



SKANSKA

Annual Report 1999

A new identity for a new age

Over the years, Skanska has evolved from a Swedish national builder to an international corporate group that provides construction-related services in a global market. As the Skanska Group has evolved, its trademark and graphic identity have also changed.

Skanska began as a construction company that built large portions of Sweden, under the name Skånska Cementgjuteriet (literally Scanian Pre-Cast Concrete). As the years passed, its operations became increasingly international, at first primarily through Swedish project teams that traveled to the Third World to build infrastructure. In order to present the Company in other parts of the world, a more global name was needed. The name chosen was Skanska.

The internationalization process accelerated, and soon Skanska's focus was on creating strong local operations in new "domestic markets." Companies in the Group devised more and more ways of presenting themselves as part of Skanska. Today there are a number of different Skanska logotypes, adapted to local conditions.

Today is a new age. More and more clients are specializing their operations and focusing on their core business. They seek a partner that can offer a comprehensive range of services in the construction process. And a partner that can provide these services anywhere, in a single country or globally. Skanska wants to be that partner. For this reason, it is also natural for Skanska to operate under a single brand and a common overall graphic identity. The name is still Skanska, but the brand has assumed a more modern look.

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Public Company (publ.)
 - Registered office of the Board of Directors: Malmö
 - Swedish corporate identity number 556000-4615

Financial highlights

	1999	1998 ¹
Net sales, SEK M	79,128	62,435
of which, Sweden, %	28	32
Operating income, SEK M	6,901	4,376
Net profit for the year, SEK M	4,281	2,782
Return on capital employed, %	31.5	27.0
Return on equity, %	28.6	22.0
Net profit per share, SEK	37.60	24.40
Regular dividend per share, SEK ²	12.00	12.00
Extra dividend per share, SEK	4.00	

¹ Comparative figures for 1998 refer to the pro forma accounts.

² Proposed by the Board of Directors.



This is Skanska

Skanska was founded in 1887. The Group's operations encompass construction-related services and project development. Sales are about SEK 80 billion per year and the number of employees is 45,000. Skanska operates in some 50 countries worldwide, with Sweden, Denmark, Finland and the United States as its main markets.

Skanska's Series B shares have been traded on the A list of what is now called the OM Stockholm Stock Exchange since 1965.

The year in brief

- Order bookings rose by 25 percent to SEK 96,894 M
- Operating income rose to SEK 6,901 M (4,376)
- Income after financial items totaled SEK 6,862 M (4,825)
- Net profit per share amounted to SEK 37.60 (24.40)
- Skanska divested its shareholding in Scancem
- The Board of Directors is requesting authorization to buy back a maximum of 10 percent of the Company's shares

The Öresund Bridge

On July 1, 2000, the Öresund Link between Sweden and Denmark will be inaugurated. The Skanska-led consortium Sundlink Contractors built the Öresund Bridge, the longest portion of the Link.

Comments by the President and CEO

For Skanska, 1999 was a very good year. I would like to thank all my fellow employees for their fine contributions, and our clients and business partners for their smooth collaboration during 1999.

Client focus

Our mission is to develop, build and maintain the physical environment for people to live, travel and work in. Based on client needs, we combine our resources and our collective competence in various fields. We can offer attractive, cost-effective and thus competitive project packages.

Client focus lays the groundwork for developing long-term and intensified client relationships.

Our international network of construction-related service businesses also enables us, in a better way than previously, to follow international clients from one local market to another, with the added value this entails.

Vision and strategy

The point of departure for our overall strategy is to generate profitable growth by focusing on construction-related services and project development, with the vision of becoming a world leader – the client's first choice – in these fields.

Our strategy is to increase our geographic and product-related breadth, strengthen our roots in the local markets where we are already established, increase our client focus and invest in various forms of human resource development.

One consequence of this strategy is that businesses and assets that fall outside our core operations should be divested. After selling our shareholdings in the building materials group Scancem in 1999 and the bearings and steel group SKF early this year, most of our non-core assets have now been divested.

Skanska's rapid evolution from a mainly Swedish construction and real estate company with large non-core assets to a focused international provider of package solutions in the fields of construction-related services and project development continued during 1999. Meanwhile the year was characterized by strong growth and sharp earnings improvement in business operations.

Geographic expansion

By establishing Skanska's operations in new geographic markets, we create the prerequisites for growth, while strengthening our position as a global partner to large multinational clients. In our industry, acquisitions are often the only realistic alternative in order to achieve the position we seek.

During 1999, for example, we acquired the leading Argentine construction company SADE, which operates in a number of Latin American countries; and the U.S. building construction company Alex J. Etkin Inc., based in Detroit, Michigan and with operations in Colorado as well.

We also remain strongly interested in establishing ourselves in new markets in Europe through acquisitions, with a special focus on the rapidly growing Central European markets and Great Britain. I anticipate progress on this front as early as the current year, although I am aware that many factors must come together in order to achieve a genuinely good transaction.

IT creating a need for new infrastructure

The growth of information technology (IT) is creating a need for new infrastructure. In this rapidly growing market, with high growth potential for some years ahead, I see good opportunities for Skanska to become a leading supplier of various services.

During the autumn of 1999, we formed an alliance with MasTec, the leading U.S. supplier of "end-to-end" solutions for data and telecommunications. This alliance has already led to several assignments related to expansion of a broadband fiber optic network. Today the U.S. market for investments in Internet-related installations is about USD 60 billion per year, with an annual growth rate estimated at 15 percent. In addition, this is a service and maintenance market of about USD 30 billion per year. In this field, I also expect similar growth in other markets around the world.



The collective competence we can contribute to this field today consists primarily of experience from implementing complex infrastructure projects in heavily built-up areas.

Our ambition is to further enhance this competence and grow with our clients in the telecom and IT industry. I regard strategic alliances like the current one with MasTec, along with investments in the IT sector, as natural elements of this process.

Facilities management

Facilities management is another field that offers us good opportunities, based on our existing expertise, to broaden our range of products and services.

For Skanska, the “facilities management” concept includes the operation, maintenance and renovation of properties and facilities, but these assignments may also include responsibility for long-term space planning, security systems and other services to users of premises.

Our aim is to use our expertise to lower operating costs, thereby making our clients more competitive.

I view our acquisition of the operations of Ericsson Real Estate & Services as an important step in Skanska’s ambition to grow in this field, both in Sweden and other markets.

Effective in March 2000, facilities management will constitute a new, separate business area, Skanska Service. This underscores the importance we attach to these operations.

Human resource development

Our ability to attract and hone the skills of talented managers and other employees is highly important to the continued successful growth of the Group’s operations.

The Skanska Management Institute runs large-scale programs to ensure management development at various levels. During 1999, about 200 younger managers participated in our internal training programs, and we are

now putting further development work into these programs.

This type of investments is necessary if we are to continue our transition from one of the world’s largest and best construction companies to the knowledge-based company that we want to be recognized as in the future.

Environmental work

By increasing its collective competence and experience in the environmental field, Skanska shall be a natural and credible source of inspiration for its clients. To achieve this in a structured way, we must integrate environmental issues into our operational management. This requires well-developed environmental management systems. It also presupposes active environmental thinking among all employees.

The goal of having ISO 14001-certified systems in place at all units of the Skanska Group by the end of 2000 will be achieved ahead of schedule.

Earnings

In 1999, the Group’s net sales rose by 27 percent to just above SEK 79 billion, while gross income from business operations rose by 61 percent to nearly SEK 2.3 billion. Return on capital employed, adjusted for capital gains on the divestment of shares and items affecting comparability, amounted to 17.3 percent.

Earnings from construction operations improved significantly in our largest markets: the United States, Sweden, Finland and Denmark.

In the local markets where we pursue project development by investing our own funds, we increased our capital spending. Altogether, we invested nearly SEK 6 billion in commercial and residential real estate projects last year. In my judgment, the profitability potential of these projects is very good.

Operating income from property management also improved. Property divestments accelerated toward the end of 1999 and I anticipate a high turnover rate in our real estate portfolio this year as well.

Overall, I believe that Skanska’s 1999 results, as well as its performance over the past few years, are well within the range of the Group’s long-term financial targets.

Buy-backs of Skanska shares

Skanska’s divestment of its shareholdings in Scancem, SKF and the commercial real estate company Piren, as well as the positive earnings trend in Group operations, have further strengthened the Group’s capital base. In light of this, the Board of Directors is now requesting authorization to approve buy-backs of Skanska’s own shares. Under this proposal, a maximum of 10 percent of all shares in the Company – worth about SEK 3.5 billion at the current share price – may be bought back during the period until next year’s Annual Meeting.

Outlook

With an order backlog of SEK 94 billion at the beginning of the year, a number of ongoing Skanska-owned development projects with good profitability potential and a continued good economic picture in our main markets, I foresee very positive performance by the Group over the next few years.

Our expanded geographic base and additional investments in expertise throughout the value circle will reinforce this positive picture even in a longer perspective.

Stockholm, March 2000



CLAES BJÖRK
President and CEO

Mission, goals and strategy

Skanska's core operations encompass construction-related services and project development. Based on client needs, the Group's collective experience and competence are combined to offer clients attractive, cost-effective solutions of high quality.

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.

Financial targets

- Net sales and operating income in core operations 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.

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 throughout the value circle, from concept to operation and maintenance
- to use the Group's collective competence to grow in new market segments with high growth potential
- to grow organically and through acquisitions in existing and new markets

More and more of Skanska's clients today are seeking greater specialization and a focus on their core operations. For most industrial and service sector companies, planning of premises and other construction-related services lie outside their core operations. It is thus a natural step to seek a partner that can offer a comprehensive range of services in

the construction process – everything from development of a package solution through actual construction and assuming responsibility for maintenance of the building.

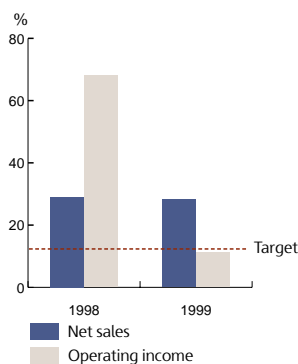
In its contacts with private homebuyers, Skanska has the advantage of being able to offer package solutions, based on its holdings of attractive sites and building rights.

One consequence of the geographic expansion of business enterprises is that construction service companies must be able to offer their services in numerous local markets, both nationally and internationally.

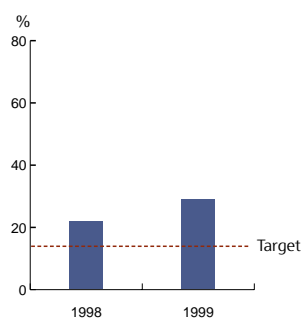
When clients choose a supplier of construction-related services, price remains very important, but flexibility, speed of implementation and the ability to offer package solutions are increasingly vital factors.

These market trends open opportunities for Skanska, in partnership with its clients, to offer package solutions based on the collective competence and experience that Skanska is continuously building up in all phases of the value circle.

Change in net sales and operating income of Skanska's core operations



Return on shareholders' equity



The brand values

Skanska's name and brand support the implementation of its strategy. Because clients increasingly demand business partners with a broad market presence, it is highly important that Skanska is presented and acts in a consistent, uniform way in all markets. Skanska's brand shall stand for a set of values that are guiding principles of the Group's business development, communications and behavior:

- *Commitment*

Skanska's employees carry out their assignments with personal dedication and responsibility.

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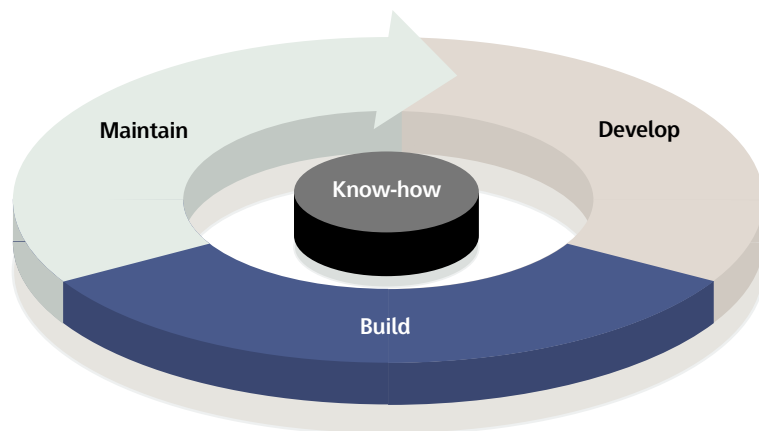
- *Competence*

Skanska endeavors to develop its overall expertise. This shall comprise the sum of the Group's collective experience and shall give clients access to the best possible solutions and service.

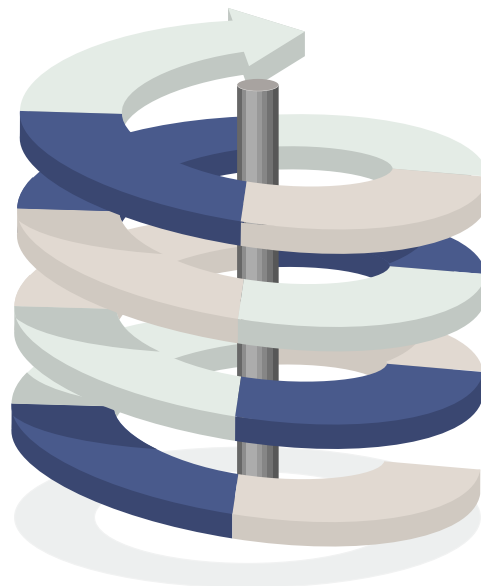
- *Reliability*

The client shall feel confident that Skanska will carry out its commitments with high quality and on schedule. Skanska shall take responsibility for the impact that Group operations have on its surroundings. People should feel confidence in Skanska.

SKANSKA'S VALUE CIRCLE



By virtue of both depth and breadth in all phases of the value circle, Skanska can add knowledge to both large and small projects. Continuous recycling of knowledge increases client benefit, which grows larger the longer a client's relationship with Skanska lasts. In this way, a virtuous value circle occurs.



Markets, competitors and clients

Skanska operates worldwide, and its competitors vary from one market to another. The Group is well positioned in its most important markets and has good prospects for further growth.

Today Skanska operates in some 50 countries, normally through local subsidiaries. Skanska's aim is for the markets in these countries to evolve gradually, through acquisitions and organic growth, into main markets where the Company is perceived as a local market player.

The Group is positioning itself in growing market niches and client and product segments, enabling it to expand faster than the construction market as a whole.

In terms of sales, the Group's largest markets are the United States, Sweden, Finland and Denmark. In all these countries, the Group is – and is perceived as – a domestic market player.

The aim is to develop operations similarly in a number of additional markets, such as Great Britain, Norway, Latin America and Central Europe.

A review of the size and growth of markets, both in volume and gross domestic product (GDP) terms, shows that Skanska is well positioned. In a number of its markets,

there is very good growth and Skanska's market share is relatively small, which indicates that there is growth potential. The American market is the world's largest. In the U.S., after a decade of economic expansion, no slowdown is yet discernible in the regional markets and segments where Skanska operates.

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The Nordic countries together comprise a large and relatively homogeneous market.

Sweden and Finland have good growth in volume. In Denmark, growth is slower but in the major metropolitan regions, especially Copenhagen, there is high level of activity in the construction sector.

Central European markets are growing, and the eastward enlargement of the European Union will make these markets even more attractive.

Argentine, a large market in itself, also serves as a base for operations elsewhere in Latin America.

In terms of sales, Skanska is the seventh largest construction company in the world, not counting Japanese companies that all have the lion's share of their business in Japan.

Skanska's most important markets, 1999

Market	GDP growth, %	Market size, SEK billion	Market growth, %	Skanska's growth, %	Estimated market share, %
United States	4	5,800	7	28	0.5
Sweden	4	198	6	12	10.5
Finland	3	132	6	40	4.5
Denmark	1	157	0	19	2.5
Norway	1	116	-8	80	0.7
Poland	4	140	-3	0	0.7
Argentina	-4	280	-5	-12	1.3

Sources: Engineering News Record, United States; Swedish Construction Federation; Confederation of Finnish Construction Industry; Argentine Ministry of Economy; Argentine Construction Chamber; Standard & Poor's DRI/F.W. Dodge.

In its main markets – the United States, Sweden, Finland and Denmark – Skanska is one of the largest companies in the construction industry:

U.S. sales, USD bn	1998	1997	Sales in Finland, SEK bn	1999 ¹	1998
Fluor Daniel Inc.	4.3	5.9	YIT	8.5	7.9
Bechtel Group Inc.	3.7	3.3	Skanska	7.4	4.8
Centex	3.7	3.3	Lemminkäinen	6.0	4.9
Turner Corp.	3.6	3.1	NCC	3.6	3.6
Skanska	3.0	2.3			

Sources: Engineering News Record,
United States; Skanska

Sales in Sweden, SEK bn	1999	1998	Sales in Denmark, SEK bn	1999 ¹	1998
Skanska	22.8	20.5	NCC Rasmussen & Schiötz	5.9	5.9
NCC	22.0	20.3	Skanska	4.6	3.5
Peab	12.2	10.9	Højgaard & Schultz	4.4	3.5
JM	4.1	3.6	Monberg & Thorsen	3.9	3.1

Source: Skanska

¹ Skanska's estimate

Largest construction companies¹, total sales, USD bn

Company	Country	1998
Bouygues S.A.	France	12.5
Bechtel Group Inc.	United States	9.8
Fluor Daniel Inc.	United States	9.6
SGE	France	9.4
Groupe GTM	France	7.4
Philipp Holzmann AG	Germany	7.2
Skanska AB	Sweden	6.9
Hochtief AG	Germany	6.9
Kellogg Brown & Root	United States	6.8
EIFFAGE	France	6.0

Source: Engineering News Record, United States

¹ Excluding Japanese construction companies

Some of Skanska's clients

- AstraZeneca
- AT&T
- Ericsson
- Coca-Cola
- Disney
- Hard Rock Cafe
- IKEA
- Lucent Technologies
- NASDAQ
- Nokia
- Pfizer
- Pharmacia & Upjohn
- The Port Authority of New York and New Jersey
- RCN
- SAS Radisson
- Six Flags
- Sonera
- Taubman
- Toys'R'Us

Employees and net sales by country/territory

Markets	Average number of employees	Net sales per country
Main markets		
United States	8,446	32,896
Sweden	16,050	22,214
Denmark	2,653	4,461
Finland	3,106	6,136
Total	30,255	65,707
Other Europe		
Austria	10	236
Belgium	39	120
Czech Republic	56	82
Estonia	24	143
France	607	698
Germany	1,919	2,385
Great Britain	57	777
Greenland	63	143
Hungary	59	153
Iceland	61	108
Latvia	128	69
Malta	43	42
Netherlands	183	671
Norway	494	1,115
Poland	898	430
Russia	1,473	1,523
Spain	25	167
Switzerland	20	130
Other European countries	11	61
Total	6,170	9,053
Other countries		
Argentina	4,184	2,589
Australia	2	11
Brazil	11	17
Chile	325	66
Colombia	331	50
Ghana	220	49
Hong Kong	200	206
India	216	129
Kenya	31	16
Malaysia	6	7
Pakistan	280	33
Peru	331	265
Sri Lanka	264	97
Tanzania	331	214
Thailand	234	77
Uganda	596	66
Venezuela	262	189
Zimbabwe	781	134
Other	33	153
Total	8,638	4,368
Group total	45,063	79,128

Financial review

Skanska's greater focus on its core operations has meant that non-core assets have gradually been divested, while Group investments in project development and acquisitions of companies have increased in recent years. It has also been possible for Skanska to transfer sizable amounts of capital to its shareholders.

A corporate group in transition

Today Skanska is a growing corporate group with a focus on its core operations – construction-related services and project development. In recent years, growth has occurred mainly outside Sweden. As the table below indicates, the trend of earnings in Skanska's core operations has been good.

Operating income includes Skanska's share of JM but not other associated companies or the Group's component companies. The provision of SEK 1.5 billion in the 1997 financial statements has not been taken into account.

Trend of earnings in core operations

SEK bn	1999	1998	1997
Net sales	72.4	56.7	44.1
Operating income	2.8	2.6	1.5

The Group has gradually divested its non-core assets, while reducing its exposure to the Swedish real estate market by distributing the real estate company Drott to Skanska's shareholders.

Condensed balance sheet

SEK bn	1999	1998	1997 ¹
Properties in real estate operations	10.2	8.6	20.4
Shares and participations	2.6	7.2	6.0
Other fixed assets	7.5	6.7	6.7
Interest-bearing receivables	2.2	2.4	2.2
Non-interest-bearing receivables	19.2	13.9	12.1
Current-asset properties	4.0	2.6	2.1
Bank deposits and short-term investments	5.6	3.5	3.1
Total assets	51.3	44.9	52.6
Shareholders' equity	16.4	13.5	16.9
Minority share	0.3	0.3	2.1
Interest-bearing liabilities	8.4	7.9	10.0
Non-interest-bearing liabilities	26.2	23.2	23.6
Total liabilities and shareholders' equity	51.3	44.9	52.6
Interest-bearing net indebtedness	0.6	2.0	4.7
Equity/assets ratio, %	32.5	30.7	36.1
Return on capital employed, %	31.5	27.0	38.1
Return on adjusted capital employed, 2 %	17.3	18.3	n.a.

¹ Legal

² Excluding items affecting comparability and capital gains on the sale of shares.

The divestment of non-core assets has freed up capital, which has been invested primarily in acquisitions and project development. During 1997-1999, SEK 14.5 billion was invested. In addition, sizable sums were transferred to the shareholders. As a result, Skanska's balance sheet has significantly changed character.

The proportion of fixed assets with limited liquidity has diminished sharply in relation to total capital employed.

Further reinforcing Skanska's strong financial flexibility is the fact that its financial assets consist mainly of liquid funds, rather than shareholdings as previously.

At year-end 1999, the Group's total assets were SEK 51.3 billion. Its high liquidity puts the Group in a position to reduce loan liabilities during 2000, which it is doing as the loans fall due for repayment. At the current share price of about SEK 300, the proposal concerning buy-backs of Skanska's own shares would also mean a reduction of the

balance sheet by up to SEK 3.5 billion. Also taking into account the proposed dividend for 1999, this would reduce total assets by about SEK 8 billion altogether.

Transfers to shareholders

The divestment of non-core assets is continuing. Early this year, Skanska sold its shareholding in SKF. The process of divesting the component companies in Skanska Europe is underway.

Funds that cannot be invested in business operations with good expected return shall be returned to the shareholders in an effective way from a tax standpoint.

The proposal of the Board of Directors concerning buy-backs of up to 10 percent of Skanska's shares outstanding should be viewed against this background.

Transfers of capital to the shareholders during 1997-1999 are presented in the bottom table.

Divestments of non-core assets

SEK bn	Total	1999	1998	1997
Business and shares	21.1	8.8	2.2	10.1

Investments in core operations

SEK bn	Total	1999	1998	1997
Acquisitions	1.2	0.6	0.6	0
Project development	10.1	5.9	3.0	1.2
Other investments	3.2	1.3	0.9	1.0
Total	14.5	7.8	4.5	2.2

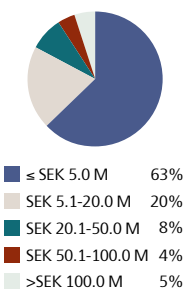
Transfers of capital to shareholders

SEK bn	Total	2000 ¹	1999	1998	1997
Regular dividend per share, SEK	12.0	12.0	11.0	10.0	
Extra dividend per share, SEK	4.0				
Regular dividend, total	5.4	1.4	1.4	1.3	1.3
Extra dividend, total	0.4	0.4			
Redemption of shares	5.0				5.0
Distribution of Drott ²	10.0			10.0	
Total	20.8	1.8	1.4	11.3	6.3

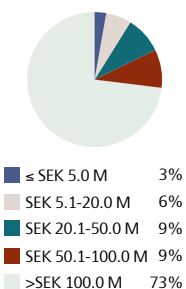
¹ Proposed by the Board of Directors.

² Estimated market value of assets.

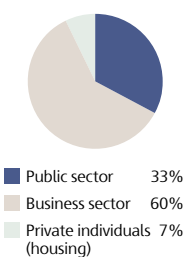
Order backlog by total number of orders in various value intervals



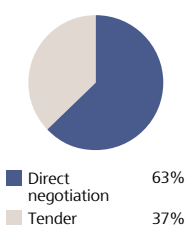
Order backlog by total order value in each value interval



Order backlog by client category



Order backlog by type of contract



Skanska's operations

Skanska's core operations encompass construction-related services and project development. Construction operations, including project development with a short-term investment horizon, take place in the Skanska USA, Skanska Sweden and Skanska Europe business areas. Project development with a long-term investment horizon, as well as property management, take place in the Skanska Project Development and Real Estate business area. As the tables below indicate, these operations are governed by different business factors and prerequisites in terms of margins, financial return, cash flow and tied-up capital. Meanwhile they offer opportunities for collaboration, which have largely provided the basis for the Group's value enhancement over the years.

Construction-related services

Construction operations are characterized by high sales, low margins and little tied-up capital. The financial return is therefore high and the financial risk is low. The low margins pose special demands on efficiency and cost controls. The operative risk is limited by the fact that the Group works in many geographic markets with different economic cycles. The order backlog is also highly diversified in terms of contract size, contract form and type of client, as illustrated in the adjacent pie charts.

Summary of different business factors governing Skanska's operations

Operations	Margins	Capital turnover	Profitability	Potential growth in net asset value	Sensitivity to interest rates
Construction operations	Low	High	High	-	Medium
Long-term project development and real estate operations	-	Low	Low	Yes	Low

Financial highlights by branch of operations

1999, SEK bn	Construction		Industry		Real estate		Other		Group	
	1999	1998	1999	1998	1999	1998	1999	1998	1999	1998
Income from business operations	1.9	1.0	0.3	0.2			-0.6	-0.2	1.6	1.0
Income from property management					0.6	0.4			0.6	0.4
Gain on sale of properties					0.8	1.2	-0.1	0.1	0.7	1.3
Gain on sale of other assets							3.3	1.0	3.3	1.0
Share of income in associated companies							0.7	0.7	0.7	0.7
Operating income	1.9	1.0	0.3	0.2	1.4	1.6	3.3	1.6	6.9	4.4
Operating margin, %	2.7	1.8	4.7	3.3					8.7	6.8
Return on capital employed, %	24	16	7	5	16	22			32	27
Cash flow from business operations	2.0	1.7	0.5	0.1	0.5	0.5	-0.4	-0.8	2.6	1.5

Construction

SEK bn	1999	Net sales 1998	Operating income 1999	Operating income 1998	Operating margin, % 1999	Operating margin, % 1998
Building construction	51.3	41.5	0.9	0.4	1.7	1.0
Civil construction	21.9	15.4	1.1	0.6	4.9	4.4
Total	73.2	56.9	2.0	1.0	2.7	1.9

Order bookings, SEK bn	90.2	71.5
Increase in order backlog during 1999, %	38.7	
Increase in net sales during 1999, %	28.8	



Long-term project development and investment properties

Real estate operations tie up more capital than construction operations due to the large portfolio of investment properties and sizable capital spending for new projects.

Operating income in real estate operations consists of income from continuing property management plus gains on the sale of fully developed properties. Operating income may therefore vary sharply from one year to another, mainly depending on the scale of property divestments. During 1999, Skanska Project Development and Real Estate sold real estate projects for a gain of SEK 0.8 billion.

The Group's real estate development projects in large Central European cities with strong growth are now gradually increasing and will also be of relatively greater importance in the project portfolio.

To analyze the total profitability of real estate operations, the change in market value of existing investment properties, as well as development gains on completed real estate projects, must also be taken into account. On December 31, 1999, the market value of the Group's investment properties was estimated at about SEK 13.2 billion.

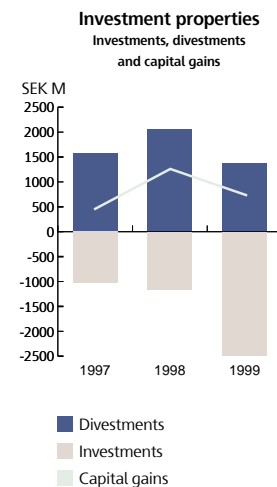
Real estate operations

	1999	1998
Operating income		
from property management	0.6	0.4
Gain on sale of properties	0.8	1.2
Operating income	1.4	1.6
Estimated market value, investment properties	13.2	11.6
Book value, investment properties	6.9	6.4

The construction time for a real estate project can be estimated at 15 months,

counting from the construction decision to project completion. The throughput time from groundbreaking to divestment of a completed project varies, among other things depending on the general market situation for property divestments. Skanska's ambition is to shorten this throughput time in order to create room for new projects without increasing tied-up capital.

The Group's real estate development projects in strongly expansive Central European metropolitan areas are now gradually growing and will also assume a relatively larger weight in its project portfolio. Skanska sees major potential for value enhancement in these projects, while the risk level is considered somewhat higher than elsewhere in Europe. Completed projects in Central European cities are expected to yield about 13-15 percent on the capital invested.



Project development

Skanska's project development refers to projects in which the Group invests its own capital. The purpose of short-term project development is to increase the margin in construction operations. In long-term project development, the objective is to provide a high return on invested capital.

Skanska's project development refers to projects in which Skanska invests its own capital. The investment horizon may be short-term or long-term, depending on the type of project.

The construction and project development activities of Skanska's business areas is indicated on the adjacent table.

"Short-term" project development results in a portfolio of current-asset properties. This includes residential projects, where the investment primarily consists of development land, but also investments in the development of commercial real estate projects. Short-term project development is characterized by a turnover period of about 18 months. Tied-up capital is limited, especially in residential projects. Investments in short-term projects thereby constitute a way of increasing the margin in construction operations while limiting risks. Short-term project development takes place in Skanska's geographic business areas. Its earnings are reported as part of construction operations.

Short-term project development is characterized by a turnover period of about 18 months.

Long-term project development results in a portfolio of investment properties plus ownership stakes in other types of projects. Knowledge of the rental and investment market is essential if these investments are to meet the criteria that have been established in terms of financial return, profitability and divestment potential. The purpose of these operations is to generate a development gain, which is realized only when the prop-

erty is sold. The ambition is to have a rapid turnover in the portfolio. Because of the need for specialized knowledge, long-term project development has been organized as a separate business area, independent of the geographic location of the projects. Today long-term project development mainly consists of the development of commercial properties, but the proportion of infrastructure projects of the Build-Own/Operate-Transfer (BOT) or similar types is expected to increase.

The earnings of Skanska's project development business consist of three parts:

- Construction profits from design, pre-construction engineering and completion of the project, which are reported under gross income.

- Income from continuing property management, which is reported under gross income.
- Capital gains on the divestment of projects, with short-term projects being reported under gross income, while long-term projects are reported as "Gain on sale of properties" under operating income.

Property development earnings vary from one year to another, mainly depending on how large a profit is generated from the sale of long-term projects.

Activities of Skanska's business areas in construction and project development

	Skanska USA	Skanska Sweden	Europe	Project Development and Real Estate
Construction	x	x	x	
Project Development				
a) short-term				
– residential	x	x	x	
– commercial		x	x	
b) long-term				
– commercial properties				x
– infrastructure (BOT and similar)				x

Risks and risk management

Skanska has a relatively small risk exposure, among other things because the number of projects is very large and they take place in different geographic markets. A new model to limit the risks in individual projects, Operational Risk Assessment, was placed in service during 1999.

Risks and risk management

Skanska endeavors to minimize its exposure to non-calculated risks. In relation to the scale of its operations and its financial strength, Skanska's risk exposure is low.

A fundamental factor behind its low risk exposure is that the Group pursues a very large number of projects in different geographic markets. In terms of business risks, Skanska's operations can therefore be compared to an insurance portfolio with extensive risk-spreading.

To further limit the risks in individual projects, during 1999 Skanska implemented a model – Operational Risk Assessment – that includes identifying, quantifying, limiting, structuring and financing risks.

Risk management in individual projects

Risks in projects and operations are analyzed and quantified in terms of technical, legal, financial and country risks. Meanwhile these risks are placed in a more comprehensive, Groupwide risk perspective. All identified and quantified risks are managed, for example by transferring risks to an outside party via contracts, insurance or direct preventive risk control measures..

Management of financial risks

The Skanska Group is exposed to a number of types of financial risks. According to the Group's financial management policy document, the basic rule is to eliminate these where it can be done at a reasonable cost, or otherwise minimize them.

Skanska's system of centralized financial management ensures good monitoring of financial risk, among other things by means of monitoring units that are entirely independent of the transaction chain. This centralization also allows effective management of the Group's financial risk exposure, while creating prerequisites for maintaining a high level of expertise.

Group companies carry out their financial transactions with the subsidiary Skanska Financial Services (SFS), which in turn deals with external participants in various financial markets, based on overall needs. The foreign exchange risk limit, defined as a 5 percent change in the value of gross exposure, is currently maximized at SEK 20 M. The interest rate risk limit, defined as a one percentage point change in interest rate, is currently SEK 30 M. These limits are mainly used to take advantage of economies of scale. This yielded good results during 1999.

In terms of business risks, Skanska's operations can be compared to an insurance portfolio with extensive risk-spreading.

The Group's loan financing is primarily attributable to its real estate operations. Rental revenues can normally be adapted to medium-term interest rate changes.

The fixed-interest period of the Group's borrowings is continuously adjusted by using derivative instruments and other means.

The Group's cross-border foreign exchange flows are relatively limited in scale. Assets of subsidiaries in foreign currencies are to be offset by liabilities as much as possible. Skanska's long-term shareholdings in subsidiaries outside Sweden are not hedged for foreign exchange risks.

The Group's liquidity risk is minimized by a debt maturity structure that is spread over time, as well as by confirmed lines of credit both via capital markets and banks.

The environment

In Skanska's judgment, construction projects will increasingly embody environmental standards that go beyond legal and regulatory requirements. These standards may, for instance, include environmental management systems, selection of materials, energy solutions and waste management. Skanska has the resources and expertise to speed up this development.

Higher environmental standards

The growing importance of environmental issues is clearly apparent in many markets, among them the Nordic countries and the United States. By pursuing successful environmental work, Skanska can strengthen its market position as clients increase their environmental demands on potential contractors. Proactive environmental work has a favorable impact on Skanska's sales and profits, both as a consequence of lower costs and opportunities to obtain more assignments.

An analysis of Skanska's large 1999 projects reveals that environmental ambitions often exceed legal and regulatory requirements. This trend will become more pronounced in the next few years, while national legal and regulatory requirements will become stricter.

During 1999, Skanska worked with 165 projects larger than USD 1 M in which the client specified environmental standards that went beyond legal and regulatory requirements. The same is true of 361 construction projects larger than USD 1 M in which Skanska initiated environmental adaptation.

Environmental standards specified by clients to potential contractors are often related to one or more of the following areas:

- certified environmental management systems
- environmentally trained employees on projects
- waste minimization and recycling programs
- systematic assessment of materials and suppliers from an environmental standpoint
- energy-efficient solutions, including transport services
- documentation of environmental work upon the completion of projects

Skanska is working actively in all these fields.

The environment – a management issue

Skanska has devoted extensive resources to integrating environmental issues into its operational management. At the end of 1999, 51 percent of Group employees worked in units that had introduced ISO-certified environmental management systems. The goal of having ISO-certified systems in place at all

units of the Skanska Group by the end of 2000 will therefore be achieved ahead of schedule. During 1999, Skanska invested more than SEK 100 M in the introduction of environmental management systems.

As various units of the Group introduce environmental management systems, this creates a structured system of communication with suppliers and subcontractors, in which they are informed of Skanska's environmental policy and the thrust of its environmental activities. During 1999, altogether more than 7,000 suppliers have been contacted in this way by various units at Skanska. The Skanska Sweden business area has also evaluated the environmental activities of 100 of its 120 most important suppliers.

Environmental adaptation of projects

By means of its collective competence and experience in the environmental field, Skanska shall be an obvious and credible discussion partner and source of inspiration for its clients. Skanska shall be in a position to help clients see new opportunities for effective environmental adaptations of projects. This requires an early, close dialogue.

This dialogue is developed most effectively in projects for corporate clients, for example Pharmacia & Upjohn in the United States and Scandic Hotel in Finland. In Sweden and other EU countries, public procurement regulations are often very strict. This can make it harder to land recurring assignments aimed at identifying long-term environmentally effective, cost-effective solutions. Skanska is participating in a project aimed at increasing opportunities for setting clearer environmental standards in public procurement within the EU.

One example of effective collaboration with a corporate client was the retrofitting of an existing building to serve as the new headquarters of the Electrolux appliance group in Stockholm, with environmental issues playing a major role. For example, extensive efforts went into minimizing energy consumption for both heating and air conditioning. This required adaptations both in the building and by outside energy utilities. The result was that projected emissions of the greenhouse gas carbon dioxide from

heating and air conditioning during the service life of the building will be 50 percent lower than with a traditional solution.

This experience can be utilized in similar projects over the next few years. Skanska is now developing a project database containing information on projects with special environmental requirements or interesting environmental solutions. Summaries of these projects are available on Skanska's web site (www.skanska.com). Its purpose is to more rapidly disseminate information about projects with an environmental dimension to clients and other stakeholders.

Proactive environmental work has a favorable impact on Skanska's sales and profits, both as a consequence of lower costs and opportunities to obtain more assignments.

Risk assessments

During 1999, the Group's risk assessment systems underwent further refinements. Environmental aspects were assigned a more prominent role in this work. This means that Skanska will abstain from participating in construction projects that it believes will result in serious risks to the environment or to society at large.

Skanska continuously purchases land and properties for the development of construction projects. Depending on the circumstances, this process includes assessment of risks related to soil contamination. When acquiring companies, Skanska also assesses significant environmental risks.

The costs of cleaning up contaminated soil are difficult to estimate without thorough, detailed studies of each property. The scope of the clean-up also depends on the future use of the property and the decisions of public agencies in each individual case.

Some environmental facts:

Construction projects with high environmental standards

During 1999, Skanska worked with 165 major construction projects, each exceeding USD 1 M, in which the client specified environmental standards that went beyond legal and regulatory requirements. The same is true of 361 major construction projects in which Skanska initiated greater environmental adaptation.

Environmental management systems throughout the Group

Skanska is introducing environmental management systems throughout the Group. Units representing 51 percent of employees now have certified environmental management systems. These units account for 62 percent of Skanska Group sales.

Environmental training

In addition to basic training, Skanska has carried out numerous specialist training programs in the environmental field. There have been 1,789 participants in such specialist programs, and a total of 389 people have undergone environmental audit training.



Environmental costs

Environmental costs in the form of environmentally related taxes and fees are relatively small at Skanska. They occur primarily in Sweden and include carbon dioxide tax, fees for unseparated waste, regulatory fees and provisions for the restoration of land being used as gravel pits and quarries.

Further information

The Group's web site contains further information on Skanska's environmental work. It also contains a database that presents projects with an environmental dimension. It also provides opportunities to participate in an open dialogue on the Group's environmental work.

The 1999 Environmental Report contains a more detailed description of both the direction and outcome of Skanska's environmental work during 1999. Order the Environmental Report via the web site (www.skanska.com).

Employees

Skanska has 45,000 employees in some 50 countries. The Group's operations are characterized by decentralization, and many employee issues are handled locally. Development and evaluation of managers occurs at the global level, however, in order to ensure a good supply of managers in the Group.

To a great extent, Skanska's business operations are very local and are characterized by decentralization.

Traditions and expertise levels largely determine how construction operations are managed in different countries. In Europe, Skanska works largely with its own employees in all phases of the value circle. In the United States, however, it is more common for Skanska to be responsible for project and construction management, while construction work occurs with the help of subcontractors.

One consequence is that the talent requirements and methods for recruiting, developing and managing employees vary between different regions and operations. Each unit must therefore, to a great extent, handle employee issues relatively independently.

Manager evaluation, assessment and development occurs on a global basis, however, in order to ensure a good supply of managers in key positions.

The Skanska Management Institute (SMI) has the main responsibility for management development. During 1999, about 200 employees participated in various management development activities at SMI. Among these are the Skanska Leadership Program, a training course for young management candidates, and the Skanska Management Program, which presents a strategic and international perspective on the role of managers. The Skanska Leadership Academy also gives managers an opportunity to undergo individually tailored development programs.

The overall ambition is to ensure management development in Skanska's various national operations. Through these common activities, we also provide Skanska's managers with a common set of values, increase collaboration, stimulate mobility and promote exchanges of knowledge and experience between companies and countries. The strong growth in the Group's U.S. oper-

ations, for example, has opened up opportunities for employees from its European operations to participate in individual projects, with the transfer of know-how that this entails.

One element in the task of ensuring the future supply of managers is to show students at universities and institutes of technology the opportunities that exist at Skanska. In the Nordic countries, there is consequently a trainee program, Skanska 21, aimed at young undergraduate engineers during their training at institutes of technology. The program gives these students an opportunity to become familiar with Skanska's global operations at an early stage. Between 20 and 30 students participate in the program annually, and it is now in its fourth year. Skanska 21 is a good and important Nordic recruitment base for future managers and specialists.

SMI also works with a number of tools to evaluate and assess prioritized leadership characteristics. One is the Skanska Manager Evaluation System. Another activity is the Manager Exchange Program, whose aim is to help increase mobility between different positions.

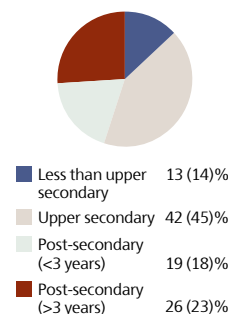
The construction sector is traditionally male-dominated. Skanska endeavors, through its recruitment work and other activities such as mentorship programs for women, to create a better balance between men and women in the Group. Of Skanska's employees in 1999, 11 percent were women.

In Sweden, as elsewhere in Europe, Skanska is actively working to change its age structure and increase the percentage of young employees. Another aim is to increase the percentage of its white-collar employees who have a university-level education. The adjacent chart refers to Swedish operations. However, both the age and educational structure there are representative of large portions of the Group outside Sweden as well. In 1999, the Skanska Group had 45,063 em-

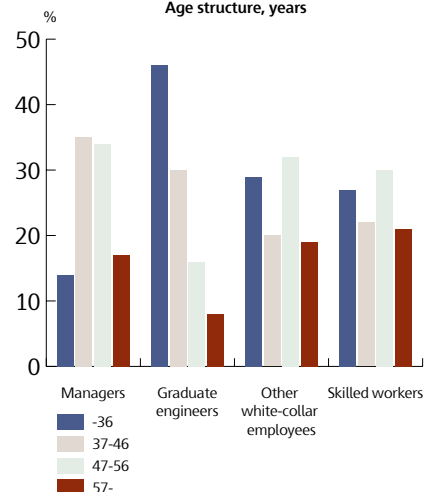
ployees, of whom 29,013 worked outside Sweden.

The number of employees in the various countries where Skanska operates can be seen in the table on page 10.

Educational level, white-collar employees



Age structure, years



Organization

Skanska's organization is based on its various markets and fields of operations. Its structure provides the Group with an overview in marketing efforts and an opportunity for client focus. Three strategic service companies supply important support functions to the Group's business areas.

Skanska's operations are organized into a Parent Company, Skanska AB, with five business areas and three strategic service companies. The Group also has staff units for corporate finance, accounting, finance, investor relations, information technology, legal affairs, communications, environment and personnel.

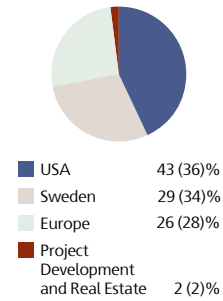
Contracting operations, which provide services related to building and civil construction, take place in the Skanska Sweden, Skanska USA and Skanska Europe business areas. These three business areas possess product-oriented specialist knowledge as well as project development know-how.

The Project Development and Real Estate business area – which focuses on project development where Skanska invests its own funds – is also responsible for the develop-

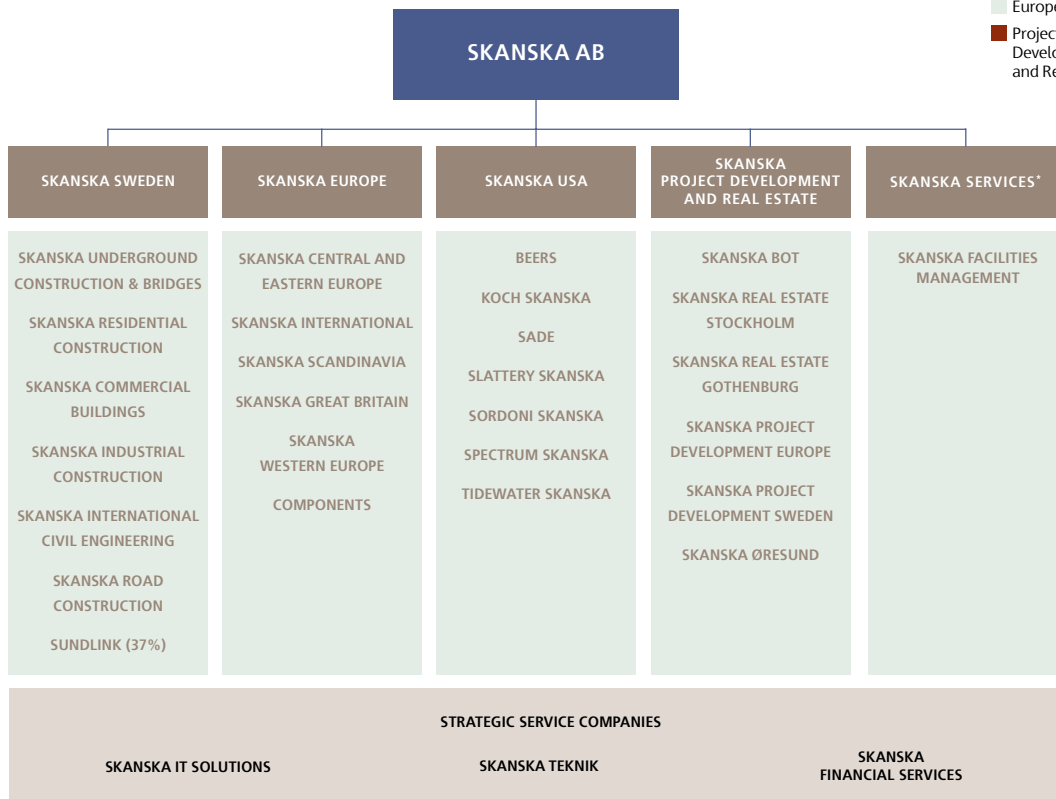
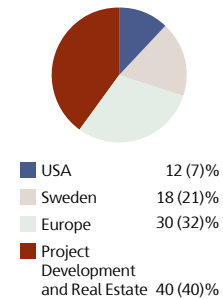
ment, management and divestment of the Group's investment properties. Project development normally assumes the form of collaboration between one of the business areas that performs contracting operations and Skanska Project Development and Real Estate. Beginning in March 2000, the Group's operations in the field of facilities management take place in a separate business area, Skanska Services.

The three strategic service companies are Skanska Teknik (development of specialized technical expertise), Skanska Financial Services and Skanska IT Solutions (information technology). The specialized know-how in each of these companies supports the operations of all business areas.

Net sales by business area



Capital employed by business area



* New business area effective in March 2000.

Skanska USA

Skanska USA includes the Group's North American operations and portions of its operations in South America in the building and civil construction sectors. Its building construction units are the subsidiaries Beers Construction, with operations in the southeastern United States, and Sordoni Skanska in the northeast. The civil contracting units are the subsidiaries Slattery Skanska, Koch Skanska and Tidewater Skanska. The subsidiary Spectrum Skanska specializes in development of residential projects. SADE is responsible for civil construction operations in Latin America.

Business orientation

Skanska USA has its main operations in the eastern U.S., from Boston in the north to Florida in the south. In the Midwest, it has operations in Detroit, Michigan. In the western U.S. it carries out operations from Denver and Cortez, Colorado, and Farmington, New Mexico. Through the acquisition of SADE, Skanska is now also established in Argentina and Venezuela.

Skanska USA has grown successfully both via organic growth and via acquisitions and has achieved a leading position in several market segments in some of the most expansive regions of the U.S.

Skanska is number five in terms of sales in the very fragmented American building and civil construction-related market.

Earnings in 1999

Net sales rose 47 percent to SEK 35,437 M compared to 1998. Adjusted for acquisitions, the increase was 21 percent. Skanska USA thus increased more than the market, which grew by 7 percent. The operating income of the business area rose to SEK 851 M. For comparable units, earnings more than doubled.

During 1999, building construction operations showed continued strong performance, both in terms of sales and earnings. The focus was on growth clients in the high-tech, entertainment and pharmaceutical industries as well as educational institutions. Skanska USA's working method is to lead "design" build projects, where client-adapted and tailor-made solutions generate repeat business.

Civil construction earnings rose sharply, boosted by successful design build projects and very good results on several major projects in the New York area. The focus is on highways, mass transit, water distribution and water treatment plants.

Important events

Acquisitions

Early in 1999, Skanska acquired SADE Ingeniería y Construcciones S.A. – a major Argentine-based construction company working mainly in power industrial, oil and gas services and other civil construction. SADE operates in a number of Latin American countries, where the market potential is regarded as good. The company's 1998 sales were SEK 2.9 billion.

During 1999, Skanska bought Alex J. Etkin Inc., a construction management and general building contractor. With headquarters in Detroit, the company mainly specializes in schools and universities, commercial development and office space. Etkin, which is part of Sordoni Skanska, also has a strong position in the growing Denver market. The acquisition opens up new markets in the Midwest and Rocky Mountain regions. The company's 1999 sales were SEK 2.8 billion.

In 1999, Skanska acquired the Gottlieb Group, a civil contractor. The acquisition fits nicely with Slattery's operations and together gives Skanska USA a very strong position in the New York market. The company's 1999 sales were SEK 322 M.

Construction of fiber optic network

U.S.-based RCN Corporation, a provider of data and telecommunications infrastructure, is planning to invest a total of approximately SEK 25 billion over the next three years to construct a fiber optic network. Skanska, in an alliance with MasTec, has received a project management assignment for the first stage of this project.

ISO 14001

All companies in the business area, except those acquired during 1999, achieved ISO 14001 environmental management certifica-

tion, making Skanska USA the first U.S. contractor to do so.

Market situation

The construction market as a whole is expected to grow at the same pace in 2000 as the American economy, that is, around two percent. Construction of non-residential buildings is expected to grow somewhat more slowly, with an increase of around one percent.

In some specific submarkets, however, growth is expected to be substantially higher than the overall rate. Highway and mass transit construction is expected to increase by a full 12 percent next year.

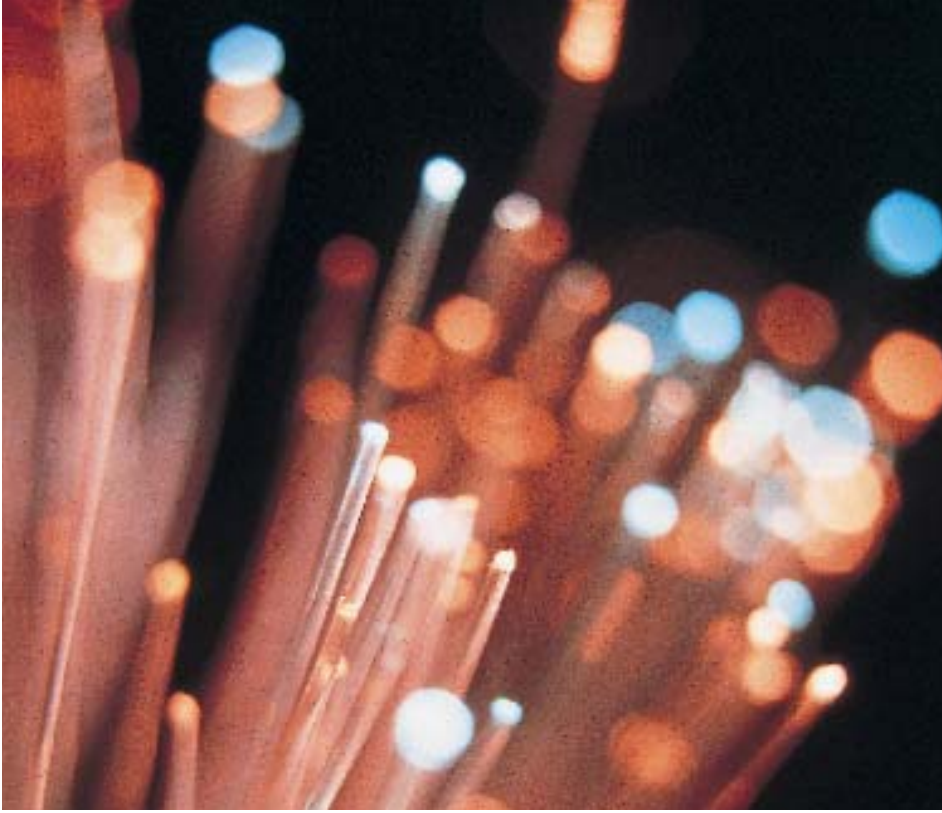
Housing demand is expected to be somewhat slower, but growth prospects remain positive in the residential property market segments in which Skanska USA works.

Opportunities and threats

In those submarkets that are expected to experience very rapid growth in the next few years, such as airports, high-speed rail, highways and mass transit, Skanska USA has a strong position.

Clients in the American market prefer to work with contractors with specialized knowledge in specific fields. This includes specialists in highways, marine construction, health care facilities, sports and entertainment facilities, office buildings, residential properties and so on. To be successful, it is therefore important to have critical mass in order to achieve leadership positions in these various niches. Skanska USA already has a strong position in several of these submarkets. Greater demand is creating room for Skanska USA to position itself on a national level as one of the largest contractors for infrastructure projects.

Skanska USA's latest acquisitions have given it access to further geographic markets with good growth potential.



The trend toward DBOM (design, build, operate maintain) projects is benefiting Skanska. With its collective expertise in all phases of the value circle, from design and concept to construction and operation, Skanska can offer a more complete range of construction-related services.

Skanska USA is aiming at higher value-added in its projects in order to achieve higher margins.

Shortages of skilled labor may create some obstacles to its growth ambitions.

Outlook for 2000

By virtue of its large year-end order backlog, the business area expects good growth during 2000. Given a higher service content in projects, there are prospects for increasing the operating margin.

Below are selected financial highlights for the larger companies in Skanska USA (SEK M)

Beers	1999	1998
Net sales	13,228	11,438
Operating income	166	109
Order backlog, Dec. 31	18,224	13,996
Average number of employees	2,985	2,641

Koch Skanska	1999	1998
Net sales	844	368
Operating income	88	30
Order backlog, Dec. 31	1,273	1,637
Average number of employees	169	135

SADE	1999	1998
Net sales	2,910	
Operating income	1	
Order backlog, Dec. 31	3,472	
Average number of employees	4,971	

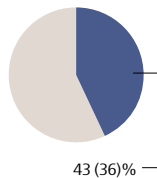
Slattery Skanska	1999	1998
Net sales	4,024	2,457
Operating income	351	92
Order backlog, Dec. 31	8,371	8,831
Average number of employees	1,379	855

Sordoni Skanska	1999	1998
Net sales	11,340	8,014
Operating income	106	104
Order backlog, Dec. 31	31,848	17,029
Average number of employees	1,347	1,024

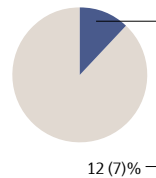
Spectrum Skanska	1999	1998
Net sales	192	106
Operating income	49	22
Order backlog, Dec. 31		
Average number of employees	129	86

Tidewater Skanska	1999	1998
Net sales	2,598	2,090
Operating income	108	62
Order backlog, Dec. 31	3,936	1,557
Average number of employees	2,355	1,876

Percentage of Skanska's net sales



Percentage of Skanska's capital employed



Skanska USA

SEK M	Total		Building construction		Civil construction	
	1999	1998	1999	1998	1999	1998
Net sales	35,437	24,072	24,779	19,557	10,658	4,515
Operating income	851	398	278	214	573	184
Income after financial items	881	448	301	252	580	196
Operating margin, %	2.4	1.7	1.1	1.1	5.4	4.1
Return on capital employed, %	42.9	35.6	34.6	39.1	48.9	32.0
Cash flow from business operations	1,207	780				
Average number of employees	13,348	6,630	4,474	3,764	8,874	2,866

The Big Dig, Boston

Boston's Central Artery opened in 1959 and was designed to carry 75,000 vehicles per day. Today it is jammed with 190,000 vehicles daily. The city's traffic problems became legendary, and by the early 1980s authorities decided that something had to be done.

Room for surface highway expansion in central Boston was nonexistent and the only alternative was to bury the city's thoroughways underground. The result was the Central Artery/Tunnel Project, better known as the Big Dig.

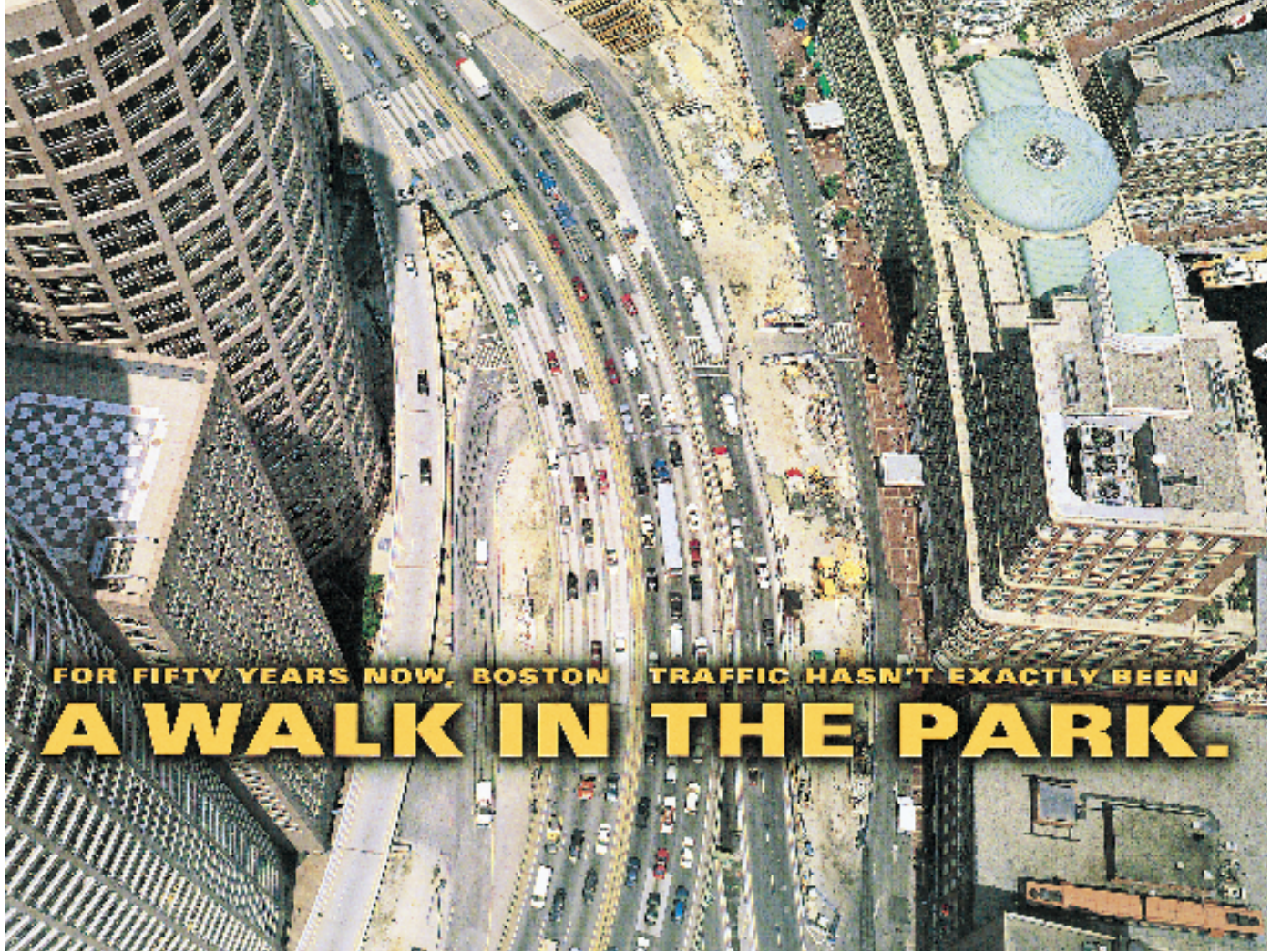
The Big Dig consists of two main elements. One is the extension of Interstate 90 (the Massachusetts Turnpike) from its current terminus south of downtown Boston under Boston Harbor to Logan International Airport. The other is the replacement of the existing elevated Interstate 93 through downtown Boston, including a tunnel under the heart of the city.

The project also includes a number of other elements. Among them are a two-bridge, 14-lane crossing of the Charles River; the world's largest highway tunnel ventilation system; the world's most advanced electronic traffic management and incident response system; and 150 acres of new parks and open space, including 27 acres downtown where the elevated Central Artery now stands.

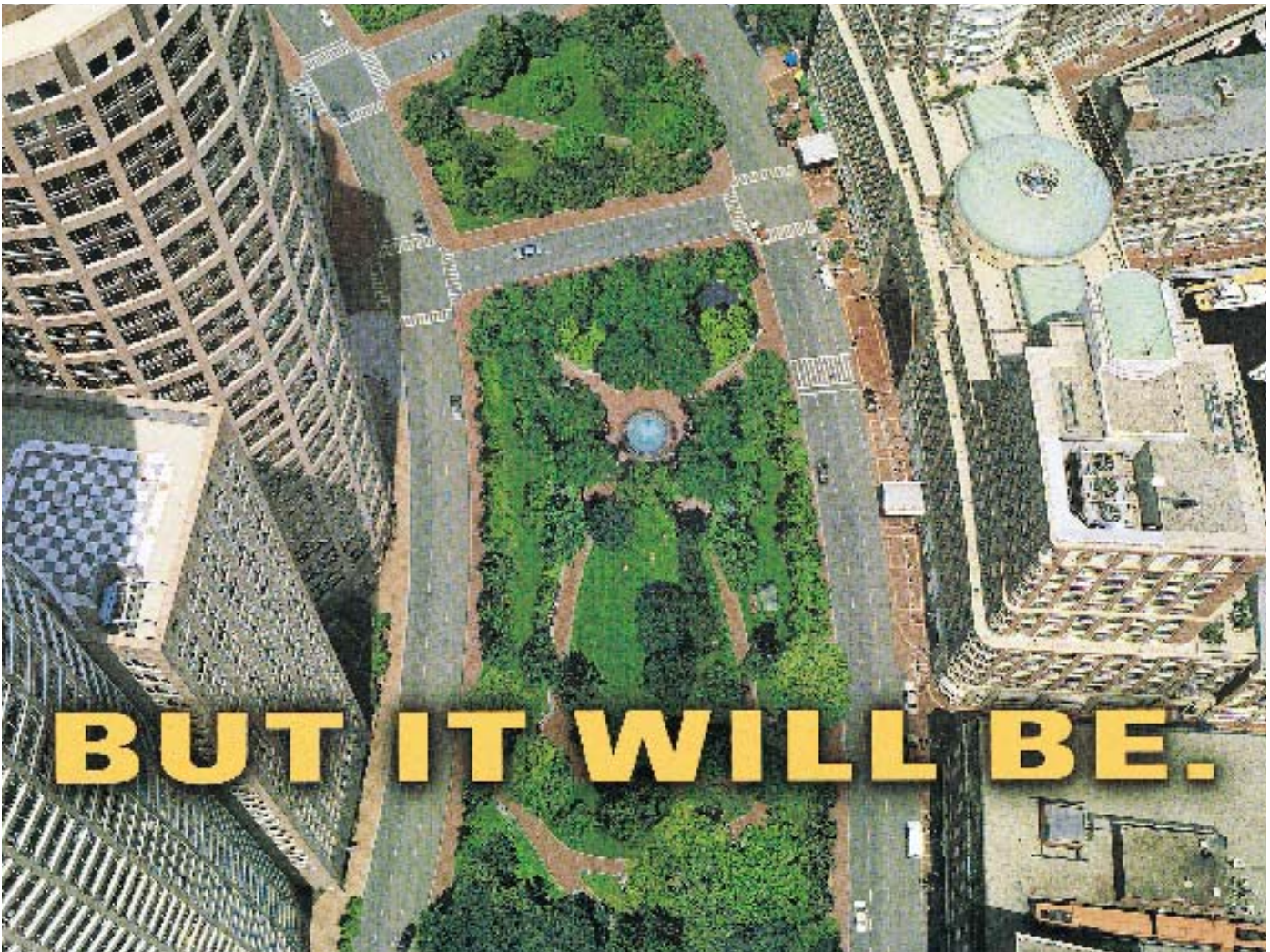
Numerous contractors are involved in the project. The Big Dig consists of 109 separate construction contracts in all. Slattery Skanska Inc. is a participant in three of these, with a value of about SEK 8.5 billion.



- In 1982, the first formal proposal for the Big Dig project was unveiled.
- In September 1991, groundbreaking took place.
- In December 2004, the whole project will be completed.
- The total cost is estimated at USD 10.8 billion (about SEK 94 billion).
- The U.S. federal government is covering about 70 percent of the cost, with the Commonwealth of Massachusetts paying about 30 percent.
- During 2000, when the project reaches its peak in terms of construction, it will employ 4,000 construction workers. This figure does not include construction management, design and other support staff.
- The new highway systems will be able to handle 245,000 vehicles a day without problems.



FOR FIFTY YEARS NOW, BOSTON TRAFFIC HASN'T EXACTLY BEEN
A WALK IN THE PARK.



BUT IT WILL BE.

Skanska Sweden includes the Group's Swedish operations in the fields of building and civil construction-related services. The business area also includes a number of specialized subsidiaries with construction-related operations. In addition, Skanska Sweden is responsible for the Group's exports of large civil construction projects to countries not regarded as main markets. Operations are grouped into six divisions.

Business orientation

Skanska Sweden's operations include building and civil construction-related services and construction systems as well as project development of both commercial and residential space.

Skanska Sweden is the largest construction company in Sweden, with an estimated market share of 10.5 percent. More than half of the business area's sales are generated in the three largest metropolitan regions, where its operations are increasingly concentrated.

One element of Skanska Sweden's strategy is to expand in the project development field. By joining projects at an early stage, it can take full advantage of its collective competence to create client benefit and value-added. This ambition has led to a higher proportion of projects where Skanska participates from concept to completion.

Another important element of its strategy is to expand in the operation and maintenance stage, also called facilities management. The acquisition of Ericsson Real Estate & Services, which provides facilities management to the Ericsson telecommunication group in Sweden, is one step in this strategy. To underscore the importance that the Group is assigning to facilities management, effective in March 2000 these operations are being organized into a separate business area – Skanska Service.

Earnings in 1999

Net sales rose by 12 percent to SEK 23,561 M compared to 1998. Meanwhile operating income climbed 49 percent to SEK 737 M (496) and operating margin rose to 3.1 (2.3) percent. Earnings were adversely affected by problems in the Dutch subsidiary of the subsidiary Myresjö, a manufacturer of prefabricated homes, and by nonrecurring expenses at the steel frame subsidiary Skanska Stålteknik.

All divisions showed improved earnings compared to 1998.

The main explanation for the improvement in earnings is the restructuring program and related reorganization that began

in 1998, with the grouping of Skanska Sweden into specialized divisions as one important element. Its effect has been lasting cost reductions, greater efficiency and a changed product mix, with a larger proportion of projects with high value-added and margins.

The Skanska Commercial Buildings Division showed significantly improved earnings due to concentration in Sweden's three largest metropolitan regions and an emphasis on project development. Construction service operations are performing well and today account for about 15 percent of division sales.

During 1999, the Skanska Residential Construction Division acquired more than 3,000 new building rights, half of them in the Stockholm region, worth SEK 500 M. During the year the division completed about 1,100 homes. Its ambition is to lower the average throughput time for development land from the current five to four years. The Skanska Sweden business area now has an inventory of 10,000 building rights, half of them in the Stockholm region.

The Skanska International Civil Engineering Division, which is responsible for exports of heavy civil construction projects, reported higher order bookings and earnings than in 1998.

Important business events

The Öresund Bridge

In August, the Öresund Link united Sweden and Denmark when the last element of the Öresund Bridge was lowered into place. The Link will be inaugurated on July 1, 2000, which is earlier than planned.

Gamla Filmstaden

Skanska Residential Construction acquired 50 percent of Gamla Filmstaden in Solna, former site of a well-known movie studio. It will build 550 apartments in partnership with the HSB cooperative housing organization plus 12,000 sq m (130,000 sq ft) of commercial space. The project includes renovation of all the historically protected movie studio buildings as well as new construction

for two companies in movie-related businesses, SF Bio and Svensk Filmindustri.

Physics Center

During 1999, the Skanska Commercial Buildings Division began construction of the Physics Center in Stockholm, a research center for the Royal Institute of Technology and Stockholm University. The investment totals SEK 1 billion. Skanska is also responsible for project financing.

Bo Klok

During 1999, Skanska Sweden continued its investment in Bo Klok (Sensible Housing), which targets clients who prioritize relatively inexpensive housing. At the H99 housing fair in Helsingborg, Bo Klok attracted heavy publicity.

Södra Länken

Skanska Underground Construction and Bridges, together with Skanska Road Construction, is building two more stages of the Södra Länkan (South Link) bypass in Stockholm for the National Road Administration in a contract totaling SEK 755 M. This includes renovating and lowering a 1,500 m (4,900 ft) stretch of the Nynäsvägen highway and building access ramps to highway tunnels near the Stockholm Globe Arena.

Hydroelectric power projects

Skanska International Civil Engineering received two orders for hydroelectric power projects, one in Peru where Skanska's share totals SEK 580 M and one in Sri Lanka, where the contract value totals SEK 450 M.

Agreement with Bredbandsbolaget

Skanska and Bredbandsbolaget signed a letter of intent to jointly develop and build broadband networks. Skanska is thereby taking a further step into the growing market for IT-related infrastructure.

Agreement with National Rail Administration

The Swedish National Rail Administration and Skanska reached an agreement on the al-



location of clean-up costs and compensation for damages after the 1997 environmental accident in southern Sweden's Halland Ridge rail tunnel, which led to the suspension of the project.

Skanska's assignment includes lining the existing tunnels with concrete. After that, the current contract between Skanska and the Rail Administration will end.

New Opportunities

The "New Opportunities" campaign included newspaper advertisements, TV spots and a drawing competition for children. Skanska Sweden wanted to show that it is taking steps to become more attentive to outside opinion, while conveying an image of Skanska as the service-minded company that it is.

Environmental certification

The business area's program to obtain ISO 14001 certification for its environmental management systems continued during 1999. All units will be certified no later than the end of 2000.

Market situation

The Swedish construction market grew by about six percent during 1999, and the Swedish Construction Federation expects it to grow by eight percent during 2000. The increase in demand for residential, office and retail space is especially apparent in the three largest metropolitan regions – Stockholm, Gothenburg and Malmö – and in other university cities.

Residential construction is the sector showing the fastest growth. During 1999, there were an estimated 14,000 housing starts. During 2000, projected housing starts total 16,000.

Opportunities and threats

Market rents in commercial properties are expected to rise further. The need for new housing in the three largest metropolitan regions exceeds the current level of construction. There are good opportunities for Skanska Sweden to help boost the rate of residential construction.

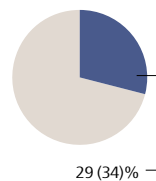
In the residential market, a greater differentiation in housing demand is apparent. Skanska Sweden is endeavoring to meet the needs for different types of housing products that the market is demanding. Together with the IKEA home furnishings group, Skanska Sweden has developed a housing concept, Bo Klok (Sensible Housing), aimed at clients who prioritize relatively inexpensive housing. Other projects, such as Gåshaga outside Stockholm, have been adapted to clients who demand more exclusive housing in a particularly attractive and unique milieu.

As for infrastructure projects financed by central and local governments, the public sector has decided to cut back its investments. The National Road Administration and National Rail Administration are thus expected to offer only a limited range of new construction projects over the next few years, aside from certain projects in the largest metropolitan regions.

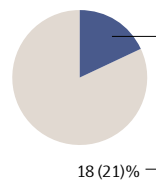
Outlook for 2000

During the current year, Skanska's volume growth is expected to be about the same as that of the overall market. As a result of changes in demand patterns, both from private and public sector clients, the product mix is expected to shift further toward products and services with higher value-added, which Skanska Sweden believes will result in continued earnings growth.

Percentage of Skanska's net sales



Percentage of Skanska's capital employed



Skanska Sweden

SEK M	Total		Building construction		Civil construction	
	1999	1998	1999	1998	1999	1998
Net sales	23,561	21,118	13,950	11,645	9,611	9,473
Operating income	737	496	297	97	440	399
Income after financial items	752	533	285	77	467	456
Operating margin, %	3.1	2.3	2.1	0.8	4.6	4.2
Return on capital employed, %	18.6	15.3	12.3	5.6	27.7	28.1
Cash flow from business operations	331	840				
Average number of employees	15,357	16,831	8,044	7,392	7,313	9,439

Percentage of net sales in the business area, by division

Skanska Underground Construction and Bridges	7
Skanska Residential Construction	12
Skanska Commercial Buildings	34
Skanska Industrial Construction	19
Skanska International Civil Engineering	5
Skanska Road Construction	23

Bo Klok



A joint venture between Skanska and IKEA

Bo Klok (Sensible Housing) is a concept jointly developed by Skanska and IKEA, the Swedish-based international home furnishings group. We wanted to do something adapted to small households, those consisting of one to three people. It is a target group that usually cannot afford to pay very much for their housing and that no one else was building for.

Through careful market surveys, we found out what kind of housing this target group wanted and how much it could pay. The result was Bo Klok, where the vision is to create better housing at low cost for many people.

In Bo Klok, we focus on the wishes of clients in terms of small-scale complexes, contact with the ground, light, space and a secure environment. Unlike traditional construction, Bo Klok apartment houses are a uniform standard product.

By combining Skanska's expertise in building and managing homes and IKEA's product concepts and home furnishings know-how, we have managed to satisfy the wishes of our target group at a reasonable price level.

Bo Klok was made possible because two companies with complementary skills together achieved something that neither could have managed by itself.

- Bo Klok homes have oak parquet flooring in all rooms, 20 cm (8 in) higher ceilings than standard homes, birch wood kitchens and tiled bathrooms.
- A Bo Klok apartment costs about SEK 3,000 per month and up.
- Bo Klok homes are sold via IKEA home furnishings stores.
- The concept includes home furnishings assistance and a gift certificate for SEK 3,000 worth of furniture purchases at IKEA.
- A Bo Klok development consists of at least 18 and at most 36 apartments.
- It takes about five weeks to erect a Bo Klok building.
- To date, about 300 Bo Klok apartments have been built in seven localities in Sweden.
- Over the next three years, volume is expected to be around 1,000 apartments per year.
- Surveys of residents show that people who live in Bo Klok apartments are very satisfied.
- There is heavy interest from other countries, and the first round of market surveys outside Sweden will take place in Great Britain, Norway and Poland.





Skanska Europe

Skanska Europe includes the Group's building and civil construction operations in Europe except for Sweden, with Finland, Denmark, Poland, Great Britain and Russia as the largest individual markets. Skanska Europe is also responsible for certain project management assignments outside Sweden in the building construction field. In addition, it includes the Group's component companies in the kitchen, flooring, roofing and window sectors.

Business orientation

The goal of Skanska Europe is to utilize its knowledge of local markets to strengthen and enhance the Group's position as a leading European company in the fields of construction-related services and project development. Growth shall occur both organically and through acquisitions. Skanska Europe endeavors to be an attractive partner for clients with operations and commitments in more than one European country.

Earnings in 1999

Net sales rose by 20 percent to SEK 20,959 M. Adjusted for companies acquired during the year, the increase was 13 percent. Operating income jumped to SEK 674 M, an increase of 82 percent. For comparable units, the increase was 54 percent.

The significant increase in the earnings of Skanska Europe's construction operations was primarily attributable to continued very good performance in Finland. Russian operations also performed well and showed positive earnings. In Danish and Norwegian operations, profit growth continued.

Operating income in 1999 was pulled down by investments in the establishment of construction operations in Central Europe, where initial overhead exceeded earnings.

Earnings were adversely affected by operations in Africa, which are now being re-structured.

Improved market conditions, as well as the impact of internal efficiency-raising programs and acquisitions, resulted in a significant improvement in the earnings of the business area's component companies.

Important business events

Divestment of component companies initiated
During the spring of 1999, a decision was made to initiate the divestment of Skanska Europe's component companies, whose operations are not deemed to fall within Skan-

ska's core operations. As a first step, the Essmann Group was sold late in the year.

Investments in project development

During 1999, Skanska Europe invested SEK 2.1 billion in development projects, or twice as much as in 1998. The main investments were in residential construction in Finland and in commercial property projects in Central Europe.

Launch of Skanska Entré in Finland

Skanska Entré means that clients can be offered apartments with a lower down payment and without a significant increase in risk to the bank providing the loan or to Skanska Oy.

The Fisketorvet project

Skanska Jensen is implementing the Fisketorvet project in central Copenhagen for Piren AB. Fisketorvet will be completed in September 2000 and will then become the largest shopping and entertainment center in Denmark, encompassing 54,000 sq m (580,000 sq ft) of retail space. The project employs more than 1,000 construction workers, making it the largest building site in Denmark.

Acquisitions in Norway

In keeping with its strategy of growth in Norway through acquisitions of established local businesses, Skanska acquired the construction companies Aadnøy A/S in Stavanger and Varna A/S outside Oslo.

Broadening the range of services

In Denmark, Skanska established itself in the strategically important field of installations.

Several orders in Great Britain

Skanska's partnership with Costain performed well during 1999. They landed some major orders, including the renovation of

the Great Western Hotel at Paddington Station, London and a highway assignment outside London.

Formation of the Nybron group

In February, Skanska acquired Parquets Marty SA, the leading wooden flooring company in France, which together with Kährs will be part of the newly formed Nybron group. This created Europe's leading wooden flooring company.

Karl Steiner AG

Due to a decision by a regional government agency in Switzerland, Skanska could not complete its planned acquisition of the Swiss construction company Karl Steiner Holding AG.

Environmental certification

Skanska Europe's work toward obtaining ISO 14001 environmental certification for all its units continued during 1999. Every unit will be certified by the end of 2000.

Market situation

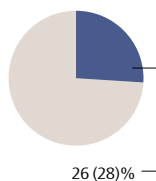
FINLAND

During 1999, the Finnish market grew by about six percent. Growth is expected to slow somewhat during 2000. Residential construction is expected to total 35,000 housing starts.

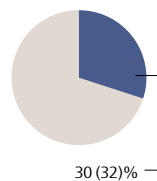
Skanska has a strong position in Finland, where Skanska Oy is the country's second largest construction company. In the housing sector, Skanska Oy is the largest single market player, having constructed 4,500 housing units in 1999.

The construction operations of the Polar group, which was acquired in 1998, were integrated with Skanska's other operations in Finland.

Percentage of Skanska's net sales



Percentage of Skanska's capital employed



DENMARK

The Danish construction market shrank by about four percent during 1999. This decrease occurred primarily in civil construction. During 2000, a continued decrease is expected. The Copenhagen region is showing strong growth, however.

In Denmark, through its subsidiary Skanska Jensen, Skanska is now the country's second largest construction company after a year of strong growth.

Project development related to residential and commercial space in localities outside Copenhagen, as well as a broadening of operations to also include installation work, contributed to the increase.

NORWAY

The Norwegian construction market shrank by eight percent during 1999. Skanska has established itself as a builder of commercial space in the Oslo region and, through acquisitions, as a builder of commercial and residential space in Stavanger.

CENTRAL AND EASTERN EUROPE

In its Central and Eastern Europe region, Skanska has operations in Poland, the Czech Republic, Hungary, Romania, Estonia, Latvia and Lithuania. The total construction market in these countries is worth about SEK 290 billion per year. The eastward enlarge-

ment of the European Union is expected to have a strongly positive impact on the construction markets in the countries now preparing for possible accession to the Union.

In this region, Poland is the largest single market for Skanska. Aside from Warsaw, during 1999 Skanska also established operations in Krakow and, via an acquisition, in Wroclaw.

RUSSIA

The Group's operations in Russia take place through the Finnish-based Skanska Oy and focus primarily on Moscow and St. Petersburg, where Skanska is the leading Western construction company.

Projects are underway in Moscow, St. Petersburg, Novgorod and Svetogorsk. During 1999, the organization was cut back, due to weak order bookings. Skanska's Russian operations are well positioned for the expansion that is anticipated after the presidential election in March 2000.

Opportunities and threats

The good economic growth of the past decade in a number of former East bloc countries has led to stability and a growing market for investments in infrastructure, among other things. The planned enlargement of the EU reinforces this trend.

Skanska Europe

SEK M	Total		Construction		Components	
	1999	1998	1999	1998	1999	1998
Net sales	20,959	17,460	14,241	11,681 ¹	6,718	5,779
Operating income	674	370	355	177	319	193
Income after financial items	466	238	296	160	170	78
Operating margin, %	3.2	2.1	2.5	1.5	4.7	3.3
Return on capital employed, %	10.2	7.1	15.6	12.3	7.2	5.1
Cash flow from business operations	970	245				
Average number of employees	15,683	15,101	9,726	9,717	5,957	5,384

¹ The 1998 Annual Report stated the figure 12,781. This higher figure included the acquisition of Polar in Finland, calculated on a full-year basis. This was later changed to "from the acquisition date" in compliance with new accounting principles.



Outlook for 2000

Overall, the business area expects continued positive growth in the earnings of its construction operations during the current year.

During 2000, Skanska Europe expects to sell all its component companies.

Below are selected financial highlights for the larger units in Skanska Europe (SEK M)

Skanska Central and Eastern Europe	1999	1998
Net sales	8,231	6,974
Operating income	345	200
Order backlog, Dec. 31	5,927	6,684
Average number of employees	5,073	3,812

Skanska International	1999	1998
Net sales	499	719
Operating income	-61	-35
Order backlog, Dec. 31	894	817
Average number of employees	1,931	3,705

Skanska Scandinavia	1999	1998
Net sales	5,133	3,988
Operating income	92	40
Order backlog, Dec. 31	4,134	2,404
Average number of employees	2,706	2,193

Skanska Great Britain	1999	1998
Net sales	378	
Operating income	5	1
Order backlog, Dec. 31	1,457	450
Average number of employees	16	7

Central and Eastern Europe: Finland, Russia, Central Europe (Poland, Czech Republic, Hungary and the three Baltic countries of Estonia, Latvia and Lithuania)

International: Global project management, Germany and Africa

Scandinavia: Denmark and Norway

Great Britain: Skanska's share of the joint venture with Costain

Scandic Hotel, Helsinki

In central Helsinki, Finland, Skanska is building a modern hotel. Here we have focused on environmental issues throughout the process, from the development stage via construction to operation and maintenance.

The project is an example of how Skanska has played an active role in the development of an urban district through close collaboration with landowners, users and investors.

In April 1997, an agreement was signed with the city of Helsinki on the construction of a hotel in the Simonkenttä district. In August the same year, at Skanska's initiative, an agreement was signed with the Scandic Hotel company as operator of the hotel and with the Tapiola insurance company as its owner. Project planning began. In May 1998, groundbreaking took place. In June 2000, the project will be completed.

Skanska, Tapiola and Scandic Hotel are all companies that are heavily committed to the environment. The goal of our joint project has been to develop practical methods and models in which the environmental aspects become a natural and important element of the entire construction process. Environmental thinking has been decisive in selection of materials, equipment and waste management. The entire interior of the hotel has followed Scandic Hotel's environmental program. In addition, the service manuals for the hotel contain very thorough environmental documentation.

The hotel is one of the pilot projects in an environmental development program called ProGresS, run by Skanska Oy. Experience from the project will be used in order to improve the construction process and design management from an environmental perspective.



- The Tapiola insurance company is a major property owner in Finland and already owned 12 hotel properties.
- For the Swedish-based Scandic chain, the hotel in Simonkenttä will be the first newly built hotel in Finland under its own management.
- The hotel totals 25,000 sq m (270,000 sq ft) in size.
- There are 360 guestrooms, conference facilities, restaurants and boutiques.
- The order sum was about SEK 500 M.





Skanska Project Development and Real Estate

Business orientation

With the help of Skanska's collective resources, Skanska Project Development and Real Estate develops commercial real estate and infrastructure projects in which the Group invests its own capital. Value-added can be generated in several stages, by combining resources and expertise in project development, leasing, project management, construction, property management and financing.

The goal is to achieve a high return on capital invested, with limited risk-taking. The business area seeks a high turnover in its property portfolio. In deciding whether to divest a property, Skanska continuously compares current market value with the current value of each property's future earnings capacity. Properties to be divested are packaged in such a way as to command the highest possible price. The buyers are primarily institutions and real estate companies.

Project development operations specialize primarily on initiating, developing and managing commercial real estate projects, such as office buildings, shopping/business centers, distribution centers and various infrastructure facilities.

Development of commercial real estate projects is currently taking place in Stockholm, Gothenburg and Malmö, Sweden; Copenhagen, Denmark; Warsaw, Poland; Prague, Czech Republic; Budapest, Hungary; and Munich, Germany.

The business area is responsible for collaborating with other Skanska units to identify, launch and develop real estate and infrastructure projects in Sweden and other countries. The operations of the business area also include the management, upgrading and divestment of Skanska's portfolio of investment properties.

Operations are organized into three project development units – Sweden, Europe and BOT (privately financed infrastructure projects) – and three real estate management companies: Stockholm, Gothenburg and Øresund.

New markets are developed gradually in collaboration with other business areas. All operations take place through Skanska's own local organizations. During 1999, the business area established a local presence in St. Petersburg and Moscow, Russia; and in Buenos Aires, Argentina to explore the opportunities for profitable project development.

The business area's real estate portfolio consists of commercial space in major metropolitan regions.

The real estate management companies focus primarily on leasing, operation and divestments of existing investment properties, but they also carry out minor renovation and upgrading projects.

Build-Own/Operate-Transfer (BOT) operations focus mainly on airports, harbors, hydroelectric power, roads and bridges. These operations have a broad international market base.

The business area pursues active work in the environmental field, which is expected to strengthen its long-term competitiveness in the rental market.

Earnings in 1999

Due to smaller gains on the sale of properties, the year's operating income, SEK 1,390 M, was somewhat lower than in 1998.

The operating net of investment properties was higher than in 1998, due among other things to lower costs for the adaptation of premises to tenant requirements and higher rents.

Market value of investment properties

During 1999, the business area conducted an internal appraisal of the market value of its investment properties, partly based on collaboration with outside appraisers. As of December 31, 1999, the market value of these properties was estimated at SEK 13.2 billion, of which SEK 0.2 billion was Skan-

ska's share in partly owned properties. The corresponding book value totaled about SEK 6.9 billion.

In these appraisals the average required yield, using a normalized operating net, amounted to more than 7 percent. The increase in the estimated market value of an identical property portfolio during 1999 was about 10 percent.

Important business events

Higher project investments

During 1999, the business area approved the construction of new projects with aggregate leasable space of about 100,000 sq m (1.07 million sq ft), representing a total investment of about SEK 1.3 billion. These new projects included office buildings for Ericsson Sweden and Intenia in Stockholm, new phases in the Barkarby shopping center outside Stockholm, new office space for Telia in Malmö, as well as new phases in Kalvebod Brygge in Copenhagen, the West End Business Center in Budapest and the Atrium project in Warsaw. In addition, Skanska began construction and sold one phase of Kalvebod Brygge to Germany's Landesbank Kiel. The Fisketorvet shopping center in Copenhagen was sold to the associated company Piren.

Acquisition of building rights and properties

The year's investments in new building rights and properties totaled about SEK 0.9 billion and included Irinyi József u. in Budapest; the Dykaren, Lammet and Gångaren city blocks of central Stockholm; and additional land in Barkarby. Total properties and building rights acquired were equivalent to 260,000 sq m (2.8 million sq ft).

Properties completed

During the year, Skanska completed properties with a book value of SEK 1,259 M and a yield on book value of 10.8 percent.



Property divestments

Properties were divested in Malmö; Copenhagen; Vienna, Austria; and Stockholm, among other localities. The total sale price was SEK 1,438 M, with a capital gain of SEK 803 M

New BOT projects

In Great Britain, an agreement was reached on a BOT project, Kings College Hospital, just outside London. The project, which Skanska is implementing in collaboration with Costain and others, includes construction, facility management and financing. Skanska's ownership stake totals 33.3 percent.

Environmental certification

The business area has introduced environmental management systems and has obtained ISO 14001 certification for all units

except one. All units in the business area will be certified by the end of 2000.

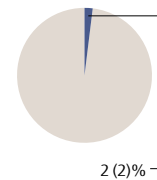
Market situation

During 1999, most markets developed favorably in terms of vacancy rates, rent levels and property prices. The Swedish, Danish and British markets strengthened further. The picture is more divided in Germany and Central and Eastern European markets. Of the Central European cities where the busi-

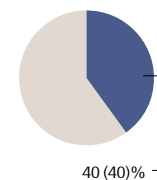
Skanska Project Development and Real Estate

SEK M	1999	1998
Net sales	1,309	1,265
Operating income	1,390	1,585
Income after financial items	1,151	1,375
Return on capital employed, %	15.7	20.3
Cash flow from business operations	213	457
Average number of employees	225	211

Percentage of Skanska's capital employed



Percentage of Skanska's capital employed



ness area operates, Budapest developed favorably while growth slowed somewhat in Warsaw.

As for investor markets, the largest positive change during the year was the increased interest in real estate investments in Central Europe.

During 1999, competition intensified in the Scandinavian markets. Prices of land

and building rights rose markedly. Here Skanska's competitors consist of the largest construction and real estate companies – AP Fastigheter, NCC, JM, Castellum, Diligentia, Drott and Balder. As for large projects outside Scandinavia, the business area competes with a few large international market players and with smaller local players.

Opportunities and threats

Most of the markets where the business area operates today are expected to show continued positive growth in terms of rent levels and property prices. The business area's local organizations are well positioned to take advantage of the available opportunities. Decisions on new projects are based on

Project operations, 1999

Completed projects, SEK M

Book value, December 31, 1999	1,259
Estimated operating net, fully leased	136.1
Return on book value, %	10.8
Economic occupancy rate, %	99

Ongoing projects, SEK M

Estimated book value at completion	2,340
Estimated operating net, fully leased	262.4
Return on book value, %	11.2
Economic occupancy rate, %	62

Properties sold during 1999

SEK M	Sales price	Book value	Capital gain
Stockholm	151	74	77
Øresund	1,048	451	597
Göteborg	8	5	3
Europa	231	105	126
Total	1,438	635	803

The business area's properties

SEK M	1999	Book values 1998
Investment properties	6,919	6,359
Investment properties under construction	2,173	1,168
Undeveloped land and development properties	1,028	975
Total	10,120	8,502

Unutilized building rights, December 31, 1999

Sq m

Stockholm, central	45
Stockholm, northern	80
Stockholm, southern	80
Total Stockholm	205
Total Gothenburg	184
Øresund Malmö	47
Øresund Copenhagen	109
Total Øresund	156
Budapest	91
Prague	32
Warsaw	10
Total Central Europe	133
Total	678

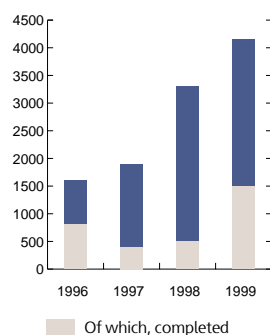
Investment properties under construction

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, 1999
Real estate projects completed during 1999						
Stockholm	61	97.3	88.9	100	-	865
Gothenburg	40	38	32	100	-	302
Europe	8	15.6	15.2	89	-	92
Total	109	150.9	136.1	99	-	1,259
Ongoing real estate projects, Dec. 31, 1999						
Stockholm	85	145.7	133	84	1,197	442
Øresund	35	63.6	57	14	531	116
Gothenburg	25	33.1	28.9	100	291	300
Europe	18	49	43.5	0	321	56
Total	163	291.4	262.4	62	2,340	914

Investment properties under construction

2,173

Total construction cost, completed and current property projects¹, SEK M



¹Completed during 1999 or under construction on December 31, 1999.

Skanska Project Development and Real Estate, investment properties

SEK M	1999	1998
Book value	6,919 ¹	6,359 ¹
Rental revenues	1,184	1,204
Operating net before central overhead	826	737
Central company and business area overhead	48	42
Operating net after central overhead	778	695
Return on book value, %	11.2	10.9
Leasable space, 000 sq m	1,055	1,076
Residential	27	33
Retail	103	109
Office	591	568
Other	334	366
Economic occupancy rate, %	94	93

¹After eliminating intra-Group profits, SEK 235 M (Q18).

knowledge of tenants, market conditions, project design, competitors and financing alternatives. Many of the projects completed over the past few years have been largely leased even before groundbreaking, which has limited the risks.

The business area's presence in many different markets, combined with strong local organizations, has resulted in major opportunities in the rapidly globalizing rental and real estate markets.

A slowdown in growth in a number of markets may result in lower demand for space and a more subdued pace of rent increases. An increase in nominal interest rates could lead to lower demand and lower price appreciation for certain types of properties.

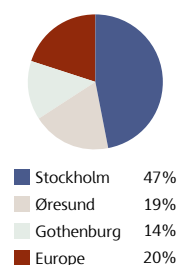
As for privately financed infrastructure, a continued increase in demand is discernible in many markets.

Outlook for 2000

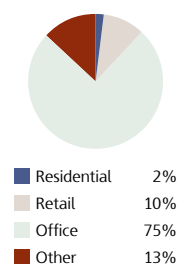
Market conditions for the operations of the business area are expected to remain favorable. Most markets will be characterized by good growth, creating the potential for new projects.

Earnings are expected to exceed those of 1999, primarily due to gains on the sale of properties.

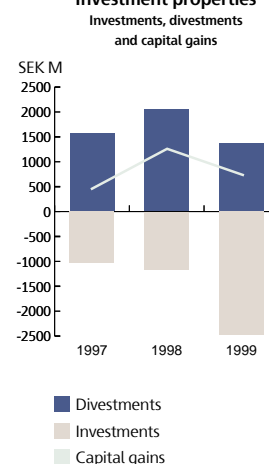
Rental value by company



Rental value by type of space



Investment properties



Expiration year of leases, investment properties

Percentage of rental revenues	Sweden	Other Europe	Total
2000	9	3	8
2001	14	25	16
2002	15	4	13
2003 and later	56	66	58
Residential	2		2
Parking facilities	4	2	3
Total	100	100	100

Investment properties, December 31, 1999, on an annual basis

SEK M	Number of properties	Leasable area, 000 sq m	Rental revenues, 1999	Operating expenses	Maintenance, adaptation to tenants	Real estate tax	Ground rate	Property administration	Operating surplus	Book value	Yield on book value, %	Rental value, 2000 ¹	Economic occupancy rate, %	Estimated market value
Stockholm	37	482	555	55	53	36	47	13	351	2,768	12.7	594	92	5,900
Øresund	32	251	214	32	14	12	2	10	144	1,458	9.9	244	96	2,000
Gothenburg	21	234	167	26	13	6	0	10	112	883	12.7	178	97	2,400
Europe	4	88	201	2	0	1	4	7	187	1,810	10.3	251	92	2,700
Total	94	1,055	1,137	115	80	55	53	40	794	6,919	11.5	1,267	94	13,000

Central company and business area expenses

-48

Operating net after central overhead on annual basis

746

10,8

Added back to adjust for acquisitions and divestments during 1999

32

Operating net after central overhead according to income statement

778

11,2

¹ The sum of contracted rent and estimated market rent for unleased space.

Investment properties, January 1, 2000

SEK M	Number of properties	Leasable area, sq m	Book value	Rental value, 2000 ¹
Investment properties, December 31, 1999	94	1,055	6,919	1,267
Investment properties completed during 1999 ²	8	109	1,259	151
Total	102	1,164	8,178	1,418

Investment properties - year-end surplus value

SEK bn	1999	1998
Estimated market value	13.2	11.6
Book value	6.9	6.4
Surplus value	6.3	5.2

¹ The sum of contracted rent and estimated market rent for unleased space.

² Reported as investment properties effective on January 1, 2000.

Stadshagen, Stockholm



A new urban re-development area takes shape

One of Skanska's fields of expertise is in identifying undeveloped land and real estate with a high value-added potential. In Stadshagen, a district in the northwestern part of the island of Kungsholmen – just outside of Stockholm's urban core – we found such an area. It consisted primarily of various low barracks buildings and the St. Göran Children's Hospital, which was planning to close soon.

Together with a number of architectural offices, we examined various redevelopment opportunities for this district. It was also important to be in contact with potential tenants in order to adapt the properties to their needs.

The area is now undergoing a far-reaching transformation aimed at creating an attractive, modern

and effective milieu for knowledge-intensive service companies. Certain portions were completed during 1999.

Our retrofitting of the former children's hospital is an example of how a public building can be adapted to the needs of a global export-oriented company, in this case the Electrolux appliance group.

Other clients for which we are developing new office space in the area are Ericsson Hewlett Packard (EHPT) and Ericsson Sweden.

When more companies move into the area, this will also have a positive impact including improvements in communications and services, with the City of Stockholm and Skanska working together to create an attractive local environment.



1. Electrolux headquarters 2. Ericsson Hewlett Packard (EHPT) 3. Ericsson Sweden



- Skanska began to purchase properties in the area in 1996.
- Skanska has building rights for a total of 120,000 sq m (1.3 million sq ft) in the area, about half of which it has utilized.
- Electrolux became the first tenant in the area when the company moved its headquarters, with about 1,000 employees, into the former children's hospital during the summer of 1999.
- All redevelopment is taking place in close collaboration with the City of Stockholm.
- In 3-4 years, between 4,000 and 5,000 work-places will be created in the area.
- To increase the area's attractiveness to companies, new fitness club facilities, restaurants and stores are being created.

Strategic service companies

The Skanska Group includes three service companies that do not belong to any single business area. These subsidiaries have general functions and comprise a Groupwide resource for all Skanska business areas.

Skanska Financial Services

Skanska Financial Services AB (SFS) is responsible for the Group's central financial management operations. The main tasks of SFS are to:

- Support the Group's core business by supplying financial know-how, leading to greater competitiveness for the Group's operative units. If Skanska is to compete successfully for construction assignments, increasingly often it is necessary to offer financial solutions to the client. The role of SFS is to structure and procure client-tailored, competitive external financial solutions. Sometimes Skanska can make contracting projects possible by participating in their financing, taking a limited risk of its own. In that case, the task of SFS is also to analyze and manage the financial risks that may arise for Skanska.
- Assume strategic, continuous responsibility for the Group's borrowings and relationships with financial institutions. Through SFS, in 1999 the Group was the first construction company to arrange a borrowing program denominated in both SEK and EUR, a medium-term note loan. SFS is responsible for ensuring that the Group's cash flows are efficiently managed. Other tasks include managing the Group's financial assets. It performs these operations within strictly regulated limits established by Skanska AB's Board of Directors, continuously monitored by several supervisory bodies.
- Analyze and manage the financial risks that arise from the Group's operations. In its business operations, Skanska is continuously exposed to financial risks, for example in the foreign exchange and interest rate fields. SFS works closely with line operations to analyze and quantify any exposures. After that, SFS focuses on risk- and damage-limiting measures, including risk transfers to external partners. For other

risk management, such as the risk of damage to or loss of Skanska's property or projects, SFS works with carefully balanced insurance programs, often organized by the Group's own captive insurance companies in Sweden and Luxembourg.

- Provide the units in the Group with all other services they need on financial matters. SFS manages cash flows, including short-term liquidity of about SEK 20 billion per month. The company is located in Stockholm but is also represented in Malmö, Copenhagen, Helsinki and Washington.

Skanska Teknik is a hub for the support and coordination of technical research and development in the Group.

Skanska Teknik

The main task of Skanska Teknik AB is to build up strategic technical expertise that strengthens and enhances Skanska's business operations throughout the value circle. It does so through targeted human resource development in the form of advanced project work, internal and external development projects and participation in research projects. At any one time, Skanska Teknik has a number of employees who are undergoing doctoral training in conjunction with national and international research programs. Development work occurs in close collaboration with Skanska's construction units.

Skanska Teknik is a hub for the support and coordination of technical research and development in the Group.

Skanska Teknik has a certified environmental management system and highly de-

veloped environmental know-how that is directly adapted to project-related activities. During its management system work, it developed a number of pre-production planning tools. Today all Skanska pre-production planners have access to these tools and to checklists, databases on chemical substances and Groupwide lists of prohibited materials.

In its role as a strategic resource, Skanska Teknik continuously trains employees with broad and in-depth technical expertise to work as project managers, then hires them out to Skanska Group projects.

In a proprietary system called PNet, Skanska Teknik has built up expertise in Internet-aided management of pre-production planning work.

Skanska Teknik prioritizes projects that require special technical know-how. Some of the projects in which Skanska Teknik serves as a strategic resource are:

- Allébron in Stockholm, an assignment that Skanska's bridge department landed by delivering the best technical solution.
- The Gothia Tower Hotel in Gothenburg, where Skanska Teknik's pre-production planners were the lead planners at an early stage together with Skanska's client, the Swedish Exhibition and Congress Center.
- STURE in Norway, a gas storage facility where Skanska Teknik's unique expertise helped provide Norsk Hydro with a very environmentally safe solution for the storage of liquefied petroleum gas.
- Waldemara in Riga, Latvia, where Skanska Teknik was in charge of pre-production planning, architecture and engineering for a new business center.

Skanska Teknik's know-how and experience of international standards helps Skanska to implement advanced quality assurance projects.

Skanska Teknik's invoicing to the Skanska Group accounts for 80 percent of sales. Among its employees are four full profes-



Three Skanska employees who just earned their Swedish doctorates, along with the traditional top hat that goes with it.

sors, four doctors of technology, three licentiates of technology and ten doctoral students.

Skanska IT Solutions

Skanska IT Solutions AB (Skanska ITS) is an information technology company specializing in the construction and real estate sectors. Skanska ITS provides advisory services, project management, procurement and systems development work. The company also sells software, technical and support services and IT infrastructure services. Skanska ITS works for both internal and external clients.

Skanska ITS has a total of around 500

companies, business areas and divisions as clients. Most of these clients are external real estate and construction consulting companies, but companies in the Skanska Group account for the largest assignments and about 80 percent of sales. Skanska ITS possesses solid operational know-how related to the construction and real estate sectors, as well as advanced project management expertise. Among the company's employees are systems analysts, computer technicians and computer project managers. In addition to their IT expertise, about one third of employees have some form of experience from the construction and real estate industries.

One of the most important roles of Skanska ITS is to provide effective and reliable systems for communications, accounting and operative management, reporting and follow-up, and administration and human resources management for the entire Group. Because the Skanska Group operates in some 50 countries, these services and systems must meet high standards.

Because of its extensive experience of the construction and real estate industry and of boundary-breaching IT solutions, the company can successfully contribute to the positive growth of both internal and external clients' operations.

1999, SEK M	Number of employees	Sales	Total assets	Income after financial items
Skanska Financial Services	30		11,300	86
Skanska Teknik	220	180		
Skanska IT Solutions	135	142		

Share data

Capital stock

At the end of 1999, Skanska's capital stock amounted to SEK 1,366.2 M, divided into 113,854,968 shares, each with a par value of SEK 12. The capital stock is divided into Series A and Series B shares. All shares are non-restricted. Series A shares carry 10 votes apiece, whereas Series B shares carry one vote apiece.

Trading in Skanska shares

Skanska's Series B shares have been quoted on the A list of what is now called the OM Stockholm Stock Exchange since 1965. A round lot consists of 100 shares.

At the end of 1999, the market price of a Series B share was SEK 317 (225). Skanska's total market capitalization amounted to SEK 36,092 M (25,617). During the year, the lowest price per share was SEK 213 and the highest SEK 347. The number of Skanska shares traded on the OM Stockholm Stock Exchange during the year was 49,887,642 (52,420,247), a decline of 4.8 percent compared to 1998. This was equivalent to an average of 197,967 shares (209,681) per trading day. Trading volume was equivalent to 48 percent (50) of the total number of Series B shares outstanding at the end of each respective year. The total number of shareholders at year-end was 62,050 (59,160).

Dividend policy

The regular annual dividend will be equivalent to 35-45 percent of the Group's sustained profit after taxes as estimated by the Board of Directors, or a minimum of 5-6 percent of the Group's adjusted shareholders' equity as estimated by the Board. Surplus capital not needed to develop the Group's core operations shall be transferred to the shareholders in an efficient way from a tax standpoint.

Dow Jones Sustainability Index

Since September 1999, Skanska's Series B shares have been part of the Dow Jones Sustainability Index, which includes international companies that are pacesetters in their environmental work.

Changes in capital stock, SEK M

Year	Reduction	Stock 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



During 1999, the following stock brokerage houses and banks published new analyses of Skanska or updated earlier ones:

Publisher	Analyst	Telephone
Alfred Berg	Lars-Åke Bokenberger	+46 8-723 58 00
Aros Securities	Rikard Jakobsson	+46 8-407 92 00
BG Bank	Jonas Guldbog Hansen	+45 433 030 30
Cheverreux Nordic	Tomas Ramsälv	+46 8-723 51 00
D. Carnegie	Fredrik Grevelius	+46 8-676 88 00
Danske Securities	Bertil Nilsson	+46 8-568 815 02
DnB Markets	Lars Carlsson	+46 8-440 58 00
Enskilda Securities	Erik Nyman	+46 8-522 295 00
Erik Penser	Rickard Alte	+46 8-463 80 00
J. P. Morgan	Mike Betts	+44 207 325 8976
Handelsbanken Markets	Hans Derninger	+46 8-701 10 00
Merrill Lynch	Karl Debenham	+44 207-772 1000
H Merita Nordbanken	Jonas Andersson	+46 8-614 70 00
Orkla Securities	Johan Gahm	+46 8-587 199 00
Swedbank	Stefan Sundblom	+46 8-585 900 00
SBC Warburg	Per Afrell	+46 8-453 73 00

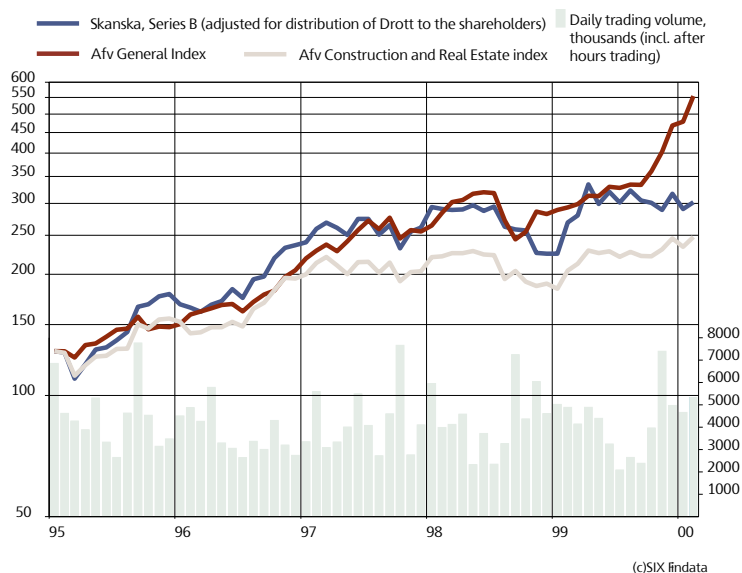
Shareholdings by size

December 31, 1999	Number of shares held	Number of shareholders	% of all shareholders	Total number of shares held	% of capital stock
1- 500		51,826	83.5	6,978,718	6.1
501- 1 000		5,647	9.1	4,526,171	4.0
1 001- 2 000		2,287	3.7	3,537,601	3.1
2 001- 5 000		1,327	2.2	4,302,193	3.8
5 001- 10 000		457	0.7	3,409,694	3.0
10 001- 20 000		202	0.3	2,935,665	2.6
20 001- 50 000		127	0.2	3,884,251	3.4
50 001-100 000		65	0.1	4,926,781	4.3
100 001-		112	0.2	79,353,894	69.7
Total		62,050	100.0	113,854,968	100.0

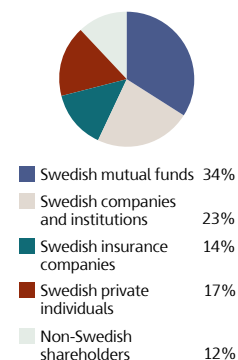
Shares by category

Category	Number of shares	% of voting power	% of capital stock
A	9,100,740	46.5	8.0
B	104,754,228	53.5	92.0
Total	113,854,968	100.0	100.0

Skanska share price movement, January 1, 1995-February 29, 2000



Shareholders, by category Percentage of capital stock, December 31, 1999



The largest shareholders in Skanska AB

Holding on Dec. 31, 1999	% of capital stock	% av voting power
Swedbank mutual funds (Robur)	14.0	8.2
Industrivärden, AB (investment company)	7.1	29.8
Swedish National Pension Insurance		
Fund, Fourth Fund Board	6.7	4.4
AMF Pension	4.6	2.6
Nordbanken mutual funds	4.4	2.5
SPP (retirement insurance)	2.8	1.6
Svenska Handelsbanken mutual funds	2.6	1.7
IKEA Investment AB		
(unit of home furnishings group)	2.5	10.1
Swedish National Pension Insurance		
Fund, Fifth Fund Board	2.0	1.2
Skandia (insurance)	2.0	1.1
Skandinaviska Enskilda Banken (SEB) mutual funds	1.5	0.9
AMF Sjukförsäkring (health insurance)	1.5	0.9
Svenska Handelsbanken pension fund	0.9	4.6
Länsförsäkringar Wasa (insurance)	0.8	0.4
SEB employee profit-sharing foundations	0.8	0.5
Swedish Cooperative Union pension fund	0.8	0.6
Total	55.0	71.1
Other shareholders in Sweden	32.8	21.7
Shareholders abroad	12.2	7.2
Total	100.0	100.0

Source: Swedish Securities Register Center (VPC), December 31, 1999

Five-year group financial summary¹

SEK M	1999	1998	Pro forma 1997	Pro forma 1996	1995
Order bookings	96,894	77,383	58,950		
Order backlog	93,686	67,871	51,745		
Income statements					
Net sales	79,128	62,435	49,577	37,844	37,754
of which, outside Sweden, %	72	68	62	52	39
Operating income after depreciation					
Construction operations	1,887	998	492	432	
Industrial operations	319	193	252	105	
Property management	653	580	581	642	
Other real estate business	-43	-122	-14	31	
Sale of properties	703	1,266	423	667	
Writedowns/reversals of writedowns	-5	-14	8	51	
Share of income in associated companies	657	684	674	524	
Items affecting comparability	3,287	1,033	-944	0	
Other business	-557	-242	-676	-213	
Operating income	6,901	4,376	796	2,239	3,097
Financial items	-39	449	9,316	1,761	-524
Income after financial items	6,862	4,825	10,112	4,000	2,573
Taxes	-2,483	-1,965	-2,864	-517	-692
Minority interest in income	-98	-78	-122	-65	-271
Net profit for the year	4,281	2,782	7,126	3,418	1,610
Cash flow					
From business operations	2,603	2,347			
From investment operations	1,834	-2,586			
From financing operations	-2,349	1,121			
Cash flow for the year	2,088	882			

¹ The years 1996 and 1997 are stated on a pro forma basis, excluding Drott and with JM deconsolidated. For the years 1996, 1997 and 1998, the percentage of completion method was applied in contracting companies, whereas 1995 was reported according to the completed contract method. Other changes in accounting principles have been taken into consideration in comparative years.

SEK M	1999	1998	Pro forma 1997	Pro forma 1996	1995
Balance sheets					
Properties in real estate operations	10,239	8,597	8,580	8,703	20,152
Shares and participations	2,602	7,157	6,695	8,019	4,325
Other fixed assets	7,511	6,773	6,581	6,342	2,799
Interest-bearing receivables	2,192	2,372	2,090	1,917	2,143
Non-interest-bearing receivables	19,236	13,876	11,090	9,971	7,823
Current-asset properties	3,978	2,603	1,301	1,150	1,410
Bank balances and short-term investments	5,583	3,505	2,553	1,247	3,639
Shareholders' equity	16,391	13,519	11,817	10,297	12,246
Minority interests	292	271	151	102	1,438
Interest-bearing liabilities and provisions	8,390	7,855	5,085	11,319	13,363
Non-interest-bearing liabilities and provisions	26,265	23,238	21,837	15,631	15,244
Balance sheet total	51,338	44,883	38,890	37,349	42,291
Capital employed	25,073	21,645	17,053	21,718	27,047
Interest-bearing net indebtedness	615	1,978	442	8,155	7,581
Average number of employees	45,063	39,246	35,035	34,228	32,728
Financial ratios etc.					
Dividend per share, SEK	16.00 ¹	12.00	11.00	10.00	5.00
Net profit per share, SEK	37.6	24.4	59.4	27.1	12.8
Equity per share, SEK	144.0	118.7	103.8	81.8	97.2
Return on shareholders' equity, %	28.6	22.0	64.4	39.2	14.1
Return on capital employed, %	31.5	27.0	54.3	25.6	15.1
Ditto, adjusted for items affecting comparability and share divestments	17.3	18.3	12.0	12.3	15.0
Equity/assets ratio, %	32.5	30.7	30.8	27.8	32.4
Debt/equity ratio	0.0	0.1	0.0	0.8	0.6
Interest cover	11.2	8.5	17.5	5.5	2.6

¹ Proposed by the Board of Directors, of which extra dividend SEK 4 per share.

Definitions

Net sales in construction operations (unearned revenue)	Construction costs accrued plus unearned contribution to fixed costs.
Margin in construction operations	Operating income as a percentage of net sales.
Invoiced but unearned revenue	Invoicing (external) minus net sales.
Interest-bearing net indebtedness	Interest-bearing liabilities including pension liability minus liquid assets and interest-bearing receivables.
Net profit per share	Net profit for the year divided by the average number of shares.
Equity per share	Visible shareholders' equity divided by the number of shares.
Return on shareholders' equity	Income as a percent of average visible shareholders' equity.
Return on capital employed	Operating income, financial revenues and net holdings in associated companies, as a percentage of average capital employed. Capital employed is visible shareholders' equity plus interest-bearing liabilities.
Equity/assets ratio	Visible shareholders' equity including minority interest, as a percentage of total assets.
Debt/equity ratio	Interest-bearing net indebtedness divided by visible shareholders' equity including minority interest.
Interest cover	Operating income, financial revenues and net holdings in associated companies, divided by financial expenses.
Operating net on properties	Rental revenues and interest subsidies minus operating, maintenance and administrative expenses plus real estate tax. Site leasehold rent is included in operating expenses.
Yield on properties	Operating net as above, divided by year-end book value.
Number of shares outstanding:	1997-1999: 113,854,968. 1995-1996: 125,923,860.

Structural changes and important events

The task of implementing the Group's previously established strategy continued during 1999. This strategy entails a focus on core operations, that is, building and civil construction-related services as well as project development and real estate. Continued restructuring transactions, increased internationalization and development of "domestic" markets as well as divestment of non-core assets are important elements of the Group's strategy.

ACQUISITIONS

Early in 1999, Skanska acquired all shares in SADE Ingeniería y Construcciones S.A., a leading Argentine-based construction company with operations in a number of South American countries. The purchase price was about SEK 500 M. SADE specializes in production facilities for the thermal power industry and other process industries and also has extensive operations in operation and maintenance of various types of production facilities. The company, with 1998 sales of about SEK 3,000 M and some 4,600 employees, is operatively part of Skanska USA.

In March, Skanska acquired Parquets Marty, a market-leading manufacturer of wooden flooring in France, specializing in laminated parquet. The purchase price was about SEK 580 M. In 1998, Marty had net sales of about SEK 725 M and more than 500 employees. The company belongs to Skanska Europe, as part of the Nybron Group, which also includes Kährs and the Skanska Group's other wooden flooring operations. During the first quarter, Nybron also acquired the assets and operations of the Norwegian wooden flooring manufacturer Langmoen Parkett. The purchase price was about SEK 190 M.

During the second quarter, Skanska acquired two American construction companies, the Gottlieb Group and Alex J. Etkin

Inc. Gottlieb is based in New York and specializes in various types of infrastructure projects, such as water treatment plants and subway stations. During 1998, the company had sales of about SEK 360 M and some 150 employees. The purchase price was about SEK 70 M. Etkin, based in Detroit and with operations also in Colorado, focuses on various types of building construction. In 1998, the company had sales of about SEK 2,600 M and some 325 employees. The purchase price was about SEK 160 M.

DIVESTMENT OF NON-CORE ASSETS

As one element in Skanska's focus on core operations in construction-related services and project development, during the last few days of 1999, an agreement was reached on the divestment of the Essmann group, a component company. The sale yielded a small capital gain.

The agreement is conditional on obtaining the necessary regulatory approvals.

The companies sold had 1999 sales of about SEK 670 M. The structured process of divesting the remaining component companies in Skanska Europe is continuing, in order to find new owners for these companies.

SCANCEM

In May, Skanska signed a binding agreement to sell all of the Group's shares in the building materials group Scancem to the German group Heidelberg Zement AG. The purchase price amounted to SEK 8,520 M, with a reported capital gain of SEK 3,287 M on the sale. In addition, the year's earnings include the Group's share of income in Scancem for the first quarter, totaling SEK 341 M, plus the year's dividend from Scancem of SEK 259 M.

THE SKANSKA-MASTEC ALLIANCE

Skanska's American subsidiary Skanska USA and MasTec Inc. formed an alliance for extensive project management assignments re-

lated to the expansion of data and telecommunications infrastructure in North America.

Skanska and MasTec will undertake assignments for the data and telecommunications industry, focusing on the development of fiber-based networks; planning, design and construction services; and performing maintenance of large data and telecommunications systems.

During the fourth quarter of 1999, the alliance landed a major order related to expansion of fiber-optic networks.

KARL STEINER HOLDING AG

Skanska's acquisition of 70 percent of the shares in Karl Steiner Holding AG could not be completed as planned, since the required regional regulatory approval of the acquisition was not received. The grounds for the rejection were that the transaction was deemed subject to local laws that prohibit foreign control of companies that own land intended for residential construction.

THE HALLAND RIDGE

The Swedish National Rail Administration and Skanska reached an agreement late in 1999 on the allocation of costs for clean-up and settlement of damages after the 1997 environmental accident at the tunnel construction site inside the Halland Ridge.

Skanska will complete the task of waterproofing the existing tunnels. After that, the current contract with the National Rail Administration will end.

PROVISION FOR RESTRUCTURING MEASURES AND PROJECT RISKS

Of the total of SEK 1,500 M set aside in the 1997 consolidated accounts, related to restructuring of operations and provisions for project risks, the SEK 50 M remaining at the beginning of 1999 was utilized to cover expenses. With this, the entire consolidated provision for restructuring measures and project risks had been utilized.

SHARE OF SPP'S OVERPAYMENT REFUND

The Swedish Staff Pension Society (SPP) announced in October 1999 that the companies that have collective pension agreements with SPP are entitled to a share in SPP's overpayment surplus. Of these funds, SEK 327 M have been allocated to the Skanska Group. The Swedish Competition Authority is expected to make a decision on SPP's model for allocation of its surplus funds during the first half of 2000. Until then, this allocation is not reflected in Skanska's accounts.

YEAR 2000

Neither employees, administrative nor critical business-related information technology systems suffered any lasting disruptions due to the millennium change. The same applies to embedded systems in buildings and other facilities.

Events after the end of the financial year

Skanska divested its shares in the commercial real estate company Piren late in January 2000. The sale yielded a capital gain of about SEK 648 M before taxes. All shares in the bearings and steel group AB SKF were sold early in 2000, with a capital gain of about SEK 1,725 M. A majority of the shares in the listed Estonian construction company EMV Ltd. was acquired in January 2000 at a purchase price of SEK 47 M.

Market

On the whole, the Group's construction and project development operations benefited from positive market growth and good order bookings during 1999. In the United States, the construction market remained strong. The Swedish construction market also improved during the year. However, this improvement is concentrated in the three largest metropolitan regions and some of Sweden's other university cities.

The construction market in Finland remained strong. The effects of the acquisition of Polar and the building rights included in this acquisition further strengthened the Group's operations in Finland. The Danish and Norwegian markets showed no growth during the year. However, the Group's operations in these countries showed positive growth and gained market share. The trend remained favorable in Central Europe.

In Russia, political and economic instability adversely affected the construction market. The demand for office and commercial space remains good in the markets where the Group's property holdings are located.

Order bookings and backlog

During 1999, the Group's order bookings rose 25 percent to SEK 96,894 M (77,383). The increase was mainly due to Skanska USA and the construction portion of Skanska Europe, which increased by 31 and 41 percent, respectively. Of the increase, about SEK 1,800 M was related to currency rate effects. These effects were mainly attributable to Skanska USA, due to the higher value of the U.S. dollar against the Swedish krona during the year. Order bookings from operations in Sweden comprised 23 (27) percent of total order bookings.

For comparable units, the increase in order bookings was 12 percent.

Year-end order backlog rose by 38 percent to SEK 93,686 M (67,871), of which 13 percent (19) was related to operations in Sweden. Of the increase, about SEK 2,300 M (1,800) consisted of currency rate effects. For comparable units, order backlog rose by 24 percent compared to 1998.

Order bookings and order backlog by business area

SEK M	Order bookings		Order backlog	
	1999	1998	1999	1998
USA	50,278	38,469	67,124	43,050
Sweden	23,430	21,358	13,553	13,696
Europe	23,186	17,556	13,009	11,125
Total	96,894	77,383	93,686	67,871

Net sales

Net sales during 1999 totaled SEK 79,128 M (62,435), an increase of 27 percent. The increase included currency rate effects of about SEK 1,200 M. Of net sales, 28 percent occurred in Sweden. For comparable units, the increase in net sales was 15 percent.

During the past four years, the growth in net sales has totaled about 20 percent annually.

Earnings

Operating income amounted to SEK 6,901 M (4,376).

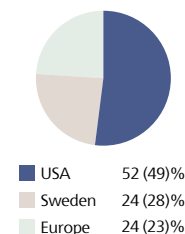
Operating income showed an especially favorable trend in the United States, Finland, Denmark and Sweden. On the whole, both earnings and operating margins improved in construction operations.

During 1999, Skanska divested properties for a total price of SEK 1,376 M (2,050) and a capital gain of SEK 703 M (1,266). Most of the gain was related to the sale of properties in the Öresund region.

The book value of properties in real estate operations divested during the year amounted to SEK 673 M (784), of which SEK 485 M (267) was related to divestments outside Sweden.

Skanska made writedowns of SEK 46 M (14) in real estate operations, while reversals of previous writedowns totaled SEK 41 M (0). These were mainly related to properties in the real estate operations of Skanska Project Development and Real Estate.

Order bookings by business area, 1999



Share of income in associated companies accounted for SEK 657 M (684) of operating income. Most of this income was attributable to the listed associated companies JM, Norrporten, Piren and Rörvik Timber. Income from Scancem during the first quarter of 1999 was also included in operating income.

Operating income also included SEK 3,287 M of items affecting comparability related to the gain on sale of the shareholding in Scancem. In 1998, income had included gains of SEK 1,033 M on the sale of timberland and hydroelectric power assets.

For comparable units, total operating income rose to SEK 6,750 M (4,376).

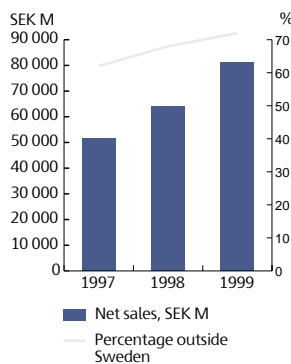
Income after financial items amounted to SEK 6,862 M (4,825).

Net financial items totaled SEK -39 M (449). Net interest items fell from SEK -197 M to SEK -338 M. Net interest items were adversely affected by higher average net indebtedness during the year.

Capital gains on the sale of shares (not associated companies) amounted to SEK 27 M (646). Dividends, which also included a dividend from Scancem, rose to SEK 282 M (57).

Net profit for the year rose to SEK 4,281 M (2,782). Net profit per share rose to SEK 37.6 (24.4). The effect of the capital gain on the sale of the shareholding in Scancem amounted to SEK 18.6 per share.

Net sales and invoiced sales outside Sweden



Properties in real estate operations

The demand for office and commercial space remained good in the metropolitan regions where Skanska's properties are located. This contributed to higher market rents which, together with lower costs for adapting premises to tenant requirements, enabled the Group's overall real estate operations to improve their operating income to SEK 610 M (458).

Operating net for investment properties amounted to SEK 778 M (695). Yield on book value was 11.2 percent (10.9). The occupancy rate rose to 92 percent (90) in terms of space and 94 percent (93) in terms of rent.

The market value of the Group's investment properties on December 31, 1999 was estimated at about SEK 13,200 M (11,600), with a book value of approximately SEK 6,900 M (6,400) in the consolidated accounts. Market value was estimated by means of an internal market appraisal, partly performed in collaboration with outside appraisers.

The prospects for development of new real estate projects remained good during the year. About 70 percent of project volume is located in the Stockholm region. Book value after completion is estimated at nearly SEK 4,000 M. Expected yield on book value is about 11 percent. About 60 percent of the

space under construction has been pre-leased.

Capital spending

The Group's gross investments during 1999 increased to SEK 8,866 M (5,011) and were mainly related to capital spending for project development, that is, properties in real estate operations and current-asset properties plus acquisitions of companies.

Divestments, which also included the sale of the shareholding in Scancem and the divestment of the Essmann group, amounted to SEK 12,739 M (5,239). The year's net divestments increased to SEK 3,873 M (228).

Investments and divestments

SEK M	1999	1998
INVESTMENTS		
Properties in		
real estate operations	-2,483	-1,163
Current-asset properties	-3,389	-1,832
Acquisitions of subsidiaries	-1,376	-606
Other fixed assets	-1,618	-1,410
Total investments	-8,866	-5,011
DIVESTMENTS		
Properties in		
real estate operations	1,376	2,050
Current-asset properties	2,332	936
Businesses and shares	8,774	2,168
Other divestments	257	85
Total divestments	12,739	5,239
Net divestments	3,873	228

Net sales, operating income and income after financial items by business area

SEK M	Net sales		Operating income		Income after financial items	
	1999	1998	1999	1998	1999	1998
USA	35,437	24,072	851	398	881	448
Sweden	23,561	21,118	737	496	752	533
Europe	20,959	17,460	674	370	466	238
Project Development and Real Estate	1,309	1,265	1,390	1,585	1,151	1,375
Total	81,266	63,915	3,652	2,849	3,250	2,594
Stock portfolio management					309	703
Items affecting comparability			3,287	1,033	3,287	1,033
Listed associated companies			618	661	618	661
Other and eliminations	-2,138	-1,480	-656	-167	-602	-166
Total	79,128	62,435	6,901	4,376	6,862	4,825

Gross investments in project development nearly doubled during 1999 to SEK 5,872 M (2,995).

This included both projects in real estate operations, which take place mainly in the Skanska Project Development and Real Estate business area, and current-asset properties, which refers to project development under Skanska's own auspices that takes place in other business areas. During 1999, sales proceeds for projects in real estate operations and current-asset properties totaled SEK 3,708 M (2,986), which meant a net investment in project development of SEK 2,164 M (9).

The Group acquired SEK 1,376 M (606) worth of companies and divested SEK 8,774 M (2,168) worth of companies and shares in associated companies. Among its major acquisitions were the Argentine-based construction company SADE, the French wooden flooring manufacturer Marty and the two American construction companies Gottlieb and Alex J. Etkin. Divestments included the sale of the Essmann group as well as the shareholding in Scancem. Investments in other fixed assets, which mainly included machinery and equipment, amounted to SEK 1,618 M (1,410).

Cash flow

The Group's cash flow from business operations improved to SEK 2,603 M (2,347). The Skanska USA and Skanska Europe business areas sharply improved their cash flows from business operations. Cash flow from investment operations strengthened to SEK 1,834 M (-2,586).

The sale of the Essmann group plus a number of property divestments had not yet affected cash flow at year-end, because the proceeds were to be received later.

A large proportion of the positive cash flow after investment operations was used to reduce loan liabilities as the loans fell due for payment. This explained the reduction in cash flow from financing operations.

Cash flow

SEK M	1999	1998
From business operations	3,199	2,744
Taxes	-596	-397
Net cash flow from business operations	2,603	2,347
Net investments	3,873	228
Of which, not affecting cash flow	-1,063	131
Changes in receivables	114	-226
Taxes	-1,090	-2,719
Net cash flow from investment operations	1,834	-2,586
Net cash flow from financing operations	-2,349	1,121
Cash flow for the year	2,088	882

Stock portfolio

The market value of the Group's shareholdings in listed companies amounted to SEK 5,047 M (9,600), with a book value of SEK 2,226 M (6,780) in the consolidated accounts. The market value of holdings reported as associated companies (JM, Norrporten, Piren and Rörvik Timber) amounted to SEK 2,955 M, with a corresponding book value of SEK 1,823 M in the consolidated accounts. The market value of other shares in listed companies (SKF, Pandox, Costain) amounted to SEK 2,092 M, with a book value of SEK 403 M in the consolidated accounts.

During 1999, the Group divested its shareholding in Scancem as well as its entire shareholding in the financial exchange company OM Gruppen, the latter with a capital gain of SEK 27 M.

Without changing the Group's percentage of ownership, Skanska participated in the new share issue in Piren, in an amount of SEK 170 M.

Financing and liquidity

The Group's need for loan financing is primarily related to its real estate operations, in which it is normally considered possible to adjust rental revenues to interest rate changes 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 amounted to SEK 615 M (1,978) and underwent major changes during the year. Having stood at SEK 1,978 M at the beginning of 1999, net indebtedness rose during the first half to SEK 8,322 M on June 30, 1999. After that, net indebtedness fell, primarily due to the sale of Scancem.

The Group's net interest items deteriorated to SEK -338 M (-197) due to the above-described need for borrowing.

The Group's interest-bearing assets rose to SEK 7,775 M (5,877). Of these, receivables in foreign currencies accounted for 58 percent (58). The average fixed-interest period for all interest-bearing assets was 0.5 year (0.5), and the interest rate amounted to 4.2 percent (4.4).

The Group's interest-bearing liabilities and provisions increased to SEK 8,390 M (7,855). The average fixed-interest period for the Group's interest-bearing liabilities amounted to 0.5 year (1), and average maturity for the Group's interest-bearing liabilities excluding PRI pension liabilities was 3 years (2). The average interest rate for all interest-bearing liabilities amounted to 5.0 percent (5.4) at year-end. The proportion of loans in foreign currencies fell to 46 percent (82). Pension liabilities totaled about SEK 2,400 M (2,100), with an interest rate of 3.6 percent (4.9).

At year-end, the Group had unutilized credit facilities totaling SEK 3,029 M (2,972).

During 1999, a medium-term note program was established, enabling Skanska to borrow up to SEK 5 billion, with a fixed-interest period of up to 10 years, in SEK and EUR.

Dividends

Dividend revenues, excluding dividends from companies that are reported according to the equity method of accounting, totaled SEK 282 M (57). Of these dividends, SEK 259 M came from Scancem.

Return

Return on capital employed rose from 27.0 percent in 1998 to 31.5 percent. During 1999, items affecting comparability had a larger relative positive effect on return than had the corresponding items the year before. Eliminating divestments of financial assets and items affecting comparability, return on capital employed amounted to 17.3 percent (18.3). The decrease was attributable to the fact that initially higher net investments in project development – both properties in real estate operations and current-asset properties – tied up more capital employed.

When operations have moved past the initial phase, and divestments and investments offset each other, the return is expected to improve.

Return on equity increased from 22.0 percent to 28.6 percent.

Equity/assets and debt/equity ratio

The equity/assets ratio amounted to 32.5 percent (30.7), and the debt/equity ratio was 0.0 (0.1).

Shareholders' equity

At year-end 1999, the shareholders' equity of the Skanska Group amounted to SEK 16,391 M (13,519), divided into SEK 12,072 M in

unrestricted equity and SEK 4,319 M in restricted equity. Proposed provisions to restricted equity amounted to SEK 0 M (0).

Changes in the Board

There were changes among the Board members appointed by the trade unions as employee representatives. Bengt Järrestedt, Swedish Building Workers' Union, resigned as a member of the Board and was replaced by deputy member Folmer Knudsen, Swedish Building Workers' Union. Inge Johansson, Swedish Building Workers' Union, was appointed a new deputy member of the Board.

The work of the Board

During 1999, the Board of Directors held five regular meetings plus one extra meeting. In August 1999, the Board visited Skanska's U.S. operations, including construction sites in New York. Among other things, the Board received a detailed tour of Skanska's work at JFK Airport. During the year, the work of the Board was otherwise dominated by matters related to the continued restructuring of Skanska and the focus on its core operations, with accompanying investments in new companies and divestments of non-core assets. The Board also had to take a position on a number of major projects, among them BOT projects in Great Britain.

Research and development

The Group uses research and development as an instrument to refine strategic knowledge in its fields of operations.

Research and development are also used as tools for raising efficiency, where knowledge transfer to Skanska's own employees and implementation of new technology are of the greatest interest. Channeling of knowledge occurs either via the Skanska Institute of Technology or via so-called Competence Centers. The Skanska Institute of Technology creates and runs various types of courses that are not found in the education market and are based on new knowledge developed both in research projects and in business operations. Each Competence Center consists of about fifteen delegates from different companies and business areas, entrusted with managing issues affecting several disciplines in a specific area. Internal seminars are organized to ensure rapid dissemination of technology.

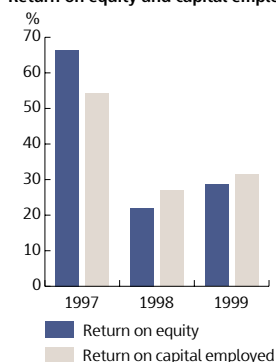
The build-up of expertise on general matters occurs in national and international research programs, in which Skanska employees work in projects as doctoral students in industrial engineering and as senior research fellows. This work has expanded very rapidly, with the number of employees with advanced academic degrees doubling in the past three years. At year-end, about 25 employees were participating in various doctoral studies programs. Four employees now also work as adjunct professors at universities and institutes of technology.

The build-up of expertise in product-specific areas occurs continuously in Skanska's business areas and construction companies. Extensive development efforts are always underway in ongoing projects where specific client wishes are to be satisfied.

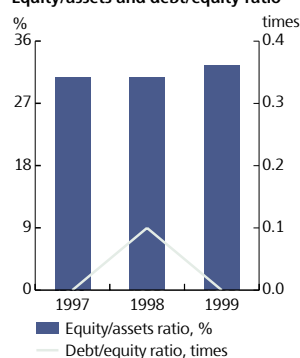
The environment

During 1999, Skanska devoted large resources to integrating environmental issues into its day-to-day management. At the end of 1999, 51 percent of Group employees

Return on equity and capital employed



Equity/assets and debt/equity ratio



worked in units that had introduced ISO 14001-certified environmental management systems. By the end of 2000, all units shall have certified environmental management systems, according to the Group's Environmental Policy. As part of this work, recurring follow-ups occur by means of internal environmental audits. During 1999 a total of 525 such audits were implemented, and the number will increase rapidly in the next few years.

Effective environmental management systems are a requirement if Skanska is to be a natural and credible partner and source of inspiration for clients on environmental issues. During 1999, Skanska expanded the task of informing major suppliers about its environmental expectations.

A small proportion of Skanska Sweden's operations are required to obtain permits or submit registration documents in compliance with Swedish environmental legislation. This is true of fixed production facilities, primarily asphalt plants, gravel pits and quarries.

For more detailed information on Skanska's environmental work, see the Group's separate Environmental Report.

Personnel

The average number of employees in the Group during 1999 was 45,063 (39,246). This included 29,013 (24,280) employees working outside Sweden.

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 third consecutive year and started a new program. The program is part of Skanska's efforts to ensure a future supply of both managers and specialists.

As part of the Group's endeavors to increase the proportion of young, well-educated employees, the Swedish units of the Group hired about 200 young employees with university degrees.

A program called "The First Three Years" provides a total of 26 training days and is intended to serve as an introduction to new potential managers and specialists and to train them in Skanska's areas of core expertise. During 1999, 121 employees participated in this program.

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

During 1999, about 200 employees participated in various management development 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 Leadership Academy, which enables managers to tailor individual development programs to their own needs.

Stock options

Skanska's Board of Directors has decided to allot a total of 294,000 stock options to ten individuals in the Group Management of Skanska. Claes Björk, President and CEO, is receiving 60,000 options. The Board believes that the options ought to have a positive effect on future earnings and are thus in the interest of shareholders.

The option program encompasses synthetic options and settlement will take place in cash. The exercise price of the options amounts to 125 percent of the average market price of a Skanska Series B share during the period February 28, 2000 – March 3, 2000. The last price paid for a Skanska Series B share on February 23, 2000 was SEK 309.

The options may be exercised during the

period March 3, 2003 – March 31, 2005. They are being 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 are allotted stock options are not entitled to transfer them. Skanska intends to ensure the obligations that the Company may incur in case of Skanska share price increases by means of the option program.

Proposed dividend

The Board of Directors proposes a regular dividend of SEK 12 (12) per share plus an extra dividend of SEK 4 per share for the 1999 financial year. Altogether, this means a dividend amount of SEK 1,822 M (1,366).

Buy-backs of shares

The Board of Directors will propose that the Annual Meeting of Shareholders authorize the Board to approve buy-backs of Skanska's own shares up to a maximum of 11,385,496 Series B shares, equivalent to 10 percent of shares outstanding. This presupposes that the proposed legislation on buy-backs of shares goes into force as announced. The proposed authorization would 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 net profit of SEK 1,453 M (124). The average number of employees during the year was 63 (127).

Outlook for 2000

In light of the order situation at the beginning of the year and the relatively good economic picture in most of the Skanska Group's main markets, the outlook for the Group's operations during 2000 is considered good.

Consolidated income statement

SEK M	Note	1999	1998
Net sales	2	79,128	62,435
Construction, manufacturing and property management expenses	3	-71,305	-56,598
Gross income		7,823	5,837
Selling and administrative expenses	4	-5,564	-4,430
Gain on sale of properties	5	703	1,266
Writedowns/reversals of writedowns	6	-5	-14
Share of income in associated companies	7	657	684
Items affecting comparability	8	3,287	1,033
Operating income	9, 10, 11, 12,13	6,901	4,376
Share of income in associated companies	15	4	-31
Income from other financial fixed assets	16	207	1,165
Income from financial current assets	17	164	321
Interest expenses and similar items	18	-414	-1,006
Income after financial items		6,862	4,825
Taxes on profit for the year	20	-2,483	-1,965
Minority interests		-98	-78
Net profit for the year		4,281	2,782

Comments on the income statement

Net sales

Net sales rose by 27 percent to SEK 79.1 billion. Growth remains strong. Since 1995, net sales have doubled.

Net sales included about SEK 6.6 billion from the component operations of the Skanska Europe business area, which are being phased out. Net sales were affected by companies bought or sold during 1999, counting from the date of acquisition or divestment. Previously, net sales included companies purchased during the year, counting from January 1, regardless of when the purchase occurred. Similarly, divested companies were removed from the accounts effective on January 1 regardless of when the divestment took place during the year. The purpose of this change is to provide more correct quarterly accounts. Comparative figures for 1998 have been restated accordingly.

Large companies acquired during 1999 are included in the accounts from the quarter stated below:

SADE	Quarter 1
Parquets Marty S.A.	Quarter 1
Gottlieb Group	Quarter 2
Alex J. Etkin Inc.	Quarter 2

The Essmann group, which was divested, disappeared from the accounts as from the fourth quarter of 1999.

Operating income

Operating income rose from SEK 4.4 billion to SEK 6.9 billion. Operating income consisted of gross income plus or minus a number of separately reported items.

As in prior years, gross income included gains on sales of short-term (current-asset) properties, totaling SEK 394 M (233).

Project development under Skanska's own auspices expanded in scope and will continue to increase its relative share of income

during 2000 as well.

The distribution of income from project development under Skanska's own auspices can be seen in the table below.

Income from project development, current-asset properties

Business area, SEK M	1999	1998
USA	50	17
Sweden	151	164
Europe	193	52
Total	394	233

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 the more long-term project development operations conducted by the Project Development and Real Estate business area.

The items reported separately in operating income are selling and administrative expenses, gain on sale of properties, write-downs/reversals of writedowns, share of income in associated companies and items affecting comparability.

Selling and administrative expenses, which also include depreciation of goodwill, rose during 1999 at about the same pace as sales. Gain on sale of properties during the year, SEK 703 M, was mainly related to the sale of properties in the Öresund region.

Business operations showed sharply rising earnings during the year. Meanwhile, lower gains on the sale of properties resulted

in an "operating income before share of income in associated companies and items affecting comparability" that improved somewhat compared to 1998.

Share of income in associated companies included the listed associated companies JM, Piren, Norrporten and Rörvik Timber, among others. Income from Scancem was included until the end of the first quarter.

Items affecting comparability included a capital gain on the divestment of Scancem, while during 1998 they included divestments of forest and hydroelectric power assets.

Net financial items

Net financial items amounted to SEK -39 (449). Net interest items deteriorated from SEK -197 M to SEK -338 M. This deterioration was due to higher average net indebtedness during the year than in 1998.

In 1998, net financial items had been positively affected by the divestment of Skanska's shares in the engineering company Sandvik.

Net profit for the year

Net profit for the year, SEK 4,281 M, was equivalent to net profit per share of SEK 37.6 (24.4). Taxes on profit for the year amounted to SEK 2,483 M, equivalent to about 36 percent of income after financial items.

A growing proportion of the Group's earnings comes from countries with a higher tax rate than Sweden.

Operating income before share of income in associated companies and items affecting comparability

SEK M	1999	1998	Change
Gross income	7,823	5,837	1,986
Selling and administrative expenses	-5,564	-4,430	-1,134
Income from business operations	2,259	1,407	852
Gain on sale of properties	703	1,266	-563
Writedowns/reversals of writedowns	-5	-14	9
Total	2,957	2,659	298

Consolidated balance sheet

SEK M	Note	1999	1998
ASSETS			
Intangible fixed assets	21	1,966	1,853
Tangible fixed assets			
Properties in real estate operations	21	10,236	8,597
Other buildings and land	21	2,038	2,099
Machinery and equipment	21	3,415	2,788
Other construction in progress	21	92	33
		15,781	13,517
Financial fixed assets			
Holdings in associated companies	22, 24	2,161	6,713
Receivables from associated companies	22	282	173
Other long-term holdings of securities	22, 25	494	444
Other long-term receivables	22	699	762
		3,636	8,092
Total fixed assets		21,383	23,462
Current-asset properties	21	3,978	2,603
Inventories etc.			
Inventories	26	1,556	1,350
Current receivables			
Accounts receivable		13,772	10,036
Current receivables from associated companies		616	618
Other current receivables	27	3,710	2,749
Prepaid expenses and accrued revenues		740	560
		18,838	13,963
Short-term investments		1,986	509
Cash and bank balances		3,597	2,996
Total current assets		29,955	21,421
TOTAL ASSETS	28	51,338	44,883

SEK M	Note	1999	1998
SHAREHOLDERS' EQUITY AND LIABILITIES			
Capital stock		1,366	1,366
Restricted reserves		2,953	3,811
Restricted equity		4,319	5,177
Unrestricted reserves		7,791	5,560
Net profit for the year		4,281	2,782
Unrestricted equity		12,072	8,342
Total shareholders' equity	29	16,391	13,519
Minority interests		292	271
Provisions			
Provisions for pensions and similar commitments	30	2,363	2,113
Provisions for taxes	31	3,270	3,053
Other provisions	32	1,736	2,047
		7,369	7,213
Liabilities			
Bond loans	33	2,099	479
Liabilities to credit institutions	33	2,730	4,986
Advance payments from clients	33	36	231
Accounts payable		8,909	6,749
Liabilities to associated companies	33	68	131
Tax liabilities		1,397	726
Unearned revenue	34	4,925	3,987
Other liabilities	33	3,426	3,383
Accrued expenses and prepaid revenues		3,696	3,208
		27,286	23,880
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	35	51,338	44,883
Assets pledged			
Mortgages and comparable collateral	36		
for own liabilities and provisions		842	886
Other assets pledged and			
comparable collateral		167	110
		1,009	996
Contingent liabilities	37	4,841	4,436

The balance sheet total rose by about 14 percent to SEK 51.3 billion (44.9), while net sales rose by about 27 percent.

Assets

INTANGIBLE FIXED ASSETS

Intangible fixed assets, SEK 2.0 billion, mainly consisted of goodwill arising from the purchase of the Skåne-Gripen Group plus supplementary acquisitions in the component group.

TANGIBLE FIXED ASSETS

Tangible fixed assets increased by SEK 2.3 billion compared to 1998. Among tangible fixed assets, "Properties in real estate operations" and "Other buildings and land" are reported separately in order to make real estate operations more transparent.

PROPERTIES IN REAL ESTATE OPERATIONS

One central feature of the Group's strategy is a focus on the development of projects and properties. Investments in such projects may be both long-lasting and long-term, but Skanska's ambition is to maintain a high turnover rate by continuously realizing the value of its fully developed property holdings. In order to develop properties, Skanska itself must own a certain proportion of properties with development potential.

The item "Properties in real estate operations," which includes properties in different stages of improvement – from derelict properties to fully developed investment properties – increased by about SEK 1.6 billion to SEK 10.2 billion. During 1999, about SEK 2.5 billion was invested, while older, fully improved property holdings with low book values, SEK 0.6 billion, were sold. This meant that despite a high turnover rate, the book value of "Properties in real estate operations" increased.

Book value of properties in real estate operations

SEK	Project Development and Real Estate	Sweden	Total
Investment properties	6,919	116	7,035
Investment properties under construction	2,173		2,173
Development properties	1,028		1,028
Properties in real estate operations	10,120	116	10,236

OTHER BUILDINGS AND LAND

The item "Other buildings and land" included business properties used in the Group's own operations, mainly factory buildings, warehouses and gravel pits. Machinery and equipment increased by about SEK 0.6 billion, due to higher net investments and acquired assets in connection with purchases of companies.

FINANCIAL FIXED ASSETS

Financial fixed assets, which mainly included shares and participations, decreased by SEK 4.5 billion compared to 1998. The divestment of Skanska's shareholding in Scancem decreased book value by SEK 4.8 billion, while participation in Piren's new share issue increased book value by SEK 0.2 billion. In terms of value, the largest holdings were in SKF, JM, Piren, Norrporten, Pandox, Rörvik Timber and Costain.

CURRENT-ASSET PROPERTIES

The book value of current-asset properties increased by SEK 1.4 billion. Current-asset properties, which comprise project development under Skanska's own auspices intended to be sold close to the time of completion, showed continued strong expansion during the year and are still in a growth stage. Book values (SEK M) can be seen in the table below.

Current-asset properties, SEK M	1999	1998
Business area		
USA	435	168
Sweden	1,827	1,321
Europe	1,716	1,114
Total	3,978	2,603

CURRENT RECEIVABLES

Current receivables increased by about SEK 4.9 billion to SEK 18.8 billion. Higher accounts receivable, proceeds from the sale of properties which had not yet fallen due for payment and tax claims, as well as acquired receivables, were the most important reasons for the increase in this item.

SHORT-TERM INVESTMENTS AND CASH AND BANK BALANCES

The proceeds from the sale of Scancem are being used, among other things, to pay off loan liabilities as they fall due for payment. In addition, the seasonally strong cash flow during the final quarter affected the increase, which totaled SEK 2.1 billion.

Shareholders' equity and liabilities

SHAREHOLDERS' EQUITY

Shareholders' equity amounted to SEK 16.4 billion at year-end, of which SEK 12.1 billion consisted of unrestricted equity.

PROVISIONS

Total provisions increased by SEK 0.2 billion to SEK 7.4 billion. Provisions for pensions rose by about SEK 0.2 billion, mainly due to provisions for pensions in connection with the long-term bonus program. Provisions for taxes rose by about SEK 0.2 billion. "Other provisions" declined by about SEK 0.3 billion, due to the withdrawal of portions of the provisions for restructuring measures and the transformation of previous provisions for the bonus program into provisions for pensions or other liabilities.

LIABILITIES

The item "Liabilities" rose by SEK 3.4 billion to SEK 27.3 billion. Interest-bearing liabilities increased by about SEK 0.5 billion, while interest-free liabilities rose by about SEK 2.9 billion. The increase in interest-free liabilities was due to the tax liability related to the sale of Scancem shares and to an increase in liabilities related to larger business volume.

Consolidated cash flow statement, Note 38

SEK M	Note	1999	1998
Business operations	39		
Income after financial items		6,862	4,825
Adjustment for items not included in cash flow	40	-3,367	-2,697
Taxes paid	41	-596	-397
Cash flow from business operations			
before change in working capital		2,899	1,731
Cash flow from change in working capital			
Change in inventories and operating receivables		-1,696	-1,993
Change in operating liabilities		1,400	2,609
Cash flow from business operations		2,603	2,347
Investment operations			
Acquisitions of properties in real estate operations		-2,398	-1,112
Acquisitions of current-asset properties		-3,310	-1,752
Acquisitions of Group companies	42	-1,376	-606
Acquisitions of other fixed assets excluding receivables		-1,618	-1,410
Increase in receivables – loans provided		-250	-647
Divestments of properties in real estate operations		698	2,050
Divestments of current-asset properties		2,223	936
Divestments of businesses and shares	43	8,334	2,168
Divestments of other fixed assets excluding receivables		257	85
Decrease in receivables – repayment of loans provided		364	421
Taxes paid	41	-1,090	-2,719
Cash flow after investment operations		1,834	-2,586
Financing operations			
Dividend paid		-1,366	-1,252
Loans raised		2,639	3,111
Payments of loan principal		-3,531	-786
Distributed to/paid by minority interests		-91	48
Cash flow from financing operations		-2,349	1,121
Cash flow for the year		2,088	882
Liquid assets on January 1		3,505	2,553
Exchange rate difference in liquid assets		-10	70
Liquid assets on December 31	44	5,583	3,505

Parent Company income statement

SEK M	Note	1999	1998
Net sales	2	122	34
Construction, manufacturing and property management expenses			-40
Gross income		122	-6
Selling and administrative expenses		-406	-260
Operating income	9, 11, 12	-284	-266
Share of income in Group companies	14	2,301	823
Share of income in associated companies	15	0	3
Income from other financial fixed assets	16	389	511
Income from financial current assets	17	1	141
Interest expenses and similar items	18	-720	-1,063
Income after financial items		1,687	149
Allocations	19	-10	-20
Taxes on profit for the year	20	-224	-5
Net profit for the year		1,453	124

Parent Company balance sheet

SEK M	Note	1999	1998
ASSETS			
Intangible fixed assets	21	14	3
Tangible fixed assets			
Buildings and land	21	105	138
Machinery and equipment	21	11	7
		116	145
Financial fixed assets			
Holdings in Group companies	22, 23	12,443	12,040
Receivables from Group companies	22	8,505	8,642
Other long-term holdings of securities	22	1	1
Other long-term receivables	22	28	1
		20,977	20,684
Total fixed assets		21,107	20,832
Current receivables			
Accounts receivable		1	4
Current receivables from Group companies		130	29
Other current receivables	27	277	29
Prepaid expenses and accrued revenues		9	4
		417	66
Cash and bank balances		185	227
Total current assets		602	293
TOTAL ASSETS		21,709	21,125

SEK M	Note	1999	1998
SHAREHOLDERS' EQUITY AND LIABILITIES			
Capital stock		1,366	1,366
Restricted reserves		488	488
Restricted equity		1,854	1,854
Retained earnings		6,038	6,681
Net profit for the year		1,453	124
Unrestricted equity		7,491	6,805
Total shareholders' equity	29	9,345	8,659
Untaxed reserves	19	981	959
Provisions			
Provisions for pensions and similar commitments	30	1,009	942
Provisions for taxes	31	0	111
Other provisions	32	10	209
		1,019	1,262
Liabilities			
Bond loans	33	415	478
Liabilities to credit institutions	33	435	341
Accounts payable		5	15
Liabilities to Group companies	33	8,863	9,318
Liabilities to associated companies		0	10
Tax liabilities		256	0
Other liabilities		251	12
Accrued expenses and prepaid revenues		139	71
		10,364	10,245
SHAREHOLDERS' EQUITY AND LIABILITIES		21,709	21,125
Assets pledged		28	34
Contingent liabilities	37	20,087	21,227

Parent Company cash flow statement

SEK M	Note	1999	1998
Business operations	39		
Income after financial items		1,687	149
Adjustment for items not included in cash flow	40	-928	302
Taxes paid		-347	-316
Cash flow from business operations before change in working capital		412	135
Cash flow from change in working capital			
Change in inventories and operating receivables		-101	77
Change in operating liabilities including provisions		295	73
Cash flow from business operations		606	285
Investment operations			
Acquisitions of shares and participations		-544	-6,496
Acquisitions of other fixed assets		-18	-3
Divestments of shares and participations		28	1,657
Divestments of other fixed assets		20	204
Decrease in financial receivables		1	33
Cash flow after investment operations		-513	-4,605
Financing operations			
Dividend paid		-1,366	-1,252
Net financial transactions with subsidiaries		630	4,005
Group contributions/shareholder contributions		623	1,621
Loans raised		66	101
Payments of loan principal		-88	-24
Cash flow from financing operations		-135	4,451
Cash flow for the year		-42	131
Liquid assets on January 1		227	96
Liquid assets on December 31	44	185	227

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

The Annual Report has been prepared in compliance with the provisions of the Swedish Annual Accounts Act. It has been adapted to the industry-wide principles stated by the Swedish Construction Federation. The Annual Report complies with the Federation's recommendation that revenue recognition in contracting operations take place on a percentage of completion basis.

NEW DEVELOPMENTS

The following changes have occurred:

- acquired and divested companies are consolidated or deconsolidated, respectively, from the date of acquisition/divestment,
- remuneration to auditors is stated (see Note 13),
- the cash flow statement is drawn up in compliance with Recommendation No. 7 of the Swedish Financial Accounting Standards Council, "Reporting of Cash Flows,"
- receivables and liabilities as well as the accounts of foreign subsidiaries are reported in the accounts according to Recommendation No. 8 of the Swedish Financial Accounting Standards Council, "Reporting of Effects of Changes in Exchange Rates" and
- comparative figures have been restated according to the new principles, except where specifically otherwise stated.

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.

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 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). For some real estate companies operating in countries where the functional currency is other than the local currency, translation has occurred from financial statements prepared in the functional currency. The change in initial shareholders' equity due to the change in exchange rate from prior years is reported as an exchange rate difference di-

rectly 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.

ASSOCIATED COMPANIES

Associated companies are defined as companies in which Skanska'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. Because the reporting of holdings in partly owned partnerships and limited partnerships, including foreign counterparts, usually already complies largely with the equity method in the accounts of each owner company, no adjustment occurs when drawing up the consolidated accounts.

CONSORTIA (JOINT VENTURES)

Companies that were established to carry out specific contracting projects together with other construction companies are consolidated according to the proportional method of accounting.

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 in one company against deferred tax claims in another company presupposes, in addition to matching time periods, that the companies are entitled to such tax-related equalizations.

PRO FORMA ACCOUNTS

Because of the distribution of Drott and the reclassification of JM from a subsidiary to an associated company, there is no comparability with the official consolidated financial statements for 1997. Comparative figures are therefore based on pro forma accounts for 1997, based on the assumption that the distribution of Drott and the reclassification of JM had taken place on January 1, 1997.

PUBLISHED ANNUAL REPORT

This published Annual Report presents figures on shares in various companies and on 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 investment 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 according to the percentage of completion method, in compliance with the industry-wide recommendation of the Swedish Construction Federation on revenue recognition of contracting assignments. This means that operating income is reported successively as a project progresses 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 investment and development properties is normally reported as a revenue item in the year when a binding agreement on the sale is reached.

CONSTRUCTION, MANUFACTURING AND PROPERTY MANAGEMENT EXPENSES

Construction, manufacturing and property management expenses include direct and indirect manufacturing expenses, loss provisions, bad debt losses, warranty expenses and real estate taxes. These expenses 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.

SELLING AND ADMINISTRATIVE EXPENSES

In conformity with the industry-wide recommendation from the Swedish Construction Federation, selling and administrative expenses are reported as one item. This includes customary administrative expenses, technical expenses and selling expenses, but also depreciation of goodwill and of machinery and equipment that have been used for sales and administration. Depreciation of goodwill has been based on individual examination (10–20 percent annually on acquisition cost). For goodwill etc. that arose from the acquisition of Skåne-Gripen, a depreciation rate of 5 percent is applied.

EXPENSES FOR OPERATING LEASES

Information on expenses for operating leases includes contracts with remaining fees of at least SEK 5 M.

RESEARCH AND DEVELOPMENT EXPENSES

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

SHARE OF INCOME IN ASSOCIATED COMPANIES

Share of income in associated companies is apportioned in the consolidated income statement among "Operating income" (share of income after financial items), "Taxes" and "Minority interests."

Share of income in partnerships and limited partnerships, including their foreign counterparts, are reported in their entirety under operating income, except for a small number of holdings in limited partnerships that are reported under net financial items.

SEPARATELY REPORTED OPERATING ITEMS

Three items are separately reported: "Items affecting comparability," "Writedowns/reversals of writedowns" and "Gain on sale of properties." Only divestments, writedowns and reversals of writedowns on properties that belong to the Group's real estate operations are separately reported.

TAXES ON PROFIT FOR THE YEAR

Taxes based on net profit and net wealth are reported as "Taxes on profit for the year."

Deferred tax liabilities are estimated on the basis of the applicable tax rate in each respective country.

Balance sheet

INTANGIBLE FIXED ASSETS

Intangible fixed assets are reported at acquisition cost minus accumulated depreciation. 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. Special attention has been paid to the occupancy situation.

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.

FINANCIAL LEASING CONTRACTS

In compliance with Recommendation No. 6 of the Swedish Financial Accounting Standards Council,

financial leasing contracts are reported when the investment is equivalent to at least SEK 50 M.

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 assets are estimated on the basis of the appropriate tax rate in each country. Holdings in associated companies are reported according to the equity method of accounting. Property-related surplus values are depreciated at 2 to 4 percent annually.

CURRENT ASSETS

Current assets have been valued at the lower of cost or market.

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

Group contributions, related taxes, and shareholders contributions provided when receiving group contributions are charged or credited directly to "retained earnings" in the parent company accounts.

PROVISIONS

Provisions for Pension Registration Institute (PRI) pension liabilities are calculated by PRI, based on actuarial principles.

Provisions for deferred taxes on untaxed reserves have been reported at the applicable tax rate in each country. The corresponding provisions have also been made if a profit is reported in the consolidated accounts earlier than it is reported at the company level.

Provisions for deferred taxes on surplus values recognized when applying the purchase method have been made at the applicable tax rate in each country.

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.

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."

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 Recommendation No. 7 of the Swedish Financial Accounting Standards Council, "Reporting of Cash Flows." 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.

Exchange rates, 1999

Swedish kronor per unit of each currency

Currency	Country/zone	Year-end exchange rate		Average exchange rate	
		1999	1998	1999	1998
DEM	Germany	4.38	4.84	4.51	4.52
DKK	Denmark	1.15	1.27	1.18	1.19
FIM	Finland	1.44	1.60	1.48	1.49
GBP	Great Britain	13.80	13.56	13.37	13.17
NOK	Norway	1.06	1.08	1.06	1.05
USD	United States	8.52	8.09	8.26	7.95
EUR	EMU	8.56	9.49	8.81	8.93

Notes to the financial statements

Amounts in SEK M unless otherwise specified.

Note 1	Income statement by branch of operations	
Branch of operations	1999	1998
Construction		
Net sales	71,209	55,406
Operating expenses	-65,842	-51,664
Selling and administrative expenses	-3,480	-2,744
Operating income, construction	1,887	998
Real estate operations		
- Property management		
Rental revenues	1,214	1,249
Operating expenses	-313	-430
Depreciation	-159	-151
Selling and administrative expenses	-89	-88
Operating income, property management	653	580
- Other real estate operations		
Rental revenues	125	94
Operating expenses	-78	-140
Depreciation	-18	-17
Selling and administrative expenses	-72	-59
Operating income, other real estate operations	-43	-122
Gain on sale of properties	703	1 266
Writedowns/reversals of writedowns	-5	-14
Share of income in associated companies	657	684
Items affecting comparability	3,287	1,033
Industry - operations being phased out		
Net sales	6,573	5,645
Operating expenses	-4,872	-4,197
Selling expenses	-893	-885
Administrative expenses	-489	-370
Operating income, industry	319	193
Other		
Net sales	7	41
Operating expenses	-23	1
Selling and administrative expenses	-541	-284
Operating income, other	-557	-242
Operating income, Group	6,901	4,376
Net financial items	-39	449
Operating income after financial items	6,862	4,825

Note 2	Net sales	
Skanska's own expenses of SEK 1,419 M (680) for construction of properties in real estate operations and current-asset properties were capitalized. This amount was eliminated in "Net sales."		
Distribution of net sales		
A. Net sales by business area		
	1999	1998
USA	35,437	24,072
Sweden	23,561	21,118
Europe, Construction	14,241	11,681
Europe, Components and Services	6,718	5,779
Project Development and Real Estate	1,309	1,265
Other operations, elimination of intra-Group transactions	-2,138	-1 480
Total net sales	79,128	62,435
B. Net sales by geographic area		
	1999	1998
Sweden	22,214	20,260
Other Nordic countries	11,963	9,135
Other Europe	7,687	7,043
North America	32,896	24,359
Other countries	4,368	1,638
Total net sales	79,128	62,435
C. Net sales by branch of operations		
	1999	1998
Construction	71,209	55,406
Property management	1,214	1,249
Other real estate operations	125	94
Industry - operations being phased out	6,573	5,645
Other operations	7	41
Total net sales	79,128	62,435

Parent company

The amount included SEK 103 M (18) worth of sales to subsidiaries. The Parent Company's purchases from subsidiaries amounted to SEK 85 M (95).

Note 3	Leasing expenses	
The Group's future payment obligations for operating lease contracts are distributed in time as follows:		
Year	Expense	
2000	74	
2001	70	
2002	62	
2003	53	
2004	43	
2005 and later	291	

The year's expense for operating leases amounted to SEK 72 M.

Note 4 Selling and administrative expenses

In compliance with an industry-wide recommendation from the Swedish Construction Federation for the 1999 accounts, the accounts of construction companies report selling and administrative expenses as one item. See "Accounting and valuation principles."

Distribution of selling and administrative expenses

A. By business area

	1999	1998
USA	923	595
Sweden	1,731	1,597
Europe, Construction	752	497
Europe, Components and Services ¹	1,382	1,255
Project Development and Real Estate	161	142
Other	615	344
Total	5,564	4,430

B. By branch of operations

	1999	1998
Construction	3,480	2,744
Property management	89	88
Other real estate operations	72	59
Industry ¹	1,382	1,255
Other operations	541	284
Total	5,564	4,430

¹ Industry	1999	1998
Selling expenses	893	885
Administrative expenses	489	370
Total	1,382	1,255

Note 5 Gain on sale of properties in real estate operations

	Investment properties		Other properties		Total	
	1999	1998	1999	1998	1999	1998
Sales revenues	769	1,981	607	69	1,376	2,050
Book value	-244	-720	-429	-64	-673	-784
Capital gain	525	1,261	178	5	703	1,266

Note 6 Writedowns/reversals of writedowns on properties in real estate operations

	Writedowns		Reversals		Total	
	1999	1998	1999	1998	1999	1998
Investment properties	-46	41	-5	-12	0	-12
Other properties			0	-2	0	-2
Total	-46	41	-5	-14	0	-14

Note 7 Distribution of income from associated companies

Skanska's share of the income and equity of associated companies is reported according to the equity method, as described in the accounting principles on page 60. The effect of its share of income on different items in the income statement can be seen below.

Associated companies ¹	Operating income	Taxes	Minority interest	Netto
Scancem ²	341	-80	-15	246
Rörvik Timber	10	2		12
JM	158	-44		114
Piren	70	0		70
Norrporten	39	-11		28
Others	39	-13		26
Total	657	-146	-15	496

¹ Scancem, Rörvik Timber and JM are reported with a delay of one quarter.

² Scancem was divested during the second quarter of 1999.

Note 8 Items affecting comparability

	1999	1998
Gain on sale of forest operations		1,090
Loss on sale of Kymmen hydroelectric plant		-57
Gain on sale of shares in Scancem	3,287	
Total	3,287	1,033

Note 9 Depreciation

A. By business area etc.

	Construction, manufacturing and property management		Selling and administration		1999	Total 1998
	1999	1998	1999	1998		
USA	151	74	69	34	220	108
Sweden	362	353	38	52	400	405
Europe, Construction	96	72	96	57	192	129
Europe, Components and Services	213	179	171	148	384	327
Project Development and Real Estate	174	169	1	1	175	170
Other	-5	-1	11	10	6	9
Total	991	846	386	302	1,377	1,148

B. By type of asset

	1999	1998
Intangible assets	236	176
Properties in real estate operations		
Investment properties	158	151
Investment properties under construction	11	4
Development properties	7	13
Other buildings and land	83	95
Machinery and equipment	882	709
Total	1,377	1,148

Depreciation in the Parent Company amounted to SEK 10 M (16).

Note 10 Distribution of consolidated operating income

A. By business area

Business area	1999	1998
USA	851	398
Sweden	737	496
Europe, Construction	355	177
Europe, Components and Services	319	193
Project Development and Real Estate	1,390	1,585
Other	3,249	1,527
Total	6,901	4,376

B. By branch of operations

	1999	1998
Construction	1,887	998
Property management	653	580
Other real estate operations	-43	-122
Sale of properties	703	1,266
Writedowns/reversals of writedowns	-5	-14
Share of income in associated companies	657	684
Items affecting comparability	3,287	1,033
Industrial operations	319	193
Other operations	-557	-242
Total	6,901	4,376

Note 11 Personnel expenses

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

	1999			1998		
	Board members, Presidents and Executive Vice Presidents	Other employees	Total	Board members, Presidents and Exec. VPs	Other employees	Total
Parent Company						
Sweden	17	31	48	14	69	83
(of which, bonuses)			0	1		1
Subsidiaries						
Sweden	42	4,229	4,271	30	4,000	4,030
(of which, bonuses)	9		9	6		6
Other Nordic countries	24	2,013	2,037	28	1,368	1,396
(of which, bonuses)	1		1	1		1
Other European countries	27	926	953	29	966	995
(of which, bonuses)	2		2	4		4
North America	7	3,112	3,119	6	2,401	2,407
(of which, bonuses)	1		1	2		2
Other countries	1	1,016	1,017	2	353	355
(of which, bonuses)			0			0
Total	118	11,327	11,445	109	9,157	9,266
(of which, bonuses)	13	0	13	14	0	14

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

	1999		1998	
	Wages, salaries, other remuneration	Social welfare contributions	Wages, salaries, other remuneration	Social welfare contributions
Parent Company				
	48	100	83	120
(of which, non-statutory pensions)		76		79
Subsidiaries				
	11,397	3,503	9,183	2,940
(of which, non-statutory pensions)		938		786
Total	11,445	3,603	9,266	3,060
(of which, non-statutory pensions)		1,014		865

Of the Parent Company's non-statutory pension expenses, SEK 5.3 M (37.0) 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. The Company's outstanding non-statutory pension commitments to these persons amounted to SEK 62.8 M (25.4). Of the Group's non-statutory pension expenses, SEK 19.3 M (43.0) 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. The expense for a provision to the employee profit-sharing foundation amounted to SEK 119 M (26).

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 1999 the Chairman of the Board, Bo Rydin, received a director's fee of SEK 750,000. 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 1999, Claes Björk received a salary, fees and other remuneration from Group companies in the amount of SEK 5,866,000, plus a bonus of SEK 9,125,500. Mr. Björk has also received a bonus of SEK 19,483,206 from the bonus program described below, which was withdrawn as a pension benefit vested by means of a liability in the financial statements of Skanska AB. Mr. Björk is not covered by a Swedish pension plan, but is instead covered by Skanska USA's general pension plan, where after 30 years' employment he will receive a lump sum with a current value (1999) of about SEK 5,782,000. In addition to this general pension plan, there is a special pension obligation amounting to about USD 1,200,000. 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 plan guarantees a pension entitlement based on final salary. The pension entitlement is 10 percent of final salary for portions of salary up to SEK 273,000, 65 percent of final salary for portions of salary between SEK 273,000 and SEK 728,000 and 32.5 percent of final salary for portions of salary between SEK 728,000 and SEK 1,092,000. Members of Group Management also have an agreement with the Company entitling them to a pension from the age of 60. This pension benefit applies between the ages of 60 and 65 and amounts to 70 percent of salary. From age 65, a pension is payable according to an ITP plan, with pension entitlements according to the above-mentioned amounts. After that, a pension is payable according to the above-mentioned ITP plan. In case of termination by the Company, notice periods range from six months to twelve months, with entitlement 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. Long-term bonus, 1995-1999

For the Group Management and about 240 other senior executives in the Group, the long-term bonus program based mainly on the price level of Series B Skanska and Drott shares over the five-year period 1995-1999 has been ended. This bonus was calculated by multiplying 10 percent of 1-2 months' salary by the difference between the average market price of a Series B share during June-November 1999, SEK 385.24 (plus dividends approved during the years 1995-1999, including the dividend portion when redeeming shares, SEK 132.74) and SEK 185. Those entitled to this bonus in Sweden were able to receive it either in the form of a cash payment early in 2000 or by receiving a pension benefit. This pension benefit was vested by means of a liability in the financial statements of the respective Group companies and after that, funds (pension capital) were transferred to a joint pension fund established by Skanska AB.

In the 1999 financial statements, expenses of SEK 174.5 M including social welfare contributions were reported in the Parent Company accounts and SEK 35.8 M in the accounts of other Group companies, for a total of SEK 210.3 M. Of these expenses, SEK 143.8 M were related to pension expenses, including special employer's contribution.

In the Parent Company accounts, the total liability amounted to SEK 243.1 M (175) and in the accounts of other Group companies SEK 142.1 M (0), for a total of SEK 385.2 M.

E. Bonus to the President, Executive Vice Presidents plus certain other members of Group Management, 1999

According to a decision by Skanska AB's Board of Directors, a bonus was paid to the President, the Executive Vice Presidents plus certain other members of Group management. The bonus was paid as a multiple of the difference between the market price of a Skanska Series B share on December 31, 1998 and on December 31, 1999. Those entitled to this bonus in Sweden were able to receive it either in the form of a cash payment early in 2000 or by receiving a pension benefit. In the 1999 financial statements, expenses of SEK 32.5 M including social welfare contributions were reported in the Parent Company accounts and SEK 3.3 M in the accounts of other Group companies, for a total of SEK 35.8 M. Of these expenses, SEK 17.5 M were related to pension expenses, including special employer's contribution.

In the Parent Company accounts, the total liability amounted to SEK 32.5 M (0) and in the accounts of other Group companies SEK 3.3 M, for a total of SEK 35.8 M (0).

F. Rolling 1-year bonus, 2000-

At its meeting on December 6, 1999, Skanska AB's Board of Directors decided to initiate a rolling one-year bonus program for Group Management plus about 230 additional senior executive in the Group, beginning in 2000. The bonus program is based on the price movement of Skanska's Series B share 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.

G. Employee stock options, 2000-2005

Skanska's Board of Directors has decided to allot a total of 294,000 stock options to ten individuals in the Group Management of Skanska. Claes Björk, President and CEO, is receiving 60,000 options. The Board believes that the options ought to have a positive effect on future earnings and are thus in the interest of shareholders. The option program encompasses synthetic options and settlement will take place in cash. The exercise price of the options amounts to 125 percent of the average market price of a Skanska Series B share during the period February 28, 2000 – March 3, 2000. The last price paid for a Skanska Series B share on February 23, 2000 was SEK 309.

The options may be exercised during the period March 3, 2003 – March 31, 2005. They are being 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 are allotted stock options are not entitled to transfer them. Skanska intends to ensure the obligations that the Company may incur in case of Skanska share price increases by means of the option program.

Note 12 Average number of employees				
	1999	Of whom men	1998	Of whom men
Parent Company				
Sweden	63	35	127	73
Subsidiaries				
Sweden	15,987	14,117	14,839	13,087
Other Nordic countries	6,377	5,752	4,718	4,290
Other European countries	5,552	4,386	5,166	4,127
North America	8,446	7,475	6,697	5,942
Other countries	8,638	8,354	7,699	7,306
Total	45,063	40,119	39,246	34,825

Note 13 Fees and other remuneration to auditors	
	Group
KPMG (Bernhard Öhrn)	
Auditing assignments	5
Other assignments	3
Ernst & Young (Anders Scherman)	
Auditing assignments	23
Other assignments	11
Other auditors	
Auditing assignments	2
Other assignments	2
Total	46

"Auditing assignments" refers to examination 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 14 Share of income in Group companies		
Parent Company	1999	1998
Dividends	1,500	1,055
Merger gains	845	
Writedowns	-44	-232
Total	2,301	823

Note 15 Share of income in associated companies				
	Group		Parent Company	
	1999	1998	1999	1998
Dividends				3
Share of income	4	4		
Writedowns		-35		
Total	4	-31	0	3

Note 16 Income from other financial fixed assets				
	Group		Parent Company	
	1999	1998	1999	1998
Dividends	282	57	1	30
Interest revenues	86	146	361	481
Exchange rate differences	-184	316		
Capital gain	-4			
Writedowns	27	646	27	
Total	207	1,165	389	511

In the Parent Company accounts, SEK 360 M (478) of interest revenues were related to Group companies.

Note 17 Income from financial current assets

	Group		Parent Company	
	1999	1998	1999	1998
Interest revenues	226	271	1	143
Exchange rate differences	-62	52		
Other income		-2		-2
Total	164	321	1	141

Note 18 Interest expenses and similar items

	Group		Parent Company	
	1999	1998	1999	1998
Interest expenses	-650	-614	-595	-842
Exchange rate differences on liabilities	236	-392	-125	-221
Total	-414	-1,006	-720	-1,063

In the Parent Company accounts, SEK 483 M (644) of interest expenses were related to Group companies.

Note 19 Allocations and untaxed reserves

Parent Company	Allocations		Untaxed reserves	
	1999	1998	1999	1998
Extra depreciation				
Machinery and equipment	-1		1	
Buildings and land	8	167	15	23
Tax allocation reserve ¹	-17	-233	965	936
Foreign exchange reserve		46		0
Total	-10	-20	981	959

¹ Untaxed reserves also increased by SEK 12 M during 1999 in conjunction with a merger.

Note 20 Taxes on profit for the year

	Group		Parent Company	
	1999	1998	1999	1998
Change in provision for taxes	-316	-644		
Taxes in associated companies	-146	-176		
Income taxes	-2,021	-1,145	-224	-5
Total	-2,483	-1,965	-224	-5

The year's tax expenses, SEK 2,483 M, amounted to 36 percent (41) of consolidated income after financial items. Nominal tax rates in the Group's domestic markets are 28 percent at the lowest and 45 percent at the highest. The year's relative tax expense was adversely affected by the difference between capital gain for tax purposes and in terms of book value on the sale of shares in Scancem. The Parent Company's tax expense, SEK 224 M, consisted of revised assessments for prior income years. Most of the stated amount was related to County Administrative Court rulings concerning the income years 1987 and 1988. Portions of these rulings were appealed to the Administrative Court of Appeal. These appeals are related to accrual issues. The expenses have been reported on a gross basis, without taking into account any follow-up changes or reduction in taxes for other income years that may result from the reassessments. SEK 24 M in taxes in the Parent Company accounts, which were attributable to SEK 678 M in Group contributions received, were subtracted directly from retained earnings.

Note 21 Fixed assets and current-asset properties

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

Group	Investment properties	Investm. prop. under constr.	Develop. prop.	Total prop. in real estate operations	Current-asset prop.
On January 1	10,570	1,205	1,183	12,958	2,970
New acquisitions	648	63	353	1,064	1,481
Capitalized expenses for materials and own labor	109	1,208	102	1,419	1,908
Divestments	-500	-196	-121	-817	-1,859
Reclassifications	391	-80	-310	1	-50
Exchange rate differences for the year	-59	17	-38	-80	-162
	11,159	2,217	1,169	14,545	4,288

Accumulated depreciation					
On January 1	1,287	2	40	1,329	
Divestments and disposals	-164	-1		-165	
Reclassifications	10	2	-3	9	
Depreciation for the year	158	11	7	176	
Exchange rate differences for the year	-14		-2	-16	
	1,277	14	42	1,333	0

Group	Investment properties	Investm. prop. under constr.	Develop. prop.	Total prop. in real estate operations	Current-asset prop.
Accumulated writedowns					
On January 1	2,861	35	136	3,032	367
Divestments and disposals	-95			-95	-10
Reclassifications	45	-5	-37	3	-51
Writedowns for the year	5			5	24
Exchange rate differences for the year	31			31	-20
	2,847	30	99	2,976	310

Residual value on December 31	7,035	2,173	1,028	10,236	3,978
Residual value on January 1	6,422	1,168	1,007	8,597	2,603
Assessed value for tax purposes, Sweden	5,398	646	346	6,390	576
Corresponding residual value, Sweden	5,557	1,160	456	7,173	1,779

B. Intangible fixed assets and other tangible fixed assets

Group	Intangible fixed assets	Other buildings and land	Machinery and equipment	Other construction in progress
Accumulated acquisition value				
On January 1	2,388	3,133	7,922	33
New acquisitions	565	286	1,639	80
Capitalized expenses for materials and own labor			146	1
Divestments	-231	-191	-224	-5
Disposals/Writeoffs	-59	-91	-338	
Reclassifications		0	0	-17
Exchange rate differences for the year	-36	-81	-158	
	2,627	3,056	8,987	92

Group	Intangible fixed assets	Other buildings and land	Machinery and equipment	Other construction in progress
Accumulated depreciation				
On January 1	535	1,009	5,134	
New acquisitions		7	39	
Divestments and disposals	-119	-57	-350	
Reclassifications		-28	-2	
Depreciation for the year	236	83	882	
Exchange rate differences for the year	9	-20	-131	
	661	994	5,572	0
Accumulated revaluations				
On January 1	0	13		
Revaluations for the year	0	13	0	0
Accumulated writedowns				
On January 1		38		
Divestments and disposals		-5		
Reclassifications				
Writedowns for the year		1		
Exchange rate differences for the year		3		
	0	37	0	0
Residual value on December 31	1,966	2,038	3,415	92
Residual value on January 1	1,853	2,099	2,788	33
Assessed value for tax purposes		1,073		
Corresponding book value, Sweden		667		

The item "Intangible assets" consists mainly of goodwill. "Other construction in progress" mainly includes Skanska's own office space under construction.

C. Parent Company

Parent Company	Intangible fixed assets	Other buildings and land	Machinery and equipment
Accumulated acquisition value			
On January 1	10	341	13
New acquisitions	11		7
Divestments		-52	
Disposals			
Reclassifications			
	21	289	20
Accumulated depreciation			
On January 1	7	201	6
Divestments and disposals		-26	
Depreciation for the year		7	3
	7	182	9
Accumulated writedowns			
On January 1		2	
Writedowns for the year	0	2	0
Residual value on December 31	14	105	11
Residual value on January 1	3	138	7
Assessment value for tax purposes		331	
Corresponding book value, Sweden		105	

The item "Intangible assets" consists of extraction rights.

Note 22 Financial fixed assets

Holdings	GROUP		PARENT COMPANY		
	In associated companies	Other long-term holdings of securities	In Group companies	In associated företag	Other long-term holdings of securities
Accumulated acquisition value					
On January 1	6,956	952	13,268		432
Purchases	4	63	500		
New share issues	174				
Divestments	-3,533	-4	-142		
Shareholder contributions	-3		44		
Reclassifications					
Mergers			-96		
Exchange rate differences for the year	-20	-5			
Change in share of income of associated companies for the year	-1,174				
	2,404	1,006	13,574		432
Accumulated writedowns					
On January 1	243	508	1,228		431
Divestments			-141		
Writedowns for the year		4	44		
Reclassifications					
Exchange rate differences for the year					
	243	512	1,131		431
Residual book value on December 31	2,161	494	12,443		1

Receivables	GROUP		PARENT COMPANY		
	From associated companies	Other long-term receivables	From Group companies	From associated companies	Other long-term receivables
Accumulated acquisition value/ book value					
On January 1	173	762	8,642		1
Additional/ settled receivables	109	-63	-137		27
Residual book value on December 31	282	699	8,505		28

Deferred tax claims declined by SEK 129 M during 1999, primarily due to utilization of provisions for restructuring measures in the consolidated accounts.

Note 23 Holdings in Group companies

Specification of the Parent Company's holdings of shares and holdings in Group companies.

Company	Corporate identity number	Registered office	Number of participations	Currency if not SEK	Book value
Swedish subsidiaries					
AB Gadus	556047-4974	Danderyd	10,000		1
AB Svenska Aktier	556104-7589	Danderyd	1,000		0
Hexabar Kornblå AB	556556-6642	Danderyd	1,000		0
SCG Byggnads AB	556250-4224	Danderyd	1,000		0
Skanska Sparfond Förvaltnings AB	556036-3128	Malmö	500		1
Skanska Sverige AB	556033-9086	Malmö	600,000		521
Skanska Entreprenad AB	556011-4208	Danderyd	125,923,860		2
Skanska Export AB	556171-6290	Danderyd	1,000		12
Skanska Financial Services AB	556106-3834	Danderyd	500,000		65
Skanska Holding AB	556075-7939	Danderyd	1,000		0
Skanska Kraft AB	556118-0943	Danderyd	1,000		10,500
Skanska Projektutveckling och Fastigheter AB	556556-6493	Danderyd	1,000		34
Skanska Service AB	556242-4696	Danderyd	1,000		0
Skanska Teknik AB	556045-5007	Malmö	20,000		2
Skanska Turbo AB	556353-0293	Danderyd	1,000		0
					11,138
Foreign subsidiaries					
SADE Ingeniería y Construcciones S.A.	Argentina		305,849,190	ARS	500
Skanska (USA) Inc.	United States		22,298	USD	221
Skanska Property GmbH	Germany		10,000	DEM	584
					1,305
Total					12,443

Note 24 Holdings in associated companies

Specification of the Group's and the Parent Company's holdings of shares and holdings in associated companies.

Company	Corporate identity number	Registered office	Number of participations	% of capital stock	% voting power if different from % of capital stock	Market capitalization	Book value in consolidated accounts
Group							
Listed Swedish associated companies							
Norrporten	556458-6138	Sundsvall	2,113,300	25		240	184
JM	556045-2103	Stockholm	8,810,100	27	45	1,445	813
Piren AB	556201-8654	Danderyd	20,193,432	49		1,202	757
Rörvik Timber AB	556541-2086	Vetlanda	5,545,402	40		69	69
						2,956	1,823
Other associated companies							
							338
Total							2,161

Note 25 Specification of other long-term holdings of securities

Company	Number of participations	% voting power if different		Market cap.	Book value
		% of capital stock	from % of capital stock		
Swedish listed companies					
Sweco AB	8,000	<1		1	0
Pandox Hotellfastigheter AB	1,500,000	10		100	78
SKF AB	9,870,000	9	18	1,935	269
				2,036	347
Foreign listed companies					
Costain Group PLC	25,562,500	8		56	56
				2,092	403
Unlisted companies					
					91
Total					494

Note 26 Inventories etc.

Group	1999		1998	
Raw materials and supplies		644		566
Products being manufactured		201		192
Finished products and merchandise		705		585
Advance payments to suppliers		6		7
Total		1,556		1,350

Note 27 Other current receivables

Other current receivables	Group		Parent Company	
	1999	1998	1999	1998
Short-term portion of long-term receivables	13	12		
Tax claim	407	93	261	11
Other short-term receivables	3,290	2,644	16	18
Total	3,710	2,749	277	29

Note 28 Distribution of interest-bearing and non-interest-bearing receivables among balance sheet assets

Group	1999			1998		
	Interest-bearing	Non-Interest-bearing	Total	Interest-bearing	Non-Interest-bearing	Total
Financial fixed assets	791	2,845	3,636	589	7,503	8,092
Financial fixed assets	1,401	17,437	18,838	1,783	12,180	13,963
Short-term investments	1,986		1,986	509		509
Cash and bank balances	3,597		3,597	2,996		2,996
Other fixed and current assets		23,281	23,281		19,323	19,323
Total	7,775	43,563	51,338	5,877	39,006	44,883

Note 29 Change in shareholders' equity

Group	Capital stock	Re-stricted reserves	Unre-stricted reserves	Net profit for the year	Total shareh. equity
Opening balance, Jan. 1, 1999	1,366	3,811	5,560	2,782	13,519
Transfer of net profit for 1998			2,782	-2,782	0
Dividend				-1,366	-1,366
Exchange rate differences				-43	-43
Transfer between restricted and unrestricted equity			-858	858	0
Net profit for 1999				4,281	4,281
Closing balance, Dec. 31, 1999	1,366	2,953	7,791	4,281	16,391

At the close of the financial year, accumulated exchange rate differences of SEK -157 M had been reported directly under shareholders' equity.

The amount consisted of positive exchange rate differences in the currencies USD and GBP plus negative exchange rate differences from currencies tied to the euro, which fell greatly in value against the SEK during 1999.

The year's accumulated exchange rate differences were reduced by SEK 114 M by means of hedging.

Parent Company	Capital Statutory		Net profit		Total shareh.
	stock	reserve	Retained earnings	for the year	
Opening balance, Jan. 1, 1999	1,366	488	6,681	124	8,659
Transfer of net profit for 1998			124	-124	0
Group contributions			678		678
Tax on Group contributions			-24		-24
Shareholder contribution			-55		-55
Dividend				-1,366	-1,366
Net profit for 1999				1,453	1,453
Closing balance, Dec. 31, 1999	1,366	488	6,038	1,453	9,345

The number of shares was 113,854,968, divided into 9,100,740 Series A shares and 104,754,228 Series B shares. The par value per share is SEK 12. After subtracting taxes, Group contributions received, along with shareholder contributions provided, were reported directly under retained earnings.

Note 30 Provisions for pensions and similar commitments

	Group		Parent Company	
	1999	1998	1999	1998
PRI liability	2,072	1,950	871	878
Other pension obligations	291	163	138	64
Total	2,363	2,113	1,009	942

The interest on the PRI liability has been calculated on the basis of 3.6 percent (4.9).

Of the amount for "Other pension obligations" in the Parent Company, SEK 138 M, SEK 25 M was related to obligations outside the scope of the Act on Security of Pension Obligations.

Note 31 Provisions for taxes

	Group		Parent Company	
	1999	1998	1999	1998
Deferred taxes on untaxed reserves etc.	1,923	1,760		
Deferred taxes on surplus values	131	162		
Other provisions for taxes	1,216	1,131		111
Total	3,270	3,053	0	111

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 June 1998, the Supreme Administrative Court issued rulings on two of these cases. The rulings mean that the depreciation deductions already made, which had been approved in earlier adjudication, have now been declared invalid. Skanska and the other co-owners later submitted a joint petition for a legal review of the ruling. No decision has yet been announced on whether such a review will be permitted. In light of the uncertainty caused by the rulings of the Supreme Administrative Court, Skanska made a provision in the 1998 accounts for the estimated effect on income of a ruling that might invalidate the deductions in three still pending cases.

Following a ruling by the Administrative Court of Appeal, the 1987 and 1988 tax assessments regarding the subsidiary Skanska Europe AB (formerly Skåne-Gripen AB) were appealed by the Company to the Supreme Administrative Court, which announced that it would hear the case. The case involves a dividend from the company's then-subsiary AB Järnbron, which the company deemed tax-exempt. In the event of an unfavorable ruling, the company would be charged approximately SEK 350 M in additional taxes plus fees and interest. This was taken into account when Skanska's consolidated financial statements were drawn up.

Note 32 Other provisions

	Group		Parent Company	
	1999	1998	1999	1998
Warranty obligations	171	177		
Other provisions	1,565	1,870	10	209
Total	1,736	2,047	10	209

Note 33 Maturity dates of liabilities

Group	> 5 years		<5 years > 1 year		< 1 year		Total	
	1999	1998	1999	1998	1999	1998	1999	1998
Bond loans	517		959	479	623		2,099	479
Liabilities to credit institutions								
Construction loans	48	163	396	80	24		468	243
Mortgage loans	88	164	199	275	251	75	538	514
Overdraft facilities			6	83			6	83
Other liabilities	594	369	573	19	551	3,758	1,718	4,146
	730	696	1,174	457	826	3,833	2,730	4,986

Advance payments from clients	4	4	17		15	227	36	231
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Liabilities to associated companies	11	3	1	11	56	117	68	131
Other liabilities	89	103	339	256	2,998	3,024	3,426	3,383

Parent Company	> 5 years		<5 years > 1 year		< 1 year		Total	
	1999	1998	1999	1998	1999	1998	1999	1998
Bond loans	415			479			415	479

Advance payments from clients								
Other liabilities	347	341	88				435	341

Liabilities to Group companies	8,863	9,318					8,863	9,318
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The Parent Company's other liabilities mainly fall due for payment within one year. Covenants have been provided for the Parent Company's credit facilities.

Note 34 Unearned revenue

Group	1999	1998
Invoiced sales	108,729	64,359
Unearned revenue	-103,804	-60,372
Balance	4,925	3,987

Note 35 Distribution of interest-bearing and non-interest-bearing liabilities and provisions

Group	1999			1998		
	Interest-bearing	Non-interest-bearing	Total	Interest-bearing	Non-interest-bearing	Total
Liabilities to credit institutions	2,730		2,730	4,986		4,986
Other liabilities	2,698	21,858	24,556	821	18,073	18,894
Provisions	2,962	4,407	7,369	2,048	5,165	7,213
Minority interests and shareholders' equity		16,683	16,683		13,790	13,790
Total	8,390	42,948	51,338	7,855	37,028	44,883

Note 36 Assets pledged for liabilities/provisions

Group	Property mortgages		Chattel mortgages		Restricted bank deposits		Total	
	1999	1998	1999	1998	1999	1998	1999	1998
Own obligations								
Liabilities to credit institutions	520	647	50	37	81	59	651	743
Other liabilities	43	26		23	148	94	191	143
Total own obligations	563	673	50	60	229	153	842	886
Other obligations	117		5		45	110	167	110
Total	680	673	55	60	274	263	1,009	996

Note 37 Contingent liabilities

Group	Group		Parent Company	
	1999	1998	1999	1998
Pension commitments not included among liabilities/provisions			20	
Contingent liabilities on behalf of Group companies			19,202	20,337
Other contingent liabilities	4,841	4,416	885	890
Total	4,841	4,436	20,087	21,227

Of the Group's contingent liabilities, about SEK 1.6 billion consisted 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 and normally poses no major risk to Skanska because, as a rule, the consortium members are financially stable companies.

Of the Parent Company's contingent liabilities, SEK 14.6 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 decrease in contingent liabilities on behalf of subsidiaries was due primarily to reduced year-end borrowings by the subsidiary Skanska Financial Services AB.

Like Bombardier Inc., Skanska is jointly and severally liable to the client, the Port Authority of New York and New Jersey, for the Air Rail Transit Consortium's completion of the JFK contract.

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 2.3 billion, 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 companies Fastighetsbolaget Norrporten (36,000), Piren AB (83,200) and Pandox Hotellfastigheter AB (79,920) to senior executives in each respective company. The options have a duration of five years and entitle the holders to buy shares at a price of SEK 145, SEK 72.10 and SEK 67.30, respectively, no later than September 2, 2002.

When it sold shares in JM Byggnads och Fastighets AB (150,000 Series B shares) to senior executives of the latter company, Skanska Invest AB 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 38 Change in interest-bearing net indebtedness

Group	1999	1998
Net indebtedness on January 1	-1,978	-442
Cash flow from business operations	2,603	2,347
Cash flow from investment operations	1,834	-2,586
Change in interest-bearing financial receivables	-137	226
Dividend	-1,366	-1,252
Received from/distributed to minority interests	-91	48
Acquired interest-bearing liabilities/receivables	-558	16
Other	-922	-335
Net indebtedness on December 31	-615	-1,978

Note 39 Interest and dividend information

	Group		Parent Company	
	1999	1998	1999	1998
Interest revenue received during the year	296	402	2	632
Interest expenses paid during the year	-518	-505	-49	-757
Dividends received during the year	368	286	1,501	1,088

Note 40 Adjustments for items not included in cash flow

Group	1999	1998
Depreciation and writedowns plus reversals of writedowns	1,410	1,506
Gain on sale of fixed assets, current-asset properties and businesses	-4,523	-3,151
Change among provisions not belonging to working capital	-143	-713
Income after financial items from associated companies	-657	-684
Dividends from associated companies	86	229
Portion of pension liability reported as an expense during the year	308	278
Other items from business operations not affecting cash flow	152	-162
Total	-3,367	-2,697
Parent Company	1999	1998
Depreciation and writedowns plus reversals of writedowns	54	248
Gain on sale of fixed assets	-21	-18
Merger losses	-846	
Change among provisions not belonging to working capital	-199	
Portion of pension liability reported as an expense for the year	93	72
Other items from business operations not affecting cash flow	-9	
Total	-928	302

Note 41 Taxes paid

Taxes paid are allocated between business operations and investment operations. Total taxes paid by the Group during 1999 were SEK 1,686 M (3,116). The amount for 1998 included SEK 2,200 M in taxes paid in connection with the 1997 sale of the shareholding in Sandvik.

Note 42 Acquisitions of Group companies

Acquired assets and liabilities in 1999 in connection with acquisitions of Group companies	
Tangible fixed assets	1,236
Financial receivables	5
Inventories and operating receivables	2,539
Liquid assets	314
Minority interests	-36
Borrowings	-563
Non-interest-bearing provisions and operating liabilities	-1,805
Purchase price paid	1,690
Liquid assets in acquired companies	-314
Effect on the Group's liquid assets	1,376

Note 43 Divestment of businesses and shares

Divestment of businesses and shares consisted mainly of the Scancem sale. Proceeds received minus selling expenses resulted in a divestment of SEK 8,307 M.

Note 44 Liquid assets

	Group		Parent Company	
	1999	1998	1999	1998
Cash and bank balances	3,597	2,996	185	227
Short-term investments	1,986	509		
Total	5,583	3,505	185	227

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 3,029 M at year-end 1999.

Consolidated quarterly results

SEK M	1999				1998			
	Q 4	Q 3	Q 2	Q 1	Q 4	Q 3	Q 2	Q 1
GROUP								
Order bookings	31,832	17,878	28,673	18,511	18,819	18,682	21,982	17,900
FROM THE INCOME STATEMENTS								
Net sales	22,289	19,595	21,756	15,488	20,039	16,057	14,568	11,771
Operating expenses	-21,547	-18,979	-21,004	-15,339	-19,467	-15,656	-14,184	-11,721
	742	616	752	149	572	401	384	50
Gain on sale of properties	448	49	-4	210	27	513	233	493
Writedowns/reversals of writedowns	-5	0	0	0	-14	0	0	0
Share of income in associated companies	98	74	110	375	270	278	6	130
Items affecting comparability	7	0	3,280	0	-2	-55	1,090	0
Operating income	1,290	739	4,138	734	853	1,137	1,713	673
Dividends	0	0	281	1	0	0	57	0
Net interest items	-91	-63	-106	-78	-41	-73	-85	2
Gain on sale of shares and participations	0	0	27	0	0	0	0	646
Other financial items	41	12	-86	23	-29	-33	3	2
	-50	-51	116	-54	-70	-106	-25	650
Income after financial items	1,240	688	4,254	680	783	1,031	1,688	1,323
Taxes	-347	-266	-1,625	-245	-409	-410	-741	-405
Minority interests	-30	-35	-10	-23	-38	-11	-9	-20
Net profit for the year	863	387	2,619	412	336	610	938	898
Order backlog	93,686	82,421	86,383	75,066	67,871	66,872	63,780	56,137
Capital employed	25,073	24,662	29,089	24,680	21,645	21,452	20,681	19,891
Interest-bearing net indebtedness	615	401	8,322	5,482	1,978	2,998	1,927	2,087
Equity/assets ratio, %	32.5	31.1	27.5	29.8	30.7	30.1	29.8	32.5
Return on capital employed, %	31.5	29.9	29.1	20.6	27.0	19.7	14.5	60.4
CASH FLOW								
From business operations	1,832	571	180	20	1,420	84	621	222
From investment operations	-1,957	7,769	-2,281	-1,697	-306	-129	-732	-1,419
From financing operations	-879	-4,835	2,302	1,063	-549	123	-212	1,759
Cash flow for the year	-1,004	3,505	201	-614	565	78	-323	562
BUSINESS AREAS								
ORDER BOOKINGS								
USA	17,656	7,639	17,416	7,567	8,229	9,781	11,429	9,030
Sweden	6,102	5,735	5,864	5,729	5,617	5,285	5,832	4,624
Europe, Construction	6,604	2,764	3,571	3,605	3,413	2,140	3,238	2,912
Europe, Components and Services	1,470	1,740	1,822	1,610	1,560	1,476	1,483	1,334
	31,832	17,878	28,673	18,511	18,819	18,682	21,982	17,900
NET SALES								
USA	9,423	9,565	9,723	6,726	7,250	6,812	5,533	4,477
Sweden	7,415	5,298	6,274	4,574	6,519	5,343	5,339	3,917
Europe, Construction	4,253	3,079	3,995	2,914	4,305	3,064	2,309	2,003
Europe, Components and Services	1,686	1,727	1,809	1,496	1,584	1,492	1,418	1,285
Project Development and Real Estate	345	341	321	302	298	322	312	333
Other and eliminations	-833	-415	-366	-524	83	-976	-343	-244
	22,289	19,595	21,756	15,488	20,039	16,057	14,568	11,771
INCOME AFTER FINANCIAL ITEMS								
USA	263	207	247	164	170	120	84	74
Sweden	236	194	304	18	204	130	220	-21
Europe, Construction	163	91	49	-7	81	7	76	-4
Europe, Components and Services	76	56	55	-17	40	67	-2	-27
Project Development and Real Estate	539	159	80	373	89	553	252	481
Share portfolio management	0	0	308	1	0	0	57	646
Items affecting comparability	7	0	3,280	0	-2	-55	1,090	0
Listed associated companies	93	56	94	375	258	274	-3	132
Other and eliminations	-153	-75	-163	-227	-57	-65	-86	42
	1,224	688	4,254	680	783	1,031	1,688	1,323

Proposed allocation of earnings

The Board of Directors and the President of Skanska AB propose that the net profit for 1999, SEK 1,453,186,224, plus the retained earnings of SEK 6,037,839,915, totaling SEK 7,491,026,139, brought forward from the preceding year, be allocated as follows:

A dividend to the shareholders of SEK 16 per share	SEK 1,821,679,488
<i>of which, an extra dividend of SEK 4 per share, totaling SEK 455,419,872</i>	
To be carried forward	SEK 5,669,346,651
Total	SEK 7,491,026,139

Stockholm, February 24, 2000

Bo Rydin
Chairman

Per-Olof Eriksson

Roger Flanagan

Sören Gyll

Finn Johnsson

Clas Reuterskiöld

Folmer Knudsen

Ivan Karlsson

Nils-Erik Pettersson

Claes Björk
President

*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 1999. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance that the annual accounts and the consolidated accounts 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 liability, if any, to the Company of any Board member or the President. We also examined whether any boardmember 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 consolidated accounts have been prepared in accordance with the Annual Accounts Act and thereby provide a true and fair picture of the results and financial position of the Company and the Group 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 of 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 25, 2000

Anders Scherman
Authorized Public Accountant

Bernhard Öhrn
Authorized Public Accountant

Property list ¹

Investment properties on December 31, 1999

County, municipality, property designation, street address	Year built/ renovated	Leasable space, sq m				Rental value 2000, SEK M	Site leasehold	Location ²
		Residential	Retail	Office	Other			
STOCKHOLM								
Stockholm County								
Botkyrka								
Trädgårdsmästaren 14, Gröndalsv 20	1978			4,926	336	5,262	4.8	S
Danderyd								
Trekanten 3, Vendev 85 A-B	1989			9,272	475	9,747	11.6	N
Huddinge								
Myren 1, Häradsv 253	1993			950	5,460	6,410	9.5	S
Järfälla								
Jakobsberg 2:2583, Järfällav 102-104	1982			17,559	5,049	22,608	17.8	N
Nacka								
Sicklaön 354:1-2, Ektorp Centrum, Ektorpsv 2-6	1979		3,003	13,065	2,518	18,586	16.0	S
Nynäshamn								
Alkotten 2, Lövlundsv 3	1984			1,792	2,232	4,024	5.9	S
Solna								
Apelsinen 5, Vretenv 13	1972			12,709	8,213	20,922	17.2	N
Puman 1, Bang 21, Storg 28	1972			1,784	406	2,190	1.6	N
Gelbjutaren 3, 14, 17, Industriv, Äldermansv	1946/89			8,342	4,405	12,747	10.0	S N
Stockholm								
Alptanäs 1	1980			2,436	6,040	8,476	8.9	S N
Haukadalsg 3, Kista								
Blekholmen 1, Klara Strand, Klarastrandsviadukten 90	1994		440	29,786	4,133	34,359	64.1	S C
Dykaren 10	1900/87			10,800	850	11,650	22.5	C
Alströmerg 39								
Grävlingen 12, Regeringsg 57-59, Mäster Samuelsg 34-36, Malmskillnadsg 1, Malmskillnadsg 42-46	1977		3,197	16,704	7,124	27,025	58.4	C
Gångaren 11, Lindhagensg 80	1989			11,295	3,028	14,323	21.5	S C
Gångaren 12 (del av) Lindhagensg 90-92	1983			4,343	8,253	12,596	16.8	C
Görväln 2, Bränningev 10-24	1963				7,279	7,279	4.6	S S
Hantverkaren 24, S:t Göransg 55-57	1989			2,895		2,895	3.3	S C
Instrumentet 17, Jakobsdalsv 13-15	1948			686	3,938	4,624	2.8	S
Järnplåten 29, Malmskillnadsg 35	1971		524	2,117	462	3,103	7.5	S C
Lagern 11, Klara Norra Kyrkog 27-29 Kungsg 64-66	1898/87		552	8,881	116	9,549	22.2	C
Lammet 17	1980/94			2,280	4,454	6,734	10.8	S C
Bryggarg 4, Ga Brog 1.								
Prästgårdsängen 3, Götalandsv 218, Älvsjö	1986		112	6,237	53	6,402	5.8	S S
Singeln 4, Sorterarg 14-16, Vällingby	1964			2,225	1,061	3,286	2.3	S N
Singeln 9, Sorterarg 8, Vällingby	1970			3,869	1,463	5,332	3.2	S N
Skalholt 1, Isafjordsg 23-25, Kista	1985		2,950	32,453	4,198	39,601	55.0	S N
Storsättra 1, Storsättragr 4-26	1972			16,811	15,161	31,972	23.9	S S
Torkhuset 1, Hammarbyv 76				1,649	5,187	6,836	3.6	S S
Trumman 2, Vattenpasset 11, 12 Rosenlundsg 29-31, Magnus Ladulåsg 1-5, 2-10	1949/65	4,866	2,330	29,138	4,707	41,041	57.3	C
Trädlärkan 8, 9, Sköldungag 1-5	1910			1,544		1,544	2.7	C
Valnöten 8, Scheeleg 1, Hantverkarg 26	1930	325	761	1,543	292	2,921	4.3	C
Vattenkraften 1, Skrubba, Solkraftsv 13, Skrubba Malmv	1990			4,928	5,495	10,423	9.3	S S
Vinkelhaken 12, Drottning 80	1929/86	269	318	900	40	1,527	2.7	C
Årstaäng 4, Sjöviksbacken 4-26, Förmansv 24-26	1968			17,988	15,414	33,402	25.5	S S
Sundbyberg								
Eken 6, Allén 5	1997			24,835		24,835	38.0	N
Sprängaren 8, Vinterg 1	1970			6,307	5,559	11,866	8.8	N
Upplands Väsby								
Vilunda 16:57, Korpukulla, Centralv 1	1990		923	5,889	336	7,148	8.1	N
Stockholm Arlanda								
Arlanda 2:1, Helikopterv 1	1997			8,900		8,900	5.7	N
Total STOCKHOLM		5,460	15,110	327,838	133,737	482,145	594.0	

Total book value on December 31, 1999: SEK 2,768 M. Projected rents for 2000 include SEK 548 M in contracted rents and SEK 46 M in estimated market rents for unoccupied commercial and residential premises.

¹ Refers to Skanska Project Development and Real Estate.

² 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				Rental value 2000, SEK M	Site leasehold	Location ¹
		Residential	Retail	Office	Other			
Skåne County								
Klippan								
Hjälmen 22, Storg 24–26, N Skolg 2, Stenbocksg 2	1977/-91			3,566	94	3,660	3.4	C
Helsingborg								
Danmark 29, Söderg 39	1970/-99	1,912	3,336	5,695	183	11,126	10.4	C
Fyrkanten 17, Thure Röings g 6, Söderg 2	1909/-86	54	154	657	40	905	0.6	C
Kolonien 27–28 Carl Krooksg 30–32, Wetterlingsg 2	1988	2,666	3,078	3,237	260	9,241	9.4	C
Lund								
Flintan 3, Skifferv 24	1985/-99				5,979	5,979	4.2	O
Väduren 9, Dalbyv 22, Jupiterg 4, Tellusg 5	1963/-92	115		736	624	1,475	1.2	O
Välten 10, Traktorv 4	1991		2,344			2,344	2.7	O
Vätet 3, Ole Römers v 5A	1991				335	335	0.6	O
Malmö								
Bohus 7, Per Albin Hanssons v 4–14	1966	8,672	500	4,251	4,798	18,221	11.7	C
Domarringen 1, Boplatsg 2	1976/-83			675	950	1,625	1.4	O
Fersen 1, Österg 21, N Vallg 28, S:t Gertrudsg 1	1700/1868/1930		405	539	1,086	2,030	1.3	C
Flundran 1, Gibraltar g 2, Suezg 9	1964			2,400		2,400	1.7	S O
Flygbasen 1, Höjdroerg 23	1989			1,125	1,631	2,756	1.3	O
Gamen 15, Ö Kanal g 6, Storg 5	1981			4,128	191	4,319	4.4	C
Hans Michelsen 10, Adelg 5, N Vallg 54	1903/-88		400	2,831	394	3,625	3.4	C
Husaren 9, Husarg 5, Ö Promenaden 3–5, Ö Tullg 1–3	1957/-80	4,426	691	4,856	282	10,255	8.8	C
Landshövdingen 1, RoCent, Wachtmeisters väg 5	1970/-87		19,653	2,008	5,794	27,455	19.7	S O
Residenset 3, Adelg 8	1879/1981			1,200		1,200	1.2	C
S:t Jörgen 21, part of, Baltzarsg 24	1750/1986		140	240		380	0.4	C
Sirius 1 och 2, Jörgen Kocksg 9	1992			7,215	251	7,466	9.0	O
Smörbollen 21, Cypressv 10	1969/-72			1,011	2,423	3,434	1.9	S O
Spinneriet 8, Baltzarsg 20–22, Kalendeg 22–30, Djåkneg 29–31, St Nyg 29–31	1957		2,372	12,883	26,223	41,478	36.1	C
Trollhättan 4 and 7, Nordenskiöldsg 7–11, Beijerskajen 6–8	1959/-66/-98			10,111		10,111	15.7	S C
Trollhättan 6, Nordenskiöldsg 13, Ankargripsg 4	1959/-66/-98			4,498	10,175	14,673	6.7	S C
Väktaren 3, Scandinavian Center, Hjälmareg 3	1991			8,131		8,131	14.6	C
Ängslätt 1, Klagshamnsv 40, Vintrie	1987		2,006		12	2,018	1.9	O
Denmark								
Ballerup								
Baltorpvej 154–158	1969/-76/-80/-89/-99			10,954	2,819	13,773	12.3	O
Copenhagen								
Holbergsgade 2	1908/-46/-96			7,485	1,792	9,277	12.2	C
Midtermolen EX, Midtermolen 1–3	1994			13,014	1,871	14,885	27.1	C
Niels Juels Gade 5	1870/1998			1,543	130	1,673	2.6	C
Tordenskjöldsgade 20–24	1870/-71/1996			5,643	1,112	6,755	6.7	C
Hørsholm								
Rungsted Bytorv 1-9	1992	3,456	3,902	240	828	8,426	9.7	C
Total ØRESUND		21,301	38,981	120,872	70,277	251,431	244.3	

Total book value on December 31, 1999: SEK 1,458 M. Projected rents for 2000 include SEK 233 M in contracted rents and SEK 11 M in estimated market rents for unoccupied commercial and residential premises.

¹ Refers to central (C) or other (O) locations.

County, municipality, property designation, street address	Year built/ renovated	Leasable space, sq m				Rental value 2000, SEK M	Site leasehold	Location ¹
		Residential	Retail	Office	Other			
GOTHENBURG								
Västra Götaland County								
Göteborg								
Backa 30:3, Importgatan 23-33	1969/96		740	2,395	38,432	41,567	10.6	O
Gullbergsvass 1:5-6, Lilla Bommen	1990		621	26,416	5,431	32,468	48.0	C
Gullbergsvass 5:2, Kilsig 10	1880/1989		304	893	72	1,269	0.9	O
Gullbergsvass 703:52-53, P-huset Silvret, Lilla Bommen	1991				19,000	19,000	13.3	C
Inom Vallgraven 4:5, Stora Nyg 23-25	1906/89			2,735	665	3,400	3.9	C
Inom Vallgraven 8:19, Kungsg 56	1950		218	893	183	1,294	2.3	C
Kobbegården 6:249, Datav 27	1976			2,299	4,867	7,166	4.3	O
Krokslätt 185:1, Sven Hultins gata 9	1996-97		123	8,861	1,514	10,498	15.1	O
Masthugget 10:16, Första Långg 24-26	1962/91		575	6,454	399	7,428	8.2	C
Masthugget 10:19, Värmlandsg 16	ca 1900/91		270	1,360	40	1,670	1.2	C
Mölnadal								
Kryptongasen 4, Kryptongatan 20	1982			1,700	6,500	8,200	4.7	O
Vämmedal 2:158, Källered	1998		5,150			5,150	6.1	O
Borås								
Ambåga 3 - Evedal, Ålgårdsv 11	1965/98		12,948	700	6,815	20,463	14.4	O
Kyllared 1:101, 1:126 (50%), Tvinnareg 4	1979			700	6,300	7,000	1.9	O
Ventilen 1, Industrig 4	1975			1,420	5,880	7,300	3.2	O
Trollhättan								
Nohab 1, part of (Innovatum), Nohab Industriområde	1913/98			1,608	7,926	9,534	4.5	O
Nohab 1, part of (Wärtsilä), Nohab Industriområde	1949/97			2,345	15,358	17,703	6.6	O
Nohab 5 (Film i Väst), Nohab Industriområde	1950/97			1,431	726	2,157	0.9	O
Oden 8, Kungsg 30	1976		9,201	98	6,443	15,742	13.5	C
Skåne County								
Helsingborg								
Marknaden 2, Björka vägen Väla	1995/97		6,389			6,389	6.0	O
Marknaden 3, Björka vägen Väla	1996		8,619			8,619	8.4	O
Total, GOTHENBURG			45,158	62,308	126,551	234,017	178.0	

Total book value on December 31, 1999: SEK 883 M. Projected rents for 2000 include SEK 172 M in contracted rents and SEK 6 M in estimated market rents for unoccupied commercial and residential premises.

¹ Refers to central (C) or other (O) locations.

EUROPE

Great Britain

London

Thomas More Square	1991		364	44,863	2,174	47,401	123.2	O
55, King William Street	1991		298	5,281	339	5,918	32.0	C

Hungary

Budapest

East West Business Center, Rákóczi ut 1-3	1991		1,635	17,864	872	20,371	45.7	C
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Poland

Warsaw

Atrium Plaza	1998		1,336	12,455		13,791	50.2	C
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Total EUROPE **3,633** **80,463** **3,385** **87,481** **251.1**

Total book value on December 31, 1999: SEK 1,810 M. Projected rents for 2000 include SEK 232 M in contracted rents and SEK 19 M in estimated market rents for unoccupied premises.

¹ Refers to central (C) or other (O) locations.

GRAND TOTAL, INVESTMENT PROPERTIES **26,761** **102,882** **591,481** **333,950** **1,055,074** **1,267.4**

Total book value on December 31, 1999: SEK 6,919 M. Projected rents for 2000 include SEK 1,185 M in contracted rents and SEK 82 M in estimated market rents for unoccupied premises.

Investment properties in partly owned partnerships and limited partnerships, December 31, 1999

All figures refer to Skanska's holding.

County, municipality, property designation, street address	Year built/ renovated	Leasable space, sq m				Rental value 2000, SEK M	Site leasehold	Location ¹
		Residential	Retail	Office	Other			
Stockholm								
Tryckeriet 13 etc. (50%), Trekantsv 1,3,5	1965			15,130	9,548	24,678	19.5	S
Gothenburg								
Lorensberg 45:19 (50%), Kungspartavenyn 10-12	1971		918	906	94	1,918	4.9	C
Total			918	16,036	9,642	26,596	24.4	

Total book value on December 31, 1999: SEK 17 M. Projected rents for 2000 include SEK 22 M in contracted rents and SEK 2 M in estimated market rents for unoccupied commercial and residential premises.

¹ Refers to central (C) or other (O) locations. South of central Stockholm (S).

Completed real estate projects

Responsible unit, property designation, municipality	Leasable space, sq m					Projected rental value, SEK M ¹	Projected operating net, fully leased, SEK M	
	Residential	Retail	Office	Other	Total			
Stockholm								
Gångaren 13, Stockholm			28,881	6,958	35,839	54.5	50.2	
Gångaren 14, Stockholm			11,135	525	11,660	20.1	19.2	
Atleten 5, Sundbyberg		132	7,013		7,145	12.6	11.0	
Eken 6, Sundbyberg			6,535		6,535	10.1	8.5	
Gothenburg								
Arendal 1:8			1,550	15,800	17,350	10.5	8.0	
Inom Valgraven 16:6		180	4,866	309	5,355	7.2	6.0	
Vämmedal 2:162, Källered		4,757	102	401	5,260	6.0	5.0	
Säby 3:2 Barkarby, Järfälla		11,428			11,428	14.3	13.0	
Total, Project Development Sweden		16,497	60,082	23,993	100,572	135.3	120.9	
Europe								
West End Business Center I, Budapest			770	7,659		8,429	15.6	15.2
Total, Project Development Europe			770	7,659		8,429	15.6	15.2
Total, completed real estate projects								
Skanska Project Development and Real Estate		17,267	67,741	23,993	109,001	150.9	136.1	
		Sweden	Europe	Total				
Occupancy rate, Dec. 31, 1999, %		100	89	99				

¹ Projected rental value refers to estimated annual rent, fully leased, when each property is completed.

Ongoing real estate projects

Responsible unit, property designation, municipality	Year and month of projected completion	Leasable space, sq m				Projected rental value, SEK M ¹	Projected operating net, fully leased, SEK M	
		Residential	Retail	Office	Other			Total
Project Development Sweden								
Stockholm								
Barkaby II, Handelscentrum, Järfälla	00 03		3,011		470	3,481	5.2	4.9
Hagalund 2:6-7, Solna	01 04			42,510	1,300	43,810	76.3	69.6
Gångaren 15, Stockholm	01 07			11,305		11,305	24.2	22.6
Trekanten 2, Danderyd	01 01			17,375	9,025	26,400	40.0	35.9
Øresund								
Kalvebod Brygge 43 & 45, Copenhagen	00 04/01 06			14,600	300	14,900	29.0	27.1
Östersjön 1, Malmö	01 02			8,175		8,175	12.6	11.5
S:t Jörgen 21, part of, Butterick's Malmö	02 06		3,906	7,364	274	11,544	22.0	18.4
Gothenburg								
Gårda 13:3, Gothenburg	00 01			20,493	4,346	24,839	33.1	28.9
Total, Project Development Sweden			6,917	121,822	15,715	144,454	242.4	218.9
Project Development Europe								
Hungary								
West End Business Center II, Budapest	00 10		487	9,670		10,157	19.2	16.3
Poland								
Atrium Centrum, Phase 1, Warszawa	01 01		1,030	7,044		8,074	29.8	27.2
Total, Project Development Europe			1,517	16,714		18,231	49.0	43.5
Total, current real estate projects			8,434	138,536	15,715	162,685	291.4	262.4
		Sweden	Europe	Total				
Projected book value upon completion, SEK M		2,019	321	2,340				
Book value, December 31, 1999, SEK M		859	56	915				
Economic occupancy rate, Dec. 31, 1999, %		70	0	62				

¹ Projected rental value refers to estimated annual rent, fully leased, when each property is completed.

The property list is continuously updated on Skanska's web site, www.skanska.se

Board of Directors and Auditors



Bo Rydin



Claes Björk



Per-Olof Eriksson



Roger Flanagan



Sören Gyll



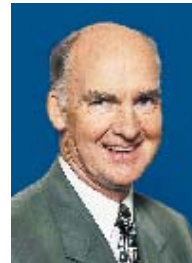
Finn Johnsson



Clas Reuterskiöld



Ivan Karlsson



Folmer Knudsen



Eva Elofsson-Merila



Jörgen Persson



Nils-Erik Pettersson



Inge Johansson

Bo Rydin

Stockholm, born 1932.
Chairman. Elected in 1994. Dr.Econ. (Hon.),
Dr.Eng. (Hon.) Other directorships:
SCA (Chairman), Industrivärden (Chairman),
Grängeverken (Chairman),
Svenska Handelsbanken (Vice Chairman),
SAS Assembly of Representatives.
Holdings in Skanska: 2,500 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: 5,395 Series B shares.

Per-Olof Eriksson

Sandviken, born 1938.
Elected in 1994. Dr.Eng. (Hon.).
Other directorships: Swedish National Grid
(Chairman), Thermia (Chairman), Sandvik,
Svenska Handelsbanken, SSAB, SKF, Volvo,
Custos, Preem Petroleum, Assa Abloy,
Royal Institute of Technology, Federation of
Swedish Industries. Member of Royal
Swedish Academy of Engineering Sciences.
Holdings in Skanska: 3,000 Series B shares.

Roger Flanagan

Henley-on-Thames, Oxon.,
England, born 1944.
Elected in 1998.
Holdings in Skanska: 0 shares.

Sören Gyll

Saltsjö-Duvnäs, born 1940.
Elected in 1997.
Other directorships: Pharmacia & Upjohn
(Chairman), Volvo, SKF, SCA, Bilia, Oresa
Ventures S.A., Federation of Swedish
Industries (Chairman).
Holdings in Skanska: 1,238 Series B shares.

Finn Johnsson

Gothenburg, born 1946.
Elected in 1998.
President of Mölnlycke Health Care.
Other directorships: Volvo, Perstorp,
Thomas Concrete Group, MVI (Chairman),
Kalmar Industries, Handelsbanken Western
Sweden Region, Bilisten AB (Chairman),
Wilson Logistics Holding (Chairman).
Holdings in Skanska: 3,500 Series B shares.

Clas Reuterskiöld

Stocksund, born 1939.
Elected in 1998.
President and CEO of Industrivärden.
Other directorships: AGA, Ericsson, Sandvik,
SCA, Svenska Handelsbanken.
Holdings in Skanska: 450 Series B shares.

Ivan Karlsson

Uddevalla, born 1937.
Union for Service and Communication
(SEKO). Appointed in 1992. Rock worker.
Holdings in Skanska: 738 Series B shares.

Folmer Knudsen

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

Eva Elofsson-Merila

Vetlanda, born 1950.
Swedish Union of Clerical and Technical
Employees in Industry (SIF).
Appointed in 1992. Personnel Department.
Deputy Board member.
Holdings in Skanska: 0 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 Union of Supervisors (LEDARNA).
Appointed in 1998. Production manager.
Holdings in Skanska: 2,430 Series B shares.

Inge Johansson

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

AUDITORS

Anders Scherman

Malmö.
Authorized Public Accountant.

Bernhard Öhm

Stockholm.
Authorized Public Accountant.

DEPUTY AUDITORS

Christer Ljungsten

Malmö.
Authorized Public Accountant.

George Pettersson

Stockholm.
Authorized Public Accountant.

Group Management



1. Anders C Karlsson, 2. Per-Ingemar Persson, 3. Einar Lundgren, 4. Anders Nyrén, 5. Birgitta Strömberg, 6. Claes Björk, 7. Per Westlund, 8. Rune Kjellman, 9. Stuart E. Graham, 10. Mats Wäppling
Mats Jönsson is not pictured.

Claes Björk
President and Chief Executive Officer
Born 1945.
Joined Skanska in 1967.
Holdings in Skanska: 5,395 Series B shares,
60,000 options.

Stuart E. Graham
Head of the Skanska USA
business area
Born 1946.
Joined Skanska in 1990.
Holdings in Skanska: 500 Series B shares,
30,000 options.

Mats Jönsson
Head of the Skanska Service
business area
Born 1957.
Joined Skanska in 1985.
Holdings in Skanska: 24 Series B shares.
Member of Group Management effective
from March 2000.

Anders C Karlsson
Head of the Skanska Europe
business area
Born 1950.
Joined Skanska in 1996.
Holdings in Skanska: 2,000 shares,
30,000 options.

Rune Kjellman
Senior Vice President, Personnel
Born 1944.
Joined Skanska in 1988.
Holdings in Skanska: 0 shares,
18,000 options.

Einar Lundgren
Chief Counsel and
Secretary to the Board
Born 1952.
Joined Skanska in 1993.
Holdings in Skanska: 100 Series B shares,
18,000 options.

Anders Nyrén
Executive Vice President, Finance
business area
Born 1954.
Joined Skanska in 1997.
Holdings in Skanska: 3,000 Series B shares,
30,000 options.

Per-Ingemar Persson
Head of the Skanska Sweden
business area
Born 1956.
Joined Skanska in 1982.
Holdings in Skanska: 2,020 Series B shares,
30,000 options.

Birgitta Strömberg
Senior Vice President,
Information Technology
Born 1947.
Joined Skanska in 1998.
Holdings in Skanska: 300 Series B shares,
18,000 options.

Per Westlund
Executive Vice President,
Group Development.
Born 1944.
Joined Skanska in 1968.
Holdings in Skanska: 1,545 Series B shares,
30,000 options.

Mats Wäppling
Head of the Project Development
and Real Estate business area
Born 1956.
Joined Skanska in 1979.
Holdings in Skanska: 750 Series B shares,
30,000 options.

Annual Shareholders' Meeting

The Annual Shareholders' Meeting of Skanska AB will be held at 4:00 p.m. on Tuesday, May 2, 2000 at the Cirkus auditorium, Djurgårdsslätten 43 (near the main entrance to the Skansen outdoor museum), Stockholm, 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 made as of April 20, 2000; shareholders whose shares have been registered in the name of a trustee must have temporarily re-registered their shares in their own name to be entitled to participate in the Meeting. Such registration should be requested well in advance of April 20, 2000 from the bank or brokerage house holding the shares in trust.
- notify Skanska no later than 12 noon, Tuesday, April 25, 2000 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 87 62 (Group Legal Affairs) or
- by fax to +46 8-753 37 52.

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 1999, the Board of Directors proposes a dividend of SEK 12 per share to the shareholders plus an extra dividend of SEK 4 per share.

The Board proposes Friday, May 5, 2000 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 the Swedish Securities Register Center (VPC) on Wednesday, May 10, 2000.

Financial information during 2000

Year-End Report, 1999 Results	February 24
Annual Report for 1999	Early April (English version: mid-April)
Three Month Report	May 2
Six Month Report	August 31
Nine Month Report	November 2

As a complement to the Annual Report, Skanska is publishing a separate 1999 Environmental Report in March.

All information can be ordered from:

Skanska AB
Corporate Communications
Box 1195
SE-111 91 Stockholm
Sweden
Telephone +46 8 753 88 00
Fax +46 8 755 66 73

Skanska's financial information is also available on its web site, www.skanska.com

Addresses

GROUP HEADQUARTERS

Skanska AB

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SKANSKA SWEDEN

Skanska Sverige AB

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Skanska Sverige AB

SE-205 33 Malmö, Sweden
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Skanska Facilities Management AB

SE-118 99 Stockholm, Sweden
Street address: Magnus Ladulåsgatan 2
Telephone: +46 8 753 80 00
Fax: +46 8 755 97 77

Skanska Residential Construction

SE-205 33 Malmö, Sweden
Street address: Drottningtorget 14
Telephone: +46 40 14 40 00
Fax: +46 40 14 46 50

Myresjöhus AB

SE-574 85 Vetlanda, Sweden
Telephone: +46 383 960 00
Fax: +46 383 914 40

Skanska Commercial Buildings

SE-118 99 Stockholm, Sweden
Street address: Magnus Ladulåsgatan 2
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Fax: +46 8 753 67 91

Skanska Road Construction

SE-405 18 Gothenburg, Sweden
Street address: Lilla Bommen 2
Telephone: +46 31 771 10 00
Fax: +46 31 15 12 75

Skanska Industrial Construction

Box 1219
SE-351 12 Växjö, Sweden
Street address: Kronobergsgatan 10
Telephone: +46 470 990 00
Fax: +46 470 992 70

Skanska Installation AB

Box 3184
SE-350 43 Växjö, Sweden
Street address: Sjöuddenvägen 7
Telephone: +46 470 75 88 90
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Skanska Prefab AB

SE-205 33 Malmö, Sweden
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Skanska Stålteknik AB

Box 803
SE-391 28 Kalmar, Sweden
Street address: Husängsvägen 5
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Skanska Glasbyggarna AB

Box 30132
SE-200 61 Malmö, Sweden
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SektionsByggarna AB

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Skanska Maskin AB

SE-118 99 Stockholm, Sweden
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Skanska Underground Construction and Bridges

SE-118 99 Stockholm, Sweden
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Fax: +46 8 753 61 28

Stabilator AB

SE-118 99 Stockholm, Sweden
Street address: Magnus Ladulåsgatan 2
Telephone: +46 8 753 02 40
Fax: +46 8 753 47 90

Skanska International Civil Engineering AB

SE-182 25 Danderyd, Sweden
Street address: Vendevägen 87
Telephone: +46 8 753 80 00
Fax: +46 8 753 46 13

Sundlink Contractors HB

Box 50114
SE-202 11 Malmö, Sweden
Street address: Utsiktsvägen (next to the Öresund Bridge abutment), Lernacken
Telephone: +46 40 680 92 00
Fax: +46 40 680 92 01

SKANSKA EUROPE

Skanska Europe AB

SE-205 33 Malmö, Sweden
Street address: Drottningtorget 14
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Fax: +46 40 14 45 400

Skanska Danmark A/S

Baltorpvej 154
DK-2750 Ballerup, Denmark
Telephone: +45 44 77 99 99
Fax: +45 44 77 98 9

Skanska AS

P.O. Box 6881
S:t Olavs Plass
NO-0130 Oslo, Norway
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Skanska Suomi Oy

P.O. Box 114
FIN-00101 Helsinki, Finland
Street address: Paciuksenkatu 25
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Fax: +358 9 6152 2271

Skanska East Europe Oy

P.O. Box 114
FIN-00101 Helsinki, Finland
Street address: Paciuksenkatu 25
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Skanska Central Europe AB

SE-205 33 Malmö, Sweden
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Fax: +46 40 14 43 10

Skanska International AG

Hagenholzstrasse 60
CH-8050 Zurich, Switzerland
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Fax: +41 1 307 1099

Poggenpohl Group

Poggenpohl Möbelwerke GmbH
Poggenpohlstrasse 1
DE-32051 Herford, Germany
Telephone: +49 5221 3810
Fax: +49 5221 3813 21

Nybron Group

Nybron AB
Box 805
SE-382 28 Nybro, Sweden
Street address: Dunderbergsgatan 10
Telephone: +46 481 420 00
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Elit Fönster AB

Box 153
SE-574 22 Vetlanda, Sweden
Street address: Brogårdsgatan 1
Telephone: +46 383 76 34 00
Fax: +46 383 76 34 01

Skanska UK Ltd

5 Hyde Park Gate
London SW7 5EW, England
Telephone: +44 171 581 4151
Fax: +44 171 584 4934

SKANSKA USA**Skanska (USA) Inc.**

16-16 Whitestone Expressway
Whitestone, NY 11357, U.S.A.
Telephone: +1 718 747 3454
Fax: +1 718 747 345

Slattery Skanska Inc.

16-16 Whitestone Expressway
Whitestone, NY 11357, U.S.A.
Telephone: +1 718 767 2600
Fax: +1 718 767 2663

Koch Skanska Inc.

400 Roosevelt Avenue
Carteret, NJ 07008, U.S.A.
Telephone: +1 732 969 1700
Fax: +1 732 969 0197

Sordoni Skanska Construction Co.

400 Interpace Parkway, Building C
Parsippany, NJ 07054, U.S.A.
Telephone: +1 973 334 5300
Fax: +1 973 334 5376

Beers Construction Co.

70 Ellis Street, N.E.
Atlanta, GA 30303, U.S.A.
Telephone: +1 404 659 1970
Fax: +1 404 656 1665

Spectrum Skanska Inc.

115 Stevens Avenue
Valhalla, NY 10595, U.S.A.
Telephone: +1 914 773 1200
Fax: +1 914 773 0300

Tidewater Skanska Group Inc.

809 S. Military Highway
Virginia Beach, VA 23464
Telephone: +1 757 578 4100
Fax: +1 757 366 0491

SADE

Ingeniería y Construcciones S.A.
Maipu 1, 5th floor
AR-1599 Buenos Aires, Argentina
Telephone: +54 11 4341 7501
Fax: +54 11 4341 7503

SKANSKA PROJECT DEVELOPMENT AND REAL ESTATE**Skanska Projektutveckling och Fastigheter AB**

SE-118 99 Stockholm, Sweden
Street address: Magnus Ladulåsgatan 2
Telephone: +46 8 753 80 00
Fax: +46 8 753 89 59

Skanska Øresund AB

SE-205 33 Malmö, Sweden
Street address: Drottningtorget 14
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Skanska Fastigheter Göteborg AB

SE-405 18 Gothenburg, Sweden
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Skanska Fastigheter Stockholm AB

SE-118 99 Stockholm, Sweden
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Skanska Projektutveckling Sverige AB

SE-118 99 Stockholm, Sweden
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Skanska Projektutveckling Europe AB

SE-118 99 Stockholm, Sweden
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Fax: +46 8 753 89 59

Skanska BOT AB

SE-118 99 Stockholm, Sweden
Street address: Magnus Ladulåsgatan 2
Telephone: +46 8 753 80 00
Fax: +46 8 755 13 96

SKANSKA SERVICES**Skanska Facilities Management**

SE-118 99 Stockholm, Sweden
Street address: Magnus Ladulåsgatan 2
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Fax: +46 8 755 97 77

STRATEGIC SERVICE COMPANIES**Skanska IT Solutions AB**

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Skanska Teknik AB

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Skanska Financial Services AB

SE-118 99 Stockholm, Sweden
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Skanska Invest AB

Box 1195
SE-111 91 Stockholm, Sweden
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Skanska Försäkrings AB

SE-118 99 Stockholm, Sweden
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SCEM Reinsurance S.A.

BP 593
LU-2015 Luxembourg, Luxembourg
Street address: 11 Rue Beaumont
Telephone: +352 223 4221
Fax: +352 470 250



SKANSKA