



*Williamsburg Bridge, New York, Skanska USA Civil*

# Skanska

## Six Month Report 2006

## H1 2006 in brief

- Revenue in Construction of SEK 54.6 bn (51.2)
  - up 2 percent in local currencies
- Operating income of SEK 2,567 M (2,408)
  - of which, gains from divestments of properties 1,205 (1,226)
  - of which income from discontinued operations 0 (209)
- Order bookings in Construction up 41 percent to SEK 71.5 bn (50.7)
  - Excluding the Barts and The London contract, order bookings were up 14 percent
- Backlog of SEK 138.0 bn represents 14 months of sales
- Net cash position of SEK 9.1 bn (6.4)

# Business Streams

## Construction

- Increased earnings, particularly from Sweden and Norway but also from Poland and the U.K.
- U.S earnings improving and Yeager developing according to plan

## Residential Development

- Good performance in a strong market

## Commercial Development

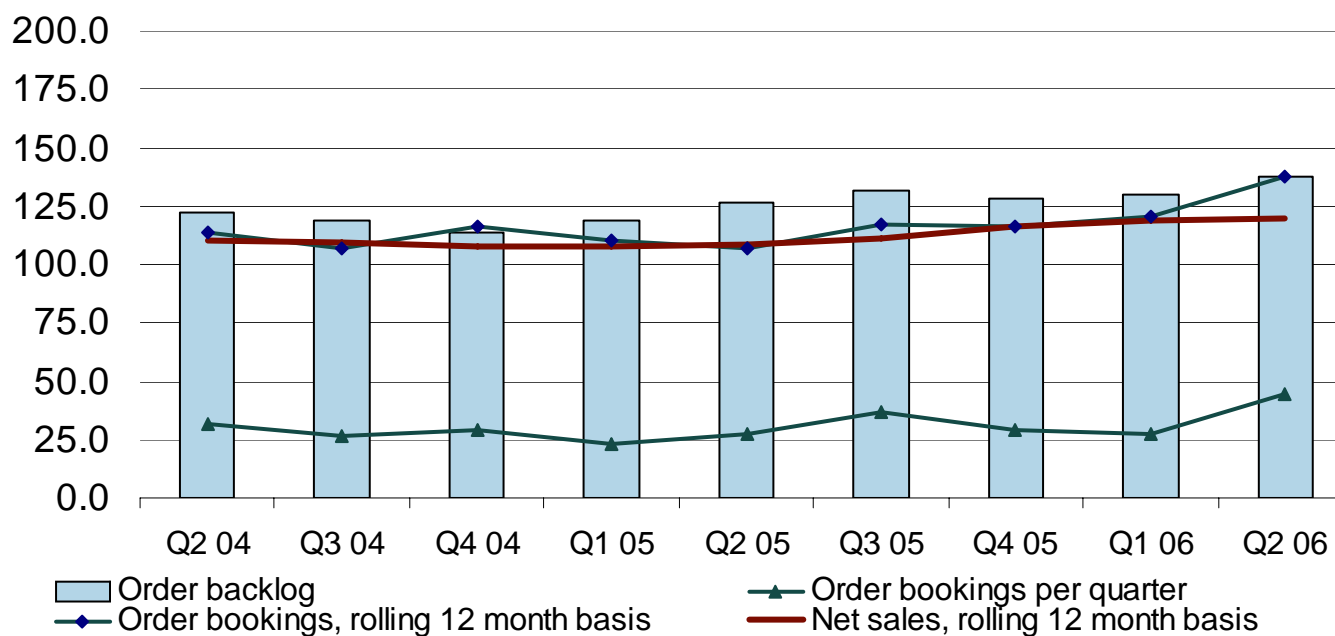
- Vacancy rates slowly decreasing, leading to new investment opportunities
- Four new projects started during Q2, six new projects year to date
- Continued yield compression leading to strong exit market

## Infrastructure Development

- Financial close for Barts and The London
- Divestment of Bridgend

## Order situation – Construction

SEK bn	Jan–Jun 2006	Jan–Jun 2005	Jul 2005–Jun 2006	Jan–Dec 2005
Revenue	54.6	51.2	119.3	116.0
Order bookings	71.5	50.7	137.3	116.6
Order backlog	138.0	126.2		128.6



## Order bookings

SEK bn	Jan–Jun 2006	Jan–Jun 2005	Jul 2005– Jun 2006	Jan–Dec 2005
Sweden	13.0	10.3	24.8	22.1
Norway	5.3	4.3	12.3	11.4
Denmark	2.4	1.9	4.4	3.9
Finland	4.6	4.2	9.4	9.1
Poland	2.7	2.0	8.4	7.6
Czech Republic	6.0	4.1	10.4	8.6
UK	18.6	5.6	26.8	13.8
USA Building	12.2	10.0	25.4	23.2
USA Civil	4.1	6.0	11.3	13.2
Latin America	2.6	1.9	3.8	3.1
International	0.2	0.5	0.4	0.7
<b>Total</b>	<b>71.5</b>	<b>50.7</b>	<b>137.3</b>	<b>116.6</b>

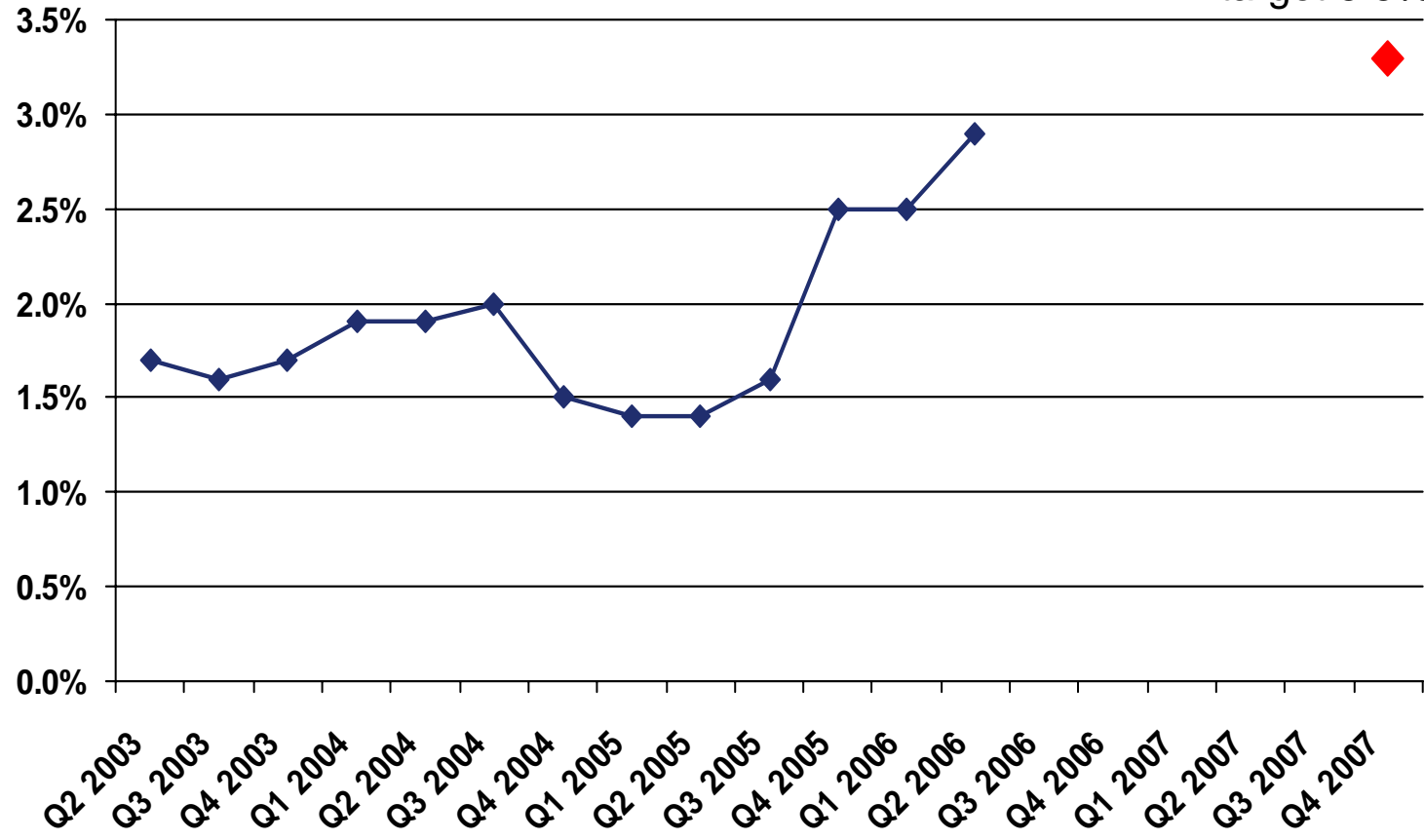
# Construction

SEK M	Jan–Jun 2006	Jan–Jun 2005	Jul 2005– Jun 2006	Jan–Dec 2005
Revenue	54,606	51,236	119,325	115,955
<b>Gross income</b>	<b>3,987</b>	<b>3,368</b>	<b>8,907</b>	<b>8,288</b>
Selling and administrative expenses	-2,716	-2,622	-5,531	-5,437
Income from joint ventures and associated companies	23	19	51	47
<b>Operating income</b>	<b>1,294</b>	<b>765</b>	<b>3,427</b>	<b>2,898</b>
Gross margin, %	7.3	6.6	7.5	7.1
Selling and admin. expenses, %	-5.0	-5.1	-4.6	-4.7
Operating margin, %	2.4	1.5	2.9	2.5
Capital employed, SEK bn	2.5	5.8		4.0
Return on capital employed, %	80.5	31.3		58.2
Order bookings, SEK bn	71.5	50.7	137.4	116.6
Order backlog, SEK bn	138.0	126.2		128.6

# Operating margin in Construction

Rolling 12 months

Outperform target:3.3%



## Residential Development

SEK M	Jan–Jun 2006	Jan–Jun 2005	Jul 2005– Jun 2006	Jan–Dec 2005
Revenue	3,473	2,931	6,655	6,113
<b>Gross income</b>	<b>528</b>	<b>449</b>	<b>1,007</b>	<b>928</b>
Selling and administrative expenses	-218	-170	-382	-334
Income from joint ventures and associated companies	28	0	45	17
<b>Operating income</b>	<b>338</b>	<b>279</b>	<b>670</b>	<b>611</b>
Operating margin, %	9.7	9.5	10.1	10.0
Capital employed, SEK bn	3.0	2.3		2.5
Return on capital employed, %	25.9	20.9		23.8



# Residential Project Development

June 30, 2006

	Under construction #		Of which, sold #		Of which, sold %		Completed, unsold #	
	Q2	Q1	Q2	Q1	Q2	Q1	Q2	Q1
Sweden	2,115	1,757	1,940	1,615	92	92	6	9
Norway	656	834	571	728	87	87	18	13
Finland incl. Estonia	2,070	1,787	1,393	1,295	67	72	100	58
Denmark	286	292	246	287	86	98	6	5
<b>Nordic</b>	<b>5,127</b>	<b>4,670</b>	<b>4,150</b>	<b>3,925</b>	<b>81</b>	<b>84</b>	<b>130</b>	<b>85</b>
Czech Republic	717	717	626	479	87	67	4	14
Russia	986	1,040	884	817	90	79	1	3
<b>Rest of Europe</b>	<b>1,703</b>	<b>1,757</b>	<b>1,510</b>	<b>1,296</b>	<b>89</b>	<b>74</b>	<b>5</b>	<b>17</b>
<b>TOTAL</b>	<b>6,830</b>	<b>6,427</b>	<b>5,660</b>	<b>5,221</b>	<b>83</b>	<b>81</b>	<b>135</b>	<b>102</b>

All units sold include reserved units in this summary.

# Commercial Development

SEK M	Jan–Jun 2006	Jan–Jun 2005	Jul 2005– Jun 2006	Jan–Dec 2005
Revenue	2,729	3,550	4,254	5,075
<b>Gross income</b>	<b>1,254</b>	<b>1,497</b>	<b>1,720</b>	<b>1,963</b>
Selling and administrative expenses	-115	-107	-236	-228
Income from joint ventures and associated companies	0	1	4	5
<b>Operating income</b>	<b>1,139</b>	<b>1,391</b>	<b>1,488</b>	<b>1,740</b>
of which gain from divestments of properties	1,165	1,197	1,519	1,551
of which operating net, completed properties	68	274	144	350
Capital employed, SEK bn	5.9	7.0		6.0

# Commercial Development

SEK M	Carrying amount end of period	Carrying amount upon completion	Market value Dec 31, 2005	Occupancy rate, %
Completed properties	2,508	2,508	3,314	73
Ongoing projects	874	2,428	3,116	46
<b>Subtotal</b>	<b>3,382</b>	<b>4,936</b>	<b>6,430</b>	
Land bank	1,779	1,779		
<b>TOTAL</b>	<b>5,161</b>	<b>6,715</b>		

## Sale of commercial properties, 2006

SEK M	Sale price	Capital gain
Q1	606	209
Q2	1,937	996
Q3 to date	0	0
<b>Total YTD</b>	<b>2,543</b>	<b>1,205</b>

## New projects

Project	Leasable area, sq m	Occupancy rate, %	Investment, SEK M
<b>Q1</b>			
Lundbyvassen, office, Gothenburg	11,000	69	135
Atrium, office, Copenhagen	16,000	0	319
<b>Q2</b>			
Népliget, office, Budapest	10,000	0	175
Stenalyckan III, retail, Halmstad	7,000	62	73
Pilsåker III, retail, Lund	2,000	100	20
Generatorn 11, warehouse, Mölndal	2,000	60	20
<b>TOTAL YTD</b>	<b>48,000</b>	<b>26</b>	<b>742</b>

# Infrastructure Development

SEK M	Jan–Jun 2006	Jan–Jun 2005	Jul 2005– Jun 2006	Jan–Dec 2005
Revenue	105	8	150	53
Gross income	32	-21	6	-47
Selling and administrative expenses	-80	-46	-157	-123
Income from joint ventures and associated companies	58	52	167	161
<b>Operating income (EBIT)</b>	<b>10</b>	<b>-15</b>	<b>16</b>	<b>-9</b>
Capital employed, SEK bn	2.4	2.1		2.5

Divestments made at prices on average 26 percent in excess of market values assigned at year-end 2005

# Income statement

SEK M	Jan–Jun 2006	Jan–Jun 2005	Jul 2005– Jun 2006	Jan–Dec 2005
Construction	1,294	765	3,427	2,898
Residential Development	338	279	670	611
Commercial Development	1,139	1,391	1,488	1,740
Infrastructure Development	10	-15	16	-9
Discontinued operations	-	209	-7	202
Central	-222	-198	-393	-369
Eliminations	8	-23	-42	-73
<b>Operating income</b>	<b>2,567</b>	<b>2,408</b>	<b>5,159</b>	<b>5,000</b>
Net financial items	109	68	161	120
<b>Income after financial items</b>	<b>2,676</b>	<b>2,476</b>	<b>5,320</b>	<b>5,120</b>
Taxes	-670	-643	-1,257	-1,230
<b>Profit for the period</b>	<b>2,006</b>	<b>1,833</b>	<b>4,063</b>	<b>3,890</b>
Earnings per share, SEK	4.77	4.37	9.67	9.27
<i>Tax rate, %</i>	<i>25</i>	<i>26</i>		<i>24</i>

# Balance sheet

SEK bn	Jun 30, 2006	Jun 30, 2005	Dec 31, 2005
Property, plant and equipment	5.2	5.9	5.2
Goodwill	4.1	4.2	4.2
Intangible assets	0.6	0.6	0.6
Investments in joint ventures and associated companies	1.8	1.6	1.9
Commercial properties	6.3	7.5	7.2
Residential properties	4.1	3.4	3.3
Interest-bearing receivables	4.2	2.7	3.3
Net working capital	-13.6	-12.1	-15.0
Financial assets incl. cash	10.1	9.1	13.7
<b>Capital employed</b>	<b>22.7</b>	<b>22.9</b>	<b>24.5</b>
Equity attributable to equity holders	17.3	17.4	18.5
Minority interest	0.1	0.1	0.1
Interest-bearing liabilities	5.3	5.4	5.9
	<b>22.7</b>	<b>22.9</b>	<b>24.5</b>
Total assets	68.3	68.4	71.3
Net interest-bearing receivables	9.1	6.4	11.1
Equity/assets ratio, %	25.6	25.6	26.1



## Change in interest-bearing assets and liabilities

SEK M	Jan–Jun 2006
Net receivables/Net debt opening balance	11,111
Change in interest-bearing receivables and liquid assets	-2,253
Translation differences interest-bearing receivables and liquid assets	-322
Change in interest-bearing liabilities	443
Translation differences interest-bearing liabilities	146
Effects of IAS 19	139
Reclassification and change in accounting principles	-35
Other changes	-97
<b>Net receivables/Net debt closing balance</b>	<b>9,132</b>

## Operating cash flow

SEK M	Jan–Jun 2006	Jan–Jun 2005
Construction	220	-1,588
Residential Development	222	1,008
Commercial Development	1,748	2,777
Infrastructure Development	-105	-335
Central and eliminations	-510	-363
Discontinued operations	-	30
<b>Cash flow before taxes, financial operations and dividends</b>	<b>1,575</b>	<b>1,529</b>
Taxes paid	-847	-1,069
Net interest items and other financial items	193	-87
Dividend etc.	-2,731	-1,677
<b>CASH FLOW BEFORE CHANGE IN INTEREST-BEARING ASSETS AND LIABILITIES</b>	<b>-1,810</b>	<b>-1,304</b>

# Group net investments

SEK M	Jan–Jun 2006	Jan–Jun 2005	Jul 2005– Jun 2006	Jan–Dec 2005
<b><u>Operations - investments</u></b>				
Intangible assets	-22	-9	-59	-46
Property, plant and equipment	-707	-823	-1,339	-1,455
Assets in ID operations	-147	-275	-348	-476
Shares	0	0	-3	-3
Current-asset properties	-3,036	-2,434	-5,558	-4,956
<b>Investments</b>	<b>-3,912</b>	<b>-3,541</b>	<b>-7,307</b>	<b>-6,936</b>
<b><u>Operations - divestments</u></b>				
Intangible assets	5	3	6	4
Property, plant and equipment	118	300	431	613
Assets in ID operations	79	8	106	35
Shares	3	1	3	1
Current-asset properties	4,963	5,592	8,771	9,400
<b>Divestments</b>	<b>5,168</b>	<b>5,904</b>	<b>9,317</b>	<b>10,053</b>
<b>Net investments in operations</b>	<b>1,256</b>	<b>2,363</b>	<b>2,010</b>	<b>3,117</b>
<b>Net strategic investments</b>	<b>6</b>	<b>297</b>	<b>237</b>	<b>528</b>
<b>TOTAL NET INVESTMENTS</b>	<b>1,262</b>	<b>2,660</b>	<b>2,247</b>	<b>3,645</b>
Depreciation, non-current assets	-554	-513	-1,114	-1,073

## Market outlook – Construction

- Commercial building stable at a good level
- Civil construction good in most home markets
- Most of the residential building markets remain at a high level.
  - Sweden is the exception, with the market still growing

## Market outlook – Project development

- Residential Development activity remains at a high level
- In Commercial Development, interest in new facilities continues to lead to new project starts. Investor interest remains strong
- Volume of PPP projects in the U.K. still large. More limited supply of projects in other markets. U.S. timing and process difficult to determine

## Summary

- Market conditions remain favorable overall
- Improved results in Construction. Sweden and Norway particularly strong but improvements also in Poland, U.K. and USA Civil
- Development business streams performing very well
- Stable market outlook

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