

# Annual Shareholders' Meeting

Stockholm, April 9, 2015

# Johan Karlström

## President and CEO

# The Group – revenue and profit

SEK bn	2014	2013
Revenue	145.0	136.4
Profit for the year	4.1	3.5

# Financial targets 2011–2015

	Target	2014 Outcome	
<b>The Group</b>			
Return on equity	18-20%	20%	✓
Financial strength – net cash position <sup>1</sup> , SEK bn	Positive	8.4	✓
<b>Construction</b>			
Average operating margin over a business cycle	3.5-4.0%	3.5%	✓
<b>Project development business streams</b>			
Return on capital employed	10-15%	10%	✓

<sup>1</sup> Excluding net pension liabilities and construction loans for cooperative housing associations

# 2014 in brief

## **Construction**

Improved result, higher margin, increased order bookings

## **Residential Development**

Improved result and return on capital

## **Commercial Property Development**

Good gain on sale, increased investments

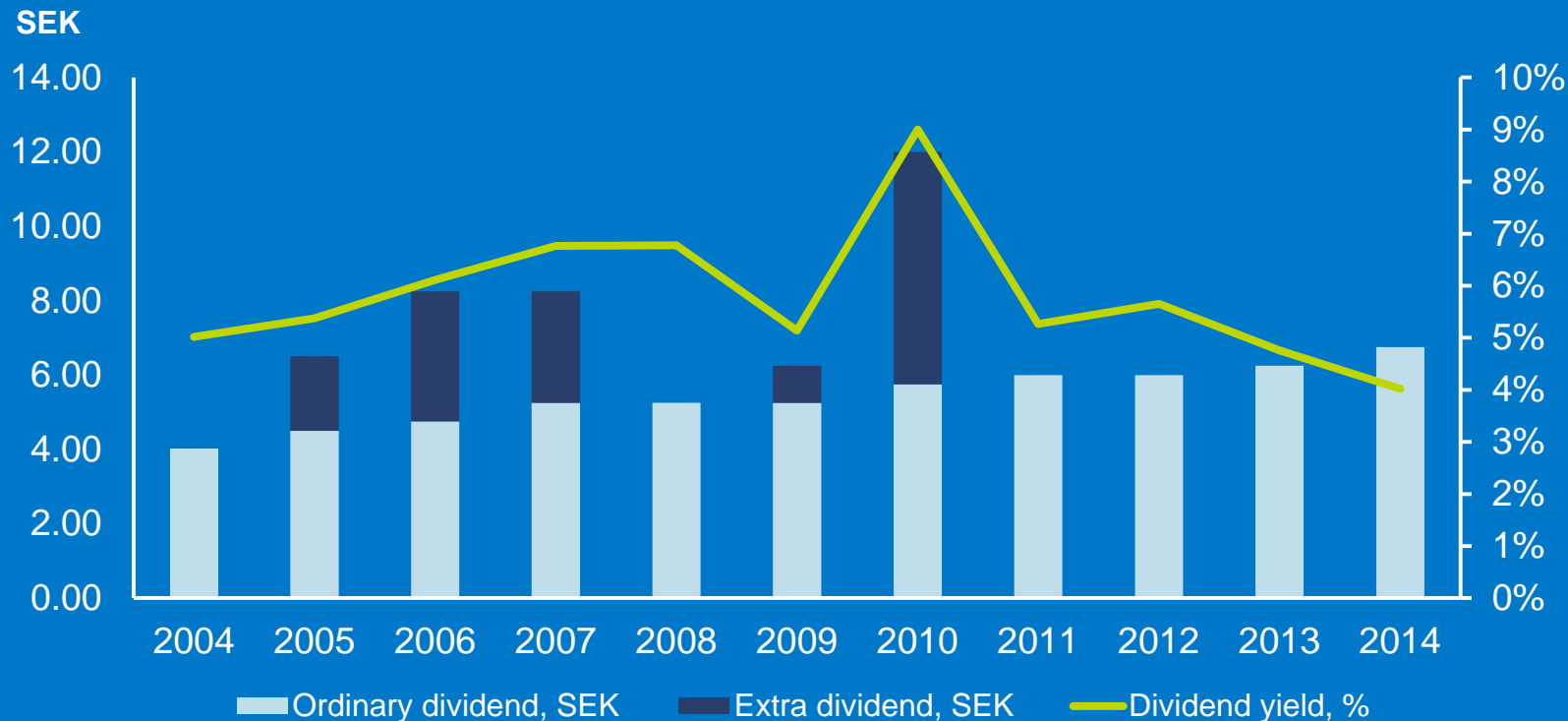
## **Infrastructure Development**

Increased value of portfolio, enhanced position in the U.S.

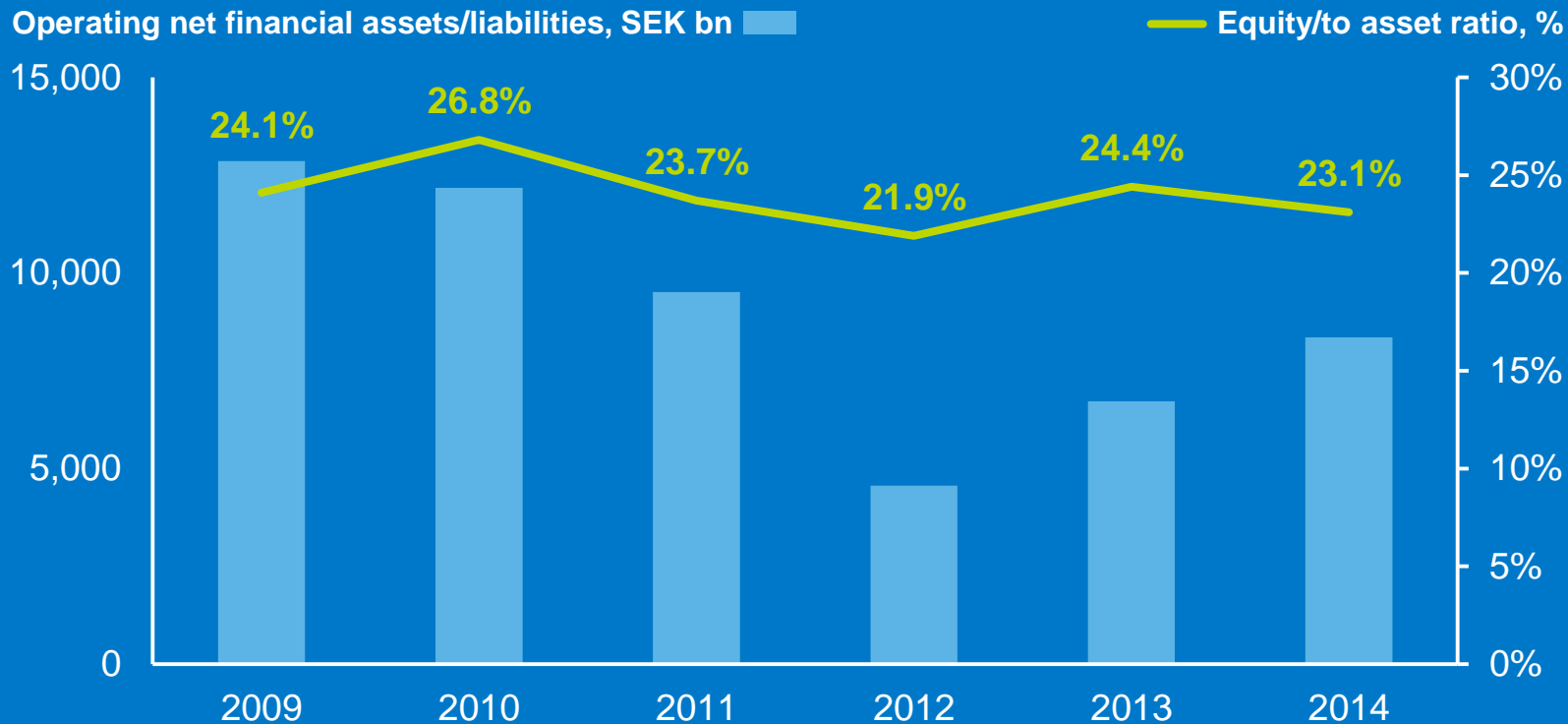
# Proposed dividend

SEK/share	2014	2013
Dividend	6.75	6.25
of which regular dividend	6.75	6.25

# Dividend



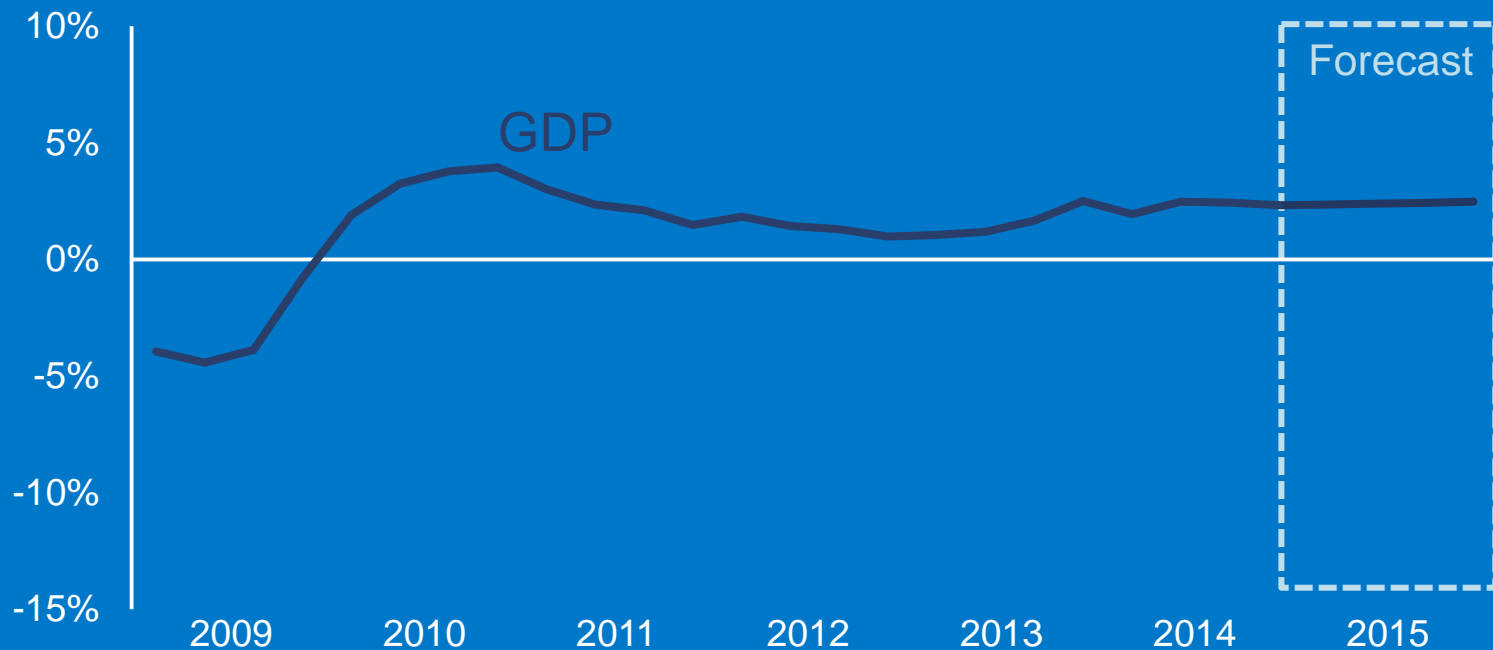
# Financial strength





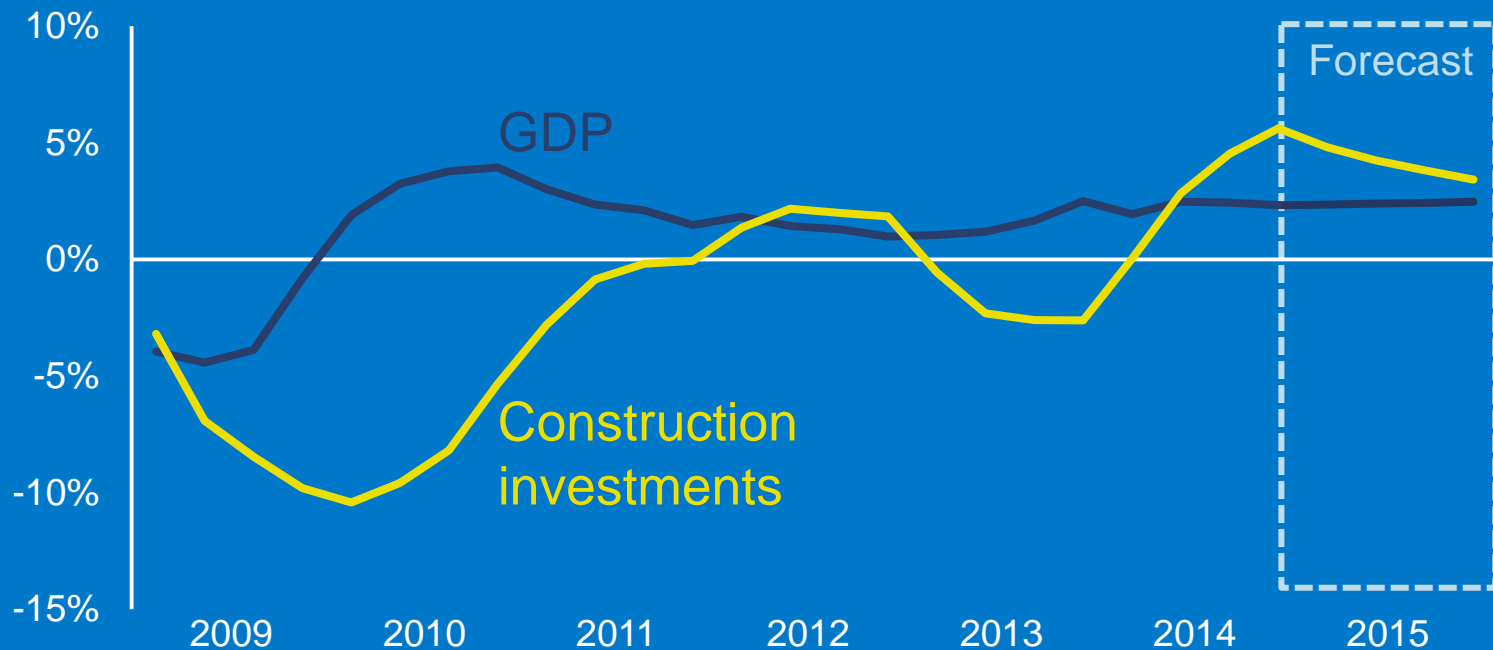
# Development in Skanska's home markets

## Year-on-year change, real



# Development in Skanska's home markets

## Year-on-year change, real



# Construction

SEK bn	2014	2013
Revenue	128.9	119.1
Operating income	4.5	3.9
Operating margin, %	3.5	3.3
Free working capital	-18.1	-18.5



Gullibron, Kongsvinger, Norway

# Construction

- + Continued strong results in Sweden, Poland, U.S. and UK
- + Improved results in Norway, Finland and Czech Republic/Slovakia  
... but still below target

# Norra Länken Stockholm, Sweden

Skanska projects:

Värtan Interchange, the  
Norra Station tunnels etc.

Contract value (total):  
SEK 1.9 bn

Safety award 2010–2014  
Environmental award 2014

Completion: 2014



# UN Headquarters New York, U.S.

Renovation

Contract value:  
ca SEK 12 bn

Construction  
period:  
2007–2014



"I welcome you to the renovated General Assembly Hall which has been restored, renewed and re-invented. Now we see the wonderful result. I thank you all for making it happen."

— Secretary-General of the United Nations, Mr. Ban Ki-moon



# Transbay Transit Center San Francisco, U.S.

Contract value: ca SEK 1.5 bn

Completion: 2015

# Construction

SEK bn	2014	2013
Order bookings	147.4	114.2
Book-to-Build, %	114	96
Order backlog	170.9	134.7





# Construction

## Market outlook 2015

Nordic countries



Other European  
countries



North America



Świnna Poręba reservoir, Kraków, Poland

# Residential Development

SEK bn	2014	2013
Revenue	9.6	9.2
Operating income	0.7	0.6
Operating margin, %	7.1	6.2
Return on capital employed, %	7.1	7.4



Trollberget, Halmstad, Sweden

# Residential Development

## 2014 summary

	Market	Result
Sweden		
Norway		
Finland		
Prague		
Warsaw		



Ranheimsfjæra, Trondheim, Norway

# BoKlok Tomtberget

## Botkyrka, Stockholm

Number of  
Units: 66  
Row houses: 16

Completion: 2014

Sold BoKlok  
homes: 874





# Liljekonvaljen, Järvastaden Solna/Sundbyberg



Number  
of homes: 145

Occupancy: 2017

Svanen eco-labeled

# Milíčovský háj Prague, Czech Republic

Number of homes: 911 (6 phases)

Construction period: 2007–2016

Strong green focus

# Residential Development

## Market outlook 2015

Nordic countries



Central Europe



Flemingsbergsdalen, Stockholm, Sweden

# Residential Development Targets 2016

Targets

10%  
operating margin

10%  
return on capital  
employed





# Commercial Property Development

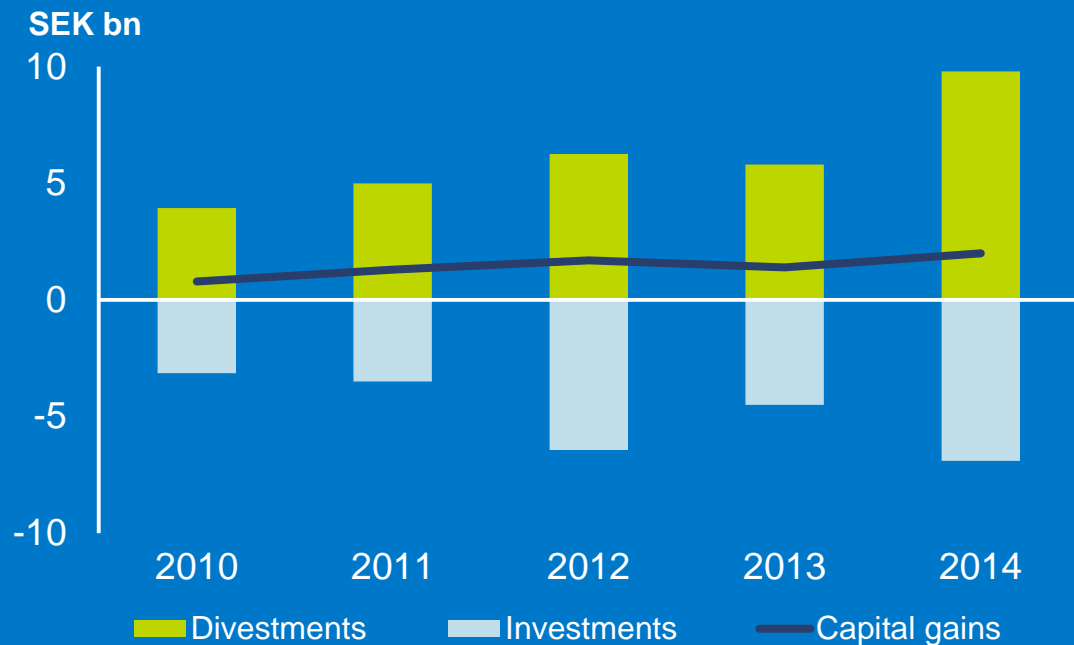
SEK bn	2014	2013
Revenue	10.2	6.2
Operating income	1.7	1.1
of which gain on sale	2.0	1.4
Return on capital employed <sup>1</sup> , %	11.4	10.7

1 Adjusted



Kapelanka 42, Kraków, Poland

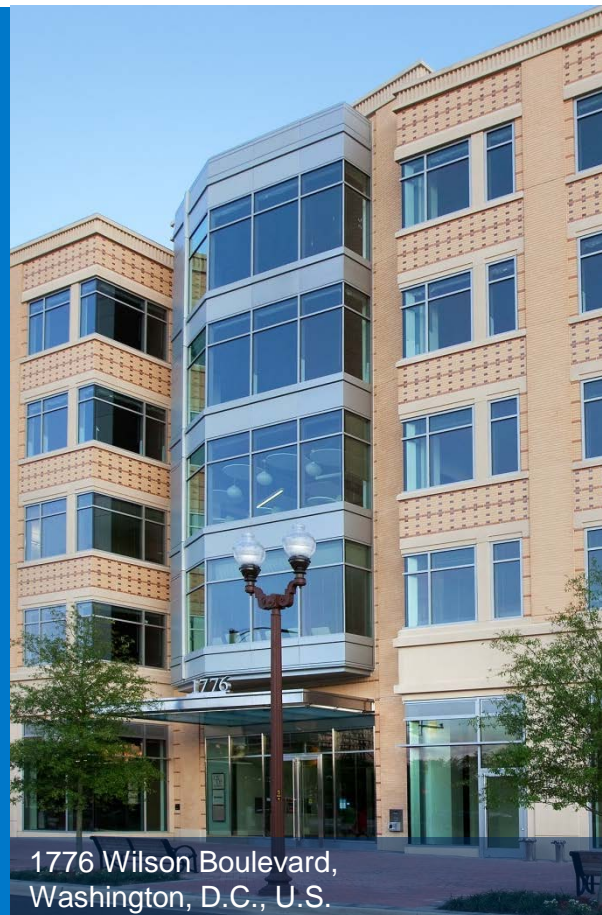
# Commercial Property Development



Green House, Budapest, Hungary

# Commercial Property Development

SEK bn	2014	2013
Investments	6.9	4.5
Ongoing projects		
Number of projects	43	30
Total investment	15.1	11.5
New leases, sq m (000)	287	330
Estimated surplus value	4.9	4.3



# ÅF Building Gothenburg

Total area: 15,000 sq m

Completion/sold: 2014

LEED Platinum environmental  
certification





# Green Court Bucharest, Romania

Total area: 36,700 sq m (two phases)

Completion: 2014/2015

Sales agreement signed



# Stone34 Seattle, U.S.

Total area: 12,000 sq m

Completion: 2014

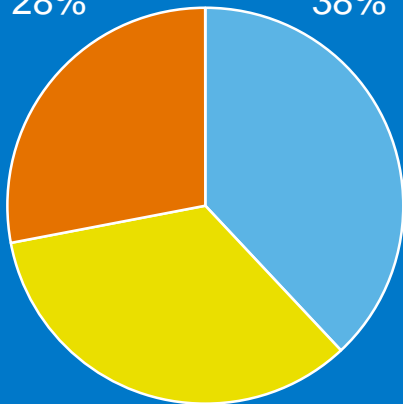
Office Development of the  
Year in Seattle!

# Commercial Property Development

Capital employed  
– distribution by market<sup>1</sup>

U.S.  
28%

Nordics  
38%



Central Europe  
34%

<sup>1</sup> As of Dec 31, 2014



# Commercial Property Development

## Market outlook 2015

Nordic countries



Other European  
countries



North America





# Infrastructure Development

**SEK M**

Operating income

of which gain on sale

**2014****2013**

463

401

127

118



Bristol Local Education Partnership, UK

# Infrastructure Development

Projects in the portfolio	11
of which completed	7
ongoing	4

Investment, SEK bn	4.1
of which invested	2.4



# Infrastructure Development

SEK bn	2014	2013
Portfolio, net present value	5.3	4.9
Unrealized development gain (estimated)	2.1	1.8





# Interstate 4 Orlando, U.S.

## Skanska's share

Contract value:

ca SEK 7 bn

Investment:

ca SEK 0.6 bn

Construction  
period:

2015–2021



# Elizabeth River Tunnels Virginia, U.S.

## Skanska's share

Contract value:

ca SEK 4.4 bn

Investment:

ca SEK 0.9 bn

Construction  
period:

2012–2018



# New Karolinska Solna

Contract value:  
SEK 14.5 bn

Investment:  
SEK 0.6 bn  
(Skanska's share)

Completion:  
2016/2017



# Infrastructure Development Market outlook 2015

North America



Europe



# This about the result . . .





# Skanska Latin America

- Decision to finish operations
- Disappointing profitability in Construction
  - Writedowns of results 2014 of SEK -0.8 bn
  - Winding down step by step 2015–2016
- Operational & Maintenance
  - To be divested

2014 results were good

But you can expect more  
of Skanska!

## The five zeros vision



accidents

ethical breaches

environmental incidents

defects

loss-making projects

# Allegations of unethical actions by Skanska in Czech Republic and Brazil

- Skanska can never accept unethical behavior in its operations
- Investigations of alleged breaches

# Risk management

- Skanska's operations = projects
- Several thousands ongoing projects in various countries
- Exposed to risks in every project
- Risk Management is essential





# Outlook 2015

**Solid** financial position

**Strong** order backlog and project portfolio

**Positive** and stable market outlook

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