Distinguished Chairman, Members of the Board and shareholders, welcome.

My name is Anders Danielsson and I have been President and CEO of Skanska since the turn of the year. I joined Skanska 28 years ago as head of installations. Since then, I have held many managerial roles at Skanska, most recently as President and CEO of Skanska USA.

I am proud to work for a company with such strong values. I would now like to direct a special word of thanks to my predecessor, Johan Karlström, who focused on driving value-related matters during his time as President and CEO of the Group. We will return to Skanska's values and how we implement them as a key part of our business. But I would first like to take a look at Skanska’s operations and performance in 2017. Naturally, as the newly appointed CEO, I will then look ahead and tell you what our plans are for the future.

As the new CEO, I also chose the team I want to work with and I would like to start by introducing them.

GLT presentation
- CFO Magnus Persson
- Richard Kennedy, who is President and CEO of Skanska USA.
- Claes Larsson, who is our EVP for Commercial Property Development and Residential Development.
- Kirsi Mettälä is the new EVP Human Resources and
- Caroline Fellenius, who is our EVP General Counsel.

This is a team I know well and that I am looking forward to working with.

Extended Leadership Team

Summary of performance in 2017
If we are to summarize 2017, then Skanska increased its sales to just over SEK 160 billion. However, aggregate earnings declined to slightly less than SEK 5 billion. The explanation for the reduced earnings is found in the construction units outside the Nordic countries. However, there is a lot to be proud of. Skanska’s development units delivered record earnings, the Nordic region has a strong Construction business and we are a very strong company financially. Over the past 14 years, we have increased or maintained the regular dividend. Despite the earnings decline in 2017, the Board proposes that the dividend remain unchanged. However, all units must deliver and we are now restructuring the company to safeguard its profitability. I will tell you more about what we are doing to achieve this later on.

Financial targets
Although our earnings declined, Skanska stands strong and we are achieving all of our targets but one. We can see that:

- Skanska’s financial strength remains favorable.
- The return on shareholders’ equity is in line with the target and that the return on capital employed comfortably exceeded the target, at 14.5 percent last year.
• The area where we are not satisfied is the operating margin for Construction. In 2017, this was barely 1 percent, which was far from the target of more than 3.5 percent.

**A strong balance sheet**

Our balance sheet is also strong. Our cash has declined somewhat because investments in project development have increased. This is completely according to plan. One of the points in the business plan is to increase investments in project development. As we saw in the last slide, the return on these investments has been highly favorable. We have also accumulated a portfolio of ongoing projects in which value can be generated and realized moving forward. This creates favorable conditions for the future.

**Our business**

For those who have followed us for a number of years, this is a familiar slide. Skanska’s operations are divided into four areas.

• The largest in terms of sales and number of employees is Construction. This is where we build on behalf of customers
• We then have three development units, where we develop, invest and build projects for ourselves. These are Residential Development, Commercial Property Development and Infrastructure Development.

I will present the various business streams here: what they did during the year and how they performed.

**Residential Development**

This slide shows BoKlok’s plant in Gullringen. This is where the prefabricated elements of the houses are produced so that a building can be assembled in essentially one day. As a result of intelligent purchases of land and an fast pace of production, BoKlok has become a highly successful operation. We are developing new concepts and more building models and, together with Queen Silvia of Sweden, we have also devised a new type of residence for senior citizens.

Skanska develops housing units in the Nordic region, Poland and the Czech Republic. During the year, we started production of just over 4,300 apartments, the majority of which in Sweden. We are proud to have contributed in this way to reducing the housing shortage in our growth regions.

This operation has also been a very successful business for Skanska in recent years. Last year, it reported record earnings. We are now focusing on continuing to grow our Residential Development.

**Residential Development in figures**

As we can see in this slide, we reported a margin of 13 percent, which comfortably exceeded our target. The earnings of SEK 1.7 billion were the highest we have achieved to date. We are extremely proud of this. What does the future hold? We have probably all read about the unrest in the housing market over the past year.
Many factors interact in the housing market: mortgage regulations, repayment requirements, interest rates and much more. But even though we may notice that it is taking longer to sell our objects, the underlying need is considerable. Skanska also has a geographical reach that makes us resistant to changes in market conditions. As a result, our ambition is to continue to grow this business.

We will also concentrate on those segments where demand is more sustainable. With this in mind, we have concluded that the market in the Nordic region will cool somewhat but will remain stable. The market in Central Europe continues to be heathy. A common denominator for all markets is the challenge of finding affordable good sites in attractive locations for new projects.

Commercial Property Development
This is an office project in Prague, in the Czech Republic. We transformed an old tram hall into modern office premises. The project had to meet ambitious targets in respect of environmental requirements and achieved the highest level – platinum – in the international environmental system, LEED. This is a rather typical office project for Skanska: modern, rigorous environmental demands and innovative solutions. We secured this project because the international pharmaceutical company MSD was so satisfied with the premises that we had built in another project in Prague.

The property market has been strong, with high demand among both tenants and investors. When interest rates have been low, many investors have turned to the property market to make long-term stable investments at a favorable yield. Demand for this type of object has created a market with attractive valuations.

Commercial Property Development: markets
On this map, we can see the local markets in which Skanska works to develop properties. The three units – the Nordic region, Europe and the U.S. – are currently almost equally large. However, the markets differ somewhat from each other. In Sweden, we have a solid, stable operation but the market is mature and the opportunities to expand are limited. The U.S., on the other hand, is an enormous market offering many new opportunities.

Commercial Property Development: leasing, etc.
If we look at the figures, we can see that 2017 was a very good year. We invested more but in fewer projects, which is due to a number of really large projects in the portfolio. New leasing was very strong and the value of the portfolio increased. We are delighted with the performance and the earnings of Commercial Property Development.

Commercial Property Development: performance
This unit set a new record in 2017, with capital gains of SEK 3.5 billion from 27 projects. The unit accounted for more than 40 percent of consolidated earnings in 2017. This was an excellent result. As we can see, revenue, operating income and the return on capital employed also increased.

Commercial Property Development: Market outlook
There is considerable demand for modern, energy-efficient and environmentally compatible offices. In turn, offices with large, stable tenants are desirable in the investor market, which is creating an attractive valuation. In our assessment, the market outlook is
positive in all of our markets, with certain regional exceptions. For example, the market in Houston has been weak due to the lower price of oil.

Entering 2018, our ambition is to expand our Commercial Property Development. We are investigating how we can grow in existing markets but also how we can penetrate new regions, particularly in the U.S.

**Infrastructure Development**

Our final business stream is Infrastructure Development, which largely comprises large-scale infrastructure development projects, such as highways, tunnels, bridges and hospitals. This is where Skanska contributes broad-based financing and development competencies while the Construction unit accounts for construction work. This is an exciting procurement format, and we believe in the benefits of PPP solutions, whereby the contractor takes considerable responsibility for creating cost-efficient solutions from a lifecycle perspective.

In this slide, we see LaGuardia Airport, outside New York. This is a fine example of cooperation within Skanska, or of what we call OneSkanska. Three of our business streams in the U.S. are cooperating in this project. Skanska is responsible for financing and design and for running and maintenance up to 2050. This is Skanska’s largest-ever project with a construction contract worth SEK 23 billion. But the deadline is tight. A large part of the airport has to be open as early as 2020. And the entire project has to be completed by 2022.

**Infrastructure Development: project portfolio**

Currently, Skanska has five projects of this magnitude in the portfolio. These are Skanska’s largest projects ever: LaGuardia Airport outside New York, the I-4 Highway in Florida, the Elizabeth River Tunnels in Virginia, Papworth Hospital in the UK and the New Karolinska Hospital in Solna, Stockholm. The Elizabeth River Tunnels and the New Karolinska Hospital are in the start-up phase, which means that the construction project has been completed and the contractual period has started.

The New Karolinska Solna was Skanska’s largest project when it was awarded to us. It is also one of Sweden’s largest and most complex construction projects ever. We are therefore delighted that we were able to hand the project over in 2017 on time and within budget. Now that the construction project has been completed, it is time to start the operation and maintenance contract, which will be largely managed by Coor.

According to our model, we make sure our projects are up and running and that they function as planned before we sell on the right to operate them to an investor, usually a pension fund.

The aim is to maximize the value of the existing portfolio.

**Infrastructure Development: performance**

For 2017, these projects generated operating income of nearly SEK 1 billion for Skanska, of which the gain on the sale of the large-scale A1 highway project in Poland and two wind power projects accounted for SEK 1 billion.
Infrastructure Development: Market outlook
Due to the weak market for PPP projects in Europe, we decided in early 2018 to concentrate on the U.S. market. This does not mean that we exclude the possibility of future projects in Europe. We are carefully monitoring discussions and Skanska still has the competencies to implement this type of project in Europe. The other week, for example, we won a PPP contract worth SEK 5.5 billion for financing, constructing and maintaining one of Norway’s largest ever road projects.

Construction
Within Construction, Skanska conducts thousands of projects in its various markets. This is Skanska’s foundation and it is here that we generate a cash flow that we can use for investments in our development projects. In 2017, our Construction units in the Nordic region reported strong earnings.

Unfortunately, the operations outside the Nordic countries achieved a weak margin during the year and reported impairment charges totaling SEK 1.5 billion. During 2018, we will maintain an intense focus on restoring these units’ profitability.

Construction: order bookings
In 2017, we adopted a restrictive approach to tendering and focused on the markets and projects that we regard as our core business. As a result, order bookings declined somewhat compared with previous years. Although the order backlog also declined slightly, it remains solid and book-to-build still exceeds 100 percent.

Construction: performance
Here we can see that impairment charges in Poland, the UK and U.S. civil operations impacted profit and margins negatively in 2017. A margin of nearly one percent is far from our target of more than 3.5 percent. This is obviously unacceptable and we have therefore initiated a restructuring program to restore profitability in Construction.

Restructuring
My predecessor Johan Karlström initiated a strategic review as early as last summer. We are building upon the conclusions from this. To increase profitability, we will implement a reorganization at central level to come closer to the operations. We will also

- Implement a decentralization
- Downsize unprofitable units
- Implement a major restructuring in Poland
- Exit from the U.S. energy market
- Focus on core business in the UK
- Focus on infrastructure development in the U.S.
- Finally, continue to grow in the profitable residential and commercial property development sectors

These actions will facilitate more distinct control and help us to prioritize profitability. A large part of the costs for these restructuring measures was already charged against earnings for 2017. We are now fully focused on delivering on the targets set in the business plan.
Construction: Market outlook
If we start by looking at the Nordic region, we can state that the prospects are favorable, even though the competition is intense. We have a strong construction market in Sweden and Norway, while Finland is improving steadily. However, residential construction is slowing somewhat. The picture is more fragmented in the remainder of Europe. In the UK, building construction has declined significantly following the EU referendum.

The markets in Central Europe are stable but the competition is razor sharp. In the U.S., the market as a whole is strong, even though there are differences between the various regions and the competition is tough. For example, we have noted that the energy market has not performed the way we once expected. We will therefore be exiting from this market.

Otherwise, there is a dire need for investments in neglected infrastructure in the U.S. while, looking at the building sector, considerable investments are being made in areas where Skanska is strong, such as airports, healthcare, education and data centers.

We also see that the market for “green projects” is growing and, in 2017, such projects accounted for 43 percent of the total revenues of construction operations. In many cases, our customers consider what we can contribute in the green segment as important, which gives us an edge in the face of the intense competition.

When the competition intensifies, the fact that our projects generate favorable profitability will become even more important. For this reason, we have formulated a restructuring program.

Our focus areas
Even though we are implementing a number of organizational and strategy changes, our business plan profit with purpose are unchanged. Previously, I pointed out that Skanska is a financially strong company. The same applies to our focus and our values. Skanska has very strong values and the right focus.

Our employees are our most important asset. Just like we have to develop our business, we must always stay at the top and be attractive in this area so that we can recruit the very best. Here, we see that corporate values are a key factor when young people choose an employer.

To be competitive in an increasingly tough construction market, we must develop and improve continuously. To achieve this, we will continue to focus on operational excellence. This could entail reviewing the tenders we make, how we prioritize sectors and geographies and how we examine the terms and conditions of business propositions. But it could also entail developing new technology such as virtual reality and robots. For example, in a joint project with Mälardalen University we are developing robots that can perform time-consuming tasks at the workplace up to ten times faster.
We are also developing work formats to move us even closer to our customers so that we can better understand their needs. By doing this, we naturally increase our chances of winning tenders but it will also help us to complete projects efficiently and cost-effectively so that they surpass the customers’ expectations.

**We are Skanska**

Skanska is a company that is full of fantastic people. In the final analysis, it is our employees who generate value for us as shareholders. They are also the company’s soul.

In the labor market, we work very actively on such issues as diversity, sustainability, ethics and work environment to be able to recruit the very best. The young people of today have the option to choose where they want to work. And being attractive in today’s labor market very much entails making the most of our employees and working with value-related questions of this type.

**2018 and thereafter**

To summarize, Skanska stands strong. It has a strong culture with clear-cut values. We are financially strong and our work is clearly characterized by continuity. At the same time, the margins of construction operations outside the Nordic countries must improve. I am convinced that we have a solid platform in place and a clear-cut plan to enable us to succeed with this and to stand even stronger in a year’s time.