Dear shareholders,

First and last, let me say that in 2010 we were again able to report good, stable earnings for the Skanska Group as a whole and that our financial position remained very strong at the end of the year.

Developments during 2010

Before I rather briefly comment on 2010 results in our four business streams, it may be of interest to look at economic developments and the construction market situation in a macroeconomic perspective.

A brief macro perspective

This chart illustrates the general economic trend, viewed in a Skanska-oriented perspective. It shows weighted changes in Gross Domestic Product in Skanska’s home markets, where the weighting is based on our sales in each respective market. It provides a good illustration of the economic recovery during 2010, after the dramatic downturn of the two preceding years.

Likewise, we can weigh together the trend of construction investments in our home markets. Construction investments occur relatively late in the economic cycle, and it is worth noting that they continued to fall during 2010 as a whole. But the pace of the downturn decreased last year, compared to the two preceding years. During the latter part of 2010, investments again began to increase compared to the same period one year earlier.

Construction

Lower order bookings during the two preceding years obviously affected revenue in our Construction business stream during 2010. In local currencies, the decline in revenue was about 9 percent, but in spite of this we attained an operating margin of 3.9 percent during 2010. This means that we achieved the long-term profitability target in our three-year business plan for 2008-2010.

Skanska’s positive trend of earnings during 2010 is explained by the quality of our order backlog, efficiency in project execution, a limited need for writedowns in ongoing projects as well as by a general adjustment in costs to lower construction volume. In addition, we have some major projects that are approaching completion and in which we now foresee that earnings will surpass earlier estimates.

We can also note that the capital efficiency of our Construction operations remains very good. The cash flow that is generated in this business stream funds a large proportion of our development operations. It is thus of vital importance to the Group as a whole.
The recovery in construction investments that I commented on earlier is reflected in our order bookings, which increased by 6 percent in local currencies. The contract for New Karolinska Solna, a major hospital project in Sweden, obviously contributed to the increase. At year-end 2010, our order backlog totaled SEK 147 billion. This provides a good starting position for operations during the current year.

Safety
SLIDE: During 2010 we saw a continued positive trend related to the safety of our work sites. Safety is something that we at Skanska have intensively focused on for many years, and of course we believe that these efforts have strongly contributed to the improvement. At the same time, we know that there is a lot that we must become even better at, in order to achieve our vision of zero work site injuries in our operations. That vision remains in place.

As you know, it is mainly in our projects that we generate value at Skanska, so let me mention a couple of examples of ongoing projects in our Construction business stream.

The Alaskan Way Viaduct is our first major civil construction contract in Seattle, where we have previously only performed building construction. USA Civil and USA Building are working together in this project, which I regard as very positive. We also foresee potential to further expand our operations in this part of the United States.

The Rio de Janeiro Petrochemical Complex (Comperj) is a new refinery being built in Itaborai, Rio de Janeiro state, Brazil. Skanska Latin America has a major contract related to a distillation unit at Comperj, with Skanska’s share amounting to SEK 1.6 billion. Petrobras, which owns the refinery, is our largest customer in Latin America. The project is also typical of this portion of our operations.

Residential Development
Residential Development is perhaps the Skanska business stream that has undergone the most dramatic cyclical swings over the past two years. By the latter part of 2009, the demand for housing in our Nordic markets began to normalize. During 2010 the upturn continued. As these charts indicate, last year we increased both the number of homes sold and – above all – the number of homes started. Because the planning process often extends across several years, the big challenge here was actually to ensure that we had new projects ready for sale in response to rising demand during 2010.

Higher sales volume resulted in a clear earnings improvement in our Residential Development business stream, but we still have a way to go before we achieve entirely satisfactory profitability.

Let me show a few examples of different types of residential projects that we were able to offer our customers during 2010.

Ullstorps Gårdar (“Ullstorp Farms”) in Kungälv, western Sweden, is a project consisting of 125 single-family homes and 32 BoKlok low-cost cooperative apartments. All of them have now been sold. The project has proved attractive because it combines a rural setting with proximity to the city of Gothenberg.
Stavanger, on the southern coast of Norway, currently has a very strong housing market. Here we have just completed the third and final phase of the Fjordspeilet project, based on apartment buildings containing a total of 114 homes, which have now all been sold.

**Commercial Property Development**
The increased demand for new offices and other commercial space created conditions that enabled our Commercial Property Development business stream to start 14 new projects during 2010. Our total investment in these projects will be an estimated SEK 4.7 billion. During the year we also signed new leases for about 116,000 sq. m (1.25 million sq. ft.) of commercial space, which represented an increase of more than 18 per cent compared to the year before.

The investor market also strengthened during 2010, and we were able to sell a number of real estate projects with good capital gains. I see it as evidence of strength that that over a long period of years, we have not only created substantial value in our property development operations but have also continuously been able to realize stable development gains.

In the Universitetsholmen district of Malmö, Sweden, there are many concrete examples of how we work with commercial property development and with projects in different stages of the development process. Here we are talking about investments of over SEK 1.5 billion in completed or currently ongoing projects, of which most have also already been sold. After that, our plans include a number of additional projects, including the new Malmö congress and concert hall. Altogether, the estimated investment in these projects will total more than SEK 2 billion.

**Infrastructure Development**
In our Infrastructure Development business stream, we work with a value creation process that consists of several phases. From initial development work until a completed project is in full operation and ripe for divestment, it may often be a matter of up to 10-15 years. As the slide indicates, our portfolio consists of a relatively large number of projects, which are in different phases of the development process.

In our Infrastructure Development operations, we can point to several large, important business events during 2010. Taken together, they underscore the increased importance of this part of Skanska for the Group as a whole.

I am thinking, firstly, of the agreement we signed to construct and finance the New Karolinska Solna hospital just outside Stockholm – a project in which, among other things, we have been able to leverage our experience of major hospital projects in the United Kingdom and the United States, and in which collaboration between our Swedish and British construction operations will be crucial to the project execution. Totaling SEK 14.5 billion, this is Skanska’s largest-ever construction contract, and our own investment in the project will total more than SEK 600 M. The new hospital will start going into service during 2016 and will be entirely completed in 2017, so we will certainly have reason to comment further in the course of the project.

During 2010 we also continued construction of the A1 expressway, phase 2, in Poland and the M25 orbital motorway in England, along with the large ongoing Barts and The
London Hospitals project in England. These projects, like a number of other infrastructure projects, are proceeding as planned.

Then, finally, in December 2010 we signed an agreement on the sale of our stake in the big Autopista Central highway in Santiago, Chile. We expect to complete the transaction during the third quarter of this year. We have invested about SEK 1 billion in the project, and the sale is expected to result in an after-tax capital gain of about SEK 5 billion. Assuming that the sale is completed as planned, this gain will be reported among 2011 earnings.

**Proposed dividend**

Based on 2010 earnings, and taking into account the financial position of the Group in other respects, the Board of Directors is proposing an increase in the regular dividend by SEK 0.50 to SEK 5.75 per share. The Board is also proposing an extra dividend of SEK 6.25 per share, with this extra dividend being conditional upon the sale of Skanska’s shares in the Autopista Central being completed as planned and the proceeds of the sale having been received. In addition, the Board is proposing that it be given a mandate to set and announce the payment date of the conditional extra dividend.

**Thank you**

So much for last year. Before I turn to my comments on our future plans and outlook, I would like to take this opportunity to thank all the employees of Skanska for their very good contributions during 2010.

In this context, I can mention that within the framework of our Skanska Employee Ownership Program (SEOP), more than 7,000 of these employees are now also shareholders in Skanska.

At this time, I would also like to thank the members of Skanska’s Board of Directors for their valuable support during the year.

**The 2011-2015 business plan – profitable growth**

Late in 2010 we unveiled a business plan for the period 2011-2015. After a number of years of focusing primarily on consolidating our operations, we now see potential to create profitable growth, mainly in the markets and business streams where we are already active today.

**The five zeros vision**

It is important to stress that our “five zeros vision” remains a vital point of departure for everything we do at Skanska. It comprises the very core of the corporate culture we want at Skanska, both in Sweden and in all our markets abroad. In that respect, the new business plan does not represent any change.

I have already mentioned safety, but our five zeros vision also includes ethics and the environment, as well as quality in everything we do and deliver in our projects.
**Profitable growth**

In our Construction business stream we expect underlying market growth, but our ambition is to expand even faster than this – primarily by means of organic growth. We are also counting on our expanding development operations to contribute to this. Even today, development projects for Skanska’s own account represent approximately 10 percent of revenue in the Construction business stream. We believe that this percentage can increase significantly within five years. In certain markets there may also be reason to make acquisitions, which would further increase the growth rate of our Construction operations.

In the Residential Development business stream, our ambition is to become the leader in all three Nordic countries where we have such operations. We expect growth in residential development the Czech Republic and Slovakia as well. We are now also starting up residential development operations in the U.K. and Poland, but their impact on our revenue will be limited during the next five years because it takes time to build up a “land bank” and planning processes are also often relatively drawn-out.

In Commercial Property Development, we expect to increase our investments in new projects. We believe that the clear green profile of our projects will strengthen our position in our current metropolitan markets in Sweden, Denmark, Finland and Central Europe. We are also expecting further growth in the U.S., where we started up two new commercial property projects during 2010. We are now starting commercial property development in Oslo, Norway as well.

In Infrastructure Development, we believe that procurement of public-private partnership (PPP) projects will continue to offer opportunities for large new construction assignments and attractive investments, in Europe as well as in North and South America. To date, our PPP projects have primarily involved hospitals and highways, but we also foresee opportunities in other sectors such as street lighting and waste combustion to generate electricity.

In our business plan, we have established a number of financial targets. For the Group as a whole, our target is to achieve a yearly return on equity of 18-20 percent, and our dividend policy is to distribute 40-70 percent of earnings per share to the shareholders. For our three development business streams combined, the target is that return on capital employed shall amount to 10-15 percent annually. And in the Construction business stream, our target is to achieve an operating margin averaging 3.5-4 percent over a business cycle.

**Outlook for 2011**

Finally, I would also like to comment briefly on the outlook for the current year. As I mentioned at the beginning of my address, construction activities occur relatively late in the economic cycle. We hope for and believe in a continued economic recovery this year, which might also lead to a certain upturn in construction investment during 2011.

However, it is important to be aware that right now there is very keen competition for the new projects that are put out for tender. The market outlook also varies between our different home markets, as well as in individual segments in these markets. But it is
worth repeating that we began 2011 with a very strong order backlog, which will provide a good base for our Construction operations as a whole during the current year.

The demand for new homes, which is of course determined partly by employment and interest rates, is relatively strong in the Nordic markets right now. We believe that this favorable demand situation may also persist during 2011, although recent and expected further interest rate hikes are likely to have a certain dampening effect.

We also foresee an increase in the demand for green, energy-efficient commercial space for leasing and we expect to start up a number of additional projects during 2011. So in my judgment, the potential for continued value creation in commercial property development is good. The investor market is also gaining strength, but we will probably have somewhat fewer projects ready for sale this year compared to the immediately preceding years.

In Infrastructure Development, as I mentioned we expect to complete the sale of our stake in the Autopista Central. In ongoing projects, work will of course proceed. Meanwhile we are readying some new projects on which we expect to reach financial close and groundbreaking during 2011. In this business stream, too, there is good potential for continued value creation during 2011. The market outlook in the U.K. is currently a bit uncertain, but we foresee a continued interest in privately financed infrastructure both there and in a number of our other markets.

Finally, there is reason to emphasize the prevailing uncertainty about the continued economic expansion in an international perspective, especially in light of the earthquake disaster in Japan, political unrest in North Africa and the Middle East, fiscal instability in a number of euro zone countries and budget austerity measures in many places.

A more stable general economic upturn may thus very well take time to materialize.

However, we still have a strong order backlog in our Construction operations, a high-quality project portfolio in our development operations, a very good financial situation and, not least, 52,000 highly capable employees at all levels of the Skanska Group.

Overall, I thus view the future of Skanska with confidence, both with regard to 2011 and in a longer perspective.

Thank you for your attention.