

Top left: Čertovo břemeno golf club, Jistebnice, Czech Republic. Top right: Brent Civic Centre, London, U.K.
Below: Lustgården office building, Stockholm, Sweden.



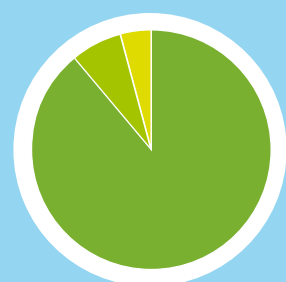
Sustainable development



Skanska is one of the world's leading project development and construction groups, with expertise in construction, development of commercial properties and residential projects as well as public-private partnerships.

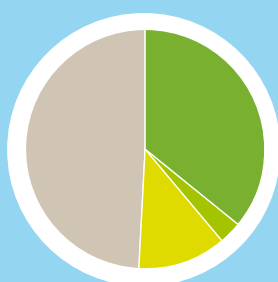
Skanska possesses extensive global environmental know-how and shall be a leader in development and construction of green projects. The Group currently has 53,000 employees in selected home markets in Europe, the U.S. and Latin America. Skanska's revenue in 2011 totaled SEK 123 billion.

2011 Revenue



- Construction, 89%
- Residential Development, 7%
- Commercial Property Development, 4%
- Infrastructure Development, 0%

Operating income



- Construction, 36%
- Residential Development, 3%
- Commercial Property Development, 12%
- Infrastructure Development, 49%

Key ratios

	SEK M	EUR M	USD M
Revenue	122,534	13,571 ³	18,872 ³
Operating income	9,087	1,006 ³	1,400 ³
Income after financial items	9,099	1,008 ³	1,401 ³
Earnings per share, SEK/EUR/USD ¹	19.72	2.18	3.04
Return on equity, %	41.5	41.5	41.5
Order bookings ²	123,587	13,688 ³	19,034 ³
Order backlog ²	155,698	17,461 ⁴	22,591 ⁴

¹ Earnings for the period attributable to equity holders divided by the average number of shares outstanding.

² Refers to Construction operations.

³ Average 2011 exchange rates: EUR 1 = SEK 9.03, USD 1 = SEK 6.49

⁴ Exchange rates on 2011 closing day: EUR 1 = SEK 8.92, USD 1 = SEK 6.89

Comments by the President and CEO

A new investment record in project development. Successful property divestments.
Very good profitability in construction units in the United States, Poland and Sweden.
New opportunities through company acquisitions and land purchases.



The divestment of the Autopista Central highway in Chile, completed during 2011, shows our strength in public-private partnership (PPP) projects and the power of our business model – we take advantage of the strong cash flow to invest in project development, resulting in both construction assignments and development gains.

There were many sources of concern in 2011 – government budget deficits and turbulence in the euro zone formed a gloomy backdrop to all business activity. Naturally Skanska was also affected by this general uncertainty. Yet most of our operations showed good earnings. We increased our order backlog to SEK 156 billion, equivalent to 16 months of work. We have meanwhile taken important steps to fulfill our business plan for profitable growth in 2011–2015. We are focusing both on strengthening our profitability and growing in new and existing markets.

Early in the year, order bookings were relatively weak, but due to a strong second half we reached a good level for the year as a whole – without sacrificing our profitability requirements. In the United States, we secured both major hospital and infrastructure assignments, including rail system expansions in both the San Francisco and Los Angeles areas. Order bookings were also strong in Norway, Poland and Latin America.

However, good earnings in various Construction units was unfortunately reduced by provisions and expenses for necessary restructuring measures in our Finnish and Norwegian construction units, which also affected the margins in the business stream as a whole.

There is continued strong interest in our properties among investors seeking stable assets when financial markets are wobbly. In this flight to security, our properties are attractive investments. Our new, green premises are energy-efficient, lowering both operating and maintenance costs.

A well-functioning business model

We sold eleven properties, with a capital gain of SEK 1.4 billion during the year. Because of our aggressive focus on new, green office space in Central Europe, the Nordic countries and the U.S., we have a broad range of properties for future leasing and divestment.

In 2011 we also completed the sale of the Autopista Central highway in Chile. Our capital gain of SEK 4.5 billion after tax is very satisfying. It also confirms that we have a well-functioning business model for public-private partnerships and that our PPP projects enjoy market confidence.

The new A1 expressway in Poland is also a PPP project, and in October we opened its second phase ahead of schedule. Also underway is construction of about 120 km (75 mi.) of highway in Antofagasta, Chile and of the Sjisjka wind-power plant in Gällivare, Sweden, which will begin delivering green electricity this year.

We also took an important initial step into the U.S. market for PPP projects when we signed an agreement on the commercial conditions for Skanska's participation as an investor and shareholder in the Midtown Tunnel in Virginia. Financial close is expected during 2012, which will result in a construction assignment in the SEK 4 billion range.

In our Residential Development operations, we sold somewhat more homes than in 2010. The new Iskristallen residential development in Stockholm, Sweden is largely sold out. We have nearly 4,000 people interested in buying an apartment in nearby Västermalmsterrassen, which will have 225 apartments.

Meanwhile we have noted a slowdown in the pace of sales, especially in Sweden and Finland. This is a natural reaction when the news flow is dominated by negative signals about the world economy. We have thus cut back on new housing starts, in response to slower demand. However, there is a large underlying demand in our markets and we are preparing new projects that will be ready for start-up when the market situation improves.

Accelerating our pace

Last year also marked the beginning of our new five-year business plan for profitable growth. We accelerated the pace of project development, and during the year our investments set a new all-time high: SEK 12 billion for investments in residential and office properties and in PPP projects. Thanks to Skanska's financial strength, we can take advantage of good investment opportunities without being dependent on external financing.

We have leveraged this strength both in existing and new markets. We have opened the doors to the residential markets in the United Kingdom and Poland, carrying out the first land purchases in order to create attractive neighborhoods in Cambridge and Warsaw. Meanwhile we are also making sure that we have land in good locations for future projects in the Nordic countries and in the Czech Republic.

We are also increasing the investments in green office space. The big event in this area is, of course, that the first U.S. office building project developed for our own account is ready for occupancy. This project at 10th and G Streets, a few blocks from the White House in Washington, D.C., is 83 percent pre-leased and we expect to be able to sell the property with a good result. We have started additional projects in Washington, D.C. as well as in Boston and Houston. We also expect to start up a project in Seattle during 2012. So far, we have invested about SEK 2 billion in U.S. property projects.



In Central Europe, our new green office buildings are very attractive to international companies. Altogether, we have nine ongoing property projects in Warsaw and Wrocław, Poland; Ostrava and Prague, Czech Republic; and Budapest, Hungary, of which six will be finished during 2012. In Helsinki, Finland, our new office buildings on Mannerheimintie are under construction. The pre-leasing rate in these ongoing projects is about 50 percent.

We are currently also working on plans for potential property development in Oslo, Norway as well as in the Romanian capital, Bucharest.

Skanska's largest single property investment to date is Lustgården in Stockholm. We are investing more than SEK 2 billion to develop and construct the greenest office complex in the Swedish capital. Late in 2013 it will become our own new headquarters, unless Lustgården's location and environmental quality attracts a large external tenant. In that case, we must naturally give the customer priority.

For those who are not so familiar with our operations, I would like to repeat the core of our strategy. We take advantage of the positive cash flow in our construction operations to invest in land and projects that lead to new, large construction assignments. The capital gain is then used for both reinvestment in new projects and dividends to our shareholders.

We develop and construct in order to sell – not to build up a property management portfolio. Financial synergies are the engine of our strategy. We focus on expanding the activity in the project development operations.

Strategic acquisitions

Our strategy also includes boosting the market share and strength of Skanska's construction operations in our home markets. In 2011 we thus acquired companies in Finland, Poland and the U.S. Both Finnish-based Soraset and Poland's PUDiZ Group are very good companies that will pay off in terms of expertise, growth and profitability.

Our U.S. acquisition, Industrial Contractors Inc., is large and stable. It will give us a foothold in two new markets: strengthening our competitiveness in energy-related and industrial construction, and gaining a strong presence in the Midwest. This unit, which will now be called Industrial Contractors Skanska (ICS), is based in Indiana, but we will take advantage of its expertise in other markets as well. The acquisition boosts the revenue of Skanska USA Civil by one third. ICS will also contribute to our profitability.

Ensuring the health and safety of our work sites is one of our most important tasks. During 2011 we developed a new tool – the Skanska Safety Road Map. It is both a checklist and a to-do list for facilitating and supporting the efforts to achieve healthy and safe work sites.

Overall, in 2011 we laid a stable groundwork for continued profitable growth in keeping with the business plan. Based on construction volume and our financial strength, the aim is to enable the various business streams to interact and thereby lift each other to new heights. Last year demonstrated that this strategy is sound and works in practice. But the big payoff on the Company's potential still lies in the future.

During 2012 we can celebrate the first 125 years of Skanska's operations. During the first 75 years, we modernized Sweden. In the past 50 years we have gradually increased our international commitments, and today we are an important builder of communities in all our home markets.

We are also continuing to help improve our societies. The New Karolinska Solna University Hospital in Sweden will provide world-class healthcare. In Bristol, U.K., we have developed modern schools that stimulate learning and help reduce bullying. The new green properties we build require less energy and reduce greenhouse gas emissions. Our customers and tenants can trade up to modern office space while helping to improve the environment.

By being open to the needs of customers and communities, we will remain an important corporate citizen. With our highly proficient employees and strong values, we have a stable platform to continue to build on.

Solna, February 2012

Johan Karlström
President and CEO

Business model

Projects are the core of Skanska's operations. Value is generated in the thousands of projects the Group executes each year. The goal is that every project shall be profitable while being executed in keeping with Skanska's goal of being an industry leader in occupational health and safety, risk management, employee development, the environment and ethics.

In the Skanska Group there are a number of synergies that generate increased value for shareholders. The main synergies are operational and financial.

Operational synergies

Skanska generates operational synergies mainly by taking advantage of the local specialized expertise found globally in various business units. Shared purchasing activities and production development also boost efficiency and contribute to greater synergies in the organization.

Financial synergies

The Construction business stream operates with negative working capital and generates a positive cash flow over time. This cash flow is invested in the Group's project development business streams, which have generated very good return on invested capital. These investments also enable Construction to obtain new assignments that generate a profit for the business stream. See also the illustration below.

Construction

This business includes residential and non-residential building as well as civil construction and is Skanska's largest business stream, measured in revenue and number of employees.

Residential Development

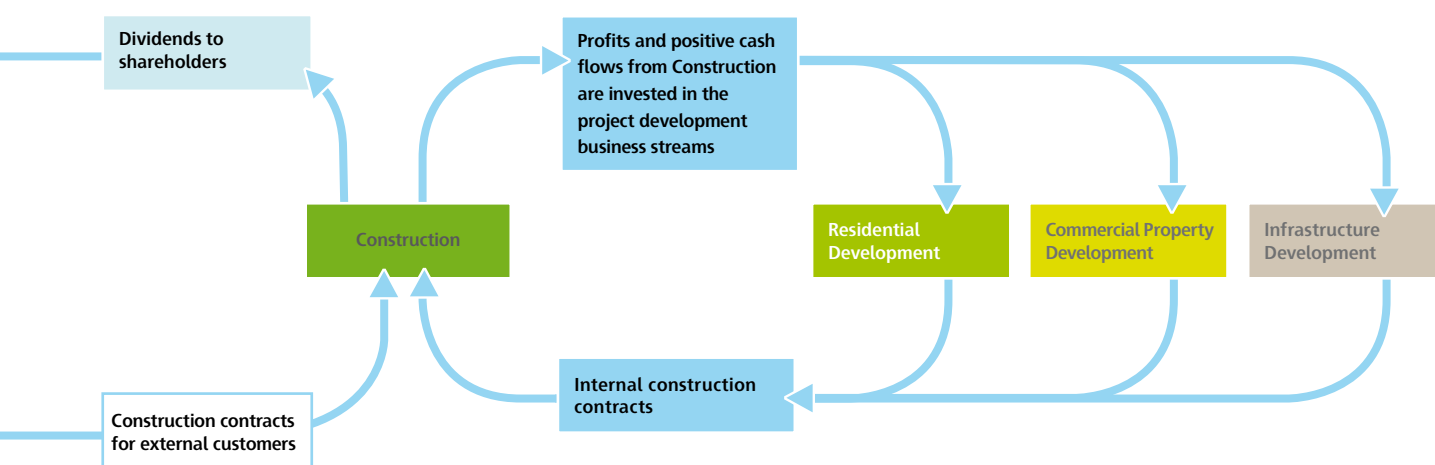
Skanska initiates and develops residential projects for sale primarily to individual consumers.

Commercial Property Development

Skanska initiates, develops, invests in, leases and divests commercial property projects, primarily office space, shopping malls and logistics properties.

Infrastructure Development

Skanska develops, invests in, manages and divests privately financed infrastructure projects, for example highways, hospitals, schools and power generating plants.



Synergies in Skanska's business model	Construction	Residential Development	Commercial Property Development	Infrastructure Development	Project development operations	Synergies in the business model	Project development operations including synergies
Construction revenue generated by project development operations, SEK bn	14.7	4.4	1.8	8.5			
Operating margin, %	6						
Operating income, SEK bn	0.9					Intra-Group profit	0.9
Advance payments from project development operations, SEK bn	6.1					Reduction in capital employed	6.1
Return on capital employed, %					9	7	16

Skanska is a leading green construction and project development company. Many of the projects and initiatives that Skanska completed during 2011 are the best in their class or the first of their kind. Through innovation and knowledge, we are taking our sustainability efforts beyond the requirements of conventional construction codes and voluntary certification systems.

Skanska builds physical infrastructure that societies need in order to develop. We continuously deepen our understanding of how to contribute to a more sustainable society. Our aim is to ensure that what we build will also generate value and quality of life in a long-term perspective.

2011



Skanska has been a signatory of the United Nations Global Compact (UNGC) for more than a decade. We upload our annual Communication on Progress to the UNGC website.

Skanska's Journey to Deep Green™ accelerates

Skanska's Journey to Deep Green™ represents a new approach to construction and development, with the potential to create a more sustainable future. Skanska's Green Strategic Indicators (GSIs) were developed to support the Company's business plan and drive forward its ambition to be a leading green project developer and contractor.

Skanska's Green Strategic Indicators (GSIs) focus on three priority areas:

- **Our Image:** Strengthening and protecting our brand, in order to be perceived by all stakeholders as a leader in green project development and construction.
- **Our People:** Includes indicators related to green leadership and how green competency among employees and top managers is improving at Skanska.
- **Our Projects:** Encompasses technical aspects, influenced by urbanization and population growth that relate to energy, carbon, materials and water.

Green Strategic Indicators (GSIs) for Our Projects

GSIs for our projects are broken down into four high priority areas:

- **Energy**
- **Carbon**
- **Materials**
- **Water**

Green targets are connected to GSIs for Our Projects.

Skanska has always been in the forefront in terms of thinking green and delivering projects that challenge conventional standards and traditional views of what is possible. The Journey to Deep Green™ and the related Skanska Color Palette™ were launched in 2009 to provide a framework that sets the standard for future building and infrastructure projects. Skanska's conviction is that it is no longer enough merely to deliver projects that fulfill existing construction codes and voluntary certification requirements. Today we have all the knowledge, the materials and technologies needed to make Deep Green construction possible. During the past year, Skanska has begun or completed a number of projects which show that its Journey to Deep Green™ is accelerating.

Skanska's program for Deep Green construction takes our business substantially further than the more established frameworks that today generally serve as best practice benchmarks.

Energy

Breakthrough for passive housing on the way

Conserving energy is one of society's great challenges. Reducing energy consumption generally and transitioning to more sustainable energy sources for space heating, cooling and electricity are priorities for everyone, since the largest consumers of energy are the buildings we live and work in.

Passive housing standards for energy efficiency are rapidly becoming a measure of good residential construction. Skanska encourages its customers to use pas-

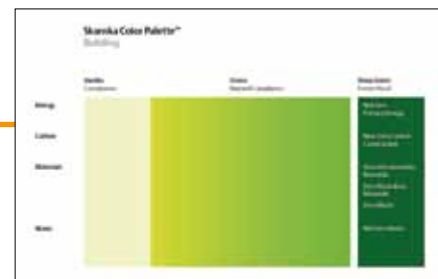
sive techniques wherever possible. In Sweden, it is estimated that more than ten percent of new homes completed in 2011 were passive housing. About half of these were built by Skanska. Passive housing is also gaining ground as a standard for renovation of residential buildings and for new construction of other types of buildings, such as office buildings and schools.

A holistic way of thinking

Skanska supports the development of meaningful voluntary certification standards, but most of these are still point-based measurements of a project's environmental characteristics at the design stage. A different way of thinking now gradually gaining broader support represents a more holistic approach to the construction and use of a building and weighs in many important aspects of sustainability. Skanska's Journey to Deep Green™ is a way to convert this to reality, as it is based on the idea that already existing technologies and materials can make Deep Green construction possible today. An example of such a performance-based holistic approach is the U.S. Green Building Council's Living Building Challenge (LBC) from the Pacific Northwest. Skanska is a supporter of the LBC and recently completed the Bertschi School project in Seattle, an early example of this in practice. Several other Skanska projects in the region are also slated to follow a similar approach.

Deep Green targets for our projects

- Zero **net use of primary energy**
- Near zero **carbon** in construction
- Zero **unsustainable materials**
- Zero **hazardous materials**
- Zero **waste** to landfill
- Zero net **water** use for buildings
- Zero **potable water** use during infrastructure construction



Skanska Color Palette™

The Skanska Color Palette™ is a strategic communication tool for green projects. It is used to measure and illustrate progress during the Journey to Deep Green™.

Vanilla – The construction process or product is in compliance with laws, regulations, codes and standards.

Green – The construction process and product performance goes beyond compliance with laws, regulations, codes and standards, but cannot yet be considered to have near zero environmental impact. Green can be characterized by voluntary classification systems such as EU GreenBuilding, LEED, BREEAM and CEEQUAL.

Deep Green – The construction process or product is future-proof. Deep Green is the ultimate destination for the projects that Skanska carries out on behalf of forward-looking, visionary customers.

Homes in need of renovation become passive housing in Brogård

- **Estimated average energy consumption** has decreased from 216 kWh per square meter (10.76 sq. ft.) to 92 kWh, including space heating, water and household electricity.
- **During the 1960s and 70s, about 400,000 homes in Sweden were built in a way similar to the apartments in Brogård.** They need renovation and are characterized by poor energy efficiency.
- **In Sweden's "million home program" there is good potential for saving energy by using passive housing solutions** when renovating these homes. Similar potential exists in other countries.

Renovating older buildings to the highest standard of energy efficiency is associated with many challenges. Using passive housing solutions, Skanska is renovating 16 three-story buildings in Brogård, Alingsås. The buildings were originally part of Sweden's "million home program", when a million homes – mainly apartments – were constructed during a ten-year period in the 60s and 70s in response to a chronic housing shortage. The 299 apartments in Brogård were run-down and in need of extensive renovation. Better insulation, efficient ventilation systems for heat recovery and district heating for the small amount of additional space heating needed will ensure these refurbished homes a new life. The Brogård renovation project has attracted a lot of attention. King Carl XVI Gustaf of Sweden and Prime Minister Fredrik Reinfeldt have both visited the project, which has also received extensive media coverage. In addition, Brogård has been backed with funding by the European Union, since the concepts used there have the potential for large-scale uptake in support of the EU Building Energy Efficiency for Massive Market Uptake (BEEM UP) initiative.



Initiatives in the carbon field

- Thanks to its ability to document the company's early steps to improve energy efficiency and reduce emissions, Skanska UK ranked **highest of all construction companies** in the first Performance League Table published by the U.K. government's Carbon Reduction Commitment (CRC) Energy Efficiency Scheme. This ranking was reinforced by Skanska UK's certification by the Carbon Emissions Measurement and Reduction Scheme (CEMARS), **the first internationally accredited greenhouse gas certification system** to meet the ISO 14065 standard.
- Through its support for the UN Environment Program's Sustainable Buildings and Climate Initiative, Skanska has helped develop the **Common Carbon Metrics Protocol**, a tool that measures energy efficiency improvement with the aim of reducing greenhouse gas emissions.
- In collaboration with the European Network of Construction Companies for Research and Development (ENCORD), Skanska **has developed the Construction CO₂e Measurement Protocol**. This protocol is based on the internationally recognized Greenhouse Gas Protocol, developed by the World Business Council for Sustainable Development and the World Resources Institute, which are now being supported by international stakeholders. The next step is initiatives aimed at the supply chain.
- Skanska was one of three companies invited to contribute to the "Infrastructure and Construction" chapter in the Low Carbon Compendium, a report published by The Prince of Wales's EU Corporate Leaders Group on Climate Change (CLG). The report shows how some of the world's largest companies are contributing in a profitable way to a low climate risk economy.

Carbon footprinting

Energy efficiency and reduction of carbon emissions are important elements of Skanska's sustainability work. Both initiatives are interrelated, since energy efficiency concentrates on the service life of a building and its emissions while reduction of carbon emissions concentrates on energy use and emissions during the construction process. Near zero carbon emissions is one of Skanska's focus areas. One confirmation of the seriousness of this commitment is that for the second year in a row, Skanska was the only construction company included in the Nordic Carbon Disclosure Leadership Index, part of the Carbon Disclosure Project (CDP).

Effective carbon management depends on careful measurements and reporting. Skanska reports its carbon emissions according to the internationally recognized Greenhouse Gas Protocol to various external stakeholder categories. In 2011 our Scope 1 Absolute emissions were 432,000 metric tons and Scope 2 Absolute emissions were 76,100. We continue to develop our approach to Scope 3 emissions in line with emerging international reporting guidelines.

Carbon footprinting of office properties is moving ahead in the Nordic countries, Central Europe, the United Kingdom and the United States where over forty were completed during the year. Skanska continues to build up further expertise in footprinting and reduction of carbon emissions.

Telemark Rehabilitation Center

The Telemark Rehabilitation Center, currently being constructed by Skanska Norway, has been designed for a 50 percent reduction in carbon dioxide emissions from materials, energy use and transportation. A number of green solutions have been included, among them recycling of plaster and concrete with low carbon dioxide content. It will also be the first building in Norway constructed using hollow slabs with low carbon dioxide impact. The center will also be equipped with a pool of electric cars.



Sustainable materials and responsible procurement

Skanska has a key role to play in developing and promoting improvements in sustainable procurement and responsible sourcing. Most revenue in each project is distributed through the value chain, which means that Skanska can use its influence to encourage positive behavior by suppliers and subcontractors. During 2011 Skanska UK adopted the new BS 8903 sustainable construction framework as part of its procurement process. Skanska UK was also the first construction company that had all branches of its operations evaluated and certified by the Chartered Institute of Purchasing and Supply (CIPS).

At Skanska UK, improved sourcing procedures have not only led to new projects, but in the past two years have also saved an estimated GBP 11 M and reduced non-compliance costs by 35 percent. In November 2011 Skanska UK's success in sustainable sourcing was recognized by a CIPS award for "best contribution to corporate responsibility".

ISO 14001 external audits

During the year, routine audits by external ISO 14001 experts identified a number of procedural weaknesses in the Environmental Management Systems of two Business units. Local management took immediate corrective actions to the satisfaction of the external auditors. The procedural weaknesses led to no environmental harm.



Innovative Lustgården

One ongoing project in Sweden, the Lustgården office property in Stockholm, is an example of how Skanska's engineers add innovation to a project. Low energy consumption and a highly efficient heating and cooling system have been developed by Skanska, including the use of two tried and tested techniques: drilling deep bore holes and using a water-based geothermal cooling system. The project will be completed in 2013.

Powerhouse One to be energy-positive

In Norway, Skanska is part of the Powerhouse alliance, which will build the country's first and the world's most northerly energy-positive office building in Trondheim. The Powerhouse alliance was established in April 2011. Aside from Skanska it includes the property company Entra Eiendom, architects Snøhetta, the environmental foundation ZERO and the aluminum company Hydro. The ambition is that Powerhouse One, expected to be completed in 2013, will be one of several energy-positive projects construction under the auspices of the alliance.



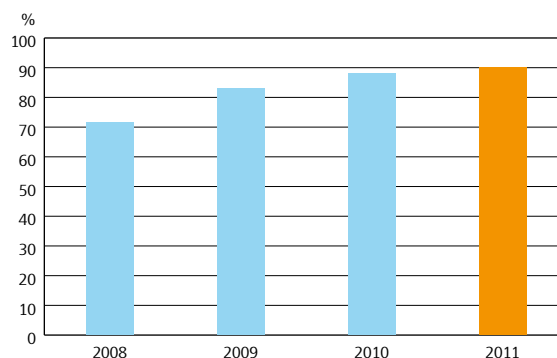
Waste

Most of it can be recycled

- In Norway, Skanska is working with the country's largest waste management contractor to ensure that all project waste is collected and either recycled or used for energy production in district heating plants.
- The Hangar 3 project in the Bromma Blocks retail center in Stockholm, Sweden involved the redevelopment of a 1940s airport hangar into a modern, energy-efficient shopping mall. Only 3 percent of waste material was sent to landfill, while more than 17,000 cubic meters of stone and construction waste were reused in the project.
- Similar recycling of materials was achieved in Skanska US Civil's Second Avenue Subway tunneling and infrastructure project in Manhattan, New York City. Material that would otherwise have gone to landfill is used for a new golf course being built by the city in Ferry Point Park, The Bronx.
- The construction of the Bertschi School in the U.S. involved extensive recycling of materials. In all, 98 percent of the construction waste generated during the project was recycled.
- Recycling was even higher in the Surrey Street Lighting Project in the U.K. – 100 percent to be exact, including removed lamps.

Total average amount of waste diverted from landfill 2008–2011

Percentage of waste diverted from landfill 2008–2011.
Target for 2011 was to reach 90%.



Water

Efficient use

Skanska is aware of the major contribution the construction industry can make to reduce water consumption, which is of especially great importance in regions with water shortages. In general, Skanska's ambition is to maximize efficiency by minimizing the use of potable water in construction and during operation of the structure and then recycle to the extent this is technically possible. One of Skanska's key indicators on the Journey to Deep Green™ is its ambition to achieve zero net water use for buildings during their service life and zero potable water use during civil and infrastructure construction.

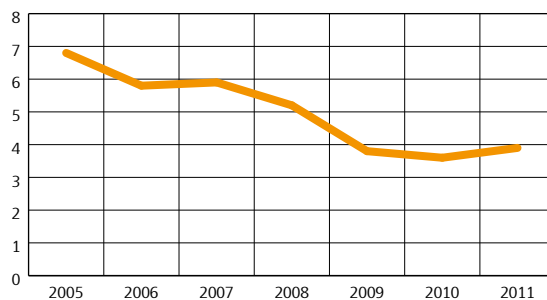
Skanska decided at an early stage to make health and safety at its work sites the most important task. Today its ambition is to achieve a 75 percent reduction in the number of accidents by 2015.

Programs for a safe and healthy work site

- Skanska Safety Road Map
- Global Safety Stand Down
- Executive Site Safety Visits
- Global Safety Leadership Team

Lost Time Accident Rate (LTAR) 2005–2011

(Number of lost time accidents times 1,000,000 hours) divided by (total labor hours).



Skanska has recorded its lost time accident rate (LTAR) on a global basis since 2005, which serves as the base year for these statistics.

Work site health and safety

Aiming at world-class standards

To achieve its target of zero work site accidents, Skanska realized that the Company had to inspire and act in ways previously not considered possible.

During the past five years, the Company has made good progress in training, management and organization of its work site health and safety efforts. Skanska has a safety program to create a healthy, safe working environment for employees, subcontractors and visitors. This program includes a Global Safety Stand Down, which is held after a fatal accident, Executive Site Safety Visits and the further development of Skanska's Global and National Safety Leadership Teams. These have been formed with cross-functional experts to drive the progress of Skanska's safety strategy.

Much remains to be done in order to achieve the zero accidents target. The Skanska Safety Road Map was introduced in November 2011 and will help speed up progress by focusing on five key issues in achieving world-class safety: culture, competency, communications, controls and contractors. Skanska uses its knowledge and experience from different parts of its business to encourage better working standards in all operations.

As an example of its commitment to raising safety standards throughout the construction industry, Skanska has been proactive in launching a program in Poland. Together with six of its competitors, Skanska is providing examples of best practices and working toward common safety standards throughout the industry. Similar cooperation is taking place at Skanska's business units in the U.K., Sweden and Finland.

Despite all these efforts and improvements, eight work-related fatalities occurred in Skanska's projects during 2011: four subcontractor employees and four Skanska employees. This is obviously unacceptable, and Skanska is taking the steps needed to eliminate these tragic accidents.



Safety Road Map

Using a number of performance criteria in five focus areas, every business unit has its own benchmarks. Practical advice, guidance and examples of good practices are built into the process, enabling each business unit to progress towards the world-class target. National Safety Leadership Teams help implement the Skanska Safety Road Map. From the left: Thomas Karlsson, Hichem Boughanmi and Anneli Lindbergh during construction of Bromma Blocks, Stockholm.

Skanska receives five safety awards

Skanska won as many as five of the seven Swedish Transport Administration safety awards in 2011. These awards are related to highway and railroad projects and are intended to encourage systematic safety programs to reduce work site accidents.

Skanska's award-winning projects are:

- The Abisko Södra railyard extension.
- Upgrading and capacity expansion of the Ställdalen–Hällefors railroad.
- The eastern bypass highway in Katrineholm.
- Norra Länken (Northern Link) highway contract NL 52, Värtan Interchange.
- The Hallandsås rail tunnel project.



Martin Hellgren, project manager, NL 52 (Swedish Transport Administration); Björn Terstad, project executive, Norra Länken (Swedish Transport Administration); Mårten Leimar, KMA NL52 (Skanska); Mats Alexandersson, project executive, NL52 (Skanska); Markus Lindén, production manager of NL52.

Ethics

Good business ethics more important than ever

Skanska is proud of its leading position in business ethics. The Company has been a signatory of the United Nations Global Compact for more than a decade, helped establish the World Economic Forum's Partnering Against Corruption Initiative (PACI) and is among the founders of the Swedish branch of Transparency International. During 2008 Skanska revised its Code of Conduct, which defines the principles for how Skanska

employees shall work regardless of where they are in the world. During 2011 Skanska's internal ethical guidelines were made available to the general public. This encouraged a dialogue with national and regional authorities as well as other multinational companies that have sought contact with Skanska for more information on effective implementation of ethics policies.

Transparency in the business world is now more important than ever. Although legislation such as the U.K.'s Bribery Act helps set the agenda, responsible companies like Skanska must also help pursue further discussion.

In 2011, Skanska contributed a speaker to PACI's biannual meeting in Rio de Janeiro and also provided the Swedish Ministry for Foreign Affairs with guidance on e-learning programs about ethics.

Skanska also supports the Construction Sector Transparency Initiative (CoST), a global initiative to increase transparency and accountability in the construction industry.

Our Code of Conduct defines how all Skanska employees work, no matter where we are in the world. We are proud of the ethical business practices that we have established. We do not tolerate any form of corruption, bribery, unfair anti-competitive activities, discrimination or harassment. On the contrary, we promote ethical business practices, fair treatment of all employees, including diversity and equal opportunities. Health and safety is another area of vital importance to us. Our goal is to achieve zero work site injuries. Our commitment to create safe and healthy workplaces is described in our Code of Conduct. Likewise, we protect and care for the environment. We are constantly striving to do more to reduce our environmental footprint.

Our first Code of Conduct was established in 2002.

In 2008, the Board of Directors approved this revised and updated Code. I expect all Skanska employees to read, understand and live by the Code. By doing this, Skanska will stay a strong company.

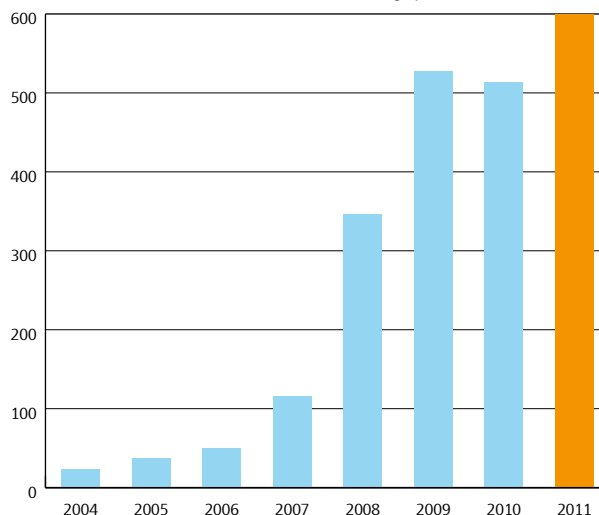

Johan Karlström
President and CEO

Skanska takes the lead

- Skanska Czech Republic is the first organization in that country to be certified according to the **BS EN 16001** energy management standard.
- The City Green Court development project in Prague is the first office building in the Czech Republic to be pre-certified according to **the Leadership in Energy and Environmental Design (LEED) Platinum** standard.
- Poland's **first LEED certified** school is being constructed by Skanska in Konstancin-Jeziorna for the American School of Warsaw.
- Skanska's new office in Gothenburg, Sweden was the first commercial property in the country to be pre-certified according to **LEED Platinum**. Skanska's new office in Malmö, Sweden was the first **LEED Platinum** certified office renovation in Europe.
- The first **LEED Platinum** certified property constructed on behalf of a customer in Sweden was completed in Kalmar for the insurance company Länsförsäkringar.
- The Belmarsh West Prison project in the U.K. was awarded the first-ever planning stage **BREEAM Outstanding** rating. When fully certified, it will be the first BREEAM Outstanding correctional facility.
- Four new buildings being constructed by Skanska in Lerum, Sweden will produce more energy than they consume. These **"plus-energy" buildings** will deliver surplus heat into the district heating network.
- Skanska is the only construction company included in the **Forest Footprint Disclosure Report**. The report is endorsed by more than 70 international financial institutions and some of the world's largest non-governmental nature conservancy organizations.
- Skanska UK was the first construction company that had all branches of its operations evaluated and certified by the **Chartered Institute of Purchasing and Supply (CIPS)**, according to the BS 8903 principles and framework for sustainable procurement.
- For the second year, Skanska has been included in the **CDP's Nordic Carbon Disclosure Leadership Index**. This index ranks those companies that have shown the greatest professionalism in their management and disclosures related to climate issues. **Skanska tops the list among construction companies and is the only construction company among the 25 highest-scoring enterprises.**

Eco Design professionals

Number of LEED, BREEAM, CEEQUAL and other eco-design professionals.



London's Sunday Times named Skanska UK the Best Green Company in the United Kingdom.



The newly installed street lighting network in Surrey, U.K. is energy-efficient thanks to a central control system.

Skanska's role in the community

Skanska develops and builds homes, workplaces, schools, hospitals, highways – environments for people, built by people. This obligates us to think long-term, sustainably and responsibly, while remaining open to the views of everyone impacted by our operations.

As a leading construction company, Skanska affects people, the environment and the surrounding community in many different ways. The projects that we develop and build provide people with places to live and work, go to school, obtain healthcare and travel. This means that there are numerous stakeholders in our operations, both during the project phase and after completion.

Skanska's community involvement takes many forms. For many years, Skanska employees have provided time, knowledge and money to support local community projects – something that the Company encourages. For example, Skanska can contribute materials and facilities, as well as financing.

Skanska also invites involvement from those stakeholder groups that are impacted by the Company's operations, for example residents, local companies and voluntary organizations.

In every project that Skanska carries out, environmental and social aspects are always a natural element of the planning process, alongside the obvious economic aspects. The guiding principle is to bring together the community's expectations of the Company with sustainable and profitable operations that generate value.



Customer and users

Skanska's earnings are achieved through projects that are well-executed and profitable for the Company as well as for customers and users. Skanska continuously builds up knowledge of its customers by maintaining a presence in selected markets.



Shareholders

A financially strong and sound company is the foundation for capital market confidence in Skanska. Through financial synergies, good control systems and risk management procedures, Skanska creates the prerequisites for a good return to its owners.



Employees

Skanska's success is highly dependent on its employees. Offering a secure, healthy and stimulating job environment based on mutual respect is vitally important in attracting, developing and retaining the best employees.



Suppliers and subcontractors

Skanska's supplier relationships reflect a high level of integrity and business ethics. Skanska also expects its business partners to live up to the principles of the Group's Code of Conduct.



National, regional and local government agencies

Skanska complies with the laws and regulations that apply in all the countries where it has operations. We also endeavor to maintain an open dialogue with those who are impacted by our operations.



Media and general public

Skanska's communication with the media and the general public are characterized by openness. Questions are answered and information is communicated in a transparent way and within a reasonable time frame.



Local residents

Skanska strives for smooth collaboration with the communities where we operate and contributes to their development, for example through donations, sponsorships and volunteer work.



Voluntary organizations

Skanska pursues a continuous dialogue with various interest organizations, for example in connection with construction projects. This concerns issues related to nature and the environment as well as social issues.

20,000
students participated.

Safe road to school

In conjunction with its construction projects in Poland, Skanska made a commitment to improving public awareness of traffic rules and safety matters by running a campaign targeted to school children. In the "Safe road to school" campaign, Skanska employees met with 20,000 students in 150 schools throughout Poland and taught them about traffic safety, safety at construction sites and how to provide first aid. Skanska distributed 45,000 reflective armbands as well as brochures and bookmarks with first aid instructions. These activities took place in close cooperation with local police and teachers.



During the first year of operation, the number of accidents decreased by

48%



Autopista Central

The Autopista Central is a new highway through Santiago, Chile, where Skanska's prioritized safety and improvements in nearby areas in order to reduce the environmental impact of the project. Promoting better road safety has been an important element of Skanska's contribution to the community. During the first year of operation, the number of accidents along the route decreased by 48 percent, among other things thanks to campaigns in 140 nearby schools that reached 140,000 students. The project also included social programs in adjacent areas, such as educational scholarships for children from low-income families and sponsorship of a day care center.

175 business owners and employees have completed the training program so far.



Small business training

Small businesses, companies headed by women and minority-owned companies may often find it difficult to land large construction contracts in competitive bidding. To improve the prospects of these companies, Skanska USA created a training program designed to give them management tools enabling them to build financially viable enterprises capable of participating effectively in construction projects. The Construction Management Building Blocks program is unique. It was originally created to support participation of minority- and women-owned companies in the billion-dollar MetLife Stadium project, completed in 2010. Skanska employees and local experts provide the education. So far 175 business owners and employees have completed the training program.

LBC Among the aims of the Living Building Challenge is to encourage net-zero energy and water use.



A Living Building

The Bertschi School in Seattle, an independent school with 400 students from preschool to fifth grade, needed an additional science building. Skanska served as a partner in this pro bono project, which was carried out according to the new guidelines of the Living Building Challenge (LBC). Among other things, LBC encourages net-zero energy and water use, which means producing as much energy and water as are consumed. The project involved many in the local community, including the students at the school, who suggested some of the most striking features of the building, such as a glass-covered rainwater harvesting channel under a classroom floor.





200 visitors per day to the blog enabled the general public to contribute to the dialogue.

Road blog at an Olympics project

A road construction project in Weymouth, England was part of the infrastructure development underway in preparation for the 2012 Olympic Games in London. A large number of stakeholders were affected by the project, and active involvement by surrounding communities was an important element of the job. Skanska maintained regular contact with local schools, animal protection organizations, farmers, small business owners and residents. One important communications channel was an interactive blog, which was updated continuously throughout the project period of nearly 2½ years. The blog enabled the general public to contribute to the dialogue and had many postings per day.

75 scholarships were awarded during the year.

Alliance for education

Since 2005 Skanska has collaborated with Cimientos, a foundation in Argentina that works toward equal educational opportunities for everyone. Skanska gives high priority to social investments that focus on educating new generations in many of the communities in Argentina where Skanska operates. In Argentina, schooling is a particular problem for children and young people who come from socio-economically less fortunate families and many of them quit as early as compulsory school level. It was thus natural for Skanska's social investment program in Argentina to focus on education.

Since 2005 the program has awarded scholarships to students in the municipalities of Cutral Co, Cipolletti and Río Gallegos to enable them to complete their studies. During 2011, 75 scholarships were awarded and Skanska strengthened its school involvement in Argentina. Scholarship opportunities were also opened up to students in the municipality of Rincón de los Sauces and a school aid program is being implemented in the city of Comodoro Rivadavia, also in partnership with the Cimientos Foundation.

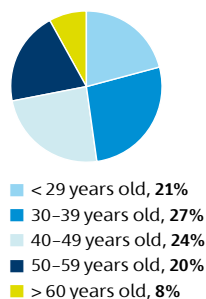


Communities are built by people

Skanska's operations depend on dedicated employees who share and actively contribute to maintaining and advancing the Company's values. Large, complex projects require highly proficient teams with advanced expertise in many different specialties. For Skanska as an employer, this requires various measures and activities aimed at attracting, developing and retaining the best employees.

- **Development and recruitment** – the top-priority tasks.
- **Age distribution** is balanced.
- **The percentage of women** in management positions has increased.
- **Talent review** – a process for identifying talents, leadership capacity and diversity issues.
- **Global development programs:** Skanska Unlimited, Skanska Stretch and STEP.
- **Skanska Employee Ownership Program (SEOP)** – a stock purchase program offered to all permanent employees.

Age distribution



Female employees at Skanska

%	2011	2010
Skilled workers	2	3
White collar employees	25	25
Skanska AB Board	20	27
Senior executives	14	11
Total	12	12

> 45% of the year's newly recruited employees in Skanska's U.S. operations were women or from ethnic minorities.

The crucial role of Skanska's employees becomes even clearer in the Company's new business plan, whose goal is profitable growth in all business areas. Among other things, this growth will mean that a large number of new employees must be hired in many markets during the coming five-year period.

Identifying and providing professional development for Skanska's existing talent and recruiting good new employees are thus top-priority tasks in the next few years. It is also a matter of introducing new employees to the Company's way of working and pursuing initiatives such as Green Construction, good business ethics and the focus on risk management and improved occupational health and safety.

Global recruitment

Skanska is a global employer with global recruitment needs. To strengthen Skanska's brand as an employer, there are continuous efforts to clarify what Skanska offers its employees. Because each business unit plans its recruitment needs and establishes targets, efficient tools and channels are needed to support this work. Since 2011 the Group's external website has featured Skanska Recruit, a shared global system that helps create an external and internal labor market. Job vacancies are advertised and candidates can apply externally or in Skanska's national and international labor market.

Internal development

Developing Skanska's in-house talents is another very important element of future investments, both in order to replace those leaving the Company and to convey Skanska's way of working and fundamental values to all employees.

To create a better picture of its management capacity and internal talents, every year the Group conducts a Talent Review, whose aim is to ensure a long-term supply of managers and experts. This involves an extensive evaluation of all managers and a number of other key individuals in each business unit. The Talent Review identifies individual needs for professional development and ensures that each employee is in the right position for him or her. The results of the Review then provide the basis for further activities based on individual strengths and development needs.

During 2011 Skanska worked on compiling proficiency profiles on white collar employees in all business streams. The purpose is to define and clarify what kinds of proficiency the Company will need in order to achieve its strategic goals.

Increased diversity

To harmonize with society at large and with its customers, Skanska needs to increase the diversity of its workforce in terms of educational or occupational background, gender and ethnicity. Diversity is also important to the Company and its ability to take advantage of all expertise and stimulate an innovative corporate climate. Skanska is seeking a more even gender balance, with more women at all levels, especially in line positions.

Each business unit establishes and follows up targets and plans for diversity and gender equality efforts. The Talent Review includes a structured approach to diversity issues. Training programs are also aimed at increasing knowledge about diversity. Skanska's employee surveys contain questions about diversity and gender equality as well.

Record high for City of London

The new Heron Tower is the tallest building in the City of London. This slim office building is 202 meters tall, or 230 meters including the mast.

Heron Tower is also another exclamation point for Skanska UK. The architect Lord Norman Foster's spectacular "Gherkin" for Swiss Re, also built by Skanska, is one of its closest neighbors in the financial district.

The 46 story Heron Tower is also distinguished by an interior in which three floors are grouped around atriums at three-floor intervals. The building is topped by a restaurant and sky bar on floors 38 to 40.

The glass façade is a "renewable energy power plant". The 3,000 sq. m (323,000 sq. ft.) solar energy façade on the tower's south side is one of the largest in the U.K. Triple-glazed windows also reduce heat radiation and losses by 45 percent. This solar energy solution is one of the important

green qualities that enabled the building to achieve a BREEAM (Building Research Establishment Environmental Assessment Method) Excellent rating, the highest rating in this environmental certification system.

The height of the building and its location in a congested urban setting made high work safety standards even more important. Through strict planning and thorough execution, the 3.3 million working hour project was completed with only eleven days of absences due to accidents, a Lost Time Accident Rate (LTAR) of 1.20.

"Heron Tower is our flagship and the most important project we have ever carried out. It gives new meaning to such concepts as quality, flexibility and environmental consideration and will strengthen the City of London as the world's financial center," says Lisa Ronson of Heron International.



Lustgården

- Kvarteret Lustgården, Lindhagensterrassen, Kungsholmen, Stockholm, Sweden
- Phase 1: 35,000 sq. m (377,000 sq. ft.)
- Investment SEK 1.4 billion
- Skanska's construction assignment: About SEK 1 billion
- Construction start-up: 2011
- Completion: Late 2013
- Phase 2: 20 000 sq. m (215,000 sq. ft.)
- Phase 3: 170 apartments
- Total investment: SEK 2.5 billion

Kvarteret Lustgården (literally "the Garden of Eden city block") in the Kungsholmen district of Stockholm is the largest green office investment in the Nordic countries; 55,000 square meters of green office space will emerge in stages there. The first parts will be completed late in 2013.

The first to move in will be Skanska. Lustgården will become the Company's new headquarters – a LEED-certified building that will be one of the most modern, environmentally smart office complexes in the Nordic countries.

"By moving to Lustgården, we will be showing that we are serious about becoming the leader in green construction," says Johan Karlström, Skanska's President and CEO.

Skanska will lease about half of the Lustgården office property, which will feature bright office space with open floor plans.

Lustgården will be characterized by innovative, green solutions and offer close proximity to public transportation.

"The construction area is a green work site. We tore down an existing building and recycled 97 percent of the demolition waste. Now we are drilling 144 bore holes 230 meters (755 ft.) straight down into the bedrock to make the office building self-sufficient in space cooling," explains Karin Johansson, project manager at Skanska Commercial Development Nordic.

Lustgården is Skanska's largest commercial office project to date for its own account. The Company's initial investment will total SEK 1.4 billion, and Skanska Sweden's construction assignment is worth SEK 1 billion. The first phase, which is now under construction, will consist of some 35,000 square meters. Construction of another 20,000 square meters of office space has also started. In addition, about 170 apartments are planned.

In all, Skanska will invest some SEK 2.5 billion in the project.

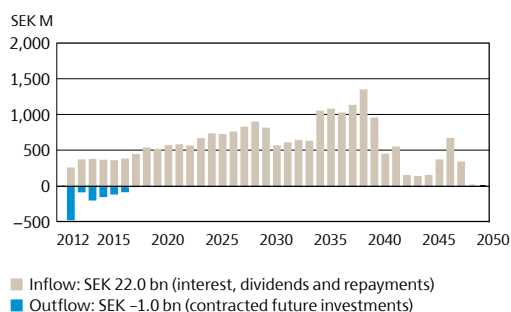
Skanska will reconsider its moving plans if a potential tenant wishes to rent the entire property. "Customer first" is the rule. Lustgården is located on Lindhagensgatan, where Skanska has also developed green office buildings for such companies as the Skandia insurance group, mobile operator 3 and Stockholm Public Transport (SL).



Sjisjka wind farm, Gällivare, Sweden

- Total investment: SEK 1.1 billion
- Construction start-up: 2011
- Height: 130 meters (427 ft.)
- Turbine blade length: 50 meters (164 ft.)
- Number of turbines: 30
- Annual production: Estimated at 200 gigawatt hours, equivalent to the annual electricity needs of about 43,000 households

Estimated annual cash flow in Skanska Infrastructure Development's project portfolio, December 31, 2011¹



¹ Cash flows have been translated into SEK at the exchange rates prevailing on December 31, 2011

Competitors

Balfour Beatty
ACS
Vinci

SEK 4,593 M on the divestment of the Autopista Central and Antofagasta highways in Chile. During the year, Skanska also sold the Midlothian Schools in the U.K. The very good outcome of the Autopista Central divestment was equivalent to about SEK 11 per share and resulted in an extra dividend of SEK 6.25, which was disbursed in May 2011.

Outlook

Political turmoil and the government financial situation in many countries will probably continue to affect decision-making related to public sector investments.

The British market is expected to remain affected by government budget austerity during 2012.

In the Nordic countries, the potential for new projects is expected to increase, for example in the construction of wind power facilities.

North America offers continued expansion potential, but at a slow pace. A number of U.S. states are planning public-private partnerships related to highway projects, but it is uncertain when these may materialize. In Latin America, there is major potential in the PPP market for highways and energy facilities.

Future PPP solutions in the Czech Republic and Poland primarily involve new highway projects.

Harnessing mountain breezes

Renewable energy is a new niche in Skanska's Green Initiative. After green offices, hospitals and homes, now Skanska is harnessing green energy in the form of wind power. In 2012 the mountain breezes in Sjisjka near Gällivare, Sweden – north of the Arctic Circle – will start to spin 30 turbines now under construction.

Skanska Infrastructure, the O2 wind power company and the Swedish power network Jämtkraft are jointly developing the Sjisjka wind farm.

The conditions are optimal. Nearly constant winds sweep in from Norway and the Atlantic. The average wind speed is 7.2 meters per second (16 mph), which is quite sufficient since only 3 meters per second is required to generate power.

The 30 wind turbines will generate an estimated 200 gigawatt hours per year, equivalent to the annual needs of some 43,000 households.

The turbine blades measure 50 meters (164 ft.). Including the tower, the total height of each turbine will be 130 meters (427 ft.). The wind exerts large forces when it blows, which is why the turbines must be firmly anchored to the ground. To minimize construction work in the mountains, Skanska Teknik designed turbine foundations that are poured in a factory and shipped to the construction site. Each foundation consists of sixteen large concrete elements, in which the quantity of concrete has been sharply reduced compared to site-poured foundations.

During 2011 preparatory work was carried out, and several foundations are on site. Beginning in the spring of 2012 the foundations, towers and turbines will be assembled. During the autumn, test runs will begin.

Construction work is being performed by Jemtska, a consortium of Skanska Sweden and Jämtkraft. Skanska Infrastructure Development has a 50 percent ownership stake in the project.

Intensive site work at NKS

In 2010 New Karolinska Solna moved from the drawing board to the construction site, but it will still be another four years before it can welcome its first patients. Today the hospital is more of a construction operation than a surgical one.

In 2010 the Stockholm County Council chose Skanska and Innisfree to take full responsibility for financing, design and construction as well as facilities management and maintenance of the hospital.

New Karolinska Solna is the world's largest hospital procured as a public-private partnership (PPP). The construction contract, which amounts to SEK 14.5 billion, also makes it Skanska's largest assignment to date. It will also be a commitment that extends far into the future, since as a part-owner Skanska will be responsible for the hospital premises until the year 2040.

During 2011 construction work took off in earnest. Five large construction cranes punctuate the horizon on the border between Solna and Stockholm. Work is underway on a number of different fronts – from excavation and foundation work to erection of frames. Helped by the cranes, tons of concrete and steel sweep in above the big construction site. Meanwhile the tasks of pre-construction engineering and architectural design continue.

The parking and technological buildings, which will be completed first, have progressed furthest. Drilling for the geothermal heating unit will be completed in 2012. The total length of drilling holes will be about 30 kilometers (19 mi.), and the holes will supply both heating and cooling. The hospital will also generate all the electricity needed for its operation. These are some of the aspects that will make NKS the world's greenest university hospital. Otherwise the entire construction area is a green work site that uses sustainable solutions for haulage, waste management and other tasks.

About 800 people are working on the project – ranging from architects and consultants to Skanska's project management and construction workers. The on-site workforce will increase to about 2,000 people during the next few years. The project is also an example of diversity, with no fewer than 15 nationalities involved. The site office including construction management and employee facilities – the “shed establishment” – is also the largest and most modern in Sweden.

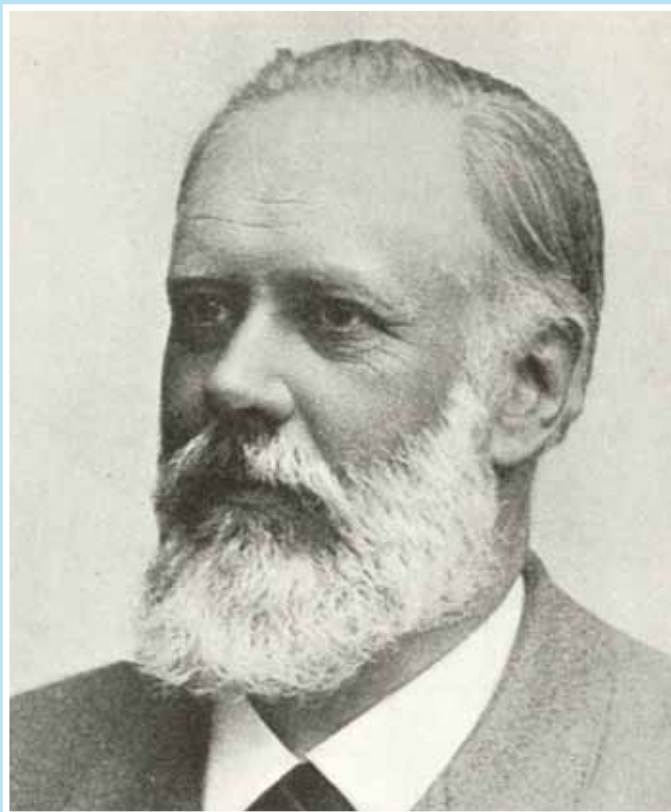


Progress report from Skanska's biggest construction project

- **Construction contract:** total of SEK 14.5 billion
- **Builder:** Skanska
- **Project company:** Swedish Hospital Partners (Skanska and Innisfree)
- **Workers in the construction project:** about 2,000 at the peak
- **Area:** 320,000 sq. m (3.44 million sq. ft.)
- **Number of floors:** 5–11
- **Number of rooms:** total of about 7,000
- **Inpatient beds:** 600 (incl. 137 intensive care beds) + 100 for outpatients, 100 in patient hotel
- **Number of operating rooms:** 36
- **Number of radiation bunkers:** 8
- **Number of reception rooms:** about 180
- **Timetable:**
 - **Parking structure,** completion in 2012
 - **Technological Center,** completion in 2014
 - **Hospital, part 1,** completion in 2016
 - **All of NKS,** completion in 2017

R.F. Berg founded Skanska in 1887

The history of Skanska coincided with the industrialization of Sweden. Skanska built power stations, factories and infrastructure. The first Swedish cement factory was started in 1871. Chemical engineer Rudolf Fredrik Berg (1846–1907) saw the potential of concrete as a building material and thus founded Aktiebolaget Skånska Cementgjuteriet. Right from the start, he had international ambitions.



The Company must run its business not as a local factory for a small country in a corner of the world, but as one that is compelled to participate in world competition.

Skanska today

Biggest Nordic-based construction company

Among the top eight in the United States

Biggest in New York and Florida

Among the top ten in the world

Revenue SEK 123 billion

Operating income SEK 9 billion

Biggest residential developer in the Nordic countries

Greenest company in the United Kingdom

Developing New Karolinska Solna – world's largest public-private partnership hospital

Invested more than SEK 12 billion in project development during 2011

Skanska Safety Week: world's biggest one-company workplace health and safety event

600 eco-design specialists

On Fortune's list of the World's most admired companies

125

Celebrating our
first 125 years