



*New York Jets and New England Patriots playing at the Foxboro Stadium, Boston*

# Skanska

## Three Month Report 2007

## Q1 2007 in brief

- Revenue in Construction of SEK 27.5 bn (25.3)
  - up 13 percent in local currencies
- Operating income of SEK 779 M (610)
  - of which, gains from divestments of properties 97 (209)
- Operating income in Residential Development up 65 percent to SEK 246 M (149)
- Order bookings in Construction up 45 percent to SEK 39.7 bn (27.4)
- Backlog of SEK 150.5 bn represents 15 months of sales

# Business Streams

## Construction

- Improved earnings in several markets
- Strong order bookings despite selectivity
- Caution is warranted for cost escalation and lack of resources

## Residential Development

- Good performance in a strong market
- Both started and sold units increased over Q1 last year
- Continued net investments

## Commercial Development

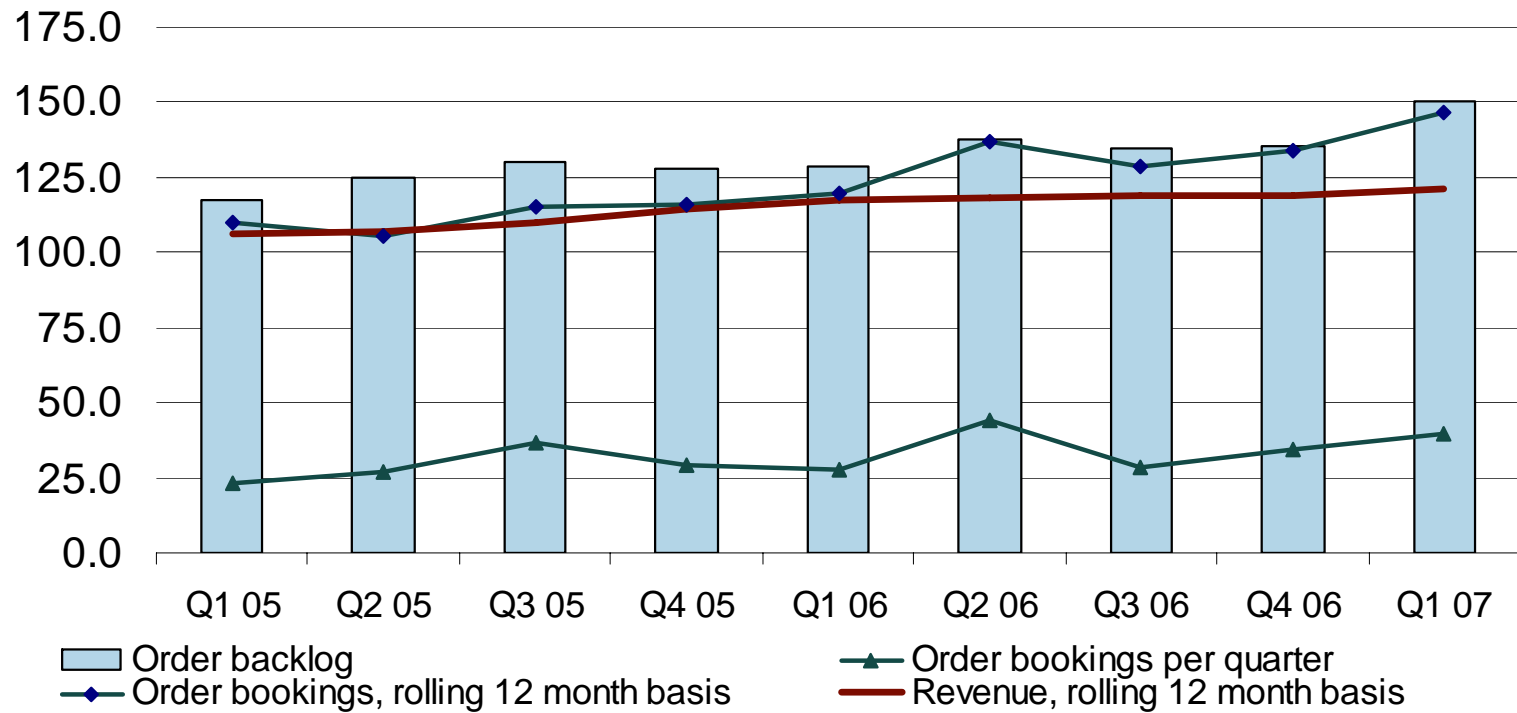
- Good leasing activity
- Four new projects started during Q1

## Infrastructure Development

- High bidding activity and continued focus on new value creation
- Unrealized development gain up SEK 300 M

## Order situation – Construction

SEK bn	Jan–Mar 2007	Jan–Mar 2006	Apr 2006–Mar 2007	Jan–Dec 2006
Revenue	27.5	25.3	120.9	118.7
Order bookings	39.7	27.4	146.4	134.1
Order backlog	150.5	129.0	150.5	135.1



## Order bookings

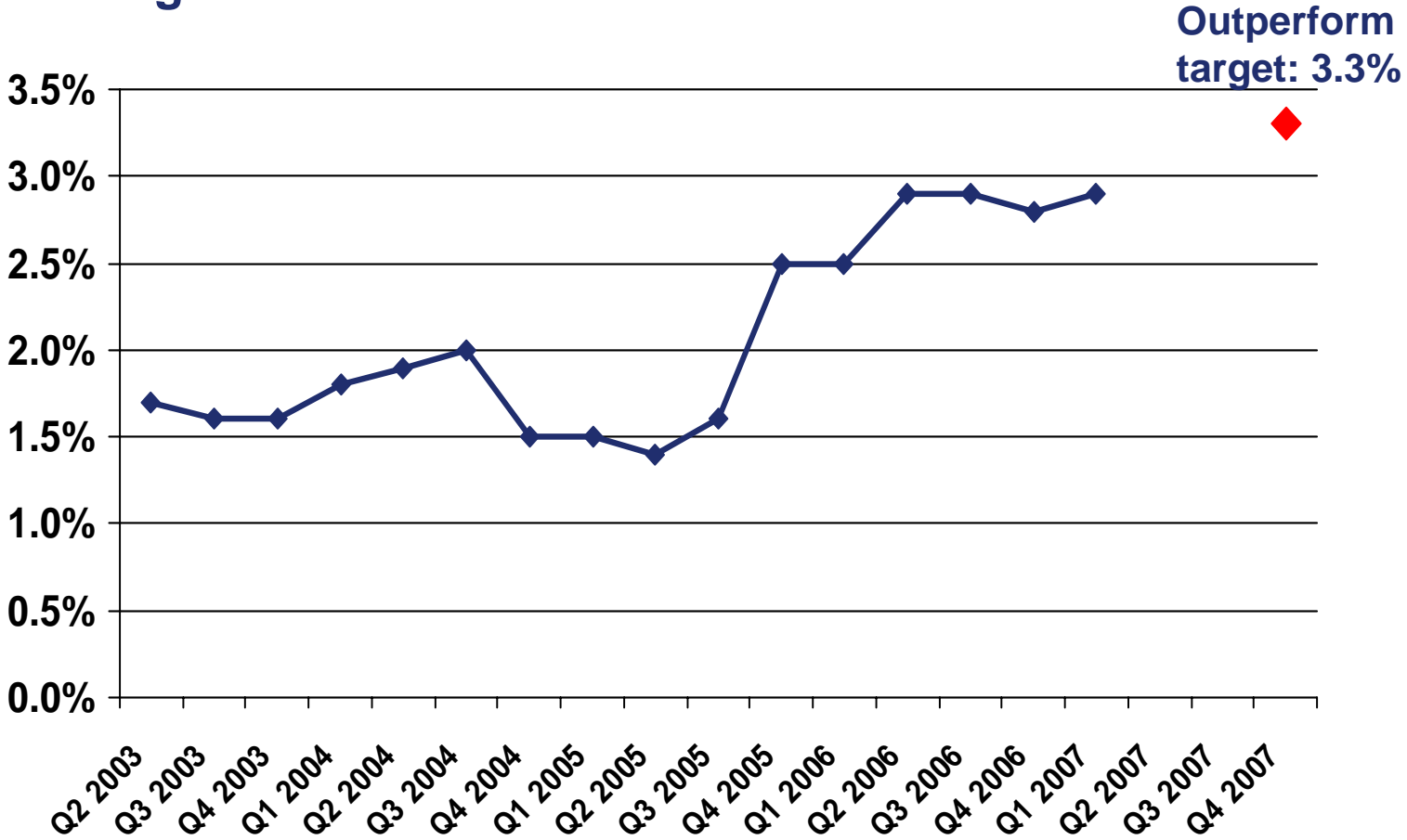
SEK bn	Jan–Mar 2007	Jan–Mar 2006	Apr 2006– Mar 2007	Jan–Dec 2006
Sweden	6.8	6.7	27.6	27.5
Norway	4.2	3.1	13.4	12.4
Denmark	1.2	1.3	3.7	3.7
Finland	1.6	2.1	9.1	9.6
Poland	1.5	1.4	5.8	5.7
Czech Republic	1.2	3.4	9.4	11.7
UK	3.6	2.0	25.3	23.7
USA Building	14.1	5.0	34.2	25.1
USA Civil	3.7	1.4	13.5	11.1
Latin America	1.8	1.0	4.5	3.6
<b>Total</b>	<b>39.7</b>	<b>27.4</b>	<b>146.4</b>	<b>134.1</b>

# Construction

SEK M	Jan–Mar 2007	Jan–Mar 2006	Apr 2006– Mar 2007	Jan–Dec 2006
Revenue	27,522	25,333	120,899	118,710
<b>Gross income</b>	<b>2,021</b>	<b>1,832</b>	<b>9,185</b>	<b>8,996</b>
Selling and administrative expenses	-1,368	-1,358	-5,732	-5,722
Income from joint ventures and associated companies	11	7	66	62
<b>Operating income</b>	<b>664</b>	<b>481</b>	<b>3,519</b>	<b>3,336</b>
Gross margin, %	7.3	7.2	7.6	7.6
Selling and admin. expenses, %	-5.0	-5.4	-4.7	-4.8
Operating margin, %	2.4	1.9	2.9	2.8
Capital employed, SEK bn	1.6	2.7		2.5
Order bookings, SEK bn	39.7	27.4	146.4	134.1
Order backlog, SEK bn	150.5	129.0		135.1

# Operating margin in Construction

Rolling 12 months



# Residential Development

SEK M	Jan–Mar 2007	Jan–Mar 2006	Apr 2006– Mar 2007	Jan–Dec 2006
Revenue	2,042	1,561	7,269	6,788
<b>Gross income</b>	<b>321</b>	<b>234</b>	<b>1,318</b>	<b>1,231</b>
Selling and administrative expenses	-140	-94	-478	-432
Income from joint ventures and associated companies	65	9	109	53
<b>Operating income</b>	<b>246</b>	<b>149</b>	<b>949</b>	<b>852</b>
Operating margin, %	12.0	9.5	13.1	12.6
Capital employed, SEK bn	4.7	2.9		3.7
Return on capital employed, %	27.3	26.3		27.5



# Residential Development

March 31, 2007

	Under construction #		Of which sold %		Completed unsold #	
	Q1 2007	Q4 2006	Q1 2007	Q4 2006	Q1 2007	Q4 2006
Sweden	2,109	2,567	87	91	5	4
Norway	1,026	843	86	88	12	15
Finland incl. Estonia	1,742	2,073	62	62	99	86
Denmark	401	325	93	90	1	1
<b>Nordic</b>	<b>5,278</b>	<b>5,808</b>	<b>79</b>	<b>80</b>	<b>117</b>	<b>108</b>
Czech Republic	628	679	90	85	10	13
<b>TOTAL</b>	<b>5,906</b>	<b>6,487</b>	<b>80</b>	<b>81</b>	<b>127</b>	<b>119</b>

All units sold include reserved units in this summary.

# Residential Development

	Started				Sold			
	Jan–Mar 2007	Jan–Mar 2006	Apr 2006–Mar 2007	Jan–Dec 2006	Jan–Mar 2007	Jan–Mar 2006	Apr 2006–Mar 2007	Jan–Dec 2006
Sweden	408	259	1,633	1,484	488	327	1,518	1,357
Norway	346	232	959	845	300	213	920	833
Finland incl. Estonia	155	363	1,545	1,753	283	434	1,393	1,544
Denmark	76	0	228	152	77	2	203	128
<b>Nordic</b>	<b>985</b>	<b>854</b>	<b>4,365</b>	<b>4,234</b>	<b>1,148</b>	<b>976</b>	<b>4,034</b>	<b>3,862</b>
Czech Republic	0	297	184	481	31	227	429	624
<b>TOTAL</b>	<b>985</b>	<b>1,151</b>	<b>4,549</b>	<b>4,715</b>	<b>1,179</b>	<b>1,203</b>	<b>4,463</b>	<b>4,486</b>

# Commercial Development

SEK M	Jan–Mar 2007	Jan–Mar 2006	Apr 2006– Mar 2007	Jan–Dec 2006
Revenue	265	702	2,988	3,425
<b>Gross income</b>	<b>132</b>	<b>260</b>	<b>1,294</b>	<b>1,422</b>
Selling and administrative expenses	-57	-55	-237	-235
Income from joint ventures and associated companies	1	0	24	23
<b>Operating income</b>	<b>76</b>	<b>205</b>	<b>1,081</b>	<b>1,210</b>
of which gain from divestments of properties <sup>1</sup>	97	209	1,148	1,260
of which operating net, completed properties <sup>2</sup>	30	43	89	102
Capital employed, SEK bn	6.0	5.7		5.8
1 Additional gain included in eliminations was	0	0	40	40

## New CD projects in the first quarter

Project		Leasable area, sq m	Occupancy rate, %	Investment, SEK M
Högsbo 27:8, OCW, Gothenburg	Q1	3,000	55	30
Marynarska Point II, office, Warsaw	Q1	20,000	0	300
Grunvaldski Center I, office, Wroclaw	Q1	16,000	0	200
Vysehrad, office, Prague	Q1	6,000	0	120
<b>TOTAL Q1</b>		<b>45,000</b>		<b>650</b>

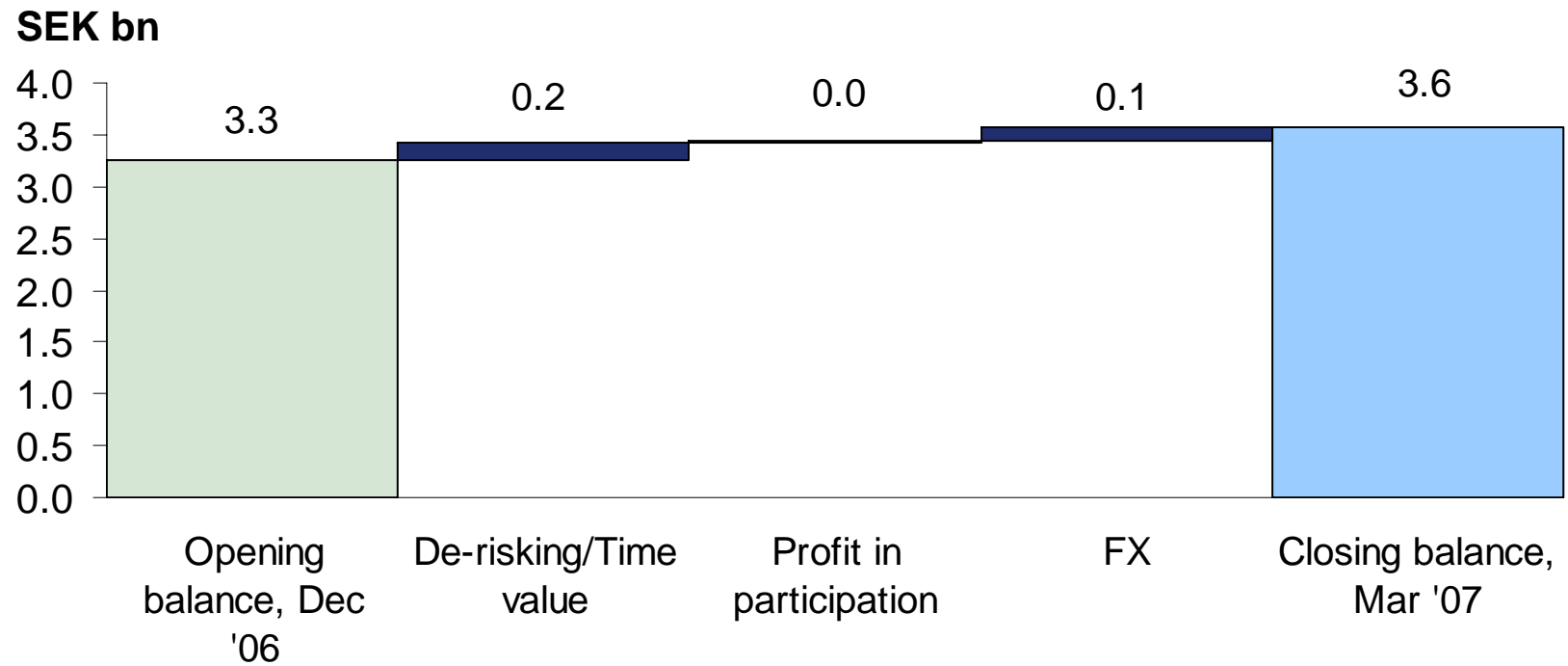
# Commercial Development

SEK bn	Carrying amount, end of period	Carrying amount upon completion	Market value Dec 31, 2006	Occupancy rate, %
Completed properties	2,952	2,952	4,087	75
Ongoing projects	1,202	3,365	4,327	38
<b>Subtotal</b>	<b>4,154</b>	<b>6,317</b>	<b>8,414</b>	
Land bank	1,843	1,843		
<b>TOTAL</b>	<b>5,997</b>	<b>8,160</b>		

# Infrastructure Development

SEK M	Jan–Mar 2007	Jan–Mar 2006	Apr 2006– Mar 2007	Jan–Dec 2006
Revenue	8	24	135	151
<b>Gross income</b>	<b>-48</b>	<b>-8</b>	<b>-65</b>	<b>-25</b>
Selling and administrative expenses	-47	-35	-198	-186
Income from joint ventures and associated companies	-1	-9	211	203
<b>Operating income (EBIT)</b>	<b>-96</b>	<b>-52</b>	<b>-52</b>	<b>-8</b>
of which gains from divestments of shares in projects	0	2	116	118
Capital employed, SEK bn	2.5	2.5		2.4

## Unrealized development gains in ID



## Unrealized development gains, ID projects

SEK bn	Mar 31, 2007	Dec 31, 2006
Present value of cash flow from projects	6.7	6.3
Present value of remaining investments	-2.5	-2.4
Carrying amount	-0.6	-0.6
<b>Unrealized development gain in ID</b>	<b>3.6</b>	<b>3.3</b>
Group eliminations	0.4	0.4
<b>Consolidated unrealized development gain</b>	<b>4.0</b>	<b>3.7</b>



# Income statement

SEK M	Jan–Mar 2007	Jan–Mar 2006	Apr 2006– Mar 2007	Jan–Dec 2006
Operating income from business streams	890	783	5,497	5,390
Central	-123	-149	-488	-514
Eliminations	12	-24	-78	-114
<b>Operating income</b>	<b>779</b>	<b>610</b>	<b>4,931</b>	<b>4,762</b>
Net interest	118	48	369	299
Change in fair value	-26	-7	-137	-118
Other net financial items	-20	17	5	42
<b>Income after financial items</b>	<b>851</b>	<b>668</b>	<b>5,168</b>	<b>4,985</b>
Taxes	-246	-174	-1,402	-1,330
<b>Profit for the period</b>	<b>605</b>	<b>494</b>	<b>3,766</b>	<b>3,655</b>
Earnings per share, SEK	1.43	1.18	8.94	8.68
<i>Tax rate, %</i>	29	26	27	27

## Balance sheet

SEK bn	Mar 31, 2007	Mar 31, 2006	Dec 31, 2006
Total assets	72.7	67.8	71.3
Equity attributable to equity holders	20.3	16.4	19.2
Interest-bearing liabilities	4.8	5.1	5.1
Interest-bearing assets	15.4	15.8	15.4
Interest-bearing net receivables (+)/net debt (-)	10.6	10.7	10.4
Working capital, net	-12.1	-13.0	-11.3
Working capital in construction, net	-12.5	-11.0	-12.0
Capital employed, closing balance	25.3	21.7	24.4
Equity/assets ratio, %	28.1	24.4	27.1

## Change in interest-bearing assets and liabilities

SEK M	Jan–Mar 2007
Net receivables/Net debt opening balance	10,377
Reduction of interest-bearing receivables and liquid assets	-119
Reduction of interest-bearing liabilities	11
Currency translation impact on net receivables	122
Effects of IAS 19	114
Other changes	53
<b>Net receivables/Net debt closing balance</b>	<b>10,558</b>

## Operating cash flow

SEK M	Jan–Mar 2007	Jan–Mar 2006	Apr 2006– Mar 2007	Jan–Dec 2006
Cash flow from business operations before change in working capital	490	611	3,361	3,482
Change in working capital	650	-1,328	2,068	90
Net investments in operations	-1,044	558	-1,808	-206
Net strategic investments	-48	2	-582	-532
Net interest items and other financial items	91	28	153	90
Taxes paid in business operations	-243	-461	-849	-1,067
Dividend	-4	1	-2,717	-2,712
<b>Cash flow before change in interest-bearing receivables and liabilities</b>	<b>-108</b>	<b>-589</b>	<b>-374</b>	<b>-855</b>

## Group net investments

SEK bn	Jan–Mar 2007	Jan–Mar 2006	Apr 2006– Mar 2007	Jan–Dec 2006
<b>Property, plant and equipment</b>				
Investments	-390	-289	-1,829	-1,728
Divestments	92	64	524	496
<b>Net investments</b>	<b>-298</b>	<b>-225</b>	<b>-1305</b>	<b>-1232</b>
<b>Residential Development</b>				
Investments	-1,495	-700	-5,840	-5,045
Divestments	1,077	1,027	4,217	4,167
<b>Net investments</b>	<b>-418</b>	<b>327</b>	<b>-1,623</b>	<b>-878</b>
<b>Commercial Development</b>				
Investments	-489	-367	-1,793	-1,671
Divestments	186	606	2,664	3,084
<b>Net investments</b>	<b>-303</b>	<b>239</b>	<b>871</b>	<b>1,413</b>
<b>Infrastructure Development</b>				
Investments	-8	-31	-263	-286
Divestments	0	10	182	192
<b>Net investments</b>	<b>-8</b>	<b>-21</b>	<b>-81</b>	<b>-94</b>
Group investments	-2,428	-1,442	-10,105	-9,119
Group divestments	1,416	1,924	7,997	8,505
<b>Group net investments</b>	<b>-1,060</b>	<b>484</b>	<b>-2,690</b>	<b>-1,146</b>
Strategic net investments	2	7	146	151
<b>Total net investments</b>	<b>-1,058</b>	<b>491</b>	<b>-2,544</b>	<b>-995</b>

## Market outlook – Construction

- Positive outlook for building construction in Skanska's main markets, especially in the Nordics
- Positive trend in civil construction in the Nordics, Central Europe and in the U.S.
- The construction industry is working at close to its capacity ceiling. The cost trend for certain materials and labor is increasing.

## Market outlook – Project development

- Residential Development activity remains at a high level in most of the Nordics. Czech Republic shows good demand but approval processes are lengthy
- In Commercial Development, interest in new facilities continues to lead to new project starts. Investor interest remains strong
- Still a large volume of PPP projects in the U.K. More limited supply of projects in other markets. Timing of U.S. projects continues to be uncertain

**SKANSKA**