

Dear shareholders!

In 2012, we celebrated Skanska's 125th anniversary, which we are naturally proud of.

For shareholders, though, the performance in the past year and the outlook for the next few years are our chief interest.

So allow me to say, first and last, that we are pleased to report relatively good results for the Group as a whole for 2012, despite the uncertainty and turbulence still evident in the global economy and despite trends in several of our markets. When comparing earnings year on year, we should bear in mind that the profit from the divestment of our stake in the Autopista Central highway added SEK 4.5 billion to 2011 earnings.

Another general observation worth noting is that several of our business units reported stable and healthy earnings in 2012, too, and that some units – I'm thinking of Skanska Finland and Skanska Norway – showed an obvious improvement in earnings. However, in two business operations – Construction in Latin America and Residential Development in the Nordic region – we faced major challenges with profitability in 2012 and we are working hard to remedy these.

At this early stage, it might also be of interest for shareholders to note that – based on profit for the year, the Group's financial position and the outlook as far as we can see right now – the Board of Directors is proposing an unchanged regular dividend of SEK 6.00 per share.

Trends in 2012

Before I comment on 2012 performance in more detail, I'd like to give an overall view of economic trends and construction activity in our home markets.

A brief macroeconomic review

This diagram illustrates general economic trends from Skanska's point of view. It shows weighted GDP growth in Skanska's home markets, where the weighting is based on our sales in each particular market. This illustrates clearly the economic slowdown of the past two years as well as the stabilization around an average growth rate of 1–2 percent that we now see in our markets.

Construction investment normally comes relatively late in the business cycle, and here we can probably expect a further slowdown in the growth rate this year. In individual markets, though, construction investment may be positively influenced by various kinds of economic stimulus.

Construction

With revenue growth of 8 percent, the Construction business stream contributed greatly to growth in the Group in 2012, and operating profit was on the whole on a par with the preceding year's.

Earnings and margins remained excellent in Sweden, Poland, the United Kingdom and our two construction units in the United States. In our construction operations in the Czech Republic and Slovakia, we have adjusted our fixed costs to the sharply declining market and can now report satisfactory earnings there, considering the circumstances. In the Norwegian and Finnish

construction operations, earnings improved compared to recent years, which were very weak in terms of income, and we believe in continued, gradual improvement in earnings by these units during the next few years.

However, the performance of construction operations as a whole suffered from major write-downs in the Latin American operations in 2012. The write-downs arose partly in earnings for several projects now underway, partly in the value of certain outstanding accounts receivable connected with completed projects. To remedy the problems and weaknesses identified in these operations, during the past six months we have reorganized operations and simultaneously bolstered control functions. Of course, we hope to see the positive effects of these measures as soon as possible, while experience has shown that change processes like these can often take time.

In the end, it is primarily in our projects that we create value in Skanska, so let me give you a few examples of projects from our Construction business stream.

Statoil's new office in Oslo was ready to be moved into in October 2012. It is an architecturally spectacular project, comprising 115,000 m² that meet stringent environmental standards and will now become the workplace for 2,500 employees of Statoil. The construction time was a mere 20 months, and the value of the contract totaled SEK 1.4 billion.

The Cross Rail subway project in London is right now the largest infrastructure investment underway in Europe. Here Skanska UK has two subprojects – for foundation and construction work for the stations at Paddington and Bond Street in central London – with a total contract value of about SEK 3.5 billion. Within the framework of that same project, we also recently won a big contract worth SEK 550 million for the station itself – ticket hall, platforms, installations and more – at Bond Street.

The Värtan interchange in Stockholm is part of the Norra Länken project and serves as a junction connecting the E4 and E20 highways and the urban districts Värtan, Norra Djurgårdsstaden and Lidingö. The total value of that contract is about SEK 1 billion. The project has been honored with several awards for its successful efforts to boost worksite safety and will be finished in 2015 when Norra Länken opens for traffic.

Order bookings in construction operations totaled SEK 120 billion last year, while order bookings in relation to revenue – “book-to-build” – were 96 percent. We produced more value than we took in as new orders, so our order book decreased 6 percent, to SEK 147 billion. And yet this corresponds to as much as 14 months' production, which puts us in a good starting position for the next two years.

All the same, it is just as important as always to continuously refill our order book with new profitable contracts. If we consider the market outlook for the Construction business stream as a whole, we see that the situation is relatively stable compared to recent quarters. At the same time, economic conditions vary widely between different geographic markets.

In the United States, our single biggest market by revenue, we expect an increase in new projects put out for tender, at the same time as competition is generally tougher than it was a few years ago. In the Nordic region, the Norwegian market is expected to grow briskly, while the Swedish market is expected to be relatively unchanged, though with some uncertainty about residential

construction. In Finland, on the other hand, a general downturn is expected in 2013, and in the United Kingdom, too, we expect the construction market to be relatively weak, though some improvement is starting to appear in certain segments there. The Polish market is relatively stable but could weaken a little, while the Czech and Slovak markets are expected to stay relatively weak during 2013. In Latin America, our operations focus on the energy sector, where investment activity is expected to remain high.

Residential Development

In 2012, earnings in Residential Development suffered from provisions and write-downs totaling SEK 380 million, primarily relating to the restructuring of the Nordic residential development operations.

Even without these nonrecurring items, though, the results on the whole were unsatisfactory, and we are working intensively to improve profitability, first of all in the Nordic operations, with a focus on reducing production costs and improving efficiency and control in our planning, design and decision processes.

We are simultaneously adjusting the size of our land bank to the lower production volumes that we are now planning for. However, we should bear in mind that this process needs to progress in an orderly manner so as not to undermine value. We should also be aware that the other corrective measures taken are not expected to have their full impact until applied in the new projects starting up during the next few years.

Considering this, our objective for the Residential Development business stream is for it to achieve an operating margin of 10 percent and have a return on capital employed of 10 percent within three to four years. Although this plan entails significant challenges, I believe that the conditions are favorable for reaching these goals.

In England and Poland, we started our first projects under our own management in 2012, and both of these operations reported an operating profit for the fourth quarter. The Polish operations benefited from healthy demand for housing in Warsaw, the only local market we are focusing on at present.

Allow me to highlight a couple of good examples of Residential Development at Skanska.

In Warsaw, we began the first phase of the Park Ostrobramska housing project last year. This project consists of a total of more than 1,600 apartments that will be built in phases covering several years. The first phase, now underway, consists of two 13-story towers with a total of 298 apartments, 40 percent of which are already sold. The first building will be ready to be moved into next year.

Another good example is BoKlok: Skanska's and IKEA's joint concept to offer attractive modern homes at affordable prices, even for first-time buyers. In 2012, we sold no fewer than 500 BoKlok apartments. This business is still concentrated in the Swedish market, but in 2012 the first BoKlok project in Norway was completed, and now we are working on launching the concept in Finland, too. This photo shows the BoKlok projects Pilevallen and Tuängen in Malmö, which comprised a

total of 58 apartments. All have been sold, and the project also earned high marks in customer satisfaction surveys.

Underlying demand for housing is good in several markets where we have residential development, but general economic uncertainty makes the outlook hazy. This is true particularly in the Swedish market. In the Finnish housing market, too, we anticipate a slowdown in demand in 2013, while the Norwegian housing market continues to benefit from a strong domestic economy. A positive trend is also expected for the Polish housing market, while many signs indicate the Czech market will remain weak in 2013. In the United Kingdom, our recently started operations focus on local residential markets, relatively insensitive to the economy at large, within commuting distance from London. But these are also negatively affected, directly or indirectly, by credit restrictions and uncertainty in the secondary market.

Commercial Property Development

For Commercial Property Development, 2012 was another very strong year, in terms of new project starts as well as leasing and sales of ongoing and completed projects.

At the start of 2013, we had a total of 25 ongoing projects in our portfolio with an estimated total investment of SEK 8 billion. Our goal for the portfolio as a whole is for the occupancy rate in ongoing projects to always be greater than the degree of completion. The occupancy rate is currently about 61 percent, compared to a degree of completion of about 48 percent, which indicates that the risk in the portfolio is well under control.

Of course, the occupancy rate is crucial to the value of a property development project, and in terms of new leasing 2012 was also a good year for us. During 2012, we signed new leases for approximately 230,000 m², an increase of 5 percent from the preceding year. This means that we continued to create value in our portfolio.

Despite uncertainty in international financial markets, investors showed relatively keen interest in the modern and energy-efficient commercial properties we develop. Thus during the year we were able to sell several projects with healthy gains, so our commercial property development continued to be the stable profit generator that it has been for many years running.

One good example from our many successful projects is 10th & G Street in Washington, D.C. We made our initial investment in 2009 and, after rapid completion last year, we were able to sell the project virtually fully leased and at an excellent profit.

Another good example of our commercial property development is the Green Corner project in Warsaw. The project has been developed in two phases and comprises a total of 27,000 m². Upon completion last year, the project was fully leased – and it had been sold even before that.

Among ongoing projects, we can mention Entré Lindhagen, on Kungsholmen here in Stockholm. The project actually consists of two parts, with total office space of 73,000 m², and should be completed at the beginning of 2014. One part will be a new office for Nordea bank, and the other will be our own new head office.

The portfolio continues to be concentrated on projects in the three Swedish metropolitan regions, but we have successively created more geographic balance by boosting our investments in several new local markets in the Nordic region, Central Europe and the United States. We have been in Central Europe for several years, in Poland, the Czech Republic and Hungary. For almost two years now, we have also had a small organization in Bucharest, Romania, where we acquired land for the first time at the end of 2012 and have now started our first project.

The leasing as well as the investment markets are negatively influenced by the general financial unrest and uncertainty about economic development. Vacancy rates are relatively low, though, and there is intense interest among investors for well-situated, modern and energy-efficient office projects. Thus in the next few years we should be well positioned for value creation in this part of our operations, too.

Infrastructure Development

In Infrastructure Development's public-private partnership (PPP) projects, the single most important business event in 2012 was the financial close – that is, securing financing – on the road and tunnel project Elizabeth River Tunnels (formerly known as the Midtown Tunnel) in Virginia, in the United States. The concession period is 58 years, and Skanska is investing about SEK 800 million in the project, which in turn is generating a construction assignment in which Skanska's share is about SEK 4.4 billion.

During the year, we sold our stakes in four PPP hospitals in the United Kingdom and our holding in the E18 highway in Finland. The aggregate realized value exceeded the estimated market value at the start of the year by 27 percent, and both sales earned a decent profit. In absolute terms, however, the total value of these divestments fell short of the value of our holding in the Autopista Central highway, Chile, which we sold in 2011 at a realized gain of SEK 4.5 billion.

Our portfolio in Infrastructure Development now consists of a relatively large number of projects that are in different phases of the development process, which in this business can take anything from six to 15 years.

We currently have eight projects under construction, the largest in terms of investment being two hospital projects: New Karolinska in Solna, Sweden, and Barts & London, in England, as well as the new Elizabeth River Tunnels project mentioned earlier. All ongoing projects in the portfolio are progressing according to plan, and I see favorable conditions for continued value creation in this extremely important part of our operations.

One of the major projects in our portfolio is the M25 highway, the big ring road around London. The expansion and widening were completed during 2012, and our share of the construction contract totaled about SEK 5 billion. The concession runs until 2039, and as a partner Skanska's investment in the project is about SEK 1 billion.

In this context, I would of course like to show a picture of the New Karolinska hospital project in Solna that is starting to take shape now. This is one of the biggest building sites in Europe and will continue to be that for some years. The value of the construction assignment is SEK 14.5 billion, and

as a partner Skanska will invest about SEK 600 million in the project, which will start to be put into service gradually in 2016 and be completely ready in 2017.

Considering the market outlook for PPP-based infrastructure development more generally, we judge the United States currently as the market that offers perhaps the greatest potential for new projects, but we see continued opportunities also in the United Kingdom, Central Europe and the Nordic region.

Following up on the Business Plan 2011–2015

2012 was the second year in our five-year strategic business plan for profitable growth.

One cornerstone of this plan is to exploit the financial synergies between the four business streams to an even greater extent than previously. Simply put, you could say that we invest cash flow and profits from the construction business stream in the three development business streams, which generates the conditions for further value creation in both construction and development operations.

During 2012, we continued to boost investment in the development streams, and last year these projects accounted for 12 percent of the construction stream's total revenues. As I mentioned previously, revenue in the construction stream increased 8 percent and thus contributed, together with investments in development streams, to the Group's growth.

If we look at the more specific income and profitability targets, the Group target is to reach an average annual return on equity of 18–20 percent, which we very nearly attained last year. We also have a target for our net cash flow, as defined in this context, to be positive, and on that point we reached the target by a comfortable margin.

In the Construction stream, the goal is to achieve an average operating margin of 3.5–4 percent over the business cycle. For this business stream as a whole, we reported a margin of 2.8 percent last year, so we did not reach that target, primarily because of weak earnings in the Latin American operations.

The target for the three development streams taken together is for their return on capital employed to end in the interval 10–15 percent each year. For 2012, the return was 9 percent – somewhat short of the target – primarily as a result of the weak profitability in Residential Development that I commented on previously.

Safe work environment

A vital part of our business plan is to actively work to create a safe work environment. One way we measure the safety of our work environment is by the number of work-related accidents per million hours worked that result in absence from work: the lost time accident rate (LTAR). Last year, the average LTAR across the Group was 2.9, compared to 3.9 the year before.

Of course, we are pleased to note that in 2012 we were able to break the stagnating trend of preceding years, but naturally we will not allow ourselves to be content with that. Accidents still

happen in our operations, and although we compare favorably with the rest of our industry in countries where we are active, many industrial sectors have advanced much farther in their safety efforts than we have.

Our vision continues to be zero workplace accidents in our operations, and at all levels in the Group we continue working to reach this goal.

Zero vision

It is not only safety in the work environment for which we target “zero.” The zero also imprints targets in ethics and environmental impact, as well as quality in everything we do and deliver in our projects. In brief, our “zero vision” means zero lossmaking projects, zero environmental incidents, zero workplace accidents, zero ethical breaches and zero defects in our projects.

The realization of this vision naturally demands focus, training, education, incentives, individual commitment and hard work, as well as feedback and, not least, good leadership at all levels. I believe that we have advanced in this work during 2012, and, of course, it is pleasing that the results of our efforts have attracted the attention of various clients and other external stakeholders.

Allow me to mention a few examples. In Sweden, we won four of the seven work environment prizes awarded by the Swedish Transport Administration for 2012. Skanska UK was named the “Best Green Company in the UK 2011” in a survey in the Sunday Times newspaper. Skanska Czech Republic and their CEO Dan Ťok received awards for their commitment to sustainability and business ethics. In Poland, we were named the best company in corporate social responsibility, among other honors, and Skanska Poland’s trainee program for engineering students is considered the best in the country. In property development, last year we won the Green Leadership Award and the title Real Green Developer of the Year. In this context, we should also mention that Skanska is the only construction company to take part in the “Forest Footprint Disclosure” and that we play an active role in no fewer than 13 green building councils around Europe and the United States.

Efforts towards reaching our zero vision are understandably important. Not just because the zeros are sound and “the right thing to do” in a broader social context, but also because they contribute to making Skanska a more competitive company, especially for attracting new young employees.

The Group’s external image is of course a key component in recruitment efforts, and in this context I might mention that our external web site on the Internet has received multiple awards in international comparisons and that our film “We are Skanska” – which we screened at the shareholders’ meeting last year – won a Gold Award at the annual Corporate Media & TV Festival in Cannes, France.

Personnel

Concerning our more than 56,000 employees, the great majority of them are very much aware of the demands made on them even when it comes to our zero vision, and I feel confident saying that in general they are deeply committed individually to helping realize this vision.

In this context, I would like to take the opportunity to thank all my colleagues at Skanska for their efforts during 2012.

I might also mention that within the framework of our stock-purchase program, SEOP, around 8,500 of Skanska's employees are now also shareholders in the company. Together, these participants have invested roughly SEK 860 million in Skanska shares since SEOP started in 2008, and today their aggregate shareholding represents almost 5 percent of all shares in the company. Thus, as a group the participants in SEOP are Skanska's fourth largest investor based on the number of shares.

Here I also want to take the opportunity to thank the members of Skanska's Board of Directors for their valuable support during the year.

Summary

In summary, I believe that 2012 was a relatively good year for the Group as a whole, as I said earlier. Of course, earnings in Latin America and in Residential Development in the Nordic region were major disappointments, and we are resolutely working to improve profitability here.

In addition, we can claim that we entered 2013 with a good starting position for the order backlog and project portfolio.

Undoubtedly we face immense uncertainty about the direction of certain individual markets and certain sectors, but I still think that the outlook is relatively bright for many of our business operations. In this regard, I am thinking especially about construction operations in the United States and Sweden, commercial property development and infrastructure development. I also believe that there is reason to anticipate continued improvement in performance in the construction operations in Norway and Finland.

Finally it is important to note that the Group's financial position is solid. This is a prerequisite for being able to conduct in the long-term the type of operations that are Skanska's and it provides additional strength and competitive advantage in times of general economic turmoil.

As I noted at the start, last year we were able to celebrate 125 years of successful operations in Skanska. Overall I look favorably on the future of the Group, too, for 2013 and in a longer perspective.

Thank you for your attention!