

# Three Month Report 2010



Tampa Museum of Art, Florida

## January–March 2010 in brief

- New accounting standards
- Revenue for the Group SEK 25.8 bn (30.1)
- Revenue in Construction SEK 23.3 bn (30.5)
  - Down 17 percent in local currencies
- Operating margin in construction stable at 2.4 (2.4) percent
- Operating cash flow increased to SEK 1.0 bn (-1.6)
- Interest-bearing net receivables amounted to SEK 8.8 bn (2.1)
- Order bookings increased by 6 percent to SEK 25.6 bn (24.1)
  - Up 15 percent in local currencies
  - Book-to-build (rolling 12 month) 106% (77%)
- Backlog of SEK 137.7 bn represents 13 months of construction
- Operating income of SEK 0.9 bn (0.5)
  - Gains from divestment of properties SEK 0.2 bn (0.0)
  - Gains from divestment of ID assets SEK 0.1 bn (0.0)

# Construction

- Earnings, mixed picture
  - Winter effect
  - Risk management
- Seasonally strong cash flow
- Book to build 106%



Heron Tower, London

## New projects in Q2

- New Karolinska Solna, Sweden, SEK 14.5 bn
- Congress, concert hall and hotel facility, Malmö, Sweden, SEK 1.4 bn
- Antofagasta, Chile, SEK 1.8 bn
- Essex Schools, U.K., SEK 0.8 bn



New Karolinska Solna (NKS)

## Residential Development

- Good number of new starts
- Positive earnings in all markets
- Continue to focus on new projects
- Czech and Slovakia slower markets



# Commercial Development

- Divestments
  - SEK 1.5 bn
  - Gain SEK 219 M
- Four new projects started
  - Investment value SEK 1.2 bn
- Increased interest from investors



# Infrastructure Development

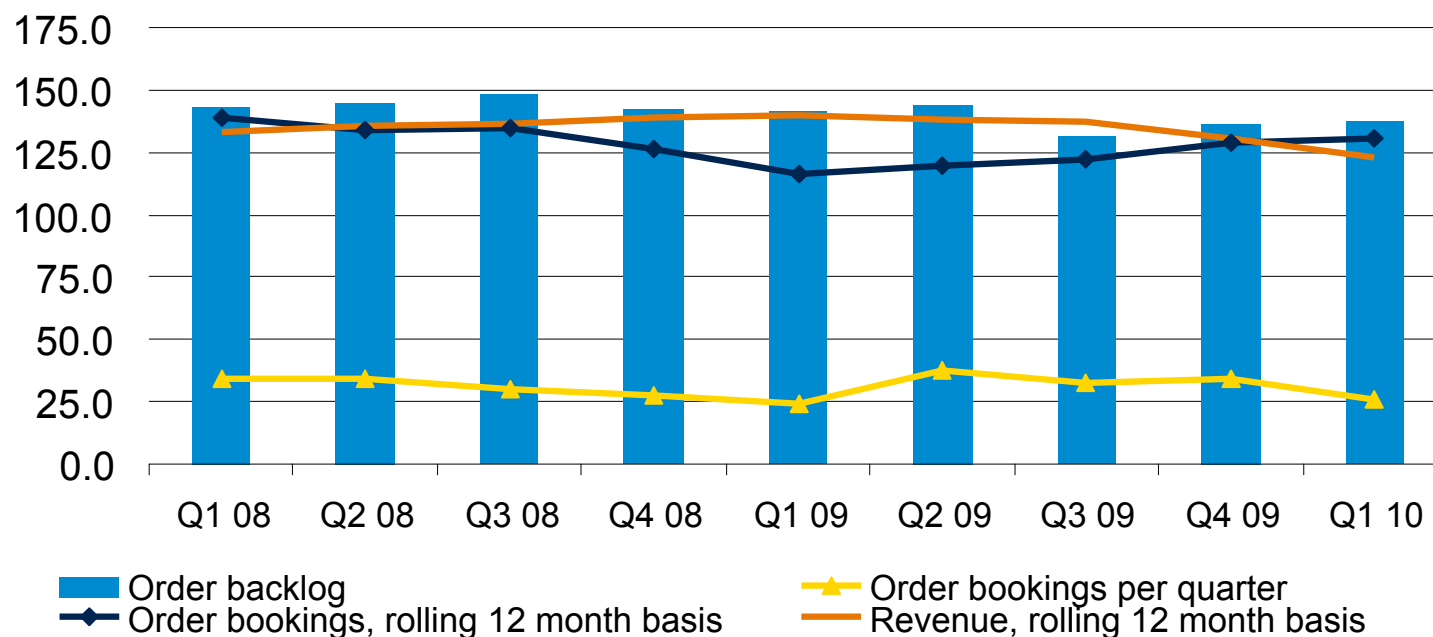
- Preferred bidder (Q2)
  - New Karolinska Solna
- Financial close (Q2)
  - Essex Schools
- Concession agreement for Antofagasta Chile (Q2)
- Divestment process of Autopista Central continues



M25 orbital motorway, U.K.

# Order situation – Construction

SEK bn	Jan–Mar 2010	Jan–Mar 2009	Apr 2009– Mar 2010	Jan–Dec 2009
Revenue	23.3	30.5	123.2	130.4
Order bookings	25.6	24.1	130.3	128.8
Order backlog	137.7	141.7		136.5
Book-to-build ratio	106%		106%	99%





# Order bookings – Construction

SEK bn	Jan–Mar 2010	Jan–Mar 2009	Apr 2009– Mar 2010	Jan–Dec 2009	Duration order backlog months
Sweden	5.9	6.3	21.4	21.8	9
Norway	2.4	2.2	11.5	11.3	10
Finland	2.0	1.2	7.2	6.3	10
Poland	1.4	0.7	14.7	14.0	20
Czech Republic	0.7	2.1	7.6	9.0	11
UK	2.8	3.0	20.0	20.2	16
USA Building	4.8	7.3	27.2	29.8	13
USA Civil	2.7	0.7	13.9	11.9	26
Latin America	2.9	0.7	6.9	4.7	11
<b>Total</b>	<b>25.6</b>	<b>24.1</b>	<b>130.3</b>	<b>128.8</b>	<b>13</b>

# Construction

## Income statement

SEK bn	Jan–Mar 2010	Jan–Mar 2009	Apr 2009– Mar 2010	Jan–Dec 2009
Revenue	23.3	30.5	123.2	130.4
<b>Gross income</b>	<b>1.9</b>	<b>2.4</b>	<b>10.8</b>	<b>11.2</b>
Selling and administrative expenses	-1.4	-1.6	-6.1	-6.3
<b>Operating income</b>	<b>0.6</b>	<b>0.7</b>	<b>4.7</b>	<b>4.9</b>
Gross margin, %	8.3	7.8	8.7	8.6
Selling and admin. expenses, %	-5.9	-5.4	-4.9	-4.8
Operating margin, %	2.4	2.4	3.8	3.7

# Construction

## Reporting units

	Operating income SEK M		Operating margin %	
	Jan–Mar 2010	Jan–Mar 2009	Jan–Mar 2010	Jan–Mar 2009
Sweden	81	162	1.7	2.6
Norway	141	85	5.6	3.2
Finland	-10	45	neg.	2.8
Poland	30	32	3.4	4.6
Czech Republic	-23	-52	neg.	neg.
UK	64	73	1.8	1.7
USA Building	74	128	1.4	1.5
USA Civil	182	197	6.9	6.2
Latin America	19	56	1.5	3.8
<b>Total</b>	<b>558</b>	<b>726</b>	<b>2.4</b>	<b>2.4</b>

# Residential Development

## Income statement, segment reporting

SEK M	Jan–Mar 2010	Jan–Mar 2009	Apr 2009– Mar 2010	Jan–Dec 2009
Revenue	1,607	1,327	6,824	6,544
<b>Gross income</b>	<b>227</b>	<b>82</b>	<b>723</b>	<b>578</b>
Selling and administrative expenses	-128	-146	-572	-590
Income from joint ventures and associated companies	-1	0	-5	-4
<b>Operating income</b>	<b>98</b>	<b>-64</b>	<b>146</b>	<b>-16</b>
Gross margin, %	14.1	6.2	10.6	8.8
S & A, %	8.0	11.0	8.4	9.0
Operating margin, %	6.1	-4.8	2.1	-0.2

# Residential Development

## Reporting units, segment reporting

	Operating income <sup>1</sup> SEK M		Operating margin <sup>1</sup> %	
	Jan–Mar 2010	Jan–Mar 2009	Jan–Mar 2010	Jan–Mar 2010
Sweden	39	-1	5.2	neg.
Norway	10	-7	3.5	neg.
Denmark	-	-9	-	neg.
Finland	42	-42	8.9	neg.
<b>Nordics</b>	<b>91</b>	<b>-59</b>	<b>6.1</b>	<b>neg.</b>
Czech Republic	7	-5	6.5	neg.
<b>Total</b>	<b>98</b>	<b>-64</b>	<b>6.1</b>	<b>neg.</b>

<sup>1</sup> Development gain only. Construction margin reported under Construction.

# Residential Development

## March 31, 2010

	Under construction #		Of which sold %		Completed unsold #	
	Q1, 2010	Q4, 2009	Q1, 2010	Q4, 2009	Q1, 2010	Q4, 2009
Sweden	1,672	1,608	68	81	54	95
Norway	201	136	66	42	2	10
Finland incl. Estonia	463	263	71	79	126	185
Denmark						
<b>Nordics</b>	<b>2,336</b>	<b>2,007</b>	<b>68</b>	<b>78</b>	<b>182</b>	<b>290</b>
Czech Republic	463	422	55	59	229	190
<b>TOTAL</b>	<b>2,799</b>	<b>2,429</b>	<b>66</b>	<b>75</b>	<b>411</b>	<b>480</b>

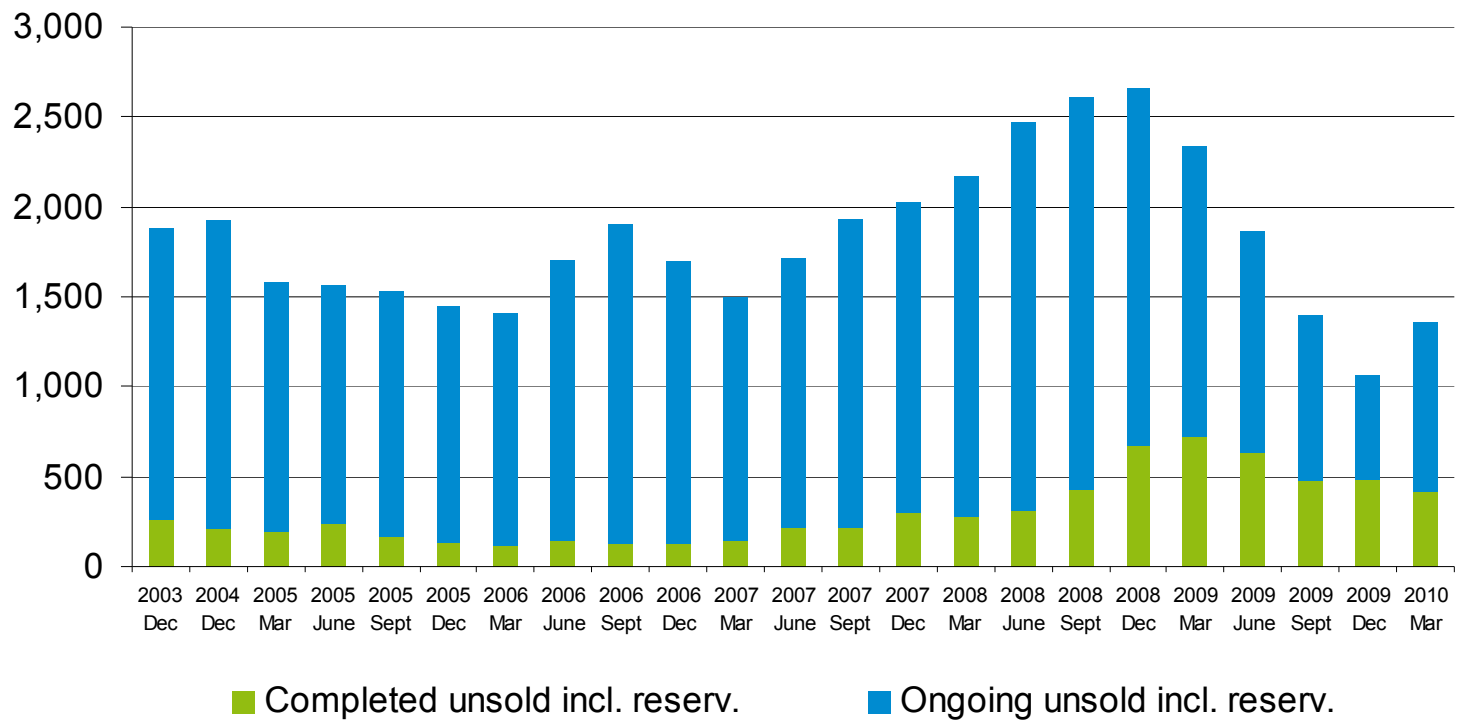
# Residential Development

## Reporting units

	Started				Sold			
	Jan-Mar 2010	Jan-Mar 2009	Apr 2009- Mar 2010	Jan-Dec 2009	Jan-Mar 2010	Jan-Mar 2009	Apr 2009- Mar 2010	Jan-Dec 2009
Sweden	469	162	825	518	282	237	1,189	1,144
Norway	75	0	218	143	94	52	251	209
Finland incl. Estonia	254		282	28	234	107	897	770
Denmark								
<b>Nordics</b>	<b>798</b>	<b>162</b>	<b>1,325</b>	<b>689</b>	<b>610</b>	<b>396</b>	<b>2,337</b>	<b>2,123</b>
Czech Republic	154	1	274	121	81	42	308	269
<b>TOTAL</b>	<b>952</b>	<b>163</b>	<b>1,599</b>	<b>810</b>	<b>691</b>	<b>438</b>	<b>2,645</b>	<b>2,392</b>

# Residential Development

## Number of unsold units





# Commercial Development

## Income statement, segment reporting

SEK M	Jan–Mar 2010	Jan–Mar 2009	Apr 2009– Mar 2010	Jan–Dec 2009
Revenue <sup>1</sup>	1,768	391	5,923	4,546
<b>Gross income</b>	<b>354</b>	<b>89</b>	<b>1,379</b>	<b>1,114</b>
Selling and administrative expenses	-81	-73	-342	-334
Income from J/V and assoc. companies	0	-1	1	0
<b>Operating income</b>	<b>273</b>	<b>15</b>	<b>1,038</b>	<b>780</b>
of which gain from divestments of properties <sup>2</sup>	219	15	958	754
of which writedowns/reversal of writedowns	0	0	-79	-79
1 Of which intra-Group property divestments	0	15	-15	0
2 Additional gain included in eliminations was	15	6	82	73

## Sale of commercial properties, Q1 2010

<u>SEK M</u>	<u>Sales price</u>	<u>Capital gain</u>
Q1	1,574	219

- Divestments in Q1
  - Klassföreståndaren, Norra Bantorget, Stockholm
  - Bylingen in Stockholm
  - Vysehrad, Prague

# Commercial Development

## Specification of projects

SEK bn	Carrying amount, end of period	Carrying amount, upon completion	Market value	Occupancy rate, %	Degree of completion, %
Completed projects	6.2	6.2	8.1	92	100
Undeveloped land and development properties	3.0	3.0	3.4		
<b>Subtotal</b>	<b>9.1</b>	<b>9.1</b>	<b>11.5</b>		
Ongoing projects	2.6	4.7	5.6 <sup>1</sup>	69	56
<b>Total</b>	<b>11.7</b>	<b>13.8</b>	<b>17.1</b>		

<sup>1</sup> Estimated market value at completion

- Four new projects were started in Q1
- New leases were signed for 8,000 sq.m

# Infrastructure Development

## Income statement

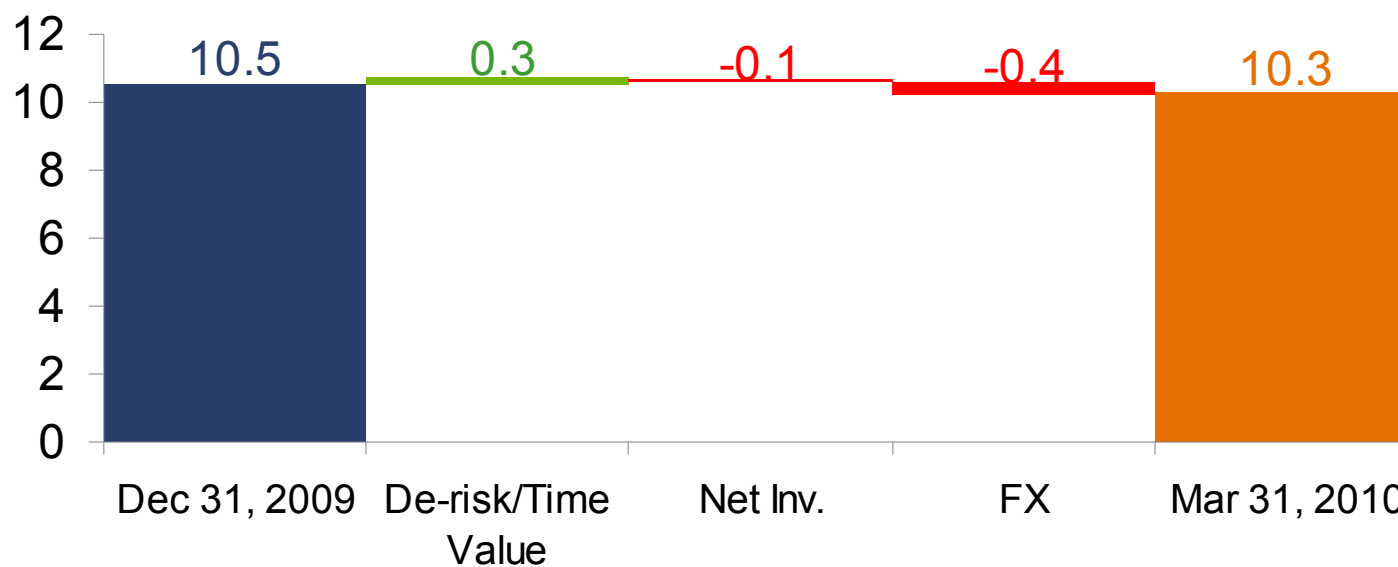
SEK M	Jan–Mar 2010	Jan–Mar 2009	Apr 2009– Mar 2010	Jan–Dec 2009
Revenue	28	12	167	151
<b>Gross income</b>	<b>-37</b>	<b>-36</b>	<b>-60</b>	<b>-59</b>
Selling and administrative expenses	-32	-40	-147	-155
Income from joint ventures and associated companies	211	76	536	401
<b>Operating income (EBIT)</b>	<b>142</b>	<b>0</b>	<b>329</b>	<b>187</b>
of which gains from divestments of shares in projects	97	0	97	0

## Unrealized development gains, ID projects

SEK bn	Mar. 31 2010	Mar. 31 2009
Present value of cash flow from projects	11.2	9.7
Present value of remaining investments	-0.9	-0.6
<b>Net present value of projects</b>	<b>10.3</b>	<b>9.1</b>
Carrying amount	-2.1	-2.2
<b>Unrealized development gain</b>	<b>8.2</b>	<b>6.9</b>

# Net Present Value of ID projects

SEK bn



# Income statement

## Group, segment reporting

SEK M	Jan–Mar 2010	Jan–Mar 2009	Apr 2009– Mar 2010	Jan–Dec 2009
Operating income from business streams	1,071	677	6,215	5,821
Central	-148	-143	-685	-680
Eliminations	-3	-8	36	31
<b>Operating income</b>	<b>920</b>	<b>526</b>	<b>5,566</b>	<b>5,172</b>
<b>Net financial items</b>	<b>16</b>	<b>-77</b>	<b>-140</b>	<b>-233</b>
<b>Income after financial items</b>	<b>936</b>	<b>449</b>	<b>5,426</b>	<b>4,939</b>
Taxes	-262	-151	1,455	-1,344
<b>Profit for the period</b>	<b>674</b>	<b>298</b>	<b>3,971</b>	<b>3,595</b>
Earnings for the period per share	1.63	0.71	9.54	8.63
<i>Tax rate %</i>	28	34	27	27

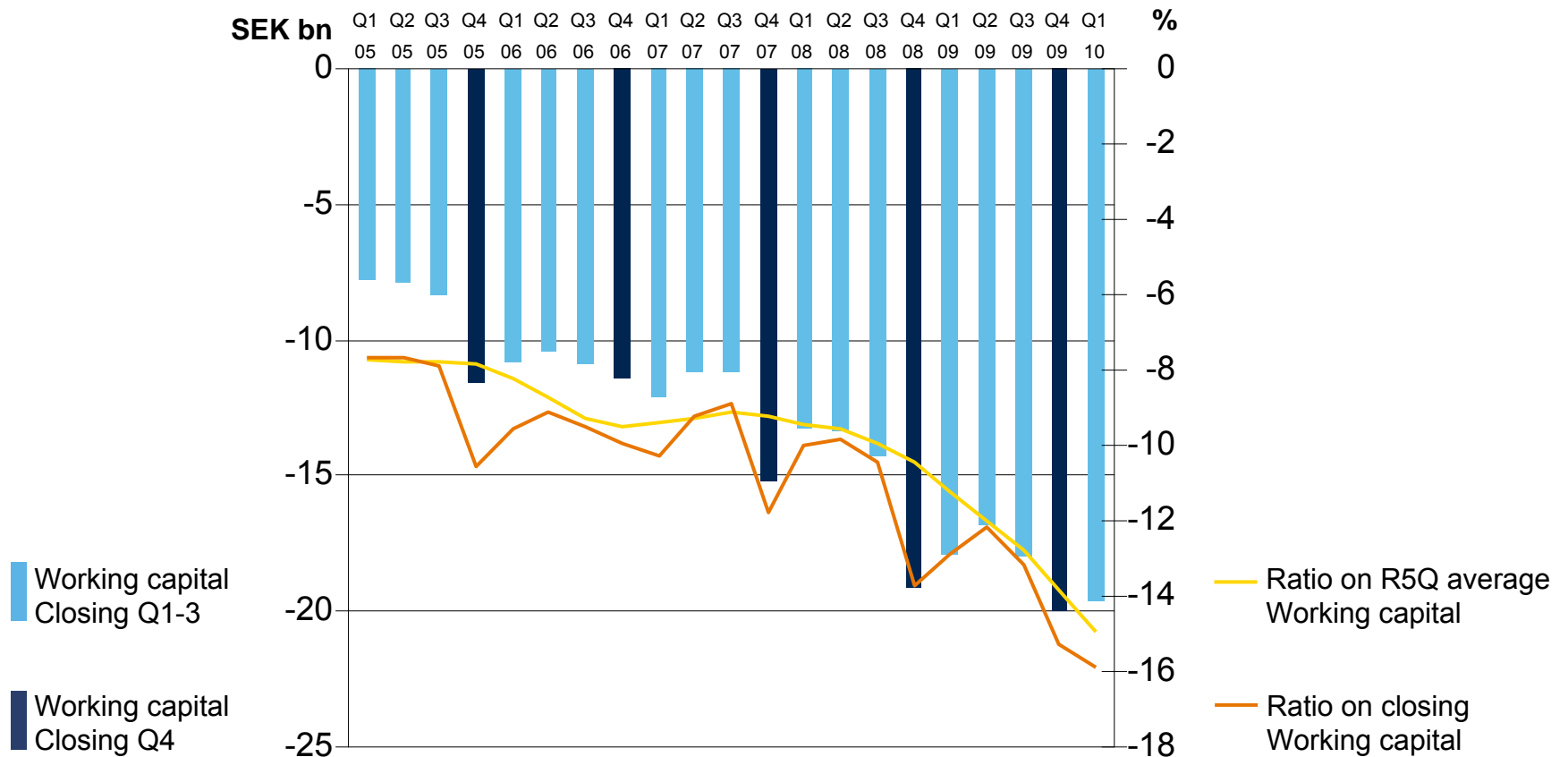
# Balance sheet – summary

## Group

SEK bn	Mar. 31 2010	Mar. 31 2009	Dec. 31 2010
Total assets	77.2	85.5	83.8
Equity attributable to equity holders	20.6	18.5	20.0
Interest-bearing net receivables (+)/net debt (-)	8.8	2.1	8.1



# Working capital ratio for Construction



# Changes in equity

## Group

SEK M	Jan–Mar 2010	Jan–Mar 2009	Apr 2009– Mar 2010	Jan–Dec 2009
Opening balance	20,167	18,553	18,675	18,553
Dividend to shareholders	0	0	-2,185	-2,185
Dividend to non-controlling interests	-1	-5	-4	-8
Effects of equity-settled share-based payments	41	24	147	130
Repurchase of shares	0	0	-355	-355
Profit for the period (IFRS)	629	354	4,496	4,221
Other comprehensive income	-84	-251	-22	-189
<b>Closing balance</b>	<b>20,752</b>	<b>18,675</b>	<b>20,752</b>	<b>20,167</b>

# Operating cash flow Group

SEK bn	Jan–Mar 2010	Jan–Mar 2009	Apr 2009– Mar 2010	Jan–Dec 2009
Cash flow from business operations before change in working capital	0.5	0.8	5.2	5.6
Change in working capital	-1.0	-1.2	0.6	0.4
Net investments	1.5	-1.2	4.0	1.3
Cash flow adjustment, net investments	0.0	-0.1	0.0	0.0
Taxes paid in business operations	-0.6	-0.3	-1.4	-1.1
<b>Cash flow from business operations</b>	<b>0.3</b>	<b>-1.9</b>	<b>8.4</b>	<b>6.2</b>
Cash flow from financing operations	-0.1	0	-0.3	-0.3
Dividend	0.0	0.0	-2.5	-2.5
<b>Cash flow before change in interest- bearing receivables and liabilities</b>	<b>0.3</b>	<b>-1.9</b>	<b>5.5</b>	<b>3.3</b>

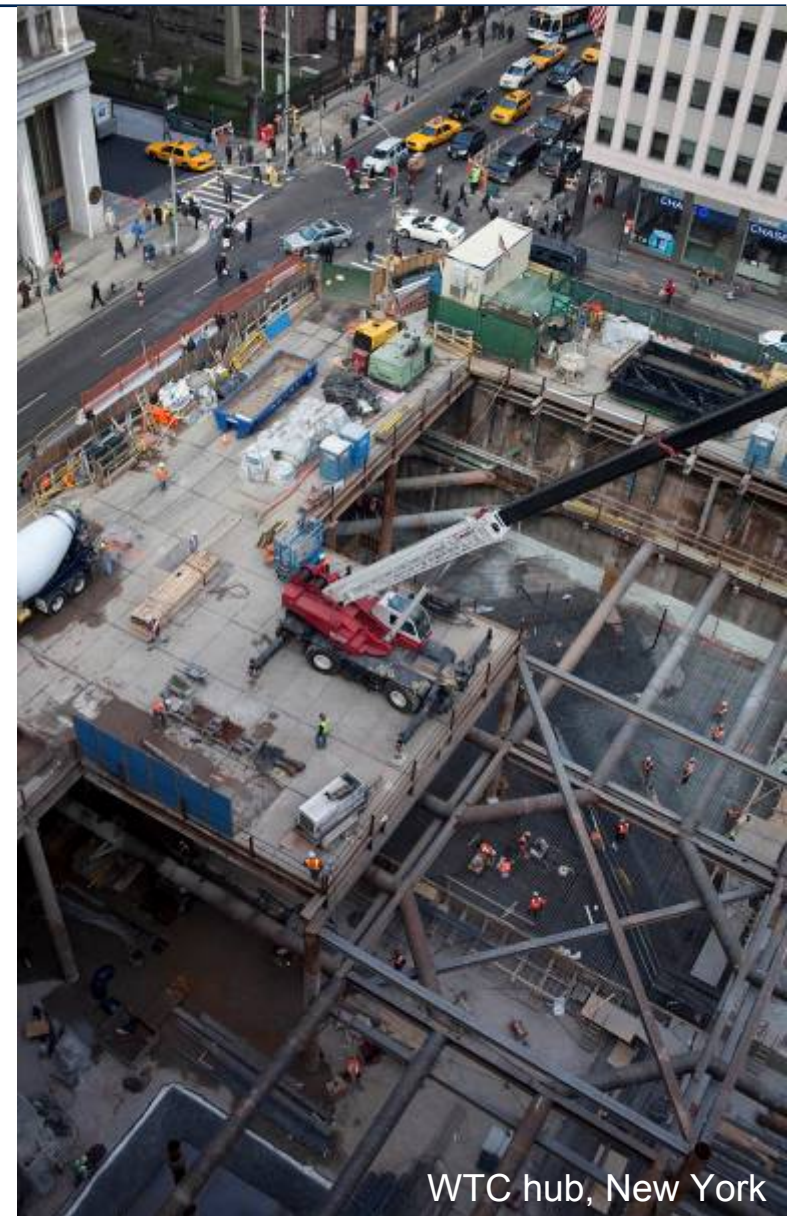
## Change in interest-bearing net receivables Group

SEK bn	Jan–Mar 2010	Jan–Mar 2009	Apr 2009– Mar 2010	Jan–Dec 2009
<b>Opening balance interest-bearing net receivables</b>	<b>8.1</b>	<b>4.5</b>	<b>2.1</b>	<b>4.5</b>
Cash flow	0.3	-1.9	5.5	3.3
Translation differences	0.1	0.1	-0.5	-0.5
Change in pension liability	0.2	-0.5	1.5	0.7
Reclassification	0.0	0.0	0.2	0.2
Other changes	0.1	-0.1	0.1	-0.1
<b>Change in interest-bearing net receivables</b>	<b>0.7</b>	<b>-2.4</b>	<b>6.7</b>	<b>3.6</b>
<b>Closing balance interest-bearing net receivables</b>	<b>8.8</b>	<b>2.1</b>	<b>8.8</b>	<b>8.1</b>

# Market outlook

## Construction

- General
  - Early signs of recovery in the Nordic markets
- Stable outlook
  - Larger Civil projects
  - Public building segments
  - Residential construction in the Nordics
- Weak outlook
  - Private clients
  - Czech Republic
  - U.K.
- Revenue down by somewhat more than 5% in 2010



WTC hub, New York

# Market outlook

## Residential Development

- All Nordics – positive market
- Czech Republic – continued weak market
- Consumer confidence and interest rates key factors



Silverdal, Stockholm

# Market outlook Commercial Development

- Increased interest from investors
- Interest in green buildings
- Stable yield levels
- High vacancy rates
- Pressure on rent levels



Gårda, Gothenburg

# Market outlook

## Infrastructure Development



- Stable volume of PPP projects in the U.K.
- Growing interest in PPP in other European markets
- Potential for PPP in U.S.

New Karolinska Solna, Sweden



# Going forward

- Prepare for increasing volumes
- Project execution and risk management
- Continue to start new Residential Development projects
- Continue to start new Commercial Development projects
- Commercialization of green construction
- Continue to divest



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