹	2,107	1,139	2,249	1,243	714	369	1,314	1,354	6,384	4,105
Order bookings ¹	3,046	953	2,442	2,516	695	632	1,614	942	7,797	5,043
Order backlog, Dec. 31 ²	1,455	748	1,573	1,382	992	1,078	2,257	1,749	6,277	4,957
Average number of employees	3,383	1,506	1,454	935	877	286	5,546	5,085	11,260	7,812

President



Niels Otto Andersen



Eero Makkonen



Jan Sjöstedt



Per Hofvander

Construction sector · Skanska USA

	Beers		Sordoni		Skanska E&C		Slattery		Karl Koch		Real Estate		Total	
	1995	1994	1995	1994	1995	1994	1995	1994	1995	1994	1995	1994	1995	1994
SEK M														
Invoiced sales ¹	4,706	2,811	1,260	1,385	137	39	946	1,179	318	397	184	209	7,551	6,020
Order bookings ¹	7,387	3,458	2,037	1,774	170	40	1,501	1,691	174	301			11,269	10,979
Order backlog, Dec. 31 ²	6,030	4,488	2,170	1,623	71	30	2,134	1,803	267	456			10,672	8,400
Average number of employees	1,100	650	280	175	76	90	677	581	131	159	87	61	2,351	1,716

President



Larry Gellerstedt III



Michael J. Healy



Stuart Graham



John F. Daly

1 Invoiced sales and order bookings are reported at the average exchange rates for each respective year.
2 Order backlog is reported at the exchange rate prevailing on the balance sheet date in each respective year.

The Skanska Group expanded its environmental programs in 1995 and adopted an Environmental Policy, whose key points are presented below. Skanska's responsibility for the environment is manifested primarily in day-to-day practical work within its construction and property management operations.

Skanska was the first construction company in Sweden to introduce at-source waste separation at all building sites.

After that, it extended environmental thinking to more and more areas. It commissioned a number of studies to increase its knowledge of results-oriented, cost-effective environmental work.

A special environmental unit was

established at Skanska Teknik, among other things to evaluate various building materials from an environmental standpoint.

During 1995 Skanska implemented several projects to systematize its environmental work.

Environmentally sensitive design

- Sweden's first environmentally adapted industrial building – the

first Skanska project featuring total environmental labeling—was constructed in the Stockholm district of Bromma. All building materials used in the project were carefully documented with environmental labeling. Avoiding environmentally hazardous substances—as defined by the National Chemicals Inspectorate's restriction and watch lists—was the top priority. Skanska's Concrete Computer was installed to allow future monitoring of humidity levels in the concrete.

- The Borlänge rescue services station was the first such building constructed entirely of recyclable materials.
- A Scandic Hotel was built in Norrköping with close attention to environmental impact.
- Environmental considerations are an increasingly important element of our international operations. One example is the Atrium Business Centre in Warsaw, which was designed with an eye to the environment, for example in the choice of materials and installations. The building is equipped for at-source waste separation. The construction process was also environmentally friendly.

Environmentally friendly construction methods

In a number of repair and renovation projects, Skanska carried out "careful demolitions" that allow a greater degree of reusing. For example, Skanska removed doors, electrical outlets and toilets during the Hertsön residential renovation project in Luleå to be reused in Russia.

Environmentally sound property management

Skanska's property management

Building materials such as doors and sanitary fixtures being removed from a major residential renovation project in Hertsön, Luleå, to be reused in Murmansk, Russia



In cooperation with Ragn-Sells, a waste management company, Skanska developed a new method for cleaning polluted soils.



companies are implementing an environmental program that includes at-source waste separation, reduced use of chemicals and lower energy consumption at Skanska-owned properties. This also helps lower operating costs.

Developing new business concepts

Skanska performed environmental dredging assignments in Väjjö and Oxelösund. The company restored wetlands near Helsingborg. Skanska cooperated with Ragn-Sells, a waste management company, in the construction of a pilot plant for cleaning polluted soils.

Environmental audit

The International Institute of Industrial Environmental Economics at the University of Lund conducted an environmental audit of Skanska's construction operations and proposed improvements. An environmental audit of a large residential project

Key points of Skanska's Environmental Policy

Skanska builds for the future. The structures we build have long service lives and will be used both today and by coming generations. This is why a sense of responsibility, a long-range perspective and an overall view are at the core of our work.

Our operations affect the environment. Greater knowledge and awareness will enable us to aim toward sensible environmental choices, to develop ecologically sustainable solutions and to improve our conservation of resources.

We must make use of our experience,

being constructed in Sundbyberg, examined building materials from an environmental standpoint, resulting in an environmental logbook.

Skanska's international council for the exchange of environmental experience met for the first time in 1995. The Swedish Construction, Technical and Industrial Companies and Real Estate business areas have their own environmental councils as well. The Group is now working to develop effective environmental management systems.

continuously improving our construction methods and the design of the structures we build. Environmental factors must be integrated into all phases of our operations.

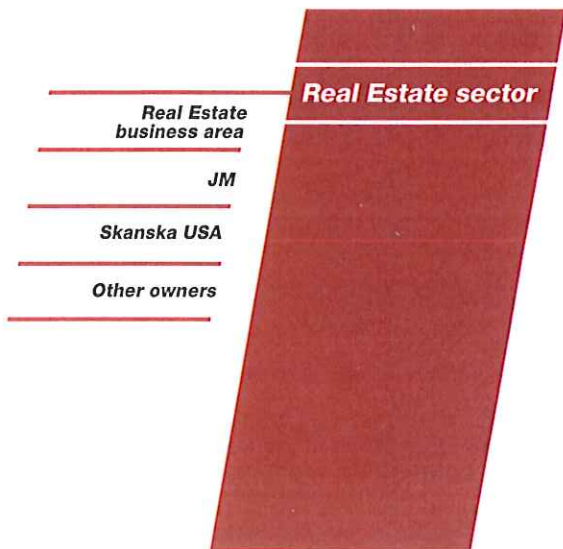
The skills and dedication of our employees are an essential asset in our efforts to improve the environment.

Every business unit at Skanska must develop an action-oriented environmental program and try to work together with other interested parties to bring about environmental improvements. In this way, we will achieve results and strengthen Skanska's role in a world that demands ever-greater attention to environmental issues.

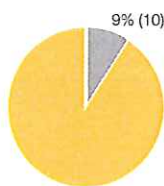
During 1995 Skanska was accepted as a member of the World Business Council for Sustainable Development, a worldwide organization that supports environmentally sound leadership.

The full text of the Skanska Environmental Policy can be ordered from Skanska AB, Group Public Affairs, S-182 25 Danderyd, Sweden. Telephone +46 8 753 88 00. Fax +46 8 755 12 56

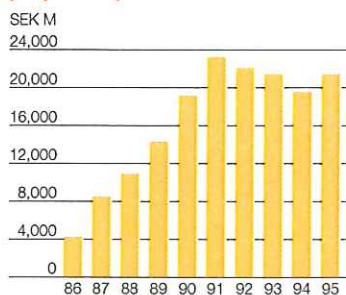
Real Estate sector



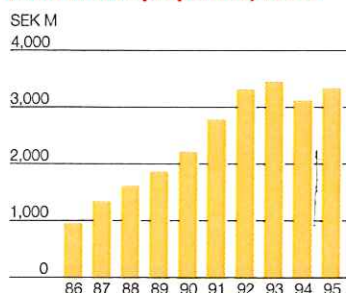
Real Estate sector as a percentage of total Skanska Group invoiced sales



Investment and development properties, book values



Investments properties, rents



S Skanska is one of Sweden's largest private real estate owners, with property development projects and property management operations in Sweden, other European countries and the United States. Skanska is now moving toward greater specialization within real estate ownership and management.

Most of Skanska's properties, both in Sweden and abroad, are included in the Real Estate business area. Its Swedish operations take place in four regional companies and in the subsidiary Drott. The Real Estate business area has local property management companies in Great Britain, Denmark, Germany and Hungary.

In addition, Skanska USA and Skanska's Swedish construction subsidiaries own a number of properties.

The partly owned subsidiary JM also has a sizable property portfolio.

Description of operations

Skanska's real estate operations consist of:

- Property development projects
- Property management
- Acquisitions and sales

In the property development field, Skanska is currently working on a number of projects both in Sweden and abroad, often in cooperation with future tenants or owners. In February 1996 Skanska began its first major new office building project for several years. The Marabou chocolate factory in Sundbyberg, near Stockholm, which Skanska has acquired, is being renovated into an office building to be occupied by Ericsson, the telecommunications group.

The Group's real estate operations

have a natural link with its construction sector. Construction projects initiated by the Real Estate business area are built by Skanska's construction companies.

The book value of Skanska's property holdings accounts for about half the assets of the Group.

The focus of these holdings is on the Stockholm, Gothenburg and Malmö regions of Sweden. They include both residential buildings and commercial space.

When acquiring and selling properties, Skanska focuses on achieving a suitable portfolio structure in terms of property types and/or geographic locations.

Important business events in 1995

During 1995 the Skanska Group carried out the following restructuring transactions:

- Skanska and Securum, a government-owned property and equity company, established Sweden's first specialized hotel property company, Pandox. This transaction led to a further concentration in Skanska's property holdings.
- Skanska and the real estate company Klöver each exchanged about SEK 200 M worth of properties with

Investment properties

SEK M	Real estate business area*	Skanska			Other owners	Total	
		JM	USA			1995	1994
Book value	10,795	7,136	387	226	18,544	16,575	
Rental revenues**	2,393	776	74	98	3,341	3,135	
Operating net***	1,439	551	36	82	2,108	2,038	
Yield (%)	13.3	7.7	9.3	36.3	11.4	12.3	
Rentable space (000 sq m)	2,628	904	74	94	3,700	3,343	
<i>Residential</i>	857	134	0	6	997	848	
<i>Retail space</i>	314	101	0	0	415	1,224	
<i>Office space</i>	891	323	74	47	1,335	393	
<i>Other categories</i>	566	346	0	41	953	878	
Occupancy rate (space, %)	91	93	100	100	92	90	

* For a specification, see page 34.
 ** Including interest subsidies.
 *** After subtracting administrative expenses.

Operating net, Group investment properties

SEK M	1995	Return on book value	1994
Rental revenues	3,341		3,135
of which, interest subsidies	225		199
Operating and maintenance expenses	- 1,043		- 931
Real estate tax	- 30		- 24
Operating net before administration	2,268	12.2%	2,180
Administrative expenses	- 160		- 142
Operating net after administration	2,108	11.4%*	2,038

* The corresponding 1994 figure was 12.3%.
 Adjusted for purchases and sales during 1995, operating net after administration was equivalent to a return on book value of 11.7 percent.

the other. As a result, Skanska further increased the concentration of its holdings in Malmö, Växjö and the Swedish electronics center of Kista (Stockholm).

- By means of two transactions, involving the pharmaceutical retailer Apoteksbolaget and the real estate company Bergaliden respectively, JM achieved a greater concentration of its property holdings in downtown locations, especially in Stockholm.
- Skanska purchased the remaining 50 percent of the previously partly owned real estate company Forum Nacka.
- Skanska sold its 50 percent stake in the Uppsala-based real estate company Glunten to its previous co-owner.

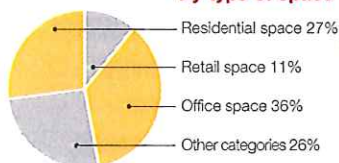
The decisive motive behind these transactions has been to achieve a better operational and/or financial structure and thereby improve profitability.

Skanska and Securum established Pandox, Sweden's first specialized hotel property company.

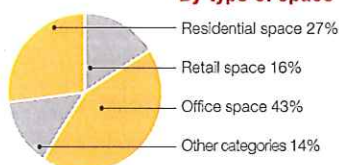


Group investment properties

Breakdown of rentable space
Sweden 93%
Outside Sweden 7%
By type of space



Breakdown of rental revenues
Sweden 91%
Outside Sweden 9%
By type of space



Total change in book values compared with the preceding year can be distributed as follows:

SEK billion	1995	1994
Construction for Skanska's own account	0.8	0.7
Purchases of buildings and land	3.0	0.7
Depreciation according to the income statement	-0.5	-0.5
Writedowns according to the income statement	0	-0.1
Book value of properties sold	-1.3	-2.3
Other items	-0.1	-0.4
Total	+ 1.9	-1.9

Real estate operations

SEK M	Investment properties		Development properties, Properties under construction		Total	
	1995	1994	1995	1994	1995	1994
Book value	18,544	16,575	2,931	2,991	21,475	19,566
Rental revenues*	3,341	3,135	175	212	3,516	3,347
Operating net**	2,108	2,038	-3	19	2,105	2,057

* Including interest subsidies
 ** After subtracting administrative expenses.

Financial results

Rental revenues from investment properties rose by 6.5 percent to SEK 3,341 M (3,135) in 1995. This increase was due to acquisitions, but also to more intensive leasing efforts.

Operating net after subtracting administrative expenses rose to SEK 2,108 M (2,038). About SEK 180 M (140) in costs of adapting space to tenant requirements were charged to operating net. These are long-term measures that play a decisive role in ensuring future earnings. As the leasing market improves, these expenses are expected to diminish.

Yield — return on book value — on the Group's investment properties was 11.4 percent (12.3). These changes were primarily due to purchases and sales. The occupancy rate in terms of space was 92 percent (90). In terms of rents, the corresponding figure was 94 percent (92).

The Group's capital spending on real estate totaled SEK 3,782 M (1,359). These acquisitions were primarily by JM. Properties with a book value of SEK 1,391 M (2,353) were sold, at a capital gain of SEK 768 M (293).

New appraisals of properties

As in prior years, each property was individually appraised to determine any writedown or revaluation requirements. Revaluations were made only when compulsory under existing tax legislation. In 1995 the result of this analysis was SEK -2 M (-91).

The biggest change was related to Lilla Bommen, an office complex in Gothenburg. Because of a significantly better leasing situation, it reverted to its acquisition cost (minus accumulated depreciation) and was thus revalued by SEK 90 M.

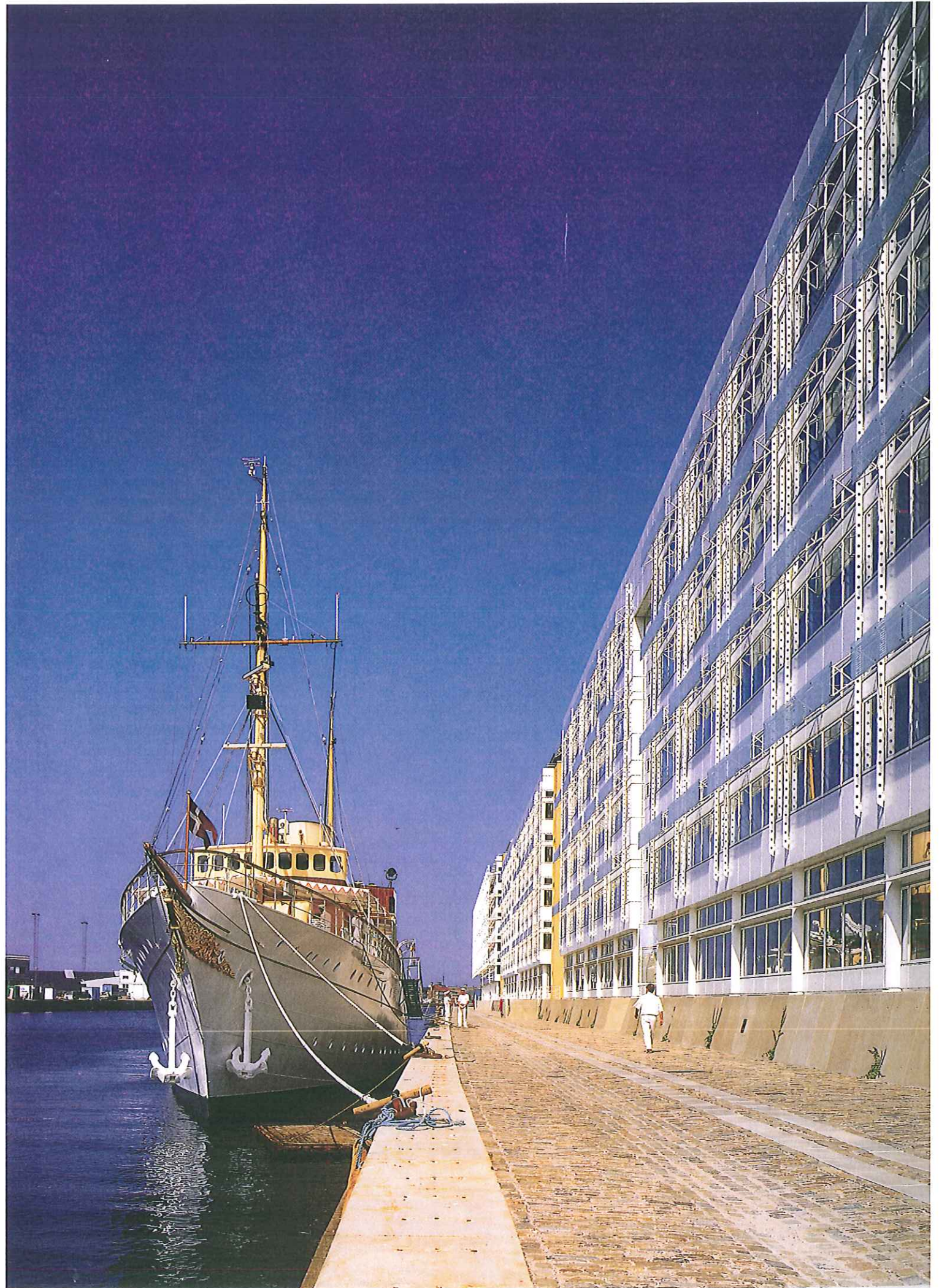
Outlook for 1996

This year will be very interesting. Most rental and real estate markets will continue to improve.

Continued restructuring transactions will occur, aimed both at geographic concentration and/or greater specialization. Skanska will also study the potential for attractive new real estate projects.

Bank-owned properties will begin their return to the stock market. This may create attractive opportunities for Skanska.

Midtermolen (Middle Pier) in central Copenhagen, Denmark, went into service during 1995.



Tenants have been pleased with the upgrading of Skanska's large apartment complexes in Gothenburg—in this case Kortedala—and occupancy rates have climbed.



Real Estate business area

Mission and financial targets

The mission of the Real Estate business area is to employ Skanska's collective resources to develop its property holdings in such a way as to achieve the best possible return. One important prerequisite is satisfied tenants.

The long-term financial target of the business sector is that its invested capital should yield a return that exceeds the long-term bond rate. During the 1980s Skanska's real estate sector surpassed this goal by a broad margin, something that was more difficult to achieve during the early 1990s. Today the prospects for achieving this are again becoming brighter.

Both in 1994 and 1995, the business area achieved its subtarget of maintaining at least its 1993 level of operating net and occupancy rate for identical properties.

Strategy

The business area is continuing to pursue the 3T reform process in order to increase occupancy rates, make prop-

erty management more efficient and increase client satisfaction.

Assuming responsibility for the environment is an important element of Skanska's efforts to maintain and strengthen its market position. During 1995 the Group formulated an environmental program for its real estate operations. Environmental work is an integral part of Skanska's business strategy in this field.

One important prerequisite for developing Skanska's real estate operations is to continue the trend toward specialization. This is why its residential space, office buildings and shopping centers are managed by separate units. Greater specialization was a strong motive when Skanska and Securum formed Pandox, which exclusively owns hotel properties. Other similar models for greater specialization are being studied and considered.

The Swedish market

The optimism of 1994 gained strength in 1995, bolstered by rising occupancy rates in major metropolitan areas and

university cities, as well as the increased number of real estate transactions.

There was growing interest in major metropolitan real estate markets, especially Stockholm. Ground breaking for the Öresund Link between Sweden and Denmark had a favorable impact on the Skåne real estate market and will continue to do so. In Gothenburg, there was heavier demand for attractive commercial space in good locations. Skanska's riverside office complex Lilla Bommen is now fully leased, for example.

Amended rules for residential financing led to a decline in new construction. The demand for existing housing stock thus increased, and the number of available apartments diminished. This situation is spreading rapidly, resulting in housing shortages in a number of localities.

Other European markets

Skanska's 16 investment properties elsewhere in Europe have a total area of 190,000 sq m (2.05 million sq ft). Most of this space consists of office and hotel properties in Germany; London, England; and Copenhagen, Denmark. In addition, Skanska owns a hotel in Vienna, Austria and an office building in Budapest, Hungary.

Especially in Copenhagen and London, Skanska is marketing its rental properties intensively. Results during 1995 included the leasing of the former Danish East Asiatic Company headquarters in downtown Copenhagen and negotiations with further tenants for the London properties.

Skanska is assessing its international real estate strategy and intensively studying Central Europe and Finland, where the markets are showing cautious optimism.

JM

JM's real estate holdings consist of residential and commercial space. Their occupancy rates improved slightly. Unleased space was equivalent to 5 percent (6) of estimated potential annual rents.

The company's two large non-cash issues of new shares to Apoteksbolaget and Bergaliden, totaling SEK 300 M and SEK 1,068 M respectively, gave JM a much-needed financial boost. These amounts represented increases in JM's visible shareholders' equity.

JM built SEK 283 M worth of properties for its own account, of which SEK 85 M consisted of JM's share of the half-owned Lidingö Centrum, a Stockholm suburban shopping center.

Further information on JM is available in that company's separate annual report.

The U.S. market

The growth in the American economy created higher demand and rent levels. Skanska Real Estate's office buildings in downtown Seattle and in Atlanta are fully leased. Rent levels improved. The Atlanta property was sold early in 1996.

Other real estate holdings

Skanska's Swedish construction companies and SektionsByggarna have limited real estate holdings. During 1995, Skanska Bostäder Stockholm purchased 14 residential buildings in Stockholm.

The largest Swedish-based commercial property owners, by rentable space (including holdings outside Sweden)

Dec. 31, 1995	Rentable space, 000 sq m
Vasakronan (government owned)	4,131
Skanska (incl. JM)	3,700
SPP (retirement insurance)	2,780
Diligentia (owned by Skandinaviska Enskilda Banken)	2,701
Castellum (government-owned, formerly through Nordbanken)	2,480
Skandia (insurance company)	2,380
Nordisk Renting (sale/leaseback company)	2,100
Telaris (owned by Telia)	1,910
Fastighets AB Tornet (owned by Sparbanken Sverige)	1,617*
AP Fastigheter (National Pension Insurance Fund)	1,380
NCC Fastigheter (construction/real estate)	1,105
Hufvudstaden (real estate company)	489

Based on each company's own figures.
* Dec. 31, 1994









Sirius, Skanska's newest office building in Malmö.

A number of well-known Swedish artists were engaged by Skanska to create more than 30 exclusive works of art to decorate public areas at the Klara Strand office complex in downtown Stockholm.



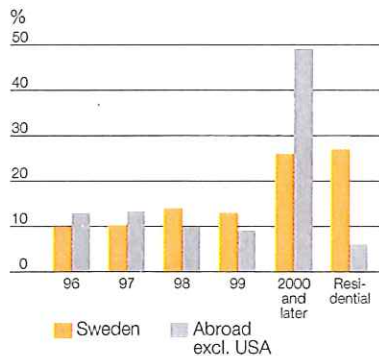
Real Estate business area

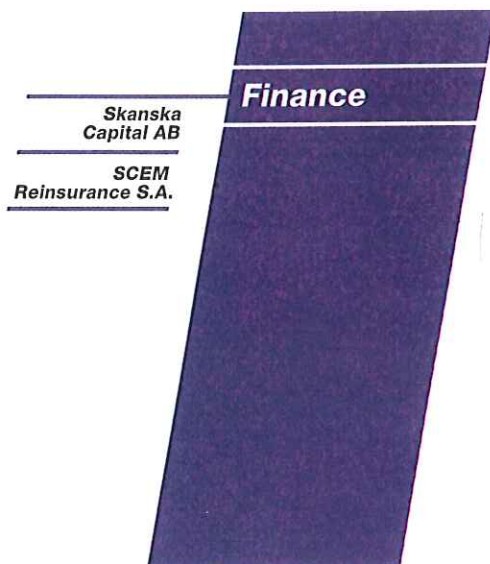
Investment properties SEK M	Skanska Fastigheter Stockholm	Skanska Fastigheter Syd	Skanska Fastigheter Väst	Skanska Fastigheter Nord	Drott	International Real Estate				Total	
						Sweden (excl. Skanska USA)		1995	1994	1995	1994
						1995	1994				
Rental revenues											
Residential space	45	200	218	83	108	654	603	17	10	671	613
Retail space	100	73	52	63	48	336	307	14	15	350	322
Office space	604	94	90	107	20	915	804	124	111	1,039	915
Other categories	110	39	57	38	24	268	387	65	60	333	447
Total	859	406	417	291	200	2,173	2,101	220	196	2,393	2,297
Of which, interest subsidiaries	17	39	43	15	8	122	112	0	0	122	112
Operating net*	590	220	250	174	81	1,315	1,356	124	81	1,439	1,437
Book value	3,214	1,385	1,508	1,681	808	8,596	7,938	2,199	2,155	10,795	10,093
Yield (%)	18.4	15.9	16.6	10.4	10.0	15.3	17.1	5.6	3.8	13.3	14.2
Rentable space (000 sq m)											
Residential space	28	230	317	105	163	843	729	14	10	857	739
Retail space	77	55	47	57	67	303	276	11	10	314	286
Office space	423	119	74	140	32	788	732	103	91	891	823
Other categories	148	136	95	90	35	504	566	62	63	566	629
Occupancy rate (% of space)	93	92	93	89	96	92	90	74	73	91	89
President											
	Olof Johansson	Gunnar Östenson	Kent Jönsson	Robert Thorstenson	Arne Dahl			Mats Wåppling			

* After subtracting administrative expenses

Expiration year of leases, Investment properties

Percentages of total rental revenues





The Finance business area is responsible for managing Skanska's stock portfolio and other financial assets and handling insurance matters, as well as Group financial administration and accounting systems. It includes two subsidiaries, Skanska Capital AB and SCEM Reinsurance S.A.



Ulf Norrman,
Skanska
Capital AB



Thomas Alm,
SCEM

Financial risk exposure

The Group's financial risk exposure is primarily related to the management of large liquidity flows in its construction operations and extensive loan financing in its real estate sector. The basic rule in the management of these financial risks is that they should be eliminated when this can be done at reasonable costs, and they should otherwise be minimized as far as possible. The Group's financial policy stipulates acceptable risk levels for the portion of financial risk exposure that cannot be eliminated.

The money and foreign exchange markets

The year was characterized by turbulent international financial markets, due to such events as the Mexican debt crisis, the earthquake in Japan and the collapse of Barings Bank after massive speculation.

In Sweden and internationally, interest rates showed a falling trend toward year-end.

After having weakened during the first half of 1995, the Swedish krona gradually regained strength later in the year.


Borrowing, liquid assets and net indebtedness

At the end of 1995 the Group's interest-bearing loan liabilities totaled SEK 13,363 M, of which SEK 9,655 M were denominated in Swedish kronor. During the year it reduced its loan liabilities by SEK 1,387 M. To cope with short-term fluctuations in its payment flows, the Group maintains liquid assets, which amounted to SEK 3,639 M (6,078) at year-end. In addition, there were interest-bearing receivables totaling SEK 2,143 M (1,142). The Group's interest-bearing net indebtedness thus totaled SEK 7,581 M (7,530) at year-end.

Skanska Capital, which is responsible for Groupwide liquidity management and foreign exchange transactions, reported an income of SEK 24 M (86) before allocations.

Since the autumn of 1994, Skanska has been running a cash management project aimed at improving the Group's cash flow and net financial items. The project includes all subsidiaries based in Sweden and the other Nordic countries. It is expected to be completed by early 1997.


June 1995 This announcement appears as a matter of record only.



SKANSKA
Skanska Capital AB
guaranteed by
Skanska AB

US\$ 400,000,000
Syndicated Multi-Currency Revolving Credit Facility

<i>Arrangers</i>	
Chemical Bank	Deutsche Bank Luxembourg S.A.
<i>Senior Lead Managers</i>	
Chemical Bank Den Danske Bank Union Bank of Switzerland	Deutsche Bank Luxembourg S.A. Enskilda WestLB Group
<i>Lead Managers</i>	
Bayerische Landesbank Girozentrale The Sumitomo Bank, Limited	The Fuji Bank, Limited
<i>Managers</i>	
Banque Indosuez Bayerische Vereinsbank AG Landesbank Schleswig-Holstein Girozentrale NatWest Markets	Banque Paribas Citibank International plc Midland Bank plc Société Générale
<i>Agent</i>	
Chemical Bank	

Participants in the syndicated bank loan included a large number of major international banks.

Fixed interest period and maturity structure of loans

To minimize interest rate risks, Skanska seeks to achieve a balance between the fixed interest period on its liquid assets and that of the corresponding short-term borrowing.

For other interest-bearing loans – mainly related to property financing – the Group seeks to achieve an average fixed interest period equivalent to the time required to adjust revenue flow in its real estate assets to a change in interest rates. An average fixed interest period of about 2.5 years is regarded as creating the desired risk neutrality.

The average fixed interest period on the Group's borrowing portfolio amounted to 481 days as of December 31, 1995. The recent trend toward lower interest rates is regarded as justifying a shorter fixed interest period than the above-mentioned general guideline.

Looking at the Group's borrowing portfolio as a whole, the average interest rate at year-end was 9.1 percent (8.6 percent excluding JM).

In order to minimize the Group's borrowing risk, its borrowing portfolio should mainly be long-term, with maturities spread over time. Aside from short-term borrowing that offsets liquid assets, Skanska's financial policy thus stipulates that at least 75 percent of the borrowing portfolio should have a remaining maturity of more than one year. As of December 31, 1995, 75.5 percent of the portfolio (80.5 percent excluding JM) consisted of such long-term loans.

Syndicated loan

For refinancing purposes, during 1995 the Group arranged a five-year syndicated bank loan with a total credit limit of USD 400 M, of which it had utilized USD 206 M as of December 31, 1995. The loan was co-managed by Chemical Bank and Deutsche Bank, with participation by a large number of the Group's international banking contacts. There was great interest in participation, and the loan was heavily oversubscribed.

Project financing

The financing of major construction and real estate projects, both in Skanska's domestic markets and in project export form, has become an increasingly important factor in the implementation of these projects. The ability to provide referrals and to arrange various sources of project financing has consequently become a vital competitive tool.

Skanska's project financing operations were previously concentrated in Sweden, but during 1995 the Group added new units for this purpose in Denmark, Finland and the United States.

Their aim is to arrange external financing and risk-spreading packages

in cooperation with official development assistance agencies, banks and other types of credit institutions in Sweden and internationally.

Among the major projects in which Skanska Project Finance has been involved during 1995 are the Öresund bridge, the second phase of the Atrium Business Centre in Warsaw, the Bridgend prison in Great Britain and the Promstroy Bank office building complex in Moscow.

Risk management

The Group reinsures a large proportion of its external insurance program through its subsidiary SCEM Reinsurance. This strengthens the positive effects of successful risk management by Skanska companies, primarily in the form of lower premiums and other improved terms, for the Group as a whole.

The operations of SCEM developed satisfactorily during 1995, among other things through its participation in risk areas where it considers the potential for further business development attractive.

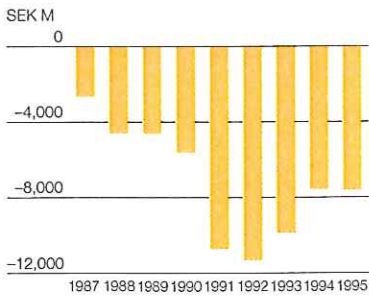
Stock portfolio

Skanska's stock portfolio is dominated by a few large blocks of shares in Swedish listed companies.

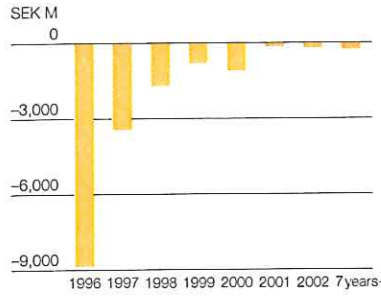
At the close of 1995, the market value of the stock portfolio amounted to SEK 12.5 billion (12.9), excluding the value of Skanska's shareholding in its subsidiary JM. The corresponding book value, based on purchase price, was SEK 2.8 billion (4.0).

During 1995 Skanska paid an extra dividend to its shareholders in the form of warrants entitling them to purchase most of the Group's Series A shares in the investment company Custos AB at a discounted price. The proceeds of this

Net interest-bearing indebtedness of the Skanska Group

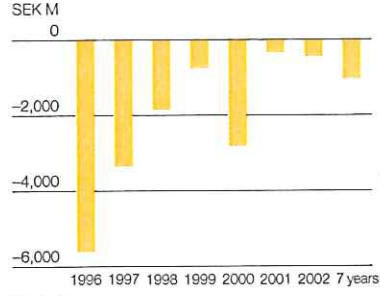


Fixed interest period Interest-bearing liabilities of the Skanska Group, Dec. 31, 1995*



* including swaps

Maturity structure Interest-bearing liabilities of the Skanska Group, Dec. 31, 1995*

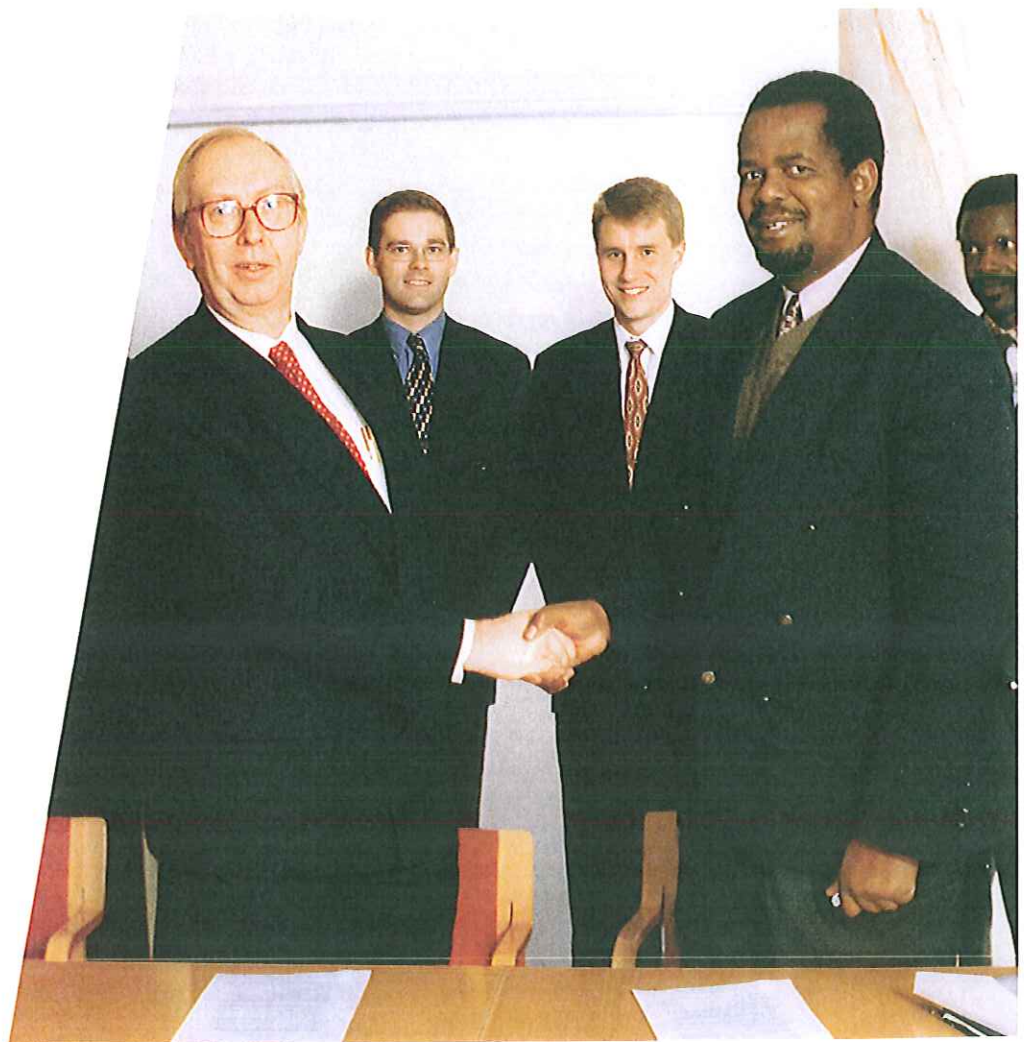


* including swaps

sale, totaling SEK 692 M, were SEK 524 M below the book value of the shares, which was reported in its entirety as a dividend directly from shareholders' equity. Including the sale of Custos shares, divestments from the stock portfolio totaled SEK 706 M.

Adjusted for changes during the year, the value of the stock portfolio rose by 3.9 percent. The value of Skanska's stake in the industrial company Sandvik, which comprised more than half the total market value of the portfolio at year-end, declined by 2.9 percent. The Affärsvärlden General Index rose by 18 percent during 1995. Strong growth in the share prices of companies in the telecommunications, chemical and pharmaceutical sectors accounted for much of this, but the increase in the engineering companies index was only 8.9 percent.

A more complete presentation of the companies in which Skanska has its largest shareholdings in terms of market value is provided on the following page. The Group's shareholdings are listed in detail under Note 13, page 55, and Note 18, pages 56-59.



Skanska Project Finance helps put together financing packages for Skanska's major construction and real estate development projects. In the photo, Skanska employees look on as representatives for the Zimbabwe finance ministry and Nordbanken, one of the lenders, confirm their agreement.

Skanska's largest listed shareholdings in terms of market value



	Voting power	Equity stake
Sandvik	26%	20%

Sandvik is the world's largest manufacturer of cemented carbide products and a leading producer of specialty steels, saws, tools and conveyor and process systems. It has worldwide operations through 200 companies in 60 countries. More than 90 percent of sales occur outside Sweden. The Sandvik Group has 30,000 employees.

Earnings in 1995

Sandvik's invoiced sales totaled SEK 29,700 M (25,285), an improvement of 17 percent. Income after financial items increased by 47 percent to SEK 5,620 M (3,811). The Board of Directors proposes an increase in the annual dividend to SEK 6.00 per share (3.75).

**GRANINGE**

	Voting power	Equity stake
Graninge	25%	25%

Graninge is Sweden's sixth largest power company. The Graninge Group also owns and manages sizeable timberlands. Graninge's wholly and partly owned hydroelectric power plants have a total capacity of 504 MW, equivalent to 2,490 million kWh (Gwh) under normal water flow conditions. The Group has about 800 employees.

Earnings in 1995

Consolidated invoiced sales amounted to SEK 2,338 M (2,262), an improvement of 3 percent. Income after financial items increased to SEK 630 M (623). The Board of Directors proposes an increase in the dividend to SEK 3.00 per share (2.50).



	Voting power	Equity stake
Euroc	25%	24%

Euroc manufactures and distributes mineral-based building materials, mainly to markets around the Baltic Sea and North Sea. In the Nordic countries, Euroc is the market leader in mineral-based building materials. There are 8,400 employees.

Earnings in 1995

Consolidated invoiced sales totaled SEK 13,917 M (13,338). Income after financial items, including minority interests, rose to SEK 955 M (733). The Board of Directors proposes an increase in the dividend to SEK 4.50 per share (3.60).



	Voting power	Equity stake
SKF	20%	9%

SKF is the world's leading manufacturer of rolling bearings and rolling bearing steel and also has a leading position in elastomeric seals. SKF has factories and sales companies practically everywhere in the world and also sells its products through some 17,000 distributors.

Earnings in 1995

The SKF Group's income after financial items amounted to SEK 3,334 M (1,819), an improvement of 83 percent. Sales totaled SEK 36,700 M (33,273). The Board of Directors proposes an increase in the dividend to SEK 5.25 per share (4.25).

**JM BYGGNADS OCH FASTIGHETSAB**

	Voting power	Equity stake
JM	66%	42%

JM, which is listed on the Stockholm Stock Exchange, is a subsidiary of Skanska and is consolidated in the Group accounts.

JM is a well-established, 50-year-old, nationwide construction and property management company with about 2,200 employees. Its real estate holdings, with an estimated market value of about SEK 8 billion, total 912,000 sq m. Three fourths of these holdings are concentrated in Sweden's three largest urban areas.

Office space, hotels and retail space accounted for 62 percent of JM's rental revenues.

Earnings in 1995

JM's invoiced sales totaled SEK 4,128 M (3,875), including rental revenues of SEK 778 M (695). Income after financial items amounted to SEK 480 M (120). The Board of Directors proposes an increase in the dividend to SEK 1.75 per share (1.50).

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Definitions of financial ratios

Earnings margin

Operating income in contracting operations etc. as a percentage of invoiced sales on contracts credited to income, including rental revenues.

Net interest-bearing indebtedness

Interest-bearing liabilities including pension liability minus liquid assets and interest-bearing receivables.

Net profit/loss per share

Net profit/loss for the year divided by the adjusted number of shares.

Equity per share

Visible shareholders' equity divided by adjusted number of shares.

Return on shareholders' equity

Income excluding extraordinary items, as a percentage of average visible shareholders' equity.

Return on capital employed

Income after financial items plus financial expenses, as a percentage of average capital employed. Capital employed is visible shareholders' equity plus interest-bearing liabilities.

Equity/assets ratio

Visible shareholders' equity including minority interest, as a percentage of total assets.

Debt/equity ratio

Net interest-bearing indebtedness divided by visible shareholders' equity including minority interest.

Interest cover

Income after financial items plus financial expenses, divided by financial expenses.

Operating net on properties

Rental revenues and interest subsidies minus operating, maintenance and administrative expenses plus real estate tax. Ground rent is included in operating expenses.

Yield on properties

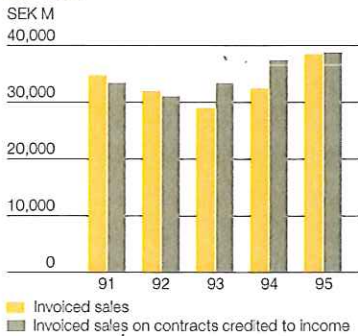
Operating net as above, divided by year-end book value.

Number of shares outstanding

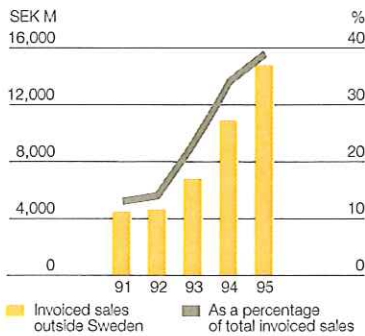
125,923,860.

Report of the Directors

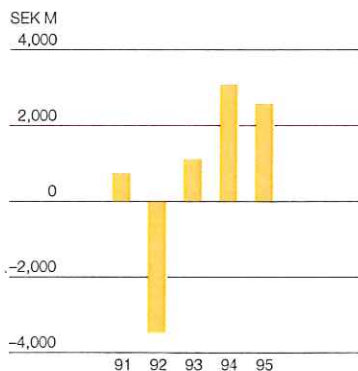
Invoiced sales/Invoiced sales on contracts credited to income



Invoiced sales outside Sweden



Income after financial items



Order bookings

During 1995 the Skanska Group's order bookings rose 17 percent (56) to SEK 44,342 M (37,745). Markets outside Sweden accounted for 43 percent of this (42). The increase amounted to 23 percent for comparable units.

The task of building both the elevated bridge and the approach bridges as part of the Öresund bridge/tunnel link between Sweden and Denmark was the largest contract signed during the year.

The year-end order backlog totaled SEK 30,198 M (24,391).

Invoiced sales

Consolidated invoiced sales amounted to SEK 38,395 M (32,358), an increase of 19 percent. Of invoiced sales, 39 percent (34) occurred in markets outside Sweden.

For comparable units, the increase in invoiced sales was 14 percent. Invoiced sales on contracts credited to income rose by 3 percent to SEK 38,608 M (37,527). This meant that the level of invoicing on contracts credited to income was 101 percent (116).

Earnings

Operating income after depreciation rose by 32 percent compared to 1994 and totaled SEK 3,072 M (2,329). This improvement in earnings was attributable both to an increase of SEK 179 M in operating income—before the effect of new appraisals and before property divestments—and to an increase of SEK 475 M in capital gain on property divestments. The net effect of new appraisals of

investment and development properties was SEK -2 M (-91).

Income after financial items totaled SEK 2,588 M (3,075). In 1994, income after financial items included a large nonrecurrent item: a dividend of SEK 879 M related to the liquidation of the investment company Pro-torp.

Net profit for the year was SEK 1,729 M (2,691), while net profit per share totaled SEK 13.75 (21.35).

Structural changes

During the spring, Skanska and the government-owned property and equities company Securum formed Pandox Hotellfastigheter AB. Each assumed a 50 percent stake. With its 18 hotel properties, Pandox has good long-term potential to raise the value of these properties by means of specialization and efficient management.

An extra dividend to Skanska's shareholders, in the form of warrants entitling them to purchase most of the Group's Series A shareholding in the investment company Custos at a discounted price, was implemented in June 1995 as planned. The proceeds of this sale were SEK 524 M below the book value of the shares. This amount was reported in the accounts as a dividend payment.

Skanska's Danish subsidiary C.G. Jensen acquired existing contracting businesses in Uganda, Zimbabwe and elsewhere, thereby strengthening the Group's presence in East Africa.

Invoicing and earnings by business area

SEK M Business area	Invoiced sales incl. rents		Invoiced sales on contracts credited to income incl. rents		Operating income after depreciation	
	1995	1994*	1995	1994*	1995	1994*
Swedish Construction	15,675	14,499	16,118	19,775	400	504
International Construction incl. Skanska USA	13,935	10,125	14,241	9,141	293	51
Technical and Industrial Companies	4,631	4,176	4,664	4,322	113	97
Real Estate	2,665	2,624	2,665	2,682	1,084	1,161
JM; Construction	2,877	2,687	3,294	2,936	101	64
JM; Real Estate	778	695	778	695	463	407
Other operations, elimination of intra-Group transactions	- 2,166	- 2,448	- 3,152	- 2,024	- 148	- 157
Total invoiced sales/operating income	38,395	32,358	38,608	37,527	2,306	2,127
Gains on sales of investments and development properties					768	293
New appraisals					- 2	- 91
Operating income after depreciation					3,072	2,329
Financial items					- 484	746
Income after financial items					2,588	3,075

* Comparative figures have been adjusted to conform with the organizational structure in force at the of 1995.

The Myresjö group took steps to adjust its operations to the continued weakness of the residential construction market. The group restructured its prefabricated home production companies and decided to merge its window manufacturing units with a window manufacturing enterprise owned by the investment company Industrivärden to form a new company, Elitfönster AB, owned in equal shares. This transaction was completed in 1996.

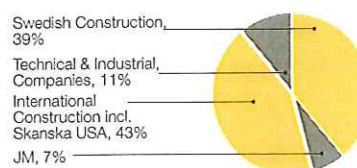
As part of the continued expansion of its construction-related businesses, Skanska decided to increase its stake in the Swedish-based building materials company Euroc by purchasing shares costing a total of about SEK 1.3 billion. Skanska is carrying out this investment in connection with a transaction between Euroc and the Norwegian industrial group Aker A.S, in which Euroc is acquiring Aker's cement and building mate-

rials operations as part of efforts to restructure these sectors. After completing this purchase, Skanska's holding will amount to 33.3 percent of the votes and capital stock in the new Euroc. The transaction is conditional on approvals by public agencies which have not yet been obtained. The 1995 accounts were thus not affected.

The targeted non-cash issues of new shares to Apoteksbolaget AB and Bergaliden AB implemented during 1995 greatly strengthened the balance sheet of JM and added a number of centrally located investment properties to its portfolio.

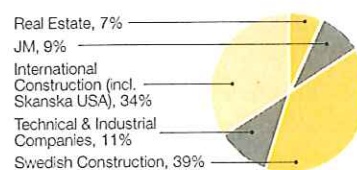
In the Swedish Construction business area, Skanska Norrland AB was divided into two regional companies—Skanska Mitt AB and Skanska Nord AB—with headquarters in Sundsvall and Luleå, respectively. Meanwhile the construction operations in northernmost Sweden

Order bookings



Invoiced sales

excl. elimination of intra-Group transactions



purchased from JM were integrated into Skanska's operations in the area.

Order bookings and invoiced sales

While the overall Swedish construction market was weak, Skanska's Swedish Construction business area maintained a good level of order bookings. During 1995 order bookings climbed to SEK 17,126 M (14,263), a 20 percent increase, while invoiced sales rose 8 percent compared to 1994. Year-end order backlog amounted to SEK 8,905 M (7,159).

Order bookings and invoiced sales continued to climb in the International Construction business area, including Skanska USA. During 1995 order bookings totaled SEK 19,066 M (16,022), an increase of 19 percent, while invoiced sales climbed 38 percent. The year-end order backlog totaled SEK 16,949 M (13,357).

Most operations in the Technical and Industrial Companies business area benefited from higher order bookings and better capacity utilization. Both order bookings, which totaled SEK 5,064 M (4,557), and invoiced sales rose during the year (11 percent each). The year-end order backlog was SEK 1,650 M (1,397).

The Skanska Group's total rental revenues rose by about SEK 170 M. The increase was primarily due to the non-cash share issues by JM discussed above.

Earnings

The earnings margin of the Swedish Construction business area was unchanged at 2.5 percent, while the level of invoicing on contracts credited to income amounted to 103 percent, significantly lower than the 1994 invoicing level of 136 percent. Operating income, which totaled SEK 400 M (504), was affected by the lower invoicing level.

In International Construction, including Skanska USA, the earnings margin improved to 2.1 percent (0.6) and the level of invoicing on contracts credited to income rose to 102 percent (90). Final invoicing took place on two major projects in the United States, contributing strongly to the increase in earnings. Meanwhile the earnings of Skanska's international construction operations were adversely affected by provisions for possible losses in a few projects, as well as by restructuring expenses in connection with acquisitions.

The operating income of the Technical and Industrial Companies business area rose to SEK 113 M (97) in 1995, while its earnings margin improved to 2.4 percent (2.2).

During 1995 the earnings margin for all construction operations of the Skanska Group rose to 2.0 percent (1.6), before new appraisals and interest items.

In the Real Estate business area, operating income totaled SEK 1,084 M (1,161) while the operating net of investment properties was SEK 1,439 M (1,437). Yield amounted to 13.3 percent (14.2) of book value.

Overall real estate operations in all of Skanska's business areas showed a 5 percent increase in rental revenues to SEK 3,516 M (3,347). Operating income before property divestments and new appraisals amounted to SEK 1,612 M (1,594). The operating net of the Group's investment properties was SEK 2,108 M (2,038) and yield on book value amounted to 11.4 percent (12.3). The occupancy rate was 92 percent (90) in terms of space.

Investment and development properties

Capital gains on the sale of investment and development properties during 1995 totaled SEK 768 M (293). Properties in Sweden with a total book value of SEK 1,147 M (932) and properties abroad with a book value of SEK 130 M (1,327) were sold. In addition, shares and participations in real estate companies with a book value of SEK 114 M (94) were sold.

New appraisals

The year's new appraisals of Group properties, performed in accordance with Skanska's valuation principles, led to SEK 197 M worth of reversals of previous writedowns of investment properties and SEK 199 M worth of new writedowns.

Capital spending

Capital expenditures on investment and development properties totaled SEK 3,782 M (1,359), of which SEK 761 M (759) was related to construc-

tion for Skanska's own account. SEK 1,439 M of capital spending was related to JM's non-cash share issues.

Aside from acquiring companies at a net cost of SEK 664 M (328), the Group invested in fixed-asset properties at a net cost of SEK 96 M (3) and in machinery and equipment at a net cost of SEK 510 M (360).

Financial position

Stock portfolio

Total proceeds of divestments from the stock portfolio were SEK 83 M (518), yielding an overall capital gain of SEK 25 M (365).

At the close of 1995, the book value of the Group's stock portfolio was SEK 2,849 M (4,055), while its market value totaled SEK 12,496 M (12,950). As of February 29, 1996, the difference between the portfolio's market value and its book value was SEK 10,494 M.

After JM's non-cash share issues to Apoteksbolaget AB and Bergaliden AB, Skanska's shareholding in JM amounted to 65.8 percent of voting power and 42.2 percent of capital stock.

Loan structure

For refinancing purposes, during 1995 Skanska arranged a five-year syndicated bank loan with a total credit ceiling of USD 400 M, of which USD 206 M had been utilized at year-end. The average fixed interest period on the Group's overall borrowing portfolio was 1.4 years at the end of 1995.

Cash flow

Cash flow from the year's operations amounted to SEK 1,270 M (1,494), while cash flow after investments totaled SEK -314 M (2,571). Non-recurring items amounted to SEK 700 M (1,100). Cash flow from operations, adjusted for nonrecurring items, was improved by higher cash flow in construction-related business areas.

	SEK M
Cash flow from the year's operations	1,270
Net investments	- 1,584
Cash flow after investments	- 314

Net indebtedness

Interest-bearing net indebtedness rose marginally during 1995, increasing by SEK 51 M to SEK 7,581 M. Despite Skanska's large invest-

ments in real estate, net indebtedness was only slightly affected. One reason for this is that cash flow from operations improved in the final months of 1995. In addition, both cash flow and net indebtedness were favorably affected by the approximately SEK 700 M in proceeds from the sale of Custos shares.

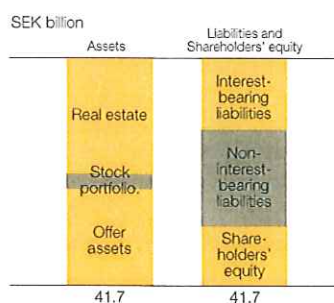
Net interest items

Interest expenses (for Swedish and foreign loans together) were higher during 1995 than in 1994 due to heavier borrowing during parts of 1995 and as a consequence of higher interest rates. Interest revenues partly offset this.

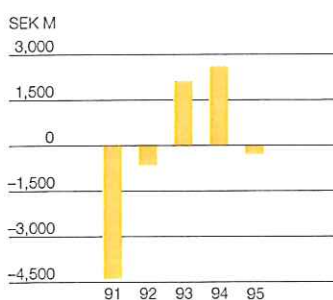
Exchange differences

Exchange differences during 1995 amounted to SEK 7 M (32). In the 1995 financial statements, exchange losses of SEK 235 M which arose from the consolidation of the financial statements of subsidiaries abroad were offset — taking into account the tax effect — against exchange gains on loans corresponding to these investments.

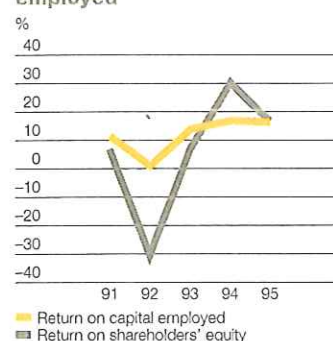
Balance sheet structure



Cash flow after investments



Return on equity and capital employed



Dividends

Dividend revenues totaled SEK 391 M (1,111). Excluding the effect of the 1994 dividend of SEK 879 M related to the liquidation of Protorp, dividends rose by SEK 159 M.

Profitability ratios

Return on capital employed amounted to 16.2 percent (16.8) and return on shareholders' equity was 16.7 percent (30.2). The reason for the lower return on shareholders' equity was higher tax expenses compared to 1994 plus the nonrecurring effect of the Protorp dividend.

Equity/assets ratio

The equity/assets ratio rose from 25.3 percent to 29.2 percent. Including the hidden reserve in the stock portfolio — minus standard tax — the adjusted equity/assets ratio amounted to 37 percent (35).

Debt/equity ratio

The debt/equity ratio fell to 0.6 (0.7).

Shareholders' equity

The year-end shareholders' equity of

the Skanska Group amounted to SEK 10,704 M (10,038), divided into SEK 3,474 M (4,044) in restricted equity and SEK 7,230 M (5,994) in unrestricted equity. Proposed appropriations to restricted equity total SEK 0 M (1).

Personnel

The number of employees in Sweden was largely unchanged during the year, while the number employed abroad increased, among other things due to new subsidiaries in Denmark, Germany and East Africa. The average number of employees totaled 32,728 (28,868). This included 13,567 (9,454) employees abroad.

Skanska evaluated its teamwork program using management by objectives and initiated a number of activities aimed at supporting efforts to introduce working methods based on management by objectives. The Group initiated planning discussions and skills development programs for specialized workers in various sectors of its operations.

A program for recruiting and

developing tomorrow's Skanska managers was developed and initiated. Internal management training was reorganized, among other things to better support the internationalization of the Group.

During the autumn Skanska began a mentorship program with the aim of increasing the number of women in line management.

On January 1, 1995 Skanska introduced a profit-sharing system encompassing its wholly owned companies in Sweden. Allocations to the system totaled SEK 30 M.

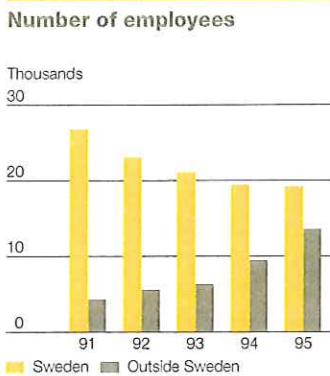
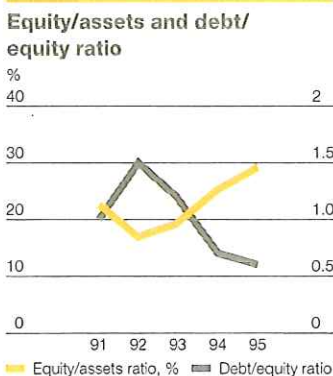
Parent Company

After taxes and allocations, the Parent Company reported a net profit of SEK 874 M (2,167). Unappropriated earnings amounted to SEK 5,069 M (5,191).

The average number of employees during the year was 118 (80), of whom 51 (28) were women.

Dividend

The Board of Directors proposes a dividend of SEK 5.00 per share (3.75) for the 1995 financial year, equivalent to a total dividend amount of SEK 630 M (472).



Consolidated financial statements

Principles of consolidation

The consolidated financial statements encompass the accounts of the Parent Company and those companies in which the Parent Company, directly or indirectly, has a decisive influence. This normally requires ownership of more than 50 percent of the voting power of shares or participations. Since subsidiaries are consolidated on a gross basis, minority interests in the shareholders' equity of subsidiaries are reported as a separate item, placed between "Long-term liabilities" and "Shareholders' equity" in the balance sheet. This item includes the minority interest in the shareholders' equity portion of untaxed reserves. The consolidated income statement specifies minority interests in the net profit of the Group. Note 11 states the minority interest in income after financial items and in taxes.

A company that was established to carry out specific contracting projects together with other construction companies is consolidated according to the pro-rata method, regardless of whether or not the company is formally a subsidiary.

Shareholdings in Finnish housing corporations are not consolidated, since this type of shares is intended to be divested upon completion of each construction project.

Recommendation No. 1 on consolidated financial statements

Skanska has applied Recommendation No. 1 of the Swedish Financial Accounting Standards Council in drawing up its consolidated financial statements. In conformity with this, untaxed reserves in individual companies have been apportioned between deferred tax liability and restricted equity in the consolidated balance sheet. The corresponding adjustment has been made in the consolidated income statement, with the change in untaxed reserves being eliminated and the change in deferred tax instead affecting the year's earnings.

Aside from the removal of untaxed reserves, the new accounting rules mean that deferred tax liabilities on consolidated surplus values are reported openly as a long-term liability, instead of on a net basis against the asset item, and that deferred taxes are taken into account when eliminating intra-Group gains.

In adjusting the financial statements according to the transitional rules of the recommendation, no deferred taxes related to intra-Group gains from before 1992 have been booked. In addition, deferred tax liabilities on consolidated surplus values from pre-1992 acquisitions have only been included if such tax liabilities were taken into account in the acquisition analysis.

The purchase accounting method

The consolidated financial statements have been drawn up using the purchase accounting method. In applying this method, the assets and liabilities of subsidiaries are reported in the consolidated balance sheet at market values on the date of acquisition, based on an acquisition analysis. This determines the acquisition cost of the assets and liabilities of subsidiaries. The difference between the acquisition cost of shares in subsidiaries and the shareholders' equity of the subsidiary according to the acquisition analysis comprises the "Goodwill" item in the consolidated accounts.

Foreign subsidiaries

The principles for the translation of the financial statements of foreign subsidiaries comply with the recommendations of the Swedish Institute of Authorized Public Accountants (FAR). In the consolidated financial statements, their income statements have been included at the average exchange rate for the year and their balance sheets at the year-end exchange rate (current method). The change in initial shareholders' equity due to the shift in exchange rate from prior years is reported as a translation difference in a note under "Shareholders' equity." In cases where a loan corresponding to the investment has been taken out for hedging purposes, the exchange rate adjustment in the loan taking into account tax effects has been offset against the translation difference.

Associated companies and consortia

The Group's share of the earnings of associated companies defined as companies in which Skanska's share of voting power is 50 percent or less which are organized as partnerships or limited partnerships is included in the income statement. However, in the case of Skanska's holding in associated companies

which are organized as stock corporations, this form of reporting (equity method) is not used. As stated above, however, the pro-rata method is used in the case of corporations formed for specific contracting projects.

The Group's share of the assets, liabilities, invoiced sales and expenses of consortia (joint ventures) is included in Skanska's financial statements. See also Notes 14 and 21 to the balance sheet.

Invoiced sales

In the income statement, the item "Invoiced sales" refers only to contracts credited to income. In addition to invoiced sales on such contracts, this item includes rental revenues and sales of goods. As a rule, contracting assignments are credited to income in the year when the final financial settlement with the client is reached. Income on cost-plus contracts is normally reported as and when the related invoicing takes place.

The item "Invoiced sales" also includes incurred expenses for the construction of investment and development properties for Skanska's own account. Other intra-Group invoicing is thus eliminated.

To show the volume of operations more clearly, Note 1 states the invoiced sales for the year. This figure also includes the year's invoicing for contracts that have not yet been credited to income.

Guarantee risks

Expenses attributable to guarantee obligations have been charged to operating income. In addition provision has been made for future guarantee costs.

Depreciation

Depreciation has been charged against operating income, which entails annual depreciation by a certain percentage of acquisition cost until residual value is zero. The following annual rates have been used: goodwill 10 percent, ships 10 percent, machinery and equipment 10-20 percent, buildings 1-7 percent and land improvements 3.75-5 percent. In the case of certain machinery, a declining balance method has been used. Gravel pits and stone quarries are depreciated as and when materials are removed. Timberland is depreciated using felling deductions in conformity with the Municipal Tax Act. Depreciation of the consolidated surplus value of assets has also occurred. Since such acquisitions generally involve assets that have already been placed in service, the depreciation rate is often higher than stated above.

Book depreciation on machinery and equipment has been carried out in conformity with tax law. Extra depreciation is reported in the Parent Company financial statements as an allocation. Buildings (except in JM, Drott and Eurostop) have been written off at the highest annual percentage rate permitted by tax law, both for depreciation and accounting purposes.

Interest on pension liability

Interest on Pension Registration Institute (PRI) liability was set at 6.2 percent (7.7) in keeping with a recommendation by FAR and PRI. The rest of the year's PRI provision comprised an operating expense.

Deferred taxes

Deferred tax liabilities on untaxed reserves have been estimated at 28 percent (28) in Swedish-based companies. Deferred tax liabilities attributable to the acquired surplus value of assets has been booked at a rate of 25-28 percent. In cases where there has been a deficit value, deferred tax claims have been offset against deferred tax liabilities. No deferred taxes are calculated on goodwill and negative goodwill.

In the corresponding calculations for subsidiaries outside Sweden, the applicable tax rate in each country has been used.

Current assets

Current assets have been valued according to the lower value principle, i.e. their value may not exceed market value or acquisition cost, whichever is lower. Holdings of market-quoted short-term investments by Skanska Capital AB are valued at the market value of the entire holding or the corresponding acquisition cost, whichever is lower.

Concerning valuation of investment and development properties, see below under "Real estate" and "New appraisals."

Liquid assets

Cash and bank balances plus short-term investments in marketable securities such as Treasury bills, commercial paper and bonds are gathered under the balance sheet item "Liquid assets."

Receivables and liabilities in foreign currencies

Receivables and liabilities in foreign currencies have been valued at the exchange rate prevailing on the balance sheet date or the exchange rate according to forward contracts. In certain cases, an exchange rate adjustment in the consolidated accounts connected with this has been offset against a translation difference in shareholders' equity. See above under the heading "Foreign subsidiaries."

Real Estate

The Group's real estate holdings which are used in its own business, for example properties for its own offices, factories, timberland and hydroelectric power plants, are reported as fixed assets. Other real estate is reported under the heading "Investment and development properties." This is divided into "Investment properties," "Investment and development properties under construction" and "Development properties."

The Group's holdings of real estate completed for its own account are booked as "Investment properties." Income from these operations is reported in Note 8 to the income statement. "Investment and development properties under construction" include all construction, both of properties intended for the Group's own account and properties intended to be sold after completion.

The Group's holdings of undeveloped land and redevelopment properties are booked as "Development properties."

To permit as correct a comparison as possible between income from property management and the value of completed investment properties, completed properties are normally not reclassified from "Investment and development properties under construction" to "Investment properties" until January 1 of the year after the year of completion.

Properties constructed by the Group and booked during the year as real estate completed for its own account have been valued in the consolidated accounts at incurred costs plus a fair proportion of indirect costs. Any intra-Group profits resulting from building contracts between construction and property management companies are thus eliminated from the consolidated financial statements.

Interest expenses during the construction period are not capitalized, but are booked as expenses in each respective year. In the case of properties owned by JM, however, such interest expenses are capitalized.

Investments in undeveloped land and redevelopment properties are booked at their acquisition costs plus other expenses incurred in cases where special exceptions have not been considered justified. Annual interest expenses have not, however, been added to value but have been charged against income in each respective year.

Through the subsidiary Skanska Oy, the Group owns shares in housing corporations. The book value of these shares is included in the balance sheet item "Development properties."

Properties located abroad that are owned by a Swedish subsidiary have been valued at the year-end exchange rate of the local currency. Loans taken out for hedging purposes are also reported at the year-end exchange rate.

New appraisals of investment and development properties

The Group's investment and development properties as well as shares and

Exchange rates in 1995 accounts

The table shows the value in Swedish kronor (SEK) of one unit of each currency

Currency code	Currency name	Year-end exchange rate		Average exchange rate	
		1995	1994	1995	1994
DEM	German marks	4.64	4.83	4.98	4.76
DKK	Danish kroner	1.20	1.23	1.27	1.21
ESP	Spanish pesetas	0.05	0.06	0.06	0.06
FIM	Finnish marks	1.53	1.58	1.64	1.48
GBP	British pounds sterling	10.33	11.68	11.26	11.81
NOK	Norwegian kroner	1.05	1.11	1.13	1.09
USD	United States dollars	6.67	7.48	7.13	7.72
XEU	European currency units	8.54	9.17	9.23	9.13

participations in property management companies have been written down if actual value is estimated as less than book value (individual appraisal at the lower of cost or market value). As a yardstick in estimating actual value in today's market situation, Skanska has used a yield requirement of 8 percent for properties in Stockholm and in central locations in Gothenburg and Malmö. Elsewhere in Sweden, 10 percent has been used. In certain cases, as well as in the partly owned Group companies JM Byggnads och Fastighets AB and AB Drott, however, the estimate has been based on independent appraisals as well as internal appraisals using other principles. The value of international properties has been estimated on the basis of the prevailing level of return required in each respective market. Special attention has been paid to the occupancy situation.

According to Swedish accounting rules, previous writedowns on investment and development properties must be reversed in the event of an increase in market value. The net effect of the year's revaluations and writedowns is reported in the income statement under "New appraisals." See also Note 5.

For contractual commitments to partly owned real estate companies where specific asset values are lacking, provision has been made for a decline in value in the form of an accrued expense among current liabilities.

Shares (fixed assets)

The Group's holdings of listed shares have been treated according to the portfolio method. In those cases where the market price has been below book value, writedowns have been omitted by viewing the entire holding as one unit.

Work in progress

In the balance sheet, contracts that have not been credited to income are reported under the heading "Work in progress" and have been valued at costs incurred at the work site. Estimated losses which were instead charged to the year's operating income have been subtracted from this.

Consolidated income statement

SEK M		1995	1994
Invoiced sales	Note 1	38,608	37,527
Operating expenses	Notes 2,3,4	- 35,319	- 34,459
New appraisals	Note 5	- 2	- 91
Investment and development properties	Note 6	768	293
Operating income before depreciation		4,055	3,270
Depreciation	Note 7	- 983	- 941
Operating income after depreciation	Note 8	3,072	2,329
Dividends	Note 9	391	1,111
Interest revenues		627	505
Interest expenses		- 1,519	- 1,267
Exchange differences on loans		7	32
Gain on sale of shares and participations		25	365
Other financial items		- 15	0
		- 484	746
Income after financial items		2,588	3,075
Taxes	Note 10	- 633	- 312
Income after taxes		1,955	2,763
Minority interests	Note 11	- 226	- 72
Net profit for the year		1,729	2,691

Consolidated balance sheet

SEK M		Dec. 31, 1995	Dec. 31, 1994
Assets			
Liquid assets	Note 12	3,639	6,078
Shares and participations (current assets)	Note 13	223	—
Accounts receivable		5,415	5,269
Other non-interest-bearing current receivables	Note 14	1,650	1,666
Interest-bearing current receivables	Note 15	1,463	749
Inventories	Note 16	365	355
Total current assets		12,755	14,117
Investment and development properties	Note 17	21,475	19,566
Shares and participations (fixed assets)	Note 18	3,594	4,703
Non-interest-bearing long-term receivables		407	779
Interest-bearing long-term receivables	Note 19	680	393
Other fixed assets	Note 20	2,799	2,576
Total fixed assets		7,480	8,451
Total assets		41,710	42,134
Liabilities and shareholders' equity			
Accounts payable		3,407	3,336
Other non-interest-bearing current liabilities	Note 21	6,665	6,799
Interest-bearing current liabilities	Note 22	1,711	4,234
Total current liabilities		11,783	14,369
Invoiced sales		22,707	22,463
Accumulated expenses		- 18,487	- 17,702
Balance, work in progress		4,220	4,761
Non-interest-bearing long-term liabilities		454	362
Interest-bearing long-term liabilities	Note 23	9,777	8,749
Pension liabilities	Note 24	1,875	1,767
Deferred tax liabilities	Note 25	1,431	1,480
Total long-term liabilities		13,537	12,358
Minority interests		1,466	608
Capital stock	Note 26	1,259	1,259
Restricted reserves		2,215	2,785
Unrestricted reserves		5,501	3,303
Net profit for the year		1,729	2,691
Total shareholders' equity	Note 27	10,704	10,038
Total liabilities and shareholders' equity		41,710	42,134
Assets pledged	Note 28	8,595	9,235
Contingent liabilities	Note 29	3,061	2,621

Consolidated statement of changes in financial position

SEK M	1995	1994	1993	1992	1991	1990	1989	1988	8-yr total
The year's operations									
Net profit	1,729	2,691	517	-3,101	728	1,248	1,905	1,224	6,941
Depreciation and new appraisals	985	1,032	3,050	5,482	2,477	1,045	725	634	15,430
Change in value charged to net financial items and operating income ¹	19	247	23	51	116	76	47	10	589
Less gain on sale of investment and development properties, shares and participations	-793	-658	-2,028	-164	-205	-100	-932	-228	-5,108
Minority interests after taxes	226	72	33	-139	-19	117	105	69	464
Change in working capital:									
Inventories and interest-free current assets ²	-158	-1,817	640	37	350	-346	-54	-1,229	-2,577
Balance of uncompleted contracts	-541	-1,011	-902	340	-762	2,130	1,341	332	927
Interest-free liabilities ³	-197	938	-988	-592	-1,116	2,400	1,617	715	2,777
Cash flow from the year's operations	1,270	1,494	345	1,914	1,569	6,570	4,754	1,527	19,443
Investments									
Investments in investment and development properties ⁴	-3,782	-1,359	-1,491	-2,969	-5,622	-5,799	-4,022	-3,266	-28,310
Investments in shares and participations in property management companies	-353	-70	-19	-76	-271	-42	-211	-81	-1,123
Investments in other shares and participations	-135	-172	-684	-262	-365	-538	-1,078	-740	-3,974
Net investments in other fixed assets excluding receivables	-712	-377	-234	-268	-483	-921	-1,178	-419	-4,592
Change in long-term interest-free borrowing and lending	464	-109	-226	-24	139	-655	530	248	367
Divestments in investment and development properties	2,159	2,646	2,714	295	383	570	474	599	9,840
Divestments in shares and participations	775	518	1,675	720	239	16	945	133	5,021
Net investments	-1,584	1,077	1,735	-2,584	-5,980	-7,369	-4,540	-3,526	-22,771
Cash flow after investments	-314	2,571	2,080	-670	-4,411	-799	214	-1,999	-3,328
Dividend paid	-484	-419	-198	-428	-413	-347	-280	-233	-2,802
Change in minority interests ⁵	644	-3	110	81	-91	54	11	-182	624
Other changes ^{Note 1}	103	153	-250	135	-196	102	24	476	547
Change in net indebtedness	-51	2,302	1,742	-882	-5,111	-990	-31	-1,938	-4,959
Interest-bearing borrowing minus lending	-2,388	-2,651	-360	-613	1,408	5,334	2,813	1,652	5,195
Change in liquid assets	-2,439	-349	1,382	-1,495	-3,703	4,344	2,782	-286	236
Liquid assets on January 1	6,078	6,427	5,045	6,540	10,243	5,899	3,117	3,403	
Liquid assets on December 31	3,639	6,078	6,427	5,045	6,540	10,243	5,899	3,117	
Level of self-financing in percent (cash flow from the year's operations divided by total net investments)	80	n.a.	n.a.	74	26	89	105	43	85
Note 1									
Translation differences in shareholders' equity, investment and development properties and shares	144	146	-284	160	-254	17	-17	158	70
New issues of securities, capital discounts, expired bonus issue shares, earnings from former associated companies	3	5	28	—	—	76	6	262	380
Withdrawal from restricted account	0	1	6	5	46	25	35	65	183
Other items	-44	1	—	-30	12	-16	—	-9	-86
	103	153	-250	135	-196	102	24	476	547

1 Writedown of Protorp holding (1994), deficit in partly owned limited partnership primarily engaged in leasing of aircraft plus writedown of shares charged to earnings of construction operations.

2 The increase in the item "Shares and participations" under "Current assets" due to the reporting of the Custos shareholdings did not affect cash flow and was thus not included.

3 Adjusted for provisions and discontinuation of real estate projects included in the "New appraisals" item.

4 The figure for 1995 includes a SEK 1,439 M investment through non-cash issues in JM.

5 The 1995 amount is mainly related to an increase in minority interests in JM via non-cash issues.

Parent Company income statement

SEK M		1995	1994
Invoiced sales		157	188
Operating expenses	Note 2	- 89	- 615
New appraisals	Note 5	- 14	- 450
Operating income before depreciation		54	- 877
Depreciation	Note 7	- 112	- 160
Operating income after depreciation		- 58	- 1,037
Dividends	Note 9	592	1,125
Interest revenues		1,392	1,199
Interest expenses		- 1,162	- 1,148
Exchange differences on loans		236	- 28
Gain on sale of shares and participations		21	639
		1,079	1,787
Income after financial items		1,021	750
Allocations	Note 30	199	1,828
Income before taxes		1,220	2,578
Taxes	Note 10	- 346	- 411
Net profit for the year		874	2,167

Parent Company balance sheet

SEK M		Dec. 31, 1995	Dec. 31, 1994
Assets			
Liquid assets	Note 12	357	942
Shares and participations (current assets)	Note 13	205	—
Accounts receivable		3	3
Other non-interest-bearing current receivables	Note 14	41	56
Interest-bearing current receivables	Note 15	16	41
Total current assets		622	1,042
Shares and participations (fixed assets)	Note 18	3,636	1,430
Interest-bearing long-term receivables	Note 19	13,677	16,573
Other fixed assets	Note 20	596	719
Total fixed assets		17,909	18,722
Total assets		18,531	19,764
Liabilities and shareholders' equity			
Accounts payable		12	12
Other non-interest-bearing current liabilities	Note 21	603	836
Interest-bearing current liabilities	Note 22	674	3,844
Total current liabilities		1,289	4,692
Non-interest-bearing long-term liabilities		2	2
Interest-bearing long-term liabilities	Note 23	8,507	6,466
Pension liabilities	Note 24	827	801
Total long-term liabilities		9,336	7,269
Untaxed reserves	Note 31	1,090	865
Capital stock	Note 26	1,259	1,259
Restricted reserves		488	488
Unrestricted reserves		4,195	3,024
Net profit for the year		874	2,167
Total shareholders' equity	Note 27	6,816	6,938
Total liabilities and shareholders' equity		18,531	19,764
Assets pledged	Note 28	8	669
Contingent liabilities	Note 29	10,743	7,614

Parent Company statement of changes in financial position

SEK M	1995	1994
The year's operations		
Net profit	874	2,167
Depreciations and new appraisals	126	610
Change in value charged to net financial items ¹	0	231
Less gain on sale of shares and participations	- 21	- 639
Change in untaxed reserves	225	455
Change in working capital:		
Inventories and interest-free current assets ²	15	4
Interest-free liabilities	- 233	220
Cash flow from the year's operations	986	3,048
Investments		
Investments in shares and participations	- 3,682	- 1,621
Net investments in other fixed assets excluding receivables	10	- 66
Change in long-term interest-free borrowing and lending	0	- 1
Divestments in shares and participations	755	1,438
Net investments	- 2,917	- 250
Cash flow after investments	- 1,931	2,798
Dividend paid	- 472	- 409
Expired bonus issue shares	0	5
Change in liquid assets	- 2,403	2,394
Interest-bearing borrowing minus lending	1,818	- 9,150
Change in liquid assets	- 585	- 6,756
Liquid assets on January 1	942	942
Liquid assets on December 31	357	- 5,814

1 Writedown of Protorp holding in 1994.

2 The increase in the item "Shares and participations" under "Current assets" due to the reporting of the Custos shareholdings did not affect cash flow and was thus not included.

Notes to the financial statements

Amounts in SEK M unless otherwise specified

1 Invoices sales

Group

External rental revenues, including interest subsidies, are part of the item "invoiced sales."

Reported rental revenues in 1995 included a total of SEK 248 M (212) in interest subsidies received, of which SEK 225 M (199) was attributable to investment properties and SEK 23 M (13) to buildings under construction and development properties.

"Invoiced sales" for 1995 also included SEK 757 M (759) in intra-Group invoicing that was capitalized in investment and development properties. See "Invoiced sales" under the accounting and valuation principles, page 45. Invoiced sales and operating income by sector is presented in Note 8.

1. Invoiced sales by business area

Business area	Invoiced sales for the year		Invoiced sales on contracts credited to income	
	1995	1994	1995	1994
Swedish Construction	15,675	14,499	16,118	19,775
International Construction incl. Skanska USA	13,935	10,125	14,241	9,141
Technical and Industrial Companies	4,631	4,176	4,664	4,322
Real estate	2,665	2,624	2,665	2,682
JM	3,655	3,382	4,072	3,631
Other operations, elimination of intra-Group transactions	-2,166	-2,448	-3,152	-2,024
Total invoiced sales	38,395	32,358	38,608	37,527

2. Invoiced sales by geographic area

Group	Invoiced sales	
	1995	1994
Sweden	23,602	21,472
Other Nordic countries	3,824	2,278
Other Europe incl. Russia	1,988	1,179
North America	7,553	5,942
Other countries	1,428	1,487
	38,395	32,358

Parent Company

Invoiced sales included SEK 121 M (152) worth of sales to subsidiaries. The Parent Company's purchases from subsidiaries amounted to SEK 66 M (76).

2 Personnel

Specification of average number of employees and wages, salaries and remuneration.

Average number of employees	Group		Parent Company	
	1995	1994	1995	1994
Sweden	19,161	19,414	118	80
Abroad	13,567	9,454	—	—
	32,728	28,868	118	80
Of whom, women	2,595	2,270	51	28

Note 2 continued

Wages, salaries and remuneration

Sweden	Group		Parent Company	
	1995	1994	1995	1994
Boards of Directors and Presidents	41,1	37,5	6,9	7,6
Of which, bonuses	(6.5)	(5.0)	0.0	0.0
Other employees	4,047.5	3,852.2	49.3	31.7
	4,088.6	3,889.7	56.2	39.3

Abroad

Boards of Directors and Presidents	33.5	15.9	0.0	0.0
Other employees	1,917.0	1,348.6	0.0	0.0
	1,950.5	1,364.5	0.0	0.0
	6,039.1	5,254.2	56.2	39.3

Social welfare contributions and pensions

Sweden	1,559.5	1,575.3	24.4	16.7
Abroad	316.9	231.1		

The average number of employees in Sweden was calculated by taking total hours worked and dividing by a standard working year of 1,637 hours (1,586).

The complete legally required specification of personnel is attached to the annual report documents submitted to the Swedish Patent and Registration Office. This specification can be obtained from Group Public Affairs, Skanska AB, S-182 25 Danderyd, Sweden.

A. Chairman of the Board

The Chairman of the Board was granted a director's fee of SEK 500,000 during 1995. This amount was approved by the Board of Directors within the limits of the total amount of directors' fees fixed by the Annual Meeting of Shareholders.

B. President and Group Chief Executive

During 1995 the Company's President and Group Chief Executive received a salary, fees and other remuneration from Group companies in the amount of SEK 3,564,500, plus SEK 2,497,200 in the form of a bonus whose amount is fixed each year. The Group Chief Executive also has the opportunity to earn a long-term bonus based on two months' salary, as specified in point D below.

In addition to benefits payable under the public-sector pension system, under the provisions of his employment contract Skanska paid pension premiums on behalf of the Group Chief Executive in an amount equivalent to 20 percent of his salary/bonus within the 20-30 base amount interval and 25 percent of salary/bonus above 30 base amounts, as defined by Swedish social insurance authorities. The employment contract may be terminated on either side by giving six months' notice. If the agreement is terminated by the Company, the Group Chief Executive is entitled to a termination payment equivalent to 12 months' of his salary/bonus, with the possibility of an additional 12 months of salary/bonus if no other employment has been obtained by the end of the first period. In this case there is no obligation to subtract any other income from these benefits.

Amounts in SEK M unless otherwise specified

Note 2 continued

C. Other members of Group Management

Pension benefits are payable mainly as part of public-sector pension systems. In case of termination by the Company, notice periods range from six to 24 months and executives are entitled to salaries and benefits that range from 18 to 30 months. When benefits are paid after the notice period, other income must normally be subtracted from the amount payable.

D. Long-term bonus

Group Management and about 200 other senior executives in the Group are entitled to a long-term bonus based on the price level of a Series B Skanska share over the five-year period 1995-1999. This possible bonus would not be paid until the year 2000 and is calculated by multiplying 10 percent of 1-2 months' salary by the difference between the average market price of a Series B share during June-December 1999 (plus dividends approved during the years 1995-1999) and SEK 185. Twenty percent of the difference between the market price of a Skanska share on December 31, 1995 and the initial price of SEK 185 adjusted for approved dividends was charged to the 1995 accounts. This meant that SEK 14.5 M was allocated.

3 Profit-sharing for employees

This item included an allocation of SEK 30 M to a profit-sharing foundation.

4 Real-estate tax

Swedish government real estate tax, which totaled SEK 45 M (34) for investment and development properties, is included among operating expenses. Investment properties accounted for SEK 30 M (24), while buildings under construction and development properties accounted for SEK 15 M (10).

5 New appraisals

	Group		Parent Company	
	1995	1994	1995	1994
New appraisals of shares in property management companies				- 450
In operating companies			- 14	
Development properties	- 114	- 56		
Investment properties	112	- 35		
Total new appraisals	- 2	- 91	- 14	- 450

Previous writedowns on investment and development properties were reversed using the acquisition cost or market value, whichever was lower, in keeping with the Group's accounting and valuation principles.

See "Accounting and valuation principles," page 46.

Such new appraisals resulted in revaluations of SEK 197 M (40), of which SEK 19 M (0) was related to JM.

6 Investment and development properties

Sales of investment and development properties, as well as sales of shares and participations in real estate companies, are reported under the heading "Investment and development properties".

Group	Properties		Shares and participations in real estate companies		Total	
	1995	1994	1995	1994	1995	1994
Sales revenues	2,027	2,487	132	159	2,159	2,646
Book value	- 1,277	- 2,259	- 114	- 94	- 1,391	- 2,353
Capital gain	750	228	18	65	768	293

The amount of SEK 114 M included dilution of ownership in JM related to JM's non-cash issues of new shares to Apoteksbolaget and Bergaliden.

7 Depreciation

Group	Depreciation	
	1995	1994
Goodwill	28	20
Extraction rights	1	1
Ships	3	2
Machinery and equipment	392	373
Fixed-asset properties incl. hydroelectric power plants and timberland	65	57
Investment and development properties	494	488
Total depreciation	983	941

Parent Company	Depreciation		Extra depreciation	
	1995	1994	1995	1994
Machinery and equipment	96	141	- 37	- 26
Fixed-asset properties incl. hydroelectric power plants	16	19	- 10	- 8
Total depreciation	112	160	- 47	- 34

8 Operating income after depreciation by operating sector

Group	Sector	
	1995	1994
Contracting operations etc.		
Invoiced sales for the year (excl. rental revenues)	34,879	29,011
Invoiced sales on contracts credited to income	35,092	34,180
Operating income from contracting operations etc.	694	533
Gain on sales of investment and development properties	768	293
Real estate operations		
Development properties		
Rental revenues for the year	175	212
Income from development properties	- 51	- 14

Amounts in SEK M unless otherwise specified

Note 8 continued

	1995	1994
Property management		
Rental revenues for the year	3,341	3,135
Income from property management	1,663	1,608
New appraisals	- 2	- 91
Operating income after depreciation	3,072	2,329

The operating income of the business areas reported in the Report of the Directors and elsewhere consists of income from different sectors.

For example, real estate operations are mainly reported in the Real Estate business area, but real estate operations (albeit on a smaller scale) also take place in all other business areas.

The operating income of the Swedish Construction business area included a withdrawal of SEK 39 M (137) from the reserve for indirect expenses.

9 Dividends

	Group		Parent Company	
	1995	1994	1995	1994
Dividends on shares and participations in subsidiaries			546	18
Dividends on shares and participations in other companies	391	1,111	46	1,107
Total dividends	391	1,111	592	1,125

10 Taxes

	Group		Parent Company	
	1995	1994	1995	1994
Income taxes	780	603	346	411
Deferred taxes	- 147	- 291		
Total taxes	633	312	346	411

The year's tax cost, SEK 633 M, amounted to 24.5 percent (10.1) of consolidated income after financial items. Among the reasons why this tax cost is below the nominal corporate tax rate in Sweden, 28 percent, are tax-exempt dividends, low taxation of property divestments and the fact that the sale of Skanska's shares in Custos reported in the accounts as a dividend payment (see Note 27) resulted in a tax deduction of about SEK 300 M. The tax cost was adversely affected by the fact that certain losses in foreign subsidiaries could not be utilized for tax purposes.

During 1988-1990 the Skanska Group, through partly owned companies, purchased participations in aircraft, including both Swedish-made SAAB 340B turboprops and other passenger aircraft. The tax authorities questioned the depreciation deductions related to most of these transactions. During 1993 the Administrative Court of Appeal ruled on two of these cases. The National Tax Board subsequently petitioned the Supreme Administrative Court to review the cases. The other cases—of a similar nature—are currently being adjudicated in the County Administrative Court. On the basis of a comprehensive analysis following consultations with the other co-owners and with outside tax experts, the risk of higher tax assessments is believed to be small. Thus no provision for higher taxes has been made as a result of the authorities' claim.

Note 10 continued

After conducting an audit, the local tax authority appealed the 1988 and 1989 tax assessments regarding the Parent Company. Because of this, a provision has been made in previous years' financial statements for possible additional taxes totaling SEK 43 M, based on claims primarily related to periodization issues, which have been deemed to entail some risk of a higher tax assessment. No allocation has been made, however, for tax claims of about SEK 695 M, mainly related to the question of a merger loss and provision for indirect costs of work in progress.

The Parent Company's 1994 accounts treated costs of SEK 510 M related to discontinuation of a real estate project in Germany as tax-deductible. It was later learned that this tax deduction can be claimed in the 1996 accounts at the earliest. Because it will be possible to take advantage of the cost for tax purposes, provision for additional taxation was only made in the Parent Company accounts. In the consolidated accounts, no provision was made because it is likely that the deduction can be made in the 1996 accounts.

11 Minority interests

Group	1995	1994
Interest in income after financial items	291	88
Interest in taxes	- 65	- 16
Total minority interests	226	72

Minority interests in the shareholders' equity of Group companies are found mainly in JM.

12 Liquid assets

	Group		Parent company	
	1995	1994	1995	1994
Cash and bank balances	1,896	1,624	337	126
Short-term investments	1,743	4,454	20	816
Total liquid assets	3,639	6,078	357	942

13 Shares (current assets)

Specification, Group holdings as of December 31, 1995 that comprise share inventory items.

Group	Number	Par value	Market value	Book value
Listed shares		SEK 000	SEK 000	SEK 000
Electrolux, Series B	5,000	125	1,360	1,360
Ericsson, Series B	20,000	50	2,590	2,590
MoDo, Series B	20,000	2,000	5,640	5,640
Stora, Series A	51,000	255	3,978	3,978
Trelleborg, Series B	66,000	1,650	4,686	4,686
Custos, Series A	1,333,579	33,339	172,032	160,253
Custos, Series B	599,519	14,988	70,144	44,762
Total			260,430	223,269
Parent Company	Number	Par value	Market value	Book value
Listed shares		SEK 000	SEK 000	SEK 000
Custos, Series A	1,333,579	33,339	172,032	160,253
Custos, Series B	599,519	14,988	70,144	44,762
Total			242,176	205,015

Amounts in SEK M unless otherwise specified

14 Other non-interest-bearing current receivables

	Group		Parent Company	
	1995	1994	1995	1994
Prepaid expenses and accrued revenues	607	394	35	56
Current assets held by consortia	518	606		
Tax claim	110	257		
Other non-interest-bearing receivables	415	409	6	
Total other non-interest-bearing current receivables	1,650	1,666	41	56

"Current assets held by consortia" represents the Group's share of assets held by consortia (except for incurred expenses that are included under the heading "Uncompleted contracts"). Liabilities (except for invoicing) are similarly shown under the heading "Current liabilities of consortia" in Note 22.

15 Interest-bearing current receivables

	Group		Parent Company	
	1995	1994	1995	1994
Current portion of long-term receivables	13	15		41
Other interest-bearing receivables	1,450	734	16	
Total interest-bearing current receivables	1,463	749	16	41

16 Inventories

Group	1995	1994
Asphalt, gravel and crushed stone	46	42
Prefabricated building elements etc.	67	56
Heating and plumbing installation materials	33	23
Products under assembly, single-family homes etc.	189	174
Trading operations	0	16
Building supplies	30	44
Total inventories	365	355

17 Investment and development properties

Regarding the definition of "Investment and development properties," see "Real estate" in the accounting and valuation principles, page 46.

Group	1995	1994
Investment properties	18,544	16,576
Investment and development properties under construction	737	1,086
Development properties	2,194	1,904
Total investment and development properties	21,475	19,566

18 Shares and participations

Group	1995	1994
Swedish companies		
Listed	2,644	4,055
Other	833	544
Total Swedish companies	3,477	4,599
Foreign companies		
Total foreign companies	117	104
Total shares and participations	3,594	4,703

Specification, holdings as of December 31, 1995

Swedish companies					
Listed shares	Number	% stake	Par value SEK 000	Market value SEK 000	Book value SEK 000
AB Catena	4,972,263	16	99,445	258,558	229,630
Euroc AB	11,369,150	24	284,229	2,008,358	551,749
FFNS Gruppen AB	8,000	<1	40	400	302
AB Geveko	852,134	20	21,303	53,258	68,910
Grånge- verkens AB	16,695,675	25	333,914	2,053,568	559,722
Fastighets- partner AB	1,016,645	4	10,166	7,981	6,204
Klövern Förvaltnings AB	4,416,432	10	44,164	22,965	44,482
AB Piren	8,663,500	4	8,664	12,995	11,015
Sandvik AB	56,406,575	20	282,033	6,571,366	886,739
AB SKF, Series A	9,870,000	9	123,375	1,238,685	268,717
Stadshypotek AB	189,658	<1	4,741	25,225	16,595
Total listed companies				12,253,359	2,644,065

Other	Number	% stake	Par value SEK 000	Book value SEK 000
AB Aktivonia	1,681	34	168	454
KB Air Preca	1/3	33	40,141	2,187
Arlandastad KB		50	1,000	1,000
HB Betongrörsteknik	1	50	50	50
Bodenfrakt ek förening	5	11	35	450
Byggnads AB Tryckeriet	600	50	60	60
Byggnads AB Tryckeriet & Co KB	1	50	45	2,810
Cefast Förvaltnings AB	250	20	200	200
Dala Asfalt KB	250	50	250	250
Edi Bygg Ideell förening	10	20	100	100
Ek förening Giganten	136	40	109	1
FASAB Fastighets- system AB	10,548	39	1,318	4,304
Fast bol Söderg 39, Fast AB Sulcus & Co	1/2	50	700	700
Fastighets AB Luxor	1,000	50	100	100

KB = Limited partnership HB = Partnership

Amounts in SEK M unless otherwise specified

Note 18 continued

	Number	% stake	Par value SEK 000	Book value SEK 000
Fastighets AB Skalholt KB	50,000	50	50	50
Fastighetsbolaget Skavsta KB		50	500	500
Fastighetsbolaget Glasberga KB	1	25	101	101
Fastighetsbolaget Hälsan KB	10	50	500	500
Fineri Nr 5 KB	75	75	20,186	10,836
Forserumsten, HB	1	50	900	900
Funktionsglas AB	1,000	14	0	100
Företagarnas hus i Boden AB	80	2	8	50
Glasberga Fastighets AB	1,000	25	100	100
Gotlands-beläggningar & Co KB	50	33	50	50
Grisslingehöjden AB	125	25	100	17
Grisslingehöjden KB		33	915	915
H-Invest AB	500	<1	50	50
Halmstad BGB AB	112	41	56	55
Handelsbolaget Energibyggarna	1	50	250	380
AB Helsingborgs Byggelement	350	50	350	757
Hotellfastigheter i Falköping AB	300	30	300	0
HB Hälsingborgsfastigheter	1/2	50	150	150
Hagaporten KB		50		1,237
Härryda Kross AB	130	50	650	650
Högbo Bruks Utbildningscentrum AB	50	9	50	1
Högmora Exploaterings AB	1,100	50	200	200
Jönköpings Betong AB	1,000	5	100	100
Kalmar Familjebad AB	100	50	50	50
Kalmar Familjebad KB	239,000	40	239	239
Karlskoga Köpcentrum, AB	1,305	45	180	6,945
Kåholmen AB & Co KB	2	50	105	105
Lapillus AB	126	50	126	126
KB Lidingö Nya Centrum		50	19,400	19,400
Masmobergets Exploaterings AB	1,100	50	200	200
Mega-Carrier KB	330	33	54,123	0
Mega-Flight KB		50	82,513	10,986
Metro-Flyg KB	330	33	46,521	0
AB Mälarmark	100	50	100	127
Möndalskatten & Co KB, AB	6	50	50	50
KB Nackaterminalen		50	5	992
Nohab Industri-fastigheter AB	20,000	50	1,000	1,000

Note 18 continued

	Number	% stake	Par value SEK 000	Book value SEK 000
Nohab Industri-fastigheter AB & Co KB		50	4,000	4,000
Novum-Centrum för Livsvetenskaper-KB		50	500	500
Nya Knutpunkten 4-5, KB	1	25	2	2
Närkes Kross & Asfaltprodukter KB	10	50	500	500
Olunda Terminal HB	1	50	500	800
Olundakrossen KB		50	500	500
Ostkustterminalen AB	10,000	30	1,200	1,200
Pandox Hotellfastigheter AB	1,250	50	75,000	285,000
Parkerings AB Dukaten	1,245	4	0	1,244
Polaris Aircraft Leasing KB		99	142,658	0
Protorp Intressenter AB	8,570	33	857	201,000
Ramlösa Brunnsanläggning, AB	625	50	62	75
KB Släggan	50	50		31,709
HB Rydebäcksgård	1/2	50	150	150
Råsjö Torv AB	26,236	22	2,624	7,953
KB Skinnefjäll	10	50	500	500
SMÅÅ AB	3,500	33	3,500	3,500
HB Solrosen	1	50	3,125	3,125
Stockholms Fondbörs AB	4,301	2	438	516
Storforsen Hotell AB	3,000	10	300	300
STR Garanti AB	87		0	1,220
HB Stämpeln 1	52	50		31,528
Svenska Dagbladet Holding AB	20,700	<1	207	18
Swedish Aircraft FOUR KB	100	100	58,641	77,583
Swedish Aircraft TWO KB	50	50	45,587	47,008
Swedish Construction Management AB	250	50	25	25
Swedish Construction Management KB	50	50	50	50
AB Sydsten	150,000	50	7,500	19,080
Såbi AB	14,940	6	1,494	1,344
Södertälje Åkeri AB	1,080	<1	108	112
Sörmlands Asfalt & Krossprodukter KB	10	50	500	500
Trinova AB	500	4	50	50
Ullna Golf AB	3,500	1	350	0
Uppsalagrus KB	10	50	500	500
Vestasfalt KB	19	50	475	475
Vikans Kross AB & Co KB	10	50	300	300
Åkerigrus KB	100	40	100	100
ÖS Företagsby KB	725	50	725	725
Miscellaneous coop. housing assns., participations*				32,606
Miscellaneous shares and participations*				6,133
Total other Swedish companies				832,515

Amounts in SEK M unless otherwise specified

Note 18 continued

Foreign companies	Number	% stake	Currency (if other than SEK)	Par value 000	Book value SEK 000
Asfaltti-Tekra OY, Finland	100	50	FIM	100	2,332
Betoni-Tekra Oy, Finland	40	40	FIM	400	1,865
Business Center Wola S.P.Z.O.O. (nr 1), Poland	38	PLZ	34,420	34,445	
Business Center Wola S.P.Z.O.O. (nr 2), Poland	40	PLZ	30,716	30,613	
Deyhle Viering GbR, Germany	1	50	DEM	10,180	2,783
Ejendoms-selskabet A/S, Denmark	753	50	DKK	11,000	9,630
ETC Corp Ltd., United States	9,000	3	USD	9	64
Eurocaf Oy, Finland	2,000	7	FIM	2,000	3,060
Frankfurt Properties Investments BV, Netherlands	13,000	50	NLG	13,000	0
Halden Projektutv, Norway	25	50	NOK	25	26
Mashado Ltd, Denmark	540,000	36	DKK	531	0
Nevsky Investment L.P., United States	495	50	USD		3,958
Oustroi Oy, Finland	17	17	FIM	170	190
RE Beton A/S, Denmark			DKK		20,130
Skanska Stav, Czech Republic	50	CZK	977	978	
Soenderjyds Erhvervs-investering KS, Denmark	11	<1	DKK	193	174
Swedish American Chamber of Commerce, United States	1	3	USD	50	334
Symbion A/S, Denmark	1	<1	DKK	100	1
TABET Skanska, Yemen	49	USD	214	214	
Tanuss Inv Ltd, Tanzania	2,015	7	TZS	800	6,000
VSL Norge A.S., Norway	180	45	NOK	180	331
Total foreign companies					117,128
The Group's total holdings of shares and participations					3,593,708

Note 18 continued

Parent Company	1995	1994
Swedish companies		
Subsidiaries	2,390	186
Other companies	212	210
Total Swedish companies	2,602	396
Foreign companies		
Subsidiaries	1,034	1,034
Other companies		
Total foreign companies	1,034	1,034
Total shares and participations	3,636	1,430

Specification, holdings as of December 31, 1995

Subsidiaries*	Number	% stake	Currency (if other than SEK)	Par value 000	Book value SEK 000
Albus Förvaltning AB	30,000			30	5,141
AB Fakiren	3,000,000			150,000	95,288
AB Gadus	1,000			1,000	1,000
Hofors Kraft KB				3	3
Kolbäckens Kraft KB				3	3
AB Perukmakaren	250,000			25,000	1,000
SCG Byggnads AB	500			50	50
Skanska Data AB	5,000			500	500
Skanska Allemansfond Förvaltnings AB	500			250	250
Skanska Entreprenad AB	125,923,860			1,259	522,263
Skanska Export AB	500			0	253
Skanska Hedging AB	500			50	73
Skanska Förvaltnings AB	500			50	50
Skanska Holding AB	500			50	50
Skanska Invest AB	125,923,860			1,259	1,211,329
Skanska Capital	500,000			50,000	65,000
Skanska Kraft AB	500			50	60
Skanska Service AB	500			50	50
Skanska Turbo AB	500			50	52
Skanska Fastigheter AB	125,923,860			2,518	487,689
AB Svenska Aktier	500			50	50
Devoncourt Holdings Unltd, Ireland	41,000,000		GBP	41,000	442,083
SCEM Reinsurance SA, Luxembourg	500		LUF	50,000	8,214
Skanska Property Investment GmbH, Germany			DEM	10,000	583,810
Skanska Property Investment 4 BV, Netherlands	102		NLG	28,492	0
Parent Company's total holdings in subsidiaries					3,424,261

Amounts in SEK M unless otherwise specified

Note 18 continued

Other companies	Number	% stake	Par value SEK 000	Book value SEK 000
Råsjö Torv AB	26,236	22	2,624	7,953
Protorp Intressenter AB	8,570	33	857	201,000
Stockholms Fondbörs AB	3,914	<1	391	470
Svenska Dagbladet Holding AB	18,900	<1	189	0
Ullna Golf AB	3,500	1	350	0
Miscellaneous shares and participations*			0	2,538
Parent Company's total holdings in other companies				211,961
Parent Company's total holdings of shares and participations				3,636,222

List of certain indirectly owned property management and operating subsidiaries

	Number	% stake	Currency (if other than SEK)	Par value 000	Book value SEK 000
Beers Inc., United States	500		USD	30,510	228,215
C.G. Jensen A/S, Denmark	382		DKK	50,000	150,000
AB Drott	1,056,974	90		10,570	212,009
Eurostop KB	2,925	59		2,925	6,955
JM Byggnads och Fastighets AB	13,775	42		55,100	1,211,329
Kallax Betong och Grus AB	20,000			2,000	65,950
Karl Koch Erecting Co Inc., United States	100		USD	18,860	163,769
Marktune Ltd, Great Britain	55,500,000		GBP	55,500	181,652
Myresjö AB	650,000			65,000	71,500
AB Mälarhus	10,000			1,000	1,000
SektionsByggarna AB	12,000			1,200	10,000
Skanska Bostäder Stockholm AB	50,000			5,000	5,048
Skanska E & C, United States	1,000		USD	5,001	37,407
Skanska Fastigheter Nord AB	30,000			3,000	3,000
Skanska Fastigheter Stockholm AB	160,000			16,000	16,000
Skanska Fastigheter Syd AB	50,000			5,000	5,000
Skanska Fastigheter Väst AB	10,000			1,000	1,000
Skanska Installation AB	20,000			2,000	2,050
Skanska International Building AB	500,000			50,000	50,000
Skanska International Civil Eng. AB	24,000			12,000	12,000
Skanska Maskin AB	100			120	120
Skanska Mellansverige AB	10,000			1,000	1,000
Skanska Mitt AB	2,000			1,000	1,033
Skanska Nord AB	2,000			1,000	1,203

Note 18 continued

	Number	% stake	Currency (if other than SEK)	Par value 000	Book value SEK 000
Skanska Oy, Finland	470	70	FIM		28,730
Skanska Prefab AB	30,000			3,000	4,500
Skanska Stockholm AB	1,000			1,000	990
Skanska Stålteknik AB	10,000			1,000	50
Skanska Syd AB	10,000			1,000	784
Skanska Sydöst AB	10,000			1,000	1,134
Skanska Teknik AB	20,000			2,000	2,000
Skanska (U.S.A.) Inc., United States	22,298		USD	0	220,892
Skanska Väst AB	10,000			1,000	1,008
Slattery Associates Inc., United States	500		USD	5,000	30,950
Stabilator AB	20,000			2,000	42,000
Trinity Tower Property Co. Ltd, Great Britain	211,500,000		GBP	211,500	801,629

* Complete data can be obtained on request from the Company by writing to Group Public Affairs, Skanska AB, S-182 25 Danderyd.

19 Interest-bearing long-term receivables

	Group		Parent Company	
	1995	1994	1995	1994
Receivables from subsidiaries			13,675	16,573
Other interest-bearing receivables	680	393	2	0
Total interest-bearing long-term receivables	680	393	13,677	16,573

20 Other fixed assets

I Goodwill etc.	Group		Parent Company	
	1995	1994	1995	1994
Goodwill, residual value	164	95		
Extraction rights, residual value	15	12	4	5
Total Goodwill etc.	179	107	4	5

The increase of SEK 69 M (46) in goodwill was mainly related to acquisitions of companies in Denmark as well as the purchase of JM's construction operations in northern Sweden.

II Property, plant and equipment under production

Group	1995	1994
Proprietary machinery under production	4	10
Advance payments for fixed assets	15	4
Buildings under construction	2	2
Total property, plant and equipment under production	21	16

Amounts in SEK M unless otherwise specified

Note 20 continued

III Property, plant and equipment
Group

a) Acquisition price and accumulated depreciation

	Acquisition price of remaining assets		Accumulated depreciation		Book value under assets in balance sheet	
	1995	1994	1995	1994	1995	1994
Ships (dredgers, barges)	116	142	106	129	10	13
Machinery and equipment	4,602	4,317	3,380	3,213	1,222	1,104
Buildings (fixed- asset properties)	1,020	966	437	411	583	555
Land and other real estate	268	233	50	39	218	194
Timberland	321	321	61	50	260	271
Hydroelectric power plants	390	374	84	58	306	316
Total property plant and equipment	6,717	6,353	4,118	3,900	2,599	2,453

In the balance sheet item "Hydroelectric power plants," book value was redistributed through a revaluation of the Kymmen power plant in Sweden by SEK 31 M and a writedown of the Group's other hydroelectric power plants by a corresponding amount.

b) Assessed values	1995	1994
Investment and development properties		
Buildings	13,681	13,128
Land and other real estate	2,644	2,376
Fixed-asset properties		
Buildings, incl. power plants	1,067	1,048
Land and other real estate	305	318
Timberland	629	619

Note 20 continued

Parent Company

a) Acquisition price and accumulated depreciation

	Acquisition price of remaining assets		Accumulated depreciation		Book value under assets in balance sheet	
	1995	1994	1995	1994	1995	1994
Machinery and equipment	1,910	2,011	1,718	1,720	192	291
Buildings (fixed- asset properties)	345	353	197	190	148	163
Land and other real estate	91	96	17	19	74	77
Hydroelectric power plants	229	229	51	46	178	183
Total property, plant and equipment	2,575	2,689	1,983	1,975	592	714

b) Assessed values	1995	1994
Fixed-asset properties		
Buildings, incl. power plants	668	680
Land and other real estate	162	165

21 Other non-interest-bearing current liabilities

	Group		Parent Company	
	1995	1994	1995	1994
Accrued expenses and prepaid revenues	3,888	3,508	209	371
Current liabilities of consortia	226	400		
Tax liabilities	542	544	373	450
Other non-interest-bearing current liabilities	2,009	2,347	21	15
Total other non-interest- bearing current liabilities	6,665	6,799	603	836

22 Interest-bearing current liabilities

	Group		Parent Company	
	1995	1994	1995	1994
Current portion of long- term liabilities	60	69	37	24
Current liabilities of consortia	98			
Other interest-bearing current liabilities	1,553	4,165	637	3,820
Total interest-bearing current liabilities	1,711	4,234	674	3,844

Amounts in SEK M unless otherwise specified

23 Interest-bearing long-term liabilities

	Group		Parent Company	
	1995	1994	1995	1994
Liabilities to subsidiaries			7,811	5,317
Construction loans	52	70		
Mortgage loans	6,808	7,223	0	1
Other liabilities	2,875	1,456	696	1,148
Convertible debenture loan (see below)	42			
Total interest-bearing long-term liabilities	9,777	8,749	8,507	6,466
Convertible debenture loan	JM			
Amount	SEK 50 M			
Life of loan	1995-2001			
Convertible beginning in	1997			
Conversion price	SEK 85			
Maximum dilution of capital stock	1.80%			
Maximum dilution of voting power	1.10%			

When JM issued its convertible debenture loan, it calculated a capital discount that comprised a discounted, then-current value of the difference between the market interest rate and the interest rate on this debt instrument during its lifetime. In the accounts of JM, the capital discount of SEK 8 M reduced the loan amount and was charged directly to restricted reserves. In the Skanska accounts, 42 percent of the capital discount (equivalent to Skanska's proportion of JM's capital stock) was charged to restricted reserves.

The reported loan liability is gradually increased during the life of the loan by an interest rate in such a way that the reported liability amount on the date of maturity will be the same as the face value of the loan.

24 Pension liabilities

	Group		Parent Company	
	1995	1994	1995	1994
PRI liability	1,857	1,752	810	786
Other pension commitments	18	15	17	15
Total pension liabilities	1,875	1,767	827	801

25 Deferred tax liabilities

See the accounting and valuation principles on page 45.

26 Capital stock

9,136,860 Series A shares, par value SEK 10 each

116,787,000 Series B shares, par value SEK 10 each

125,923,860

Series A shares have 10 votes apiece and Series B shares have 1 vote apiece.

27 Change in shareholders' equity

Group	Capital stock	Re-stricted reserves	Unre-stricted reserves	Net profit for the year	Total shareholders' equity
Opening balance, Jan. 1, 1995	1,259	2,785	3,303	2,691	10,038
Transfer of net profit for 1994			2,691	-2,691	0
Dividend			-996		-996
Translation difference			-70		-70
Capital discount		3			3
Transfer between restricted and unrestricted equity		-573	573		0
Net profit for 1995				1,729	1,729
Closing balance, Dec. 31, 1995	1,259	2,215	5,501	1,729	10,704

Parent Company	Capital stock	Legal reserve	Retained earnings	Net profit for the year	Total shareholders' equity
Opening balance, Jan. 1, 1995	1,259	488	3,024	2,167	6,938
Transfer of net profit for 1994			2,167	-2,167	0
Dividend			-996		-996
Net profit for 1995				874	874
Closing balance, Dec. 31, 1995	1,259	488	4,195	874	6,816

The dividend amount, SEK 996 M, consisted of a cash dividend of SEK 472 M and a dividend in the form of the sale of Series A shares in Custos at a discounted price. The latter dividend was valued at SEK 524 M, the amount by which the proceeds of the sale fell short of the book value of the shares.

28 Assets pledged

	Group		Parent Company	
	1995	1994	1995	1994
Real estate mortgages	8,027	7,790	8	10
Chattel mortgages	123	123		
Short-term investments and other securities	445	1,322	0	659
Total assets pledged	8,595	9,235	8	669

Amounts in SEK M unless otherwise specified

29 Contingent liabilities

	Group		Parent Company	
	1995	1994	1995	1994
Sureties for subsidiaries	0	0	10,298	7,239
Other sureties	3,061	2,621	445	375
Total contingent liabilities	3,061	2,621	10,743	7,614

30 Allocations

<i>Parent Company</i>	1995	1994
Group contributions	657	3,004
Stockholders' contributions	- 233	- 721
Extra depreciation (Note 7)	47	34
Foreign exchange reserve	- 58	
Tax allocation reserve	- 214	- 489
Total allocations	199	1,828

31 Untaxed reserves

<i>Parent company</i>	Value according to 1994 balance sheet	Allocations in 1995	Value according to 1995 balance sheet
Accumulated extra depreciation			
Machinery and equipment	152	- 37	115
Fixed-asset properties	224	- 10	214
Foreign exchange reserve	0	58	58
Tax allocation reserve	489	214	703
Total untaxed reserves	865	225	1,090

Proposed allocation of earnings

The Board of Directors and the President propose that the net profit for 1995, SEK 874,172,013, plus the retained earnings of SEK 4,194,789,036 carried forward from the preceding year, making a total of SEK 5,068,961,049, be allocated as follows:

A dividend to the shareholders of SEK 5.00 per share _____	629,619,300
To be carried forward _____	4,439,341,749
	<u>SEK 5,068,961,049</u>

Danderyd, Sweden, February 29, 1996

Percy Barnevik

Carl-Olof Ternryd	Stig Herner	Gudrun Norberg
Lars Öberg	Ivan Karlsson	Bengt Järrestedt
Sven-Eric Hersvall	Bo Rydin	Per-Olof Eriksson
	Melker Schörling President	

Auditors' Report for Skanska AB

We have examined the Annual Report, the consolidated financial statements, the accounts and the management by the Board of Directors and the President during 1995. Our examination has been carried out in accordance with generally accepted auditing standards.

Parent Company

The Annual Report has been prepared in conformity with the Swedish Companies Act.

We recommend that the Annual Meeting of Shareholders adopt the income statement and balance sheet, distribute the earnings in accordance with the proposal in the Report of the Directors and discharge the members of the Board of Directors and the President from personal liability for their administration during 1995.

Group

The consolidated financial statements have been prepared in conformity with the Swedish Companies Act. We recommend that the Annual Meeting adopt the consolidated income statement and balance sheet.

Danderyd, Sweden, March 14, 1996

Anders Scherman
Authorized Public Accountant

Bernhard Öhrn
Authorized Public Accountant

Members elected by the annual Meeting of Shareholders

Percy Barnevik

Zurich, Switzerland, born 1941. Chairman. Elected in 1986. Chief Executive Officer of ABB Asea Brown Boveri Ltd. Other directorships: Sandvik (Chairman), Investor, E.I. du Pont de Nemours & Co. Holdings in Skanska: 40,000 Series B shares.

Bo Rydin

Stockholm, born 1932. Elected in 1994. Dr.Econ. (Hon.), Dr.Eng. (Hon.) Other directorships: SCA (Chairman), Industrivärden (Chairman), Svenska Handelsbanken (Vice Chairman), ABA/SILA, Euroc, IBM EMEA Board. Holdings in Skanska: 1,500 Series B shares.

Melker Schörling

Lidingö, born 1947. Elected in 1993. President and Group Chief Executive of Skanska. Other directorships: Euroc (Chairman), Securitas (Chairman), JM Byggnads och Fastighets AB (Chairman), Assa Abloy (Vice Chairman), Custos, SKF, Federation of Swedish Industries. Holdings in Skanska: 30,378 Series A shares.

Sven-Eric Hersvall

Malmö, born 1931. Elected in 1991. President of Skanska AB 1991-1992. Other directorships: Svenska Handelsbanken Southern Region, Elektro-Sandberg AB. Holdings in Skanska: 3,540 Series B shares.



Guðrun Norberg

Glanshammar, born 1938. Elected in 1990. Other board memberships: Föreningsbanken Örebro (Vice Chairman), Almi Företagspartner Örebro, National Paroles Board. Holdings in Skanska: 100 Series B shares.

Per-Olof Eriksson

Sandviken, born 1938. Elected in 1994. Dr.Eng. (Hon.). Other directorships: Swedish National Grid (Chairman), Sandvik, Svenska Handelsbanken, SSAB, SKF, Volvo, Custos, OK Petroleum (Vice Chairman), N.V. Koninklijke Sphinx, Royal Institute of Technology, Karlskoga Invest, Federation of Swedish Industries. Member of Royal Swedish Academy of Engineering Sciences and Chairman of its Industrial Council. Holdings in Skanska: 1,000 Series B shares.

Lars Öberg

Bromma, born 1936. Elected in 1992. President of Custos. Other directorships: Fastighetsaktiebolaget Hufvudstaden (Chairman), Sandblom & Stohne (Chairman), Skandinaviska Enskilda Banken, SCA.

Carl-Olof Ternryd

Stockholm, born 1928. Elected in 1982. Dr. Eng., professor at Røya Institute of Technology. Other directorships: Association of Swedish Automobile Manufacturers and Wholesalers (Chairman).

Members and deputy members appointed by employee unions

Arne Knudsen

born 1942. Swedish Building Workers' Union. Deputy member since 1992. Wood worker. Holdings in Skanska: 120 Series B shares.

Ivan Karlsson

Uddevalla, born 1937. Union for Service and Communication (SEKO). Board member since 1992. Rock worker. Holdings in Skanska: 820 Series B shares.

Stig Herner

Gothenburg, born 1932. Swedish Association of Supervisors (LEDARNA). Board member since 1985. Engineer. Holdings in Skanska: 5,500 Series B shares.



Åsa Elofsson

Årlanda, born 1950. Swedish Union of Clerical and Technical Employees in Industry (SIF). Deputy member since 1992. Personnel assistant.

Bengt Lundberg

Lund, born 1953. Swedish Industrial Union. Deputy member since 1993. Form worker.

Bengt Järrestedt

Spånga, born 1946. Swedish Building Workers' Union. Board member since 1991. Wood worker. Holdings in Skanska: 10 Series B shares.

Auditors

Anders Scherman

Malmö, Authorized Public Accountant



Bernhard Öhrn

Stockholm, Authorized Public Accountant



Deputy Auditors:

Christer Ljungsten

Malmö, Authorized Public Accountant

Bo Ribers

Stockholm, Authorized Public Accountant

Data on Skanska shares

Amidst continued good trading volume, Skanska's Series B shares rose 33 percent during 1995. Year-end market capitalization totaled SEK 26,627 M, up 33 percent from 1994.

The largest shareholders in Skanska AB

According to the Swedish Securities Register Center (VPC), the largest shareholders and their percentages of total shares and votes on December 29, 1995 were:

Shareholders	% of capital stock	% of voting power
Sparbankerna mutual funds	15.0	9.1
Swedish National Pension Insurance Fund, Fourth Fund Board	5.7	3.9
AB Custos (investment company)	5.3	23.0
SPP (retirement insurance)	3.4	2.1
AB Industrivärden (investment company)	3.3	14.0
Nordbanken mutual funds	3.1	1.9
Skandia (insurance)	2.9	1.7
Skandinaviska Enskilda Banken mutual funds	2.8	1.7
Folksam (insurance)	2.4	1.4
Trygg Hansa (insurance)	2.1	1.3
Handelsbanken mutual funds	2.1	1.3
AMF P	2.1	1.3
SEB Foundations	1.3	0.8
WASA Life Insurance	1.3	0.8
Swedish National Pension Insurance Fund, Fifth Fund Board	1.1	0.7
Föreningsbanken mutual funds	1.0	0.6
Handelsbanken pension fund	0.8	4.2
Total	55.7	69.8
Other shareholders	44.3	30.2
About 66,000 shareholders	100	100

Capital stock

Skanska's shares have been quoted on the Stockholm Stock Exchange's A-list since 1965. At the time of the initial public offering, Skanska's capital stock was SEK 32 M. Since then, its capital stock has been increased by means of nine stock dividends and seven targeted special issues of new shares. In December 1995 Skanska's capital stock amounted to SEK 1,259.2 M, divided into 125,923,860 shares.

Skanska's capital stock is divided into Series A and Series B shares, all with a par value of SEK 10. All shares are unrestricted (may be bought by non-Swedes). Series A shares carry 10 votes apiece, whereas Series B shares carry one vote apiece. Only Series B shares are listed on the Stockholm Stock Exchange. A round lot consists of 200 shares.

Shareholders

At year-end 1995, Skanska had 66,000 shareholders. Shares with non-Swedish owners amounted to 5.1 percent (7.7) of voting power and 8.1 percent (12.4) of capital stock.

Many Skanska Group employees own Skanska shares. About 1 percent of voting power and 1.2 percent of capital stock are held by employees.

Dividend policy

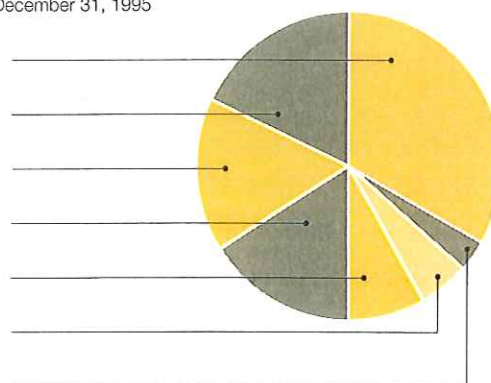
Skanska's dividend policy means that a high proportion of earnings from real estate operations as well as dividends from the stock portfolio should be distributed to the shareholders. In addition, a reasonable proportion of earnings from construction and industrial operations should be distributed.

Altogether, this means that over time, the dividend should be in the

Shareholders, by category

Percentage of capital stock, December 31, 1995

Swedish mutual funds	33.2%
Swedish private individuals	18.0%
Other Swedish companies and institutions	16.1%
Swedish insurance companies	16.0%
Foreign shareholders	8.1%
AB Custos	5.3%
AB Industrivärden	3.3%



range of 30–50 percent of consolidated income after taxes.

Trading in Skanska shares

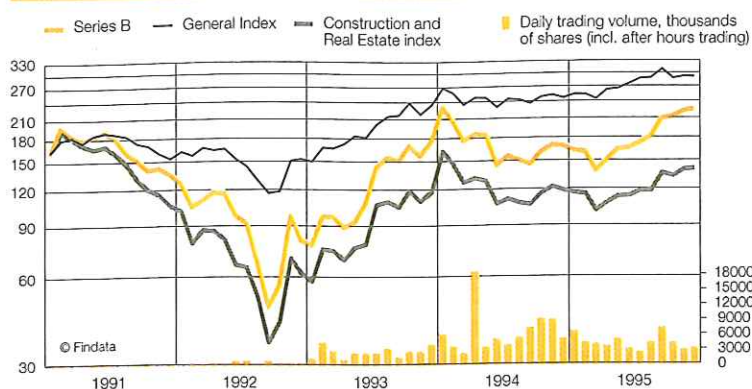
Since January 1993 all Skanska shares have been unrestricted, which has increased trading volume.

In December 1994 the market price of a Series B share was SEK 171. At the end of 1995 the share price was SEK 228. The share price varied from SEK 137 to SEK 232 during 1995.

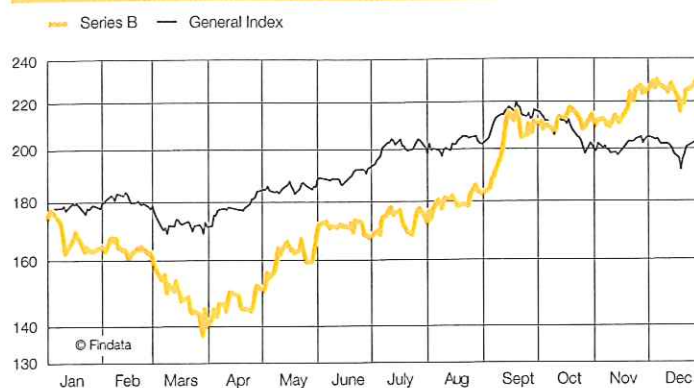
As the adjacent chart indicates, the number of Skanska shares changing hands each day remained good during 1995. Year-end market capitalization totaled SEK 26,627 M (19,971), an increase of 33 percent.

During 1995, the number of shares traded on the Stockholm Stock Exchange was 54,317,401, or 34 percent less than during 1994 (81,898,094). This was equivalent to 216,404 shares per trading day in 1995. Trading volume was equivalent to 43 percent (65) of total shares outstanding at the end of each respective year.

Skanska share price movement, 1991–1995



Skanska share price movement, January–December 1995



Changes in capital stock

Year	Stock dividend SEK M	New share issue SEK M	Par value of capital stock SEK M
1965			32.0
1967	—	3.4	35.4
1969	2.5	14.1	49.5
1973	1.3	16.5	66.0
1975	1.3	22.0	89.7
1977	1.2	44.9	134.6
1979	1.2	67.3	204.3
1981	2.3	136.2	340.5
1982	1.5	68.1	411.3
1983	1.2	205.6	616.9
1984	split 5:1	—	616.9
1987	—	8.7	625.6
1988	—	4.0	629.6
1991	1.1	629.6	1,259.2
1994 conv.			1,259.2

Shareholdings by size

December 31, 1995				
Number of shares held	Number of shareholders	% of all shareholders	Total number of shares held	% of capital stock
1 – 500	54,171	82.2	7,351,513	5.8
501 – 1,000	6,429	9.7	5,135,998	4.1
1,001 – 2,000	2,795	4.2	4,355,621	3.5
2,001 – 5,000	1,540	2.3	5,003,988	4.0
5,001 – 10,000	491	0.7	3,628,222	2.9
10,001 – 20,000	238	0.4	3,359,614	2.7
20,001 – 50,000	161	0.2	5,273,171	4.2
50,001 – 100,000	61	0.1	4,270,794	3.4
100,001 –	118	0.2	87,544,939	69.4
Total	66,004	100.0	125,923,860	100.0

Shares by category

Category	Number of shares	% of voting power	% of capital stock
A	9,136,860	43.9	7.3
B	116,787,000	56.1	92.7
Total	125,923,860	100.0	100.0

Eight-year Group financial summary

SEK M unless otherwise specified	1995	1994	1993	1992	1991	1990	1989	1988
Income statements								
Operating income after depreciation								
Contracting operations etc.	694	533	517	772	1,453	1,637	809	820
Earnings margin, %	2.0	1.6	1.7	2.8	4.8	4.9	3.8	4.4
Sale of investment and development properties	768	293	1,511	69	141	95	136	122
Development properties excluding new appraisals	- 51	-14	10	- 120	82	43	- 13	16
Property management excluding new appraisals	1,663	1,608	1,875	1,816	1,443	997	951	829
New appraisals	- 2	- 91	- 2,004	- 4,329	- 1,467	- 166	—	—
Financial items	- 484	746	- 792	- 1,675	- 914	- 405	835	- 10
Income after financial items	2,588	3,075	1,117	- 3,467	738	2,201	2,718	1,777
Extraordinary expense	—	—	—	- 518	—	—	—	—
Taxes	- 633	- 312	- 567	745	- 29	- 836	- 708	- 484
Minority interest in income	- 226	- 72	- 33	139	19	- 117	- 105	- 69
Net profit/loss for the year	1,729	2,691	517	- 3,101	728	1,248	1,905	1,224
Balance sheets								
Liquid assets	3,639	6,078	6,427	5,045	6,540	10,243	5,899	3,117
Shares and participations (current assets)	223				146	282	175	121
Other non-interest-bearing current receivables	7,065	6,935	5,183	5,790	5,592	5,772	5,612	5,686
Interest-bearing current receivables	1,463	749	1,263	2,428	2,185	3,216	1,441	1,070
Inventories	365	355	291	330	424	504	450	411
Investment and development properties	21,475	19,566	21,463	22,095	23,249	19,173	14,311	10,911
Shares and participations (fixed assets)	3,594	4,703	4,922	5,711	6,269	6,343	5,865	4,804
Non-interest-bearing long-term receivables	407	779	671	653	619	590	346	215
Interest-bearing long-term receivables	680	393	445	519	971	1,022	437	521
Other fixed assets	2,799	2,576	2,652	2,932	3,342	3,484	3,124	2,388
Other non-interest-bearing current liabilities	10,072	10,135	9,127	9,489	8,322	9,391	7,275	5,758
Interest-bearing current liabilities	1,711	4,234	1,794	1,780	5,413	5,995	1,358	793
Work in progress	4,220	4,761	5,772	6,674	6,334	7,096	4,966	3,625
Non-interest-bearing long-term liabilities	1,885	1,842	2,113	2,076	3,143	2,967	3,094	2,333
Interest-bearing long-term liabilities	11,652	10,516	16,173	17,786	14,975	14,067	11,010	8,475
Minority interests	1,466	608	549	415	492	621	466	363
Shareholders' equity	10,704	10,038	7,789	7,283	10,658	10,492	9,491	7,897
Total assets	41,710	42,134	43,317	45,503	49,337	50,629	37,660	29,244
Net interest-bearing indebtedness	7,581	7,530	9,832	11,574	10,692	5,581	4,591	4,560
Invoiced sales incl. rents	38,395	32,358	28,921	31,883	34,697	37,291	29,868	23,145
of which, outside Sweden, %	39	34	23	14	13	11	8	8
Invoiced sales on contracts credited to income, incl. rents	38,608	37,527	33,362	31,004	33,432	35,580	23,594	20,411
Invoicing level, incl. rents, %	101	116	115	97	96	95	79	88
Average number of employees	32,728	28,868	27,398	28,646	31,077	31,746	29,494	29,670
Dividend per share, SEK (1995: proposed)	5.00	3.75	3.25	1.50	3.25	3.13	2.63	2.13
Net profit/loss per share, SEK	13.75	21.35	4.10	- 24.65	5.80	9.90	15.15	9.70
Equity per share, SEK	85.00	79.70	61.85	57.85	84.65	83.30	75.35	62.70
Return on shareholders' equity, %	16.7	30.2	6.9	neg	6.9	12.5	21.9	16.8
Return on capital employed, %	16.2	16.8	13.9	0.9	11.4	16.0	19.4	16.1
Equity/assets ratio, %	29.2	25.3	19.2	16.9	22.6	21.9	26.4	28.2
Debt/equity ratio	0.6	0.7	1.2	1.5	1.0	0.5	0.5	0.6
Interest cover	2.7	3.4	1.4	<1	1.3	2.1	3.4	3.3

For definitions of financial ratios, see page 39.

Annual meeting

The Annual Shareholders' Meeting of Skanska AB will be held at 4:00 p.m. on Monday, April 29, 1996 at the Cirkus auditorium, Djurgårdsslätten 43 (at Skansen outdoor museum), Stockholm, Sweden.

Entitlement to vote at the Annual Meeting

To be entitled to vote at the Annual Meeting, shareholders must

- be listed in the print-out of the register of shareholders made as of April 19, 1996; thus, shareholders whose shares have been registered in the name of a trustee must have temporarily re-registered their shares no later than April 19, 1996 in their own name to be entitled to attend the Meeting (such registration should be requested a few days in advance from the bank or

brokerage house holding the shares in trust).

- notify Skanska no later than 12 noon, Wednesday, April 24, 1996 of their intention to participate in the Meeting.

Notification

Shareholders who wish to participate in the Meeting may notify either

- by mail to Skanska AB, Group Legal Affairs, S-182 25 Danderyd, Sweden.
- by telephone to +46 8 753 84 06 (Skanska Headquarters, Danderyd) or
- by fax to +46 8 753 38 26.

This notification should state the shareholder's

- name
- national registration or corporate identity number
- address and telephone number.

If participation is authorized by proxy, this must be sent to the Company before the Annual Meeting.

Shareholders who wish to participate in the Meeting must have notified the Company to this effect no later than 12 noon, Wednesday, April 24, 1996, when the notification period expires.

Shareholders who have duly notified the Company of their intention to participate in the Annual Meeting will receive a participant's card which should be brought to the Meeting and shown at the entrance to the Meeting venue.

Dividend

The Board of Directors proposes a dividend to the shareholders of SEK 5.00 per share for 1995. The Board proposes Friday, May 3, 1996 as the date of record to qualify for a dividend. Provided that the Annual Meeting approves this date, the dividend will be mailed by the Swedish Securities Register Center (VPC) on Friday, May 10, 1996.

Financial information

During the year, Skanska issues the following financial reports:

- Press release on the previous year's results, in February.
- Annual Report, in April.
- Half Year Report, in August.
- Nine Month Report, in November.

The 1996 Half Year Report will be issued on August 22 and the Nine Month Report on November 22.

The press release on the previous year's results, the Annual Report and the interim reports are also published in English. As a complement to this Annual Report, Skanska also publishes separate presentations of the Swedish Construction business area in Swedish and of the International Construction business area in English, German, Russian and Spanish.

A separate booklet on the Group's real estate, *Skanska's Real Estate Holdings 1996*, is being published in Swedish and English.

All financial information can be ordered from:

Skanska AB
Group Public Affairs
S-182 25 Danderyd, Sweden
Telephone +46 8 753 88 00
Fax +46 8 755 12 56.

JM's Swedish-language Annual Report can be obtained from:

JM Byggnads och Fastighets AB
Box 27319
S-102 54 Stockholm, Sweden
Telephone +46 8 782 87 00.
Fax: +46 8 660 02 97.

Skanska analyses

In recent years the following stock brokerage houses and banks have produced financial analyses of Skanska.

Alfred Berg Fondkommission*
AROS Fondkommission
Enskilda Corporate*
Hagströmer & Qviberg
Fondkommission
Handelsbanken Markets*

* Also published in English.

Nordbanken
Swedbank Fondkommission
Unibank Securities
Öhman J:or Fondkommission

Group Headquarters

Skanska AB

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Fax: +46 8 755 12 56

Skanska AB

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Fax: +46 40 14 45 40

International Construction

C.G. Jensen A/S

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Telephone: +45 44 77 99 99
Fax: +45 44 68 06 54

Skanska Oy

P O Box 114
SF-00101 Helsinki,
Finland
Telephone: +358 0615 221
Fax: +358 0615 22271

Skanska International Building AB

S-205 33 Malmö, Sweden
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Fax: +46 40 611 82 16

Skanska International Civil Engineering AB

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Fax: +46 8 753 46 13

Skanska USA

Skanska (USA) Inc

60 Arch Street
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Telephone: +1 203 629 8840
Fax: +1 203 869 4313

Beers Construction Company

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Atlanta, GA 30303, U.S.A.
Telephone: +1 404 659 19 70
Fax: +1 404 659 16 65

Sordoni Skanska Construction Co.

Morris Corporate
Center III-Building C
400 Interpace Parkway
PARSIPPANY
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Fax: +1 201 334 53 76

Skanska E & C

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Fax: +1 317 571 32 92

Slattery Associates Inc.

16-16 Whitestone Expressway
Whitestone, NY 11357 U.S.A.
Telephone: +1 718 767 26 00
Fax: +1 718 767 26 63

Karl Koch Erecting Co. Inc.

400 Roosevelt Avenue
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Telephone: +1 908 969 17 00
Fax: +1 908 969 01 97

Teknical and Industrial Companies

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S-205 33 Malmö, Sweden
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Skanska Maskin AB

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Skanska Installation AB

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Fax: +46 8 28 47 20

Skanska Prefab AB

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Fax: +46 40 97 71 15

Skanska Stålteknik AB

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S-391 28 Kalmar, Sweden
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Fax: +46 480 241 33

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Myresjö AB

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Fax: +46 383 914 44

SektionsByggarna AB

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Real Estate

Skanska

International Real Estate

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Skanska Property GmbH

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Fax: +49 40 45 48 53

Skanska Ejendomme

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East West Property Development Share Co.

Rakoczi ut. 1-3
H-1088 Budapest, Hungary
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Finance

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Fax: +46 8 753 18 52

Skanska AB

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<http://www.skanska.se>



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