

**SKANSKA**

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# Infrastructure Development 2012



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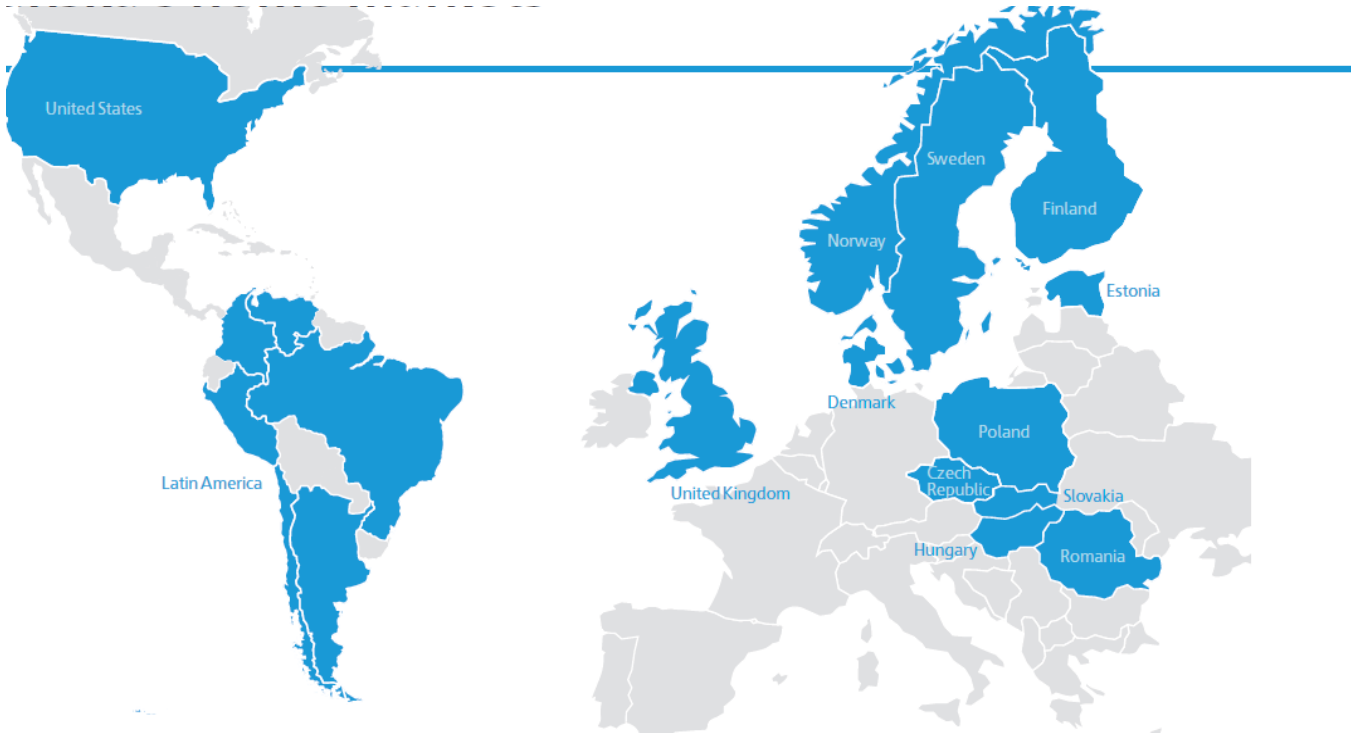
Skanska divests E18 highway in Finland for EUR 19 M, about SEK 165 M.

Infrastructure Development develops, manages and divests privately financed infrastructure projects such as highways, hospitals, schools and power generating plants.

The business stream focuses on creating new potential for projects in markets where Skanska has construction business units. It works through the Skanska Infrastructure Development business unit.

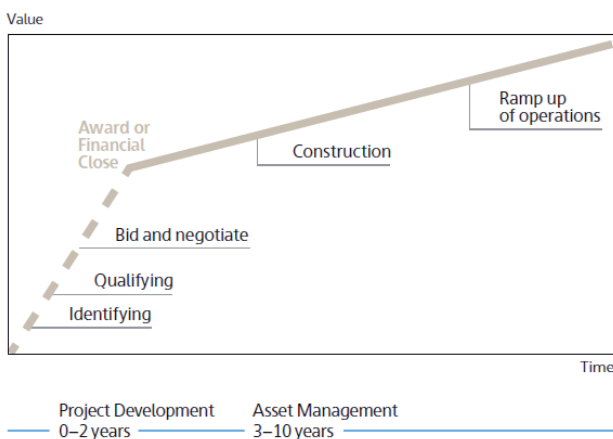
Information about Skanska Infrastructure Development is updated quarterly on the Group's web site, [www.skanska.com/en/Investors](http://www.skanska.com/en/Investors), and can be ordered from Skanska AB, Investor Relations, SE-169 83 Solna, Sweden or by e-mail at [investor.relations@skanska.se](mailto:investor.relations@skanska.se)

# Skanska's operations and markets



Home market	Construction	Residential Development	Commercial Property Development	Infrastructure Development
<b>Nordic countries</b>	●	●	●	●
Sweden	●	●	●	●
Norway	●	●	●	●
Finland	●	●	●	●
Estonia	●	●		
Denmark			●	
<b>Other European countries</b>	●	●	●	●
Poland	●	●	●	●
Czech Republic	●	●	●	●
Slovakia	●			●
Hungary			●	
Romania			●	
U.K.	●	●		●
<b>Amerika</b>	●		●	●
USA	●		●	●
Latinamerika	●			●

## Value creation in infrastructure development



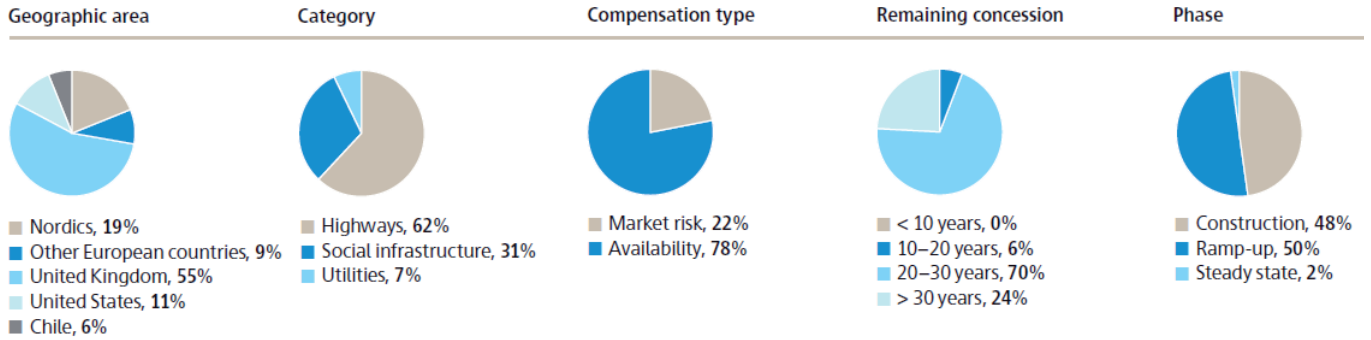
## Achieving Financial Close is the first and largest step in value creation.

### Value creation step by step

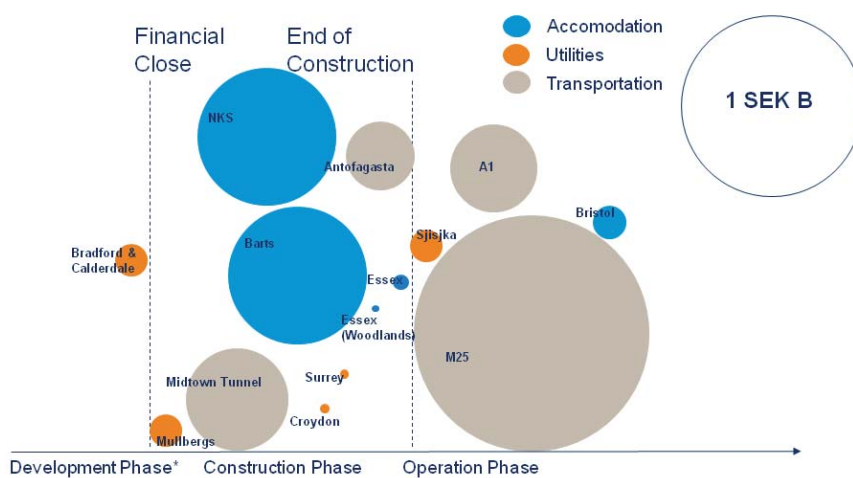
In public-private partnership projects, Skanska is involved in the entire development chain from design and financing to construction, operation and maintenance. By assuming this overall responsibility, Skanska optimizes both construction and operating costs. The selection process is crucial to Skanska. Projects must be in product segments and markets where Skanska has proficiency and experience. They must of course also meet the yield requirements that Skanska has established. Skanska performs a thorough examination of risks and opportunities, in close collaboration with the Group's construction units. As a result of this, Skanska focuses on a limited number of projects. Skanska usually forms a bidding consortium with one or more partners. Following the successful bid of the consortium, final negotiations with the customer and potential financiers begin. When binding contracts have been signed, usually at Financial Close, the assignment is included in the order bookings of the construction unit.

# Distribution of estimated gross present value

Estimated gross value, SEK 5.4 bn



## Project Life Cycle



\*Size is not reflected on projects in Development Phase as we do not appoint a gross value before financial close

## Project portfolio

Project portfolio, SEK M									
Category	Type	Country	Payment type	Phase	Concession ends	Ownership, %	Year in operation/ full operation	Invested capital, Dec 31, 2012	Total commitment
<b>Highways</b>									
A1 (Phase 1&2)	Highway	Poland	Availability	Ramp up	2039	30	2007/2012	148	154
Antofagasta	Highway	Chile	Market risk	Construction	2030	50	2014	263	309
M25	Highway	U.K.	Availability	Ramp up	2039	40	2012	840	840
Midtown tunnel/Elizabeth River Tunnels	Highway	U.S.	Market risk	Construction	2070	50	2017	0	857
<b>Social infrastructure</b>									
Barts and The London	Health	U.K.	Availability	Construction	2048	38	2006/2016	307	421
Essex BSF	Education	U.K.	Availability	Ramp up	2036	52	2012	54	54
Bristol	Education	U.K.	Availability	Steady state	2034	46	2007/2011	45	45
New Karolinska Solna	Health	Sweden	Availability	Construction	2040	50	2018	253	591
Essex Woodlands	Education	U.K.	Availability	Construction	2036	53	2015	0	18
<b>Utilities</b>									
Surrey	Street lighting	U.K.	Availability	Construction	2035	50	2015	0	48
Croydon	Street lighting	U.K.	Availability	Construction	2036	50	2017	0	45
Sjisjka	Wind power	Sweden	Market risk	Ramp up	2038	50	2013	234	234
Mullbergs	Wind power	Sweden	Market risk	Construction	2038	50	2014	44	92
<b>Total capital invested</b>								<b>2,188</b>	<b>3,708</b>
Accumulated share of earnings in joint venture								-800	
<b>Carrying amount including cash flow hedges</b>								<b>1,388</b>	
Cash flow hedges								1,414	
<b>Carrying amount excluding cash flow hedges</b>								<b>2,802</b>	

# Valuation per category

Valuation on December 31, 2012 by category, SEK M

Category	Gross present value, Dec 2012	Discount rate, 2012, %	Net Present Value remaining investments <sup>1</sup>	Carrying amount, Dec 2012 <sup>2</sup>	Unrealized development gain 2012
Highways	3,355	10.1	463	1,711	1,181
Social infrastructure	1,689	9.7	358	809	522
Utilities <sup>4</sup>	382	8.6	70	282	30
<b>Total</b>	<b>5,426</b>	<b>9.9</b>	<b>891</b>	<b>2,802</b>	<b>1,733</b>
Cash flow hedges					<b>1,595<sup>3</sup></b>
<b>Total</b>					<b>3,328</b>

<sup>1</sup> Nominal value SEK 1,540 M. <sup>2</sup> Invested capital plus accrued value of participations in project companies before effects of cash flow hedges. <sup>3</sup> Of which SEK 1,414 M recognized against share of income in joint ventures and SEK 181 M as a provision. <sup>4</sup> Wind power projects valued at invested capital and not in accordance with discounted cash flow.

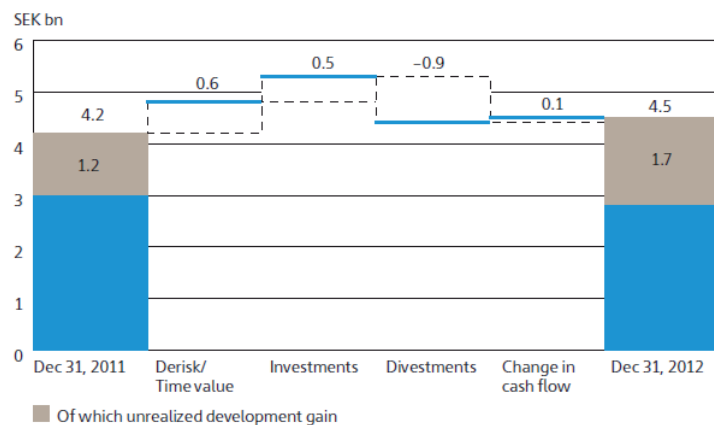
## Appraisal

Gross present value is the discounted present value of all cash flows, after taxes in the project company, between the project and Skanska. The present value of remaining investments in ongoing projects is discounted at the same interest rate as the project.

Unrealized development gain shows net present value minus project carrying amount and is calculated before market valuations of financial derivatives that are entered into by project companies to reduce financial risk.

# Unrealized development profit

Change in net present value and unrealized development gain



# Estimated annual cash flow

Estimated annual cash flow in Skanska Infrastructure Development's project portfolio, December 31, 2012<sup>1</sup>

