



“A world leading  
company in  
construction-related  
services and project  
development”

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### Note to the reader

Skanska's Annual Report consists of two parts.

**Review of Operations, Part 1**, focuses on strategic development, the organizational structure and a market review. It also contains a five-year financial summary and a section on Skanska share data.

**Financials, Part 2**, contains the Report of the Directors, the income statements and balance sheets, accounting and valuation principles and notes to the financial statements for 2001. It also contains information on Project Development & BOT as well as a property list.

All "per share" comparative data are adjusted for the 4:1 split.

This document is in all respects a translation of the Swedish original Annual Report. In the event of any differences between this translation and the Swedish original, the latter shall prevail.

## The year in brief

Cash flow from business operations was very strong, totaling SEK 3.5 billion. This represented a 160 percent increase on the preceeding year. The demand for fully developed commercial projects in Scandinavia remained strong. Writedowns and loss provisions, mainly in Danish and Polish operations, were charged to earnings in core business. During 2000, Skanska sold shares and businesses that altogether resulted in a positive nonrecurring effect of about SEK 4 billion on income after financial items.

▪ Order bookings	+20%	SEK 152.5 bn	EUR 16.5 bn
▪ Order backlog	-1%	SEK 158.6 bn	EUR 17.0 bn
▪ Net sales	+53%	SEK 164.9 bn	EUR 17.8 bn
▪ Operating income in core business	-44%	SEK 2.5 bn	EUR 0.3 bn
▪ Income after financial items	-87%	SEK 1.1 bn	EUR 0.1 bn
▪ Net profit per share		SEK 0.05	EUR 0.005
▪ Return on shareholders' equity			0.1%
▪ Return on capital employed, adjusted for items affecting comparability and divestments of shares			8.7%



# NEW YORK

Legend Yacht & Beach Club, a 46-home residential community in Glen Cove, Long Island, was developed and built by Spectrum Skanska.

The New York Power Authority relied on Slattery Skanska to build eleven new generator plants in five months.

After the terrorist attacks in the U.S., both Slattery Skanska and Koch Skanska participated in clean-up work at Ground Zero in New York City.



# Stockholm

A multi-story parking garage in central Stockholm was razed and replaced by a new residential building that features some of the most attractive apartments in the Swedish capital.

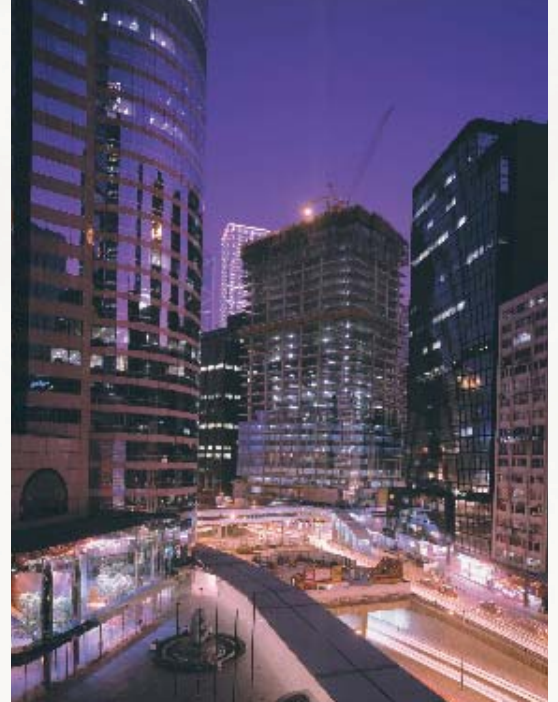
CityCronan with its new stores, apartments and a restaurant will help revitalize western downtown Stockholm. Office space in the complex was leased to the Nordea banking group in Skanska's largest lease ever.



# Prague



One of Prague's many architectural attractions is Wallenstein Palace, a 17th century Baroque creation. The Czech subsidiary IPS Skanska carried out extensive renovations of the many buildings in the palace area on behalf of the Czech Parliament.



# Hong Kong

Gammon Skanska, the Group's half-owned Hong Kong company, is constructing a 29-story building in central Hong Kong. The office tower is scheduled for completion in mid 2002. Gammon Skanska had previously done the foundation work.

# London

In London, the last part of Thomas More Square was sold. The project was developed and built by Skanska.

Skanska will fit out a new sports center for Reebok in Canary Wharf, London.





# Helsinki

The headquarters of the KONE elevator group in Espoo, at the edge of Helsinki, was built by Skanska and is 18 stories high. In the vicinity are the headquarters of several of Finland's other major corporations.

# Oslo

Norway's royal family moved into a completely new residential suite at the Royal Palace in Oslo. Selmer Skanska built the 1,000 sq m (10,750 sq ft) suite. Selmer Skanska has had recurrent contracts at the Palace, which originally dates from 1849.



In Buenos Aires, Sade Skanska built a new clinic containing a neurology, pain and rehab center for FLENI, a rehabilitation foundation.

# Buenos Aires

# MOSCOW



Moscow's second IKEA home furnishings store was completed by Skanska in eight months and inaugurated in December 2001.



# BANGKOK



In Bangkok, Skanska is carrying out its sixth pipe-jacking project for the Metropolitan Electricity Authority (MEA). The 8 km (5 mi) long tunnel will accommodate a power line linking two transformer stations.



# Copenhagen

Skanska Denmark built the Norwegian oil company Statoil's new Danish headquarters. Several Skanska units collaborated in the project. A Danish government pension fund was the investor, while Statoil is leasing the premises.

# Krakow

Krakow, southern Poland, now has a new shopping and entertainment center, Krakow Plaza Center, which opened in December 2001 after a one-year construction period.



# Seattle



American subsidiary Sordoni Skanska is building a research and technology center for Immunex Corporation in Seattle, Washington.

In Redmond, near Seattle, Washington, Seattle-based subsidiary Baugh Skanska built a new headquarters for the insurance company SAFECO.



# NEW DELHI

New Delhi will soon have an underground railway. Skanska is building a more than 4 km (2.5 mi) cut and cover tunnel for the double-tracked subway system and four new stations.



# Comments by the President and CEO

## A FOUNDATION FOR STABLE GROWTH

In a year that will mainly be remembered for terrorist attacks and economic distress, Skanska was able to keep its focus, ending 2001 on an upbeat note. We rebounded in the fourth quarter, laying a stable foundation for the year ahead. Our recovery in the fourth quarter was led by growth sectors of great strategic importance to us – pharmaceuticals, healthcare, education, energy and infrastructure.

After the tragic events of last autumn, Skanska and its employees showed great generosity, donating more than SEK 5 M to the families of the victims via the United Way September 11 Fund. Skanska USA Civil companies that have participated in the World Trade Center recovery and clean-up efforts have done an outstanding job. It appears that this work can be completed in March.

## EARNINGS AND PROFITABILITY

We have addressed the problems we encountered in our Danish and Polish operations. The writedowns and restructuring that we chose to carry out in these operations lowered operating income in Skanska's core business to SEK 2.5 billion. After these steps, Skanska's Danish and Polish operations have good potential to return to profitability.

Continued strong interest in fully developed, well-located commercial projects resulted in good earnings in our project development business. During the year, we sold SEK 5 billion worth of newly developed properties with a gain of SEK 2.2 billion. The properties currently under construction have central city locations and are 91 percent pre-leased. Therefore I am confident that we will continue to see good earnings in this business.

## EXPANSION AND SYNERGIES

During 2001, most of our business units showed stable earnings. It was especially gratifying to see strongly improved earnings in the newly acquired companies IPS Skanska in the Czech Republic and Skanska UK in Great Britain. We are also seeing improved opportunities to benefit from synergies between the various business units. By using the expertise of our support companies, we are further strengthening these synergies.

## IMPROVED TRANSPARENCY

In our new flat Group structure, a large number of business units report directly to Skanska AB's Senior Executive Team. This has significantly improved communication and transparency, leading in turn to a smoother and better decision-making process. This enabled us to effectively address the volatile market conditions that we saw in 2001. The improvements in transparency and control made clear the need for several writedowns during the year. This higher level of transparency is vital if we are to reach the goals of our business plan for the coming three-year period.

## SKANSKA THE MOST RESPECTED COMPANY IN ITS INDUSTRY

During 2001 we saw evidence from independent organizations that Skanska is considered one of the world's premiere companies. In December, The Financial Times ranked Skanska as the most respected company in our sector. The newspaper based this distinction on a global survey of 914 business executives from 65 countries, who were asked to identify those companies and business leaders most respected by their peers and the rea-



“We were able to rebound, reaching our growth targets and laying a stable foundation for the year ahead.”



sons for their choices. Our efforts in the environmental and corporate social responsibility areas, as well as the Group's client focus and long-term profitability, are the main reasons for the recognition we have received.

All our employees, as well as our shareholders, can take great pride in our good reputation – you have all played a significant part in creating it. I would like to take this opportunity to express my sincere gratitude to all my fellow employees at Skanska for their outstanding efforts during 2001.

#### CODE OF CONDUCT

When I became President and CEO five years ago, one of my tasks was to make sure that Skanska's businesses worldwide operate in accordance with the highest ethical standards. I stressed, both to our managers and other employees, the importance of adhering to principles like honesty, integrity and fair play in all our dealings. Together with all our employees, Skanska's management has subsequently drafted ethical guidelines and rules that are to be followed. We will therefore take quick and forceful action if it should turn out that any Skanska employee has participated in anti-competitive activities. We owe it to our employees, our clients and our shareholders – and especially the public – to operate this business in a responsible and ethical way. That is what we try to do – every day, everywhere.

#### THE YEAR AHEAD

We have started 2002 strongly. With the new Group structure in place, we can better address the business opportunities in our markets. There are many indications that the world economy has begun to recover –

although there is still some uncertainty about the long-term trend. We are beginning 2002 with what we believe are realistic targets for our 2002–2004 business plans. In construction and services, our goal is to achieve a 2.5–3 percent operating margin over the three-year period. We are aiming at organic growth averaging 4–5 percent annually for the Group, and a minimum 16 percent return on capital employed and shareholders' equity. We also believe that gains from our capital-intensive operations – especially commercial project development – should generate a return on capital employed higher than 16 percent. The Group's financials are strong, which will enable us to maintain our dividend policy.

We can now build further on our strong global position. Everywhere, Skanska is characterized by highly dedicated, talented employees, with an unwavering commitment to serving clients.

Stockholm, March 2002

Claes Björk  
President and CEO

# Mission, vision and strategy

## MISSION

Skanska's mission is to develop, build and maintain the physical environment for living, traveling and working. By combining its resources in these fields, the Group can offer clients attractive, cost-effective and thus competitive solutions.

## VISION

Skanska shall be a world leader – the client's first choice – in construction-related services and project development.

## STRATEGY

Skanska's strategy is:

- to focus on client needs and create long-term relationships
- to develop good management, advanced knowledge and efficient processes
- to work in all phases from concept to operation and maintenance
- to use the Group's collective competence to grow in new market segments with high growth potential
- to create profitable growth both organically and through acquisitions in existing and new markets

These points summarize the strategic thrust of Skanska's work. The strategy was established early in 1998. The next page shows how Skanska has fulfilled the established financial targets during the period 1998–2001. Pages 10–11 present the Group's new financial targets for the three-year period 2002–2004.

# Targets and their fulfillment, 1998–2001

The Skanska Group carried out extensive restructuring during the period 1998–2001. Non-core businesses and shares in other companies were divested. Meanwhile Skanska acquired a number of construction companies that complemented the Group's operations geographically or functionally, mainly in Europe and the United States but also in South America and Asia. Skanska has thereby developed into one of the leading international companies in construction-related services.

The foundation for this change was laid by the business plan drafted in 1997/1998, which also outlined the financial targets that have applied since then.

## Financial targets, 1998–2001

- Net sales and operating income in Skanska's core business shall increase by at least 12 percent annually.
- Average annual return on shareholders' equity shall amount to at least 15 percent over an economic cycle.

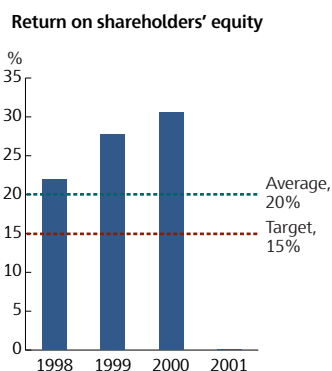
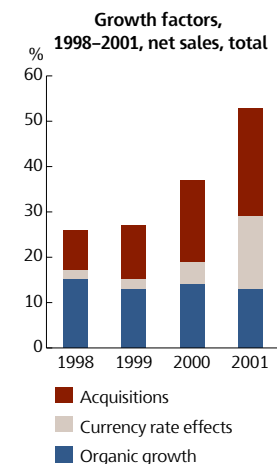
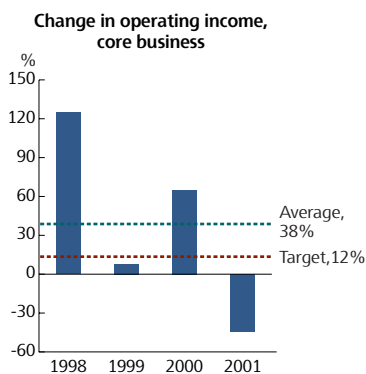
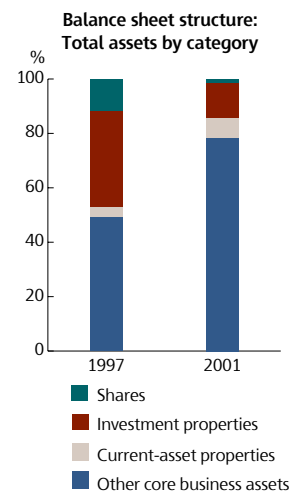
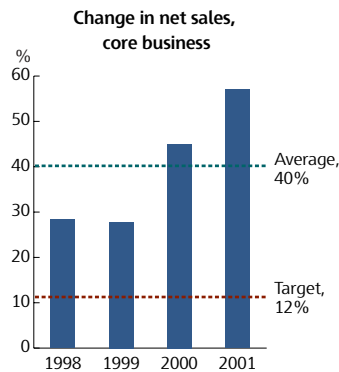
## Comments

Skanska met its financial targets for the period 1998–2001. In the Group's core business, the average annual growth in net sales was 40 percent and in operating income 38 percent. Growth in net sales was largely organic during the period and occurred mainly in U.S. project management contracts. Organic growth refers to growth for comparable units, that is, for units that were owned throughout the calendar year 2000.

Return on shareholders' equity averaged 20 percent annually. Because this financial ratio is favorably affected by capital gains realized from the divestment of shares and non-core businesses, return on capital employed is a more useful ratio.

Return on capital employed, adjusted for capital gains, averaged 16 percent.

SEK 3.1 billion in writedowns and loss provisions in Polish and Danish operations, as well as in British joint venture projects contracted before the acquisition of Skanska UK, were charged to 2001 earnings. This pulled down the average for the period as a whole.





# Financial targets, 2002–2004

Skanska's Board of Directors has established new financial targets for the three-year period 2002–2004. The new targets were established after the extensive strategic review of operations that Skanska conducted during 2001. Three-year business plans were drafted concurrently with this task. The new targets shall be achieved without increasing the Group's risk profile.

## Operational efficiency – increasing the operating margin at a given risk level

- Improving evaluation and pricing of risks in the tender offer stage
- Decreasing overhead as a percentage of sales
- Increasing productivity at the project level

## Efficient use of capital – increasing the return at a given risk level

- Decreasing the capital tied up in fixed assets for contracting operations
- Increasing the turnover rate in commercial and residential project development

The operations of the Skanska Group consist of the following parts:

- *Construction-related Services plus the Services business area*, where profitability is measured in terms of operating margin. This is a suitable yardstick because cost control and pricing are central success factors in these operations.

- *Commercial and residential project development plus BOT (privately financed infrastructure projects)* are a capital-intensive business, so return on capital employed is a more relevant target.

Today many of Skanska's established operations already surpass their target for return on capital employed, which may seem like a low target. But targeted return on capital employed also embraces newly acquired units, so that goodwill value and amortization of goodwill are included in these targets. This target stands up very well in an international comparison.

### Targets for profitability and return

	Target
<b>Average organic growth in net sales</b>	4–5%
<b>Operating margin</b>	
Construction-related Services and the Services business area	2.5–3.0%
<b>Return on capital employed</b>	
Project Development & BOT	≥16%
The Group	≥16%
<b>Return on shareholders' equity</b>	≥16%

### Growth

The target is to increase net sales organically in local currencies at an average of 4–5 percent annually during the period.

### Operating margin

The target is to achieve an operating margin (operating income before financial items, divided by net sales) for Construction-related Services and the Services business unit in the 2.5 to 3.0 percent range during the period.

### Return on capital employed

Return on capital employed includes reported project development gains but also changes in the value of the investment properties owned by Skanska. This return shall be at least 16 percent during the period.

### Return on shareholders' equity

Return on shareholders' equity shall be at least 16 percent during the period. This also takes into account changes in the market value of investment properties.

### Capital structure

If Skanska is to carry out and expand its operations, it needs a good financial position, which must also meet credit and stock market requirements. The Group's financial target figures with regard to capital structure have been set at levels that will satisfy these requirements.

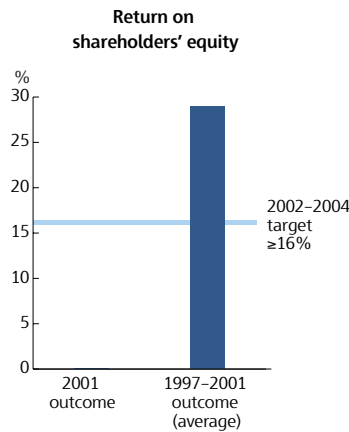
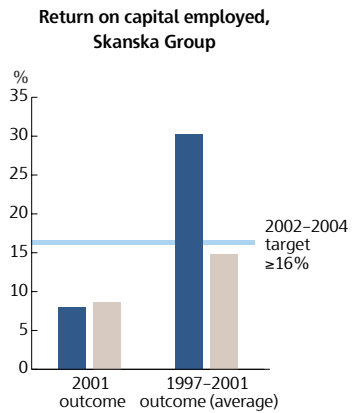
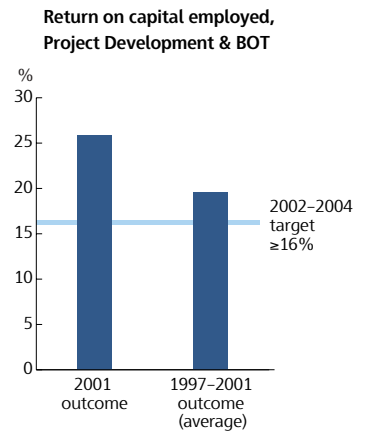
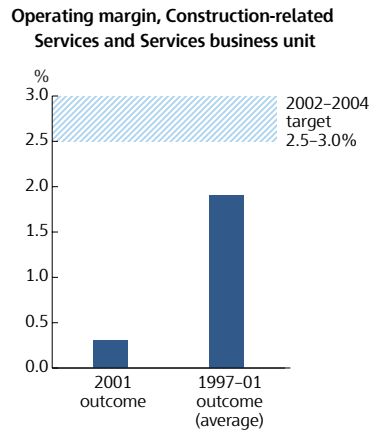
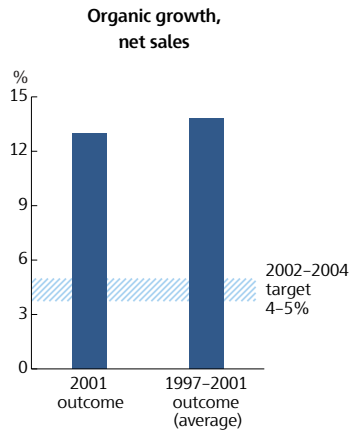
The debt/equity ratio (net indebtedness as a percentage of reported shareholders' equity) shall be in the 0.4–0.6 range.

The equity/assets ratio (visible shareholders' equity plus the minority portion of shareholders' equity as a percentage of total assets) shall be in the 20–25 percent range.

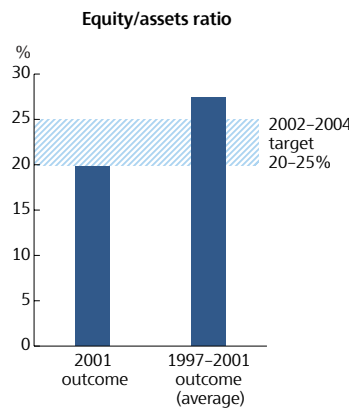
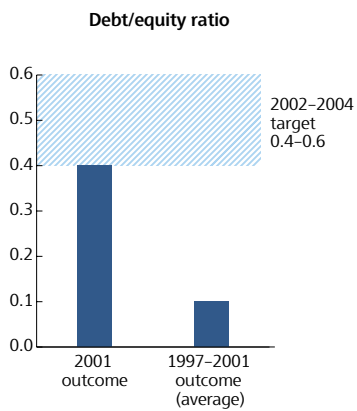
	Average 1997–2001	Target 2002–2004
Net sales, average organic growth	13.8%	4–5%
Operating margin, Construction-related services and Services business unit <sup>1</sup>	1.9%	2.5–3.0%
Return on capital employed, Project Development & BOT	19.6%	≥16%
Return on capital employed, Group	30.3%	
Return on capital employed, Group, adjusted for items affecting comparability and share divestments <sup>2</sup>	14.8%	≥16%
Return on shareholders' equity	29.0%	≥16%

<sup>1</sup>Excluding writedowns and loss provisions of SEK 3.1 billion, the operating margin in Construction-related Services and the Services business unit was 2.2 percent.

<sup>2</sup>Excluding writedowns and loss provisions of SEK 3.1 billion, return on capital employed in the consolidated accounts adjusted for items affecting comparability and share divestments was 16.3 percent.



■ Return on capital employed  
 ■ Return on capital employed, adjusted for items affecting comparability and share divestments



# Channel Tunnel Rail Link – effective project management







### Good client relations

The largest rail project now underway in Europe is the new high-speed rail link between London and the tunnel beneath the English Channel. When the 109 km (68 mi) long link is completed in 2007, it will increase capacity to and from the Continent for both freight and passenger traffic. High-speed trains will reduce the travel time between London and Paris to 2 hours and 20 minutes.

Skanska UK is involved in four contracts in this major rail project, with a total value of SEK 7 billion. Skanska UK is the single company that has landed the most contracts in the project, equivalent to about one fourth of the entire route.

The first contract in September 1998, worth GBP 220 M, was the largest and most complex assignment awarded to a single contractor. Despite this very demanding assignment, Skanska managed to complete the work on schedule, and

some parts even ahead of schedule. The quality that Skanska delivered was then used by the client to set the standard for the whole project.

One of the strengths of Skanska's performance was the close collaboration established between Skanska's and the client's project organization right from the start. In 2000 this was further intensified, in order to ensure timely completion. Skanska and the client took their collaboration a step further by combining their project organizations into a single project management team, known as the Seamless Team. This team reported directly to the Skanska project director.

This resulted in simplified administration, quicker decision-making, lower overhead costs and improved performance, both at the project and individual employee level. According to the evaluation system that was introduced, overall performance improved by 55 percent.

The Seamless Team system concept also made it possible to apply the positive experiences from Skanska's initial, successful contract to the second phase of the project, among other things by moving experienced personnel.

Also successful was a working environment initiative involving all 1,400 employees in the project, which resulted in an 18 percent annual improvement in the accident frequency rate.

Altogether, these contributions were instrumental in Skanska being awarded three contracts in the second phase of the project.

One of the project's biggest challenges concerned environmental aspects. The new railway affects sensitive cultural landmarks and natural settings. Suitable environments were created for a number of species, including some relocations.

# Organization

## Segments and business units

In March 2001, Skanska implemented an adaptation of its organizational structure to increase its focus on clients and client relationships. In this new organization, decision-making processes are faster and transfers of ideas and experience between business units are easier.

Today the organization consists of 17 business units that report directly to the Senior Executive Team. The operations of these business units can be grouped into three main segments: Construction-related Services, Project Development & BOT and the Services business unit.

For an overview of Skanska's organizational structure and business units, see the chart below.

## The Group's Senior Executive Team

The creation of closer links between the business units and the Group's Senior Executive Team enables Skanska to react more quickly to new market trends and to the changing needs of clients. Having an Executive Team that can coordinate Group operations in a more efficient way strengthens Skanska's ability to take advantage of its collective competence. It also encourages efficient transfers of experience and the integration of recently acquired businesses into the Group.

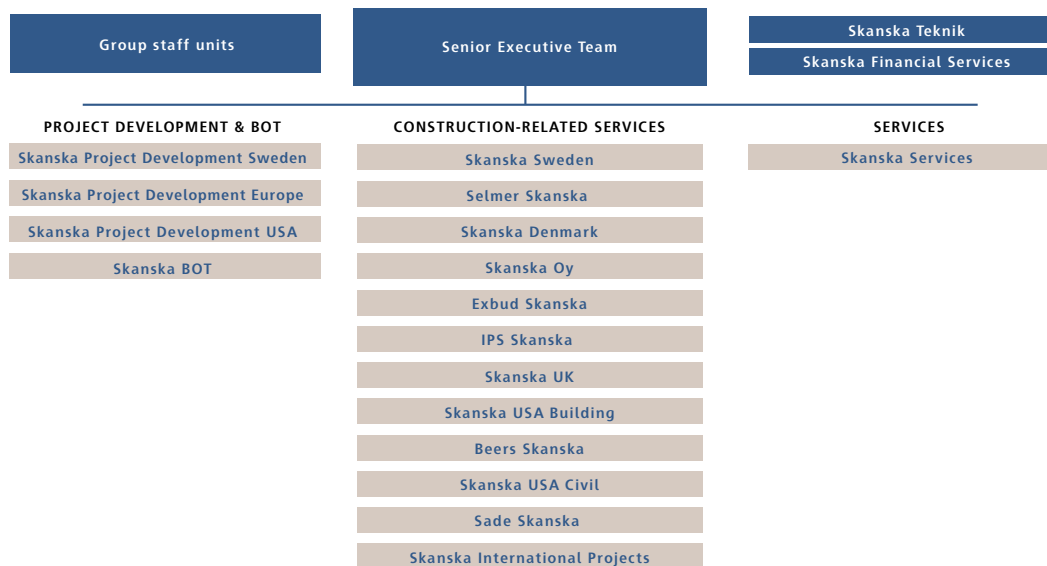
The Senior Executive Team assesses and evaluates the Group's performance in existing markets, as well as its expansion into new regions and market segments. The team also focuses on talent management issues.

The Senior Executive Team consists of the Chief Executive Officer and five Executive Vice Presidents. The Senior Executive Team, the Presidents of the business units and the Senior Vice Presidents in charge of Skanska's Group staff units are presented on page 37.

## The Group's support units

Skanska Financial Services (SFS) is responsible for coordination and management of the Group's foreign exchange transactions, borrowing portfolio and liquidity. SFS also backs up the business units with financial know-how, for example, that related to project financing or other sales-supporting financial solutions. SFS is also responsible for the Group's risk management and insurance matters.

Skanska Teknik specializes in technical consulting services for the Group's business units. It also coordinates Skanska's research and development work. Skanska Teknik has built an extensive network of contacts with outside specialists, institutions of higher education and research institutes. Specialists at Skanska Teknik also frequently serve as teachers in the Group's, talent management program, the Skanska Management Institute.



## SKANSKA'S THREE SEGMENTS

### Construction-related Services

Construction-related Services refer to building and civil construction. A rough allocation shows that 71 percent of sales are related to building construction, which includes both residential and commercial space. Civil construction consists mainly of infrastructure projects, for example rail systems, roads, bridges, harbors and tunnels.

These operations take place in twelve business units, grouped into Scandinavia (Sweden, Norway and Denmark), Europe (Finland, Poland, the Czech Republic and Great Britain), USA (the United States) and Other Markets (Argentina, Hong Kong, India and International Projects).

Today, Skanska is one of the largest construction companies in the world, and its pace of growth has been high for the past five-year period. Expansion through acquisitions in recent years has focused on strategically important markets in Europe and the United States. Skanska's expansion and strengthening of its expertise and resources has increased its potential for obtaining repeat contracts from major international corporations.

### Services

The Skanska Services business unit is responsible for the Group's facilities management (FM) operations, which include a broad spectrum of services related to the operation and maintenance of properties, as well as individually tailored contracts for property support services. The unit's strategy also includes the development of operations targeted to industry's need for technical services.

The former Skanska Telecom Networks business unit specialized in technology, design, planning, project management and installation related to telecommunications and data communications. Because new investments in the telecom field have declined sharply during the past year, operations will focus more on servicing and maintenance. In light of this, during 2002 these operations will be integrated with Skanska Services and some of the construction companies in the Group.

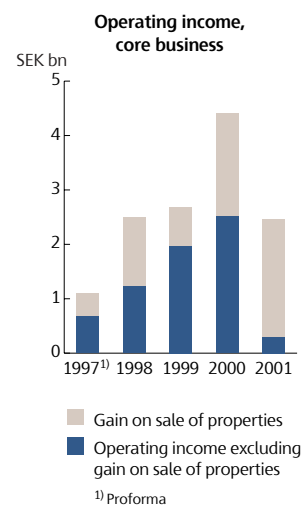
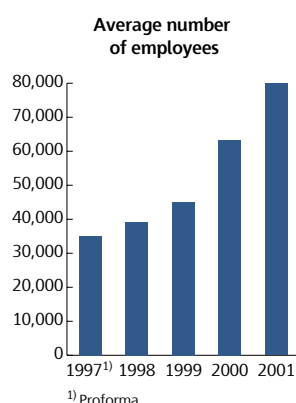
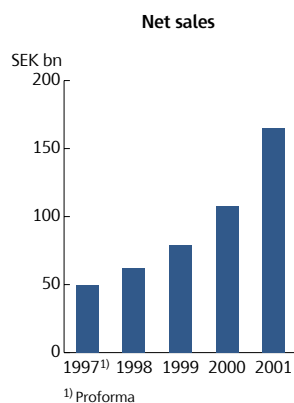
### Project Development & BOT

With the help of the Group's collective resources, Skanska's Project Development business units develop commercial real estate projects for their own account. These projects include both office buildings and shopping

centers. Such projects are currently underway in Sweden, Denmark, the Czech Republic, Hungary and Poland. The turnover rate in the project portfolio will be kept at a high level.

Residential project development for Skanska's own account is an element of operations at a number of business units in Construction-related Services, for example in Sweden, Finland and Norway. These residential projects are less capital-intensive than the development of commercial real estate.

Build-Operate-Transfer (BOT) projects are privately financed infrastructure projects, in which Skanska's role often includes all phases from design, construction and operation to arranging financing solutions. In BOT projects, Skanska also invests capital and becomes a part owner of the project. In the current project portfolio, Skanska's ownership stake varies from 9 to 50 percent. Skanska today has ownership interests in six BOT projects related to roads, harbor facilities, power generating plants, hospitals and prisons.





# Markets and segments

## Skanska Group

Skanska is one of the world's leading companies in construction-related services and project development. In recent years, its growth rate has been high compared to many of its international competitors. Its strategy in recent years has been to grow in selected markets and segments characterized by high growth and good profitability. As a result of this strategy, Skanska's growth – both organic and acquisition-based – has been rapid.

Meanwhile, Skanska has broadened its range of services, enabling it to offer clients effective and comprehensive solutions that include all phases from concept and development to construction, as well as operation and maintenance. This is a strategically important development, because an increasing proportion of Skanska's clients are outsourcing or divesting non-core operations and focusing on their core competencies. The high proportion of repeat clients is one indication that Skanska understands and can meet the needs of clients. In many markets, assignments from repeat clients account for more than 75 percent of sales.

Skanska's financial strength and collective competence enable it to participate in very large building and civil construction projects, and also make it possible for Skanska to serve as a partner in arranging financial solutions that include fidelity insurance policies. The standards for obtaining such policies have become stricter, focusing on equity/assets ratio, debt/equity ratio and size of shareholders' equity in absolute terms. Skanska meets high standards in these areas, which means that financial strength and collective competence are increasingly powerful competitive advantages for Skanska.

This section provides brief commentaries on developments in Skanska's business units. For a more detailed account of the earnings

trend in 2001, the reader is referred to Financials, Annual Report 2001, Part 2.

## CONSTRUCTION-RELATED SERVICES

Sales of Construction-related Services amounted to SEK 163.4 billion and operating income was SEK 0.4 billion. SEK 2.6 billion in writedowns and loss provisions, mainly in Poland, Denmark and joint venture projects with Costain in Great Britain, were charged to operating income in Construction-related Services. As a consequence of this, operating margin, including the amortization of goodwill, declined to 0.2 percent, compared to 2.4 percent in 2000. Skanska's construction business is generally characterized by high sales, narrow margins and low tied-up capital. Due to the narrow margins, however, Skanska requires high standards of efficiency and cost control in its construction projects.

During 2001, order bookings rose by about 20 percent compared to the preceding year. However, the growth rate declined late in the year, as a direct consequence of the events of September 11 in the United States. By year-end, Skanska's American building construction operations had recovered. In many of Skanska's European construction markets, order bookings were stable, while they were very good in the United Kingdom and in the Czech Republic.

Private business represents a growing share of Skanska's construction operations. Meanwhile an increasing proportion of projects is procured by direct negotiations instead of competitive bid fixed-price tenders, resulting in a lower risk profile.

Increasingly, Skanska often has overall management responsibility for entire projects, which also leads to an increasing proportion of construction work being performed by subcontractors. These expanded management assignments have accounted for a large pro-

portion of U.S. volume growth in recent years. During 2001, expanded project management assignments accounted for about one third of Skanska's total net sales. They included projects for large corporations in the biotechnology, microelectronics and pharmaceutical industries, as well as large institutions in the healthcare and education sectors.

Collaboration between Skanska's business units will be further enhanced over the next few years. This is partly a matter of efficiently using the collective competence of the Group to take advantage of new business opportunities, and partly of utilizing synergies, for example when it comes to technology and resources or to increased coordination of major purchasing contracts. This Annual Report exemplifies this by presenting three projects in which the increasing degree of collaboration within the Group has become a winning concept.

## The largest global construction companies<sup>1</sup>, total sales, 2000<sup>2</sup>

Company	Country	USD bn
Vinci	France	16.1
Bouygues	France	12.7
Bechtel Group Inc.	United States	12.4
Hochtief	Germany	12.0
Skanska	Sweden	10.8
Fluor Corp.	United States	7.8
Philipp Holzmann	Germany	5.9
EIFFAGE	France	5.8
Bovis Lend Lease	Great Britain	5.8
CENTEX	United States	5.4

Source: Engineering News Record, ENR Sourcebook, December 2001

<sup>1</sup> Excluding Japanese construction companies.

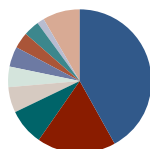
<sup>2</sup> Data unavailable for 2001.

**Skanska provides construction-related services in the following business units:**

■ <b>Scandinavia</b>	■ <b>USA</b>
Skanska Sweden	Skanska USA Building
Selmer Skanska, Norway	Beers Skanska
Skanska Denmark	Skanska USA Civil
■ <b>Europe</b>	■ <b>Other Markets<sup>1</sup></b>
Skanska Oy, Finland	Sade Skanska, Argentina
Exbud Skanska, Poland	Skanska International Projects
IPS Skanska, Czech Republic	
Skanska UK, Great Britain	

<sup>1</sup> Also included in Other Markets are the operations of the following partly owned companies: Gammon Skanska, Hong Kong and Skanska Cementation India

Net sales by geographic area



United States	41%
Sweden	17%
Great Britain	8%
Norway	6%
Czech Republic	5%
Finland	5%
Denmark	4%
Poland	4%
Argentina	2%
Miscellaneous countries	8%

**Allocation between segments, 2001**

	Net sales, SEK M	Operating income, SEK M	Operating margin	Order bookings, SEK M	Order backlog, SEK M	Number of employees
<b>Scandinavia</b>						
Skanska Sweden	28,358	745	2.6%	27,332	15,727	14,092
Selmer Skanska	9,145	-128	neg	9,710	6,207	4,721
Skanska Denmark	5,764	-1,030	neg	4,111	2,051	2,894
<b>Total Scandinavia</b>	<b>43,267</b>	<b>-413</b>	<b>neg</b>	<b>41,153</b>	<b>23,985</b>	<b>21,707</b>
<b>Europe</b>						
Skanska Oy	8,781	122	1.4%	8,345	5,443	4,517
Exbud Skanska	6,453	-700 <sup>1</sup>	neg	5,593	4,510	9,996
IPS Skanska	7,989	215	2.7%	8,764	6,049	7,428
Skanska UK	15,438	278	1.8%	18,468	18,932	9,199
Skanska J/V Projects, UK	1,057	-409	neg	785	1,197	
Other	162	-110	neg	131	0	11
<b>Total Europe</b>	<b>39,880</b>	<b>-604</b>	<b>neg</b>	<b>42,086</b>	<b>36,131</b>	<b>31,151</b>
<b>USA</b>						
Skanska USA Building	32,005	468	1.5%	20,552	40,784	2,246
Beers Skanska	21,580	70	0.3%	18,634	21,847	2,970
Skanska USA Civil	14,307	524	3.7%	13,625	20,964	4,634
Skanska Project Development USA	1,050	111	10.6%	1,050	0	173
<b>Total USA</b>	<b>68,942</b>	<b>1,173</b>	<b>1.7%</b>	<b>53,861</b>	<b>83,595</b>	<b>10,023</b>
<b>Other Markets</b>						
Skanska International Projects	2,362	-25	neg	2,548	4,056	4,151
Sade Skanska	3,672	131	3.6%	2,475	3,634	3,999
Gammon Skanska	4,833	83	1.7%	4,711	4,820	4,999
Skanska Cementation India	467	25	5.4%	2,256	2,129	1,837
<b>Total Other Markets</b>	<b>11,334</b>	<b>214</b>	<b>1.9%</b>	<b>11,990</b>	<b>14,639</b>	<b>14,986</b>
<b>Total Construction-related Services</b>	<b>163,423</b>	<b>370</b>	<b>0.2%</b>	<b>149,090</b>	<b>158,350</b>	<b>77,867</b>
<b>Project Development &amp; BOT</b>						
Skanska Project Development Sweden	1,182	1,859	n.a.	-	-	102
Skanska Project Development Europe	205	898	n.a.	-	-	61
Skanska BOT	0	-9	n.a.	-	-	20
<b>Total Project Development &amp; BOT</b>	<b>1,387</b>	<b>2,748</b>	<b>n.a.</b>			<b>183</b>
<b>Services &amp; Telecom</b>						
Skanska Services	2,684	87	3.2%	2,760	213	1,249
Skanska Telecom Networks	377	25	6.6%	55	0	138
<b>Total Services &amp; Telecom</b>	<b>3,061</b>	<b>112</b>	<b>3.7%</b>	<b>2,815</b>	<b>213</b>	<b>1,387</b>
Central and eliminations	-2,934	-707	n.a.	602	80	487
<b>Total core business before items affecting comparability</b>	<b>164,937</b>	<b>2,523</b>	<b>1.5%</b>	<b>152,507</b>	<b>158,643</b>	<b>79,924</b>
<b>Items affecting comparability</b>						
Writedown of goodwill		-500				
Reversal of writedown		435				
<b>Total core business</b>	<b>164,937</b>	<b>2,458</b>	<b>1.5%</b>	<b>152,507</b>	<b>158,643</b>	<b>79,924</b>

<sup>1</sup> Including a writedown of SEK 85 M on goodwill in subsidiaries of subsidiaries.

### Skanska's main markets, 2001

Country	GDP growth, %	Market size, SEK bn	Market growth, %	Skanska's growth, %	Market share, %
United States	1.1	8,910	3	49	1
Sweden	1.1	207	5	21	13
Great Britain	2.4	1,049	3	» <sup>1</sup>	2
Norway	1.7	152	1	116	6
Finland	0.7	147	3	16	6
Czech Republic	3.5	56	2	123	14
Denmark	1.1	159	-6	7	4
Poland	1.2	212	4	48	3
Hong Kong	-0.5	145	-6	» <sup>1</sup>	3
Argentina	-2.8	269	-8	26	1
India	5.7	382	-4	» <sup>1</sup>	0

Sources: Bloomberg, FIEC, Eurostat and various national statistics

<sup>1</sup> » is larger than 200 percent.

The pie charts show each respective business unit's share of total Group net sales.

**16.9%** **Skanska Sweden**  
*Operations specialize in residential and commercial building construction, as well as civil construction projects. Skanska Sweden is the country's largest construction company.*

The economic slowdown that began during the second half of 2001 mainly affected the construction market for commercial properties. This trend applied especially to the Stockholm region. Demand for housing remained good in the three largest metropolitan regions – Stockholm, Gothenburg and Malmö – and in a number of other university cities. The market for infrastructure projects was temporarily somewhat weaker, but is expected to increase again within a few years as road and rail investments grow.

Despite a slower growth rate in the construction market during 2001, Skanska Sweden's order bookings were largely unchanged compared to the preceding year. However, there was a slight decline in order backlog due to higher invoicing, which was up by 21 percent on 2000.

The operating income of Skanska Sweden in 2001 was lower than in the preceding year, mainly due to loss provisions in civil con-

struction projects and development expenses for a new business system.

Skanska Sweden is well positioned to improve both volume and profitability when growth accelerates once again in the Swedish market. The market trend for 2002 is uncertain, which may result in slightly lower sales during the year.

**5.5%** **Selmer Skanska**  
*Operations specialize in residential and commercial building construction, as well as civil construction projects. Selmer Skanska is one of Norway's largest construction companies.*

Selmer was acquired by Skanska during 2000. As a result during 2001 the company focused on organizational issues in order to ensure efficient integration into the Skanska Group. The company merged with Skanska's previous operations in Norway.

The Norwegian construction market changed late in the year. Housing demand and civil construction rose, whereas the market for commercial properties slowed. Selmer Skanska's assessments of new construction projects will be characterized by a careful selection process.

Selmer Skanska boosted its order backlog by more than 10 percent during the year. Operating income in 2001 was negative, mainly due to writedowns of unprofitable

projects and restructuring expenses. During 2002, the company expects a significant improvement in earnings.

**3.4%** **Skanska Denmark**  
*Operations specialize in residential and commercial building construction, as well as civil construction projects. Skanska Denmark is the country's third largest construction company.*

Skanska Denmark underwent substantial restructuring and downsizing of operations during 2001. The background was the profitability problems reported by the company, partly caused by a lack of management and financial control procedures during a period of very rapid expansion. In February 2001, a new President was appointed and the business unit's management as well as its decision-making and follow-up procedures were strengthened. Its continued focus on ensuring profitability will require strict standards in the selection of new contracts.

Generally speaking, the market trend was stable during 2001 but showed major geographic variations. Denmark's strongest market for both residential and commercial space was in the Copenhagen region.

Operating income in 2001 was negative, because sizeable restructuring expenses and project writedowns were charged to earnings. In light of Skanska Denmark's strict selection standards, sales will be sharply lower during 2002.

**5.2%** **Skanska Oy**  
*Operations specialize in residential and commercial building construction, as well as civil construction projects. The largest sub-market is Finland, but Skanska Oy's operations also encompass Russia, with a concentration in St. Petersburg and Moscow, the Baltic countries and Hungary.*

The Finnish construction market experienced a downturn during the year. This was especially clear in the residential and office market, which was hardest hit by the negative trend in the information technology (IT)




sector. In contrast, the infrastructure sector reported a small upturn.

Volume in the Finnish construction market is expected to decrease somewhat. However, the civil construction sector is expected to show continued growth. The market outlook in Russia is positive. The crucial factor is investor confidence in the stability and efficiency of the Russian market. Growth in the Baltic countries and Hungary has been stimulated by these countries' applications for European Union membership.

Order bookings remained at the same level as the preceding year. Operating income was substantially lower than in 2000, mainly due to lower volume and narrower margins in the Finnish housing sector plus a number of projects with negative earnings. The business unit is expected to increase its earnings during 2002.

**3.8%** **Exbud Skanska**  
Operations specialize in building and civil construction projects in Poland. Exbud Skanska is the country's largest construction company.



Due to rapid deterioration in the Polish economy during 2001, Exbud Skanska – which was acquired by Skanska during 2000 – implemented major elements of a cost-cutting program to adapt the organization to the new market situation. A burgeoning government budget deficit and high real interest rates led to a sharp decline in capital spending volume. The Polish construction and manufacturing sectors shrank in volume by about 13 percent during 2001.


There is a very large need for both housing and infrastructure investments, and Poland's planned membership in the European Union will facilitate the financing of many investments. The long-term growth potential of this market is therefore considered very strong.

Sizeable expenses for restructuring, reappraisals of ongoing projects and writedowns of unsold housing units were charged to 2001 operating income. This also included Skanska's earlier business in Poland, Skanska Polska.

In addition, the goodwill value of Exbud Skanska was written down by SEK 500 M. As a result, operating income in 2001 showed a sizeable deficit.

The trend of prices and volume is expected to remain weak during 2002. However, given the far-reaching review of the organization and of operations that is underway, it expects earnings to improve substantially.

**4.8%** **IPS Skanska**  
Operations specialize in building and civil construction. IPS Skanska, which was acquired by Skanska during 2000, is the largest construction company in the Czech Republic and also has a significant position in the Slovak Republic.



The Czech construction market performed robustly during 2001. Its overall growth was nearly 10 percent, with the infrastructure segment showing the strongest increase. A slight cooling occurred in the market late in the year, but growth in order bookings at IPS Skanska remained good. IPS Skanska's operations are largely related to civil projects, where the market offers fair opportunities during 2002 as well.

IPS Skanska reported vigorous growth in 2001, with good profitability. The company expects this trend to continue during 2002, which among other things is due to increased marketing efforts in the Slovak Republic and a continued focus on profitable infrastructure projects.

**13.0%** **Skanska UK**  
Skanska's operations in Great Britain focus mainly on building and civil construction, but they also have various specialized areas of expertise in construction-related services. Skanska UK, a company that was acquired in 2000, operates in Great Britain but is also responsible for the operations of two specialized companies that work in the international market – Cementation Skanska and Skanska Whessoe – and for two partly owned companies in Asia, Skanska Cementation India (80 percent) and Gammon Skanska in Hong Kong (50 percent). Also part



of the business unit are the remaining joint venture projects with the British construction company Costain, which comprised a majority of Skanska's operations in Great Britain prior to the 2000 acquisition.


The British construction market had a very good year, especially in the infrastructure sector. This trend is expected to continue and strengthen, because to an increasing extent the public sector is using private financing for infrastructure, hospital, prison and school projects.

Order bookings and backlog in Skanska's British operations rose during 2001. There was a sharp increase in the earnings of the business area's operations that were acquired during 2000. Loss provisions in joint venture projects with Costain had an adverse effect on overall operating income for British operations in 2001 (these projects are reported separately in the table on page 17). For this reason, management and controls in these joint venture projects have been improved.

The positive trend of order bookings and backlog in British operations is expected to continue during 2002.

In Asia, sales of Gammon Skanska increased during 2001. The forecast is that sales will remain at about the same level during 2002. Skanska Cementation India showed a positive trend in earnings during 2001 which is expected to continue during 2002. The earnings of these units are reported under "Other Markets" in all of Skanska's accounts.

**19.1%** **Skanska USA Building**  
Operations specialize in building construction throughout the United States. The business unit operates through the following companies: Barney Skanska, Barclay White Skanska, Beacon Skanska, Baugh Skanska, Etkin Skanska and Sordini Skanska. It has regional offices in Colorado, Connecticut, Maryland, Massachusetts, Michigan, New Jersey, New York, Oregon, Pennsylvania and the state of Washington. Most operations take place in New York, Philadelphia, Boston, Seattle and Detroit. A large proportion of this unit's business



*involves construction projects in which Skanska has overall project management responsibility.*

The economic downturn in the United States also resulted in a slowdown in the construction market. This trend became more pronounced after the terrorist attacks in the U.S. on September 11. However, Skanska USA Building generated a more robust performance than the market in general, largely because the company has carved out a strong position in various growth sectors in the U.S. This has resulted in numerous repeat assignments, for example in the biotechnology, microelectronics and pharmaceutical industries, as well as for major institutions in the healthcare and educational sectors.

Very low order bookings after September 11 and a number of postponed construction projects nevertheless adversely affected the order situation during the fourth quarter of 2001.

Skanska USA Building showed a vigorous 63 percent growth in net sales, and a doubling of operating income.

During 2002, the unit expects a gradual increase in business activity as the American economy recovers. In light of Skanska USA Building's strong position in growth sectors, the business unit expects its earlier expansion to continue.

**12.9% Beers Skanska**  
*Operations specialize in building construction in the southeastern United States, including Florida, Alabama and Georgia. Beers Skanska works mainly on project management assignments, but also with a certain proportion of fixed-price contracts.*

During the year, the market for hospitals and schools was very strong. As with Skanska USA Building, the market trend for Beers Skanska was dominated by the slowdown that occurred in the wake of the events of September 11.

Despite lower business activity, the strong market position of Beers Skanska resulted in unchanged order bookings during 2001.

Operating income deteriorated greatly compared to the preceding year, due to poor profitability in fixed-price contracts and an internal reorganization. In 2002, the company expects profitability to improve substantially.

**8.5% Skanska USA Civil**  
*Operations specialize in civil construction and infrastructure projects. The business unit operates through Slattery Skanska and Koch Skanska, companies that work both in the northeastern U.S., and Tidewater Skanska, which operates in the southeastern and southwestern states.*

The market is characterized by strong growth, which is expected to continue over the next few years. Federal financial support to infrastructure projects under the Transportation Equity Act for the 21st Century (TEA-21), will strongly contribute to this, so that developments in this sector will not follow the general economic trend.

Skanska USA Civil has a strong market position. This applies especially to major infrastructure projects in cities, which require high-level technological expertise and experience from similar projects. The trend of earnings in 2001 was positive, despite a charge for discontinuation expenses related to the subsidiary CDK Contracting Co. The positive trend of earnings is expected to continue during 2002.

**2.2% Sade Skanska**  
*Operations specialize in construction-related services, especially in the power industry and the oil and gas industry, as well as civil construction in a number of Latin American countries. Operations in Argentina account for about 30 percent of order backlog.*

Economic uncertainty in Argentina increased during 2001. In the sectors that Sade Skanska primarily operates, mainly the power industry and the oil and gas industry, the market nevertheless showed a stable trend. An increasing proportion of Sade Skanska's operations is related to projects

outside Argentina, for example in Chile, Brazil, Venezuela, Bolivia, Uruguay, Peru and Mexico.

Net sales rose during 2001, and operating income nearly tripled. This was mainly the result of a long-term effort to prioritize certain sectors and markets, as well as an effective adaptation of Sade's organization to the changed market situation. During 2002, the market will be characterized by great uncertainty, but given the company's good order situation and good market position, the trend of earnings is expected to be stable.

**1.4% Skanska International Projects**  
*Operations specialize in developing and carrying out major international infrastructure projects. The pie chart shows the business unit's share of total Group net sales.*

During the year, the business unit carried out a restructuring. Its purpose was to coordinate the international project operations of Skanska International Projects and Skanska UK as well as to expand cooperation with Skanska BOT and the local business units in Skanska's main markets. Operations will specialize in projects in the energy and transportation sectors, where growth and profitability are expected to be good. Ongoing activities outside of these fields will gradually be phased out.

Certain restructuring expenses were charged to earnings during 2001. During 2002, the business unit expects a positive trend of earnings due to the increased focus on the energy and transportation markets. This business unit reports its earnings under "Other Markets."

## SKANSKA SERVICES

**1.6%** **Skanska Services**  
*Operations specialize in delivering long-term, client-tailored facilities management services to major corporations. Facilities management includes services related to the operation and management of properties as well as a broad range of support services for offices and production plants. Contracts with clients are normally signed for a period of 3–5 years.*

Services are provided directly to client corporations or as part of a comprehensive solution in cooperation with project development by other Skanska units. The business unit is currently operating in Sweden, Denmark and Great Britain.

The available market is growing in many geographic markets by 10–15 per cent annually. The most significant growth is in the Nordic markets, which is a result of a clear trend toward companies outsourcing these services in order to improve the efficiency of their operations. One example of this trend during 2001 was the business unit's expanded and renewed facilities management contracts with Ericsson, the telecommunications group. This was possible because Skanska Services improved its productivity by 20 per cent following its takeover of Ericsson's internal support operations.

Skanska Services has established a platform for future expansion both through organic growth and through acquisitions in strategically important markets. The increase in privately financed projects – such as roads, hospitals and schools – will also increase the need for operating and management services and will strengthen the growth potential of the business unit.

The trend of earnings during 2001 was positive, and this trend is expected to continue during 2002.

**0.2%** **Skanska Telecom Networks**  
*Operations are mainly related to consulting services in technology, design, planning, project management and installation of networks for telecommunications and data communications, such as broadband, base stations for cellular (mobile) telephone systems and mainframe computer facilities.*

Because new investments in the telecom field have declined sharply during the past year, operations will focus more on servicing and maintenance. In light of this, Skanska has decided to integrate these operations with Skanska Services, and some of its construction companies. This means that Skanska Telecom Networks ceased to exist as a separate business unit beginning on January 1, 2002.

Operating income in 2001 was positive, but business volume declined significantly during the year.

## PROJECT DEVELOPMENT & BOT

In the development of commercial property projects, the business unit's target is that the entire process – localization, pre-construction engineering, leasing, construction and divestment – should not exceed three years on average.

During 2001, 18 projects were completed, of which 4 were sold during the year. At year-end, the number of ongoing projects totaled 11, of which 8 in Sweden. These projects comprised 183,000 sq m (1.97 million sq ft) of leasable space, of which 91 per cent in terms of rent had been pre-leased.

Operating income of the Project Development & BOT business unit amounted to SEK 2,748 M in 2001, including SEK 2,140 M in capital gains on the sale of properties.

During the past two years, properties and projects worth about SEK 9 billion have been sold, with an overall capital gain of about SEK 4 billion. At year-end 2001, Skanska's portfolio of investment properties had an externally appraised value of SEK 12.8 billion, including projects completed in 2001, equivalent to a surplus value of SEK 5.2 billion.

A presentation of capital gains on divestments over the past five years, as well as estimated surplus values of ongoing and completed projects, can be found in the charts and the tables on page 23.

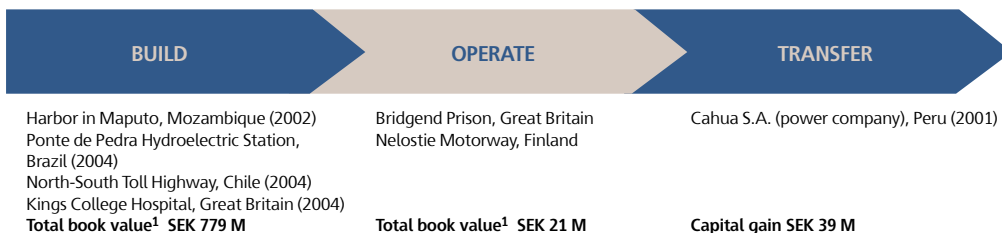
**0.7%** **Skanska Project Development Sweden**  
*Operations specialize in initiating, developing, operating and divesting commercial property projects such as office complexes and shopping centers in Sweden, including the Öresund region (southernmost Sweden and eastern Denmark).*

Strong demand for commercial space early in 2001 contributed to an increased number of project startups. This was especially true in the Stockholm region. A general slowdown occurred in the market during the latter part of the year. This resulted in a reduced volume of newly initiated projects. Despite the slowdown, the pre-leasing rate of ongoing projects rose to 92 per cent. This reflects the high quality of the current development portfolio. In value terms, the largest project is CityCronan, a centrally located office property in Stockholm that is nearly 100 per cent pre-leased. During the year, a number of projects were sold before or in conjunction with their completion, with a development gain exceeding 40 per cent of invested capital.

**0.1%** **Skanska Project Development Europe**  
*Operations specialize in initiating, developing, operating and divesting commercial property projects in selected markets. For example, projects are currently underway in Prague (Czech Republic) and Warsaw (Poland).*

During 2001 the business unit divested its entire remaining property portfolio in London (England), and its operations are thus concentrated on projects in developing markets. Late in the year, the newly developed West End Business Center in Budapest (Hungary) was sold at a development gain exceeding 50 per cent, which indicates the positive trend in this property market.

## The BOT portfolio



<sup>1</sup> Shareholders' equity and debenture loans

The current development portfolio includes projects in Prague, Warsaw and Budapest. The pre-leasing rate in the current development portfolio amounts to 78 percent.

0.6% **Skanska Project Development USA**  
*Operations specialize in the development of high-end residential projects and project management in the north-eastern United States, with an emphasis on the New York City metropolitan area. Operations take place through the company Spectrum Skanska.*

The market trend for high-end residential projects in the New York metropolitan region remained positive, mainly due to heavy demand and low interest rates.

The operating income of Spectrum Skanska improved considerably during 2001, and during 2002 the company expects a stable trend in both sales and earnings. The earnings of this business unit were reported during 2001 under "Construction-related Services," in the same way as the residential project development work carried out by a number of business units reported under Skanska's construction-related services.

### Skanska BOT

*Operations specialize in developing and investing in privately financed infrastructure projects. Skanska BOT is currently involved in projects in Mozambique, Brazil, Chile, Great Britain and Finland. The largest BOT project is a highway in Santiago de Chile.*

The market for privately financed infrastructure projects, also called Build-Operate-Transfer (BOT) projects, continues to expand. The strongest growth is in Great Britain, where the number of BOT projects – or Private Finance Initiative (PFI) to use the British term for this type of project – is rapidly increasing. This applies both to infrastructure and social institutions such as hospitals and prisons. Interest in this type of financing is also increasing in a number of Skanska's other primary markets in Europe. The positive trend for BOT projects is also continuing in South America.

The process in a BOT project takes a number of years and gives Skanska opportunities to create profitability and experience in both the construction and management stages. Investments in BOT projects generate long-term stable revenue streams, and a divestment generally occurs when the project has operated for a number of years after completion. BOT projects are attractive for long-term institu-

tional investors, such as life insurance companies and pension funds.

Skanska has ownership stakes in six BOT projects, of which a highway in Finland and a prison in Great Britain are already in operation. Its other BOT projects are under construction and include a hospital, highway and hydroelectric power projects and a port facility where construction is now being prepared.

In all, Skanska had invested about SEK 800 M in BOT projects by the end of 2001. Its investments will total about SEK 1,600 M once all the projects in the current portfolio are completed. The bulk of this investment sum, about SEK 1,300 M, is related to the highway project in Santiago de Chile.

During 2001, for the first time Skanska sold its ownership stake in a BOT project, when its 40 percent stake in the Cahua hydroelectric power company in Peru was sold for SEK 130 M. The capital gain was SEK 39 M. During the coming year, other divestments of completed BOT projects may occur. The estimated return on invested capital over the service life of these projects will exceed 20 percent, which indicates a sizable surplus value in the portfolio. These internal interest payments do not include profits related to Skanska's role as a construction contractor in the project.



### Skanska Project Development – book and market values

SEK bn	Book value, Dec. 31, 2001	Book value upon completion	Estimated market value, Dec. 31, 2001
Investment properties	4.6	4.6	8.8
Projects completed in 2001	3.0	3.0	4.0
Ongoing projects	2.0	3.0	4.5 <sup>1</sup>
<b>Total</b>	<b>9.6</b>	<b>10.6</b>	<b>17.3</b>
Development properties <sup>2</sup>	2.2	-	-
<b>Total</b>	<b>11.8</b>	-	-

<sup>1</sup> Internal appraisal, with the completion of each respective project as the appraisal date.

<sup>2</sup> Development properties refer to land with building rights for commercial use.

### Return on real estate investments, property management and project development<sup>1</sup>

%	2001	2000	1999	1998
Total return	16	18	19	18
of which, change in value	-1	9	9	11

<sup>1</sup> Including operating net and change in value of investment properties plus development gains on fully developed properties.

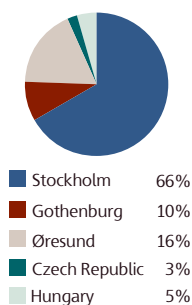
### Investment properties – year-end surplus value

SEK bn	2001	2000	1999	1998
Appraised market value <sup>1,2</sup>	8.8	12.4	13.2	11.6
Book value	4.6	6.3	6.9	6.4
<b>Surplus value</b>	<b>4.2</b>	<b>6.1</b>	<b>6.3</b>	<b>5.2</b>

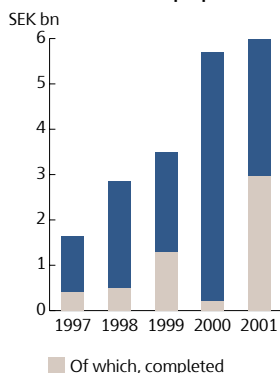
<sup>1</sup> Market value appraised in collaboration with Ernst & Young Real Estate.

<sup>2</sup> Including partly owned properties amounting to SEK 0.3 billion for each year.

### Investment volume of ongoing commercial projects by geographic area

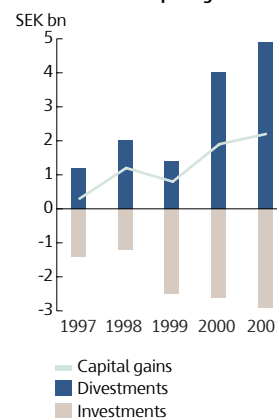


### Project development volume, commercial properties<sup>1</sup>



<sup>1</sup> Refers to book value of completed projects and estimated book value of ongoing real estate projects upon completion.

### Real estate investments, divestments and capital gains





Arthur Ravenel Jr. Bridge  
– collective competence



### Trans-Atlantic collaboration

An impressive bridge will soon be built above the Cooper River in South Carolina, linking the city of Charleston with neighboring Mount Pleasant. Tidewater Skanska won this contract thanks to its own long experience of bridge construction in the southeastern United States and the Skanska Group's collective experience of building high bridges. The shape and technical design of the Arthur Ravenel Jr. Bridge are very similar to the cable-stayed bridge that Skanska built outside Uddevalla, Sweden during 1997–2000. This demonstrates that the Group's collective know-how is a global strength when it comes to bridge building.

When construction is complete in 2006, the Arthur Ravenel Jr. Bridge will have a main span of 464 meters (1,546 ft) and will rise 56 meters (186 ft) above the water. It features diamond-shaped towers, and 128 cables will carry the roadway. The new bridge will improve communications in the region by supplementing the existing overburdened bridges.

### Focused drive

This is the most recent example of how Skanska has established itself as the leading global builder of large bridges. Over the past decade, Skanska has carried out a focused drive to bring together and enhance bridge know-how within the Group. Skanska has refined construction methods and sharpened its design expertise during this period.

In recent years, Skanska Sweden has built a number of high bridges including the Öresund Bridge between Sweden and Denmark, which has served as a model in terms of quality, environment, timely completion and client collaboration. Skanska has also added to its expertise through acquisitions. The experienced bridge builders of Slattery Skanska, Koch Skanska and Tidewater Skanska, together with recent acquisitions Skanska UK and Selmer Skanska, have an extensive history of bridge building in the U.S., Asia and Europe.



The Uddevalla Bridge in Sweden.



The Uddevalla Bridge in Sweden.

# Risk management

Skanska's operations take place worldwide and encompass many types of construction projects. An effective, systematic assessment and follow-up of business and financial risks is thus essential for Skanska. During 2001, Skanska conducted a general review of the risk assessment and management process in the Group in order to adapt its procedures and decision-making system to Skanska's new organizational structure.

This section provides a brief description of the risk assessment and risk management procedures and tools used in all operations at Skanska.

The Skanska Group's Procedural Rules also apply in this field. Depending on the size and risk profile of the project, the decision on whether to sign binding contracts with the client is made either by line managers at a business unit, by Skanska's Senior Executive Team or by Skanska's Board of Directors. In the case of major projects that continue over a long period, Skanska also conducts regular follow-up of its risk assessment. During 2001, these procedures were adapted to Skanska's new organizational structure, which among other things resulted in a decrease in the number of decision-making levels. More cases than previously are being decided today at the Senior Executive Team level.

## Business risks

Skanska's operations generate systematic risk diversification, because each year the Group pursues a very large number of projects of varying sizes and types. Moreover, these operations take place in numerous geographic markets and there are many client categories. The operations are also independent and are not affected by each other from a risk standpoint. For example, they are not dependent on deliveries from each other or from the same supplier.

## Construction projects

To ensure a systematic and uniform assessment of construction projects, Skanska uses its Operational Risk Assessment (ORA) model throughout the Group.

ORA evaluates larger, more risk-exposed construction projects with regard to technical, legal and financial risks. It also analyses a number of general "public exposure" issues, among them ethical, social and environmental aspects of the planned project.

Skanska limits or eliminates identified risks by various methods, through transfer of risks to a party other than Skanska or through risk ceilings in its contractual obligations. Risk assessment also affects Skanska's pricing of the project in question. In some cases, the analysis of risks associated with a construction project may lead Skanska to abstain from participating.

## Project Development & BOT

When developing real estate projects for Skanska's own account, as well as privately financed infrastructure (BOT) projects, Skanska uses the same model for assessing

the risks connected to the construction portion of the project. It also analyses risks associated with investments in projects and possible responsibility for operation of the property or facility. As a back-up resource, Skanska often uses assessments carried out by outside lenders that are participating in financing a project.

## Acquisitions

Skanska has developed its own model in conjunction with acquisitions of companies, which a risk assessment performed by in-house and outside specialists. This analysis includes financial and legal issues, an assessment of ongoing construction projects and assessments of environmental and societal risks. Great importance is attached to assessing the competence of a company's management and its talent for business development.

## Skanska's risk assessment model





## Financial risks

Group companies are requested to implement their financial transactions with Skanska Financial Services (SFS), which in turn interacts in a coordinated way with external financial market players.

Skanska took steps during 2001 to strengthen its corporate-level financial operations. This will make it easier for the Group to adequately monitor financial risks and efficiently manage its financial risk exposure.

During 2001, Skanska's Board of Directors approved a new Financial Policy for the Group. This policy document was adapted to the new organizational structure. It regulates the allocation of responsibilities among the Board, the Senior Executive Team, SFS and the business units. The Financial Policy specifies established limits for the Group's financial risk management.

At year-end, the Skanska Group had gross interest-bearing indebtedness of SEK 18.1 billion (13.8). Liquid assets and interest-bearing receivables totaled SEK 11.3 billion (10.1), which meant that the Group's net indebtedness amounted to SEK 6.8 billion (3.7) on this date.

## Foreign exchange risk

Although Skanska has a large international presence, its operations are of a local nature in terms of foreign exchange risks. Project revenues and costs are mainly denominated in the same currency, and transaction risks from exchanges between different currencies are very limited.

Known and budgeted financial flows are hedged, for example when divesting foreign assets. Shareholders' equity in foreign subsidiaries is not hedged, however, because these investments are of a long-term nature. Investments in project development and BOT that will be divested after completion are normally financed in local currency.

## Interest rate risk

Interest rate risk is defined as the risk of negative impact in case of a one percentage point increase in interest rates of all maturities. This risk may never exceed SEK 100 M on a twelve month basis. The interest fixing period must lie within the 0-5-2.5 year range. At year-end 2001, the average interest fixing period was 0.9 years.

## Funding and liquidity risk

Funding risk is defined as the risk that the Group may suffer from lack of liquidity or not readily available external financing sources. The target is to have at least SEK 4 billion available through liquidity or committed credit facilities. At year-end 2001, the Group had liquidity and committed credit facilities of SEK 4.5 billion.

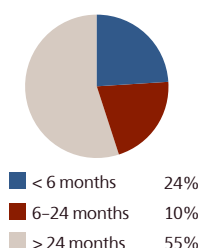
The average maturity of interest-bearing liabilities shall be in the 2-4 year range.

At year-end 2001, the average maturity was 2.5 years.

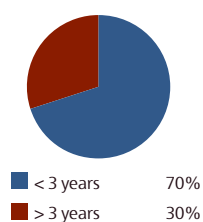
### Interest-bearing liabilities and assets

SEK bn	2001-12-31	2000-12-31
Interest-bearing gross indebtedness	18.1	13.8
Liquid assets and interest-bearing receivables	11.3	10.1
Interest-bearing net indebtedness	6.8	3.7

Average maturity on borrowings



Average fixed-interest period



# Talent management

## New challenges

In recent years, Skanska's operations have been characterized by rapid international growth, achieved both by organic growth and through acquisitions. During 2000, for example, Skanska acquired businesses in Great Britain, the United States, Norway, the Czech Republic and Poland. Meanwhile the range of services has broadened, enabling Skanska to offer the client effective comprehensive solutions. Pre-construction engineering and project management are increasingly becoming part of Skanska's assignments. The same is true of facilities management, including property management and operational support services.

The collective competence of the Group is becoming increasingly important in Skanska's dialogue with clients. Effective transfers of experience are thus increasingly a precondition in order to fulfill the vision of being the client's first choice. This makes challenging – partly new – demands on managers in the Group. The ability to attract, recruit and develop managers and potential managers is thus becoming an increasingly important success factor.

## Employee survey

During the autumn of 2001, Skanska conducted a large-scale employee survey. Its purpose was to analyze the strengths and weaknesses of current working methods related to talent management and to examine employee attitudes and assessments of the Group's development plans. The survey involved 3,000 employees, representing all business units and a variety of different roles and positions at Skanska. One clear and gratifying message from 90 percent of those participating in the survey was that they are proud of working at Skanska and had a favorable view of efforts to improve transfers of experience and collaboration among business units.

The conclusions of the survey will now provide an important basis for prioritizing

different development programs aimed at strengthening and improving the Group's human resource and talent management work.

## The Skanska Management Institute

The Skanska Management Institute, which is responsible for the Group's corporate talent management programs, will further refine and expand its operations during 2002. Every year, more than 2,000 managers participate in various development programs. Their aim is to give participants a clearer understanding of the Group's strategic focus. They also create opportunities for a more intensive dialogue between the Senior Executive Team and managers at different levels at Skanska, and between managers from different business units. At Skanska it is increasingly important to strengthen common values, while also encouraging collaboration and mobility.

## Manager evaluations

Skanska is currently reviewing and refining the methods and tools it uses for manager evaluations in the Group's business units. Manager evaluations include results achieved as well as an assessment of leadership potential. Skanska has developed a

common leadership profile and has established evaluation criteria on the basis of this profile. Its purpose is to ensure a common approach and high standards in this work, including not only the evaluation itself but also the process of implementing development efforts and programs.

Concurrently, Skanska is reviewing the reward and incentive models used within the Group.

## Talent management at the business unit level

Skanska's business units have operative responsibility for talent management and human resource development within their own operations. The Human Resources staff unit at Group level is primarily a support unit that backs up and monitors their work in these fields.

At the business units, active efforts to project a clear image of Skanska at universities and institutes of technology will intensify, in order to support future recruitment work. The business units are also increasingly surveying human resource development, career paths and other employee development alternatives. Exchanges of experience within the business units, and especially between them, will be encouraged during 2002.

# The environment and social responsibility



The Dow Jones Sustainability Indexes rank Skanska as the leading company in the construction industry in terms of environmental and social dimensions.

## A holistic view

The focus of Skanska's environmental work is to ensure that all Group operations meet the same fundamental requirements and guidelines. This is a prerequisite for achieving credibility, both internally and externally. It underscores that the Skanska Group operates on the basis of common values and working methods. Certified environmental management systems were introduced throughout the Group before the end of 2000. Newly acquired companies will also be certifying their environmental management systems shortly.

A comparison with Skanska's main international competitors shows that only Skanska has introduced certified environmental management systems on a Groupwide basis. However, development efforts in this direction are underway at several of these companies. Skanska welcomes such a trend at other companies in the construction and project development industry, since it would create more active environmental work in the industry and more effective collaboration with both clients and suppliers.

The environmental aspects of building and civil construction projects are often long-term and indirect. This means that only a small proportion of total environmental impact occurs in conjunction with the construction process. A sizable proportion instead occurs during the service life of the

building or facility. Skanska's ability to motivate and inspire its clients to increase the level of environmental adaptation is thus perhaps the most important success factor.

## Higher environmental standards

It is therefore gratifying to report that more and more construction projects are being implemented with environmental standards that are more far-reaching than legal and regulatory requirements. The Group's annual analysis of all construction projects with order values exceeding SEK 10 M (about USD 1 million) also indicates that the initiative for a higher level of environmental adaptation increasingly comes from Skanska.

### Construction projects with higher environmental standards, 2000–2001

	Number of projects		Total contract sum, SEK bn	
	2001	2000	2001	2000
Client's initiative	350	156	18	19
Skanska's initiative	424	391	53	41
Total	774	547	71	60

The number of construction projects – with order values exceeding SEK 10 M – that incorporate environmental standards beyond legal and regulatory requirements.

The analysis of these projects reveals which environmental aspects received priority. The most commonly occurring priorities are energy efficiency, chemical and waste management, but the local impact from construction projects in the form of noise and discharges into the water are often also high priority issues.

When it comes to public procurement, Skanska has a positive attitude toward the clarification concerning environmental standards that is being made in the EU's proposed new directive on public procurement. Increasing the opportunities to specify relevant, fact-based environmental standards in procurements will accelerate the necessary environmental adaptation.

## Increased knowledge

In addition to good structure and effective procedures, Skanska requires a high level of environmental expertise. For some years, training programs at Skanska's business units have provided employees with basic environmental information. By the end of 2001, about

55 percent of employees had received this type of information. The reason this figure is lower than in 2000 is that newly acquired business units have only had a chance to begin the environmental training of their employees.

Skanska is also continuing its specialist training programs in the environmental field. This includes training on environmental auditing, legislation, environmentally adapted pre-construction engineering, environmental effects of building materials and hazardous waste. In all, more than 1,600 employees participated in these specialist programs during the year.

## Evaluations

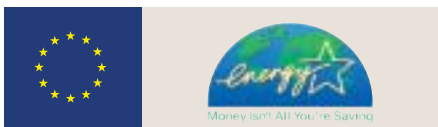
One important part of development work in the environmental field is to systematically evaluate environmental work in order to gather impulses for continued improvements. In short, it is a matter of learning lessons from the strengths and weaknesses that are observed. At the project level, follow-up occurs in such forms as internal environmental audits, which are a very important element in the task of ensuring the implementation of environmental management systems.

Certification of environmental management systems also means that accredited certification bodies conduct regular follow-ups of the quality of Skanska's implementation and development of environmental management systems in relation to ISO standards. A total of 185 such external audits took place.

## Sustainable development

During 2001, Skanska developed a Code of Conduct that clarifies its roles and ambitions concerning social responsibility in a broader sense than environmental aspects alone. The Code of Conduct, which is part of Skanska's sustainable development efforts, also addresses human rights, employee relations and business ethics. This document will serve as a platform for the Group's actions in these areas, and it also aims at influencing suppliers and subcontractors in the same direction.

In accordance with Groupwide procedures, risk evaluations of large projects always include an assessment of their environmental and social dimensions.



### Energy challenges

The risk of climate change due to increased greenhouse gas levels in the atmosphere is the biggest single environmental threat. The construction sector has a central role in these issues, because a very large percentage of energy use by humans is related to buildings and their use. During 2001, Skanska worked actively in the European Union and the United States to help bring about an increased commitment to energy efficiency both in new construction and renovation. There is very large potential for reducing energy use by humans through systematic, proactive efforts.

A more detailed description of Skanska's work with energy issues can be found in the Environmental Report 2001 and on [www.skanska.com](http://www.skanska.com).









## Stockholm Center for Physics, Astronomy and Biotechnology – a comprehensive solution

### **Dynamic research environment**

In Stockholm, a new Center for Physics, Astronomy and Biotechnology was inaugurated during 2001. This center is a joint project by the Royal Institute of Technology and Stockholm University. All their instruction and research in these fields will be gathered here. Older buildings previously used as hospitals have been supplemented with new buildings. The new main building, which was designed by the Danish architect Professor Henning Larsen, has already attracted extensive publicity and received the Stockholm Prize. This is a joint award from the Stockholm Chamber of Commerce and the newspaper Svenska Dagbladet for the building, park or urban environment that has contributed the most to the beautification of the Swedish capital during the year.

Right from the first semester, 3,000 people were working in one of Europe's most modern research facilities. The basic concept is to let differ-

ent disciplines meet, in order to create a dynamic environment. There are also plans to offer interdisciplinary courses, especially at advanced levels.

### **Skanska crafted a comprehensive solution**

Creating effective solutions through collaborative effort also typifies Skanska's work. The Group's collective competence in project development, construction, financing and property management created an opportunity to offer the client an effective comprehensive solution. This project consequently involved Skanska Project Development, Skanska Sweden, Skanska Teknik, Skanska Financial Services and Skanska Services.

Pre-construction engineering and construction work added up to a large, technologically advanced project. Major changes also occurred during the engineering stage. For example, the biotechnology departments were initially not included in the center. Another prerequisite for

the project to craft a good financing solution, based on a government-guaranteed 25-year lease.

Skanska devised an innovative financing solution that involved securitization. Put simply, the rental cash flow during the 25-year lease is being used to service bonds purchased by institutional investors. The Standard & Poor's credit rating institute gave the bond issue its highest rating (AAA). This was possible because of the structure of the lease, combined with the high creditworthiness of the tenants. As tenants, the Royal Institute of Technology and Stockholm University benefit from more favorable rental cost than would otherwise have been possible.



# Share data

- Skanska's market capitalization totaled SEK 28.7 billion at the end of 2001.
- Skanska's share price declined by 30 percent to SEK 68.50
- Average volume per trading day rose by 34 percent to 1,484,126 shares
- The proposed dividend for 2001 is SEK 3.00 per share

Skanska shares are listed on the A list of Stockholmsbörsen (formerly the OM Stockholm Stock Exchange). On June 20, 2001 Skanska carried out a split, giving shareholders four new shares for each old share. Unless otherwise stated, all comparative figures are adjusted for this 4:1 split. After a decision by the Annual Shareholders' Meeting, the shares that Skanska repurchased during 2000 and 2001 were cancelled.

Skanska's share price performed positively during the first two months of 2002, rising by 13 percent. During the same period, Stockholmsbörsen fell by 5 percent.

## Changes in capital stock, SEK M

Year	Reduction	Stock share dividend	New share issue	Par value of capital stock
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	1.7	89.7
1977 1:2		44.9	-	134.6
1979 1:2		67.3	2.4	204.3
1981 2:3		136.2	-	340.5
1982 1:5		68.1	2.7	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
1997 redemption 1:10	-124.3	227.7	3.6	1,366.2
2001 cancellation of repurchased shares (9.2 million)	-110.6			1,255.6
2001 split 4:1				1,255.6

## Shares by category, December 31, 2001

Category	Number of shares	% of capital stock	% of voting power
A	35,961,524	8.6	48.5
B	382,591,548	91.4	51.5
<b>Total</b>	<b>418,553,072</b>	<b>100.0</b>	<b>100.0</b>

## Share performance

At the end of 2001, the market price of a Skanska Series B share was SEK 68.50, a decline of 30 percent during the year. Total market capitalization amounted to SEK 28.7 billion, down 35 percent during 2001. The percentage decline was larger than the decline in share price because, in accordance with a decision by the Annual Meeting, the shares repurchased during 2000 and 2001 were canceled, reducing the number of shares outstanding. The repurchased shares were equivalent to 8.2 percent of shares outstanding. During the year, the highest price per Skanska share was SEK 106.40 and the lowest SEK 57.00.

During 2001, the Stockholm All Share Index declined by 17 percent. The Dow Jones Heavy Construction Industry Group Index, which includes the largest listed European construction and building materials companies, rose by 5 percent.

## Trading

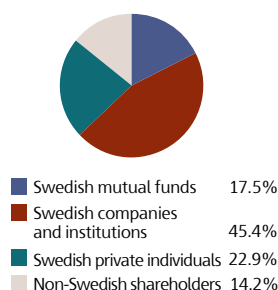
During 2001, the number of Skanska shares traded was 371,031,580 (276,419,524), at a total value of SEK 31.7 billion (23.0), an

## The largest shareholders in Skanska AB

Holding on Dec. 31, 2001	% of capital stock	% of voting power
AMF Pension (retirement insurance)	7.7	4.3
Industrivärden (investment company)	6.7	30.8
Robur mutual funds (Swedbank)	6.7	3.8
Alecta (formerly SPP mutual retirement insurance)	4.0	2.2
Nordea mutual funds (formerly Nordbanken)	3.6	2.0
IKEA Investment AB	2.7	10.7
Svenska Handelsbanken (SHB) mutual funds	2.1	1.2
AFA Försäkring (insurance)	2.0	1.1
Skandia (insurance)	1.8	1.0
Fourth Swedish National Pension Fund	1.7	1.1
<b>Total</b>	<b>39.0</b>	<b>58.2</b>
Other shareholders in Sweden	46.8	33.6
Shareholders abroad	14.2	8.2
<b>Total</b>	<b>100.0</b>	<b>100.0</b>

Sources: VPC, SIS ägarservice

Percentage of capital stock, by shareholder category, December 31, 2001



Sources: VPC, SIS ägarservice

increase of 34 percent on 2000. This represented an average of 1,484,126 (1,105,678) shares per trading day. Trading volume during 2001 was equivalent to 97 percent (66) of the total number of Series B shares outstanding at the end of the year.

## Ownership changes

At year-end, the total number of shareholders was 72,701 (64,181). Foreign ownership amounted to 14.2 percent of capital stock and 8.2 percent of voting power. At the end of 2000, foreign shareholders represented 14.2 percent of capital stock and 8.4 percent of votes. The percentage of foreign shareholders is small considering that Skanska's operations outside Sweden represented sales equivalent to 82 percent of the Group's total sales in 2001.

## Dividend

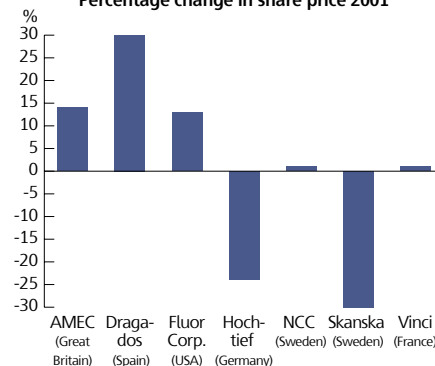
The Board of Directors proposes a dividend of SEK 3.00 (3.38) for 2001. The proposed dividend falls within the limits of the existing dividend policy.

The regular dividend shall be equivalent to 35–45 percent of the Group's sustained profit after taxes as estimated by the Board or a minimum of five to six percent of adjusted shareholders' equity, as estimated by the Board. Surplus capital not needed to develop the Company's core business shall be transferred to the shareholders in an efficient way from a tax standpoint.

## Buy-backs of Skanska's own shares

Buy-backs of Skanska's own shares are a tax-efficient way of adjusting the Company's capital structure. The Board of Directors is proposing that the Annual Meeting authorize the Board to approve buy-backs as needed, up to a maximum of ten percent of shares outstanding, currently equivalent to 41,855,307 shares. According to the proposal, this mandate would be valid until the next Annual Meeting in 2003.

Major listed construction companies  
Percentage change in share price 2001



Source: Bloomberg

## Total return

The total return on a share is calculated as the change in share price, together with the value of dividends. During 2001, the total return on a Skanska share amounted to -27 percent. Stockholm's SIX Return Index declined by 15 percent during the year.

During the period January 1, 1998–February 28, 2002, the total return on a Skanska share was 39 percent. During this period, share price performance was positive for Skanska shareholders. In addition, the Company transferred assets in the form of the regular dividend and an extra dividend, plus the spin-off of the residential real estate company Drott to the shareholders and buy-backs of Skanska's own shares. During the same period, the SIX Return Index showed a total return of 37 percent.

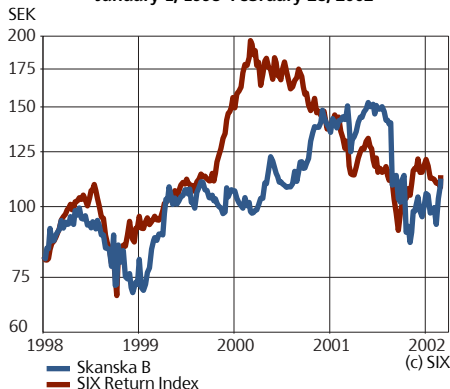
## Dow Jones Sustainability Indexes

Since September 1999, Skanska's Series B shares have been part of the Dow Jones Sustainability Indexes – a list of global companies that combine high profitability requirements with long-term sustainable development. The companies are evaluated on the basis of their managements' ability to integrate economic, social and environmental aspects in their company strategy. In this evaluation, Dow Jones attaches great importance to company managements. Skanska is ranked as the leading company in the construction industry.

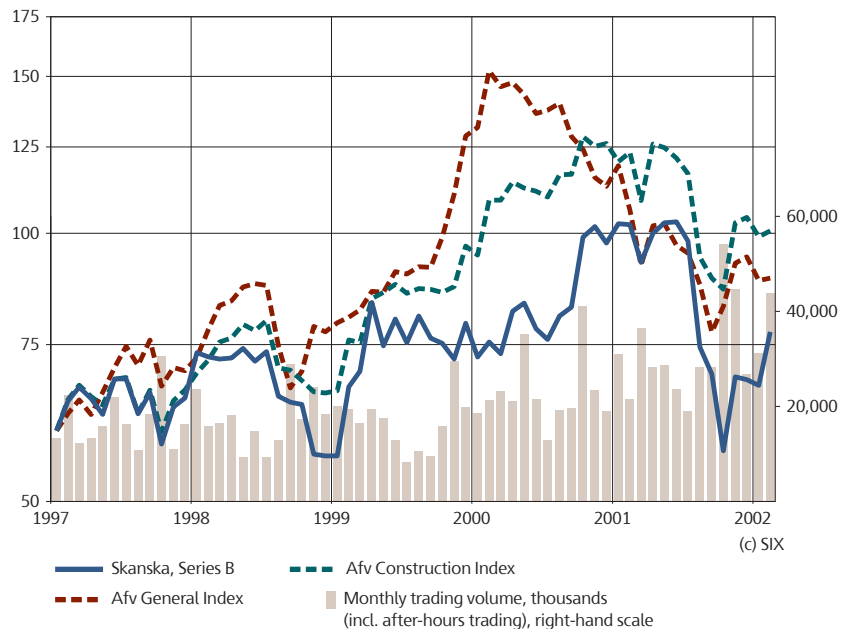
## Capital stock

At the end of 2001, Skanska's capital stock amounted to SEK 1,256 M, divided into 418,553,072 shares, each with a par value of SEK 3. All shares are non-restricted and have equal entitlements to dividends. Series A shares, which numbered 35,961,524 at year-end, carry 10 votes apiece. Series B shares, which numbered 382,591,548 at year-end, carry one vote apiece. A round lot consists of 200 shares.

Effective return on Skanska shares compared to the SIX Return Index January 1, 1998–February 28, 2002



Skanska share price movement, January 1, 1997–February 28, 2002



Skanska share highlights	2001	2000	1999	1998	Pro forma <sup>1</sup> 1997
Year-end market price, SEK	68.50	97.50	79.25	56.25	65.00
Year-end market capitalization, SEK bn	28.7	41.5 <sup>2</sup>	36.1	25.6	29.6
Regular dividend per share, SEK	3.00 <sup>3</sup>	3.38	3.00	3.00	2.75
Extra dividend per share, SEK			1.00		
Net profit per share, SEK <sup>4,6</sup>	0.05	12.50	9.40	6.10	14.85
Shareholders' equity per share, SEK <sup>5,6</sup>	42.70	44.40	36.00	29.70	26.00
Average number of shares for the year, million	420.0	444.6	455.4	455.4	455.4
Total shares outstanding at year-end, million	418.6	426.1	455.4	455.4	455.4
Highest share price during the year, SEK	106.40	106.13	86.75	79.00	71.03
Lowest share price during the year	57.00	68.50	53.25	49.75	50.24
Yield, percent <sup>7</sup>	4.4	3.5	3.8	5.3	4.2

<sup>1</sup> Adjusted for the distribution of the residential real estate company Drott to the shareholders and the deconsolidation of the construction and real estate company JM.

<sup>2</sup> Excluding repurchased shares, equivalent to SEK 2.9 billion.

<sup>3</sup> Proposed by the Board of Directors.

<sup>4</sup> Calculated on the basis of the average number of shares for each respective year.

<sup>5</sup> Calculated on the basis of the total number of shares outstanding at the end of each respective year.

<sup>6</sup> Dilution effects on net profit per share are not reported, because no convertible debenture or option program that can affect the number of shares is currently outstanding.

<sup>7</sup> Dividend as a percentage of respective year-end share price, for 1997 and 1998 excluding Drott.

## Transfers of capital to shareholders

SEK bn (unless otherwise specified)	Total	2002	2001	2000	1999	1998
Regular dividend per share, SEK		3.00 <sup>1</sup>	3.38	3.00	3.00	2.75
Extra dividend per share, SEK				1.00		
Regular dividend, total	6.8	1.3 <sup>1</sup>	1.4	1.4	1.4	1.3
Extra dividend, total	0.4			0.4		
Distribution of Drott <sup>2</sup>	10.0					10.0
Buy-backs of Skanska's own shares	3.4		0.8	2.6		
<b>Total</b>	<b>20.6</b>	<b>1.3</b>	<b>2.2</b>	<b>4.4</b>	<b>1.4</b>	<b>11.3</b>

<sup>1</sup> Proposed by the Board of Directors.

<sup>2</sup> Estimated market value of assets.

Analysts at a number of stock brokerage houses and banks continuously follow Skanska. A list of these analysts can be found on the Skanska Group's web site, [www.skanska.com/investorrelations](http://www.skanska.com/investorrelations), The Stock, Analysts.

# Five-year Group financial summary<sup>1</sup>

SEK M	2001	2000	1999	1998	Pro forma 1997
<b>Order bookings</b>	<b>152,507</b>	<b>127,031</b>	<b>97,332</b>	<b>77,383</b>	<b>58,950</b>
<b>Order backlog</b>	<b>158,643</b>	<b>160,675</b>	<b>93,686</b>	<b>67,871</b>	<b>51,745</b>
<b>Income statements</b>					
Net sales	164,937	108,022	79,128	62,435	49,577
of which, outside Sweden, %	82	77	72	68	62
Gross income	9,396	9,520	7,823	5,837	4,879
Selling and administrative expenses	-9,063	-6,949	-5,564	-4,430	-4,244
Sale of properties	2,155	1,907	703	1,266	423
Writedowns/reversals of writedowns	0	0	-5	-14	8
Share of income in associated companies	35	299	657	684	674
Items affecting comparability	-230	2,413	3,287	1,033	-944
<b>Operating income</b>	<b>2,293</b>	<b>7,190</b>	<b>6,901</b>	<b>4,376</b>	<b>796</b>
Financial items	-1,177	1,341	-39	449	9,316
<b>Income after financial items</b>	<b>1,116</b>	<b>8,531</b>	<b>6,862</b>	<b>4,825</b>	<b>10,112</b>
Taxes	-1,094	-2,935	-2,483	-1,965	-2,864
Minority interest in income	0	-46	-98	-78	-122
<b>Net profit for the year</b>	<b>22</b>	<b>5,550</b>	<b>4,281</b>	<b>2,782</b>	<b>7,126</b>
<b>Cash flow</b>					
From business operations	3,514	1,347	2,603	2,347	
From investment operations	-2,208	-593	1,834	-2,586	
From financing operations	630	120	-2,349	1,121	
<b>Cash flow for the year</b>	<b>1,936</b>	<b>874</b>	<b>2,088</b>	<b>882</b>	

## Definitions

Debt/equity ratio	Interest-bearing net indebtedness divided by visible shareholders' equity including minority interests.
Equity/assets ratio	Visible shareholders' equity including minority interests as a percentage of total assets.
Equity per share	Visible shareholders' equity divided by the number of shares.
Interest-bearing net indebtedness	Interest-bearing liabilities including pension liabilities minus liquid assets and interest-bearing receivables.
Interest cover	Operating income, financial revenues and net holdings in associated companies plus depreciation and items affecting comparability, divided by net interest items.
Net profit per share	Net profit for the year divided by the average number of shares.
Organic growth	Organic growth refers to growth for comparable units, that is, for units that were owned throughout the calendar year 2000.
Operating net on properties	Rental revenues and interest subsidies minus operating, maintenance and administrative expenses as well as real estate tax. Site leasehold rent is included in operating expenses.
Number of shares outstanding	Average number of shares in 2001: 419,981,149, 2000: 444,629,424, 1997-1999: 455,419,872. Total number of shares at each year-end: 2001: 418,553,072, 2000: 426,145,072, 1997-1999: 455,419,872.
Return on capital employed	Operating income, financial revenues and net holding in associated companies, as a percentage of average capital employed. Capital employed is visible shareholders' equity, minority interests and interest-bearing liabilities.
Return on shareholders' equity	Net profit for the year as a percentage of average visible shareholders' equity.
Yield on properties	Operating net divided by year-end book value.



SEK M	2001	2000	1999	1998	Pro forma 1997
<b>Balance sheets</b>					
Properties in real estate operations	11,991	10,690	10,236	8,597	8,580
Shares and participations	1,427	1,405	2,602	7,157	6,695
Other fixed assets	17,236	15,659	7,511	6,773	6,581
Interest-bearing receivables	1,946	3,350	2,192	2,372	2,090
Non-interest-bearing receivables	44,350	38,793	23,806	13,876	11,090
Current-asset properties	6,799	6,637	3,978	2,603	1,301
Bank balances and short-term investments	9,335	6,769	5,583	3,505	2,553
Shareholders' equity	17,871	18,937	17,373	13,519	11,817
Minority interests	515	570	292	271	151
Interest-bearing liabilities and provisions	18,093	13,797	8,390	7,855	5,085
Non-interest-bearing liabilities and provisions	56,605	49,999	29,853	23,238	21,837
<b>Balance sheet total</b>	<b>93,084</b>	<b>83,303</b>	<b>55,908</b>	<b>44,883</b>	<b>38,890</b>
Capital employed	36,479	33,304	26,055	21,645	17,053
Interest-bearing net indebtedness	6,812	3,678	615	1,978	442
Average number of employees	79,924	63,368	45,063	39,246	35,035
<b>Financial ratios etc.</b>					
Dividend per share, SEK <sup>2</sup>	3.00 <sup>3</sup>	3.38	4.00	3.00	2.75
Net profit per share, SEK <sup>2</sup>	0.05	12.50	9.40	6.10	14.85
Equity per share, SEK <sup>2</sup>	42.73	44.40	36.00	29.70	26.00
Return on shareholders' equity, %	0.1	30.6	27.7	22.0	64.4
Return on capital employed, %	8.0	31.5	30.8	27.0	54.3
Same, adjusted for items affecting comparability and share divestments	8.7	17.7	17.3	18.3	12.0
Equity/assets ratio, %	19.8	23.4	32.5	30.7	30.8
Debt/equity ratio	0.4	0.2	0.0	0.1	0.0
Interest cover	6.1	17.1	13.7	21.4	8.5

<sup>1</sup> The consolidated income statement and balance sheet have been recalculated effective from December 31, 1999 due to the introduction of recommendations RR9 and RR10 of the Swedish Financial Accounting Standards Council. For 1997, pro forma figures are stated excluding Drott and with JM deconsolidated.

<sup>2</sup> Comparative figures adjusted to take into account the 4:1 split in Skanska shares implemented during the year.

<sup>3</sup> Proposed by the Board of Directors: Dividend of SEK 3.00 per share.

# Board of Directors



Bo Rydin



Claes Björk



Eliot R. Cutler



Per-Olof Eriksson



Roger Flanagan



Sören Gyll



Finn Johnsson



Inge Johansson



Ivan Karlsson



Folmer Knudsen



Sverker Martin-Löf



Arne Mårtensson



Christina Palm



Jörgen Persson



Nils-Erik Pettersson

## Bo Rydin

Stockholm, born 1932. Chairman. Elected in 1994. Dr.Econ. (Hon.), Dr.Eng. (Hon.). Other directorships: SCA (Chairman), Industrivärden (Chairman), Granninge (Chairman), Svenska Handelsbanken (Vice Chairman). Holdings in Skanska: 12,000 Series B shares.

## Claes Björk

Greenwich, Connecticut, U.S.A., born 1945. President and Chief Executive Officer of Skanska. Elected in 1997. Holdings in Skanska: 49,780 Series B shares.

## Eliot R. Cutler

Washington, D.C., U.S.A., born 1946. Elected in 2000. Partner in Akin Gump Strauss Hauer & Feld, L.L.P. (law firm). Other directorships: Muskie School of Public Service (Chair), Limited Term Mutual Fund (LTMFX). Holdings in Skanska: 4,100 Series B shares.

## Per-Olof Eriksson

Sandviken, born 1938. Elected in 1994. Dr.Eng. (Hon.). Other directorships: SAPA (Chairman), Swedish National Grid (Chairman), Thermia (Chairman), Sandvik, Svenska Handelsbanken, SSAB, Volvo, Custos, Pream Petroleum, Assa Abloy. Member, Royal Swedish Academy of Engineering Sciences. Holdings in Skanska: 8,000 Series B shares.

## Roger Flanagan

Henley-on-Thames, Oxon., England, born 1944. Elected in 1998. Other directorships: Halcrow Group. Holdings in Skanska: 800 Series B shares.

## Sören Gyll

Saltsjö-Duvnäs, born 1940. Elected in 1997. Other directorships: Genesis-IT (Chairman), Young Enterprise Sweden (Chairman), Confederation of Swedish Enterprise (Chairman), SKF, SCA, Askus, Medicover Holding S.A., Probi (Chairman). Member of Royal Swedish Academy of Engineering Sciences. Holdings in Skanska: 4,952 Series B shares.

## Finn Johnsson

Gothenburg, born 1946. Elected in 1998. President of Mölnlycke Health Care. Other directorships: Bilisten i Sverige (Chairman), MVI (Chairman), Wilson Logistics Holding (Chairman), Thomas Concrete Group (Chairman), Handelsbanken Western Sweden Region (Chairman), Industrivärden, Volvo, Kalmar Industries. Holdings in Skanska: 8,000 Series B shares.

## Inge Johansson

Huddinge, born 1951. Swedish Building Workers' Union. Appointed in 1999. Concrete worker. Deputy Board member. Holdings in Skanska: 0 shares.

## Ivan Karlsson

Uddevalla, born 1937. Union for Service and Communication (SEKO). Appointed in 1992. Rock worker. Holdings in Skanska: 2,952 Series B shares.

## Folmer Knudsen

Eslöv, born 1942. Swedish Building Workers' Union. Appointed in 1992. Wood worker. Holdings in Skanska: 600 Series B shares.

## Sverker Martin-Löf

Stockholm, born 1943. Elected in 2001. President and CEO of SCA (through April 11, 2002). Other directorships: Telefonaktiebolaget LM Ericsson, Confederation of Swedish Enterprise. Holdings in Skanska: 0 shares.

## Arne Mårtensson

Djursholm, born 1951. Elected in 2001. Chairman of the Board of Svenska Handelsbanken. Other directorships: Stockholm School of Economics Advisory Board (Chairman), Holmen, Sandvik, V&S Vin & Sprit, Swedish ICC, Industry and Commerce Stock Exchange Committee, Business Council of World Economic Forum. Holdings in Skanska: 0 shares.

## Christina Palm

Falsterbo, born 1947. Swedish Union of Clerical and Technical Employees in Industry (SIF), appointed in 2000. Supervisor, Conference/Reception/Switchboard. Deputy Board member. Holdings in Skanska: 400 Series B shares.

## Jörgen Persson

Svedala, born 1949. Swedish Industrial Union, appointed in 1997. Concrete worker. Deputy Board member. Holdings in Skanska: 0 shares.

## Nils-Erik Pettersson

Hemmingsmark, born 1948. Swedish Association of Supervisors (LEDARNA). Appointed in 1998. Production manager. Holdings in Skanska: 9,720 Series B shares.

## Auditors

### Caj Nackstad

Stockholm.  
Authorized Public Accountant.

### Bernhard Öhrn

Stockholm.  
Authorized Public Accountant.

### DEPUTY AUDITORS

#### George Pettersson

Stockholm.  
Authorized Public Accountant.

#### Joakim Thilstedt

Stockholm.  
Authorized Public Accountant.

# Senior Executive Team



**Hans Björck**  
Executive Vice President  
and Chief Financial Officer  
Born 1951.  
Joined Skanska in 2001.  
Holdings in Skanska:  
0 shares.

**Stuart E. Graham**  
Executive Vice  
President  
Born 1946.  
Joined Skanska in 1990.  
Holdings in Skanska:  
12,000 Series B shares.

**Claes Björk**  
President and  
Chief Executive Officer  
Born 1945.  
Joined Skanska in 1967.  
Holdings in Skanska:  
49,780 Series B shares.

**Johan Karlström**  
Executive Vice  
President  
Born 1957.  
Joined Skanska in 2001.  
Holdings in Skanska:  
10,000 Series B shares.

**Daniel Johannesson**  
Executive Vice  
President  
Born 1943.  
Joined Skanska in 2001.  
Holdings in Skanska:  
1,000 Series B shares.

**Keith Clarke**  
Executive Vice  
President  
Born 1952.  
Joined Skanska in 2000.  
Holdings in Skanska:  
0 shares.



Keith Clarke

## Heads of Group staff units

**Anders Herslow**  
**Tor Krusell**  
**Einar Lundgren**  
**Mats Moberg**  
**Thomas Myringer (Acting)**  
**Staffan Schéle**  
**Birgitta Strömberg**  
**Peter Wallin**  
**Axel Wenblad**

Controlling  
Communications  
Legal Affairs  
Reporting  
Human Resources  
Corporate Finance  
Information Technology  
Investor Relations  
Environmental Affairs

## Presidents of business units

**Zdenek Burda**  
**Petter Eiken**  
**Anders Elnér**  
**David Fison**  
**Jan-Gunnar Glave (Acting)**  
**Michael Healy**  
**Mitchell Hochberg**  
**Bert-Ove Johansson**  
**Olof Johansson**

IPS Skanska (Czech Republic)  
Selmer Skanska (Norway)  
Skanska Sweden  
Skanska UK  
Exbud Skanska (Poland)  
Skanska USA Building  
Skanska Project Development USA  
Skanska BOT  
Skanska Project Development  
Sweden

**Mats Jönsson**  
**Salvatore Mancini**  
**Mauri Niemi**  
**Per-Ingemar Persson**  
**Mario Piantoni**  
**Joseph Riedel**  
**Mats Williamson**  
**Fredrik Wirdenius**

Skanska Services  
Skanska USA Civil  
Skanska OY (Finland)  
Skanska Denmark  
Sade Skanska (Argentina)  
Beers Skanska (United States)  
Skanska International Projects  
Skanska Project Development  
Europe

**Mats Wäppling**  
Employed by Skanska,  
1979–2000, and  
as Executive Vice  
President, 2001–2002.

## Heads of support units

**Thomas Alm**  
**John Söderberg**

Skanska Financial Services  
Skanska Teknik

# Annual Shareholders' Meeting

## Financial information in 2002

The Annual Shareholders' Meeting of Skanska AB will be held at 3:00 p.m. on Thursday, April 25, 2002 at Slagthuset, Jörgen Kocksgatan 7A, Malmö, Sweden.

### Entitlement to participate in the Annual Meeting

To be entitled to participate in the Annual Meeting, shareholders must

- be listed in the print-out of the register of shareholders maintained by VPC AB (the Swedish Central Securities Depository and Clearing Organization) produced on April 15, 2002. Shareholders whose shares have been registered in the name of a trustee must have temporarily re-registered their shares in their own name with VPC to be entitled to participate in the Meeting. Such registration should be requested well in advance of April 15, 2002 from the bank or brokerage house holding the shares in trust.
- notify Skanska no later than 12 noon, Friday, April 19, 2002 of their intention to participate in the Meeting.

### Notification

Shareholders who wish to participate in the Meeting may send notification either

- by mail to Skanska AB, Group Legal Affairs, Box 1195, SE-111 91 Stockholm, Sweden.
- by telephone to +46 8-753 84 06
- by fax to +46 8-753 37 52 or
- by e-mail to [bolagsstamma@skanska.se](mailto:bolagsstamma@skanska.se)
- via Skanska's web site: [www.skanska.com](http://www.skanska.com)

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 have duly notified the Company of their intention to participate in the Annual Meeting will receive an admittance card, which should be brought to the Meeting and shown at the entrance to the Meeting venue.

### Dividend

For 2001, the Board of Directors proposes a dividend of SEK 3.00 per share to the shareholders.

The Board proposes Tuesday, April 30, 2002 as the date of record to qualify for the dividend. Provided that the Annual Meeting approves this proposal, the dividend is expected to be mailed by VPC on Monday, May 6, 2002.

### Financial information

Three Month Report	April 25
Six Month Report	August 29
Nine Month Report	October 30
Year-end Report	February 2003

As a complement to the Annual Report, Skanska is publishing a separate Environmental Report for 2001.

Skanska's financial information is available at its Swedish and English-language web sites:

[www.skanska.se](http://www.skanska.se)  
[www.skanska.com](http://www.skanska.com)

Printed publications can also be ordered from:  
Strömberg Distribution  
Telephone +46 8 449 88 16  
Fax +46 8 449 88 10  
E-mail [skanska@strd.se](mailto:skanska@strd.se)

For questions regarding financial information, please contact  
Skanska AB, Investor Relations  
Box 1195, SE-111 91 Stockholm, Sweden  
Telephone +46 8 753 88 00  
Fax +46 8 755 06 54  
E-mail [investor.relations@skanska.se](mailto:investor.relations@skanska.se)

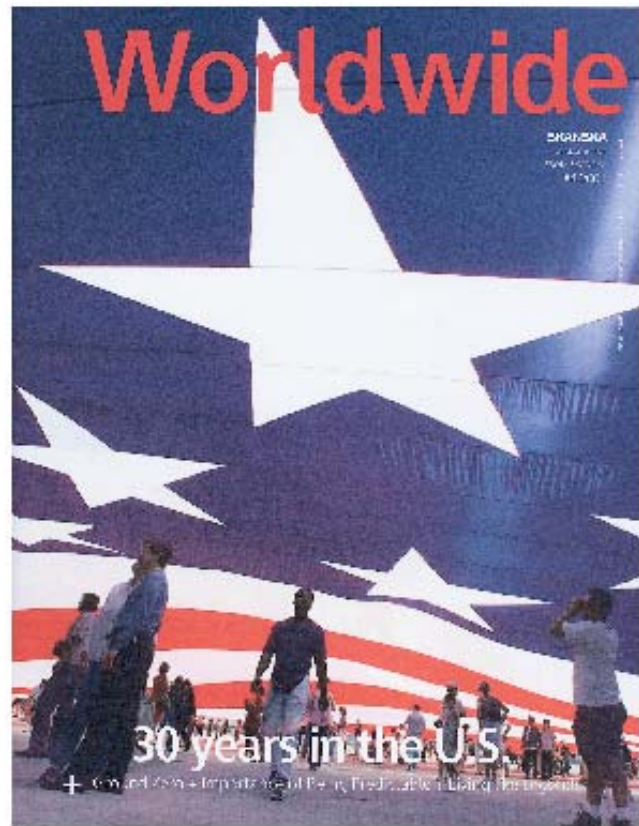


## More information about Skanska

The Skanska Group publishes the magazine Worldwide, containing features and news items from the Group's operations around the world.

The magazine appears in English four times per year. A subscription is free of charge and can be made to the following address:

Skanska Worldwide  
c/o Strömberg Distribution  
SE-120 88 Stockholm, Sweden  
Telephone +46 8 449 88 00  
Fax +46 8 449 88 10  
E-mail [worldwide@strd.se](mailto:worldwide@strd.se)



The Hub is a news service that offers personalized news about Skanska, its competitors and its industry. The Hub provides brief, fast news items, often linked to additional information on the Internet. You can subscribe to receive them via e-mail, mobile phone (SMS) or fax. The news items can also be found on a web site. All items are available in English and Swedish. Senior executives of Skanska often comment on the news items as well.

You can subscribe via TheHub's web site: <http://www.skanska.com/thehub>  
E-mail [editor.thehub@skanska.com](mailto:editor.thehub@skanska.com)

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## Project Development & BOT

### Skanska Project Development Sweden

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Fax: +48 22 336 31 32  
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www.exbud.com.pl

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Fax: +44 1923 42 39 00  
skanska.construction@skanska.co.uk  
www.skanska.co.uk

## Skanska USA Building

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U.S.A.  
Telephone: +1 973 334 91 00  
Fax: +1 973 334 64 08  
www.skanskausa.com

## Beers Skanska

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Atlanta, GA 30303  
U.S.A.  
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Fax: +1 404 656 1665  
info@beerscc.com  
www.beerscc.com

## Skanska USA Civil

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U.S.A.  
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Fax: +1 718 767 26 63  
info@slattery.com

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Fax: +54 11 4341 75 03  
www.sade.com.ar

## Skanska International Projects

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Street address: Råsundavägen 2  
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Fax: +46 8 753 46 13  
www.skanska.com/civil

## Services

### Skanska Services

SE-169 83 Solna  
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Fax: +46 8 27 93 35

## Support Units

### Skanska Teknik

SE-169 83 Solna  
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### Skanska Financial Services

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For other addresses:

[www.skanska.com](http://www.skanska.com)



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# Silbury Hill



SKANSKA UK

2000+ B.C.

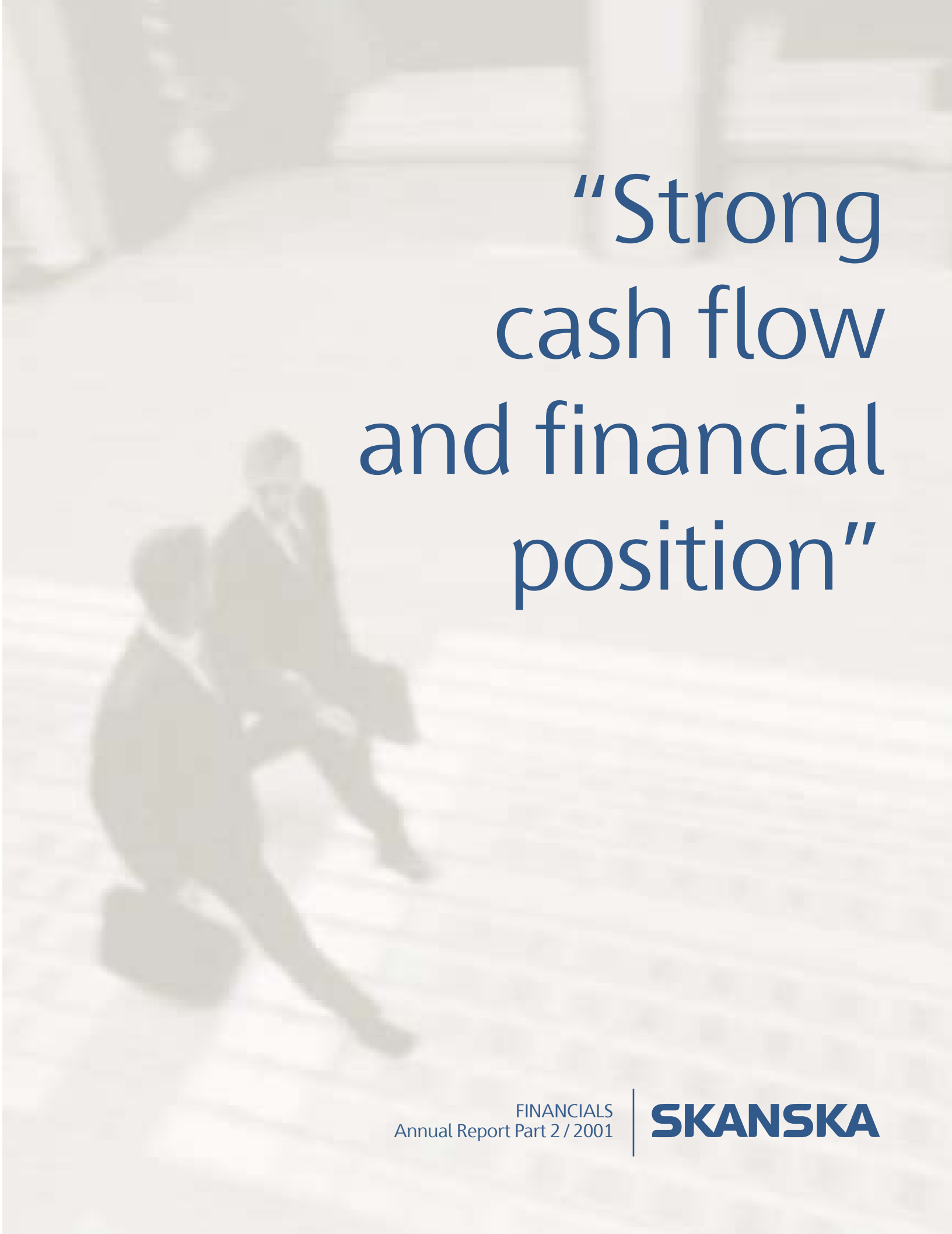
## The secret of the hill

Skanska UK is applying a new and innovative three-dimensional technique, 3D tomography or 3dT, to the analysis of underground conditions. Holographic images are created with the aid of seismic waves. This technique has been used, for example, to restore Silbury Hill, a bronze age mound built some time before 2000 B.C., and for a survey of the tunnels beneath Dover Castle. But the method will also make the preparatory work for tunneling projects easier.

Developing knowledge and expertise is of strategic importance to Skanska. Development work occurs, among other things, by disseminating expertise within the Group and by means of internal management training, but also by bringing university-level training and research into the Group. At present, Skanska employs 4 full professors, 40 people with doctorates and 30 doctoral students in a variety of disciplines involved in its operations.

**SKANSKA**





“Strong  
cash flow  
and financial  
position”

# Mission

Skanska's mission is to develop, build and maintain the physical environment for living, traveling and working. By combining its resources in these fields, the Group can offer clients attractive, cost-effective and thus competitive solutions.

## **Channel Tunnel Rail Link – effective project management**

The largest rail project now underway in Europe is the new high-speed rail link between London and the tunnel beneath the English Channel. Skanska UK is involved in four contracts in this major rail project, with a total value of SEK 7 billion.

Read more in Part 1, Review of Operations, pp. 12–13.



## **The Arthur Ravenel Jr. Bridge – collective competence**

An impressive bridge will soon be built above the Cooper River in South Carolina, linking the city of Charleston with neighboring Mount Pleasant. Tidewater Skanska won this contract thanks to its own long experience of bridge construction in the southeastern United States and the Skanska Group's collective experience of building high bridges.

Read more in Part 1, Review of Operations, pp. 24–25.



## **Stockholm Center for Physics, Astronomy and Biotechnology – a comprehensive solution**

In Stockholm, a new Center for Physics, Astronomy and Biotechnology was inaugurated during 2001. This center is a joint project by the Royal Institute of Technology and Stockholm University.

Read more in Part 1, Review of Operations, pp. 30–31.



# Contents

## Note to the reader

Skanska's Annual Report consists of two parts.

**Review of Operations, Part 1**, focuses on strategic development, organizational structure and a market review. It also contains a five-year financial summary and a section on Skanska share data.

**Financials, Part 2**, contains the Report of the Directors, the income statements and balance sheets, accounting and valuation principles and notes to the financial statements for 2001. It also contains information on Project Development & BOT as well as a property list.

This document is in all respects a translation of the Swedish original Annual Report. In the event of any differences between this translation and the Swedish original, the latter shall prevail.

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▪ Order bookings	+20%	SEK 152.5 bn	EUR 16.5 bn
▪ Order backlog	-1%	SEK 158.6 bn	EUR 17.0 bn
▪ Net sales	+53%	SEK 164.9 bn	EUR 17.8 bn
▪ Operating income in core business	-44%	SEK 2.5 bn	EUR 0.3 bn
▪ Income after financial items	-87%	SEK 1.1 bn	EUR 0.1 bn
▪ Net profit per share		SEK 0.05	EUR 0.005
▪ Return on shareholders' equity		0.1%	
▪ Return on capital employed, adjusted for items affecting comparability and divestments of shares		8.7%	

# Report of the Directors

The Board of Directors and the President of Skanska AB hereby submit their report on the Company's operations in 2001.

## Important events

The year was characterized by the reorganization of the Group and by adjustment to a shrinking world market.

Of the acquisitions implemented during 2000, the British and Czech operations and the acquired companies in American operations showed a positive trend in both profitability and growth, while Polish operations were affected by the downturn in the Polish economy during the year.

A number of business units showed large losses for the financial year, and restructuring and a focus on profitability were a high priority task.

The new management and business unit structure that was introduced at the beginning of 2001 created opportunities to react more quickly and effectively to changes in market trends and client patterns.

As part of its strategy of divesting fully developed projects, the Group sold a number of large properties with good capital gains.

## New organizational structure

To create better opportunities for continued growth with an emphasis on profitability, and to strengthen and clarify its client focus, at the beginning of 2001 Skanska established a new Group management structure. By linking the business units more closely to the Group's Senior Executive Team, Skanska created greater opportunities to react more quickly to new market trends and changed client needs. With an Executive Team that can manage the whole Company and its growth in a more effective way, the potential for synergies within the Group can be better utilized.

The Group's Senior Executive Team consists of Claes Björk, President and CEO, and five Executive Vice Presidents. This team works closely and intensively on the continued expansion of the whole Group to new regions and market segments. The team also focuses on crucial factors behind profitability and growth, for example talent management, business development and control systems.

The new organization comprises 17 different business units that report directly to the Group's Senior Executive Team. The business units consist of construction service compa-

nies in different regions, as well as units that work in project development or new fields of operations. Each business unit is a strong, local business with a clearly defined client base. In addition, the Services business unit was created to take better care of clients in these areas.

## Restructuring and consolidation

Among the operations acquired during 2000, the British, Czech and American operations showed good growth and profitability. However, Skanska's operations in Denmark, Poland and a joint venture company in Great Britain showed large losses during 2001. A writedown of goodwill, loss provisions in ongoing projects, writedowns of unsold completed projects and restructuring expenses were charged to the year's earnings.

In Denmark, the focus on growth occurred at the expense of profitability. Early in 2001, a new management was appointed for Skanska Denmark. The company then initiated an action program to reduce overhead and put improved control and follow-up systems in place. The action program also includes a more restrictive approach toward new tenders.

After the acquisition of the Polish construction group Exbud, which has been part of the Skanska Group since May 2000, the Polish economy deteriorated sharply, with falling growth, increased unemployment and higher real interest rates as a consequence. This deterioration accelerated, making it necessary to reappraise and write down ongoing projects and unsold completed projects, as well as carry out restructuring measures to decrease the work force.

Continued intensive efforts to restructure and refine the strategic direction of Skanska's Polish operations will be required during 2002 in order to take advantage of the large potential that exists.

During 2001, sizable loss provisions were made in ongoing joint venture projects carried out together with Costain Plc in Great Britain. Most of these projects will have been completed during 2002. No additional loss provisions are believed to be necessary.

## Real estate transactions

Skanska implemented a number of very large real estate divestments with good capital gains during 2001. Projects worth a total of about SEK 5 billion were sold with gains

totaling about SEK 2.2 billion. These transactions followed Skanska's strategy of having a high turnover in the real estate portfolio, by divesting fully developed properties and investing in development projects with value-enhancement potential. Skanska has noted a growing interest in its project development work from international real estate investors.

Axa Sun Life, one of Europe's largest insurance companies, was the buyer when Skanska sold its remaining properties in London, England – Thomas More Square and 55 King William Street – for SEK 1,330 M. The capital gain amounted to SEK 490 M.

All three phases of the West End Business Center in Budapest, Hungary, were sold to a group of German insurance companies. The sales price was SEK 630 M. The capital gain was about SEK 300 M.

Skanska sold a number of newly constructed shopping centers in central and southern Sweden for SEK 1,194 M, with a capital gain of SEK 460 M, of which SEK 60 M is being reported in 2002. The buyer is the British real estate investor Resolution.

Skanska and the Swedish real estate company Vasakronan reached an agreement that covers both the sale of four fully developed investment properties and a development project. They are also initiating collaboration in a new company that will exploit building rights for residential and commercial space.

The total value of these transactions with Vasakronan was about SEK 2.5 billion. The capital gain will total about SEK 1 billion. Of this, about SEK 800 M, including earnings in Skanska's contracting business, were reported in 2001. The value that will arise from development of the building rights included in the agreement can be added to this.

Payment was partly in cash and partly in the form of half-ownership in a new company for the development of residential and commercial space in Västerjärva, north of central Stockholm.

## Investigation of certain market conditions

The Swedish Competition Authority has initiated an investigation of a number of companies, among them Skanska, concerning any involvement in a suspected cartel related to contract tenders for asphalt and paving work in Sweden.

Skanska will continue to help the Competition Authority gain access to the informa-



tion needed to complete its investigation. The Norwegian Competition Authority has also initiated an investigation concerning possible involvement by Skanska employees in anti-competitive activities in the asphalt sector. This investigation has not yet been completed.

#### Buy-back program and cancellation of shares

For the purpose of adjusting the capital structure of the Company, the Annual Meeting of shareholders in April 2001 gave the Board of Directors a mandate to buy back Skanska's own shares. This decision means that the Company may purchase its own Series B shares up to a maximum of 10 percent of all shares in the Company. These purchases may occur on Stockholmsbörsen (formerly the OM Stockholm Stock Exchange) until the next Annual Meeting.

During 2001, Skanska bought back 1,898,000 shares (before the split) for an amount of SEK 748,841,768, at an average price of SEK 394.50 (after the split SEK 98.60). The shares repurchased during the year were equivalent to 1.8 percent of the shares in the Company. Together with the 7,318,700 shares repurchased in 2000, a total of 9,216,700 shares (before the split) have thus been purchased for an amount of SEK 3,357,247,497 and at an average price of SEK 364 (after the split SEK 91.10).

The Annual Meeting also approved a reduction in capital stock of SEK 110,600,400 by means of cancellation of the repurchased Series B shares and an increase in capital stock of SEK 110,600,400 through a targeted share issue of 9,216,700 Series C shares. Finally, SEK 110,600,400 was transferred from unrestricted reserves to restricted reserves. This meant that restricted equity was finally restored to the same level as before the cancellation of the repurchased shares.

The Annual Meeting also approved a 4:1 split in Skanska's shares, which was implemented during June.

After cancellation of the previously repurchased shares and after completion of the split (4:1), the number of shares outstanding totaled 418,553,072 at year-end.

#### Argentina

The difficult economic situation in Argentina deteriorated in late December, when the President of Argentina resigned. Foreign

exchange markets were closed from late December to early January 2002. The Argentine peso, which had previously been pegged to the American dollar, fell sharply in value against the dollar when foreign exchange markets reopened. The turbulent situation is creating difficulties in predicting developments. For Sade Skanska, projects outside Argentina comprise a considerable proportion of order backlog volume. IAS regulations have been followed in reporting the accounts of Skanska's Argentine subsidiary. This means that the Group's income statement has not been affected by any alteration in exchange rates between the Argentine peso and the U.S. dollar, which had been based on 1:1 exchange rate parity. However, the balance sheet was affected by the devaluation, based on an exchange rate of 1.65 pesos to the dollar. This reduced the balance sheet total by SEK 0.4 billion, of which SEK 0.2 billion consisted of shareholders' equity.

#### Events after the end of the financial year

Skanska sold its shareholding in the hotel property company Padox AB, equivalent to 6 percent of capital stock and voting power, in February 2002. The sale price amounted to SEK 125 M and the capital gain was SEK 45 M. The sale of the Padox AB shareholding comprised the final step in the divestment of the Group's hotel properties.

Skanska's Board of Directors has decided to allocate employee stock options to 10 individuals in the Group management of Skanska, without payment. The allocation encompasses a total of 656,000 synthetic options and is an expansion of the existing 2001–2006 employee option program. The options have an exercise price amounting to SEK 128 and may be exercised during the period March 1, 2004 – March 31, 2006. In all, senior executives at Skanska hold 4,500,000 employee options, including the above allocation.

#### Market

The world economic downturn affected the Group's operations globally, with an especially strong impact in Poland. As a result of the weakened world market, order bookings decreased during the latter part of the year, compared to the corresponding period of 2000.

The American economy weakened during the second half. There were a number of can-

cancellations of orders and delays in project start-ups. However, low interest rates and the prevailing long-term confidence in the American economy, plus a continued high level of capital spending by the public sector, helped keep business volume at a high level.

The Swedish construction market showed a slight downturn. This applied especially to commercial buildings in the Stockholm region. The civil construction market also weakened during the year.

The housing market was an exception. It continued to grow, although with local differences and from a low level.

The market in the other Scandinavian countries showed a lower activity level than in 2000.

In Finland, the downward trend seems to have bottomed out, and there are prospects for economic growth. The Russian market is still considered risky, and willingness to invest there is thus low.

The Czech construction market showed growth of more than 15 percent. During the final quarter of the year, however, the rate of increase in the market slowed.

The deterioration in the Polish economy as a whole continued. Very high interest rates had a sharply adverse impact on capital spending volume, and construction investments fell by 11 percent.

In Great Britain, the market for commercial buildings was stable, while the civil construction market continued to expand.

The turbulent situation in the Argentine market created difficulties in foreseeing market developments. Projects outside Argentina comprised a considerable proportion of the volume of order backlog in the Argentine subsidiary Sade Skanska.

After a slowdown during the autumn, the Swedish project development and real estate market stabilized. However, supply exceeded demand, creating depressed prices. Due to the downturn in the stock market, most institutional investors are overweighted in real estate. This has made it possible for international real estate investors to step up their activity in Sweden.

The rental market showed clear signs of slowing, and the vacancy rate in the market increased. A number of major corporations had a surplus of office space and were active in the sub-letting market, which depressed rent levels.

The European project and real estate markets outside of Scandinavia where the Group

works – especially in Warsaw, Poland; Budapest, Hungary; and Prague, Czech Republic – were stable or declining slightly.

For the Group as a whole, increased uncertainty in the world economy led to a sharp decline in order bookings during the second half of 2001, compared to the first six months of the year.

#### Order bookings and backlog

SEK M	Order bookings		Order backlog	
	2001	2000	2001	2000
<b>Core business</b>				
Scandinavia	41,153	38,296	23,985	26,440
Europe	42,086	18,781	36,131	31,594
USA	53,861	56,519	83,595	88,931
Other markets	11,990	7,888	14,639	13,263
<b>Total construction-related services</b>	<b>149,090</b>	<b>121,484</b>	<b>158,350</b>	<b>160,228</b>
Services & Telecom	2,815	2,106	213	533
Central and eliminations	602	303	80	-86
<b>Total core business</b>	<b>152,507</b>	<b>123,893</b>	<b>158,643</b>	<b>160,675</b>
Non-core business		3,138		
<b>Total Skanska Group</b>	<b>152,507</b>	<b>127,031</b>	<b>158,643</b>	<b>160,675</b>

The Group's order bookings rose by 20 percent to SEK 152,507 M (127,031). Of the increase, about SEK 12 billion or 12 percent was due to exchange rate effects. This was mainly associated with the increased value of the U.S. dollar against the Swedish krona. The currencies in Skanska's other main markets also showed positive exchange rate differences when translated to SEK. Order bookings from operations in Sweden accounted for 19 percent of total order bookings.

For comparable units, order bookings declined by 16 percent.

Order backlog fell by 1 percent to SEK 158,643 M (160,675). Currency rate effects had a positive impact of about SEK 11 billion. For comparable units, order backlog decreased by 15 percent.

Of total order backlog, 90 percent was related to operations outside Sweden. American operations accounted for 53 percent of order backlog.

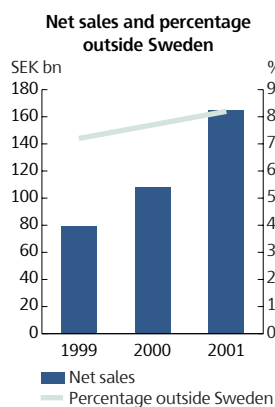
#### Net sales

Net sales rose by 53 percent to SEK 164,937 M (108,022). The increase included currency rate effects of about SEK 14 billion. Of total net

sales, 18 percent was related to operations in Sweden. For comparable units, net sales rose by 13 percent. Net sales in units acquired during 2000 amounted to SEK 58,306 M (21,383).

#### Net sales and operating income

SEK M	Net sales		Operating income	
	2001	2000	2001	2000
<b>Core business</b>				
Scandinavia	43,267	32,986	-413	837
Europe	39,880	18,833	-604	659
USA	68,942	46,423	1,173	1,020
Other markets	11,334	5,683	214	28
<b>Total construction-related services</b>	<b>163,423</b>	<b>103,925</b>	<b>370</b>	<b>2,544</b>
Project Development & BOT	1,387	1,387	2,748	2,386
Services & Telecom	3,061	1,966	112	114
Central and eliminations	-2,934	-2,306	-707	-628
	<b>164,937</b>	<b>104,972</b>	<b>2,523</b>	<b>4,416</b>
Items affecting comparability				
Writedown of goodwill			-500	
Reversals of writedowns			435	
<b>Total core business</b>	<b>164,937</b>	<b>104,972</b>	<b>2,458</b>	<b>4,416</b>
<b>Non-core business</b>				
Components		3,050		85
Listed associated companies				276
Items affecting comparability			-165	2,413
<b>Total non-core business</b>		<b>3,050</b>	<b>-165</b>	<b>2,774</b>
<b>Total Skanska Group</b>	<b>164,937</b>	<b>108,022</b>	<b>2,293</b>	<b>7,190</b>



#### Operating income

Operating income amounted to SEK 2,293 M (7,190).

Gross income reached SEK 9,396 M (9,520). This included income from business operations as well as capital gains on the sale

of short-term real estate projects (current-asset properties).

It also included loss provisions in ongoing projects, writedowns of unsold completed projects and restructuring expenses. These expenses occurred mainly in Skanska's operations in Denmark, Poland and Norway and in a joint venture company in Great Britain.

Selling and administrative expenses amounted to SEK 9,063 M (6,949). The increase was attributable partly to the increase in the size of the Group and partly to increased amortizations of acquired goodwill.

During 2001, the gain on sale of properties in real estate operations totaled SEK 2,155 M (1,907).

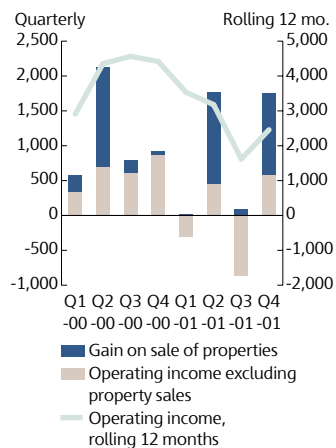
The book value of properties in Skanska's real estate operations that were divested during the year amounted to SEK 2,804 M, of which SEK 1,145 M consisted of divestments outside Sweden.

Skanska's share of income in associated companies and joint ventures declined from SEK 299 M to SEK 35 M. The comparable figure from the preceding year included income of SEK 248 M from Skanska's holding in the associated company JM, which was sold during the fourth quarter of 2000.

Operating income also included SEK -230 M (2,413) in items affecting comparability. These included a writedown of goodwill by SEK 500 M in Poland. An additional item was a provision of SEK 150 M to a special foundation for white-collar employees in Sweden and a loss of SEK 15 M on divestments of businesses and shares. Operating income rose by SEK 435 M due to a reversal of a portion of the property writedowns carried out in prior years in compliance with Recommendation RR 17 of the Swedish Financial Accounting Standards Council. The reversal was carried out on the basis of external appraisals of market value, with an appraisal date of December 31, 2001. This was equivalent to about 60 percent of previous unreversed writedowns in real estate operations. Operating income in 2000 included items affecting comparability of SEK 2,413 M, consisting of gains on the sale of businesses and shares of SEK 1,984 M and a refund of pension premiums from the insurance company Alecta (formerly the Swedish Staff Pension Society, SPP) totaling SEK 429 M.

Operating income in Skanska's core business amounted to SEK 2,458 M, compared to SEK 4,416 M the preceding year.

### Operating income, core operations, SEK M



### Income after financial items

Income after financial items totaled SEK 1,116 M (8531).

Net financial items declined from SEK 1,341 M to SEK -1,117 M, compared to the previous year.

Net interest items amounted to SEK -924 M (-397). Net interest items were adversely affected by higher average indebtedness during the year and the high interest rates in Poland. Other financial items, SEK -253 M (1,738) were mainly related to expenses to safeguard commitments specified by the pension plans in force and to cover a deficit in the Swedish pension fund.

### Net profit for the year

After subtracting the year's tax expenses of SEK 1,094 M, net profit for the year amounted to SEK 22 M (5,550). The high tax burden was due, among other things, to amortizations of goodwill that are not tax-deductible and that, in the short term, are not proportional to earnings. Another reason was that certain losses incurred during the year were not reported as tax claims, in keeping with the Group's valuation principles. Net profit per share amounted to SEK 0.05 (12.50).

### Properties in real estate operations

"Properties in real estate operations" refer to the projects carried out by the Project Development Sweden and Project Development Europe business units.

During the year, 18 real estate projects were completed, of which 4 were sold.

At year-end, the Group's real estate operations

had 11 ongoing real estate projects, of which 3 were outside Sweden. Ongoing projects will provide leasable space of 183,000 sq m (nearly 1.9 million sq ft). Their book value upon completion is expected to total SEK 3,024 M. At year-end, their book value was about SEK 2,100 M. Expected yield on book value is estimated at about 12 percent. About 90 percent of the space under construction has been pre-leased.

Operating income of Group's total property portfolio amounted to SEK 3,206 M (2,441), of which gains on the sale of fully developed properties amounted to SEK 2,155 M (1,907).

Operating net for investment properties amounted to SEK 774 M (807). This was equivalent to an operating net margin of about 69 (65) percent. The occupancy rate declined to 92 (93) percent in terms of space and 93 (95) percent in terms of rent.

The assessment of the market value of the Group's investment properties on December 31, 2001, which was carried out in collaboration with external appraisers, showed an estimated market value of about SEK 8,800 M (12,400). The corresponding book value in the consolidated accounts was about SEK 4,600 M (6,300). Including investment properties that were reported as completed on January 1, 2002, estimated total market value amounted to about SEK 12.8 billion, with a corresponding book value of about SEK 7.5 billion.

### Capital spending

The Group's gross investments totaled SEK 13,184 M (16,551), while divestments totaled SEK 12,922 M (17,123) during the year. Net investments thus amounted to SEK -262 M (572).

#### Investments

SEK M	Jan-Dec 2001	Jan-Dec 2000
<b>Investments</b>		
Properties in real estate operations	-2,956	-2,446
Current-asset properties	-6,468	-5,219
Acquisitions of subsidiaries	-384	-6,010
Other fixed assets <sup>1</sup>	-3,376	-2,876
<b>Total investments</b>	<b>-13,184</b>	<b>-16,551</b>

#### Divestments

Properties in real estate operations	4,959	3,918
Current-asset properties	7,160	4,249
Businesses and shares	231	8,512
Other divestments	572	444
<b>Total divestments</b>	<b>12,922</b>	<b>17,123</b>
<b>Net investments</b>	<b>-262</b>	<b>572</b>

<sup>1</sup> Of the amount for 2001, SEK -677 M was related to investments in intangible rights.

During the year, investments in real estate projects rose to SEK 9,424 M (7,665), while divestments totaled SEK 12,119 M (8,167). The divestment amounts exceeded the investment amounts by SEK 2,695 M (502).

Fully developed projects refer to the projects found in Project Development & BOT and the project development under Skanska's own auspices that takes place in other contracting operations.

The Group acquired companies and shares costing SEK 384 M and divested companies and shares in associated companies valued at SEK 231 M. Among the year's acquisitions were the Swedish installation company Coromatic, the British telecom company MG Telecommunication and additional shares in the South African construction company Cementation Africa.

Investments in other fixed assets rose to SEK 3,376 M (2,876). This was due to continuous replacement investments in operations plus investments in intangible rights.

#### Cash flow

SEK M	Jan-Dec 2001	Jan-Dec 2000
From business operations	4,087	2,368
Taxes	-573	-1,021
<b>From business operations, net</b>	<b>3,514</b>	<b>1,347</b>
Net investments	-262	572
Of which, not affecting cash flow	-1,397	527
Changes in financial receivables	1,508	-812
Taxes	-2,057	-880
<b>From investment operations, net</b>	<b>-2,208</b>	<b>-593</b>
Dividend	-1,413	-1,822
Buy-backs of Skanska's own shares	-749	-2,608
Changes in financial liabilities	2,982	4,779
Net changes in minority interests	-190	-229
<b>From financing operations, net</b>	<b>630</b>	<b>120</b>
<b>Cash flow for the year</b>	<b>1,936</b>	<b>874</b>

Cash flow for the year improved from SEK 874 M to SEK 1,936 M.

Cash flow from business operations amounted to SEK 3,514 M, which represented an increase compared to SEK 2,167 M the previous year. Most of the increase was attributable to American operations, but on the whole, other operations showed strong cash flows. The comparative figure for 2000 includes the divested component operations, which at that time showed a negative cash flow.

Cash flow from investment operations deteriorated from SEK -593 M to SEK -2,208 M. After having made net divestments of SEK

572 M in 2000, the Group made net investments of SEK 262 M in 2001. On December 31, payment had not been received mainly for property divestments that had occurred close to year-end. In addition, interest-bearing receivables declined, which favorably affected cash flow. Taxes paid were mainly attributable to property divestments in 2000 plus tax adjudication related to aircraft leasing companies.

Cash flow from financing operations was SEK 630 M (120).

### Financing and liquidity

Over time, the Group's need for loan financing is primarily related to its real estate operations and project development, in which it is normally considered possible to adjust revenues to changes in interest rates only in a medium-term perspective. The fixed-interest period of financing is adjusted continuously, among other things by using derivative instruments.

Interest-bearing net indebtedness including provisions totaled SEK 6,812 M (3,678) and underwent major changes during the year, due among other things to large tax payments as well as payments for share buy-backs. The consolidation of the German real estate company Skanska Visions Building caused an increase of about SEK 1,200 M in net indebtedness. The strong cash flow from business operations favorably affected net indebtedness.

The Group's net interest items amounted to SEK -924 M (-397). This is explained primarily by increased gross indebtedness and the very high interest rates in Poland.

The Group's interest-bearing assets increased to SEK 11,281 M (10,119). Of these assets, receivables in foreign currencies accounted for 82 (74) percent. The average fixed-interest period for all interest-bearing assets was 0.7 (0.5) year, and the interest rate averaged 3.65 (4.9) percent.

The Group's interest-bearing liabilities and provisions increased to SEK 18,093 M (13,797). The average fixed-interest period for the Group's interest-bearing liabilities was 0.9 (1) year, and the average maturity for the Group's interest-bearing liabilities amounted to 2.5 (1.5) years. The average interest rate for all interest-bearing liabilities amounted to 5.3 (6.0) percent. The proportion of loans in foreign currencies rose to 60 (48) percent.

At year-end, the Group had unutilized credit facilities of SEK 5,780 M (3,099). There is a previously established commercial paper program, enabling Skanska to borrow

up to SEK 6 billion, as well as a medium-term note program that enables Skanska to borrow SEK 8 billion (5) for up to 10 years in SEK and EUR.

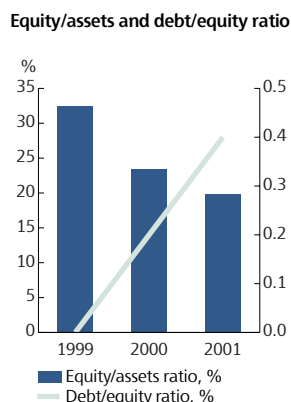
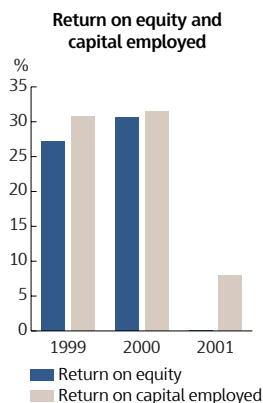
During 2001, Skanska established a syndicated loan facility totaling EUR 850 M, with a remaining maturity of 4.5 years as of December 31.

### Return

Return on capital employed declined from 31.5 percent to 8.0 percent. Adjusted for items affecting comparability, return on capital employed declined from 17.7 to 8.7 percent.

The year's comparatively weak earnings and increased average capital employed resulted in a lower return on capital employed than in prior years.

Return on equity amounted to 0.1 (30.6) percent.



### Equity/assets and debt/equity ratio

The visible equity/assets ratio fell from 23.4 percent to 19.8 percent. One contributing

factor behind the decline in the equity/assets ratio is that the balance sheet total has increased, both because the item "Non-interest-bearing receivables" includes claims on buyers of properties and because of the strong cash flow during the fourth quarter. As a result, interest-bearing assets increased, while interest-bearing liabilities were not paid down.

### Shareholders' equity

At year-end 2001, the shareholders' equity of the Skanska Group amounted to SEK 17,871 M (18,937), divided into SEK 15,187 M (13,638) in unrestricted equity and SEK 2,684 M (5,299) in restricted equity. Proposed provisions to restricted equity amounted to SEK 0 M (0).

### Changes in the Board

At the Annual Meeting in April 2001, Clas Reuterskiöld stepped down as a member of the Board, and Sverker Martin-Löf and Arne Mårtensson were elected as new Board members. There were no changes among the Board members appointed by the trade unions as employee representatives.

### The work of the Board

During 2001, the Board of Directors held six regular meetings plus three extra meetings. At its October 2001 meeting, the Board visited the Group's operations in central London, where Skanska Construction is constructing a new office building for Swiss Re.

The committees established by the Board – the auditing committee and the salary committee – reported to the Board during 2001 in accordance with the mechanisms specified in the Board's rules of procedure.

The Board revised its rules of procedure during the year, among other things due to the new organizational structure, including the creation of a new Skanska Group Senior Executive Team and 17 business units.

During the year, the Board dealt with matters concerning the operations and earnings performance of the new business units, acquisition matters, capital structure issues, major projects and purchases and divestments of properties.

### Research and development

The new organizational structure of the Skanska Group is, in principle, geographically based. This has led to research and development efforts that focus on facilitating the flow of strategic information to projects. The IT-based



Skanska Knowledge Network is an example of a development project in this direction that began during 2001 and will be implemented in the near future. The Skanska Knowledge Network contains information on all completed and ongoing projects in the Group and names of the individuals in charge of them.

During 2001, Skanska thus intensified its efforts to disseminate strategic knowledge to its projects and clients. Workshops and courses have been other instruments to achieve the desired transfer of knowledge. They take place under the auspices of the Skanska Institute of Technology and of the Skanska Management Institute, which is Skanska's instrument for talent management.

Skanska's vision of becoming a world leading knowledge-based company in project development and construction processes also requires greater access to experts, both internally and in various networking constellations. The main build-up of knowledge occurs in ongoing projects, where Skanska's employees solve complex assignments.

Human resource development is a strategic task, since the most successful projects are carried out not only with the help of experts, but procurement and concept formulation are also dependent on unique products whose functions meet the demands of clients. Many projects have been created by technological experts who have collaborated with Skanska's clients and whose know-how has persuaded clients of the possibility of realizing future visions.

### The environment

In a large proportion of its construction projects, Skanska adheres to strict environmental standards, with Skanska or the client initiating environmental adaptation that is more far-reaching than required by law or by regulatory authorities. Projects that were initiated in this way during 2001 were equivalent to about 50 percent of the Group's order bookings.

ISO 14001-certified environmental management systems had been implemented in the Group by the close of 2000, and all companies will also have their environmental management systems certified shortly.

Follow-ups of these environmental management systems occur, among other things, by means of regular internal and external environmental audits. During 2001, Skanska implemented more than 1,400 internal environmental audits. The number of external environmental audits carried out by ISO certification organiza-

tions was 185. These audits noted only two significant instances of non-conformities, which will be remedied early in 2002.

Operations in Sweden include a number of operations that are required to obtain permits or submit registration documents. However, due to their nature they have a minor impact on the environment.

For a more detailed description of Skanska's environmental work, see the 2001 Environmental Report and the environmental information posted on Skanska's Internet web site, [www.skanska.com](http://www.skanska.com).

### Personnel

The average number of employees in the Group during the year was 79,924 (63,368). This included 15,765 (15,733) employees in Sweden. The increase in the number of employees was primarily due to acquisitions of companies.

During 2001, an agreement on social codes was signed with the International Federation of Building and Wood Workers. Among other things, the agreement means that Skanska's employees worldwide will enjoy conditions of employment that at least fulfill national legislation. Relevant ILO conventions – for example on the right of employees to organize, and prohibiting child labor, discrimination and forced labor – will be respected.

Skanska pursues a number of activities to develop working methods based on management by objectives. Among other things, for some years the Group has worked with a human resource development model in which individual planning discussions are an important element, in order to support efforts to achieve its business objectives.

Skanska conducted its trainee program for undergraduate engineering students, Skanska 21, for the fifth consecutive year and started a new program. The trainee program is part of Skanska's efforts to ensure its future supply of both managers and specialists.

To support Skanska's internationalization, the Group implemented broad-based language training, international introduction programs and international talent management programs.

During 2001, about 200 employees participated in various talent management activities at the Skanska Management Institute. These activities included the Skanska Leadership Program, which provides basic training for young management candidates; the Skanska Management Program, which provides a strategic and

international perspective on the role of managers; and the Skanska Leader Training Program, which enables middle managers to deepen and develop their leadership skills.

### Options

Skanska's Board of Directors has decided to allot a total of 2,040,000 employee stock options to 21 senior executives. Claes Björk, President and CEO, received 80,000 options. The exercise price amounts to SEK 128, equivalent to 125 percent of the average closing price paid for a Skanska Series B share during the period June 14–20 2001 (adjusted for the split).

The options may be exercised during the period March 1, 2004–March 31, 2006.

The option program encompasses synthetic options and settlement will take place in cash. The options were provided free of cost and may only be exercised on the condition that the person is still employed by Skanska on the exercise date. Those who have been allotted stock options may not transfer the right to exercise them.

The Company has hedged the obligations that it may incur in case of Skanska share price increases through the option program.

### Proposed dividend

The Board of Directors proposes a regular dividend of SEK 3.00 (3.38) per share for the 2001 financial year. The proposed dividend falls within the limits of the existing dividend policy. Skanska's dividend policy states that the dividend shall either be equivalent to 35–45 percent of the Group's sustained profit after taxes as estimated by the Board or a minimum of 5–6 percent of adjusted shareholders' equity, as estimated by the Board. Given the current number of shares (418.6 million), the proposed dividend is equivalent to SEK 1,256 M (1,413).

### Buy-backs of shares

The Board of Directors will propose that the Annual Meeting authorize the Board to approve buy-backs of Skanska's own shares. It proposes that this new buy-back program encompass a maximum of 10 percent of the number of shares outstanding and be valid until the next Annual Meeting. The purpose is to enable the Company to adjust its capital structure.

### Parent Company

After taxes and allocations, the Parent Company reported a loss of SEK –123 M (5,317). The average number of employees was 52 (49).

# Consolidated income statement

SEK M	Note	2001	2000
Net sales	1	164,937	108,022
Construction, manufacturing and property management expenses	2	-155,541	-98,502
<b>Gross income</b>		<b>9,396</b>	<b>9,520</b>
Selling and administrative expenses	3	-9,063	-6,949
Gain on sale of properties	4	2,155	1,907
Share of income in associated companies and joint ventures	5	35	299
Items affecting comparability	6	-230	2,413
<b>Operating income</b>	7, 8, 9, 10, 11	<b>2,293</b>	<b>7,190</b>
Income from holdings in associated companies and joint ventures	13	69	-27
Income from other financial fixed assets	14	986	2,365
Income from financial current assets	15	514	296
Interest expenses and similar items	16	-2,746	-1,293
<b>Income after financial items</b>		<b>1,116</b>	<b>8,531</b>
Taxes on profit for the year	18	-1,094	-2,935
Minority interests		0	-46
<b>Net profit for the year</b>		<b>22</b>	<b>5,550</b>

# Comments on the income statement

## Net sales

Net sales rose by 53 percent to SEK 164.9 billion. Pro forma on a full-year basis, taking into account acquired and divested companies, net sales rose by about 20 percent. During the year, Skanska carried out no major purchases or sales of companies or businesses.

The three largest markets in terms of sales were the United States with 42 percent of the total, Sweden with 18 percent and Great Britain with 8 percent.

## Operating income

Operating income fell from SEK 7.2 billion to SEK 2.3 billion. Operating income consists of gross income plus or minus a number of separately reported items.

Gross income includes income from day-to-day operations in the contracting business. In 2001 it also included gains on the sale of short-term real estate projects developed under Skanska's own auspices, totaling SEK 114 M (550).

Gross income also includes income from day-to-day real estate operations, that is, the management of properties intended to be held as part of more long-term project development operations.

Joint ventures in contracting operations are pro-rated in the income statement item, by item, in proportion to each participating company's ownership stake.

The items reported separately in operating income are "Selling and administrative expenses," "Gain on sale of properties," "Share of income in associated companies" and "Items affecting comparability." Selling and administrative expenses, which also

included amortization of goodwill in the amount of more than SEK 600 M, increased more slowly than sales.

Gain on sale of properties in real estate operations, which refers to the projects carried out in the Project Development Sweden and Project Development Europe business units, amounted to SEK 2,155 M.

Items affecting profitability in Skanska's core business included a writedown of goodwill related to the Polish company Exbud as well as a provision to a Swedish employee foundation. The provision to the foundation should be seen in conjunction with the refund from the insurance company Alecta (formerly SPP) that was received in 2000. Also included is a gain on the sale of associated companies.

A portion of the property writedowns carried out earlier in accordance with recommendation RR17 of the Swedish Financial Accounting Standards Council was reversed. The reversal was based on external appraisals of market value dated December 31, 2001. The writedowns were reversed up to the original book value of the properties.

## Net financial items

Net financial items amounted to SEK -1,177 M (1,341).

"Income from holdings in associated companies and joint ventures" was mainly attributable to a holding in a limited partnership that carries out aircraft leasing operations. "Income from other financial fixed assets" mainly consisted of positive exchange rate differences. "Income from financial current assets" included interest revenue and exchange rate differences.

"Interest expenses and similar items" refer mainly to interest expenses and exchange rate differences. They also include the financial portion of deficits in Swedish pension funds. The exchange rate differences are attributable to centrally financed commitments in the financing of subsidiaries.

Net interest items deteriorated due to increased net indebtedness and very high interest rates in Poland. Other financial items mainly consisted of expenses for deficits in Swedish pension funds.

## Net profit for the year

Net profit for the year amounted to SEK 22 M (5,550). This signifies a net profit per share of SEK 0.05.

Tax expenses for the year were equivalent to 98 percent of income before taxes. The high tax burden is explained, among other things, by goodwill amortizations that were not tax-deductible and that, in the short term, are not proportional to earnings. In keeping with to the Company's accounting practices, certain losses incurred during the year were not reported as tax claims. A normal interval for the tax rate in the Group is 32-35 percent.

# Consolidated balance sheet

SEK M	Note	2001	2000
<b>ASSETS</b>			
<b>Intangible fixed assets</b>	19	<b>8,482</b>	<b>7,709</b>
<b>Tangible fixed assets</b>	20		
Properties in real estate operations		11,991	10,690
Other buildings and land		2,942	2,585
Machinery and equipment		5,714	5,322
Other construction in progress		98	43
<b>Total tangible fixed assets</b>		<b>20,745</b>	<b>18,640</b>
<b>Financial fixed assets</b>			
Holdings in associated companies and joint ventures	21, 23	659	623
Receivables from associated companies and joint ventures	21, 24	251	298
Other long-term holdings of securities	21, 25	768	787
Other long-term receivables	21, 26	2,660	1,842
<b>Total financial fixed assets</b>		<b>4,338</b>	<b>3,550</b>
<b>Total fixed assets</b>		<b>33,565</b>	<b>29,899</b>
<b>Current-asset properties</b>	20	<b>6,799</b>	<b>6,637</b>
<b>Inventories</b>	27	<b>1,035</b>	<b>1,035</b>
<b>Current receivables</b>			
Accounts receivable		25,126	24,009
Current receivables from associated companies and joint ventures	28	87	37
Costs and earnings in excess of invoicing	29	8,198	8,201
Other current receivables	30	7,613	5,304
Prepaid expenses and accrued revenues		1,326	1,412
<b>Total current receivables</b>		<b>42,350</b>	<b>38,963</b>
<b>Short-term investments</b>		<b>582</b>	<b>752</b>
<b>Cash and bank balances</b>		<b>8,753</b>	<b>6,017</b>
<b>Total current assets</b>		<b>59,519</b>	<b>53,404</b>
<b>TOTAL ASSETS</b>	31, 40, 41	<b>93,084</b>	<b>83,303</b>



SEK M	Note	2001	2000
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>			
Capital stock		1,256	1,366
Restricted reserves		1,428	3,933
<b>Restricted equity</b>		<b>2,684</b>	<b>5,299</b>
Unrestricted equity		15,165	8,088
Net profit for the year		22	5,550
<b>Unrestricted equity</b>		<b>15,187</b>	<b>13,638</b>
<b>Total shareholders' equity</b>	32	<b>17,871</b>	<b>18,937</b>
<b>Minority interests</b>		<b>515</b>	<b>570</b>
<b>Provisions</b>			
Provisions for pensions and similar commitments	33	437	123
Provisions for taxes	34	2,227	3,068
Other provisions	35	2,699	2,725
<b>Total provisions</b>		<b>5,363</b>	<b>5,916</b>
<b>Liabilities</b>			
	37		
Bond loans		6,383	3,498
Liabilities to credit institutions		9,122	7,582
Advance payments from clients		1,253	588
Accounts payable		19,837	16,794
Liabilities to associated companies and joint ventures	36	91	236
Tax liabilities		1,454	1,775
Invoicing in excess of costs and earnings	38	12,072	10,623
Other liabilities		10,520	7,460
Accrued expenses and prepaid revenues		8,603	9,324
<b>Total liabilities</b>		<b>69,335</b>	<b>57,880</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	39, 40, 41	<b>93,084</b>	<b>83,303</b>
<b>Assets pledged</b>			
	42		
Mortgages and comparable collateral for own liabilities and provisions		1,383	904
Other assets pledged and comparable collateral		561	128
<b>Total assets pledged</b>		<b>1,944</b>	<b>1,032</b>
<b>Contingent liabilities</b>	43	<b>16,556</b>	<b>8,812</b>

# Comments on the balance sheet

The balance sheet total rose by 12 percent to SEK 93.1 billion. Exchange rate differences when translating foreign currencies to Swedish kronor increased the balance sheet total by about SEK 5.1 billion.

## Assets

### Intangible fixed assets

Intangible fixed assets amounted to SEK 8.5 billion (7.7).

“Intangible fixed assets” consisted mainly of goodwill, amounting to SEK 7.7 billion (7.5). The goodwill amount was affected by writedowns and amortizations that partially offset newly added goodwill. Newly added goodwill was related to a number of small company acquisitions that included goodwill, as well as adjustments in acquired goodwill from earlier acquisitions. The increase in the goodwill amount was primarily attributable to the increase in currency translation differences.

Aside from goodwill, the item consisted of other intangible assets, which were mainly related to a concession to operate a toll highway in a BOT project in Chile.

### Tangible fixed assets

Tangible fixed assets rose by SEK 2.1 billion to SEK 20.7 billion (18.6). Of the increase, SEK 1.3 billion was related to properties in real estate operations. The item “Properties in real estate operations” includes properties in various stages of improvements, from derelict properties to fully developed investment properties. The strategy is to maintain a high turnover rate through continuous realization of the value in the fully developed property portfolio. The book value of the portfolio of investment properties (fully developed real estate projects) declined due to an increased turnover rate, with fully developed properties being sold off. The increase in book value was due to the investments being made in projects in order to enhance their value. Of the book value of development properties, about SEK 0.6 billion was attributable to the consolidation of Skanska Vision GBR in Munich, Germany.

### Book value of properties in real estate operations

SEK M	2001	2000
Investment properties	4,744	6,389
Investment properties under construction	5,018	2,883
Development properties	2,229	1,418
<b>Properties in real estate operations</b>	<b>11,991</b>	<b>10,690</b>

The item “Other buildings and land” included business properties used in the Group’s own operations, mainly warehouses, production plants, gravel pits and Group offices.

### Financial fixed assets

The items under “Shares and participations in associated companies and joint ventures” only changed marginally during the year. Holdings in such companies as Nobia and Pandox are reported under the item “Other long-term holdings of securities.”

“Other long-term receivables” increased mainly due to an increase in deferred tax claims.

### Current-asset properties

Current-asset properties comprise project development under Skanska’s own auspices intended to be sold near the date of completion. Their book value can be seen in the table below.

Book value of current-asset properties, SEK M	2001	2000
Scandinavia	3,652	3,756
Europe	2,123	2,352
USA	900	495
Other markets	124	97
Central and eliminations	-	-63
<b>Total</b>	<b>6,799</b>	<b>6,637</b>

The turnover rate was high. Investments totaled SEK 6.5 billion while properties with a book value of SEK 6.3 billion were sold. Skanska carried out writedowns of the book value of current-asset properties, mainly in Poland, in an amount of about SEK 0.5 billion.

### Current receivables

Current receivables increased by nearly 9 percent compared to 2000. The sub-item “Other current receivables” increased by SEK 2.3 billion, of which SEK 1.4 billion was related to receivables for property divestments close to year-end.

### Short-term investments and cash and bank balances

Short-term investments and cash and bank balances rose by about SEK 2.6 billion to SEK 9.3 billion. Strong cash flow toward year-end explained the increase.

## Shareholders’ equity and liabilities

### Shareholders’ equity

Shareholders’ equity amounted to SEK 17.9 billion at year-end. Of this, SEK 2.7 billion consisted of restricted and SEK 15.2 billion unrestricted equity. During the year, SEK 1.4 billion was distributed to the shareholders, and Skanska bought back about SEK 0.8 billion worth of its own shares. Shareholders’ equity rose by SEK 1.0 billion due to translation differences when converting foreign currency to Swedish kronor.

### Provisions

Provisions decreased by a total of about SEK 0.5 billion to SEK 5.4 billion.

“Provisions for pensions” rose by SEK 0.3 billion. During 2000, most of the amount reported among liabilities for Swedish PRI pensions was transferred to independent pension funds. During 2001 the stock market performed unfavorably and the fund’s equity investments declined in value. In order to safeguard Skanska’s commitments according to the ITP plan, the amount of the deficit was reported among liabilities.

“Other provisions” of SEK 2.7 billion were largely unchanged compared to 2000. These provisions included provisions for warranty obligations, disputes, restructuring measures, damages, bonuses and the employee profit-sharing program.

### Liabilities

The item “Liabilities” rose by SEK 11.4 billion to SEK 69.3 billion (57.9). Interest-bearing liabilities increased by SEK 4.9 billion, while non-interest-bearing liabilities rose by SEK 6.6 billion.

The increase in non-interest-bearing liabilities was attributable to an increased surplus in invoiced sales compared to accrued revenues for uncompleted contracts, an increase in “Other liabilities” partly due to reporting of expenses for restructuring measures among liabilities and a volume-related increase in accounts payable.

# Consolidated cash flow statement

SEK M	Note	2001	2000
<b>Business operations</b>	44		
Income after financial items		1,116	8,531
Adjustments for items not included in cash flow	45	623	-4,361
Taxes paid	46	-573	-1,021
<b>Cash flow from business operations before change in working capital</b>		<b>1,166</b>	<b>3,149</b>
Cash flow from change in working capital			
Change in inventories and operating receivables		-823	-4,058
Change in operating liabilities		3,171	2,256
<b>Cash flow from business operations</b>		<b>3,514</b>	<b>1,347</b>
<b>Investment operations</b>			
Acquisitions of properties in real estate operations		-2,994	-2,419
Acquisitions of current-asset properties		-6,328	-5,172
Acquisitions of Group companies		-384	-6,010
Acquisitions of other fixed assets excluding receivables		-3,376	-2,876
Increase in receivables – loans provided		-416	-1,031
Divestments of properties in real estate operations		3,669	4,185
Divestments of current-asset properties		6,951	4,134
Divestments of businesses and shares		231	8,813
Divestments of other fixed assets excluding receivables		572	444
Decrease in receivables – repayment of loans provided		1,924	219
Taxes paid	46	-2,057	-880
<b>Cash flow from investment operations</b>		<b>-2,208</b>	<b>-593</b>
<b>Financing operations</b>			
Dividend paid		-1,413	-1,822
Buy-backs of Skanska's own shares		-749	-2,608
Loans raised		9,438	6,372
Payments of loan principal		-6,456	-1,593
Distributed to/paid by minority interests		-190	-229
<b>Cash flow from financing operations</b>		<b>630</b>	<b>120</b>
<b>Cash flow for the year</b>		<b>1,936</b>	<b>874</b>
Liquid assets on January 1		6,769	5,583
Exchange rate difference in liquid assets		630	312
<b>Liquid assets on December 31</b>	47	<b>9,335</b>	<b>6,769</b>

## Parent Company income statement

SEK M	Note	2001	2000
Net sales	1	261	254
<b>Gross income</b>		<b>261</b>	<b>254</b>
Selling and administrative expenses		-646	-465
Items affecting comparability	6	0	138
<b>Operating income</b>	7, 9, 10	<b>-385</b>	<b>-73</b>
Income from holdings in Group companies	12	210	6,221
Income from other financial fixed assets	14	638	615
Income from financial current assets	15	3	17
Interest expenses and similar items	16	-822	-842
<b>Income after financial items</b>		<b>-356</b>	<b>5,938</b>
Allocations	17	215	-13
Taxes on profit for the year	18	18	-608
<b>Profit for the year</b>		<b>-123</b>	<b>5,317</b>

## Parent Company cash flow statement

SEK M	Note	2001	2000
<b>Business operations</b>	44		
Income after financial items		-356	5,938
Adjustment for items not included in cash flow	45	473	43
Taxes paid		-751	-427
<b>Cash flow from business operations in working capital</b>		<b>-634</b>	<b>5,554</b>
Cash flow from change in working capital			
Change in inventories and operating receivables			-133
Change in operating liabilities including provisions		-313	12
<b>Cash flow from business operations</b>		<b>-947</b>	<b>5,433</b>
<b>Investment operations</b>			
Acquisitions of shares and participations		-1,282	-19
Acquisitions of other fixed assets		-2	-12
Increase in financial receivables		-9	-2
Divestments of shares and participations		801	13
Divestments of other fixed assets		5	84
<b>Cash flow from investment operations</b>		<b>-487</b>	<b>64</b>
<b>Financing operations</b>			
Dividend paid		-1,413	-1,822
Buy-backs of Skanska's own shares		-749	-2,608
Net financial transactions with subsidiaries		3,527	196
Group contributions/shareholder contributions		0	0
Loans raised		94	0
Payments of loan principal		-25	-1,448
<b>Cash flow from financing operations</b>		<b>1,434</b>	<b>-5,682</b>
Cash flow for the year		0	-185
Liquid assets on January 1		0	185
<b>Liquid assets on December 31</b>		<b>0</b>	<b>0</b>



# Parent Company balance sheet

SEK M	Note	2001	2000
<b>ASSETS</b>			
<b>Intangible fixed assets</b>	19	21	22
<b>Tabgible fixed assets</b>			
Buildings and land	20	19	25
Machinery and equipment	20	6	6
<b>Total tangible fixed assets</b>		25	31
<b>Financial fixed assets</b>			
Holdings in Group companies	21, 22	12,458	12,440
Holdings in joint ventures	21, 23	4	19
Receivables from Group companies	21	218	8,024
Other long-term receivables	21	114	85
<b>Total financial fixed assets</b>		12,794	20,568
<b>Total fixed assets</b>		12,840	20,621
<b>Current receivables</b>			
Accounts receivable		1	0
Current receivables from Group companies		88	15
Other current receivables	30	309	21
Prepaid expenses and accrued revenues		181	254
<b>Total current receivables</b>		579	290
<b>Total current assets</b>		579	290
<b>TOTAL ASSETS</b>		13,419	20,911

SEK M	Note	2001	2000
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>			
Capital stock		1,256	1,366
Restricted reserves		598	488
<b>Restricted equity</b>		1,854	1,854
Retained earnings		6,268	3,112
Net profit for the year		-123	5,317
<b>Unrestricted equity</b>		6,145	8,429
<b>Total shareholders' equity</b>	32	7,999	10,283
<b>Untaxed reserves</b>	17	779	994
<b>Provisions</b>			
Provisions for pensions and similar commitments	33	184	90
Provisions for taxes		11	0
Other provisions	35	56	61
<b>Total provisions</b>		251	151
<b>Liabilities</b>			
	37		
Liabilities to credit institutions		298	322
Accounts payable		13	12
Liabilities to Group companies		4,014	8,293
Tax liabilities		0	462
Other liabilities		11	121
Accrued expenses and prepaid revenues		54	273
<b>Total liabilities</b>		4,390	9,483
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>		13,419	20,911
<b>Assets pledged</b>		43	33
<b>Contingent liabilities</b>	43	90,020	46,926

# Accounting and valuation principles

## Annual Accounts Act, new developments, principles of consolidation etc.

### Annual Accounts Act

The Annual Report has been prepared in compliance with the provisions of the Swedish Annual Accounts Act, taking into consideration the recommendations of the Swedish Financial Accounting Standards Council that have gone into effect through 2001.

### New developments

The following changes have occurred:

- there have been adjustments to the Swedish Financial Accounting Standards Council's recommendations No. 9, "Income Taxes" (IAS 12); No. 10, "Construction Contracts and Similar Assignments" (IAS 11); No. 13, "Associated Companies" (IAS 28); No. 14, "Joint Ventures" (IAS 31); and No. 18, "Earnings Per Share" (IAS 33), which all went into effect on January 1, 2001.
- in the Parent Company accounts, the net amount of Group contributions received and provided, including certain shareholder contributions provided, has been reported as a financial income item.
- comparative figures for 2000 have been adjusted.

## 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 all participations. In cases where holdings are intended for divestment within a short time after acquisition, the company is not consolidated.

Skanska has applied Recommendation No. 1 of the Swedish Financial Accounting Standards Council in drawing up its consolidated financial statements. Shareholdings in Group companies have been eliminated according to the purchase method of accounting. Acquired and divested companies

have been consolidated or deconsolidated, respectively, from the date of the acquisition/divestment.

The principles for the translation of the financial statements of foreign subsidiaries comply with Recommendation No. 8 of the Swedish Financial Accounting Standards Council, "Reporting of Effects of Changes in Foreign Exchange Rates." In the consolidated financial statements, the income statements of foreign subsidiaries 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 that is due to the change in exchange rate from prior years is reported as an exchange rate difference directly 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 reported directly under shareholders' equity. Skanska has applied the transition rule in the recommendation on accumulated exchange rate differences reported before 1999.

The translation of the income statement and balance sheet of the Argentine subsidiary Sade Skanska complies with International Accounting Standards (IAS) regulations.

### Associated companies

Associated companies are defined as companies in which the Skanska Group's share of voting power amounts to a minimum of 20 percent and a maximum of 50 percent, and where ownership is one element of a long-term connection. Associated companies are normally reported according to the equity method of accounting.

### Joint ventures (consortia and jointly owned companies)

Companies operated jointly with other companies, and in which control is exercised jointly according to agreement, are reported as joint ventures. Joint ventures that carry out contracting operations are reported accord-

ing to the proportional (pro-rata) method of accounting. In other cases, the equity method is applied.

### 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.

### Offsetting of balance sheet items

The offsetting of receivables against liabilities occurs only in cases where legislation permits offsetting of payments. The offsetting of deferred tax liabilities against deferred tax claims occurs to the extent this is permitted according to Recommendation No. 9 of the Swedish Financial Accounting Standards Council, "Income Taxes" (IAS 12).

### Published annual report

This published Annual Report presents figures on Group companies, associated companies, joint ventures and the number of employees and wages and salaries in abbreviated form. Complete figures are found in the version of the Annual Report submitted to the Swedish Patent and Registration Office.

## Income statement

### Net sales

The year's project revenues, deliveries of materials and merchandise, sales of current-asset properties, rental revenues and other operating revenues that are not reported separately on their own line are reported as net sales.

Project revenues are reported in compliance with Recommendation No. 10 of the Swedish Financial Accounting Standards Council, "Construction Contracts and Similar Assignments" (IAS 11). This means that operating income is reported successively as a project accrues over time, instead of being listed as a balance sheet item until the project is completed and a final financial settlement with the client has been reached.

The sale of current-asset properties is normally reported as a revenue item in the year when a binding agreement on the sale is reached.

The operating lease amounts stated in Note 2 do not include rents from current-asset properties, since these properties are intended for divestment in connection with the completion of the contracting project.

#### Construction, manufacturing and property management expenses

Construction, manufacturing and property management expenses include direct and indirect manufacturing expenses, loss provisions, bad debt losses and warranty expenses. They also include depreciation on fixed assets used for construction, manufacturing and property management. Skanska applies straight-line depreciation based on the estimated service life of the assets.

Information on expenses for operating leases includes contracts with remaining fees of at least EUR 1 M.

#### Selling and administrative expenses

Selling and administrative expenses are reported as one item. This includes customary administrative expenses, technical expenses, selling expenses and depreciation on machinery and equipment that have been used for sales and administration.

Amortization of goodwill that has arisen from the acquisition of subsidiaries is also reported as a selling and administrative expense. The amortization period has been decided after individual examination and varies between 5 and 20 years. The longer amortization period is reserved for a small number of major acquisitions in important markets.

Research and development expenses are not capitalized, but instead are reported in the same year that the expenses occurred.

#### Separately reported operating items

Only divestments, writedowns and reversals of writedowns on properties that belong to the Group's real estate operations are separately reported.

Share of income in associated companies is apportioned in the consolidated income statement between "Operating income" (share of income after financial items) and tax expenses. Share of income in partnerships and limited partnerships, including their foreign equivalents, is reported in its entirety under operating income, except for a small number of holdings in limited partnerships that are reported under net financial items.

#### Financial items

In the Parent Company accounts, the net amount of Group contributions received and provided, including certain shareholder contributions provided, has been reported as a financial income item.

To the extent that the year's provisions for a deficit in a pension fund are due to a downturn in the value of the pension fund's assets, the provision is reported as a financial expense.

#### Taxes on profit for the year

Income tax and deferred taxes are reported in compliance with Recommendation No. 9 of the Swedish Financial Accounting Standards Council, "Income Taxes" (IAS 12).

#### Balance sheet

##### Intangible fixed assets

Intangible fixed assets are reported at acquisition cost minus accumulated amortization. In case of a permanent reduction in value, they are written down to estimated actual value.

##### Tangible fixed assets

Tangible fixed assets are reported at acquisition cost minus accumulated depreciation. They are written down in case of a permanent reduction in value. The writedown is reversed when the basis for the writedown has wholly or partially ceased to exist.

##### Investment properties

In estimating the actual value of investment properties, Skanska has used the prevailing levels of return required in each respective market as its basis.

To permit as correct a comparison as possible between income from property management and the value of completed investment properties, completed properties are not normally reclassified as "Investment properties" until January 1 of the year after the year of completion. However, completed current-asset properties are only reclassified as "Investment properties" if divestment has not occurred by the end of the year following the year of completion.

Properties constructed by the Group and booked during the year as completed properties have been valued in the consolidated accounts at incurred costs plus a fair proportion of indirect costs.

Interest expenses during the construction period are not capitalized, but are booked as expenses in each respective year.

#### Leases

In compliance with Recommendation No. 6 of the Swedish Financial Accounting Standards Council, financial leases are reported when the investment is equivalent to at least EUR 5 M. If the remaining fees exceed EUR 1 M, the contract is included in the accounts under operating leases.

#### Financial fixed assets

Financial fixed assets are normally reported at acquisition cost. In case of reduction in value, however, they are written down to their actual value.

Deferred tax claims are reported in compliance with Recommendation No. 9, "Income Taxes" (IAS 12) of the Swedish Financial Accounting Standards Council. Future decreases in taxes due to loss deductions are taken into consideration only if the utilization of the loss deduction is regarded as highly likely to occur.

#### Current assets

Current assets have been valued according to the lower value principle.

Properties intended to be divested in connection with contracting projects are reported

ed as current assets. The same applies to holdings in property management companies if the properties belonging to these companies would have been reported the same way if Skanska owned them directly.

In valuation of inventories, Recommendation No. 2, "Reporting of Inventories" (IAS 2) of the Swedish Financial Accounting Standards Council has been applied.

### Shareholders' equity

If a revenue item has been reported earlier in the consolidated accounts than in the accounts of an individual company, due to different valuation principles, it is transferred from "Unrestricted reserves" to "Restricted reserves," taking taxation into account.

### Provisions

Provisions for deferred taxes are made in compliance with Recommendation No. 9, "Income Taxes" (IAS 12) of the Swedish Financial Accounting Standards Council.

Skanska makes provisions for future expenses due to warranty obligations. The estimate is based on expenditures during the financial year for similar obligations or projected expenses for each project.

Pension obligations secured by pension fund assets are not reported in the balance sheet.

### Liabilities

Liabilities are normally reported at their nominal value. In the case of substantial individual amounts, Skanska applies Recommendation No. 3 of the Swedish Financial Accounting Standards Council, "Reporting of Receivables and Liabilities With Respect to Interest Rate Terms and Hidden Interest Compensation" (IAS 18).

The difference between an invoiced amount and unearned project revenue is reported as a liability according to the percentage of completion method.

### Cash flow statement

In drawing up its cash flow statement, Skanska applies the indirect method according to Recommendation No. 7 of the Swedish Financial Accounting Standards Council, "Reporting of Cash Flows" (IAS 7). Aside from cash and bank balances, liquid assets are to include short-term investments whose transformation into bank balances may occur in an amount that is mainly known in advance. Short-term investments with maturities of less than three months are always regarded as liquid assets.

The year's tax payments have been allocated between business operations and investment operations. The portion belonging to business operations has been calculated on a standardized basis, using the tax rate in each country.

### Contingent liabilities

A contract fulfillment guarantee issued by the Parent Company on behalf of a Group company is calculated either on the basis of all or part of the contract sum of each respective assignment, depending on the terms of the agreement, without being offset against still unreceived compensation from the client.

In connection with contracting assignments, security is often provided in the form of a completion guarantee from a bank or insurance institution. The issuer of the guarantee, in turn, normally receives an indemnity from the contracting company or other Group company. In compliance with industry custom, such indemnities related to the Group's own contracting assignments are not reported as contingent liabilities, since they do not involve any increased liability compared to the contracting commitment.

### Order bookings and order backlog

The order backlog in the accounts of acquired companies on the date of acquisition are not reported as order bookings, but is included in order backlog amounts.

#### Exchange rates, 2001

Currency	Country/region	Year-end exchange rate		Average exchange rate	
		2001	2000	2001	2000
ARS	Argentina	6.41	9.60	10.47	9.28
CZK	Czech Republic	0.29	0.25	0.27	0.24
DEM	Germany	4.77	4.52	4.73	4.32
DKK	Denmark	1.26	1.18	1.24	1.13
EUR	EU euro zone	9.33	8.84	9.25	8.45
FIM	Finland	1.57	1.49	1.56	1.42
GBP	Great Britain	15.33	14.17	14.87	13.86
HKD	Hong Kong	1.36	1.22	1.32	1.18
NOK	Norway	1.17	1.07	1.15	1.04
PLN	Poland	2.67	2.29	2.52	2.11
USD	United States	10.58	9.50	10.33	9.16

Swedish kronor per unit of each currency



# Notes to the financial statements

Amounts in SEK unless otherwise specified.

## Note 1 Net sales

Skanska's own expenses of SEK 2,391 M (1,583) for construction of properties in real estate operations were capitalized. This amount was eliminated in "Net sales".

### Distribution of net sales

#### A. Net sales by market and segment

	2001	2000
<b>Core business</b>		
Scandinavia	43,267	32,986
Europe	39,880	18,833
USA	68,942	46,423
Other markets	11,334	5,683
<b>Total, Construction-related Services</b>	<b>163,423</b>	<b>103,925</b>
Project Development and BOT	1,387	1,387
Services & Telecom	3,061	1,966
Other operations, elimination of intra-Group transactions	-2,934	-2,306
<b>Total net sales, core business</b>	<b>164,937</b>	<b>104,972</b>
Non-core business		3,050
<b>Total net sales, Group</b>	<b>164,937</b>	<b>108,022</b>

#### B. Net sales by geographic area

	2001	2000
Sweden	29,308	24,841
Norway	9,499	4,362
Denmark	5,999	5,630
Finland	7,477	6,573
Great Britain	13,511	3,000
Poland	5,876	4,216
Czech Republic	7,627	3,439
United States	69,112	46,671
Argentina	2,653	2,395
Other countries	13,875	6,895
<b>Total</b>	<b>164,937</b>	<b>108,022</b>

#### Parent Company

The amount included SEK 261 (254) worth of sales to subsidiaries.  
The Parent Company's purchases from subsidiaries amounted to SEK 180 M (118).

## Note 2 Leasing

#### A. Lessee information

The Group's leasing expenses related to operating leases for the year amounted to SEK 178 M (79), of which SEK 166 M (79) refers to minimum lease payments and SEK 12 M refers to variable payments.

The due dates of future minimum lease payments for non-cancellable operating leases were distributed as follows:

Expenses	2001	2000
Within one year	162	103
Later than one year but within five years	293	379
Later than five years	278	371
<b>Total</b>	<b>733</b>	<b>853</b>

#### B. Lessor information

In 2001, the Group's variable leasing income related to operating leases amounted to SEK 0 M (7) and consisted of sales-based rent for commercial space.

The due dates of future minimum lease payments for non-cancellable operating leases were distributed as follows:

Revenue	2001	2000
Within one year	1,392	1,268
Later than one year but within five years	3,691	3,613
Later than five years	1,479	1,257
<b>Total</b>	<b>6,562</b>	<b>6,138</b>

As for acquisition values, book values etc. for the Group's properties in real estate operations, which comprise leasing operations according to the definition in Recommendation No. 6 of the Swedish Financial Accounting Standards Council, see Note 20.

## Note 3 Selling and administrative expenses

Selling and administrative expenses are reported as one item. See "Accounting and valuation principles."

### Distribution of selling and administrative expenses by market and segment

	2001
<b>Core business</b>	
Scandinavia	2,913
Europe	2,702
USA	1,188
Other markets	716
<b>Total, Construction-related Services</b>	<b>7,519</b>
Project Development & BOT	214
Services & Telecom	372
Other markets	958
<b>Total, Group</b>	<b>9,063</b>

## Note 4 Gain on sale of properties in real estate

	Investment properties		Other properties		Total	
	2001	2000	2001	2000	2001	2000
Sales revenue	4,117	2,961	842	957	4,959	3,918
Book value	-2,251	-1,536	-553	-475	-2,804	-2,011
<b>Capital gain</b>	<b>1,866</b>	<b>1,425</b>	<b>289</b>	<b>482</b>	<b>2,155</b>	<b>1,907</b>

## Note 5 Share of income in associated companies and joint ventures

Group	2001
Share of income in associated companies	19
Share of income in joint ventures	16
<b>Total</b>	<b>35</b>

Note 6 Items affecting comparability		
Group	2001	2000
Allocation of portion of SPP repayment to employee foundation	-150	
Gain on sale of shareholding in JABO	-15	
Writedown of goodwill in Exbud	-500	
Reversals of writedowns in real estate operations	435	
Gain on sale of shareholding in Piren		646
Gain on sale of shareholding in JM		889
Gain on sale of shareholding in Norrporten		112
Gain on sale of component operations		337
Refund from the retirement insurance company SPP		429
<b>Total</b>	<b>-230</b>	<b>2,413</b>
Parent Company		
Refund from the retirement insurance company SPP		138
<b>Total</b>		<b>138</b>

#### Note 7 Depreciation

##### A. By market and segment/function

	Construction, manufacturing and property management		Selling and administration		Total	
	2001	2000	2001	2000	2001	2000
<b>Core business</b>						
Scandinavia	665	516	205	112	870	628
Europe	509	203	393	175	902	378
USA	112	93	189	105	301	198
Other markets	231	153	47	13	278	166
Project Development & BOT	192	194	3	1	195	195
Services & Telecom	36	3	36	37	72	40
Other markets	-15	-2	10	3	-5	1
<b>Total, core business</b>	<b>1,730</b>	<b>1,160</b>	<b>883</b>	<b>446</b>	<b>2,613</b>	<b>1,606</b>
Non-core business	0	99	0	82	0	181
<b>Total, Group</b>	<b>1,730</b>	<b>1,259</b>	<b>883</b>	<b>528</b>	<b>2,613</b>	<b>1,787</b>

##### B. By type of asset

	2001	2000
Intangible assets	643	326
Properties in real estate operations		
Investment properties	140	174
Investment properties under construction	31	17
Development properties	13	4
Other buildings and land	120	108
Machinery and equipment	1,666	1,158
<b>Total</b>	<b>2,613</b>	<b>1,787</b>

Depreciation in the Parent Company amounted to SEK 4 M (6).

#### Note 8 Distribution of consolidated operating income

Markets and segments	2001	2000
<b>Core business</b>		
Scandinavia	-413	837
Europe	-604	659
USA	1,173	1,020
Other markets	214	28
<b>Total, Construction-related Services</b>	<b>370</b>	<b>2,544</b>

Markets and segments	2001	2000
Project Development & BOT	2,748	2,386
Services & Telecom	112	114
Other markets	-707	-628
	<b>2,523</b>	<b>4,416</b>

#### Items affecting comparability

Reversals of writedowns in real estate operations	435	
Writedown of goodwill	-500	
<b>Total, items affecting comparability</b>	<b>-65</b>	<b>0</b>
<b>Total, core business</b>	<b>2,458</b>	<b>4,416</b>

#### Non-core business

Component operations	0	85
Listed associated companies	0	276
Items affecting comparability	-165	2,413
<b>Total operating income, non-core business</b>	<b>-165</b>	<b>2,774</b>
<b>Total operating income, Group</b>	<b>2,293</b>	<b>7,190</b>

#### Note 9 Personnel expenses

Wages, salaries and other remuneration by geographic area and divided between Board members etc. and other employees

	2001			2000		
	Board members, Presidents, Executive VPs	Other employees	Total	Board members, Presidents, Executive VPs	Other employees	Total
<b>Parent Company</b>						
Sweden <sup>1</sup>	23	36	59	15	187	202
of which, bonuses			0			0
<b>Subsidiaries</b>						
Sweden	42	4,769	4,811	46	4,539	4,585
of which, bonuses	13		13	15		15
Norway	6	1,634	1,640	6	486	492
of which, bonuses	0		0	0		0
Denmark	11	1,479	1,490	9	1,173	1,182
of which, bonuses	1		1	2		2
Finland	30	1,060	1,090	18	773	791
of which, bonuses	0		0	0		0
Great Britain	30	1,919	1,949	4	294	298
of which, bonuses	7		7	0		0
Poland	43	1,028	1,071	41	631	672
of which, bonuses	1		1	3		3
Czech Republic	25	486	511	2	240	242
of which, bonuses	12		12	0		0
United States	17	6,072	6,089	6	4,146	4,152
of which, bonuses	2		2	1		1
Argentina	26	747	773	1	721	722
of which, bonuses	0		0			0
Other countries	21	1,464	1,485	16	1,060	1,076
of which, bonuses	5		5			0
<b>Total</b>	<b>274</b>	<b>20,694</b>	<b>20,968</b>	<b>164</b>	<b>14,250</b>	<b>14,414</b>
<b>of which, bonuses</b>	<b>41</b>	<b>0</b>	<b>41</b>	<b>21</b>	<b>0</b>	<b>21</b>

The amount related to Board members, Presidents and Executive Vice Presidents includes compensation to former Board members, Presidents and Executive Vice Presidents during the financial year.

#### Wages, salaries, other remuneration and social welfare contributions

	2001		2000	
	Wages, salaries other remuneration	Social welfare contributions	Wages, salaries other remuneration	Social welfare contributions
Parent Company <sup>1</sup>	59	187	202	140
of which, non- statutory pensions		153		69
Subsidiaries	20,909	5,266	14,212	3,950
of which, non- statutory pensions		1,611		1,104
<b>Group total</b>	<b>20,968</b>	<b>5,453</b>	<b>14,414</b>	<b>4,090</b>
<b>of which, non- statutory pensions</b>		<b>1,764</b>		<b>1,173</b>

Of the Parent Company's non-statutory pension expenses, SEK 38.9 M (14.7) were related to the category "Board members, Presidents and Executive Vice Presidents". The amount includes payments to former Board members, Presidents and Executive Vice Presidents. The Company's outstanding non-statutory pension commitments to these persons amounted to SEK 98.4 M (71.8). Of the Group's non-statutory pension expenses, SEK 63.9 M (30.7) were related to the category "Board members, Presidents and Executive Vice Presidents". This amount includes payments to former Board members, Presidents and Executive Vice Presidents.

<sup>1</sup> In 2000, the sum for Parent Company wages, salaries and remuneration included SEK 162 M and the sum for Parent Company social welfare contributions included SEK 53 M related to the Groupwide 1995–1999 bonus program, which also included employees of subsidiaries.

The expense for a provision to the employee profit-sharing foundation amounted to SEK 87 M (117).

#### Terms of employment and remuneration to the Chairman of the Board, President, Executive Vice Presidents and other members of Group Management.

##### A. Chairman of the Board

During 2001 the Chairman of the Board, Bo Rydin, received a director's fee of SEK 900,000. The Board approved this amount as part of the total amount of directors' fees adopted by the Annual Meeting of Shareholders.

##### B. The Company's President and Chief Executive Officer

During 2001, Claes Björk received a salary, fees and other remuneration from Group companies in the amount of SEK 7,461,000, plus a bonus of SEK 8,551,000, of which SEK 2,870,000 was withdrawn as a pension benefit vested in Skanska's pension funds.

Mr. Björk is also entitled to a rolling one-year bonus as described in point D below and has also been allotted employee stock options as described in points E and F below.

Mr. Björk may receive a pension from age 58 at the earliest and for 20 years in an amount of about SEK 2,590,000 per year. He is also covered by Skanska USA's general pension plan, where after 30 years' employment he will receive a lump sum with a current value (2001) of about SEK 10,846,000.

There is also a special bonus obligation with a current value (2001) of about SEK 27,450,000. In case of termination of his employment contract by the Company, Mr. Björk is entitled to his salary and other employment benefits for 24 months.

##### C. Executive Vice Presidents and other members of Group Management

Members of Group Management are normally entitled to annual pension premium payments, mainly according to the applicable ITP occupational pension plan. This pension guarantees a pension entitlement based on final salary. The pension entitlement is 10 percent of final salary for portions of salary up to SEK 276,750, 65 percent of final salary for portions of salary between SEK 276,750 and SEK 738,000 and 32.5 percent of final salary for portions of salary between SEK 738,000 and SEK 1,107,000. On pensionable portions of salary above 30 base amounts (as defined by Swedish social insurance rules), the Company pays an annual pension premium of 20 percent.

Premium-based pension solutions occur in a few cases and, in terms of cost, are mainly equivalent to an ITP plan. The retirement age of the Senior Executive Team is

normally 65. From age 65, a pension is payable according to an ITP plan, with pension entitlements according to the above amounts.

In case of termination by the Company, notice periods range from six months to twelve months, with entitlements to salaries and benefits that vary from 18 to 24 months. When benefits are paid after the notice period, other income must normally be subtracted from the amount payable.

#### D. Rolling 1-year bonus, 2001

The rolling one-year bonus program includes the Group Management plus about 230 other senior executives in the Group.

The bonus program is based on the price movement of Skanska's Series B share, including dividend, in relation to a comparative index. One third of this comparative index consists of the Findata Total Return Index and two thirds consists of the Dow Jones Heavy Construction Total Return Index.

One third of the bonus amount will be paid each year during a three-year period, assuming continued employment at Skanska. The maximum bonus payment is 6 months' salary per year. The rolling one-year bonus program for 2001, calculated as above, yielded no outcome.

#### E. Employee stock options, 2000–2005

Skanska's Board of Directors has decided to allot a total of 1,596,000 stock options (adjusted for the 4:1 split) to 13 individuals in the Group Management of Skanska. Claes Björk, President and CEO, received 240,000 options.

The exercise price of the options amounts to SEK 94.40, equivalent to 125 percent of the average closing price paid for a Skanska Series B share during the period February 28, 2000–March 3, 2000 (adjusted for the 4:1 split).

The options may be exercised during the period March 3, 2003–March 31, 2005.

#### F. Employee stock options, 2001–2006

Skanska's Board of Directors has decided to allot a total of 2,040,000 employee stock options. Claes Björk, President and CEO, received 80,000 options. The exercise price amounts to SEK 128, equivalent to 125 percent of the average closing price paid for a Skanska Series B share during the period June 14–20 2001 (adjusted for the split).

The options may be exercised during the period March 1, 2004 – March 31, 2006.

The following conditions apply to the option programs under point E and F: The option programs encompass synthetic options and settlement will take place in cash.

The options were provided free of cost and may only be exercised on the condition that the person is still employed by Skanska on the exercise date. Those who have been allotted stock options may not transfer the right to exercise them.

The Company has hedged the obligations that it may incur in case of Skanska share price increases through the option program.

#### Note 10 Average number of employees

	2001		2000	
		Of whom men		Of whom men
<b>Parent Company</b>				
Sweden	52	28	49	21
<b>Subsidiaries</b>				
Sweden	15,713	13,843	15,684	13,909
Norway	4,806	4,412	2,521	2,302
Denmark	3,098	2,807	3,282	2,960
Finland	3,681	3,251	3,640	3,303
Great Britain	4,239	3,726	696	598
Poland	10,020	8,510	11,315	9,573
Czech Republic	7,441	6,321	3,904	3,305
United States	10,033	8,689	10,763	9,934
Argentina	3,281	3,204	3,889	3,816
Other countries	17,560	16,258	7,625	6,500
<b>Total</b>	<b>79,924</b>	<b>71,049</b>	<b>63,368</b>	<b>56,221</b>

**Note 11 Fees and other remuneration to auditors**

Group	2001		2000	
KPMG				
Auditing assignments	40		6	
Other assignments	21		5	
Ernst & Young				
Auditing assignments			21	
Other assignments			18	
Other auditors				
Auditing assignments	2		8	
Other assignments			3	
<b>Total</b>	<b>63</b>		<b>61</b>	

"Auditing assignments" refer to examinations of the Annual Report as well as the administration of the Board of Directors and the President, other tasks that are incumbent upon the Company's auditors to perform, as well as advisory services or other assistance occasioned by observations during such examination or the completion of such other tasks. Everything else is "Other assignments."

**Note 12 Share of income in Group companies**

Parent Company	2001	2000
Dividends	673	6,221
Capital gain	25	
Writedowns	-488	
<b>Total</b>	<b>210</b>	<b>6,221</b>

The amount for "Dividends" in 2001 consisted of SEK 2 M in dividends according to the minutes of shareholders' meetings and SEK 688 M in net Group contributions provided and received, minus SEK 17 M in shareholders' contribution provided. In 2000: SEK 4,012 M, SEK 2,420 M and SEK -211 M, respectively.

**Note 13 Income from holdings in associated companies and joint ventures**

Group	2001	2000
Income	69	3
Writedown		-30
<b>Total</b>	<b>69</b>	<b>-27</b>

**Note 14 Income from other financial fixed assets**

	Group		Parent Company	
	2001	2000	2001	2000
Dividends	5	41		
Interest revenues	72	228	638	606
Exchange rate differences	996	413		
Capital gains	-7	1,682	0	9
Writedowns	-80	-2		
Other income	0	3		
<b>Total</b>	<b>986</b>	<b>2,365</b>	<b>638</b>	<b>615</b>

In the Parent Company accounts, SEK 638 M (606) of interest revenues were related to Group companies.

**Note 15 Income from financial current assets**

	Group		Parent Company	
	2001	2000	2001	2000
Interest revenues	430	279	4	8
Exchange rate differences	86	15	-1	9
Writedown	-2			
Other income		2		
<b>Total</b>	<b>514</b>	<b>296</b>	<b>3</b>	<b>17</b>

**Note 16 Interest expenses and similar items**

	Group		Parent Company	
	2001	2000	2001	2000
Interest expenses	-1,427	-904	-764	-820
Exchange rate differences	-1,096	-389		-22
Financial portion of deficit in pension fund	-170	0	-58	
Other expenses	-53			
<b>Total</b>	<b>-2,746</b>	<b>-1,293</b>	<b>-822</b>	<b>-842</b>

In the Parent Company accounts, SEK 751 M (753) of interest expenses were related to Group companies.

In order to ensure obligations according to the pension obligations in force, the downturn in the value of pension foundations in Sweden was reported among expenses as above and reported among liabilities as a pension liability.

**Note 17 Allocations and untaxed reserves**

Parent Company	Allocations		Untaxed reserves	
	2001	2000	2001	2000
Extra depreciation				
Machinery and equipment			1	1
Buildings and land	0	12	3	3
Tax allocation reserve	215	-25	775	990
<b>Total</b>	<b>215</b>	<b>-13</b>	<b>779</b>	<b>994</b>

**Note 18 Taxes on profit for the year****Tax expenses and income before taxes**

Group	2001	2000
<b>Specification of tax expenses</b>		
Current taxes	-2,209	-2,948
Deferred tax revenue from change in temporary differences	764	57
Deferred tax revenue from change in loss carry-forwards	351	-44
	<b>-1,094</b>	<b>-2,935</b>

The Group's average tax rate has been estimated at 34 percent. The tax rate is affected by the Group's large operations in the United States, where federal and state corporate taxation varies between 35 percent and 45 percent.

The connection between taxes according to the average tax rate and reported taxes is explained in the table below.

	2001	2000
Income before taxes	1,116	8,531
Taxes according to average tax rate, 34 percent	-380	-2,900
Tax effect of		
Amortization/writedown of goodwill	-370	-101
Losses not matched by deferred tax claims	-920	-229
Capitalized loss carry-forwards	576	295
<b>Reported tax expenses</b>	<b>-1,094</b>	<b>-2,935</b>

The year's tax expenses were adversely affected by restructuring provisions, writedowns of assets and project reappraisals in Poland and Denmark.

Loss carry-forwards in both these countries carry time restrictions. In accordance with the Group's valuation principles, these losses were not reported as deferred tax claims.



Parent Company	2001	2000
<b>Specification of tax expenses</b>		
Current taxes	-1	-622
Deferred tax revenue from change in temporary differences	19	14
	<b>18</b>	<b>-608</b>

The connection between the Swedish tax rate of 28 percent and reported taxes is explained in the table below.

Income after financial items	-356	5,938
Taxes at tax rate of 28 percent	100	-1,662
Tax effect of:		
Provisions	-60	4
Liquidation of subsidiaries	113	
Intra-Group transfer of shares	7	
Writedown of shares in subsidiaries	-137	
Shareholders' contribute reported as expense	-5	-59
Dividends from subsidiaries		1,123
Additional taxes for previous years		-14
<b>Reported tax expenses</b>	<b>18</b>	<b>-608</b>

#### Note 19 Intangible fixed assets

Group	2001	2000
Goodwill	7,717	7,510
Other intangible fixed assets	765	199
<b>Total</b>	<b>8,482</b>	<b>7,709</b>

#### A. Intangible fixed assets

	Group	Parent Company
<b>Accumulated acquisition value</b>		
On January 1	8,379	25
New acquisitions	1,050	
Divestments	-30	
Reclassifications	227	
Exchange rate differences for the year	784	
	<b>10,410</b>	<b>25</b>
<b>Accumulated amortizations</b>		
On January 1	670	3
Reclassifications	-47	
Amortizations for the year	643	1
Exchange rate differences for the year	51	
	<b>1,317</b>	<b>4</b>
<b>Accumulated writedowns</b>		
On January 1	0	
Reclassifications	11	
Writedowns for the year	585	
Exchange rate differences for the year	15	
	<b>611</b>	<b>0</b>
<b>Residual value on December 31</b>	<b>8,482</b>	<b>21</b>
Residual value on January 1	7,709	22

#### Note 20 Tangible fixed assets and current-asset properties

##### A. Properties in real estate operations and current-asset properties

Group	Investment properties	Investment properties under construction	Development properties	Total properties in real estate operations	Current asset properties
<b>Accumulated acquisition value</b>					
On January 1	9,491	3,006	1,538	14,035	6,992
New acquisitions	139	2,481	336	2,956	6,467
Divestments	-3,828	-546	-8	-4,382	-6,332
Reclassifications	7	151	543	701	190
Exchange rate differences for the year	175	53	49	277	440
	<b>5,984</b>	<b>5,145</b>	<b>2,458</b>	<b>13,587</b>	<b>7,757</b>

##### Accumulated depreciation

On January 1	1,201	93	21	1,315	
Divestments and disposals	-256	-1		-257	
Reclassifications	-23	3	28	8	
Depreciation for the year	140	31	13	184	
Exchange rate differences for the year	9	1		10	
	<b>1,071</b>	<b>127</b>	<b>62</b>	<b>1,260</b>	<b>0</b>

##### Accumulated writedowns

On January 1	1,901	30	99	2,030	355
Divestments and disposals	-1,321			-1,321	
Reclassifications	-63		62	-1	22
Writedowns/reversals of writedowns for the year	-405	-30		-435	548
Exchange differences for the year	57		6	63	33
	<b>169</b>	<b>0</b>	<b>167</b>	<b>336</b>	<b>958</b>

##### Residual value

<b>on December 31</b>	<b>4,744</b>	<b>5,018</b>	<b>2,229</b>	<b>11,991</b>	<b>6,799</b>
Residual value on January 1	6,389	2,883	1,418	10,690	6,637
Assessed value for tax purposes, Sweden				6,390	825
Corresponding residual value, Sweden				8,454	1,541

##### B. Other fixed assets

	Group			Parent Company	
	Other buildings and land	Machinery and equipment	Other construction in progress	Buildings and land	Machinery and equipment
<b>Accumulated acquisition value</b>					
On January 1	3,498	12,836	43	56	11
New acquisitions	355	2,049	31		2
Acquisitions of companies		222			
Divestments	-144	-768	-40	-12	
Disposals/writeoffs		-142			-2
Reclassifications	65	-297	58		
Exchange rate difference for the year	290	467	6		
	<b>4,064</b>	<b>14,367</b>	<b>98</b>	<b>44</b>	<b>11</b>

**Note 20 Tangible fixed assets and current-asset properties contd.**

	Group			Parent Company	
	Other buildings and land	Machinery and equipment	Other construction in progress	Buildings and land	Machinery and equipment
<b>Accumulated depreciation</b>					
On January 1	889	7,514	0	32	5
Acquisitions of companies		149			
Divestments and disposals	-44	-664		-7	-2
Reclassifications	-86	-228			
Depreciation for the year	120	1,666		1	2
Exchange rate differences for the year	34	216			
	<b>913</b>	<b>8,653</b>	<b>0</b>	<b>25</b>	<b>5</b>
<b>Accumulated revaluations</b>					
On January 1	13				
	<b>13</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Accumulated writedowns</b>					
On January 1	37				
Divestments	-2				
Reclassifications	58				
Writedowns for the year	119				
Exchange rate differences for the year	10				
	<b>222</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Residual value on December 31</b>	<b>2,942</b>	<b>5,714</b>	<b>98</b>	<b>19</b>	<b>6</b>
Residual value on January 1	2,585	5,322	43	25	6
Assessed value for tax purposes	935			48	
Corresponding book value, Sweden	620			17	

**Note 21 Financial fixed assets**

	Group		Parent Company	
	In associated companies and joint ventures	Other long-term holdings of securities	In Group companies	In joint ventures
<b>Andelar</b>				
<b>Accumulated acquisition value</b>				
On January 1	647	822	13,571	19
New acquisitions	222	42	1,282	
Divestments	-165	-47	-776	
Reclassifications	-44	-25		-15
Exchange rate differences for the year	8	19		
Change in share of income in associated companies and joint ventures for the year	21			
	<b>689</b>	<b>811</b>	<b>14,077</b>	<b>4</b>
<b>Accumulated writedowns</b>				
On January 1	24	35	1,131	
Divestments				
Writedowns for the year	20		488	
Reclassifications	-15	8		
Exchange rate differences for the year	1			
	<b>30</b>	<b>43</b>	<b>1,619</b>	<b>0</b>
<b>Residual book value on December 31</b>	<b>659</b>	<b>768</b>	<b>12,458</b>	<b>4</b>

	Group		Parent Company	
	From associated companies and joint ventures	Other long-term receivables	From Group companies	Other long-term receivables
<b>Receivables</b>				
<b>Accumulated acquisition value</b>				
On January 1	331	1,850	8,024	85
Additional/settled receivables	-47	822	-7,806	29
	<b>284</b>	<b>2,672</b>	<b>218</b>	<b>114</b>
<b>Accumulated writedowns</b>				
On January 1	33	8		
Writedowns for the year	0	4		
	<b>33</b>	<b>12</b>		
<b>Residual book value on December 31</b>	<b>251</b>	<b>2,660</b>	<b>218</b>	<b>114</b>

**Note 22 Specification of the Parent Company's holdings of shares and participations in Group companies**

Company	Corporate identity number	Registered office	Number of participations	Book value
<b>Swedish subsidiaries</b>				
AB Svenska Aktier	556104-7589	Stockholm	1,000	0
Hexabar Kornblå AB	556556-6642	Stockholm	1,000	0
SCG Byggnads AB	556250-4224	Stockholm	1,000	0
Skanska Sparfond				
Förvaltnings AB	556036-3128	Malmö	2,000	1
Skanska Entreprenad AB	556011-4208	Stockholm	125,923,860	2
Skanska Export AB	556171-6290	Stockholm	1,000	0
Skanska Financial Services AB	556106-3834	Stockholm	500,000	65
Skanska Holding AB	556075-7939	Stockholm	1,000	0
Skanska Kraft AB	556118-0943	Stockholm	4,000,000	11,306
Skanska Turbo AB	556353-0293	Stockholm	1,000	0
				<b>11,374</b>

**Foreign subsidiaries**

Sade Ingeneneria y Construciones S.A		Argentina	305,849,190	500
Skanska Property GmbH in liquidation		Germany	10,000	584
				1,084
<b>Total</b>				<b>12,458</b>

Both the above subsidiaries are 100 percent owned by the Parent Company.

**Note 23 Specification of the Group's and the Parent Company's holdings of shares and participations in associated companies and joint ventures**

Group	Corporate identity number	Registered office	Number of participations	% of votes if <50% of capital stock	% of votes if other than % of capital stock	Book value in consolidated accounts
<b>Swedish associated companies and joint ventures</b>						
AB Sydsten	556108-2990	Malmö	150,000	50		0
Gamla Filmstaden						
Exploatering KB	916639-5104	Stockholm	1	50		69
Sundlink HB	969620-7134	Malmö		37		4
Västerjärva						
Exploaterings AB	556611-6884	Solna	1,000	50		2
Other						104
<b>Total Swedish associated companies and joint ventures</b>						<b>179</b>

#### Foreign associated companies and joint ventures

Company		Number of participations	If <50% of capital stock	% of votes if other than % of capital stock	Currency	Book value in consolidated accounts
Autopista Central S.A.	Chile	10,800,000	48		CLP	185
Bridgend Custodial Services Ltd	Great Britain	50,000	20	9.3	GBP	1
Gammon Associates	Hong Kong		50		HKD	0
HpC King's College Hospital (Holdings) Ltd	Great Britain	50,000	33.3		GBP	0
Maputo Port Development Company S.A.	Mozambique		16.8		MZM	0
Ponte de Pedra Energetica S/A	Brazil	7,500,000	50		BRL	35
Pääkaupunkiseudun Rakennusjäte Oy	Finland		33.3		FIM	2
Tieyhtiö Nelosti Oy	Finland	115	23	25.6	FIM	4
Other						255
<b>Total foreign associated companies and joint ventures</b>						<b>480</b>
<b>Total</b>						<b>659</b>

The influence of Gammon Skanska, which is reported according to the proportional method, on the consolidated accounts of Skanska is explained in the following table:

Net sales	4,833
Operating expenses	-4,750
<b>Operating income</b>	<b>83</b>
Financial items	18
<b>Income after financial items</b>	<b>101</b>
Taxes	-18
<b>Net profit</b>	<b>83</b>

Fixed assets	910
Current assets	2,429
<b>Total assets</b>	<b>3,339</b>

#### Average number of employees

	per country/region	of which men
Hong Kong	3,948	3,458
Thailand	783	655
Malaysia	232	232
Other countries	36	1
<b>Total</b>	<b>4,999</b>	<b>4,346</b>

#### Note 24 Receivables from associated companies and joint ventures

Group	
Receivables from associated companies	17
Receivables from joint ventures	234
<b>Total</b>	<b>251</b>

#### Note 25 Other long-term holdings of securities

Group	Number of participations	% of capital stock	Market capitalization	Book value
<b>Swedish listed companies</b>				
Sweco AB	8,000	<1	1	0
Pandox Hotellfastigheter AB	1,500,000	6	113	78
			<b>114</b>	<b>78</b>
<b>Other</b>				
Nobia AB	940,925	19		558
Miscellaneous holdings				132
<b>Total</b>				<b>768</b>

#### Note 26 Other long-term receivables

Group	2001	2000
Deferred tax claims <sup>1</sup>	1,412	858
Other receivables	1,248	984
<b>Total</b>	<b>2,660</b>	<b>1,842</b>
<sup>1</sup> Deferred tax claim		
Group	2001	2000
Deferred tax claim for loss carry-forwards	529	172
Deferred tax claim for other temporary differences	883	686
<b>Total</b>	<b>1,412</b>	<b>858</b>

#### Temporary differences not matched by deferred tax claims

Group	2001	2000
Loss carry-forwards expiring within one year	63	276
Loss carry-forwards expiring in between 1 and 3 years	402	278
Loss carry-forwards expiring after more than 3 years	2,662	1,663
Other temporary differences	1,014	-

#### Note 27 Inventories etc.

Group	2001	2000
Raw materials and supplies	696	423
Products being manufactured	71	80
Finished products and merchandise	234	437
Advance payment to suppliers	34	95
<b>Total</b>	<b>1,035</b>	<b>1,035</b>

#### Note 28 Current receivables from associated companies and joint ventures

Group	
Receivables from associated companies	43
Receivables from joint ventures	44
<b>Total</b>	<b>87</b>

#### Note 29 Costs and earnings in excess of invoicing

Group	2001	2000
Accrued revenue for uncompleted contracts	65,231	91,590
Invoiced sales, uncompleted contracts	-57,033	-83,389
<b>Balance</b>	<b>8,198</b>	<b>8,201</b>

**Note 30 Other current receivables**

	Group		Parent Company	
	2001	2000	2001	2000
Short-term portion of long-term receivables	24	22		
Tax claim	474	310	288	
Other short-term receivables	7,115	4,972	21	21
<b>Total</b>	<b>7,613</b>	<b>5,304</b>	<b>309</b>	<b>21</b>

**Note 31 Distribution of interest-bearing and non-interest-bearing receivables among balance sheet items**

Group	2001			2000		
	Interest-bearing	Non-interest-bearing	Total	Interest-bearing	Non-interest-bearing	Total
Financial fixed assets	878	3,460	4,338	895	2,655	3,550
Short-term receivables	1,068	41,282	42,350	2,455	36,508	38,963
Short-term investments	582		582	752		752
Cash and bank balances	8,753		8,753	6,017		6,017
Other fixed and current assets		37,061	37,061		34,021	34,021
<b>Total</b>	<b>11,281</b>	<b>81,803</b>	<b>93,084</b>	<b>10,119</b>	<b>73,184</b>	<b>83,303</b>

**Note 32 Change in shareholders' equity**

Group	Capital stock	Restricted reserves	Un-restricted reserves	Net profit for the year	Total shareh. equity
According to Annual Report for 2000	1,366	3,354	7,685	5,953	18,358
Effect of change in accounting principle		579	403	-403	579
<b>Adjusted opening balance, January 1, 2001</b>	<b>1,366</b>	<b>3,933</b>	<b>8,088</b>	<b>5,550</b>	<b>18,937</b>
Transfer of net profit for 2000			5,550	-5,550	0
Reduction in capital stock through cancellation of 9,216,700 repurchased Series B shares	-110		110		0
Increase in capital stock through targeted issue of 9,216,000 Series C shares	110				110
Redemption of 9,216,700 Series C shares	-110				-110
Dividend			-1,413		-1,413
Share buy-backs			-749		-749
Exchange rate differences etc.			1,074		1,074
Transfer between restricted and unrestricted equity		-2,505	2,505		0
Net profit for 2001				22	22
<b>Closing balance, December 31, 2001</b>	<b>1,256</b>	<b>1,428</b>	<b>15,165</b>	<b>22</b>	<b>17,871</b>

During the financial year, exchange rate differences of SEK 1,213 M were reported directly under shareholders' equity. The amount consisted mainly of positive exchange rate differences in USD, PLN, NOK, GBP and CZK. The year's exchange rate differences were reduced by SEK 262 M through hedging activities. Accumulated exchange rate differences included in shareholders' equity totaled SEK 1,352 M (401).

Parent Company	Capital stock	Restricted reserves	Unrestricted reserves	Net profit resultat	Total shareh. equity
According to Annual Report for 2000	1,366	488	4,678	3,700	10,232
Effect of change in accounting principle			-1,565	1,617	52
<b>Adjusted opening balance, January 1, 2001</b>	<b>1,366</b>	<b>488</b>	<b>3,113</b>	<b>5,317</b>	<b>10,284</b>
Transfer of net profit for 2000			5,317	-5,317	0
Reduction in capital stock through cancellation of 9,216,700 repurchased Series B shares	-110		110		0
Increase in capital stock through targeted issue of 9,216,000 Series C shares	110				110
Redemption of 9,216,700 Series C shares	-110				-110
Transfer to restricted reserve		110	-110		0
Dividend			-1,413		-1,413
Share buy-backs			-749		-749
Net profit for 2001				-123	-123
<b>Closing balance, December 31, 2001</b>	<b>1,256</b>	<b>598</b>	<b>6,268</b>	<b>-123</b>	<b>7,999</b>

Skanska repurchased 1,898,000 Series B shares as part of the Company's ongoing buy-back program. Together with the 7,318,700 shares repurchased in 2000, Skanska has thus repurchased a total of 9,216,700 Series B shares. By cancelling the 9,216,700 repurchased Series B shares, Skanska reduced its capital stock by SEK 110,600,400. The capital stock was increased by SEK 110,600,400 through a targeted issue of 9,216,700 Series C shares. Then Skanska reduced its capital stock by SEK 110,600,400 by redeeming the Series C shares. Finally, SEK 110,600,400 was transferred from unrestricted reserves to restricted reserves. After implementation of a 4:1 split, the number of shares amounts to 418,553,072, divided into 35,961,524 Series A shares and 382,591,548 Series B shares. The par value per share is SEK 3.

**Note 33 Provisions for pensions and similar commitments**

	Group		Parent Company	
	2001	2000	2001	2000
PRI liability	265	7	43	
Other pension obligations	172	116	141	90
<b>Total</b>	<b>437</b>	<b>123</b>	<b>184</b>	<b>90</b>

To safeguard its obligations according to the ITP occupational pension plans in force related to deficits in Swedish pension funds, Skanska has reported the amount of the deficits as a liability. The deficit was caused by the downturn in the stock market. Of the SEK 184 M for "Other pension obligations" in the Parent Company accounts, SEK 23 M was related to obligations outside the scope of the law on safeguarding pension commitments.

**Note 34 Provision for taxes**

Group	2001	2000
Deferred tax on untaxed reserves	1,297	2,011
Deferred tax on surplus values	91	106
Other deferred tax liabilities	839	951
<b>Total</b>	<b>2,227</b>	<b>3,068</b>

During 1988–1990 the Skanska Group, through partly owned companies, purchased participations in aircraft. The tax authorities questioned the depreciation deductions related to most of these transactions. In light on ongoing tax adjudication, Skanska made a provision in its accounts for possible additional taxes, fees and interest.



**Note 35 Other provisions**

	Group		Parent Company	
	2001	2000	2001	2000
Warranty obligations	386	228		
Other provisions	2,313	2,497	56	61
<b>Total</b>	<b>2,699</b>	<b>2,725</b>	<b>56</b>	<b>61</b>

"Other provisions" included provisions for the employee profit-sharing foundation, restructuring measures, disputes, bonuses and damages.

**Note 36 Liabilities to associated companies and joint ventures**

Group	> 5 years	< 5 years: > 1 year	< 1 year	Total
Liabilities to associated companies	2		29	65
Liabilities to joint ventures	0		2	26
<b>Total</b>	<b>2</b>		<b>31</b>	<b>91</b>

**Note 37 Maturity dates of liabilities**

Group	> 5 years		< 5 years: > 1 year		< 1 year		Total	
	2001	2000	2001	2000	2001	2000	2001	2000
Bond loans	280	560	4,585	2,045	1,518	893	6,383	3,498
Liabilities to credit institutions	852	728	6,295	2,008	1,975	4,846	9,122	7,582
Advance payments from clients		10		21	1,253	557	1,253	588
Accounts payable					19,837	16,794	19,837	16,794
Liabilities to associated companies and joint ventures	2	5	31	2	58	229	91	236
Tax liabilities					1,454	1,775	1,454	1,775
Invoicing in excess of costs and earnings					12,072	10,623	12,072	10,623
Other liabilities	102	81	365	312	10,053	7,067	10,520	7,460
Accrued expenses and prepaid revenues					8,603	9,324	8,603	9,324
<b>Total</b>	<b>1,236</b>	<b>1,384</b>	<b>11,276</b>	<b>4,388</b>	<b>56,823</b>	<b>52,108</b>	<b>69,335</b>	<b>57,880</b>

Parent company	> 5 years		< 5 years: > 1 year		< 1 year		Total	
	2001	2000	2001	2000	2001	2000	2001	2000
Bond loans							0	0
Liabilities to credit institutions	298	322					298	322
Accounts payable					13	12	13	12
Liabilities to Group companies	4,014	8,293					4,014	8,293
Tax liabilities					0	462	0	462
Other liabilities					11	121	11	121
Accrued expenses and prepaid revenues					54	273	54	273
<b>Total</b>	<b>4,312</b>	<b>8,615</b>	<b>0</b>	<b>0</b>	<b>78</b>	<b>868</b>	<b>4,390</b>	<b>9,483</b>

**Note 38 Invoicing in excess of costs and earnings**

Group	2001	2000
Invoiced sales, uncompleted contracts	144,323	101,302
Accrued revenues for uncompleted contracts	-132,251	-90,679
<b>Balance</b>	<b>12,072</b>	<b>10,623</b>

**Note 39 Distribution of interest-bearing and non-interest-bearing liabilities and provisions**

Group	2001			2000		
	Interest-bearing	Non-interest-bearing	Total	Interest-bearing	Non-interest-bearing	Total
Liabilities to credit institutions	9,122		9,122	7,582		7,582
Other liabilities	8,748	51,465	60,213	5,402	44,896	50,298
Provisions	223	5,140	5,363	813	5,103	5,916
Minority interests and shareholders' equity		18,386	18,386		19,507	19,507
<b>Total</b>	<b>18,093</b>	<b>74,991</b>	<b>93,084</b>	<b>13,797</b>	<b>69,506</b>	<b>83,303</b>

**Note 40 Change in interest-bearing net indebtedness**

Group	2001	2000
Net indebtedness on January 1	-3,678	-615
Cash flow from business operations	3,514	1,347
Cash flow from investment operations	-2,208	-593
- change in interest-bearing financial receivables	-1,508	812
Dividend and share buy-backs	-2,162	-4,430
Received from/distributed to minority interests	-190	-229
Reclassifications	-474	-51
Translation differences	-97	-157
Other	-9	238
<b>Net indebtedness on December 31</b>	<b>-6,812</b>	<b>-3,678</b>

**Note 41 Translation differences in the balance sheet (SEK billion)**

Assets	
Intangible fixed assets	0.8
Properties in real estate operations	0.2
Other tangible fixed assets	0.5
Shares and participations	0.0
Financial receivables	0.1
Current-asset properties	0.4
Inventories and operating receivables	2.5
Liquid assets	0.6
<b>Total</b>	<b>5.1</b>

**Shareholders' equity and liabilities**

Shareholders' equity and liabilities	1.0
Minority interests	0.0
Interest-bearing provisions and liabilities	0.8
Non-interest-bearing provisions and liabilities	3.3
<b>Total</b>	<b>5.1</b>

**Note 42 Assets pledged for liabilities/provisions**

Group	Property mortgages		Chattel mortgages		Restricted bank deposits		Total	
	2001	2000	2001	2000	2001	2000	2001	2000
<b>Own obligations</b>								
Liabilities to credit institutions	925	475	14	141	194	116	1,133	732
Other liabilities/provisions	16	41	9		225	131	250	172
<b>Total own obligations</b>	<b>941</b>	<b>516</b>	<b>23</b>	<b>141</b>	<b>419</b>	<b>247</b>	<b>1,383</b>	<b>904</b>
Other obligations	70	84	41		450	44	561	128
<b>Total own obligations</b>	<b>1,011</b>	<b>600</b>	<b>64</b>	<b>141</b>	<b>869</b>	<b>291</b>	<b>1,944</b>	<b>1,032</b>

**Note 43 Contingent liabilities**

	Group		Parent Company	
	2001	2000	2001	2000
Pension commitments not included among liabilities/provisions	3	5		
Contingent liabilities on behalf of Group companies			78,319	41,036
Other contingent liabilities	16,553	8,807	11,701	5,890
<b>Total</b>	<b>16,556</b>	<b>8,812</b>	<b>90,020</b>	<b>46,926</b>

Of the Group's contingent liabilities, about SEK 15 billion consists of the portion of the joint and several liability of outside members of consortia for the obligations of construction consortia. Such liability is often required by the client. To the extent it is deemed likely that Skanska will be subject to liability claims, the obligation is reported as a liability/provision in the balance sheet.

Of the Parent Company's contingent liabilities, about SEK 58 billion was related to contracting obligations made by subsidiaries. To the Group, commitments issued by the Parent Company do not comprise any greater liability than the contracting obligations.

The increase in "Contingent liabilities on behalf of Group companies" was mainly attributable to guarantees provided in conjunction with contracting work and otherwise guarantees for credit facilities. Outside Sweden, a guarantee for contracting work may amount to 100 percent of the contract value (in Sweden normally a maximum of 10 percent). Skanska's increasing internationalization has thus resulted in a sharp increase in contingent liabilities outstanding.

For the Air Rail Transit Consortium's performance of the JFK light rail link contract in New York, Skanska AB, like Bombardier Inc., is jointly and severally liable to the client, the Port Authority of New York and New Jersey.

Bombardier Inc., whose subsidiary Bombardier Transit Corporation is responsible for the portion of the contract related to trains and operation, has issued a guarantee to Skanska that relieves Skanska from liability in relation to Bombardier Inc. for this portion of the contract, which totals more than SEK 2.9 billion out of the overall contract value, excluding any five- or ten-year extension. Given Bombardier Inc.'s commitment, no contingent liability for this portion of the contract has been reported in the accounts.

In corresponding fashion, Skanska AB has relieved Bombardier Inc. of liability for the construction portion.

Skanska has issued call options for shares in the real estate company Pandox AB (79,920) to senior executives of that company. The options have a duration of five years and entitle the holders to buy shares at a price of SEK 67.30 no later than September 2, 2002.

When it sold shares in the construction and real estate company JM AB (150,000 Series B shares) to senior executives of the latter company, Skanska issued an option to the buyers to sell the shares at SEK 116 apiece during two days in March 2002, in exchange for additional compensation of SEK 3 per share.

**Note 44 Interest and dividend information**

	Group		Parent Company	
	2001	2000	2001	2000
Interest revenue received during the year	370	520	642	615
Interest expenses paid during the year	-1,290	-811	-764	-825
Dividends received during the year	12	136	4,002	12

**Note 45 Adjustment for items not included in cash flow**

Group	2001	2000
	Depreciation and writedowns plus reversals of writedowns	3,448
Gain on sale of fixed assets, current-asset properties and businesses	-3,157	-6,240
Change among provisions not belonging to working capital	360	166
Income after financial items from associated companies	-35	-282
Dividends from associated companies	7	96
Other items from business operations not affecting cash flow		49
<b>Total</b>	<b>623</b>	<b>-4,361</b>

Parent Company	2001	2000
Depreciation and writedowns plus reversals of writedowns	492	1
Gain on sale of fixed assets	-25	-9
Change among provisions not belonging to working capital	6	51
<b>Total</b>	<b>473</b>	<b>43</b>

**Note 46 Taxes paid**

Taxes paid are allocated between business operations and investment operations. Total taxes paid by the Group during 2001 amounted to SEK 2,630 M (1,901).

**Note 47 Liquid assets**

Group	2001	2000
Cash and bank balances	8,753	6,017
Short-term investments	582	752
<b>Total</b>	<b>9,335</b>	<b>6,769</b>

Short-term investments according to the balance sheet match the short-term investments reported among liquid assets in the cash flow statement. The Group's unutilized credit facilities amounted to SEK 5,780 M (3,099) at year-end.

# Consolidated quarterly results

## Group

SEK M	2001				2000			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
<b>Order bookings</b>	<b>21,871</b>	<b>37,251</b>	<b>44,459</b>	<b>48,926</b>	<b>40,611</b>	<b>31,655</b>	<b>30,559</b>	<b>24,206</b>
<b>From the income statements</b>								
Net sales	42,553	43,001	44,565	34,818	37,563	28,638	23,226	18,595
Operating expenses	-41,998	-43,357	-44,108	-35,141	-36,721	-28,013	-22,471	-18,246
	<b>555</b>	<b>-356</b>	<b>457</b>	<b>-323</b>	<b>842</b>	<b>625</b>	<b>755</b>	<b>349</b>
Gain on sale of properties	741	92	1,320	2	58	180	1,424	245
Share of income in associated companies	26	5	0	4	10	166	27	96
Items affecting comparability	286	-504	-12	0	1,373	80	314	646
<b>Operating income</b>	<b>1,608</b>	<b>-763</b>	<b>1,765</b>	<b>-317</b>	<b>2,283</b>	<b>1,051</b>	<b>2,520</b>	<b>1,336</b>
Net interest items	-306	-241	-238	-139	-127	-140	-106	-24
Gain on sale of shares and participations	0	0	0	0	-34	0	10	1,706
Other financial items	-54	-204	-6	11	-40	29	38	29
	<b>-360</b>	<b>-445</b>	<b>-244</b>	<b>-128</b>	<b>-201</b>	<b>-111</b>	<b>-58</b>	<b>1,711</b>
<b>Income after financial items</b>	<b>1,248</b>	<b>-1,208</b>	<b>1,521</b>	<b>-445</b>	<b>2,082</b>	<b>940</b>	<b>2,462</b>	<b>3,047</b>
Taxes	-144	-492	-619	161	-717	-323	-847	-1,048
Minority interests	19	11	-19	-11	-15	-19	1	-13
<b>Net profit for the period</b>	<b>1,123</b>	<b>-1,689</b>	<b>883</b>	<b>-295</b>	<b>1,350</b>	<b>598</b>	<b>1,616</b>	<b>1,986</b>
Order backlog	158,643	183,553	191,490	185,560	160,675	133,770	111,644	100,383
Capital employed	36,479	38,257	39,898	36,836	33,304	31,326	29,405	26,041
Interest-bearing net indebtedness	6,812	10,734	10,199	7,548	3,678	5,176	4,731	-1,918
Equity/assets ratio, %	19.8	18.5	20.4	21.9	23.4	26.8	30.6	34.8
Return on capital employed, %	8.0	10.0	15.3	19.3	31.8	27.6	27.3	38.6
<b>Cash flow</b>								
From business operations	2,472	312	-648	1,378	1,639	579	-715	-156
From investment operations	3,494	-853	-632	-4,217	949	-2,374	-1,830	2,662
From financing operations	-2,824	245	788	2,421	83	1,975	-140	-1,798
<b>Cash flow for the period</b>	<b>3,142</b>	<b>-296</b>	<b>-492</b>	<b>-418</b>	<b>2,671</b>	<b>180</b>	<b>-2,685</b>	<b>708</b>

# Consolidated quarterly results

## Markets and segments

SEK M	2001				2000			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
<b>Order bookings</b>								
<b>Core business</b>								
Scandinavia	8,622	9,371	12,776	10,384	9,892	9,258	11,303	7,843
Europe	10,630	8,654	10,192	12,610	7,260	5,609	4,218	1,694
USA	-5	15,157	18,293	20,416	19,857	13,399	12,518	10,745
Other markets	1,390	3,339	2,509	4,752	2,487	2,907	226	2,268
<b>Total Construction-related Services</b>	<b>20,637</b>	<b>36,521</b>	<b>43,770</b>	<b>48,162</b>	<b>39,496</b>	<b>31,173</b>	<b>28,265</b>	<b>22,550</b>
Services & Telecom	841	662	740	573	745	748	552	61
Central and eliminations	393	68	-51	191	282	-346	302	65
<b>Total core business</b>	<b>21,871</b>	<b>37,251</b>	<b>44,459</b>	<b>48,926</b>	<b>40,523</b>	<b>31,575</b>	<b>29,119</b>	<b>22,676</b>
Non-core business	-273	92	99	82	88	80	1,440	1,530
<b>Total Skanska Group</b>	<b>21,598</b>	<b>37,343</b>	<b>44,558</b>	<b>49,008</b>	<b>40,611</b>	<b>31,655</b>	<b>30,559</b>	<b>24,206</b>
<b>Net sales</b>								
<b>Core business</b>								
Scandinavia	9,933	11,669	12,759	8,906	10,170	8,952	8,040	5,824
Europe	10,717	11,624	10,441	7,098	8,470	5,447	3,066	1,850
USA	17,553	17,006	18,447	15,936	15,720	13,075	9,224	8,404
Other markets	3,594	2,707	2,792	2,241	2,321	1,135	1,337	890
<b>Total Construction-related Services</b>	<b>41,797</b>	<b>43,006</b>	<b>44,439</b>	<b>34,181</b>	<b>36,681</b>	<b>28,609</b>	<b>21,667</b>	<b>16,968</b>
Project Development & BOT	357	346	336	348	353	332	348	354
Services & Telecom	888	645	824	704	861	572	472	61
Central and eliminations	-216	-1,088	-1,133	-497	-420	-955	-701	-230
<b>Total core business</b>	<b>42,826</b>	<b>42,909</b>	<b>44,466</b>	<b>34,736</b>	<b>37,475</b>	<b>28,558</b>	<b>21,786</b>	<b>17,153</b>
Non-core business	-273	92	99	82	88	80	1,440	1,442
<b>Total Skanska Group</b>	<b>42,553</b>	<b>43,001</b>	<b>44,565</b>	<b>34,818</b>	<b>37,563</b>	<b>28,638</b>	<b>23,226</b>	<b>18,595</b>

SEK M	2001				2000			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
<b>Operating income</b>								
<b>Core business</b>								
Scandinavia	102	-370	267	-412	332	155	279	71
Europe	97	-435	-39	-227	331	167	104	57
USA	310	275	323	265	319	328	206	167
Other markets	95	79	6	34	-6	-30	66	-2
<b>Total Construction-related Services</b>	<b>604</b>	<b>-451</b>	<b>557</b>	<b>-340</b>	<b>976</b>	<b>620</b>	<b>655</b>	<b>293</b>
Project Development & BOT	948	242	1,419	139	143	307	1,546	390
Services & Telecom	-1	20	43	50	60	42	18	-6
Central and eliminations	-223	-76	-252	-156	-255	-174	-98	-101
	<b>1,328</b>	<b>-265</b>	<b>1,767</b>	<b>-307</b>	<b>924</b>	<b>795</b>	<b>2,121</b>	<b>576</b>
<b>Items affecting comparability</b>								
Writedown of goodwill		-500						
Reversals of writedowns	435	0	0	0	0	0	0	0
<b>Total core business</b>	<b>1,763</b>	<b>-765</b>	<b>1,767</b>	<b>-307</b>	<b>924</b>	<b>795</b>	<b>2,121</b>	<b>576</b>
Non-core business	-155	2	-2	-10	1,359	256	399	760
<b>Total Skanska Group</b>	<b>1,608</b>	<b>-763</b>	<b>1,765</b>	<b>-317</b>	<b>2,283</b>	<b>1,051</b>	<b>2,520</b>	<b>1,336</b>



# Business units, markets and segments

	Net sales		Order bookings		Order backlog	
	2001	2000	2001	2000	2001	2000
<b>Core business</b>						
Skanska Sweden	28,358	23,386	27,332	28,215	15,727	17,332
Selmer Skanska	9,145	4,234	9,710	4,193	6,207	5,354
Skanska Denmark	5,764	5,366	4,111	5,888	2,051	3,754
<b>Total Scandinavia</b>	<b>43,267</b>	<b>32,986</b>	<b>41,153</b>	<b>38,296</b>	<b>23,985</b>	<b>26,440</b>
Skanska Oy	8,781	7,560	8,345	8,217	5,443	5,706
Exbud Skanska 3	6,453	4,372	5,593	4,342	4,510	5,583
IPS Skanska	7,989	3,583	8,764	3,727	6,049	4,538
Skanska UK	15,438	2,219	18,468	1,683	18,932	14,401
Skanska J/V Projects, UK	1,057	912	785	812	1,197	1,366
Other	162	187	131	0	0	0
<b>Total Europe</b>	<b>39,880</b>	<b>18,833</b>	<b>42,086</b>	<b>18,781</b>	<b>36,131</b>	<b>31,594</b>
Skanska USA Building	32,005	19,661	20,552	23,661	40,784	47,154
Beers Skanska	21,580	16,733	18,634	18,666	21,847	22,326
Skanska USA Civil	14,307	9,211	13,625	13,374	20,964	19,451
Skanska Project Development USA	1,050	818	1,050	818	0	0
<b>Total USA</b>	<b>68,942</b>	<b>46,423</b>	<b>53,861</b>	<b>56,519</b>	<b>83,595</b>	<b>88,931</b>
Skanska International Projects	2,362	1,984	2,548	3,310	4,056	3,870
Sade Skanska	3,672	2,910	2,475	3,670	3,634	4,660
Gammon Skanska	4,833	710	4,711	901	4,820	4,418
Skanska Cementation India	467	79	2,256	7	2,129	315
<b>Total, Other Markets</b>	<b>11,334</b>	<b>5,683</b>	<b>11,990</b>	<b>7,888</b>	<b>14,639</b>	<b>13,263</b>
<b>Total, Construction-related Services</b>	<b>163,423</b>	<b>103,925</b>	<b>149,090</b>	<b>121,484</b>	<b>158,350</b>	<b>160,228</b>
Skanska Project Development Sweden	1,182	1,181	-	-	-	-
Skanska Project Development Europe	205	206	-	-	-	-
Skanska BOT	0	0	-	-	-	-
<b>Total, Project Development &amp; BOT</b>	<b>1,387</b>	<b>1,387</b>				
Skanska Services	2,684	1,679	2,760	1,815	213	136
Skanska Telecom Networks	377	287	55	291	0	397
<b>Total, Services &amp; Telecom</b>	<b>3,061</b>	<b>1,966</b>	<b>2,815</b>	<b>2,106</b>	<b>213</b>	<b>533</b>
Central and eliminations	-2,934	-2,306	602	303	80	-86
	<b>164,937</b>	<b>104,972</b>	<b>152,507</b>	<b>123,893</b>	<b>158,643</b>	<b>160,675</b>
Items affecting comparability						
Writedown of goodwill						
Reversals of writedowns						
<b>Total core business</b>	<b>164,937</b>	<b>104,972</b>	<b>152,507</b>	<b>123,893</b>	<b>158,643</b>	<b>160,675</b>
Non-core business		3,050		3,138		
<b>Total Skanska Group</b>	<b>164,937</b>	<b>108,022</b>	<b>152,507</b>	<b>127,031</b>	<b>158,643</b>	<b>160,675</b>

	EBITA <sup>1</sup>		EBITA margin		EBIT <sup>2</sup>		EBIT margin	
	2001	2000	2001	2000	2001	2000	2001	2000
<b>Core business</b>								
Skanska Sweden	770	1,014	2.7%	4.3%	745	1,000	2.6%	4.3%
Selmer Skanska	42	139	0.5%	3.3%	-128	74	neg	1.7%
Skanska Denmark	-1,025	-232	neg	neg	-1,030	-237	neg	neg
<b>Total Scandinavia</b>	<b>-213</b>	<b>921</b>	<b>neg</b>	<b>2.8%</b>	<b>-413</b>	<b>837</b>	<b>neg</b>	<b>2.5%</b>
Skanska Oy	223	472	2.5%	6.2%	122	407	1.4%	5.4%
Exbud Skanska <sup>3</sup>	-547	195	neg	4.5%	-700	158	neg	3.6%
IPS Skanska	202	167	2.5%	4.7%	215	172	2.7%	4.8%
Skanska UK	400	82	2.6%	3.7%	278	66	1.8%	3.0%
Skanska J/V Projects, UK	-409	-85	neg	neg	-409	-85	neg	neg
Other	-110	-59	neg	neg	-110	-59	neg	neg
<b>Total Europe</b>	<b>-241</b>	<b>772</b>	<b>neg</b>	<b>4.1%</b>	<b>-604</b>	<b>659</b>	<b>neg</b>	<b>3.5%</b>
Skanska USA Building	523	263	1.6%	1.3%	468	246	1.5%	1.3%
Beers Skanska	80	241	0.4%	1.4%	70	228	0.3%	1.4%
Skanska USA Civil	529	469	3.7%	5.1%	524	464	3.7%	5.0%
Skanska Project Development USA	115	86	11.0%	10.5%	111	82	10.6%	10.0%
<b>Total USA</b>	<b>1,247</b>	<b>1,059</b>	<b>1.8%</b>	<b>2.3%</b>	<b>1,173</b>	<b>1,020</b>	<b>1.7%</b>	<b>2.2%</b>
Skanska International Projects	-25	-39	neg	neg	-25	-39	neg	neg
Sade Skanska	131	34	3.6%	1.2%	131	34	3.6%	1.2%
Gammon Skanska	119	33	2.5%	4.6%	83	27	1.7%	3.8%
Skanska Cementation India	25	6	5.4%	7.6%	25	6	5.4%	7.6%
<b>Total, Other Markets</b>	<b>250</b>	<b>34</b>	<b>2.2%</b>	<b>0.6%</b>	<b>214</b>	<b>28</b>	<b>1.9%</b>	<b>0.5%</b>
<b>Total, Construction-related Services</b>	<b>1,043</b>	<b>2,786</b>	<b>0.6%</b>	<b>2.7%</b>	<b>370</b>	<b>2,544</b>	<b>0.2%</b>	<b>2.4%</b>
Skanska Project Development Sweden	1,859	2,007	n.a.	n.a.	1,859	2,007	n.a.	n.a.
Skanska Project Development Europe	898	435	n.a.	n.a.	898	435	n.a.	n.a.
Skanska BOT	-9	-56	n.a.	n.a.	-9	-56	n.a.	n.a.
<b>Total, Project Development &amp; BOT</b>	<b>2,748</b>	<b>2,386</b>	<b>n.a.</b>	<b>n.a.</b>	<b>2,748</b>	<b>2,386</b>	<b>n.a.</b>	<b>n.a.</b>
Skanska Services	105	90	3.9%	5.4%	87	77	3.2%	4.6%
Skanska Telecom Networks	36	42	9.5%	14.6%	25	37	6.6%	12.9%
<b>Total, Services &amp; Telecom</b>	<b>141</b>	<b>132</b>	<b>4.6%</b>	<b>6.7%</b>	<b>112</b>	<b>114</b>	<b>3.7%</b>	<b>5.8%</b>
Central and eliminations	-707	-628	n.a.	n.a.	-707	-628	n.a.	n.a.
	<b>3,225</b>	<b>4,676</b>	<b>n.a.</b>	<b>n.a.</b>	<b>2,523</b>	<b>4,416</b>	<b>n.a.</b>	<b>n.a.</b>
Items affecting comparability								
Writedown of goodwill					-500			
Reversals of writedowns	435				435			
<b>Total core business</b>	<b>3,660</b>	<b>4,676</b>	<b>2.2%</b>	<b>4.5%</b>	<b>2,458</b>	<b>4,416</b>	<b>1.5%</b>	<b>4.2%</b>
Non-core business	-165	2825			-165	2,774		
<b>Total Skanska Group</b>	<b>3,495</b>	<b>7,501</b>	<b>n.a.</b>	<b>n.a.</b>	<b>2,293</b>	<b>7,190</b>	<b>n.a.</b>	<b>n.a.</b>

<sup>1</sup> EBITA: Operating income before amortization of goodwill

<sup>2</sup> EBIT: Operating income

<sup>3</sup> Operating income includes SEK 85 M in writedowns of goodwill in subsidiaries of subsidiaries.

# Five-year Group financial summary<sup>1</sup>

SEK M	2001	2000	1999	1998	Pro forma 1997
Order bookings	152,507	127,031	97,332	77,383	58,950
Order backlog	158,643	160,675	93,686	67,871	51,745
<b>Income statements</b>					
Net sales	164,937	108,022	79,128	62,435	49,577
of which, outside Sweden, %	82	77	72	68	62
Gross income	9,396	9,520	7,823	5,837	4,879
Selling and administrative expenses	-9,063	-6,949	-5,564	-4,430	-4,244
Sale of properties	2,155	1,907	703	1,266	423
Writedowns/reversals of writedowns	0	0	-5	-14	8
Share of income in associated companies	35	299	657	684	674
Items affecting comparability	-230	2,413	3,287	1,033	-944
<b>Operating income</b>	<b>2,293</b>	<b>7,190</b>	<b>6,901</b>	<b>4,376</b>	<b>796</b>
Financial items	-1,177	1,341	-39	449	9,316
<b>Income after financial items</b>	<b>1,116</b>	<b>8,531</b>	<b>6,862</b>	<b>4,825</b>	<b>10,112</b>
Taxes	-1,094	-2,935	-2,483	-1,965	-2,864
Minority interest in income	0	-46	-98	-78	-122
<b>Net profit for the year</b>	<b>22</b>	<b>5,550</b>	<b>4,281</b>	<b>2,782</b>	<b>7,126</b>
<b>Cash flow</b>					
From business operations	3,514	1,347	2,603	2,347	
From investment operations	-2,208	-593	1,834	-2,586	
From financing operations	630	120	-2,349	1,121	
<b>Cash flow for the year</b>	<b>1,936</b>	<b>874</b>	<b>2,088</b>	<b>882</b>	

## Definitions

Debt/equity ratio	Interest-bearing net indebtedness divided by visible shareholders' equity including minority interests.
Equity/assets ratio	Visible shareholders' equity including minority interests as a percentage of total assets.
Equity per share	Visible shareholders' equity divided by the number of shares.
Interest-bearing net indebtedness	Interest-bearing liabilities including pension liabilities minus liquid assets and interest-bearing receivables.
Interest cover	Operating income, financial revenues and net holdings in associated companies, plus depreciation and items affecting comparability, divided by net interest items.
Net profit per share	Net profit for the year divided by the average number of shares.
Number of shares outstanding	Average number of shares in 2001: 419,981,149, 2000: 444,629,424, 1997-1999: 455,419,872. Total number of shares at each year-end: 2001: 418,553,072, 2000: 426,145,072, 1997-1999: 455,419,872.
Operating net on properties	Rental revenues and interest subsidies minus operating, maintenance and administrative expenses as well as real estate tax. Site leasehold rent is included in operating expenses.
Return on capital employed	Operating income, financial revenues and net holding in associated companies, as a percentage of average capital employed. Capital employed is visible shareholders' equity, minority interests and interest-bearing liabilities.
Return on shareholders' equity	Net profit for the year as a percentage of average visible shareholders' equity.
Yield on properties	Operating net divided by year-end book value.

SEK M	2001	2000	1999	1998	Pro forma 1997
<b>Balance sheets</b>					
Properties in real estate operations	11,991	10,690	10,236	8,597	8,580
Shares and participations	1,427	1,405	2,602	7,157	6,695
Other fixed assets	17,236	15,659	7,511	6,773	6,581
Interest-bearing receivables	1,946	3,350	2,192	2,372	2,090
Non-interest-bearing receivables	44,350	38,793	23,806	13,876	11,090
Current-asset properties	6,799	6,637	3,978	2,603	1,301
Bank balances and short-term investments	9,335	6,769	5,583	3,505	2,553
Shareholders' equity	17,871	18,937	17,373	13,519	11,817
Minority interests	515	570	292	271	151
Interest-bearing liabilities and provisions	18,093	13,797	8,390	7,855	5,085
Non-interest-bearing liabilities and provisions	56,605	49,999	29,853	23,238	21,837
<b>Balance sheet total</b>	<b>93,084</b>	<b>83,303</b>	<b>55,908</b>	<b>44,883</b>	<b>38,890</b>
Capital employed	36,479	33,304	26,055	21,645	17,053
Interest-bearing net indebtedness	6,812	3,678	615	1,978	442
Average number of employees	79,924	63,368	45,063	39,246	35,035
<b>Financial ratios etc.</b>					
Dividend per share, SEK <sup>2</sup>	3.00 <sup>3)</sup>	3.38	4.00	3.00	2.75
Net profit per share, SEK <sup>2</sup>	0.05	12.50	9.40	6.10	14.85
Equity per share, SEK <sup>2</sup>	42.73	44.40	36.00	29.70	26.00
Return on shareholders' equity, %	0.1	30.6	27.7	22.0	64.4
Return on capital employed, %	8.0	31.5	30.8	27.0	54.3
Same, adjusted for items affecting comparability and share divestments	8.7	17.7	17.3	18.3	12.0
Equity/assets ratio, %	19.8	23.4	32.5	30.7	30.8
Debt/equity ratio	0.4	0.2	0.0	0.1	0.0
Interest cover	6.1	17.1	13.7	21.4	8.5

<sup>1</sup> The consolidated income statement and balance sheet have been recalculated effective from December 31, 1999 due to the introduction of recommendations RR9 and RR10 of the Swedish Financial Accounting Standards Council. For 1997, pro forma figures are stated excluding Drott and with JM deconsolidated.

<sup>2</sup> Comparative figures adjusted to take into account the 4:1 split in Skanska shares implemented during the year.

<sup>3</sup> Proposed by the Board of Directors: Dividend of SEK 3.00 per share.

# Proposed allocation of earnings

The Board of Directors and the President of Skanska AB propose that the loss for 2001, SEK -123,010,426, plus the retained earnings of SEK 6,267,734,023, totaling SEK 6,144,724,080, brought forward from the preceding year, be allocated as follows:

A dividend to the shareholders of SEK 3.00 per share	SEK 1,255,659,216
To be carried forward	SEK 4,889,064,864
Total	SEK 6,144,724,080

*Stockholm, February 14, 2002*

Bo Rydin

Per-Olof Eriksson

Roger Flanagan

Sören Gyll

Finn Johnsson

Eliot R. Cutler

Arne Mårtensson

Sverker Martin-Löf

Folmer Knudsen

Ivan Karlsson

Nils-Erik Pettersson

Claes Björk  
*President*



# Auditors' report

*To the Annual Meeting of Shareholders in Skanska AB (publ.),  
Swedish corporate identity number 556000-4615*

We have examined the annual accounts, the consolidated accounts, the accounting records and the administration of the Board of Directors and the President of Skanska AB for the year 2001. These accounts and the administration of the Company are the responsibility of the Board of Directors and the President. Our responsibility is to express an opinion on the financial statements and the administration based on our audit.

We conducted our audit in accordance with generally accepted auditing standards in Sweden. These standards require that we plan and perform the audit to obtain reasonable assurance that the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the accounts. An audit also includes assessing the accounting principles used and their application by the Board of Directors and the President, as well as evaluating the overall presentation of information in the annual accounts and the consolidated accounts. As a basis for our opinion concerning discharge from liability, we examined significant decisions, actions taken and circumstances of the Company in order to be able to determine the possible liability, if any, to the Company of any Board member or the President. We also examined whether any Board member or the President has, in any other way, acted in contravention of the Swedish Companies Act, the Annual Accounts Act or the Articles of Association. We believe that our audit provides a reasonable basis for our opinion set out below.

The annual accounts and the consolidated accounts have been prepared in accordance with the Annual Accounts Act and thereby provide a true and fair picture of the Company's and the Group's results of operations and financial position in accordance with generally accepted auditing principles in Sweden.

We recommend to the Annual Meeting of Shareholders that the income statements and the balance sheets of the Parent Company and the Group be adopted, that the profit for the Parent Company be dealt with in accordance with the proposal in the Report of the Directors and that the members of the Board of Directors and the President be discharged from liability for the financial year.

*Stockholm, February 22, 2002*

Bernhard Öhrn  
*Authorized Public Accountant*

Caj Nackstad  
*Authorized Public Accountant*

# Project Development & BOT

## Properties in Project Development Sweden and Europe

SEK M	Book values	
	2001	2000
Investment properties	4,581	6,260
Investment properties under construction	5,018	2,883
Undeveloped land and development properties	2,229	1,418
<b>Total</b>	<b>11,828</b>	<b>10,561</b>

## Properties sold during 2001

SEK M	Sales price	Book value	Capital gain
Stockholm	524	336	188
Gothenburg	2,121	1,134	987
Øresund	339	184	155
Europe	1,958	1,148	810
<b>Total</b>	<b>4,942</b>	<b>2,802</b>	<b>2,140</b>

## Unutilized building rights, Dec. 31, 2001

(incl. Skanska's share in partly owned companies)

Sq m	
Stockholm, central	66
Stockholm, northern	129
Stockholm, southern	92
<b>Total Stockholm</b>	<b>287</b>
<b>Total Gothenburg</b>	<b>109</b>
Øresund Malmö	34
Øresund Copenhagen	132
<b>Total Øresund</b>	<b>166</b>
Budapest, Hungary	76
Munich, Germany	59
Prague, Czech Republic	33
Warsaw, Poland	135
<b>Total Europe</b>	<b>303</b>
<b>Buenos Aires, Argentina</b>	<b>50</b>
<b>Total</b>	<b>915</b>

## Project operations, 2001

### Completed projects, SEK M<sup>1</sup>

Book value, December 31, 2001	2,962	Estimated book value at completion	3,024
Estimated operating net, fully leased	330	Estimated operating net, fully leased	358
Return on book value	11.1%	Return on book value, %	11.8%
Economic occupancy rate	68%	Economic occupancy rate	91%
Occupancy rate (space)	75%	Occupancy rate (space)	90%

### Ongoing projects, SEK M

<sup>1</sup> Excluding the divested projects East West BC III, Säby 3:22 Barkarby Phase III, Evedal 1 and Marknaden 3.

## Investment properties under construction

SEK M	Leasable space 000 sq m	Estimated rental value, fully leased	Estimated operating net, fully leased	Economic occupancy rate, %	Estimated book value, completed	Book value Dec. 31, 2001
<b>Real estate projects completed during 2000</b>						
Project Development Sweden	133	258.0	228.1	89	–	2,252
Project Development Europe	34	106.2	102.2	15	–	710
<b>Total</b>	<b>167</b>	<b>364.2</b>	<b>330.3</b>	<b>68</b>	<b>–</b>	<b>2,962</b>

## Ongoing real estate projects, Dec. 31, 2001

Stockholm	100	253.1	232.8	99	1,768	1,335
Gothenburg	19	33.2	30.9	62	344	188
Øresund	38	61.0	55.1	81	584	379
Europe	26	40.3	39.2	78	328	154
<b>Total</b>	<b>183</b>	<b>387.6</b>	<b>358</b>	<b>91</b>	<b>3,024</b>	<b>2,056</b>

## Investment properties, December 31, 2001, on an annual basis

SEK M	Number of properties	Leasable area 000 sq m	Rental revenues 2001	Operating expenses	Maintenance, adaptation to tenants	Real estate tax	Ground rent	Property administration	Operating surplus	Book value	Yield on book value, %	Rental value 2002 <sup>1</sup>	Economic occupancy rate, %	Estimated market value
Stockholm	27	380	478	39	35	24	43	10	327	2,644	12.4	501	92	4,800
Gothenburg	15	168	105	26	6	4	0	7	62	361	17.2	114	96	1,000
Øresund	20	165	165	16	22	5	1	5	116	955	12.1	178	94	1,800
Europe	2	35	94	8	0	1	0	7	78	621	12.6	107	81	900
<b>Total</b>	<b>64</b>	<b>748</b>	<b>842</b>	<b>89</b>	<b>63</b>	<b>34</b>	<b>44</b>	<b>29</b>	<b>583</b>	<b>4,581</b>	<b>12.7</b>	<b>900</b>	<b>93</b>	<b>8,500</b>

Central company and business unit overhead –58

**Operating net after central overhead on annual basis** 525 11.5

Added back to adjust for acquisitions, divestments and reclassifications during 2001 249

**Operating net after central overhead according to income statement** 774 16.9

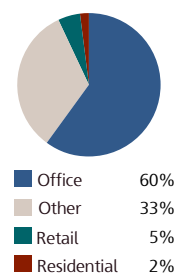
<sup>1</sup> The sum of contracted rent and estimated market rent for unleased space.

### Skanska Project Development Sweden and Europe, investment properties

SEK M	2001	2000
Book value <sup>1</sup>	4,581	6,260
Rental revenues	1,118	1,251
Operating net before central overhead	832	863
Central company and business area overhead	58	56
Operating net after central overhead	774	807
Return on book value, %	16.9	12.9
Leasable space, 000 sq m	748	962
Residential	13	18
Retail	45	111
Office	417	522
Other	273	311
Economic occupancy rate, %	93	95
Operating net margin, %	69	65

<sup>1</sup> After eliminating intra-Group profits, SEK 181 M (2007).

Rental value by type of space

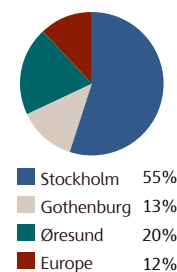


### Investment properties, January 1, 2002

SEK bn	Number of properties	Leasable space, sq m	Rental value, 2002	Market value	Book value	Surplus value
Investment properties, December 31, 2001 <sup>1</sup>	66	775	0.9	8.8	4.6	4.2
Investment properties completed during 2001	14	167	0.4	4.0	3.0	1.0
<b>Investment properties, January 1, 2002</b>	<b>80</b>	<b>942</b>	<b>1.3</b>	<b>12.8</b>	<b>7.6</b>	<b>5.2</b>

<sup>1</sup> Including partly owned properties

Rental value by geographic area



### Expiration year of leases, investment properties

Percentage of rental revenues	Sweden	Europe	Total
2002	10	7	10
2003	18	14	17
2004	16	28	17
2005 and later	50	47	50
Residential	1	0	1
Parking facilities	5	4	5
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>

### The BOT portfolio

#### Investments in shareholders' equity and debenture loans

BOT project	Ownership stake, %	Year-end book value, SEK M	Estimated total investment, SEK M	Goes into operation	Concession period until	Estimated return on invested capital
Bridgend Prison, Great Britain	9	17	17	In operation	2022	
Nelostie Motorway, Finland	23 <sup>1</sup>	4	25	In operation	2012	
<b>Total in operation</b>		<b>21</b>	<b>42</b>			<b>22%</b>
<b>Ongoing projects</b>						
Harbor in Maputo, Mozambique	33	0	40	2002	2017	
Ponte de Pedra Hydropower, Brazil	50	46	200	2004	2036	
North-South Toll Highway, Chile	48	697	1,300	2004	2031	
Kings College Hospital, Great Britain	33	36	50	2002/2004	2037	
<b>Total ongoing projects</b>		<b>779</b>	<b>1,590</b>			<b>&gt;20%</b>
<b>Total</b>		<b>799</b>	<b>1,632</b>			<b>&gt;20%</b>

<sup>1</sup> Refers to Skanska BOT's ownership stake. The total ownership stake of the Skanska Group amounts to 46 percent.

# Property list

Property list on December 31, 2001 <sup>1</sup>

County, municipality, property designation, street address	Year built/ renovated	Leasable space, sq m				Rental value 2002, SEK M	Site leasehold	Location <sup>2</sup>
		Residential	Retail	Office	Other			
<b>STOCKHOLM</b>								
<b>Stockholm County</b>								
<b>Botkyrka</b>								
Trädgårdsmästaren 14, Gröndalsv 20	1978			4,926	336	5,262	5.0	S
<b>Huddinge</b>								
Myren 1, Häradsv 253	1993			950	5,460	6,410	9.5	S
<b>Järfälla</b>								
Jakobsberg 2:2583, Järfällav 102-104	1982			15,064	7,024	22,088	19.0	N
<b>Nacka</b>								
Sicklaön 354:1-2, Ektorp Centrum, Ektorpsv 2-6	1979		3,003	13,065	2,518	18,586	18.5	S
<b>Nynäshamn</b>								
Alkotten 2, Lövlundsv 3	1984			1,792	2,232	4,024	6.0	S
<b>Solna</b>								
Apelsinen 5, Vretenv 13	1972			12,709	8,213	20,922	26.3	N
Gelbgjutaren 3, 14, 17, Industriv, Äldermansv	1946/-89			7,850	4,937	12,787	13.8	Yes N
Puman 1, Bang 21, Storg 28	1972			1,784	406	2,190	2.8	N
<b>Stockholm</b>								
Blekholmen 1, Klara Strand, Klarabergsviadukten 90	1994		440	24,861	9,329	34,630	75.7	Yes C
Dykaren 10, Alströmerg 39	1900/-87/-99			11,385	768	12,153	24.7	C
Gångaren 12 (part of), Lindhagensg 90-92	1983			4,343	8,253	12,596	13.9	C
Gångaren 11, Lindhagensg 80	1989			11,295	3,028	14,323	0.0	C
Gångaren 13, S:t Göransg 143	1999			28,881	6,958	35,839	58.0	C
Gångaren 14, Lindhagensg 100	1999			11,135	525	11,660	19.3	C
Görväln 2, Bränningev 10-24	1963				7,279	7,279	4.7	Yes S
Instrumentet 17, Jakobsdalsv 13-15	1948			686	3,938	4,624	3.0	S
Prästgårdsängen 3, Götalandsv 218, Älvsjö	1986		112	6,237	53	6,402	6.1	Yes S
Singeln 9, Sorterarg 8, Vällingby	1970			3,869	1,463	5,332	3.4	Yes N
Skalholt 1, Isafjordsg 23-25, Kista	1985		2,950	32,453	4,198	39,601	63.8	Yes N
Storsätra 1, Storsätrarg 4-26	1972			16,811	15,161	31,972	30.5	Yes S
Torkhuset 1, Hammarbyv 76	1949/-65			1,649	5,187	6,836	3.2	Yes S
Trädgården 8, 9, Sköldungag 1-5	1910			1,544		1,544	3.4	C
Valnöten 8, Scheeleg 1, Hantverkarg 26	1930	325	761	1,543	292	2,921	5.2	C
Vattenkraften 1, Skrubba, Solkraftsv 13, Skrubba Malmv	1990			4,928	5,495	10,423	8.6	Yes S
<b>Sundbyberg</b>								
Atleten 5, Landsv 39	1999		205	6,137	1,047	7,389	16.0	N
Eken 6 (Phase 1+2), Allén 5	1997/99			31,370		31,370	49.5	N
Sprängaren 8, Vinterg 1	1970			5,714	5,570	11,284	10.7	N
<b>Total Stockholm</b>		<b>325</b>	<b>7,471</b>	<b>262,981</b>	<b>109,670</b>	<b>380,447</b>	<b>500.7</b>	

Total book value on December 31, 2001: SEK 2,644 M. Projected rents for 2002 include SEK 459 M in contracted rents and SEK 42 M in estimated market rents for unoccupied commercial and residential premises.

<sup>1</sup> Refers to Skanska Project Development Sweden and Skanska Project Development Europe.

<sup>2</sup> Location refers to central Stockholm (C), north of central Stockholm (N) or south of central Stockholm (S).

County, municipality, property designation, street address	Year built/ renovated	Leasable space, sq m				Total	Rental value 2002, SEK M	Site leasehold	Location <sup>1</sup>
		Residential	Retail	Office	Other				
<b>GOTHENBURG</b>									
<b>Västra Götaland County</b>									
<b>Gothenburg</b>									
Backa 30:3, Importgatan 23-33	1969/-96		740	2,865	38,537	42,142	13.1		O
Gullbergsvass 5:23, Kilsgatan 10	1880/1989		290	861	74	1,225	1.3		O
Gullbergsvass 703:52-53, P-huset Silvret, Lilla Bommen	1991				9,000	9,000	6.9		C
Inom Vallgraven 4:5, Stora Nyg 23-25	1906/-89			2,735	665	3,400	4.8		C
Kobbegården 6:249, Datavägen 27	1976			2,580	4,570	7,150	6.4		O
Krokslätt 185:1, Sven Hultins gata 9	1996-1997		123	9,452	935	10,510	15.8		O
Masthugget 10:16, Första Långg 24-26	1962/-91		575	6,351	417	7,343	9.3		C
Masthugget 10:19, Värmlandsg 16	ca 1900/-91		257	1,250	483	1,990	1.4		C
<b>Möndal</b>									
Kryptongasen 4, Kryptongatan 20	1982			1,938	6,262	8,200	5.4		O
<b>Borås</b>									
Armbåga 3, Ålgårdsv 11	1965/-98		12,948	700	6,925	20,573	17.0		O
Kyllared 1:101, 1:126 (50%), Tvinnareg 4	1979			700	6,300	7,000	1.4		O
Ventilen 1, Industrig 4	1975			1,420	5,870	7,290	3.3		O
<b>Trollhättan</b>									
Nohab 1, part of (Wärtsilä), Nohab Industriområde	1949/-97			2,285	17,760	20,045	7.0		O
Oden 7, Kungsg 32	1976		4,503	729	1,205	6,437	7.4		C
Oden 8, Kungsg 30	1976		8,590	87	6,657	15,334	14.1		C
<b>Total GOTHENBURG</b>		<b>0</b>	<b>28,026</b>	<b>33,953</b>	<b>105,660</b>	<b>167,639</b>	<b>114.5</b>		

Total book value on December 31, 2001: SEK 361 M. Projected rents for 2002 include SEK 110 M in contracted rents and SEK 4 M in estimated market rents for unoccupied commercial and residential premises.

<sup>1</sup> Refers to central (C) or other (O) locations



# Property list

County, municipality, property designation, street address	Year built/ renovated	Leasable space, sq m				Total	Rental value 2002, SEK M	Site leasehold	Location <sup>1</sup>
		Residential	Retail	Office	Other				
<b>ØRESUND</b>									
<b>Skåne County</b>									
<b>Klippan</b>									
Hjälmen 22, Storg 24-26, N Skolg 2, Stenbocksg 2	1977/-91			3,566	94	3,660	3.2		C
<b>Lund</b>									
Flintan 3, Skifferv 24	1985/-99				5,979	5,979	4.3		O
Välten 10, Traktorv 4	1991		2,344			2,344	2.7		O
Vätet 3, Ole Römerv 5A	1991				335	335	0.5		O
<b>Malmö</b>									
Bohus 7, Per Albin Hanssons v 4-14	1966	8,672	360	4,251	4,938	18,221	13.2		C
Gamen 15, Ö Kanal 6, Storg 5	1981			4,128	191	4,319	4.9		C
Gäddan 2, Citadellsv 17, S Neptunig 16	1962/-81			1,349	896	2,245	1.7	Yes	O
Gäddan 3, Citadellsv 15 B	1961			1,525		1,525	0.4	Yes	O
Hans Michelsen 10, Adelg 5, N Vallg 54	1903/-88		873	2,914	164	3,951	5.0		C
Husaren 9, Husarg 5, Ö Promenaden 3-5, Ö Tullg 1-3	1957/-80	4,395	598	4,707	641	10,341	10.7		C
Residenset 3, Adelg 8	1879/1981			1,163	310	1,473	1.5		C
Scylla 2, Nordenskiöldsg 2-4, 6	1955/-59/-78			4,574	0	4,574	5.7		C
Spinneriet 8, Baltzarsg 20-22, Kalendeg 22-20, Djäkneg 29-31, St Nyg 29-31	1957		2,372	12,883	26,223	41,478	44.7		C
Trollhättan 4 och 7 Nordenskiöldsg 7-11, Beijerskajen 6-8	1959/-66/-98			10,111		10,111	16.4	Yes	C
Trollhättan 6, Nordenskiöldsg 13, Ankargripsg 4	1959/-66/-98			4,498	10,175	14,673	6.5	Yes	C
Väktaren 3, Hjälmareg 3	1991			7,981	351	8,332	16.9		C
<b>Denmark</b>									
<b>Ballerup</b>									
Baltorpvej 154-158	1969/-76/-80/-89/-99			10,954	2,819	13,773	14.9		O
<b>Copenhagen</b>									
Holbergsgade, Holbergsgade 2	1908/-46/-96			7,485	1,792	9,277	14.3		C
Niels Juels Gade, Niels Juels Gade 5	1870/1998			1,543	130	1,673	3.0		C
Tordenskjöldsgade 20-24	1870/-71/1996			5,643	1,112	6,755	7.6		C
<b>Total ØRESUND</b>		<b>13,067</b>	<b>6,547</b>	<b>89,275</b>	<b>56,150</b>	<b>165,039</b>	<b>178</b>		

Total book value on December 31, 2001: SEK 955 M. Projected rents for 2002 include SEK 169 M in contracted rents and SEK 9 M in estimated market rents for unoccupied commercial and residential premises.

<sup>1</sup> Refers to central (C) or other (O) locations

County, municipality, property designation, street address	Year built/ renovated	Leasable space, sq m				Total	Rental value 2002, SEK M	Site leasehold	Location <sup>1</sup>
		Residential	Retail	Office	Other				
<b>EUROPE</b>									
<b>Hungary</b>									
<b>Budapest</b>									
East West Business Center, Rákóczi ut 1-3	1991		1,635	17,864	872	20,371	45.8		C
<b>Poland</b>									
<b>Warsaw</b>									
Atrium Plaza, Al Jana Pawla II 29	1998		1,332	12,550	572	14,454	61.1		C
<b>Total EUROPE</b>		<b>0</b>	<b>2,967</b>	<b>30,414</b>	<b>1,444</b>	<b>34,825</b>	<b>106.9</b>		

Total book value on December 31, 2001: SEK 621 M. Projected rents for 2002 include SEK 87 M in contracted rents and SEK 20 M in estimated market rents for unoccupied premises.

<sup>1</sup> Refers to central (C) or other (O) locations.

### Investment properties in partly owned partnerships and limited partnerships, December 31, 2001

All figures refer to Skanska's holding.

County, municipality, property designation, street address	Year built/ renovated	Leasable space, sq m				Total	Rental value 2002, SEK M	Site leasehold	Location <sup>1</sup>
		Residential	Retail	Office	Other				
<b>Stockholm</b>									
Tryckeriet 13 etc. (50%), Trekantsv 1,3,5	1965		0	15,130	9,548	24,678	23.3		S
<b>Gothenburg</b>									
Lorensberg 45:19 (50%), Kungspörtavenyn 10-12	1971		918	906	94	1,918	5.8		C
<b>Total</b>		<b>0</b>	<b>918</b>	<b>16,036</b>	<b>9,642</b>	<b>26,596</b>	<b>29</b>		

Total book value on December 31, 2001: SEK 14 M. Projected rents for 2002 include SEK 28 M in contracted rents and SEK 1 M in estimated market rents for unoccupied commercial and residential premises.

<sup>1</sup> Refers to central (C) or other (O) locations, south of central Stockholm (S).

### Completed real estate projects on December 31, 2001<sup>1</sup>

Responsible unit property designation, municipality	Leasable space, sq m					Projected rental value, SEK M <sup>2</sup>	Projected operating net fully leased, SEK M
	Residential	Retail	Office	Other	Total		
<b>Project Development Sweden</b>							
<b>Stockholm</b>							
Brahelund 2, Phase 1, Solna		112	37,855	7,163	45,130	100.1	91.4
Grönlandet Södra, Stockholm			7,426	983	8,409	23.1	19.3
Gångaren 15, Stockholm			11,499		11,499	25.0	23.1
Alptanäs 1, Kista			2,944	351	3,295	8.0	7.0
Laboratoriet 1, part of, Stockholm			3,529		3,529	4.2	3.6
<b>Gothenburg</b>							
Gullbergsvass 5:26, Kv Tennet, Gothenburg			9,026	1,619	10,645	14.4	13.0
<b>Öresund</b>							
Katrinelund 25, Malmö		11,524			11,524	10.8	9.6
Östersjön 1, Malmö			7,296	652	7,948	14.7	12.2
Pebbingehus, Copenhagen		416	11,131	4,150	15,697	20.2	17.5
Kalvebod Brygge 43 & 45, Copenhagen		0	14,600	500	15,100	37.5	31.4
<b>Total, Project Development Sweden</b>		<b>12,052</b>	<b>105,306</b>	<b>15,418</b>	<b>132,776</b>	<b>258.0</b>	<b>228.1</b>
<b>Project Development Europe</b>							
Atrium Centrum, Phase I+II, Warsaw <sup>3</sup>		2,290	14,074		16,364	65.3	64.2
Zajaczkza, Warsaw		391	4,319		4,710	11.9	11.0
Bredovský Dvůr, Prague	876	1,836	10,433		13,145	29.0	27.0
<b>Total, Project Development Europe</b>	<b>876</b>	<b>4,517</b>	<b>28,826</b>	<b>0</b>	<b>34,219</b>	<b>106.2</b>	<b>102.2</b>
<b>Total, completed real estate projects</b>	<b>876</b>	<b>16,569</b>	<b>134,132</b>	<b>15,418</b>	<b>166,995</b>	<b>364.2</b>	<b>330.3</b>

	Project Development Sweden	Project Development Europe	Total
Book value on December 31, 2001, SEK M	2,252	710	2,962
Economic occupancy rate, December 31, 2001, %	89	15	68

<sup>1</sup> Excluding projects completed during 2001 that were also sold during 2001.

<sup>2</sup> Projected rental value refers to estimated annual rent, fully leased.

<sup>3</sup> Previously reported as two separate projects.

# Property list

## Ongoing real estate projects

Responsible unit property designation, municipality	Projected completion month/year	Leasable space				Total	Projected rental value, SEK M <sup>1</sup>	Projected operating net, fully leased, SEK M	Location <sup>2</sup>
		Residential	Retail	Office	Other				
<b>Project Development Sweden</b>									
<b>Stockholm</b>									
Brahelund 2, Hagaporten, Phase II, Solna	Jun 02			9,897	479	10,376	22.2	20.2	N
Grävlingen 12, CityCronan, Stockholm	Jul 03	3,542	4,918	29,085	4,111	41,656	152	145.0	C
Årstaäng 4, Liljeholmen, Stockholm	Apr 02			23,802	9,587	33,389	52.9	44.1	S
Fröfjärden 1, part of, Sundbypark	Jun 02			14,606		14,606	26	23.5	N
<b>Gothenburg</b>									
Gullbergsvass 4:2, Kv Kopparn, Gothenburg	Aug 02		2,075	12,009	632	14,716	25.4	23.4	C
Inom Vallgraven 15:2, former Riksbank Bldg, Gothenburg	Feb 03		199	3,291	14	3,504	7.8	7.5	C
<b>Øresund</b>									
S:t Jörgen 21 part of, Butterick's, Malmö	Jun 02	2,091	3,250	7,982		13,323	25.0	23.5	C
Vattentornet 2, Lund	Mar 02			21,750	3,200	24,950	36.0	31.6	O
<b>Total, Project Development Sweden</b>		<b>5,633</b>	<b>10,442</b>	<b>122,422</b>	<b>18,023</b>	<b>156,520</b>	<b>347.3</b>	<b>318.8</b>	
<b>Project Development Europe</b>									
<b>Czech Republic</b>									
Cestlice, Phase A, Dixons	Sep 02		5,480			5,480	7.2	7.2	O
Cerny Most Phase A, Dixons	Dec 02		6,040			6,040	8.0	8.0	O
<b>Hungary</b>									
Science Park, Phase A	May 02			14,969		14,969	25.1	24	O
<b>Total, Project Development Europe</b>		<b>0</b>	<b>11,520</b>	<b>14,969</b>	<b>0</b>	<b>26,489</b>	<b>40.3</b>	<b>39.2</b>	
<b>Total, ongoing real estate projects</b>		<b>5,633</b>	<b>21,962</b>	<b>137,391</b>	<b>18,023</b>	<b>183,009</b>	<b>387.6</b>	<b>358</b>	

	Project Development Sweden	Project Development Europe	Total
Projected book value on completion, SEK M	2,696	328	3,024
Book value, December 31, 2001, SEK M	1,902	154	2,056
Economic occupancy rate, December 31, 2001, %	92	78	91
Occupancy rate (space), December 31, 2001, %	91	82	90

<sup>1</sup> Projected rental value refers to estimated annual rent, fully leased, when each property is completed.

<sup>2</sup> Refers to central (C) or other (O) locations. In Stockholm, refers to central Stockholm (C), north of central Stockholm (N) or south of central Stockholm (S).

The property list is continuously updated on Skanska's web site, [www.skanska.com](http://www.skanska.com).

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