

# “Focus on performance and consolidation”

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SHAREHOLDER INFORMATION  
Year-end report, January–December 2002

**SKANSKA**

# Year-end report

## January–December 2002

| SEK M  | Oct–Dec<br>2002 | Oct–Dec<br>2001 | Jan–Dec<br>2002 | Jan–Dec<br>2001 |
|--|-----------------|-----------------|-----------------|-----------------|
| ■ Net sales  | 37,853          | 42,553          | 145,576         | 164,937         |
| ■ Operating income excl. items affecting comparability | 695             | 1,322           | 2,621           | 2,523           |
| ■ Items affecting comparability                        | -1,645          | 286             | -1,645          | -230            |
| ■ Operating income                                     | -950            | 1,608           | 976             | 2,293           |
| ■ Income after financial items                         | -989            | 1,248           | 73              | 1,116           |
| ■ Net profit per share, SEK                            |                 |                 | neg             | 0.05            |
| ■ Cash flow from business operations                   | 2,920           | 4,740           | 1,828           | 1,847           |
| ■ Net debt   |                 |                 | 9,030           | 6,812           |
| ■ Return on capital employed, %                        |                 |                 | 4.3             | 8.0             |
| ■ Return on shareholders' equity                       |                 |                 | neg             | 0.1             |
| ■ Net debt/equity ratio                                |                 |                 | 0.6             | 0.4             |
| ■ Order bookings                                       | 34,330          | 21,598          | 137,590         | 152,507         |
| ■ Order backlog  | 137,940         | 158,643         | 137,940         | 158,643         |

- Operating income excluding items affecting comparability amounted to SEK 2,621 M (2,523).
- As announced on January 14, SEK 2,016 M consisting of goodwill writedowns and restructuring expenses, of which SEK 1,645 M was reported as items affecting comparability, was charged to operating income during the fourth quarter.
- Operating income in construction-related services totaled SEK 2,519 M (370) for the full year. Earnings improved gradually during the year due to a lower volume of project loss provisions and write-downs on current assets.
- Substantially lower level of property divestments than in 2001. The conditional divestment of the CityCronan project, with a sales price of SEK 2.3 billion and an estimated capital gain of SEK 1.1 billion, will be included in the 2003 accounts, when the conditions are expected to be met. After the close of the report period a portfolio of properties was sold to the Blackstone Group. Total sales price was SEK 2.1 billion and the capital gain totaled SEK 0.5 billion.
- Cash flow from business operations totaled SEK 1,828 M (1,847).
- The Board of Directors proposes a dividend of SEK 2.00 (3.00) per share for the 2002 financial year.
- Skanska will apply the new accounting principle RR 29 from January 1, 2003. The transition to RR 29 increases Group pension liabilities by circa SEK 1.6 billion and shareholders equity decreases by SEK 1.1 billion net of tax. The change will be reported directly against equity and has no recurring effect on income statement and cash flow.

## ORDER BOOKINGS

### October to December

Order bookings rose to SEK 34,330 M (21,598), compared to the fourth quarter of 2001. Order bookings in the Polish and British operations increased significantly. The comparison with the fourth quarter of 2001 is difficult to make, however, because projects worth about SEK 10 billion were cancelled in the American operations as an effect of the September 11, 2001 terrorist attacks.

Order bookings rose by 2 percent compared to the third quarter of 2002.

### January to December

Order bookings for the full year 2002 totaled SEK 137,590 M (152,507), a decline of 10 percent. Adjusted for currency rate effects, the decline was 7 percent. The decline was due, among other things, to shrinking commercial construction in Skanska's main markets and to the cutbacks initiated in 2001 in Poland as well as Denmark.

### Order backlog

Year-end order backlog totaled SEK 137,940 M (158,643), which represented a 13 percent decrease compared to the close of 2001. Adjusted for currency rate effects, the decrease was 2 percent.

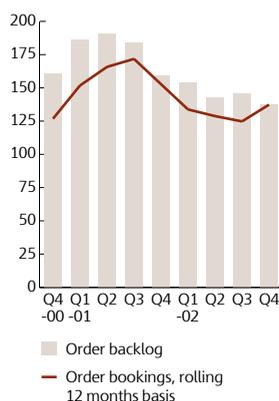
Order backlog shrank by 5 percent during the fourth quarter.

## NET SALES AND INCOME

### Performance analysis

| SEK M  | Oct-Dec 2002  | Oct-Dec 2001 | Jan-Dec 2002 | Jan-Dec 2001  |
|--|---------------|--------------|--------------|---------------|
| <b>Construction-related services</b>                       |               |              |              |               |
| Net sales  | 36,702        | 41,797       | 142,712      | 163,423       |
| Operating income   | 575           | 604          | 2,519        | 370           |
| Operating margin, %  | 1.6           | 1.4          | 1.8          | 0.2           |
| <b>Project Development &amp; BOT</b>                       |               |              |              |               |
| Net sales  | 394           | 357          | 1,474        | 1,387         |
| Operating income   | 374           | 948          | 1,009        | 2,748         |
| o/w gain on sale of properties                             | 247           | 741          | 292          | 2,155         |
| <b>Services (including Telecom)</b>                        |               |              |              |               |
| Net sales  | 675           | 888          | 2,505        | 3,061         |
| Operating income   | 14            | -1           | -147         | 112           |
| Operating margin, %  | 2.1           | neg          | neg          | 3.7           |
| <b>Central &amp; eliminations</b>                          |               |              |              |               |
| Net sales  | 82            | -489         | -1,115       | -2,934        |
| Operating income   | -268          | -229         | -760         | -707          |
| <b>Items affecting comparability and non-core business</b> |               |              |              |               |
| Operating income   | -1,645        | 286          | -1,645       | -230          |
| <b>GROUP</b>   |               |              |              |               |
| Net sales  | 37,853        | 42,553       | 145,576      | 164,937       |
| Operating income   | -950          | 1,608        | 976          | 2,293         |
| Operating margin, %  | neg           | 3.8          | 0.7          | 1.4           |
| Net interest items   | -143          | -306         | -626         | -924          |
| Other financial items                                      | 104           | -54          | -277         | -253          |
| <b>Financial net</b>                                       | <b>-39</b>    | <b>-360</b>  | <b>-903</b>  | <b>-1,177</b> |
| <b>Income after financial items</b>                        | <b>-989</b>   | <b>1,248</b> | <b>73</b>    | <b>1,116</b>  |
| Taxes  | -330          | -144         | -856         | -1,094        |
| Minority interests   | -26           | 19           | -54          | 0             |
| <b>Net income for the period</b>                           | <b>-1,345</b> | <b>1,123</b> | <b>-837</b>  | <b>22</b>     |

### Order bookings and backlog, SEK bn



### Operating income, before items affecting comparability, SEK M



### October to December

Net sales fell by 11 percent to SEK 37,853 M (42,553). Skanska USA Building and Gammon Skanska (Hong Kong) accounted for the largest decreases.

Operating income amounted to SEK -950 M (1,608). Depreciation totaled SEK -602 M (-659), including goodwill amortization of SEK -136 M (-157). Capital gain on sale of properties totaled SEK 247 M (741).

Items affecting comparability totaling SEK -1,645 M (286) were charged to operating income. The strategic review carried out during the autumn of 2002, which was presented on January 14, 2003, led to certain writedowns of assets and restructuring expenses. Writedowns of goodwill and adjustment of the acquisition calculation of Skanska Poland have been reported as "items affecting comparability" and are described in a separate table below. The restructuring expenses and writedowns of current assets identified by the strategic review, totaling SEK 371 M (0), were charged to operating income in construction operations. The costs of any project loss provisions, writedowns and reorganization expenses are thus included in business operations. These costs are commented upon if they are of material importance to the comparison.

### Items affecting comparability

| SEK M   | Oct-Dec 2002  | Oct-Dec 2001 | Jan-Dec 2002  | Jan-Dec 2001 |
|---|---------------|--------------|---------------|--------------|
| <b>Distribution by business unit/category</b>                                       |               |              |               |              |
| Writedown of goodwill, Selmer Skanska   | -610          | 0            | -610          | 0            |
| Writedown of goodwill, Skanska Poland   | -521          | 0            | -521          | -500         |
| Adjustment of acquisition calculation, writedown of other buildings, Skanska Poland | -150          | 0            | -150          | 0            |
| Writedown of goodwill, Gammon Skanska   | -364          | 0            | -364          | 0            |
| Reversal of writedown in property operations  | 0             | 435          | 0             | 435          |
| Allocation of refund previously received from Alecta, etc                           | 0             | -149         | 0             | -165         |
| <b>Total</b>  | <b>-1,645</b> | <b>286</b>   | <b>-1,645</b> | <b>-230</b>  |

Operating income in construction operations, after charges for restructuring expenses, totaled SEK 575 M (604), and operating margin amounted to 1.6 (1.4) percent. Skanska Services, excluding Skanska Telecom Networks, increased its operating income to SEK 21 M (17) despite a decline in net sales.

The item "central and eliminations," which consisted of corporate overhead and elimination of intra-Group profits, rose to SEK -268 M (-229). Profits at Sade Skanska for BOT projects explained the increase.

Income after financial items totaled SEK -989 M (1,248). Net financial items amounted to SEK -39 M (-360). Net interest items totaled SEK -143 M (-306). During the year, interest payments of about SEK 30 M were capitalized in project development for Skanska's own account. The item "other financial items, total" amounted to SEK 104 M (-54). Due to the positive trend in stock markets during the fourth quarter, Skanska was able to reduce provisions made earlier during 2002 to its Swedish pension funds by SEK 55 M. During the comparative period, provisions of SEK -33 M to the Swedish pension funds were charged to operating income. The item also included SEK -12 M (-2) in gains on the sale of shares and financial receivables and SEK 61 M (-19) in other financial items.

Reported taxes amounted to SEK -330 M (-144). Net profit amounted to SEK -1,345 M (1,123).

### January to December

Net sales fell by 12 percent to SEK 145,576 M (164,937). Adjusted for currency rate effects, the decline was 9 percent.

Operating income amounted to SEK 976 M (2,293). Depreciation totaled SEK -2,343 M (-2,613), including goodwill amortization of SEK -581 (-618). Capital gains on sale of properties amounted to SEK 294 M (2,155). Restructuring expenses, writedowns of current assets and project loss provisions of about SEK 900 M were charged to operating income, while the corresponding amount was SEK 2,600 M the year before. These expenses were entirely attributable to construction operations and Telecom. Items affecting comparability amounted to SEK -1,645 M (-230).

Operating income in construction operations totaled SEK 2,519 M (370). Earnings improved overall in construction operations and Services. The improvement was a consequence of a lower volume of project loss provisions and writedowns of current assets. Finnish operations reported lower profit due to writedowns of receivables and properties.

Due to a delay in the sale of the CityCronan commercial project in central Stockholm, capital gain on sale of properties was significantly lower than in 2001.

The item "central and eliminations" increased to SEK -760 M (-707).

Income after financial items totaled SEK 73 M (1,116). Net financial items amounted to SEK -903 M (-1,177). Net interest items totaled SEK -626 M (-924). During 2002, interest payments of about SEK 113 M were capitalized in project development for Skanska's own account. Net interest items decreased during the year, even though the Group's average interest-bearing net debt was higher than in 2001. This is an effect of a lower average interest rate on the Group's gross debt. The item "other financial items, total" amounted to SEK -277 M (-253). Due to the negative trend in stock markets during the year, Skanska made provisions of SEK -322 M (-170) to safeguard the commitments specified by the pension plans in force in its Swedish pension funds. The provision is equivalent to the entire deficit that arose. Capital gains on the sale of shares amounted to SEK 92 M (-7). These divestments consisted mainly of shares in the kitchen interior company Nobia and the hotel property company Pandox. After the divestment, Skanska owns 12.5 percent of Nobia. "Other financial items" also included writedowns and currency losses totaling SEK -47 M (-76).

Reported taxes were SEK -856 (-1,094). Net profit amounted to SEK -837 M (22). The visible tax rate was substantially higher than the underlying rate because the writedowns and amortizations of goodwill that Skanska carried out were not tax-deductible. In addition, Skanska does not believe that the deficits that have occurred in certain countries can be offset against earnings in the next few years.

### Financial ratios

Net profit per share totaled SEK -2.00 (0.05). Return on capital employed amounted to 4.3 (8.0) percent. Adjusted for items affecting comparability and capital gains on the sale of shares, return on capital employed totaled 9.1 (8.7) percent. Return on shareholders' equity was neg (0.1).

### Investments and divestments

The investment table has been changed somewhat, compared to its earlier format. Investments and divestment in business operations and of a strategic nature, respectively, are specified separately. Strategic investments refer to acquisitions of companies, divestments of businesses and shares etc.

| SEK M                                | Oct-Dec<br>2002 | Oct-Dec<br>2001 | Jan-Dec<br>2002 | Jan-Dec<br>2001 |
|--------------------------------------|-----------------|-----------------|-----------------|-----------------|
| <b>Net investments</b>               |                 |                 |                 |                 |
| <b>OPERATIONS</b>                    |                 |                 |                 |                 |
| <b>Investments</b>                   |                 |                 |                 |                 |
| Intangible fixed assets              | -21             | 146             | -52             | -164            |
| Tangible fixed assets                | -639            | -760            | -1,762          | -2,435          |
| Assets in BOT operations             | -96             | -3              | -579            | -728            |
| Current-asset properties             | -1,984          | -2,441          | -6,890          | -9,424          |
|                                      | <b>-2,740</b>   | <b>-3,058</b>   | <b>-9,283</b>   | <b>-12,751</b>  |
| <b>Divestments</b>                   |                 |                 |                 |                 |
| Intangible fixed assets              | 6               | -72             | 9               | 33              |
| Tangible fixed assets                | 215             | 292             | 527             | 539             |
| Assets in BOT operations             | 0               | 131             | 0               | 131             |
| Current-asset properties             | 2,110           | 3,999           | 6,601           | 12,119          |
|                                      | <b>2,331</b>    | <b>4,350</b>    | <b>7,137</b>    | <b>12,822</b>   |
| <b>Net investments in operations</b> | <b>-409</b>     | <b>1,292</b>    | <b>-2,146</b>   | <b>71</b>       |
| <b>STRATEGIC INVESTMENTS</b>         |                 |                 |                 |                 |
| <b>Investments</b>                   |                 |                 |                 |                 |
| Businesses                           | -18             | -208            | -498            | -384            |
| Shares                               | 0               | 159             | -41             | -49             |
|                                      | <b>-18</b>      | <b>-49</b>      | <b>-539</b>     | <b>-433</b>     |
| <b>Divestments</b>                   |                 |                 |                 |                 |
| Businesses                           | 0               | -8              | 0               | 0               |
| Shares                               | -32             | -38             | 351             | 100             |
|                                      | <b>-32</b>      | <b>-46</b>      | <b>351</b>      | <b>100</b>      |
| <b>Net strategic investments</b>     | <b>-50</b>      | <b>-95</b>      | <b>-188</b>     | <b>-333</b>     |
| <b>Total net investments</b>         | <b>-459</b>     | <b>1,197</b>    | <b>-2,334</b>   | <b>262</b>      |

### October to December

Investments in business operations amounted to SEK -2,740 M (-3,058) and divestments totaled SEK +2,331 M (+4,350). The net amount of the Group's investments (-) and divestments (+) in business operations totaled SEK -409 M (+1,292). Lower divestment volume of commercial projects was offset somewhat by a continued decline in investment volume in tangible fixed assets.

Investments in project development of both residential and commercial properties are reported together in the table, as a logical consequence of the reclassification effective in 2002 of all properties to current-asset properties. In projects developed for Skanska's own account - residential properties and commercial space - the Group's investments totaled SEK -1,984 M (-2,441). During the quarter, projects

with a value of SEK +2,110 M (+3,999) were sold, yielding capital gains of SEK 448 M (793).

The net amount of strategic investments was SEK -50 M (-95). The net amount of the Group's total investments and divestments was -459 M (+1,197).

### January to December

Investments in business operations amounted to SEK -9,283 M (-12,751) and divestments totaled SEK +7,137 M (+12,822). The net amount of the Group's investments and divestments in business operations totaled SEK -2,146 M (-71).

The Group's investment in projects developed for its own account totaled SEK -6,890 M (-9,424). Projects with a value of SEK +6,601 M (+12,119) were sold, yielding capital gains of SEK 982 M (2,269). The volume of residential projects divested fell marginally, while the volume of commercial projects divested was substantially lower than in 2001.

The net amount of strategic investments was SEK -188 M (-333). The net amount of the Group's total investments and divestments was -2,334 M (+262).

### Cash flow

The specification of cash flow has been expanded compared to its earlier format, in order to provide a better picture of cash flow generated in business operations.

#### Cash flow

| SEK M   | Oct-Dec<br>2002 | Oct-Dec<br>2001 | Jan-Dec<br>2002 | Jan-Dec<br>2001 |
|---|-----------------|-----------------|-----------------|-----------------|
| Cash flow from business operations before change in working capital | 1,238           | 833             | 4,302           | 2,536           |
| Change in working capital   | 2,110           | 2,023           | -26             | 2,548           |
| Net investments in business operations                              | -409            | 1,292           | -2,146          | 71              |
| Cash flow adjustment net investments                                | -5              | 1,105           | 1,142           | -1,397          |
| Paid taxes in business operations                                   | -14             | -513            | -1,444          | -1,911          |
| <b>Cash flow from business operations</b>                           | <b>2,920</b>    | <b>4,740</b>    | <b>1,828</b>    | <b>1,847</b>    |
| Net interest items and other financial items                        | -73             | -310            | -663            | -997            |
| Change in interest-bearing receivables and liabilities              | -1,803          | -1,181          | -435            | 4,490           |
| Taxes paid in financial operations                                  | 13              | 48              | 154             | 154             |
| <b>Cash flow from financial operations</b>                          | <b>-1,863</b>   | <b>-1,443</b>   | <b>-944</b>     | <b>3,647</b>    |
| <b>Cash flow from operations</b>                                    | <b>1,057</b>    | <b>3,297</b>    | <b>884</b>      | <b>5,494</b>    |
| Strategic net investments   | -50             | -95             | -188            | -333            |
| Taxes paid on strategic net investments                             | -62             | 0               | -917            | -873            |
| <b>Cash flow from strategic net investments</b>                     | <b>-112</b>     | <b>-95</b>      | <b>-1,105</b>   | <b>-1,206</b>   |
| Dividend etc  | -38             | -60             | -1,306          | -2,352          |
| <b>Cash flow for the period</b>                                     | <b>907</b>      | <b>3,142</b>    | <b>-1,527</b>   | <b>1,936</b>    |
| Liquid assets at the beginning of the period                        | 6,256           | 6,267           | 9,335           | 6,769           |
| Exchange rate differences in liquid assets                          | -247            | -74             | -892            | 630             |
| <b>Liquid assets at the end of the period</b>                       | <b>6,916</b>    | <b>9,335</b>    | <b>6,916</b>    | <b>9,335</b>    |

### October to December

Cash flow from business operations before changes in working capital rose by 49 percent and totaled SEK 1,238 M (833). The increase was due to improved earnings in business operations. The change in working capital amounted to SEK 2,110 M (2,023). The fourth quarter is seasonally strong; projects are completed and payments of outstanding receivables are settled, which has a positive impact on working capital, compared to the other quarters of the year.

Lower divestment volume of commercial projects resulted in an overall decline in cash flow in business operations, which totaled SEK 2,920 M (4,740). The 2001 item "Cash flow adjustment net investments" of SEK 1,105 M was related to property divestments that were

recognized as revenue during the second quarter of 2001 but were settled during the fourth quarter.

Cash flow from financing operations amounted to SEK -1,863 M (-1,443), which was mainly related to a decline in interest-bearing liabilities. Cash flow from business operations amounted to SEK 1,057 M (3,297).

Cash flow from strategic investments amounted to SEK -112 M (-95).

Cash flow for the period totaled SEK 907 M (3,142).

### January to December

Cash flow from business operations before change in working capital rose by 70 percent and totaled SEK 4,302 M (2,536). The change in working capital amounted to SEK -26 M (2,548). Payments for a number of projects were settled before the end of 2001, while Skanska paid subcontractors and suppliers directly after the beginning of 2002, which resulted in an exceptionally negative effect on working capital in the first quarter of 2002. In addition, there was an outflow of cash attributable to the restructuring provisions carried out in 2001. These effects on working capital totaled about SEK 1,100 M. These turn-of-the-year effects on working capital are estimated to be limited to an outflow of about SEK 500 M in 2003. Cash flow from financing operations amounted to SEK -944 M (3,647). Cash flow from business operations amounted to SEK 884 M (5,494).

Cash flow from strategic investments amounted to SEK -1,105 M (-1,206). This item included large tax payments related to share divestments that had been carried out earlier and Skanska's "aircraft leasing transactions".

Cash flow for the period totaled SEK -1,527 M (1,936).

### FINANCIAL POSITION

Total assets in the balance sheet declined to SEK 78 billion from SEK 93 billion. Currency rate effects explained about SEK 6.5 billion of the decline in total assets from the beginning of 2002.

Intangible assets amounted to SEK 6.1 billion (8.5). The Group's goodwill totaled SEK 5.6 billion (7.7) after implementation of write-downs totaling SEK 1.7 billion (0.5). In addition, ownership of concessions for highways at Skanska BOT (privately financed projects) were reported as SEK 0.5 billion.

#### Exchange rates for the most important currencies, SEK

|               | Average exchange rates |       | Exchange rates on the balance sheet Dec 31 |       |
|---------------|------------------------|-------|--|-------|
|               | 2002                   | 2001  | 2002                                       | 2001  |
| U.S. dollar   | 9.73                   | 10.33 | 8.83                                       | 10.58 |
| British pound | 14.57                  | 14.87 | 14.12                                      | 15.33 |
| Euro          | 9.16                   | 9.25  | 9.15                                       | 9.33  |

Liquid assets and interest-bearing receivables fell by SEK 3,186 M to SEK 8,095 M (11,281). Interest-bearing liabilities and provisions fell by SEK 968 M to SEK 17,125 M (18,093). Altogether, net interest-bearing liabilities rose by SEK 2,218 M to SEK 9,030 M (6,812).

#### Change in interest-bearing net debt

| SEK M  | 2002          | 2001          |
|--|---------------|---------------|
| <b>Net debt, opening balance</b>   | <b>-6,812</b> | <b>-3,678</b> |
| Cash flow from business operations   | 1,828         | 1,847         |
| Cash flow from financial operations excluding change in interest-bearing receivables and liabilities | -509          | -843          |
| Cash flow from strategic investments, net  | -1,105        | -1,206        |
| Dividend etc.  | -1,306        | -2,352        |
| Translation differences  | -472          | -97           |
| Reclassification of pension liabilities to interest-bearing liabilities                              | -656          | 0             |
| Other  | 2             | -483          |
| <b>Net debt, closing balance</b>   | <b>-9,030</b> | <b>-6,812</b> |

During the fourth quarter, net interest-bearing liabilities fell by SEK 2,419 M as a consequence of strong cash flow from business operations.

The visible equity/assets ratio amounted to 18.5 (19.8) percent and the debt/equity ratio stood at 0.6 (0.4).

Shareholders' equity amounted to SEK 14,217 M (17,871). The strengthening of the Swedish krona, especially against the U.S. dollar and South American currencies, generated negative translation effects of SEK 1,540 M, which reduced shareholders' equity to a corresponding extent. The portion of shareholders' equity that is denominated in U.S. dollars was currency hedged in early September.

## ACCOUNTING PRINCIPLES AND CHANGES IN ACCOUNTING PRACTICES

This Year-end Report was prepared in compliance with Recommendation RR20 on interim reporting of the Swedish Financial Accounting Standards Council (Redovisningsrådet, RR). The reclassification of properties and capitalization of interest expenses in project development for Skanska's own account described in Skanska's press release of April 18, 2002 and in the Interim Report for the first quarter of 2002 occurred after the Annual Report for 2001 was published. The cash flow and investment tables have been changed in this Year-end Report, compared to earlier reports. Otherwise the same accounting principles and calculation methods are used as in the latest Annual Report.

### Effect of changes in accounting practices

|   | Operating income |                 | Income after financial net |                 |
|---|------------------|-----------------|----------------------------|-----------------|
|   | Oct-Dec<br>2002  | Jan-Dec<br>2002 | Oct-Dec<br>2002            | Jan-Dec<br>2002 |
| Reclassification of properties<br>in real estate operations | 54               | 211             | 54                         | 211             |
| Capitalization of interest expenses                         | -4               | -31             | 30                         | 113             |
| <b>Total</b>  | <b>50</b>        | <b>180</b>      | <b>84</b>                  | <b>324</b>      |

Skanska will apply the new Swedish accounting principle RR29, "Employee Benefits," which is based on the international accounting standard IAS 19, beginning on January 1, 2003. The change in accounting principle is reported directly against shareholders' equity and has no recurring effect on the income statement and cash flow. Pensions have previously been reported in compliance with local rules in each country. The transition to RR29 implies an increase of about SEK 1,600 M in the Group's pension liabilities. After subtracting deferred taxes, shareholders' equity will decrease by a net amount of about SEK 1,100 M. The future annual positive effect on profit before taxes, which has no effect on cash flow, is estimated at about SEK +50 M. The Skanska Group's obligations to its employees in each individual country are not affected by this change of accounting principle.

### Skanska share data

The market price of a Skanska share was SEK 51 on December 30. This represented a 26 percent decrease during 2002. The Dow Jones Titans Construction Index, which includes the largest listed construction and building material companies in the world, declined by 16 percent during the same period. The Stockholm All Share Index fell by 36 percent in 2002.

During the year, the highest quotation for a Skanska share was SEK 83.00 and the lowest was SEK 41.20.

### Personnel

The number of employees in the Group was 76,358 (79,924), measured as the average number of employees during the year. The decrease was an effect of lower business volume and of the restructuring measures initiated in 2001.

## Parent company

Net sales in the Parent Company amounted to SEK 219 M (261) for the full year and operating income amounted to SEK -371 M (-385). Income after financial items totaled SEK 1,253 M (-356). The number of employees in the Parent Company was 56 (52), measured as the average number of employees during the year.

## Market outlook

On the whole, the market outlook for commercial and residential construction has deteriorated compared to the situation in October 2002. The total volume of construction investments is expected to shrink in Skanska's main markets during the next year.

Residential investments in Finland, the Czech Republic and Russia are increasing or remaining at an unchanged level, while Swedish and Norwegian residential construction is declining.

American commercial construction of office and industrial premises remains weak. American construction in the healthcare and educational segment (institutional construction) is stable. The investment volume in British PFI projects (privately financed projects such as hospitals, schools and prisons) is expected to continue increasing in the coming year.

Infrastructure investments in Skanska's main markets are expected to be stable in the coming year. The investment volume in the American market is expected to be stable. However, budget deficits at federal and state levels in the U.S. are creating uncertainty about the trend of American infrastructure construction in a somewhat longer perspective. The growth rate in the Nordic markets is low today but is expected to accelerate during 2003. The greatest potential in a slightly longer perspective is found in the Czech Republic and Poland, especially in light of the European Union enlargement.

The markets where Skanska is active in commercial project development are expected to show weak performance, with the consequence that fewer new projects will start up during 2003.

## COMMENTS BY MARKET AND SEGMENT

All the operating incomes stated in the following tables are excluding items affecting comparability. The business units are presented on page 12. The financial ratio "Return on capital employed" (ROCE) is calculated on a rolling twelve month basis.

## CONSTRUCTION-RELATED SERVICES

### Scandinavia

*Consists of construction-related services in Sweden, Norway and Denmark*

| Scandinavia                          | Oct-Dec<br>2002 | Oct-Dec<br>2001 | Jan-Dec<br>2002 | Jan-Dec<br>2001 |
|--------------------------------------|-----------------|-----------------|-----------------|-----------------|
| SEK M                                |                 |                 |                 |                 |
| Net sales                            | 10,314          | 9,933           | 38,685          | 43,267          |
| EBITA <sup>1</sup>                   | 211             | 176             | 645             | -213            |
| EBITA margin, % <sup>1</sup>         | 2.0             | 1.8             | 1.7             | neg             |
| EBIT <sup>2</sup>                    | 59              | 102             | 353             | -413            |
| EBIT margin, % <sup>2</sup>          | 0.6             | 1.0             | 0.9             | neg             |
| ROCE, % <sup>3</sup>                 | 5.3             | neg             | 5.3             | neg             |
| Capital employed, last day of period | 8,862           | 9,060           | 8,862           | 9,060           |
| Order bookings                       | 8,680           | 8,622           | 37,506          | 41,153          |
| Order backlog, last day of period    | 22,413          | 23,985          | 22,413          | 23,985          |

<sup>1</sup> Excluding goodwill amortization, writedowns and items affecting comparability.

<sup>2</sup> Operating income.

<sup>3</sup> Excluding items affecting comparability.

The level of construction investments in all the Scandinavian markets is declining. Commercial construction is the weakest segment in all these markets.

## October to December

Order bookings rose by 1 percent and totaled SEK 8,680 M (8,622). The increase was mainly attributable to Danish operations.

Net sales rose by 4 percent to SEK 10,314 M (9,933). Operating income amounted to SEK 59 M (102) after being charged with SEK 162 M (0) in restructuring expenses in Danish operations. Operating margin was 0.6 (1.0) percent. Norwegian and Danish operations showed a continued positive trend of earnings. Danish operations showed a profit for the quarter before restructuring expenses.

## January to December

Order bookings decreased by 9 percent and amounted to SEK 37,506 M (41,153). Order backlog shrank by 7 percent to SEK 22,413 M (23,985). Adjusted for currency rate effects, the decline was 10 percent in order bookings and 8 percent in order backlog, respectively.

Net sales declined by 11 percent to SEK 38,685 M (43,267). Operating income improved to SEK 353 M (–413). Operating margin amounted to 0.9 (neg) percent. Norwegian and Danish operations improved their operating income, while Swedish operations reported lower operating income. During 2002, restructuring expenses of SEK 162 M (fourth quarter) and project loss provisions of SEK 200 M (first quarter) were charged to operating income, while the corresponding amount in 2001 was SEK 1,100 M.

## Europe

*Consists of construction-related operations in Finland (including operations in Russia, Hungary and the Baltic countries of Estonia, Latvia and Lithuania), Poland, the Czech Republic and Great Britain*

### Europe

| SEK M                                | Oct-Dec 2002 | Oct-Dec 2001 | Jan-Dec 2002 | Jan-Dec 2001 |
|--------------------------------------|--------------|--------------|--------------|--------------|
| Net sales                            | 9,367        | 10,717       | 37,690       | 39,880       |
| EBITA <sup>1</sup>                   | 117          | 229          | 707          | –241         |
| EBITA margin, % <sup>1</sup>         | 1.2          | 2.1          | 1.9          | neg          |
| EBIT <sup>2</sup>                    | 66           | 97           | 446          | –604         |
| EBIT margin, % <sup>2</sup>          | 0.7          | 0.9          | 1.2          | neg          |
| ROCE, % <sup>3</sup>                 | 7.0          | neg          | 7.0          | neg          |
| Capital employed, last day of period | 8,688        | 9,205        | 8,688        | 9,205        |
| Order bookings                       | 13,527       | 10,630       | 39,505       | 42,086       |
| Order backlog, last day of period    | 36,365       | 36,131       | 36,365       | 36,131       |

1 Excluding goodwill amortization, writedowns and items affecting comparability.

2 Operating income.

3 Excluding items affecting comparability.

Of the segments where Skanska is active in the Europe market area, investments in infrastructure and housing were growing, while commercial construction was declining with the exception of the British PFI projects. The Polish market situation remained weak.

## October to December

Order bookings rose by 27 percent and amounted to SEK 13,527 M (10,630). Skanska's operations in Poland and Great Britain landed a number of major contracts during the fourth quarter.

Net sales declined by 13 percent to SEK 9,367 M (10,717). Operating income amounted to SEK 66 M (97) after being charged with restructuring expenses of SEK 44 M (0) reported in Skanska Oy, attributable to the phasing out of operations in Hungary, Latvia and Lithuania. Operating margin amounted to 0.7 (0.9) percent. Czech operations continued to increase both their operating income and operating margin in the fourth quarter, while Finnish operations reported a loss during the quarter.

## January to December

Order bookings declined by 6 percent and amounted to SEK 39,505 M (42,086). Order backlog rose by 1 percent to SEK 36,365 M (36,131). Adjusted for currency rate effects, the change was –7 percent for order bookings and +8 percent for order backlog, respectively.

Net sales declined by 5 percent to SEK 37,690 M (39,880). Operating income improved to SEK 446 M (–604). Operating margin amounted to 1.2 (neg) percent. Restructuring expenses of SEK 44 M (fourth quarter) and writedowns of SEK 51 M on current-asset properties (second quarter) were charged to operating income. In 2001, project loss provisions, writedowns and restructuring expenses totaled about SEK 1,300 M (of which first quarter SEK 200 M, second quarter SEK 200 M and third quarter SEK 900 M).

## USA

*Consists of construction-related operations in the United States*

### USA

| SEK M                                | Oct-Dec 2002 | Oct-Dec 2001 | Jan-Dec 2002 | Jan-Dec 2001 |
|--------------------------------------|--------------|--------------|--------------|--------------|
| Net sales                            | 14,378       | 17,553       | 57,168       | 68,942       |
| EBITA <sup>1</sup>                   | 404          | 329          | 1,613        | 1,247        |
| EBITA margin, % <sup>1</sup>         | 2.8          | 1.9          | 2.8          | 1.8          |
| EBIT <sup>2</sup>                    | 387          | 310          | 1,542        | 1,173        |
| EBIT margin, % <sup>2</sup>          | 2.7          | 1.8          | 2.7          | 1.7          |
| ROCE, % <sup>3</sup>                 | 36.1         | 34.2         | 36.1         | 34.2         |
| Capital employed, last day of period | 4,529        | 4,473        | 4,529        | 4,473        |
| Order bookings                       | 9,837        | –5           | 51,194       | 53,861       |
| Order backlog, last day of period    | 67,741       | 83,595       | 67,741       | 83,595       |

1 Excluding goodwill amortization, writedowns and items affecting comparability.

2 Operating income.

3 Excluding items affecting comparability.

Infrastructure construction was stable in the geographic markets where Skanska works, while commercial construction continued to decline.

## October to December

Order bookings amounted to SEK 9,837 M (–5). In 2001, projects equivalent to SEK 10 billion from the order backlog of Skanska USA Building (commercial building construction) were cancelled.

Net sales fell by 18 percent to SEK 14,378 M (17,553). The decline in sales was 23 percent for Skanska USA Building. Operating income rose by 25 percent to SEK 387 M (310). Operating margin amounted to 2.7 (1.8) percent.

## January to December

Order bookings fell by 5 percent and amounted to SEK 51,194 M (53,861). Order backlog shrank by 19 percent to SEK 67,741 M (83,595). Adjusted for currency rate effects, order bookings rose by 1 percent while order backlog declined by 3 percent. Infrastructure construction increased as a proportion of total order backlog, amounting to 33 (25) percent at year-end. Skanska USA Civil (infrastructure construction) increased its order bookings by 9 percent, while Skanska USA Building saw its order bookings decline by 10 percent.

Net sales declined by 17 percent to SEK 57,168 M (68,942). Operating income rose by 31 percent to SEK 1,542 M (1,173). Operating margin amounted to 2.7 (1.7) percent. The improvement in margin was due, among other things, to the increasing proportion of infrastructure contracts – with their higher average margins compared to building construction – in the contract mix, but also to improved underlying profitability in both business units. Skanska USA Building achieved the same operating income in absolute figures, despite a sharp decline in net sales. In 2001, discontinuation expenses of SEK 150 M (second quarter) were charged to the operating income of Skanska USA Civil.

## Other markets

Consists of construction-related operations in South America, Hong Kong (the half-owned Gammon Skanska) and India, as well as project exports in various countries

| Other markets                        | Oct-Dec 2002 | Oct-Dec 2001 | Jan-Dec 2002 | Jan-Dec 2001 |
|--------------------------------------|--------------|--------------|--------------|--------------|
| SEK M                                |              |              |              |              |
| Net sales                            | 2,643        | 3,594        | 9,169        | 11,334       |
| EBITA <sup>1</sup>                   | 72           | 104          | 212          | 250          |
| EBITA margin, % <sup>1</sup>         | 2.7          | 2.9          | 2.3          | 2.2          |
| EBIT <sup>2</sup>                    | 63           | 95           | 178          | 214          |
| EBIT margin, % <sup>2</sup>          | 2.4          | 2.6          | 1.9          | 1.9          |
| ROCE, % <sup>3</sup>                 | 8.8          | 8.8          | 8.8          | 8.8          |
| Capital employed, last day of period | 1,914        | 2,785        | 1,914        | 2,785        |
| Order bookings                       | 2,057        | 1,390        | 6,122        | 11,990       |
| Order backlog, last day of period    | 8,949        | 14,639       | 8,949        | 14,639       |

1 Excluding goodwill amortization, writedowns and items affecting comparability.

2 Operating income.

3 Excluding items affecting comparability.

The South American power, oil and gas sector offers continued good potential for Sade Skanska. The company's operations outside Argentina now account for about 90 percent of volume. The market in Hong Kong was weak, while in India the construction market was stable.

### October to December

Order bookings climbed 48 percent and amounted to SEK 2,057 M (1,390). Sade Skanska's focus on a number of selected segments paid off nicely. Operations in India also obtained a number of large civil construction projects during the quarter.

Net sales declined by 26 percent to SEK 2,643 M (3,594). Operating income amounted to SEK 63 M (95), after being charged with restructuring expenses of SEK 165 M (0) attributable to the phase-out of Skanska International Projects (SIP). Operating margin amounted to 2.4 (2.6) percent. Sade Skanska sharply increased its operating income thanks to its focus on work in the power, oil and gas sector, despite the weakened Argentine peso and despite generally weak market conditions. The increase in earnings is partly explained by the fact that a number of successful projects were completed and handed over to the clients before the agreed deadlines.

### January to December

Order bookings fell by 49 percent to SEK 6,122 M (11,990). The decline was mainly attributable to SIP and Gammon Skanska. Order backlog declined by 39 percent to SEK 8,949 M (14,639). Adjusted for currency rate effects, the decline was 37 percent for order bookings and 28 percent for order backlog, respectively.

Net sales decreased by 19 percent to SEK 9,169 M (11,334). Operating income totaled SEK 178 M (214). Operating margin amounted to 1.9 (1.9) percent. Restructuring expenses in SIP of SEK 165 M (fourth quarter) and SEK 37 M (first and second quarters) were charged to operating income. In 2001, restructuring expenses of SEK 80 M connected to the operations of SIP were charged to operating income in the second and fourth quarters.

## PROJECT DEVELOPMENT AND BOT

Consists of commercial project development for Skanska's own account and BOT (Build-Operate-Transfer, privately financed infrastructure projects)

| Project Development and BOT          | Oct-Dec 2002 | Oct-Dec 2001 | Jan-Dec 2002 | Jan-Dec 2001 |
|--------------------------------------|--------------|--------------|--------------|--------------|
| SEK M                                |              |              |              |              |
| Net sales                            | 394          | 357          | 1,474        | 1,387        |
| EBITA <sup>1</sup>                   | 374          | 948          | 1,009        | 2,748        |
| <b>EBIT</b>                          |              |              |              |              |
| Property management                  | 205          | 75           | 796          | 575          |
| Other real estate business           | -78          | 148          | -79          | 33           |
| Gain on sale of properties           | 247          | 725          | 292          | 2,140        |
| EBIT <sup>2</sup>                    | 374          | 948          | 1,009        | 2,748        |
| ROCE, % <sup>3</sup>                 | 7.8          | 25.9         | 7.8          | 25.9         |
| Capital employed, last day of period | 14,177       | 14,064       | 14,177       | 14,064       |

### Completed properties (earlier Investment properties)

|                                |       |       |       |       |
|--------------------------------|-------|-------|-------|-------|
| Rental revenues                | 272   | 308   | 1,120 | 1,118 |
| Operating net                  | 198   | 219   | 796   | 774   |
| Book value, last day of period | 7,227 | 4,581 | 7,227 | 4,581 |
| Occupancy rate, rent, %        | 87    | 93    | 87    | 93    |

1 Excluding goodwill amortization, writedowns and items affecting comparability.

2 Operating income.

3 Excluding items affecting comparability.

Skanska's holdings of completed properties and ongoing projects are well-situated, have a high occupancy or pre-leasing level and a good tenant structure with long-term leases. Because the interest in this type of properties remains good, the potential for maintaining a high turnover rate in project development operations is expected to be good.

Skanska Project Development has a total of 11 projects underway, 8 of them in Sweden. During the year, 9 projects were completed and have thus been reclassified to "completed properties." Due to uncertain market conditions, only 9 projects were initiated during the year. Ongoing projects represent leasable space of 137,000 sq. m (1.47 million sq. ft.). At year-end, 84 percent of the space in these projects had been pre-leased. The pre-leasing rate was 81 percent in the projects located in Sweden. Ongoing projects had a book value of SEK 1,551 M at the close of 2002. Their book value is expected to total about SEK 2.4 billion upon completion. Their estimated market value upon completion amounts to SEK 3.8 billion. This includes CityCronan, with a market value of SEK 2.3 billion and a book value of SEK 1.2 billion.

The portfolio of completed properties was appraised by CB Richard Ellis at the end of 2002. The estimated market value of the portfolio amounted to SEK 13.6 billion, compared to its book value of SEK 9.1 billion. The portfolio's estimated surplus value thus amounted to SEK 4.5 billion (5.2). For an identical portfolio, the change in market value was about -7 percent. The projects that were completed during 2002 accounted for SEK 2.5 billion of estimated market value and SEK 1.9 billion of book value.

Skanska BOT has a portfolio of 9 projects, of which 3 are in operation. At year-end, the book value of shares, participations and subordinated receivables as well as project commitments totaled about SEK 1.1 billion. Skanska BOT's remaining investment obligations total about SEK 1.0 billion.

Operating income for the period October to December amounted to SEK 374 M (948). Capital gain on sale of properties amounted to SEK 247 M (725). Operating income for January to December amounted to SEK 1,009 M (2,748), of which the gain on sale of properties amounted to SEK 292 M (2,140). Operating income included SEK 0 M (39) in capital gains on divestments of BOT projects. Skanska is carrying out no depreciation of its property portfolio effective from January 1, 2002, because the property portfolio has been reclassified as current-asset properties. In January-December 2001, depreciation on properties totaled SEK 184 M, including SEK 39 M during the fourth quarter.

## SERVICES

Consists of Skanska's facilities management operations (workplace, IT and property-related services) and Skanska Telecom Networks

### Services

| SEK M                                | Oct-Dec<br>2002 | Oct-Dec<br>2001 | Jan-Dec<br>2002 | Jan-Dec<br>2001 |
|--------------------------------------|-----------------|-----------------|-----------------|-----------------|
| Net sales                            | 675             | 888             | 2,505           | 3,061           |
| EBITA <sup>1</sup>                   | 33              | 6               | -18             | 141             |
| EBITA margin, % <sup>1</sup>         | 4.9             | 0.7             | neg             | 4.6             |
| EBIT <sup>2</sup>                    | 14              | -1              | -147            | 112             |
| EBIT margin, % <sup>2</sup>          | 2.1             | neg             | neg             | 3.7             |
| ROCE, % <sup>3</sup>                 | neg             | 23.0            | neg             | 23.0            |
| Capital employed, last day of period | 196             | 453             | 196             | 453             |
| Order bookings                       | 106             | 841             | 2,687           | 2,815           |
| Order backlog, last day of period    | 2,386           | 213             | 2,386           | 213             |

<sup>1</sup> Excluding goodwill amortization, writedowns and items affecting comparability.

<sup>2</sup> Operating income.

<sup>3</sup> Excluding items affecting comparability.

The main business of Skanska Services, facilities management, was stable. The average fixed contract period was three years. In August, a decision was made to discontinue telecom operations (Skanska Telecom Networks). A total of SEK -246 M (25) for telecom operations was charged to operating income. This included a goodwill writedown of SEK 95 M.

### Skanska Services excluding Skanska Telecom Network

#### October to December

Order bookings fell by 87 percent to SEK 107 M (811). In 2001, sales during the period were reported as order bookings. Starting in 2002, the total value of new assignments is reported on the contract signing date as order bookings. The decline in order bookings during the fourth quarter was thus only an effect of changed accounting principles.

Net sales fell by 18 percent and totaled SEK 677 M (820). Operating income amounted to SEK 21 M (17), and operating income was 3.1 (2.1) percent.

#### January to December

Order bookings declined by 3 percent to SEK 2,672 M (2,760), and order backlog amounted to SEK 2,386 M (213).

Net sales totaled SEK 2,490 M (2,684). Operating income rose by 14 percent and amounted to SEK 99 M (87), despite the lower level of net sales. Operating margin rose to 4.0 (3.2) percent. Return on capital employed amounted to 47.3 (26.1) percent.

## EVENTS AFTER THE CLOSE OF THE REPORT PERIOD

### Skanska sells more than SEK 2 billion worth of properties

Skanska sold a portfolio of properties to the American-based Blackstone Group. The divestment is in line with Skanska's strategy of reducing capital employed, among other things by selling fully developed properties. The total sales price was SEK 2,060 M and the capital gain totaled SEK 490 M. The divestment is being reported during the first quarter of 2003 and the purchaser will take possession of the properties during the second quarter of 2003.

### Annual Meeting

The Annual Shareholders' Meeting of Skanska AB will take place at 4 p.m. on May 6, 2003 at Nybrokajen 11, Stockholm, Sweden.

The nomination committee of Skanska AB consists of Sverker Martin-Löf, Chairman of Skanska AB and Vice Chairman of AB Industrivärden; Staffan Grefbäck, Head of Investment Management at Alec-ta; Per Ludvigsson, President of Inter IKEA Investment AB; Mats Guldbrand, Equities Manager, AMF Pension; and Curt Källströmer, Head of the Chairman's Office, Svenska Handelsbanken.

### Proposed dividend

The Board of Directors proposes a regular dividend of SEK 2.00 (3.00) per share for the 2002 financial year. Given the current number of shares (418.6 million), the proposed dividend is equivalent to SEK 837 M (1,256).

### Annual Report for 2002

The Annual Report for the financial year 2002 will be distributed in early April and will be also be available from that date at the Skanska Group office in Stockholm and on Skanska's web site ([www.skanska.com](http://www.skanska.com)).

Stockholm, February 13, 2003  
SKANSKA AB (publ)

#### Board of Directors

*The Skanska Group's interim reports for 2003 will be published on the following dates:*

*Three Month Report: May 6, 2003*

*Six Month Report: July 24, 2003*

*Nine Month Report: October 30, 2003*

# Skanska Group Consolidated Financial Statements

## Income statement

| SEK M  | Oct-Dec<br>2002 | Oct-Dec<br>2001 | Jan-Dec<br>2002 | Jan-Dec<br>2001 |
|--|-----------------|-----------------|-----------------|-----------------|
| Net sales  | 37,853          | 42,553          | 145,576         | 164,937         |
| Operating expenses <sup>1,2</sup>                            | -34,657         | -39,650         | -133,704        | -155,541        |
| Selling and administrative expenses <sup>1,2</sup>           | -2,642          | -2,348          | -9,471          | -9,063          |
| <b>Operations gross<sup>3</sup></b>                          | <b>554</b>      | <b>555</b>      | <b>2,401</b>    | <b>333</b>      |
| Gain on sale of properties in real estate operations         | 249             | 741             | 294             | 2 155           |
| Writedowns/reversals of writedowns in real estate operations | -63             | 0               | -63             | 0               |
| Share of income in associated companies                      | -45             | 26              | -11             | 35              |
| Items affecting comparability <sup>4</sup>                   | -1,645          | 286             | -1,645          | -230            |
| <b>Operating income</b>                                      | <b>-950</b>     | <b>1,608</b>    | <b>976</b>      | <b>2,293</b>    |
| Net interest items   | -143            | -306            | -626            | -924            |
| Gain on sale of shares and participations <sup>5</sup>       | -12             | 0               | 92              | 0               |
| Other financial items <sup>6</sup>                           | 116             | -54             | -369            | -253            |
| <b>Net financial income</b>                                  | <b>-39</b>      | <b>-360</b>     | <b>-903</b>     | <b>-1,177</b>   |
| <b>Income after financial items</b>                          | <b>-989</b>     | <b>1,248</b>    | <b>73</b>       | <b>1,116</b>    |
| Taxes  | -330            | -144            | -856            | -1,094          |
| Minority interests   | -26             | 19              | -54             | 0               |
| <b>Net profit for the period</b>                             | <b>-1,345</b>   | <b>1,123</b>    | <b>-837</b>     | <b>22</b>       |

## CASH FLOW FROM BUSINESS OPERATIONS

| SEK M                                    | Oct-Dec<br>2002 | Oct-Dec<br>2001 | Jan-Dec<br>2002 | Jan-Dec<br>2001 |
|--|-----------------|-----------------|-----------------|-----------------|
| Cash flow from business operations       | 2,920           | 4,740           | 1,828           | 1,847           |
| Cash flow from financial operations      | -1,863          | -1,443          | -944            | 3,647           |
| <b>Cash flow from operations</b>         | <b>1,057</b>    | <b>3,297</b>    | <b>884</b>      | <b>5,494</b>    |
| Cash flow from strategic net investments | -112            | -95             | -1,105          | -1,206          |
| Dividend etc                             | -38             | -60             | -1,306          | -2,352          |
| <b>Cash flow for the period</b>          | <b>907</b>      | <b>3,142</b>    | <b>-1,527</b>   | <b>1,936</b>    |

## BALANCE SHEET

| SEK M                                    | Dec 31, 2002  | Dec 31, 2001  | SEK M   | Dec 31, 2002  | Dec 31, 2001  |
|--|---------------|---------------|---|---------------|---------------|
| <b>Assets</b>                            |               |               | <b>Shareholders equity and liabilities</b>                |               |               |
| Intangible fixed assets                  | 6,071         | 8,482         | Shareholders' equity <sup>10</sup>                        | 14,217        | 17,871        |
| Other fixed assets                       | 8,060         | 8,754         | Minority interests  | 296           | 515           |
| Shares and participations                | 1,356         | 1,427         | Interest-bearing liabilities and provisions <sup>7</sup>  | 17,125        | 18,093        |
| Interest-bearing receivables             | 1,179         | 1,946         | Non-interest bear liabilities and provisions <sup>7</sup> | 46,726        | 56,605        |
| Non-interest bearing receivables         | 35,238        | 44,350        |   |               |               |
| Properties in real estate operations     | 12,610        | 11,991        |   |               |               |
| Current-asset properties                 | 6,934         | 6,799         |   |               |               |
| Bank balances and short-term investments | 6,916         | 9,335         |   |               |               |
| <b>Total assets</b>                      | <b>78,364</b> | <b>93,084</b> | <b>Total shareholders equity and liabilities</b>          | <b>78,364</b> | <b>93,084</b> |

## Contingent liabilities

The Group's contingent liabilities increased by SEK 2.3 bn to SEK 18.9 bn during the period (16.6 as per december 31 2001).

## KEY RATIOS ETC.<sup>8</sup>

|  | Dec 31, 2002 | Dec 31, 2001 |
|--|--------------|--------------|
| Interest-bearing net debt, SEK M       | 9,030        | 6,812        |
| Net profit per share, SEK <sup>9</sup> | -2.00        | 0.05         |
| Equity/asset ratio, %                  | 18.5         | 19.8         |
| Debt/equity ratio                      | 0.6          | 0.4          |
| Return on shareholders' equity, %      | -5.2         | 0.1          |
| Return on capital employed, %          | 4.3          | 8.0          |
| Equity per share, SEK <sup>9</sup>     | 34.00        | 42.70        |
| Average number of employees            | 76,358       | 79,924       |

<sup>1</sup> Of which, depreciation Oct-Dec 2002: SEK -602 M, Oct-Dec 2001: SEK -659 M, Jan-Dec 2002: SEK -2,343 M, Jan-Dec 2001: SEK -2,613 M.

<sup>2</sup> Of which writedown of goodwill in Telecom Jan-Dec 2002: SEK -95 M and writedown of current-asset properties Oct-Dec 2002: SEK -118 M, Oct-Dec 2001: SEK -197 M, Jan-Dec 2002: SEK -151 M, Jan-Dec 2001: SEK -549 M.

<sup>3</sup> Of which, income from project development in contracting operations after writedowns, Oct-Dec 2002: SEK 213 M, Oct -Dec 2001: SEK 52 M, Jan-Dec 2002: SEK 688 M, Jan-Dec 2001: SEK 114 M.

<sup>4</sup> Jan-Dec 2002, writedown on goodwill: SEK -1,495 M, writedown on other buildings: SEK -150 M. Jan-Dec 2001, writedown on goodwill: SEK -500 M, reversal of writedown in property operations: SEK +435 M, provisions of refund previously received from Alecta: SEK 150 M.

<sup>5</sup> Of which sale of shares Jan-Dec in Pandox: SEK 47 M and in Nobia: SEK 41 M.

<sup>6</sup> Of which changes of value in pension fund assets Oct-Dec 2002: SEK 55 M, Oct-Dec 2001: SEK -33 M, Jan-Dec 2002: SEK -322 M, Jan-Dec 2001: SEK -170 M

<sup>7</sup> Provisions on Dec 31, 2002 totaled SEK 6.4 (5.4) bn, of which SEK 0.7 (0.2) bn was reported as interest-bearing.

<sup>8</sup> The definitions of the financial ratios can be found in the Annual Report for 2001.

<sup>9</sup> Average number of shares 2002: 418,553,072 (419,981,149), total number of shares Dec 2002: 418,553,072 (418,553,072)..

<sup>10</sup> Shareholders' equity

|                                |        |
|--------------------------------|--------|
| Closing balance, Dec 31, 2001  | 17,871 |
| Dividend                       | -1,256 |
| Translation differences etc.   | -1,561 |
| Net profit for the period      | -837   |
| Closing balance, Dec. 31, 2002 | 14,217 |

## Markets and segments in brief

### NET SALES AND OPERATING INCOME

| SEK M                                      | Net sales       |                 |                 |                 | Operating income |                 |                 |                 |
|--|-----------------|-----------------|-----------------|-----------------|------------------|-----------------|-----------------|-----------------|
|  | Oct-Dec<br>2002 | Oct-Dec<br>2001 | Jan-Dec<br>2002 | Jan-Dec<br>2001 | Oct-Dec<br>2002  | Oct-Dec<br>2001 | Jan-Dec<br>2002 | Jan-Dec<br>2001 |
| Scandinavia                                | 10,314          | 9,933           | 38,685          | 43,267          | 59               | 102             | 353             | -413            |
| Europe                                     | 9,367           | 10,717          | 37,690          | 39,880          | 66               | 97              | 446             | -604            |
| USA  | 14,378          | 17,553          | 57,168          | 68,942          | 387              | 310             | 1,542           | 1,173           |
| Other markets                              | 2,643           | 3,594           | 9,169           | 11,334          | 63               | 95              | 178             | 214             |
| <b>Total construction-related services</b> | <b>36,702</b>   | <b>41,797</b>   | <b>142,712</b>  | <b>163,423</b>  | <b>575</b>       | <b>604</b>      | <b>2,519</b>    | <b>370</b>      |
| Project Development & BOT                  | 394             | 357             | 1,474           | 1,387           | 374              | 948             | 1,009           | 2,748           |
| Services                                   | 675             | 888             | 2,505           | 3,061           | 14               | -1              | -147            | 112             |
| Central and eliminations                   | 82              | -489            | -1,115          | -2,934          | -268             | -229            | -760            | -707            |
|  | <b>37,853</b>   | <b>42,553</b>   | <b>145,576</b>  | <b>164,937</b>  | <b>695</b>       | <b>1,322</b>    | <b>2,621</b>    | <b>2,523</b>    |
| Items affecting comparability              | -               | -               | -               | -               | -1,645           | 286             | -1,645          | -230            |
| <b>Total Skanska Group</b>                 | <b>37,853</b>   | <b>42,553</b>   | <b>145,576</b>  | <b>164,937</b>  | <b>-950</b>      | <b>1,608</b>    | <b>976</b>      | <b>2,293</b>    |

### ORDER BOOKINGS AND ORDER BACKLOG

| SEK M                                      | Order bookings  |                 |                 |                 | Order backlog, last day of period |                 |                 |                 |
|--|-----------------|-----------------|-----------------|-----------------|-----------------------------------|-----------------|-----------------|-----------------|
|  | Oct-Dec<br>2002 | Oct-Dec<br>2001 | Jan-Dec<br>2002 | Jan-Dec<br>2001 | Oct-Dec<br>2002                   | Oct-Dec<br>2001 | Jan-Dec<br>2002 | Jan-Dec<br>2001 |
| Scandinavia                                | 8,680           | 8,622           | 37,506          | 41,153          | 22,413                            | 23,985          | 22,413          | 23,985          |
| Europe                                     | 13,527          | 10,630          | 39,505          | 42,086          | 36,365                            | 36,131          | 36,365          | 36,131          |
| USA  | 9,837           | -5              | 51,194          | 53,861          | 67,741                            | 83,595          | 67,741          | 83,595          |
| Other markets                              | 2,057           | 1,390           | 6,122           | 11,990          | 8,949                             | 14,639          | 8,949           | 14,639          |
| <b>Total construction-related services</b> | <b>34,101</b>   | <b>20,637</b>   | <b>134,327</b>  | <b>149,090</b>  | <b>135,468</b>                    | <b>158,350</b>  | <b>135,468</b>  | <b>158,350</b>  |
| Services                                   | 106             | 841             | 2,687           | 2,815           | 2,386                             | 213             | 2,386           | 213             |
| Central and eliminations                   | 123             | 120             | 576             | 602             | 86                                | 80              | 86              | 80              |
| <b>Total Skanska Group</b>                 | <b>34,330</b>   | <b>21,598</b>   | <b>137,590</b>  | <b>152,507</b>  | <b>137,940</b>                    | <b>158,643</b>  | <b>137,940</b>  | <b>158,643</b>  |

## Business units, markets och segments

| Mkr  | Net sales      |                | EBITA <sup>1</sup> |              | EBITA margin <sup>1</sup> |             | EBIT <sup>2</sup> |              | EBIT margin <sup>2</sup> |             | Order bookings |                | Order backlog  |                |
|--|----------------|----------------|--------------------|--------------|---------------------------|-------------|-------------------|--------------|--------------------------|-------------|----------------|----------------|----------------|----------------|
|  | 2002           | 2001           | 2002               | 2001         | 2002                      | 2001        | 2002              | 2001         | 2002                     | 2001        | 2002           | 2001           | 2002           | 2001           |
| <b>Core Business</b>                       |                |                |                    |              |                           |             |                   |              |                          |             |                |                |                |                |
| Skanska Sweden                             | 25,510         | 28,358         | 576                | 770          | 2.3%                      | 2.7%        | 456               | 745          | 1.8%                     | 2.6%        | 24,352         | 27,332         | 14,536         | 15,727         |
| Selmer Skanska                             | 8,551          | 9,145          | 262                | 42           | 3.1%                      | 0.5%        | 95                | -128         | 1.1%                     | neg         | 8,813          | 9,710          | 6,116          | 6,207          |
| Skanska Denmark                            | 4,624          | 5,764          | -193               | -1,025       | neg                       | neg         | -198              | -1,030       | neg                      | neg         | 4,341          | 4,111          | 1,761          | 2,051          |
| <b>Total Scandinavia</b>                   | <b>38,685</b>  | <b>43,267</b>  | <b>645</b>         | <b>-213</b>  | <b>1.7%</b>               | <b>neg</b>  | <b>353</b>        | <b>-413</b>  | <b>0.9%</b>              | <b>neg</b>  | <b>37,506</b>  | <b>41,153</b>  | <b>22,413</b>  | <b>23,985</b>  |
| Skanska Oy                                 | 9,656          | 8,781          | 122                | 223          | 1.3%                      | 2.5%        | 18                | 122          | 0.2%                     | 1.4%        | 9,193          | 8,345          | 5,564          | 5,443          |
| Skanska Poland                             | 4,832          | 6,453          | -73                | -547         | neg                       | neg         | -121              | -700         | neg                      | neg         | 5,004          | 5,593          | 3,917          | 4,510          |
| Skanska CZ                                 | 7,181          | 7,989          | 342                | 202          | 4.8%                      | 2.5%        | 362               | 215          | 5.0%                     | 2.7%        | 9,672          | 8,764          | 8,467          | 6,049          |
| Skanska UK                                 | 15,179         | 15,438         | 331                | 400          | 2.2%                      | 2.6%        | 202               | 278          | 1.3%                     | 1.8%        | 15,496         | 18,468         | 17,969         | 18,932         |
| Skanska J/V Project UK                     | 815            | 1,057          | 38                 | -409         | 4.7%                      | neg         | 38                | -409         | 4.7%                     | neg         | 140            | 785            | 448            | 1,197          |
| Other                                      | 27             | 162            | -53                | -110         | neg                       | neg         | -53               | -110         | neg                      | neg         | 0              | 131            | 0              | 0              |
| <b>Total Europe</b>                        | <b>37,690</b>  | <b>39,880</b>  | <b>707</b>         | <b>-241</b>  | <b>1.9%</b>               | <b>neg</b>  | <b>446</b>        | <b>-604</b>  | <b>1.2%</b>              | <b>neg</b>  | <b>39,505</b>  | <b>42,086</b>  | <b>36,365</b>  | <b>36,131</b>  |
| Skanska USA Building                       | 42,730         | 53,585         | 601                | 603          | 1.4%                      | 1.1%        | 539               | 538          | 1.3%                     | 1.0%        | 35,257         | 39,186         | 45,489         | 62,631         |
| Skanska USA Civil                          | 13,293         | 14,307         | 865                | 529          | 6.5%                      | 3.7%        | 856               | 524          | 6.4%                     | 3.7%        | 14,792         | 13,625         | 22,252         | 20,964         |
| Skanska Project Development USA            | 1,145          | 1,050          | 147                | 115          | 12.8%                     | 11.0%       | 147               | 111          | 12.8%                    | 10.6%       | 1,145          | 1,050          | 0              | 0              |
| <b>Total USA</b>                           | <b>57,168</b>  | <b>68,942</b>  | <b>1,613</b>       | <b>1,247</b> | <b>2.8%</b>               | <b>1.8%</b> | <b>1,542</b>      | <b>1,173</b> | <b>2.7%</b>              | <b>1.7%</b> | <b>51,194</b>  | <b>53,861</b>  | <b>67,741</b>  | <b>83,595</b>  |
| Skanska International Projects             | 1,912          | 2,362          | -111               | -25          | neg                       | neg         | -111              | -25          | neg                      | neg         | 170            | 2,548          | 2,137          | 4,056          |
| Sade Skanska                               | 2,277          | 3,672          | 179                | 131          | 7.9%                      | 3.6%        | 179               | 131          | 7.9%                     | 3.6%        | 2,102          | 2,475          | 2,040          | 3,634          |
| Gammon Skanska                             | 4,323          | 4,833          | 120                | 119          | 2.8%                      | 2.5%        | 86                | 83           | 2.0%                     | 1.7%        | 2,965          | 4,711          | 2,775          | 4,820          |
| Skanska Cementation India                  | 657            | 467            | 24                 | 25           | 3.7%                      | 5.4%        | 24                | 25           | 3.7%                     | 5.4%        | 885            | 2,256          | 1,997          | 2,129          |
| <b>Total Other markets</b>                 | <b>9,169</b>   | <b>11,334</b>  | <b>212</b>         | <b>250</b>   | <b>2.3%</b>               | <b>2.2%</b> | <b>178</b>        | <b>214</b>   | <b>1.9%</b>              | <b>1.9%</b> | <b>6,122</b>   | <b>11,990</b>  | <b>8,949</b>   | <b>14,639</b>  |
| <b>Total construction-related services</b> | <b>142,712</b> | <b>163,423</b> | <b>3,177</b>       | <b>1,043</b> | <b>2.2%</b>               | <b>0.6%</b> | <b>2,519</b>      | <b>370</b>   | <b>1.8%</b>              | <b>0.2%</b> | <b>134,327</b> | <b>149,090</b> | <b>135,468</b> | <b>158,350</b> |
| Skanska Project Development Sweden         | 1,304          | 1,182          | 1,087              | 1,859        | n.a                       | n.a         | 1,087             | 1,859        | n.a                      | n.a         | -              | -              | -              | -              |
| Skanska Project Development Europe         | 132            | 205            | -37                | 898          | n.a                       | n.a         | -37               | 898          | n.a                      | n.a         | -              | -              | -              | -              |
| Skanska BOT                                | 38             | 0              | -41                | -9           | n.a                       | n.a         | -41               | -9           | n.a                      | n.a         | -              | -              | -              | -              |
| <b>Total Project development and BOT</b>   | <b>1,474</b>   | <b>1,387</b>   | <b>1,009</b>       | <b>2,748</b> | <b>n.a</b>                | <b>n.a</b>  | <b>1,009</b>      | <b>2,748</b> | <b>n.a</b>               | <b>n.a</b>  | <b>-</b>       | <b>-</b>       | <b>-</b>       | <b>-</b>       |
| Skanska Services                           | 2,490          | 2,684          | 133                | 105          | 5.3%                      | 3.9%        | 99                | 87           | 4.0%                     | 3.2%        | 2,672          | 2,760          | 2,386          | 213            |
| Skanska Telecom Networks                   | 15             | 377            | -151               | 36           | neg                       | 9.5%        | -246              | 25           | neg                      | 6.6%        | 15             | 55             | 0              | 0              |
| <b>Total Services</b>                      | <b>2,505</b>   | <b>3,061</b>   | <b>-18</b>         | <b>141</b>   | <b>neg</b>                | <b>4.6%</b> | <b>-147</b>       | <b>112</b>   | <b>neg</b>               | <b>3.7%</b> | <b>2,687</b>   | <b>2,815</b>   | <b>2,386</b>   | <b>213</b>     |
| Central and eliminations                   | -1,115         | -2,934         | -758               | -707         | n.a                       | n.a         | -760              | -707         | n.a                      | n.a         | 576            | 602            | 86             | 80             |
| <b>Central and eliminations</b>            | <b>145,576</b> | <b>164,937</b> | <b>3,410</b>       | <b>3,225</b> | <b>2.3%</b>               | <b>2.0%</b> | <b>2,621</b>      | <b>2,523</b> | <b>1.8%</b>              | <b>1.5%</b> | <b>137,590</b> | <b>152,507</b> | <b>137,940</b> | <b>158,643</b> |
| Items affecting comparability              | -              | -              | -150               | 435          | -                         | -           | -1,645            | -65          | -                        | -           | -              | -              | -              | -              |
| <b>Total core business</b>                 | <b>145,576</b> | <b>164,937</b> | <b>3,260</b>       | <b>3,660</b> | <b>2.2%</b>               | <b>2.2%</b> | <b>976</b>        | <b>2,458</b> | <b>0.7%</b>              | <b>1.5%</b> | <b>137,590</b> | <b>152,507</b> | <b>137,940</b> | <b>158,643</b> |
| Non-core business                          | -              | -              | -                  | -165         | -                         | -           | -                 | -165         | -                        | -           | -              | -              | -              | -              |
| <b>Total Skanska Group</b>                 | <b>145,576</b> | <b>164,937</b> | <b>3,260</b>       | <b>3,495</b> | <b>2.2%</b>               | <b>2.1%</b> | <b>976</b>        | <b>2,293</b> | <b>0.7%</b>              | <b>1.4%</b> | <b>137,590</b> | <b>152,507</b> | <b>137,940</b> | <b>158,643</b> |

1 Operating income before goodwill amortization and writedown

2 Operating income