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SHAREHOLDER INFORMATION  
Year-end Report, January–December 2004

**SKANSKA**

# Year-end Report January–December 2004

## Group highlights

SEK M	Oct–Dec 2004	Oct–Dec 2003	Jan–Dec 2004	Jan–Dec 2003
■ Net sales	30,616	35,605	121,263	132,879
of which net sales from divestments of properties in Commercial Project Development	547	2,498	4,645	7,572
■ Operating income	101	1,278	3,853	4,532
of which gain on divestments of properties in Commercial Project Development	185	642	1,515	2,399
of which income from discontinued operations	-179	-60	768	169
■ Income after financial items	144	1,189	3,819	4,072
■ Net income	87	760	2,648	2,761
■ Net profit per share for the period	0.21	1.82	6.33	6.60
■ Capital employed	21,105	24,460	21,105	24,460
■ Net cash (+)/Net debt (-)	7,499	150	7,499	150
■ Shareholders' equity	16,066	14,169	16,066	14,169
■ Return on capital employed, %			17.9	17.1
■ Return on shareholders' equity, %			17.5	19.5
■ Operating cash flow before change in interest-bearing receivables and liabilities	2,758	4,679	6,866	9,955
■ Change in interest-bearing net cash (+)/net debt (-)	3,362	4,262	7,349	9,526
■ Order bookings, SEK bn <sup>1</sup>	29.2	19.9	116.0	113.8
■ Order backlog, SEK bn <sup>1</sup>	113.5	109.3	113.5	109.3

<sup>1</sup> Refers to Construction

### Fourth quarter of 2004 compared to fourth quarter of 2003

- Net sales of the Skanska Group amounted to SEK 30,616 M (35,605), a decline of 14 percent. Adjusted for currency rate effects, net sales declined by 3 percent.
- Operating income amounted to SEK 101 M (1,278). The European operations showed good results. These are however overshadowed by project writedowns in the United States and the United Kingdom totaling SEK 1,095 M.
- Income after financial items amounted to SEK 144 M (1,189).
- Net profit amounted to SEK 87 M (760) and net profit per share in the fourth quarter amounted to SEK 0.21 (1.82).

### January–December 2004 compared to January–December 2003

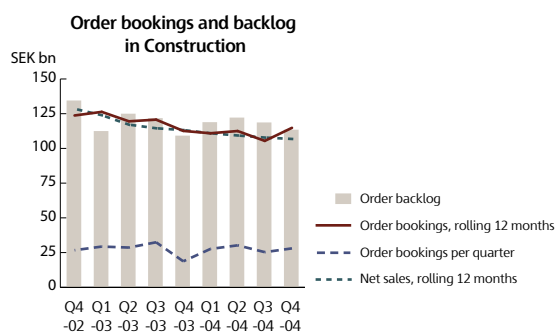
- Net sales of the Skanska Group amounted to SEK 121,263 M (132,879), a decline of 9 percent. Adjusted for currency rate effects, net sales declined by 4 percent.
- Operating income amounted to SEK 3,853 M (4,532).
- Gain from divestments of properties in Commercial Project Development amounted to SEK 1,515 M (2,399).
- Operating income from discontinuing operations amounted to SEK 768 M (169).
- Income after financial items amounted to SEK 3,819 M (4,072).
- Net profit amounted to SEK 2,648 M (2,761) and net profit per share for the full year 2004 amounted to SEK 6.33 (6.60).
- Order bookings exceeded net sales in Construction by SEK 8 bn.
- Capital employed shrank to SEK 21.1 billion (24.5).
- Construction investments in several of Skanska's markets are continuing to show signs of recovery.
- The Board of Directors proposes a dividend of SEK 4.00 (3.00) per share for the 2004 financial year.



Omslag: Prague's international airport Ruzyně is growing. Skanska's project is one of the largest public contracts in the Czech Republic in recent years.

## Comments from Skanska's President and CEO Stuart Graham:

- Skanska's core business performed favorably during the fourth quarter of 2004, with improved earnings and higher margins in a number of our construction markets. The exceptions are in Skanska USA Building and in the United Kingdom where large project writedowns unfortunately overshadow the progress achieved elsewhere in the Group.
- Full-year order bookings in the Group's Construction operations exceeded net sales in Construction by SEK 8 billion. Both Residential and Commercial Project Development continue to report good earnings.
- Our market outlook is somewhat more favorable in Skanska's main markets in the current year with continuing signs of recovery. U.S. civil construction is however expected to remain at a low level because of the lack of a new federal funding program for infrastructure. The residential market is strong and the number of planned housing starts is rising in many markets.



## Order bookings

### October–December

Order bookings rose by 47 percent and amounted to SEK 29,238 M (19,878). Adjusted for currency rate effects, order bookings rose by 51 percent. The largest increases in order bookings came from the United Kingdom and the American construction units Skanska USA Building and Skanska USA Civil. The Latin American business unit and Skanska's operations in the Nordic countries, except for Finland, also showed large increases in order bookings. During the fourth quarter, among other things Skanska USA Building received a hospital renovation order in Michigan worth SEK 460 M, as well as a construction management assignment for the new science library at Princeton University in New Jersey with a contract value of SEK 345 M. During the same period, Skanska Civil USA was awarded two major civil construction assignments in New York City. One, a renovation of the Manhattan Bridge, had an order value of SEK 1 billion and the second, an assignment for the Amtrak passenger rail company, is worth SEK 850 M. The same business unit also received an assignment from the Virginia Department of Transportation to build a bridge in West Point, VA, with a contract value of SEK 600 M. In the Czech Republic, Skanska landed an assignment to build a 16-kilometer (10 mi.) long section of a highway between Lipnik and Belotin. Skanska's share of the project totals SEK 845 M. In Norway, Skanska received a construction contract for a production facility serving the

Ormen Lange offshore gas field. The contract, worth SEK 940 M, is Skanska's second Ormen Lange assignment.

### January–December

Order bookings rose by 2 percent and amounted to SEK 116,008 M (113,794). Currency rate effects lowered order bookings by 4 percent. Most business units increased their order bookings. The exceptions were the American units Skanska USA Building and Skanska USA Civil as well as the business units in Denmark and Finland. In Skanska's Construction operations as a whole, order bookings exceeded net sales by SEK 8.0 billion.

### Order backlog

At the end of the report period, order backlog amounted to SEK 113,498 M (109,316), which represented an increase of 4 percent compared to year-end 2004. The currency rate effect was negative and amounted to 3 percent. In local currencies, the increase was 7 percent. Order backlog was equivalent to about 13 (12) months of construction.

## Net sales and income

### Performance analysis

SEK M	Oct–dec 2004	Oct–dec 2003	Jan–dec 2004	Jan–dec 2003
<b>Net sales</b>				
Construction	29,082	30,142	107,977	114,417
Residential Project Development	1,721	1,764	5,814	5,839
Commercial Project Development	800	2,758	5,584	8,861
BOT	10	15	33	87
Central and eliminations	-1,336	-1,066	-3,151	-3,354
Discontinuing operations	339	1,992	5,006	7,029
<b>Skanska Group</b>	<b>30,616</b>	<b>35,605</b>	<b>121,263</b>	<b>132,879</b>

### Earnings before interest, taxes and amortization (EBITA)

Construction	94	682	1,574	1,965
Residential Project Development	171	125	529	265
Commercial Project Development <sup>1)</sup>	123	750	1,637	3,061
BOT	36	2	31	27
Central	-87	-92	-352	-470
Eliminations <sup>1)</sup>	25	0	46	-65
Discontinuing operations earnings before interest, taxes and amortization	-496	65	-496	320
gain from divestment	325	0	1,413	14
<b>Skanska Group</b>	<b>191</b>	<b>1,532</b>	<b>4,382</b>	<b>5,117</b>
Goodwill amortization and writedowns	-90	-254	-529	-585
<b>Operating income</b>	<b>101</b>	<b>1,278</b>	<b>3,853</b>	<b>4,532</b>
Net interest items	-4	-50	-48	-393
Other financial items	47	-39	14	-67
<b>Net financial items</b>	<b>43</b>	<b>-89</b>	<b>-34</b>	<b>-460</b>
<b>Income after financial items</b>	<b>144</b>	<b>1,189</b>	<b>3,819</b>	<b>4,072</b>
Taxes	-55	-435	-1,158	-1,303
Minority interests	-2	6	-13	-8
<b>Net income for the period</b>	<b>87</b>	<b>760</b>	<b>2,648</b>	<b>2,761</b>
Earnings per share for the period	0.21	1.82	6.33	6.60

1) Of which gain from divestments of commercial properties reported in:

Commercial Project Development	185	642	1,443	2,396
Eliminations	0	0	72	3

#### October–December

Net sales totaled SEK 30,616 M (35,605), a decline of 14 percent. Adjusted for currency rate effects, net sales fell by 11 percent. Net sales of the Construction business stream decreased by 1 percent, in terms of local currencies.

Operating income amounted to SEK 101 M (1,278). During the quarter, Skanska carried out project writedowns of SEK 410 M in the United States and SEK 685 M in the United Kingdom. Of the British writedown, 35 percent was reported in Skanska UK and 65 percent under “Discontinuing operations.” This corresponds to the original allocation of the contract between Skanska UK and the divested subsidiary Whessoe. Gain from divestments of properties was lower than in the comparative period of 2003, which further explains the decline in operating income during the period. Currency rate effects had a positive impact of SEK 22 M on operating income. In the Construction business stream, operating income before goodwill amortization decreased by SEK 588 M and amounted to SEK 94 M (682). In Residential Project Development, operating income before goodwill rose by 37 percent and amounted to SEK 171 M (125). Commercial Project Development reported an operating income of SEK 123 M (750) as a consequence of lower divestments of completed commercial projects than in the comparative period. Rental revenues meanwhile diminished as the property portfolio was reduced. Operating income also included a writedown of, net, SEK 98 M related to undeveloped land in Denmark. Gain from divestments of properties amounted to SEK 185 M (642). The operating income of Skanska BOT totaled SEK 36 M (2) before goodwill.

Corporate overhead totaled SEK –87 M (–92). The item “Discontinuing operations” included operating income before goodwill as well as capital gain effects related to the divestments of Skanska Services, Whessoe, Skanska Cementation Mining, Skanska Cementation India, Skanska’s 50 percent holding in Gammon Skanska and Myresjöhus. Whessoe’s earnings included 65 percent of the project writedown carried out in the United Kingdom. The item “Discontinuing operations” also included those operations at Skanska Sweden that have been identified for divestment. This applies to Flexator, Temporent, Skanska Prefab Mark and Skanska Glasbyggarna as well as IV Produkt.

Goodwill amortization and writedowns during the period totaled SEK 90 M (254). During the comparative period, Skanska carried out a writedown of SEK 85 M related to Skanska Cementation Mining, which was divested during 2004.

As a consequence of Skanska’s stronger financial position, net interest items improved and totaled SEK –4 M (–50). Capitalization of interest expenses in ongoing projects totaled to SEK 39 M (84). Other financial items totaled 47 (–39) and included SEK 57 M from the liquidation of the aircraft leasing company Mega-Carrier KB.

Income after financial items amounted to SEK 144 M (1,189). Taxes for the period amounted to SEK –55 (–435), equivalent on an annualized basis to a tax expense of about 30 (32) percent. Net profit for the period amounted to SEK 87 M (760). Net profit per share during the period amounted to SEK 0.21 (1.82).

#### January–December

Net sales declined by 9 percent to SEK 121,263 M (132,879). Adjusted for currency rate effects, net sales fell by 5 percent. Net sales of the Construction business stream declined by 2 percent in terms of local currencies.

Operating income before goodwill amortization and writedowns amounted to SEK 4,382 M (5,117). During the fourth quarter, Skanska carried out project writedowns of SEK 410 M in the United States and SEK 685 M in the United Kingdom. Residential Project Development showed an operating income before goodwill of SEK 529 M (265). Practically all markets reported better earnings than in the comparative period. In Commercial Project Development, operating income amounted to SEK 1,637 M (3,061) and gain from divestments of properties totaled SEK 1,443 M (2,396). In addition, SEK 72 M (3) was reported under the item “Eliminations” as a reversal of eliminations carried out earlier. The operating income of the business stream included a writedown of, net, SEK 98 M on undeveloped land in Denmark and in the third quarter a writedown of SEK 61 M related to Skanska’s 30 percent holding in the Westin Hotel in Warsaw, Poland. Corporate overhead totaled SEK –352 M (–470). Operating income in “Discontinuing operations” amounted to SEK 917 M (334), including 65 percent of the SEK 685 M writedown carried out in the United Kingdom during the fourth quarter. This writedown was attributable to the engineering consultancy Whessoe, which was divested during the second quarter of 2004. Operating income in “Discontinuing operations” also included a writedown of SEK 55 M for fixed assets of discontinuing businesses. During the comparative period, the item “Discontinuing operations” included Spectrum Skanska, which was divested during the first quarter of 2003.

Operating income amounted to SEK 3,853 M (4,532). Operating income remained unaffected by currency rate effects. Operating margin including gain from divestments of property amounted to 3.2 (3.4) percent. In Construction, operating margin before goodwill amounted to 1.5 (1.7) percent.

Net interest items totaled SEK –48 M (–393) as a consequence of lower indebtedness. Taxes for the period amounted to SEK –1,158 M (–1 303), equivalent to a tax expense of about 30 (32) percent. The lower tax rate is a consequence of the fact that the capital gains on the divestments of Skanska Services and Myresjöhus are tax-exempt.

Income after net financial items amounted to SEK 3,819 M (4,072) and net profit for the period rose to SEK 2,648 M (2,761). Net profit per share for the year amounted to SEK 6.33 (6.60).

Return on capital employed on a rolling 12 month basis was 17.9 (17.1) percent. Return on shareholders’ equity was 17.5 (19.5) percent.

## Investments and divestments

SEK M	Oct-Dec 2004	Oct-Dec 2003	Jan-Dec 2004	Jan-Dec 2003
<b>INVESTMENTS</b>				
Construction	-483	-592	-1,330	-1,587
Residential Project Development	-1,254	-1,073	-3,676	-3,608
Commercial Project Development	-276	-355	-1,336	-1,399
BOT	-135	-96	-188	-115
Central and eliminations	56	51	42	206
Discontinuing operations	-15	-40	-277	-424
<b>Investments total</b>	<b>-2,107</b>	<b>-2,105</b>	<b>-6,765</b>	<b>-6,927</b>
<b>DIVESTMENTS</b>				
Construction	533	765	1,078	1,510
Residential Project Development	1,189	1,432	4,084	4,286
Commercial Project Development	613	2,497	4,715	7,572
BOT	0	0	7	1
Central and eliminations	-1,249	-79	-62	148
Discontinuing operations	1,874	59	2,712	324
<b>Divestments total</b>	<b>2,960</b>	<b>4,674</b>	<b>12,534</b>	<b>13,841</b>
<b>NET INVESTMENTS</b>				
Construction	50	173	-252	-77
Residential Project Development	-65	359	408	678
Commercial Project Development	337	2,142	3,379	6,173
BOT	-135	-96	-181	-114
Central and eliminations	-1,193	-28	-20	354
Discontinuing operations	1,859	19	2,435	-100
<b>Net investments total<sup>1</sup></b>	<b>853</b>	<b>2,569</b>	<b>5,769</b>	<b>6,914</b>

1 Of which strategic investments/divestments 684 -86 2,421 404

### October–December

Investments amounted to SEK -2,107 M (-2,105). Investments in the Construction business stream decreased to SEK -483 M (-592). This item was mainly related to investments in fixed assets for Skanska's own construction and manufacturing. Net investments in Construction totaled SEK 50 M (173). Net investments in Residential Project Development amounted to SEK -65 M (359). In Commercial Project Development, investments fell to SEK -276 M (-355). Divestments, which were also lower than during the same period of last year, amounted to SEK 613 M (2,497). Net divestments in Commercial Project Development totaled SEK 337 M (2,142).

The net amount of the Group's investments (-) and divestments (+) was SEK +853 M (+2,569). During the comparative period of 2003, Skanska divested numerous properties, among them an office block in Solna, which was sold for SEK 1,260 M.

### January–December

Investments totaled SEK -6,765 M (-6,927). Divestments amounted to SEK 12,534 M (13,841). In Residential Project Development, divestments were stable and amounted to SEK 4,084 M (4,286). In Commercial Project Development, the volume of property divestments was lower than during 2003 and divestments totaled SEK 4,715 M (7,572).

The Skanska Group's net amount of investments (-) and divestments (+) amounted to SEK +5,769 M (+6,914).

## Operating cash flow and change in interest-bearing net debt/net cash

SEK M	Oct-Dec 2004	Oct-Dec 2003	Jan-Dec 2004	Jan-Dec 2003
<b>Cash flow from business operations and net strategic investments by business stream</b>				
Construction	2,806	2,948	3,966	3,236
Residential Project Development	102	448	304	914
Commercial Project Development	144	2,188	3,346	7,110
BOT	-99	-112	-215	-172
Central and eliminations	-292	-388	-682	153
Discontinuing operations	368	-151	2,499	76
<b>Cash flow before taxes, financial operations and dividends</b>	<b>3,029</b>	<b>4,933</b>	<b>9,218</b>	<b>11,317</b>
Taxes paid	-313	-138	-1,030	-68
Net interest items and other financial items	43	-59	-34	-430
Dividend etc.	-1	-57	-1,288	-864
<b>Cash flow before changes in interest-bearing receivables and liabilities</b>	<b>2,758</b>	<b>4,679</b>	<b>6,866</b>	<b>9,955</b>
Translation differences, net debt	354	70	304	427
Reclassification and change in accounting principle, interest-bearing net debt	96	-504	131	-1,821
Interest-bearing liabilities acquired/divested	131	-23	123	846
Other changes, interest-bearing net debt	23	40	-75	119
<b>Changes in interest-bearing net debt/net cash</b>	<b>3,362</b>	<b>4,262</b>	<b>7,349</b>	<b>9,526</b>

### October–December

Cash flow before taxes, financing operations and dividends totaled SEK 3,029 M (4,933). In Construction, cash flow amounted to SEK 2,806 M (2,948). In the UK, Skanska made a one-time contribution of about SEK 600 M to its British pension plan, which had a negative effect on cash flow. In Residential Project Development, cash flow decreased to SEK 102 M (448). Commercial Project Development reported a cash flow amounting to SEK 144 M (2,188), due to a lower volume of property divestments than in the comparative period. In the Skanska BOT business stream, cash flow from business operations amounted to SEK -99 M (-112). Cash flow from "Central and eliminations" totaled SEK -1,562 M (-388), where the decrease is explained by the fact that liquid assets were used to pay off about SEK 1.9 billion worth of outstanding Medium Term Notes.

Taxes paid for the period amounted to SEK -313 M (-138). Dividends plus adjustments of minority interests amounted to SEK -1 M (-57). Cash flow before change in interest-bearing receivables and liabilities totaled SEK 2,758 M (4,679).

The change in interest-bearing net debt/net cash amounted to SEK 3,362 M (4,262).

### January–December

Cash flow before taxes, financing operation and dividends totaled SEK 9,218 M (11,317). The decline was mainly attributable to lower volume of commercial property divestments. Cash flow before

changes in interest-bearing receivables and liabilities totaled SEK 6,866 M (9,955).

The change in interest-bearing net debt/net cash amounted to SEK 7,349 M (9,526).

## Financial position

### Capital employed by business stream on December 31, 2004

SEK bn	Construction	Resid. PD	Comm. PD	BOT	Central, eliminations & discontinued operations	Total Skanska Group
Intangible fixed assets	3.6	0.0	0.0	0.4	0.0	4.0
Tangible fixed assets	5.0	0.0	0.0	0.0	0.5	5.5
Shares and participations	0.2	0.1	0.0	0.7	-0.1	0.9
Commercial properties	1.3	0.0	7.4	0.0	-0.2	8.5
Residential properties	0.0	3.3	0.0	0.0	0.0	3.3
Interest-bearing receivables	1.9	0.0	0.1	0.2	1.4	3.6
Net working capital	-10.0	-1.0	0.1	0.1	-2.7	-13.5
Cash, bank & s.-t. investments	1.8	0.0	0.0	0.0	7.0	8.8
<b>Capital employed on Dec 31, 2004</b>	<b>3.8</b>	<b>2.4</b>	<b>7.6</b>	<b>1.4</b>	<b>5.9</b>	<b>21.1</b>
Capital employed on Dec 31, 2003	7.8	2.8	9.5	1.2	3.2	24.5

During the fourth quarter, capital employed shrank by SEK 2.4 billion. The decline is explained primarily by the fact that liquid assets were used to pay off outstanding debt in the form of Medium Term Notes.

Compared to year-end 2003, the Group reduced its capital employed by SEK 3.4 billion. At the close of 2004, capital employed amounted to SEK 21.1 billion (24.5).

In the Construction business stream, capital employed declined by 51 percent compared to year-end 2003 and amounted to SEK 3.8 billion (7.8). The reclassification of certain businesses to "Discontinuing operations" explain SEK 2.2 billion of the reduction.

### Change in interest-bearing assets and liabilities

SEK M	Oct-Dec 2004	Oct-Dec 2003	Jan-Dec 2004	Jan-Dec 2003
<b>Net debt (-) / Net cash surplus (+), opening balance</b>	<b>4,137</b>	<b>-4,112</b>	<b>150</b>	<b>-9,376</b>
Change in interest-bearing receivables and liquid assets	865	3,196	2,374	3,147
Translation differences in interest-bearing receivables and liquid assets	-192	-131	-113	-729
Change in interest-bearing liabilities	1,893	1,483	4,492	6,808
Translation differences in interest-bearing liabilities	546	201	417	1,156
Reclassification and change in accounting principle	96	-504	131	-1,821
Interest-bearing debts acquired/divested	131	-23	123	846
Other changes	23	40	-75	119
<b>Net debt (-) / Net cash surplus (+), closing balance</b>	<b>7,499</b>	<b>150</b>	<b>7,499</b>	<b>150</b>

The Group's net cash position rose by SEK 3,362 M during the fourth quarter and amounted to SEK 7,499 M (150) at year-end. At the close of 2004, interest-bearing liabilities and provisions amounted to SEK 4,922 M (10,091).

The shareholders' equity of the Group rose to SEK 16,066 M (14,169) during the year. The net debt/equity ratio amounted to -0.5 (0.0) and the equity/assets ratio was 25.9 (21.5) billion.

Total assets in the consolidated balance sheet fell to SEK 62.5 billion (66.7). Currency rate effects decreased total assets by SEK 0.8 billion.

The book value of current-asset properties amounted to SEK 11.8 billion (13.7), of which commercial properties in project development operations accounted for SEK 7.3 billion (9.2). See the table on page 18.

### Exchange rates for the most important currencies

SEK	Average exchange		Exchange rates on the balance sheet date	
	Jan-Dec 2004	Jan-Dec 2003	Dec 31 2004	Dec 31 2003
U.S. dollar	7.35	8.08	6.62	7.26
British pound	13.45	13.19	12.70	12.89
Norwegian crown	1.09	1.14	1.09	1.08
Euro	9.13	9.12	9.00	9.07

### Personnel

The number of employees in the Group was 53,803 (69,669), measured as the average number of employees. Of this number, 729 (13,204) were employed in "Discontinuing operations," that is, operations that have been divested or that have been identified for divestment. The number of employees in the remaining operations totaled 53,074 (56,465).

### Parent Company

Net sales of the Parent Company during the year amounted to SEK 55 M (127). Operating income was SEK -88 M (-185). Income after financial items totaled SEK 1,098 M (1,618). The number of employees in the Parent Company was 59 (56), measured as the average number of employees.

### Market outlook

Construction investments in several of Skanska's markets are continuing to show signs of recovery. In the Nordic countries, the situation is cautiously positive. Poland, the Czech Republic and Estonia – new members of the European Union – are experiencing growth. Competition in Poland remains intensive. In the United Kingdom, the volume of Private Finance Initiative (PFI) projects is still growing. In other segments of importance to Skanska, U.K. investment volume is low. In the United States, investment activity in industrial and commercial construction remains at a low level. Vacancy rates are still high, resulting in low demand for new office space. The outlook for industrial construction in the U.S. has still not improved.

Civil construction in most Skanska markets is showing continued signs of recovery. In the U.S., civil construction is nevertheless

expected to remain at a low level, as a consequence of large budget deficits in individual states. No long-term decision has yet been made on the federal program of infrastructure investments that has been discussed over a long period. The volume of projects out for tender is low, and there is keen competition for the projects that are initiated. The trend of the Norwegian civil construction market is positive, driven by projects for the oil industry and by BOT investments in highways. In Finland, civil construction is growing. The Czech Republic and Poland are showing continued growth, among other things due to EU membership. In South America, economic recovery is continuing, with a good outlook for power transmission projects and projects in the oil and gas industries, which are important sectors for Skanska's operations in this region.

Residential construction remains at a high level in the Czech Republic and Finland. In Sweden and Norway, the number of projects being started is increasing. In many markets, the volume of planned housing starts is also rising. The increase consists of units in the medium and lower price segments, for which there is heavy demand.

The vacancy rates in the Scandinavian and Central European office markets are expected to decline somewhat during 2005. Rent levels are expected to remain squeezed until vacancy rates have stabilized at an even lower level. A cautious approach to investments in new projects remains. In Scandinavia there is good demand, both from local and international buyers, for properties with efficient space in the right locations.

#### **Accounting principles and changes in accounting practices**

This Year-end Report was prepared in compliance with the Swedish Financial Accounting Standards Council's recommendation RR20, "Interim Financial Accounting." The same accounting principles and calculation methods have been applied as in the latest Annual Report. Beginning with 2005 the Group will apply the International Financial Reporting Standards, IFRS, which have been adopted by the European Commission. An overview of the effects from the transition to IFRS is given in an appendix to this Year-end Report.

#### **Nomination Committee and proposal for Board of Directors**

On March 30, 2004, the Annual Shareholders' Meeting of Skanska AB approved a resolution giving a mandate to the Chairman of the Board to assemble a Nomination Committee. The Chairman of the Board has announced that the Nomination Committee in preparation for the 2005 Annual Meeting consists of Sverker Martin-Löf, Chairman of Skanska AB; Carl-Olof By, Chairman of the Nomination Committee and representing Industrivärden AB; Jan-Erik Erenius representing AMF Pension; Curt Källströmer representing Handelsbankens Pensionsstiftelser and Svenska Handelsbanken AB; KG Lindvall representing Robur Fonder; and Per Ludvigsson representing Inter IKEA Investments AB.

The Annual Shareholders' Meeting will be held at 5 p.m. on April 7, 2005 at the Rival Hotel on Mariatorget in Stockholm, Sweden. The Nomination Committee will, to the Annual Shareholders' Meeting, propose re-election of all members of the Board of Directors; Sverker

Martin-Löf, Roger Flanagan, Ulrika Francke, Jane F. Garvey, Stuart E. Graham, Sören Gyll, Finn Johnsson, Arne Mårtensson and Anders Nyrén.

#### **Divested operations**

During the third quarter, Skanska sold its majority holding in its mining contracting business in South Africa and Canada to South African construction company Murray & Roberts at a capital loss of SEK 111 M, of which SEK 100 M was already charged to consolidated earnings for the fourth quarter of 2003. Skanska's 50 percent holding in the Hong Kong-based Gammon Skanska was sold to the British construction company Balfour Beatty at a loss of about SEK 30 M, which was charged to earnings for the third quarter of 2004. On September 30, a binding contract was signed covering the sale of Skanska Services to the private equity company 3i. The purchase price was more than SEK 1.2 billion and the capital gain before and after taxes was SEK 1,165 billion. Of this, SEK 1,095 M was included in earnings for the third quarter. During the fourth quarter, an agreement was signed on the sale of Skanska's majority holding (80.4 percent) in Skanska Cementation India. The buyer was the Thailand-based Italian-Thai Development Plc. The purchase price of about SEK 100 M represented a capital loss of about SEK 146 M, including about SEK 101 M in the form of a goodwill writedown, which was charged to earnings for the third quarter. In December, Skanska signed a binding agreement with the private equity firm Industri Kapital covering the sale of Myresjöhus, a Swedish-based manufacturer of prefabricated buildings. The sale is conditional upon the approval of the Swedish Competition Authority. The transaction generated a capital gain of SEK 298 M, which is included in earnings for the fourth quarter.

#### **Market appraisal of properties**

The yearly market appraisal of properties in Commercial project development indicates that the market value of an identical property portfolio was reduced by 2 percent compared to the end of 2003. If properties divested during the year are included, the market value of the portfolio was unchanged.

As of today (February 16), during the first quarter Skanska has carried out property divestments valued at SEK 947 M, with capital gains amounting to SEK 291 M.

#### **Other matters**

After an "intermediate judgment" in Sweden's Market Court in September 2004, it was clarified that the Swedish Competition Authority's suit in Stockholm City Court demanding fines for alleged collusive anti-competitive practices will be heard in its entirety, i.e. also concerning contracting procurements by the National Road Administration included in the Competition Authority's allegations concerning cartels. The City Court estimates that the main hearings on this case can be held no earlier than January 2006. No new information has emerged either in the corresponding Finnish legal action or in cases where individual Swedish municipalities have sued construction companies, among them Skanska, maintaining that they had suffered damage from alleged cartels. The amounts of infringe-

ment fines proposed by the competition authorities in Sweden and Finland have been reported as contingent liabilities.

### Financial targets for 2007

The Board of Directors has decided on new financial targets for the period up to the end of 2007. The new "Outperform" targets are stretch targets that represent an ambition in excess of what would be deemed as good market performance in Skanska's respective markets.

For business stream Construction the target is to reach a combined operating margin of 3.3 percent, given the mix of businesses that Skanska had in 2004. The target is based on a 4.0 percent operating margin in construction excluding construction management operations, and an operating margin of 1.2 percent in construction management.

For Residential project development the target is to reach an operating margin of 10 percent and a return on capital employed of 18 percent.

In Commercial project development the target is to yield a return on capital employed of 15 percent, including unrealized development profits as well as changes in market value.

For BOT the target is to yield a return on capital employed of 16 percent, including unrealized changes in market value.

The consolidated Group has a target for return on equity of 18 percent.

### Capital structure

Based on the operations that Skanska now has, it is the Boards judgment that equity should amount to approximately SEK 15 billion. The equity requirement varies between the business streams. In business stream Construction, the required equity is linked to the busi-

ness volume. In this business stream the necessary equity is deemed to be approximately SEK 10 billion. This is based on a differentiated risk profile per business and it also takes goodwill into account.

In residential project development, the required equity amounts to 50 percent of capital employed, approximately SEK 1.2 billion. In commercial project development the equity requirement is approximately SEK 2.3 billion, based on the distribution between completed properties, ongoing projects and land bank. For BOT, equity corresponding to capital employed is allocated for ongoing project, approximately SEK 1.3 billion.

### Dividend

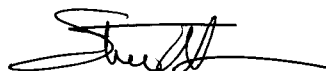
#### Dividend 2004

The Board of Directors proposes a regular dividend of SEK 4.00 (3.00) per share for the 2004 financial year. The proposal is equivalent to a total dividend of SEK 1,674 M (1,256).

#### Revised dividend policy

Future earnings are expected to support the growth of operations as well as growth of the regular dividend. It is expected that the payout ratio can be at least 50 percent.

Solna, February 16, 2005



STUART E. GRAHAM  
President and CEO

*This Year-end Report has not been subjected to separate examination by the Company's auditors.*

#### Annual Report for 2004

The Annual Report for the 2004 financial year will be distributed from March 21 and will also be available from the same date at the Skanska Group office in Solna and on Skanska's web site ([www.skanska.com](http://www.skanska.com)).

#### Financial reports in 2005

Effective from January 1, 2005, Skanska is no longer printing and distributing any interim reports. In the future, only the Annual Report will be printed and distributed. The interim reports and the Year-end Report will be available for downloading on Skanska's website, [www.skanska.com](http://www.skanska.com), and can also be ordered from Skanska AB, Investor Relations.

During 2005, the Group's interim reports will be published on the following dates:

April 28, 2005	Three Month Report
July 28, 2005	Six Month Report
November 3, 2005	Nine Month Report

#### For further information, please contact:

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Tel: +46 8-753 88 00. Fax: +46 8-755 12 56  
e-mail: [investor.relations@skanska.se](mailto:investor.relations@skanska.se)



# The Skanska Group

## SUMMARY INCOME STATEMENT

SEK M	Continuing operations		Discontinuing operations		Total Group	
	Oct-Dec 2004	Oct-Dec 2003	Oct-Dec 2004	Oct-Dec 2003	Oct-Dec 2004	Oct-Dec 2003
Net sales	30,277	33,613	339	1,992	30,616	35,605
Construction, manufacturing and property management expenses	-28,527	-30,286	-783	-1,698	-29,310	-31,984
<b>Gross income</b>	<b>1,750</b>	<b>3,327</b>	<b>-444</b>	<b>294</b>	<b>1,306</b>	<b>3,621</b>
Selling and administrative expenses <sup>1</sup>	-1,589	-1,991	-60	-375	-1,649	-2,366
Income from Group companies	0	0	325	0	325	0
Income from joint ventures	119	2	0	21	119	23
Income from associated companies	0	0	0	0	0	0
<b>Operating income</b>	<b>280</b>	<b>1,338</b>	<b>-179</b>	<b>-60</b>	<b>101</b>	<b>1,278</b>
Income from associated companies <sup>2</sup>	57	0	0	0	57	0
Income from other financial fixed assets <sup>2</sup>	317	-18	1	-22	318	-40
Income from financial current assets <sup>2</sup>	72	30	1	15	73	45
Interest expenses and similar items <sup>2</sup>	-398	-86	-7	-8	-405	-94
<b>Income after financial items</b>	<b>328</b>	<b>1,264</b>	<b>-184</b>	<b>-75</b>	<b>144</b>	<b>1,189</b>
Taxes	-38	-409	-17	-26	-55	-435
Minority interests	-2	7	0	-1	-2	6
<b>Net profit</b>	<b>288</b>	<b>862</b>	<b>-201</b>	<b>-102</b>	<b>87</b>	<b>760</b>
Earnings per share for the period	0.69	2.06	-0.48	-0.24	0.21	1.82
Average number of shares					418,553,072	418,553,072
Depreciation, fixed assets, excl. goodwill amortization	-275	-268	-36	-60	-311	-328
1 Of which goodwill amortization and writedowns	-84	-130	-7	-124	-91	-254
2 Of which:						
Interest income	89	111	2	-4	91	107
Interest expenses	-89	-149	-6	-8	-95	-157
Net interest expenses	0	-38	-4	-12	-4	-50
Other financial items	48	-36	-1	-3	47	-39
Net financial items	48	-74	-5	-15	43	-89

**SUMMARY INCOME STATEMENT**

SEK M	Continuing operations		Discontinuing operations		Total Group	
	Jan-Dec 2004	Jan-Dec 2003	Jan-Dec 2004	Jan-Dec 2003	Jan-Dec 2004	Jan-Dec 2003
Net sales	116,257	125,850	5,006	7,029	121,263	132,879
Construction, manufacturing and property management expenses	-106,657	-114,029	-5,010	-5,958	-111,667	-119,987
<b>Gross income</b>	<b>9,600</b>	<b>11,821</b>	<b>-4</b>	<b>1,071</b>	<b>9,596</b>	<b>12,892</b>
Selling and administrative expenses <sup>1)</sup>	-6,671	-7,498	-618	-956	-7,289	-8,454
Income from Group companies	0	0	1,413	14	1,413	14
Income from joint ventures	148	43	-28	40	120	83
Income from associated companies	8	-4	5	0	13	-4
<b>Operating income</b>	<b>3,085</b>	<b>4,362</b>	<b>768</b>	<b>169</b>	<b>3,853</b>	<b>4,531</b>
Income from associated companies <sup>2)</sup>	57	2	0	0	57	2
Income from other financial fixed assets <sup>2)</sup>	226	-601	1	0	227	-601
Income from financial current assets <sup>2)</sup>	234	190	9	19	243	209
Interest expenses and similar items <sup>2)</sup>	-531	-1	-30	-69	-561	-70
<b>Income after financial items</b>	<b>3,071</b>	<b>3,952</b>	<b>748</b>	<b>119</b>	<b>3,819</b>	<b>4,071</b>
Taxes	-1,111	-1,234	-47	-69	-1,158	-1,303
Minority interests	-12	-2	-1	-6	-13	-8
<b>Net profit</b>	<b>1,948</b>	<b>2,716</b>	<b>700</b>	<b>44</b>	<b>2,648</b>	<b>2,760</b>
Earnings per share for the period	4.65	6.49	1.67	0.11	6.33	6.59
Average number of shares					418,553,072	418,553,072
Depreciation, fixed assets, excl. goodwill amortization					-1,232	-1,377
Return on capital employed (RoCE), rolling twelve months, %					17.9	17.1
Return on equity (RoE), rolling twelve months, %					17.5	19.5
Average number of employees	53,074	56,465	729	13,204	53,803	69,669
1) Of which goodwill amortization and writedowns	-380	-421	-149	-165	-529	-585
2) Of which:						
Interest income	274	273	10	19	284	292
Interest expenses	-303	-613	-29	-71	-332	-685
Net interest expenses	-29	-340	-19	-52	-48	-393
Other financial items	15	-70	-1	2	14	-67
Net financial items	-14	-410	-20	-50	-34	-460

**SUMMARY CASH FLOW STATEMENT**

SEK M	Oct-Dec 2004	Oct-Dec 2003	Jan-Dec 2004	Jan-Dec 2003
Cash flow from business operations	2,291	5,187	6,519	11,062
Cash flow from investment operations	1,321	-462	1,206	-1,207
Cash flow from financing operations	-1,864	-1,509	-5,804	-7,967
Cash flow for the period	1,748	3,216	1,921	1,888

**CHANGES IN SHAREHOLDERS' EQUITY**

SEK M	Oct-Dec 2004	Oct-Dec 2003	Jan-Dec 2004	Jan-Dec 2003
Opening balance	15,839	13,423	14,169	14,217
Dividend	0	0	-1,256	-837
Change in accounting principle	0	0	0	-1,110
Translation differences etc.	140	-14	505	-862
Net profit for the period	87	760	2,648	2,761
Closing balance	16,066	14,169	16,066	14,169

**GROUP NET INVESTMENTS**

SEK M	Oct-Dec 2004	Oct-Dec 2003	Jan-Dec 2004	Jan-Dec 2003
<b>OPERATIONS – INVESTMENTS</b>				
Intangible fixed assets	3	-15	-38	-51
Tangible fixed assets	-337	-421	-1,131	-1,309
Assets in BOT operations	-134	-95	-188	-115
Shares	-5	25	-6	15
Current-asset properties	-1,621	-1,513	-5,266	-5,372
of which Residential Project Development	-1,183	-1,093	-3,665	-3,772
of which Commercial Project Development	-276	-356	-1,331	-1,397
of which other commercial properties	-162	-64	-270	-203
<b>Investments</b>	<b>-2,094</b>	<b>-2,019</b>	<b>-6,629</b>	<b>-6,832</b>
<b>OPERATIONS – DIVESTMENTS</b>				
Intangible fixed assets	-6	3	2	4
Tangible fixed assets	237	206	635	381
Assets in BOT operations	0	0	7	1
Shares	2	0	12	0
Current-asset properties	2,030	4,465	9,321	12,956
of which Residential Project Development	1,185	1,477	4,143	4,581
of which Commercial Project Development	547	2,497	4,645	7,571
of which other commercial properties	298	491	533	804
<b>Divestments</b>	<b>2,263</b>	<b>4,674</b>	<b>9,977</b>	<b>13,342</b>
<b>Net investments in operations</b>	<b>169</b>	<b>2,655</b>	<b>3,348</b>	<b>6,510</b>
<b>STRATEGIC INVESTMENTS</b>				
Businesses	-13	-83	-135	-90
Shares	0	-3	-1	-5
<b>Strategic investments</b>	<b>-13</b>	<b>-86</b>	<b>-136</b>	<b>-95</b>
<b>STRATEGIC DIVESTMENTS</b>				
Businesses	680	-3	2,078	66
Shares	17	3	479	433
<b>Strategic divestments</b>	<b>697</b>	<b>0</b>	<b>2,557</b>	<b>499</b>
<b>Net strategic investments</b>	<b>684</b>	<b>-86</b>	<b>2,421</b>	<b>404</b>
<b>TOTAL NET INVESTMENTS</b>	<b>853</b>	<b>2,569</b>	<b>5,769</b>	<b>6,914</b>
Depreciation, fixed assets, excl. goodwill amortization	-310	-328	-1,232	-1,377

**CONSOLIDATED OPERATING CASH FLOW STATEMENT**

SEK M	Oct-Dec 2004	Oct-Dec 2003	Jan-Dec 2004	Jan-Dec 2003
Cash flow from business operations before change in working capital	-284	1,086	1,983	3,442
Change in working capital	2,399	1,234	1,519	913
Net investments in business operations	169	2,655	3,348	6,510
Cash flow adjustment, net investments	61	44	-53	48
Taxes paid in business operations	-300	-146	-1,011	-943
<b>Cash flow from business operations</b>	<b>2,045</b>	<b>4,873</b>	<b>5,786</b>	<b>9,970</b>
Net interest items and other financial items	43	-59	-34	-430
Taxes paid in financing operations	-13	24	10	135
<b>Cash flow from finance operations</b>	<b>30</b>	<b>-35</b>	<b>-24</b>	<b>-295</b>
<b>CASH FLOW FROM OPERATIONS</b>	<b>2,075</b>	<b>4,838</b>	<b>5,762</b>	<b>9,675</b>
Net strategic investments	684	-86	2,421	404
Taxes paid on net strategic investments	0	-16	-29	740
<b>Cash flow from net strategic investments</b>	<b>684</b>	<b>-102</b>	<b>2,392</b>	<b>1,144</b>
Dividend etc.	-1	-57	-1,288	-864
<b>CASH FLOW BEFORE CHANGE IN INTEREST-BEARING RECEIVABLES AND LIABILITIES</b>	<b>2,758</b>	<b>4,679</b>	<b>6,866</b>	<b>9,955</b>
Change in interest-bearing receivables and liabilities	-1,010	-1,463	-4,945	-8,067
<b>CASH FLOW FOR THE PERIOD</b>	<b>1,748</b>	<b>3,216</b>	<b>1,921</b>	<b>1,888</b>
Liquid assets at the beginning of the period	7,266	3,924	7,037	5,763
Exchange rate differences in liquid assets	-146	-103	-90	-614
<b>Liquid assets at the end of the period</b>	<b>8,868</b>	<b>7,037</b>	<b>8,868</b>	<b>7,037</b>
Change in interest-bearing net debt	3,362	4,262	7,349	9,526

SUMMARY BALANCE SHEET SEK M	Dec 31 2004	Dec 31 2003
<b>ASSETS</b>		
<b>Intangible fixed assets</b>		
Goodwill	3,565	4,259
Other intangible fixed assets	464	459
	4,029	4,718
<b>Tangible fixed assets</b>		
Buildings and land	1,770	2,144
Machinery and equipment	3,696	4,482
Construction in progress	71	104
	5,537	6,730
<b>Financial fixed assets</b>		
Shares and participations	936	1,450
Interest-bearing receivables	1,063	1,956
Deferred tax claims	1,526	1,539
	3,525	4,945
<b>Total fixed assets</b>	<b>13,091</b>	<b>16,393</b>
<b>Current-asset properties</b>		
Commercial Project Development	7,256	9,249
Other commercial properties	1,272	1,051
Residential Project Development	3,268	3,394
	11,796	13,694
<b>Inventories</b>	<b>732</b>	<b>828</b>
<b>Current receivables</b>		
Interest-bearing receivables	2,490	1,248
Tax claims	269	415
Non-interest-bearing receivables	25,263	27,123
	28,022	28,786
Short-term investments	3,053	218
Cash and bank balances	5,815	6,819
<b>Total current assets</b>	<b>49,418</b>	<b>50,345</b>
<b>Total assets</b>	<b>62,509</b>	<b>66,738</b>
<b>of which interest-bearing</b>	<b>12,421</b>	<b>10,241</b>

SUMMARY BALANCE SHEET SEK M	Dec 31 2004	Dec 31 2003
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>		
Shareholders' equity	16,066	14,169
Minority interests	117	200
<b>Provisions</b>		
Provisions for pensions and similar commitments	831	2,058
Provisions for taxes	2,698	3,104
Other provisions	2,815	3,230
	6,344	8,392
<b>Long-term liabilities, interest-bearing</b>	<b>3,094</b>	<b>7,182</b>
<b>Current liabilities</b>		
Interest-bearing liabilities	958	809
Tax liabilities	998	571
Non-interest-bearing liabilities	34,932	35,415
	36,888	36,795
<b>Total shareholders' equity and liabilities of which interest-bearing</b>	<b>62,509 4,922</b>	<b>66,738 10,091</b>

#### Contingent liabilities

During the report period, the Group's contingent liabilities increased by SEK 1.7 billion to SEK 20.4 billion (Dec 31, 2003: 18.7).

FINANCIAL RATIOS ETC. <sup>1</sup>	Dec 31 2004	Dec 31 2003
Capital employed, closing balance, SEK M	21,105	24,460
Capital employed, average, SEK M	23,191	28,183
Equity/assets ratio, %	25.9	21.5
Net cash surplus (+)/net debt (-), SEK M	7,499	150
Debt/equity ratio	-0.5	0.0

<sup>1</sup> The definitions of the financial ratios can be found in the Annual Report for 2003.

# Additional information

## Business streams

### Construction

SEK M	Oct-Dec 2004	Oct-Dec 2003	Jan-Dec 2004	Jan-Dec 2003
Net sales	29,082	30,142	107,977	114,417
<b>Gross income</b>	<b>1,337</b>	<b>2,170</b>	<b>6,698</b>	<b>7,660</b>
Selling and administrative expenses <sup>1</sup>	-1,258	-1,544	-5,163	-5,741
Share of income in associated companies	15	55	39	46
<b>Earnings before interest, taxes and amortization (EBITA)</b>	<b>94</b>	<b>681</b>	<b>1,574</b>	<b>1,965</b>
Goodwill amortization and writedowns	-82	-138	-363	-414
<b>Operating income</b>	<b>12</b>	<b>543</b>	<b>1,211</b>	<b>1,551</b>
<b>Capital employed</b>	<b>3,782</b>	<b>7,799</b>	<b>3,782</b>	<b>7,799</b>
<b>Depreciation, fixed assets</b>	<b>-272</b>	<b>-260</b>	<b>-1,027</b>	<b>-1,096</b>
Investments	-483	-592	-1,330	-1,587
Divestments	533	765	1,078	1,510
<b>Net investments</b>	<b>50</b>	<b>173</b>	<b>-252</b>	<b>-77</b>

Cash flow from operations before investments and changes in working capital	92	833	2,254	2,713
Changes in working capital	2,588	1,941	1,886	654
Net investments in operations	33	210	-266	-198
Cash flow adjustment, net investments	76	1	78	-54
Operating cash flow from business operations <sup>2</sup>	2,789	2,985	3,952	3,115
Strategic net investments	17	-37	14	121
<b>Cash flow</b>	<b>2,806</b>	<b>2,948</b>	<b>3,966</b>	<b>3,236</b>
Gross margin, %	4.6	7.2	6.2	6.7
Selling and administrative expenses, %	-4.3	-5.1	-4.8	-5.0
Operating margin before interest, taxes and amortization, %	0.3	2.3	1.5	1.7
Operating margin %	0.0	1.8	1.1	1.4
Return on capital employed (RoCE), %			20.1	17.3
Order bookings, SEK bn	29.2	19.9	116.0	113.8
Order backlog, SEK bn	113.5	109.3	113.5	109.3
Employees			51,583	54,859

1 Excluding goodwill amortization and writedowns

2 Before taxes, financing operations and dividends

### October – December

Further information by business/reporting unit can be found on page 17.

Net sales declined by 4 percent to SEK 29,082 M (30,142). Net sales were negatively impacted by currency rate effects of 3 percent.

The Swedish, Norwegian and Czech operations as well as Skanska USA Civil improved their operating income. Project writedowns of SEK 410 M in U.S. building construction operations, plus SEK 685 M in the United Kingdom of which 35 percent was reported in the accounts of the Construction business stream, were charged to operating income for the period. The business stream's operating income before goodwill amortization and writedowns amounted to SEK 94 M (681). Currency rate effects increased operating income

by SEK 32 M. During the fourth quarter, operating margin amounted to 0.0 (1.8) percent.

During the fourth quarter, a number of businesses were divested, as described on page 7. These businesses are reported separately and are not included in this business stream's tables.

### January – December

Net sales fell by 6 percent to SEK 107,977 M (114,417). Currency rate effects lowered net sales by 4 percent.

Operating income before goodwill amortization declined by 20 percent and amounted to SEK 1,574 M (1,965). During the year, major project writedowns totaling SEK 650 M as well as restructuring expenses of SEK 150 M in Skanska USA Building were charged to operating income. The severe winter of 2003/2004 in the New York area also required adjustments of expected profits in a number of projects. These projects were subsequently credited to income at a lower margin during the remainder of the project period, which hampered operating income for the year. Operating income declined by 22 percent to SEK 1,211 M (1,551). Currency rate effects had a positive impact of SEK 8M on operating income.

### Residential Project Development

SEK M	Oct-Dec 2004	Oct-Dec 2003	Jan-Dec 2004	Jan-Dec 2003
Net sales	1,721	1,764	5,814	5,839
<b>Gross income</b>	<b>238</b>	<b>204</b>	<b>822</b>	<b>584</b>
Selling and administrative expenses <sup>1</sup>	-79	-74	-305	-314
Share of income in associated companies	12	-5	12	-5
<b>Earnings before interest, taxes and amortization (EBITA)</b>	<b>171</b>	<b>125</b>	<b>529</b>	<b>265</b>
Goodwill amortization and writedowns	-1	-1	-5	-6
<b>Operating income</b>	<b>170</b>	<b>124</b>	<b>524</b>	<b>259</b>
<b>Capital employed</b>	<b>2,366</b>	<b>2,757</b>	<b>2,366</b>	<b>2,757</b>
<b>Depreciation, fixed assets</b>	<b>-1</b>	<b>-3</b>	<b>-2</b>	<b>-11</b>
Investments	-1,254	-1,073	-3,676	-3,608
Divestments	1,189	1,432	4,084	4,286
<b>Net investments</b>	<b>-65</b>	<b>359</b>	<b>408</b>	<b>678</b>

Cash flow from operations before investments and changes in working capital	-21	26	-69	-236
Changes in working capital	85	-101	-124	423
Net investments in operations	-65	359	409	678
Cash flow adjustment, net investments	103	164	88	49
Operating cash flow from business operations <sup>2</sup>	102	448	304	914
Strategic net investments	0	0	0	0
<b>Cash flow</b>	<b>102</b>	<b>448</b>	<b>304</b>	<b>914</b>
Operating margin, %	9.9	7.0	9.0	4.4
Return on capital employed (RoCE), %			21.5	7.8
Employees			739	743

1 Excluding goodwill amortization and writedowns

2 Before taxes, financing operations and dividends

### October–December

Further information by business/reporting units can be found on page 18.

Net sales were stable and amounted to SEK 1,721 M (1,764).

Operating income before goodwill rose by 37 percent to SEK 171 M (125). Practically all units improved their operating income. In Sweden, operating income tripled to SEK 63 M (20). In Poland, Skanska is mainly selling previously completed residential units, and virtually no new project development is underway.

### January–December

Net sales were stable and amounted to SEK 5,814 M (5,839). Operating income climbed sharply to SEK 524 M (259). Demand for residential units in the medium and lower price segments remains good in Skanska's main markets, which contributed to improved earnings in practically all markets where Skanska carries out residential development.

At the end of 2004, there were 6,798 (6,141) residential units under construction, of which 74 (71) percent were sold. The number of unsold completed residential units was 299 (465). During the year, construction started on about 4,570 (4,230) units. During 2004 the number of residential units sold was about 4,670 (4,700).

The book value of current-asset properties in Residential Project Development totaled SEK 3.3 billion (3.4). A breakdown of book value can be seen in the table on page 18. The book value of undeveloped land and development properties represents SEK 2.0 billion of book value. This is equivalent to building rights for about 16,000 residential units. There are also about 3,000 additional building rights in associated companies.

### Commercial Project Development

SEK M	Oct-Dec 2004	Oct-Dec 2003	Jan-Dec 2004	Jan-Dec 2003
Net sales	800	2,758	5,584	8,861
Gross income	179	818	1,893	3,309
Selling and administrative expenses <sup>1</sup>	-56	-66	-215	-244
Share of income in associated companies	0	-2	-41	-4
<b>Earnings before interest, taxes and amortization (EBITA)</b>	<b>123</b>	<b>750</b>	<b>1,637</b>	<b>3,061</b>
Goodwill amortization and writedowns	0	0	0	0
<b>Operating income</b>	<b>123</b>	<b>750</b>	<b>1,637</b>	<b>3,061</b>
of which gain from divestments of properties <sup>2</sup>	185	642	1,443	2,396
of which operating net, completed properties	95	141	504	750
of which writedowns/reversal of writedowns	-98	0	-98	0
<b>Capital employed</b>	<b>7,629</b>	<b>9,459</b>	<b>7,629</b>	<b>9,459</b>

SEK M	Oct-Dec 2004	Oct-Dec 2003	Jan-Dec 2004	Jan-Dec 2003
Investments	-276	-355	-1,336	-1,399
Divestments	613	2,497	4,715	7,572
<b>Net investments</b>	<b>337</b>	<b>2,142</b>	<b>3,379</b>	<b>6,173</b>
Cash flow from operations before investments and changes in working capital	40	112	337	671
Changes in working capital	-115	55	-151	213
Net investments in operations	337	2,142	3,378	6,173
Cash flow adjustment, net investments	-118	-121	-219	53
Operating cash flow from business operations before taxes <sup>3</sup>	144	2,188	3,345	7,110
Strategic investments	0	0	1	0
<b>Cash flow</b>	<b>144</b>	<b>2,188</b>	<b>3,346</b>	<b>7,110</b>
Return on capital employed (RoCE), %			18.3	24.8
Employees			129	149
1 Excluding goodwill amortization and writedowns				
2 Additional gain included in eliminations was	0	0	72	3
3 Before taxes, financing operations and dividends				

### October–December

See page 18 for more information.

Net sales fell to SEK 800 M (2,758) as a consequence of lower divestments of completed commercial projects. For the same reason, operating income decreased to SEK 123 M (750). Aside from lower capital gains on divestments, rental revenues also decline as the property portfolio is reduced. Included in operating income is a writedown of SEK 98 M related to undeveloped land in Denmark.

During the period, Skanska sold projects and other properties with a combined sale price of SEK 547 M (2,498) and capital gains of SEK 185 M (642).

### January–December

Net sales fell to SEK 5,584 M (8,861). The comparative period included the divestment of the CityCronan property in Stockholm at a purchase price of SEK 2.3 billion. Operating income amounted to SEK 1,637 M (3,061). Included in operating income is a writedown in the third quarter of Skanska's 30 percent share in the Westin Hotel in Warsaw, amounting to SEK 61 M. During the fourth quarter, operating income included a writedown in the book value of undeveloped land in Denmark, amounting to SEK 98 M. The comparative period included the gain from the sale of CityCronan, SEK 1.1 billion.

Commercial Project Development has four projects underway, two of them in Sweden. Ongoing projects represent leasable space of about 39,000 sq. m (420,000 sq. ft.) and are 17 percent pre-leased, measured in rent. If the 7 ongoing projects sold during the construction period are also included, the pre-leasing rate was 86 percent, measured in rent. At the end of the period, the book value of ongoing projects amounted to SEK 0.2 billion (0.4). Their book value upon completion is expected to total SEK 0.6 billion, with an estimated market value of SEK 0.7 billion. The degree of completion in ongoing projects is about 26 percent.

The book value of Skanska's portfolio of completed projects, including projects completed during 2004, amounted to SEK 4.7 billion (6.2), with an estimated market value, based on an appraisal dated December 2004, of about SEK 6.9 billion (9.4). The occupancy rate, measured in rent, amounted to 81 percent.

The book value of Skanska's undeveloped land and development properties (or "land bank") totaled about SEK 2.4 billion (2.6).

The sale price of the properties divested during 2004 exceeded by 5 percent the market appraisal carried out at the end of 2003. The market value of an identical property portfolio was reduced by 2 percent compared to the end of 2003. If properties divested during the year are included, the market value of the portfolio was unchanged.

## BOT

SEK M	Oct-Dec 2004	Oct-Dec 2003	Jan-Dec 2004	Jan-Dec 2003
Net sales	10	15	33	87
<b>Gross income</b>	<b>-8</b>	<b>17</b>	<b>-12</b>	<b>32</b>
Selling and administrative expenses <sup>1</sup>	-17	-20	-70	-57
Share of income in associated companies	61	5	113	52
<b>Earnings before interest, taxes and amortization (EBITA)</b>	<b>36</b>	<b>2</b>	<b>31</b>	<b>27</b>
Goodwill amortization and writedowns	0	9	0	0
<b>Operating income</b>	<b>36</b>	<b>11</b>	<b>31</b>	<b>27</b>
of which gain on sale of projects	0	0	0	0
<b>Capital employed</b>	<b>1,433</b>	<b>1,243</b>	<b>1,433</b>	<b>1,243</b>
<b>Depreciation, fixed assets</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Investments	-135	-96	-188	-115
Divestments	0	0	7	1
<b>Net investments</b>	<b>-135</b>	<b>-96</b>	<b>-181</b>	<b>-114</b>
Cash flow from operations before investments and changes in working capital	37	3	-19	-19
Changes in working capital	-1	-19	-15	-39
Net investments in operations	-135	-96	-181	-114
Cash flow adjustment, net investments	0	0	0	0
Operating cash flow from business operations <sup>2</sup>	-99	-112	-215	-172
Strategic investments	0	0	0	0
<b>Cash flow</b>	<b>-99</b>	<b>-112</b>	<b>-215</b>	<b>-172</b>
Return on capital employed (RoCE), %			3.4	3.8
Employees			40	32

1 Excluding goodwill amortization and writedowns

2 Before taxes, financing operations and dividends

## October–December

Net sales of Skanska BOT amounted to SEK 10 M (15). Earnings from projects in operation are increasing, especially the Breitener power generation plant in Brazil and the Nelostie highway in Finland. Operating income totaled SEK 36 M (2).

## January–December

Net sales totaled SEK 33 M (87) and operating income was SEK 31 M (27).

Skanska BOT develops and invests in privately financed infrastructure projects in cooperation with Skanska's construction units. BOT is a co-owner of twelve projects, of which four are completed and in operation. During December 2003, Skanska in consortium with the British investment fund Innisfree was selected to expand St. Bartholomews Hospital (Barts) and the Royal London Hospital in central London. The assignment is Skanska's largest ever and comprises design and construction as well as operation and maintenance during a 38-year concession period. The construction project, worth about GBP 1 billion, will be included in order bookings when the contract and financing agreement have been signed. This is expected to occur in 2005. Skanska's investment will amount to about SEK 350 M in this project. During the second quarter of 2004, Skanska in consortium with the British-based Mills Group signed a contract and financing agreement for two school projects in Bexley, southeast London. Skanska BOT holds a 50 percent interest in the consortium and Skanska BOT's investment will amount to about SEK 28 M. During the third quarter, Skanska was selected to be responsible for the A1 highway project south of Gdansk, Poland. In September, the Polish Ministry of Infrastructure and the Skanska-led consortium Gdansk Transport Company (GTC) signed a concession agreement. The construction contract, which is expected to be worth about SEK 4.5 billion, and the financing agreement are expected to be signed in 2005. Skanska BOT's investment will be less than EUR 20 M. Skanska and Innisfree were also named preferred bidder for the implementation of the privately financed King's Mill Hospital and Mansfield Community Hospital project in Nottinghamshire, U.K. Skanska BOT and Innisfree will each hold 50 percent of the owner company and will be responsible for arranging financing and contracting suppliers. The construction assignment, which will be performed by Skanska, is expected to be valued at about SEK 3.6 billion, and Skanska BOT's investment to about SEK 220 M.

At the end of the report period, the book value of shares, participations and subordinated receivables in BOT operations totaled about SEK 1.3 billion. Skanska BOT's remaining investment commitments related to ongoing projects totaled about SEK 0.7 billion. According to an internal appraisal, the market value of the projects exceeds book value by approximately SEK 0.9 billion (0.8).



## Construction, by business/reporting unit

SEK M	Net sales				Operating income			
	Oct-Dec 2004	Oct-Dec 2003	Jan-Dec 2004	Jan-Dec 2003	Oct-Dec 2004	Oct-Dec 2003	Jan-Dec 2004	Jan-Dec 2003
Sweden	6,409	6,147	20,519	21,843	221	187	586	450
Norway	2,479	2,055	8,640	8,223	40	-37	128	25
Denmark	1,186	979	3,636	3,430	10	16	53	-37
Finland	2,168	2,311	7,623	7,879	82	124	194	212
Poland	1,367	989	3,970	3,546	59	46	95	90
Czech Republic	2,447	1,920	7,906	7,654	97	78	349	340
UK	2,211	3,022	11,024	12,006	-195	-8	-17	69
USA Building	6,543	7,582	27,601	30,240	-432	109	-458	11
USA Civil	2,837	3,961	12,406	15,221	68	60	205	522
Latin America	969	543	2,785	2,142	28	28	118	119
International <sup>1</sup>	466	633	1,867	2,233	34	-59	-42	-250
<b>Total</b>	<b>29,082</b>	<b>30,142</b>	<b>107,977</b>	<b>114,417</b>	<b>12</b>	<b>544</b>	<b>1,211</b>	<b>1,551</b>

SEK M	EBITA <sup>2</sup>				EBITA, % <sup>2</sup>			
	Oct-Dec 2004	Oct-Dec 2003	Jan-Dec 2004	Jan-Dec 2003	Oct-Dec 2004	Oct-Dec 2003	Jan-Dec 2004	Jan-Dec 2003
Sweden	219	198	591	470	3.4	3.2	2.9	2.2
Norway	64	20	237	183	2.6	1.0	2.7	2.2
Denmark	10	18	53	-31	0.8	1.8	1.5	-0.9
Finland	101	145	263	302	4.7	6.3	3.5	3.8
Poland	60	48	101	100	4.4	4.9	2.5	2.8
Czech Republic	103	85	369	304	4.2	4.4	4.7	4.0
UK	-171	14	80	163	-7.7	0.5	0.7	1.4
USA Building	-421	122	-413	64	-6.4	1.6	-1.5	0.2
USA Civil	71	64	218	541	2.5	1.6	1.8	3.6
Latin America	28	28	118	119	2.9	5.2	4.2	5.6
International <sup>1</sup>	30	-61	-43	-250	6.4	-9.6	-2.3	-11.2
<b>Total</b>	<b>94</b>	<b>681</b>	<b>1,574</b>	<b>1,965</b>	<b>0.3</b>	<b>2.3</b>	<b>1.5</b>	<b>1.7</b>

SEK M	Capital employed, closing balance		Return on capital employed <sup>3</sup>	
	Dec 31 2004	Dec 31 2003	Jan-Dec 2004	Jan-Dec 2003
Sweden	-545	218	>100	85.8
Norway	599	1,777	13.2	2.8
Denmark	61	56	>100	-69.6
Finland	383	765	30.0	23.5
Poland	-94	421	26.4	13.0
Czech Republic	1,065	1,508	22.2	20.2
UK	88	368	8.2	14.0
USA Building	-188	404	-136.2	4.3
USA Civil	1,352	1,663	12.5	31.0
Latin America	350	375	23.7	27.8
International <sup>1</sup>	656	493	-10.2	-69.2
Eliminations	55	-249		
<b>Total</b>	<b>3,782</b>	<b>7,799</b>	<b>20.1</b>	<b>17.3</b>

SEK M	Order backlog		Order bookings			
	Dec 31 2004	Dec 31 2003	Oct-Dec 2004	Oct-Dec 2003	Jan-Dec 2004	Jan-Dec 2003
Sweden	15,485	12,705	6,006	4,698	23,039	20,638
Norway	7,371	5,690	3,170	2,517	10,195	9,165
Denmark	2,157	1,999	1,014	694	3,518	3,608
Finland	4,854	5,404	1,626	2,670	7,316	8,976
Poland	3,844	2,730	1,685	847	4,559	3,144
Czech Republic	13,047	7,426	3,074	3,488	12,910	8,816
UK	13,318	13,684	2,641	727	10,850	10,876
USA Building	36,577	38,055	3,926	2,127	29,699	32,178
USA Civil	12,116	17,405	3,579	1,620	8,242	12,567
Latin America	2,885	2,087	1,837	228	3,924	2,401
International <sup>1</sup>	1,844	2,131	680	262	1,756	1,425
<b>Total</b>	<b>113,498</b>	<b>109,316</b>	<b>29,238</b>	<b>19,878</b>	<b>116,008</b>	<b>113,794</b>

1) International includes operations in Russia as well as International Projects.

2) Earnings before interest, taxes and amortization

3) Rolling 12 months.

## Residential Project Development, by business/reporting unit

SEK M	Net sales				Operating income			
	Oct-Dec 2004	Oct-Dec 2003	Jan-Dec 2004	Jan-Dec 2003	Oct-Dec 2004	Oct-Dec 2003	Jan-Dec 2004	Jan-Dec 2003
Sweden	715	565	2,046	2,109	63	20	137	-15
Norway	333	334	1,234	1,024	27	22	122	83
Denmark	0	111	0	313	0	27	0	61
Finland	457	570	1,609	1,441	45	26	146	65
Poland	32	66	116	159	-1	-10	10	-26
Czech Republic	103	21	523	517	31	27	105	79
International	81	97	286	276	5	12	4	12
<b>Total</b>	<b>1,721</b>	<b>1,764</b>	<b>5,814</b>	<b>5,839</b>	<b>170</b>	<b>124</b>	<b>524</b>	<b>259</b>

SEK M	Capital employed, closing balance		Return on capital employed <sup>1</sup>	
	Dec 31 2004	Dec 31 2003	Dec 31 2004	Dec 31 2003
Sweden	537	561	25.9	-1.6
Norway	741	823	14.7	8.9
Denmark	0	313	0	17.0
Finland	666	719	23.4	8.9
Poland	105	158	7.7	-12.2
Czech Republic	236	130	48.6	64.5
International	81	53	8.6	19.8
<b>Total</b>	<b>2,366</b>	<b>2,757</b>	<b>21.5</b>	<b>7.8</b>

<sup>1</sup> Rolling 12 months

## Project development – performance analysis before selling and administrative expenses

SEK M	Oct-Dec 2004	Oct-Dec 2003	Jan-Dec 2004	Jan-Dec 2003
<b>SALE PRICE</b>				
Commercial Project Development	547	2,498	4,645	7,572
Other commercial properties	298	490	533	803
Residential Project Development	1,185	1,477	4,143	4,581
<b>Total</b>	<b>2,030</b>	<b>4,465</b>	<b>9,321</b>	<b>12,956</b>

### BOOK VALUE

Commercial Project Development	362	1,856	3,130	5,173
Other commercial properties	180	449	383	731
Residential Project Development	989	1,323	3,505	4,010
<b>Total</b>	<b>1,531</b>	<b>3,628</b>	<b>7,018</b>	<b>9,914</b>

### GROSS INCOME

Commercial Project Development	185	642	1,515	2,399
Other commercial properties	118	41	150	72
Residential Project Development	196	154	638	571
<b>Total</b>	<b>499</b>	<b>837</b>	<b>2,303</b>	<b>3,042</b>

## Commercial Project Development

SEK M	Book value, end of period	Book value upon completion	Market value Dec 31, 2004	Occupancy rate, %
Completed properties	4,419	4,419	6,580	81
Projects completed in 2004	254	254	320	100
Ongoing projects	165	634	790	17
<b>Subtotal</b>	<b>4,838</b>	<b>5,307</b>	<b>7,690</b>	
Land bank	2,418	2,418		
<b>TOTAL</b>	<b>7,256</b>	<b>7,725</b>		

## Breakdown of book value, current-assets properties, Dec 31, 2004

SEK M	Residential Project Development	Commercial Project Development	Other commercial properties	Total
Completed projects	652	4,419	132	5,203
Ongoing projects	608	419	322	1,349
Land bank	2,008	2,418	818	5,244
<b>Total</b>	<b>3,268</b>	<b>7,256</b>	<b>1,272</b>	<b>11,796</b>

## Effects of the transition to International Financial Reporting Standards (IFRS) on Skanska's accounting

Beginning with 2005, the Group will apply the International Financial Reporting Standards, (IFRS), which have been adopted by the European Commission.

### Skanska's Three Month Report for January-March 2005 will be reported in compliance with IFRS.

#### Effect of the IFRS transition on major preliminary equity items

Group SEK M	Jan 1 2004	Dec 31 2004
Shareholders' equity according to Swedish accounting standards	14,169	16,066
Minority interests according to Swedish accounting standards	200	117
<b>Total equity</b>	<b>14,369</b>	<b>16,183</b>

#### IFRS-related changes in 2004 opening balance

Reporting of pensions according to IAS 19	203	
Capitalized borrowing costs according to IAS 23	157	
Other items according to IAS 11, 16 and 38	-28	
	<b>332</b>	<b>332</b>

#### IFRS-related changes in 2004 income items

Recovery of goodwill amortization according to IFRS 3		405
Goodwill writedowns according to IAS 36		-45
Adjustment in gain on divestments of Group companies and joint ventures according to IAS 21		234
Other adjustments		-69
		<b>525</b>

#### IFRS-related changes reported directly as part of shareholders' equity

Translation differences on divested Group companies		-234
Other translation differences		-13
		<b>-247</b>
Total effect of IFRS transition during 2004 <sup>1</sup>	332	610
<b>Equity according to IFRS, 2004</b>	<b>14,701</b>	<b>16,793</b>

<sup>1</sup> All IFRS-related changes in equity are related to the portion of equity belonging to the shareholders. At year-end 2004 and in the 2005 opening balance, minority interests in equity according to IFRS are the same as according to Swedish accounting standards, SEK 117 M.

Upon the transition to IFRS, minority interests in equity will be reclassified and included in the shareholders' equity of the Group.

The IFRS-related change in the 2004 opening balance is mainly affected by International Accounting Standard IAS 19, "Employee benefits," and by IAS 23, "Borrowing costs."

Since 2003, the Group has applied the Swedish Financial Accounting Standards Council's recommendation RR 29, "Employee benefits." Skanska has chosen to apply the transitional rule in IFRS 1 when reporting according to IAS 19, "Employee benefits," which means that unreported actuarial gains and losses are re-set to zero against shareholders' equity on January 1, 2004. In the balance sheet on December 31, 2003, unreported actuarial gains amounted to SEK 288M. As a result, provisions for pensions are reduced by SEK 288 M and shareholders' equity increases by SEK 203 M, after taking deferred taxes into account. Operating income according to IFRS is marginally affected due to recovery of the 2004 payment of actuarial gains that is no longer required.

Actuarial losses during 2004 total about SEK 590 M. If and when the EU approves the decision recently made by the International Accounting Standards Board (IASB), the Group will report actuarial gains and losses continuously as part of shareholders' equity. If this occurs, the change in accounting principle will mean that provisions for pensions will increase by about SEK 590 M on January 1, 2005 and shareholders' equity will be reduced by about SEK 415 M after taking into account a deferred tax claim of about SEK 175 M. Operating income during 2005 will be affected marginally because payment of the actuarial losses will no longer be required.

Capitalization of interest expenses during the design and construction phase of fixed-asset and current-asset properties is applied with full retroactivity according to the transitional rules (IFRS 1). Skanska has then applied the alternative rule in Recommendation RR 21, "Borrowing costs," effective from 2002. Capitalization of interest expenses according to IAS 23 refers mainly to current-asset properties and a concession for a highway project in Chile. After taking the tax effect into account, shareholders' equity rises by SEK 157 M.

Application of IAS 38, "Intangible assets," related to capitalization of certain development expenses; IAS 16, "Tangible fixed assets," with regard to component depreciation; and accrual of capitalization of certain tender expenses according to IAS 11, "Construction contracts," affected shareholders' equity in the opening balance in small amounts.

According to the application of the transitional rule in IFRS 1 that Skanska chose for its transition to IFRS 3, "Business Combinations," the application is valid from January 1, 2004 onward. During 2004, the consolidated financial statements are affected by SEK 405 M in recovered goodwill amortization. In some cases, due to restored goodwill amortization, net sale value has been less than book value. Restored amortization makes it necessary to carry out goodwill writedowns totalling SEK -45 M.

IAS 21, "The effects of changes in foreign exchange rates," has an impact on the Group's divestments of Group companies and joint ventures during 2004. According to the transitional rule in recommendation RR 8, "Reporting of effects of changes in foreign exchange rates," accumulated translation differences in shareholders' equity were reported in the income statement in the amount of SEK -197 M in connection with divestments according to Swedish accounting standards during 2004. As a consequence of the transition rules in IFRS 1, accumulated translation differences are re-set at zero on January 1, 2004, resulting in an adjustment of SEK 234 M in accumulated translation differences related to Group companies divested in 2004. According to IFRS, the gain from divestments of Group companies thus increases by SEK 234 M, which is related to the recovery of SEK 234 M in negative translation differences reported in the income statement.

The application of IAS 39, "Financial instruments: Recognition and Measurement" that was chosen by Skanska means that the opening balance on January 1, 2005 will change going forward; the comparative figures for 2004 are not affected. According to IAS 39, financial derivatives such as interest rate swaps, forward rate agreements, embedded derivatives etc are stated at fair value in the balance

sheet. Skanska uses financial derivatives to adapt the interest refixing period on its net debt and to minimize its transaction exposure and translation exposure. The fair value of financial derivatives undergoes changes as market interest rates and currency exchange rates fluctuate. Reporting such items at fair value results in both positive figures and negative figures, depending on current market interest rates and exchange rates on the balance sheet date. The effect on January 1, 2005 implies a reduction in shareholders' equity of about SEK 10 M after taking into account deferred tax.

At year-end 2004, the balance sheet increases by about SEK 400 M as a consequence of the transition to IFRS. The transition to IAS 39 on January 1 increases the balance sheet total by approximately SEK 500 M more.

#### IFRS-related effects on key financial figures during 2004

Effect on 2004 opening balance, SEK M	According to Swedish GAAP	IFRS-related change	According to IFRS
Equity (including minority interests)	14,369	332	14,701
of which, minority interests	200		200
Capital employed	24,460	45	24,505
Net interest-bearing assets	150	287	437
Shareholders' portion of equity per share (shareholders' equity per share), SEK	33.90	0.80	34.70
Debt/equity ratio	0.0	0.0	0.0
Equity/assets ratio	21.5	0.5	22.0

Effect during 2004, SEK M	According to Swedish GAAP	IFRS-related change	According to IFRS
Net sales	121,263	0	121,263
Operating income	3,853	508	4,361
Shareholders' portion of net profit	2,648	525	3,173
Net profit per share, SEK	6.33	1.25	7.58
Return on capital employed, %	17.9	2.0	19.9
Return on shareholders' equity, %	17.5	2.9	20.4

Effect on 2004 closing balance, SEK M	Swedish GAAP Dec 31, 2004	According to IFRS-related change	According to IFRS Dec 31, 2004
Equity (including minority interests)	16,183	610	16,793
of which, minority interests	117		117
Capital employed	21,105	290	21,395
Net interest-bearing assets	7,499	320	7,819
Shareholders' portion of equity per share (shareholders' equity per share), SEK	38.39	1.45	39.84
Debt/equity ratio	-0.5	0.0	-0.5
Equity/assets ratio	25.9	0.8	26.7

The information compiled by Skanska concerning the transition was prepared according to the IFRS principles that are expected to be in force on December 31, 2005. IFRS is the object of continuing reviews and approvals by the EU, and changes may thus still occur.