

CEO's speech at Skanska's Annual General Meeting on April 9, 2015

Dear shareholders,

For 2014 the Skanska Group is reporting a net profit of SEK 4.1 billion, an increase of 0.6 billion compared to the previous year and, in line with our Chairman Stuart Graham's comments just now, I believe our result, overall, for 2014 were good.

Let us start with the four long-term financial targets in our business plan for the period 2011–2015, namely return on equity, financial position, operating margin in Construction and return on capital employed in project development operations.

We can **conclude** that for 2014 all of these four financial targets were reached.

It is also gratifying to be able to tell you that all four business streams are reporting increased operating income compared to the previous year. Here, at the beginning of my statement, I would also like to highlight the following:

- The Construction business stream achieved a higher operating margin and a significant increase in order bookings.
- The Residential Development business stream improved its operating margin and return on capital and is thereby approaching the long-term target we set a few years ago.
- Commercial Property Development business stream continued to generate good capital gains while significantly increasing investments in new projects.
- The favorable value development trend continued for Infrastructure Development's project portfolio and this business stream made further important advances in the U.S. market.

As most of our shareholders have certainly already noted, the Board is proposing an increase in the regular dividend by SEK 0.50 to SEK 6.75 per share. The proposal is based on the year's earnings, the Group's financial position and the outlook as far as it can be judged at this point.

If the dividend proposal is approved by the Meeting, this would be the eleventh consecutive year that Skanska's regular dividend is either unchanged or raised.

It is also important to note that the dividend has not jeopardized the Group's financial position, which has been strong and stable for many consecutive years.

Development in 2014

Before I talk in more detail about our 2014 results, I would like to summarize the economic and construction trends in our home markets.

Macro perspective in brief

This diagram illustrates the general economic trend from Skanska's perspective and shows weighted real GDP growth in Skanska's home markets,

where weighting is based on our sales in each market. We can conclude that we have had relatively stable economic growth of just over 2 percent in 2014 and the prognosis for this year indicates a slightly increased growth rate of 2.5 percent.

If we look at construction investments, which have been weighted in the same way here, we had a stronger than expected average growth of a full 5.6 percent in 2014, with positive development in all of our geographical markets with the exception of Finland. This year we are expecting the increase in construction investments to continue, albeit at a somewhat lower growth rate of around 3.4 percent.

I will expand on our market outlook for 2015 when I talk about the various business streams. Now I would like to comment in more detail on our 2014 results.

Construction

In Construction we had a growth rate of around 4 percent in local currency for 2014 as well as a 3.5 percent improvement in our operating margin. As I mentioned before, this means that we just reached the target interval of 3.5–4 percent for this business stream.

The negative operating capital in Construction was relatively stable at just over SEK -18 billion. Since this business stream is an important source of financing for our development operations, it is an area we greatly emphasize and one which we believe is important to safeguard.

Earnings and margins remained satisfactory in Sweden and Poland, as well as our two construction units in the U.S. Our earnings were relatively stable in the UK as well.

The Norwegian and Finnish Construction operations continued to report earnings improvement in 2014 and we are now approaching the sustainable profitability level we expected to have for these operations. It is particularly gratifying to see the positive earnings trend in Finland, given the weak economic growth in that country.

Earnings recovered to some extent for the Czech/Slovak Construction operations in 2014, but here too the earnings level is still below the sustainable profitability level we expect for this business stream.

I usually take this opportunity to highlight a few of all the interesting projects that are creating value for Skanska and I do not intend to break this habit this year. To start with, here are a few examples of Construction projects.

Norra Länken, the new and eagerly anticipated highway in Stockholm, was opened for traffic in November last year and the immediate results are shorter commutes, improved traffic flow, less traffic on local streets and better air quality in the city. The project was divided up into a number of construction contracts. Skanska is responsible for the Värtan Interchange, the Norra Station tunnels and a couple of utility tunnels for a total contract value of close to SEK 1.9 billion. We are especially proud of the fact that Värtan Interchange has received the “best working environment” award from the Swedish Transport Administration for four straight years, as well as its environmental award in 2012.

The UN Headquarters in New York had not been renovated since it was opened in 1952 when in 2007 Skanska was entrusted with overall responsibility for the renovation of the 40-story Secretariat building and its wings. The renovation has involved changing all glass facade systems, removal of hazardous materials, improving energy efficiency, increasing security systems and a more open layout. The contract value was around SEK 12 billion. The client wanted the contract to be executed by employees with different nationalities, and

in that regard we probably had a competitive edge over many local players. The project has now been completed according to plan and we know that we have a very satisfied customer.

Transbay Transit Center is a new hub for mass transit that is taking shape in central San Francisco, USA. The project is very extensive – above and below ground – and involves a number of construction companies. Skanska's contract involves erecting construction steel with special design requirements to withstand earthquakes and achieve environmental certification. Skanska's two construction units in the U.S. – USA Civil and USA Building – are both involved in the project, and the total contract value is around SEK 1.5 billion. The project is another example of how we are continuing to strengthen our position on the U.S. West Coast.

Construction order bookings last year amounted to just over SEK 147 billion, which in local currency is 24 percent higher than the previous year, while order bookings in relation to revenue – “book-to-build” – was 114 percent. The order backlog in local currency increased by 3 percent to around SEK 171 billion, which is equivalent to 15 months of production. This, of course, puts us in a strong position for the next few years.

If we look at the market outlook for Construction as a whole, we can conclude that the forecast is relatively good for most of our markets.

Although in the Nordic region as a whole the picture is relatively positive, it remains somewhat mixed. The growth rate in the Swedish market – our second-to-largest individual market in terms of revenue – is expected to be slightly lower this year, but we expect the market to remain strong here in 2015. The Norwegian economy is certain to be negatively impacted by relatively low market prices on oil and gas, but the Norwegian civil construction market is still strong. Finally, in Finland the economic downturn of the past few years is expected to level out, but as a whole we expect the market to remain weak in 2015.

With respect to our other European markets, the outlook in the UK is especially bright in civil construction as well as commercial building construction. The Polish market is expected to be relatively strong and stable, and the increase in construction in the Czech Republic and Slovakia is expected to continue, albeit from a relatively low level.

In the U.S. – our single largest market in terms of revenue – we are expecting the positive market trend to continue in 2015, although the competition is still tougher than it was a few years ago.

Residential Development

In Residential Development, although we can present a sustained improvement in operating income, operating margins and return on capital employed in 2014, we still have a little way to go before reaching our target for this business stream.

Our Swedish operations are mainly responsible for the improvement in the Nordic region, with a strong demand for new homes, especially in Stockholm, as a clear contributing factor. In Sweden the success of the Bo Klok product concept, which was developed by Skanska in cooperation with IKEA, has continued and in 2014 we sold more Bo Klok homes than ever before.

The Norwegian Residential Development operations were positively impacted by an increase in demand, particularly in the second part of the year, while the Finnish operations struggled with a market that remained weak.

Our Residential Development operations in the Czech Republic are fully focused on the market in Prague, which strengthened to some extent last year, albeit still from a relatively low level. Bearing in mind the market conditions, this business had very good earnings for 2014 as well.

In Warsaw, which is the local market we are fully focusing on in Poland, demand for homes is relatively stable. Our operations there are still in a start-up phase, but the goal for the next few years is to achieve the planned annual volume and satisfactory profitability.

Let me now highlight a few good examples of Skanska's Residential Development operations.

The **Bo Klok Tomtberget** project in Botkyrka south of Stockholm was completed in 2014. The project includes 66 apartments and 16 townhouses. The basic idea of the Bo Klok concept is to create homes that offer value for money for everyone. In 2014 we sold no less than 874 Bo Klok homes in Sweden, and since the start we have sold over 6,000 Bo Klok homes.

The new **Järvastaden** neighborhood at the border between Solna and Sundbyberg, outside of Stockholm, continues to grow. Once fully developed, Järvastaden will have around 5,000 homes. Since the start in 2006 Skanska has developed and built around 900 homes in Järvastaden. In 2013/14 we launched the **Liljekonvaljen** project involving 145 apartments. This is one of our first Nordic Ecolabelled multi-dwelling projects.

The **Milíčovský háj** project in Prague consists of more than 900 homes and is a mix of apartments, semi-detached houses and townhouses. The project is being implemented in six stages. The final stage, involving 116 apartments, was started last year and will be ready for occupancy in 2016. The project has a distinct environmental profile with buildings that are adapted to minimize both energy consumption and environmental impact through, among other things, heat recycling systems.

Looking forward we can see that the underlying demand for homes is strong in most of the markets where we have Residential Development operations. In the Nordic region as a whole we expect the improvement to continue in 2015, especially in the Swedish market. It is our assessment that demand in the Norwegian residential market will also improve this year, despite the falling oil prices which are having a negative impact on certain regional markets, such as Stavanger. The Finnish residential market, on the other hand, is expected to be relatively weak in 2015. Warsaw and Prague have been fairly stable markets in recent years and demand for homes is expected to be relatively stable in 2015.

Our target for the Residential Development business stream for 2016 is to achieve an operating margin of 10 percent for the business stream as a whole and a return on capital employed of 10 percent. Although the plan involves significant challenges, I believe we have a good chance of steadily reaching this target this year and next.

Commercial Property Development

2014 was another very good year for Commercial Property Development. In 2014 the strong interest in property investments – especially the type of modern and energy-efficient commercial properties that Skanska develops – made it possible to sell a relatively large number of property projects for a total value of SEK 9.8 billion with a capital gain of around SEK 2 billion.

Our Commercial Property Development business stream remained a stable profit generator as it has been for many consecutive years.

But we are, of course, continuing to invest in new projects. Our gross investments in this type of property project amounted to SEK 6.9 billion in 2014 – an increase of just over 50 percent compared to the previous year.

At the beginning of 2015 we had a total of 43 ongoing commercial property projects in our portfolio. The total investment in the portfolio will amount to just over SEK 15 billion, of which SEK 6.6 billion had been invested by the end of the year.

Leasing properties is, of course, a crucial factor for the value of a property project and demand for modern office premises is strong in several of our markets. Last year we signed new leases for around SEK 287,000 sq m and thereby continued to create value in our portfolio.

We can also note that the estimated market value of the portfolio – which includes completed and ongoing projects as well as development properties – exceeded the estimated recognized value upon completion by around SEK 5 billion at the end of the year.

Allow me to present a few examples of interesting Commercial Property Development projects.

ÅF-huset An entirely new neighborhood with offices and homes is emerging along the Mölndal River in Gothenburg. Here we have developed and built a new and modern office building of a total of 15,000 sq m with consulting firm ÅF as the largest tenant. The new offices have achieved the highest environmental certification – LEED Platinum – which increases the project's attractiveness in both a tenant and investor perspective. The project was completed and sold in 2014, and we have now started a second stage in the same area.

Green Court Another good example of one of our many successful Commercial Property Development projects is Green Court in Bucharest, Romania. The project has two stages and a total area of 36,700 sq m. The first stage was completed last year and is essentially fully leased. The second stage will be ready in the spring and here too, interest from potential tenants has been substantial. Green Court was our very first project in Bucharest and it has been very successful. By the end of last year we had already signed contracts to sell the project and we are now planning new projects in this market.

Last year the **Stone 34** project was named Project of the Year 2014 in Seattle, USA. It is our first commercial property project in Seattle and covers a total of around 12,000 sq m of office space. World-leading sporting goods company Brooks Sports moved into its new offices six months ago and is another good example of a satisfied customer. We also have two ongoing projects in Seattle to be completed this year, and we are planning another project over the next few years.

From a geographical perspective we now have a well-balanced portfolio in Commercial Property Development, divided between the Nordic, U.S. and Other European Countries segments.

The outlook is also favorable in most of our markets, in terms of both the leasing market and investor interest. The market in Houston, Texas, on the other hand is being negatively affected by the sharp fall in oil and gas prices.

Based on our current portfolio and the market outlook, it is my belief that there is good potential for continued growth and value creation in this business stream as well and we can expect ongoing realization of development gains for several years to come.

Infrastructure Development

We are reporting stable operating income of SEK 463 million for Infrastructure Development. This includes a profit of SEK 127 million from the sale of our share of the Antofagasta highway project in Chile, as well as impairment losses of around SEK -200 million for a wind power project in Sweden, the latter as a consequence of falling electricity prices.

In this type of public-private partnership (PPP) project, in which innovative and long-term sustainable project solutions are developed and implemented, Skanska is involved in development, construction, operation, maintenance and financing.

At the end of 2014 we had 11 projects in the portfolio, seven of which were completed and in operation and the other four under construction. Our total investment undertaking for these projects amounts to SEK 4.1 billion, of which just over SEK 2.4 billion had been invested by the end of the previous year.

We are constantly creating value in our portfolio as ongoing projects gradually approach the point of completion. At the end of the year the net present value of the portfolio was estimated at SEK 5.3 billion. The estimated, unrealized developing gains in the portfolio increased to around SEK 2.1 billion during the year.

Let us look a little closer at the large ongoing projects in the portfolio.

I-4 I would like to start with the extension of the Interstate 4 highway in Orlando, Florida, for which the consortium led by Skanska signed a contract last year. This is the largest public-private partnership project ever in the U.S. For Skanska the project involves a construction contract worth around SEK 7 billion and an investment of 0.6 billion. The project will be finished in 2021, which is why we will have reason to return to this at future Annual General Meetings. But we can already say that Skanska's position in the PPP market in the U.S. has been further strengthened by this project.

We have made good progress in the **Elizabeth River Tunnels** road and tunnel project in Virginia, USA, but the project will not be finished until 2017. We have now towed more than half of the eleven tunnel elements to the site ready to be lowered to the river bed and connected to form the new tunnel. The value of Skanska's portion of the construction contract is SEK 4.4 billion and Skanska will invest around SEK 0.9 billion in the project as a part-owner. Although there will no doubt be many technical and logistics challenges to deal with, I am fully confident that, in cooperation with our partners, we will be able to complete the project according to plan and with good results.

By the end of the year we had achieved a degree of completion of 66 percent in the **New Karolinska Hospital** project in Solna, which means there is still a lot to do before it is finished. As a part-owner, Skanska will be investing around SEK 600 million in the project which will be put into operation in stages starting in 2016, for full completion in 2017. I

believe the conditions are right for this to be a successful project. And I am not just thinking about Skanska here, but just as much about our client – Stockholm County Council – and importantly, all of the people the hospital will serve for many years to come.

If we look at the market outlook for this type of project – in other words projects that are built, operated and financed under Public Private Partnerships – the greatest potential is currently in the U.S. One of the largest projects there involves the reconstruction and expansion of one of the terminals at La Guardia Airport in New York, where Skanska is part of a consortium that has submitted a tender.

We have also identified opportunities for new PPP projects in some of our markets in Europe. In the UK we recently secured the final financing for the New Papworth Hospital project – a new hospital in Cambridge, and in Norway planning is under way for a number of large road projects that will be in the form of PPPs.

Other aspects of our operations

That was some information about our 2014 results. Now I would like to comment on other important aspects of our operations.

Latin America

In 2014 we announced our decision to discontinue our operations in Latin America, which is therefore no longer reported as part of the Construction business stream.

The Latin American operations consist of construction as well as service and maintenance and are essentially focused on the energy sector.

The decision to discontinue these operations is based primarily on the unsatisfactory profitability of the construction operations. Impairment losses on the results of projects in progress in this area were charged to the 2014 consolidated profit in the amount of around SEK -800 million. Construction operations will be gradually exited as ongoing projects are completed in 2015 and 2016.

We also intend to sell our service and maintenance operations in Latin America. Here the earnings trend has been relatively stable and we have noted potential interest from local and international players in acquiring this business.

Zero visions

At the the beginning of my statement I said that 2014 was a good year for the Group as a whole from an earnings perspective.

Still, when measuring our company's performance, it is not enough to merely focus on profitability and financial targets.

A company like Skanska needs to take a greater responsibility in order to live up to the expectations that society, shareholders, clients, subcontractors and, not least, our employees have of us. And that is something we take extremely seriously.

Much of this is incorporated into our Five Zeros, which is essentially a vision for our company of zero worksite accidents, zero ethical breaches, zero environmental incidents, zero project defects in the projects we deliver and zero loss-making projects.

I am well aware, as are my Skanska colleagues, that these aspects of our business must always be at the top of the agenda, and that we must never rest in our efforts to achieve our Five Zeros.

Allegations of unethical behavior in our subsidiaries in the Czech Republic and Brazil

I would like to briefly comment on alleged ethical breaches in our subsidiaries in the Czech Republic and Brazil. We take these allegations very seriously. Good ethics is critical for Skanska. Therefore, we have ongoing internal investigations in both cases. In Brazil there is also an ongoing external investigation. I want to point out that we welcome this review. As we take the results of these investigations, we will then decide whether to take any further action. I can with regard to investigations not further comment on the content. However, let me emphasize that we have zero tolerance for unethical breaches. Unethical breaches are not only illegal, but against our Code of Conduct.

We follow developments very closely and, again, we take this very seriously.

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We have received some questions from larger owners, which we are thankful for, it gives us an opportunity to explain what we are doing to not only prevent unethical reaches but also detect them. Hope many of you, therefore, also took the opportunity to participate in our information seminar at today 2:00pm. If you have more questions about work within Ethics I welcome you to contact: Lars Björklund.

Risk management

Allow me to also say a few words in this context about risk management.

Skanska is a project-oriented company and, naturally, the results of the individual projects are crucial for the Group's profitability. At the same time, most of our exposure to various types of risk occurs within the individual projects. Those risks can be both technical and financial in nature, but there are also risks that must be managed relating to the environment, the working environment and, not least, business ethics.

Risk assessment and management of identified risks have, of course, always had a high priority within our organization, but have become even more significant because we operate in several home markets, at the same time as the complexity of our projects and contractual obligations have increased in many cases.

Our risk management is, however, not only aimed at identifying and managing risks. We also greatly emphasize identifying opportunities to increase a project's profitability as well as customer benefits. Naturally, risk management is not only in focus when we work with tenders and project planning, it is an ongoing process throughout the implementation phase until completion.

Risk management is nothing new to Skanska, but for many consecutive years we have been steadily improving our processes. Also, in recent years we assembled a team of highly qualified employees to focus full time on assisting the local Business Units and following up on risk management.

It is therefore fair to say that we have a well-developed risk management process that compares favorably to risk management in comparable companies. At the same time I am well aware, as are my colleagues, that we must constantly work on being better in this area, through, for example a greater emphasis on training and control mechanisms.

Employees

Committed and knowledgeable employees are, of course, the key to success, especially in a

company like Skanska where almost all projects are unique and are run with a large measure of local and decentralized responsibility. It is the employees who draw up tenders and win new contracts, who implement construction projects as well as project investments and sales, and who are responsible for delivering on client and partner expectations.

They are also the ones whose demeanor and work demonstrate our values in practice. This is something that we naturally always bear in mind when we recruit and in the extensive training programs our employees go through.

In this context I would like to thank all of my colleagues at Skanska for their hard work in 2014 and also take this opportunity to express my appreciation to the members of Skanska's Board of Directors for their valuable support throughout the year.

Summary

In conclusion, I would like to comment briefly on our prospects for 2015.

First of all, we can state that the Group's financial position in terms of both equity/assets ratio and liquidity remains strong. Financial strength is essential in the long-term operation of a company like Skanska. Good liquidity also allows us to have a high level of financial preparedness.

We can also state that we entered 2015 with a strong starting position in terms of both our order backlog and our project portfolio.

I also believe that the market prospects are relatively strong for several of our business units, in particular our Construction units in the U.S., Sweden and Poland, and Commercial Property Development in general, Residential Development in Sweden and Infrastructure Development, mainly in the U.S.

Altogether this allows me to remain optimistic about the Group's outlook for the future – both for 2015 and in a longer perspective.

Finally, I would like to thank you for the trust you as Skanska shareholders have placed in me and my colleagues and at the same time express my hope that you will continue to have faith in us in the future.

Thank you.