SKANSKA

Review of 2012

USD version

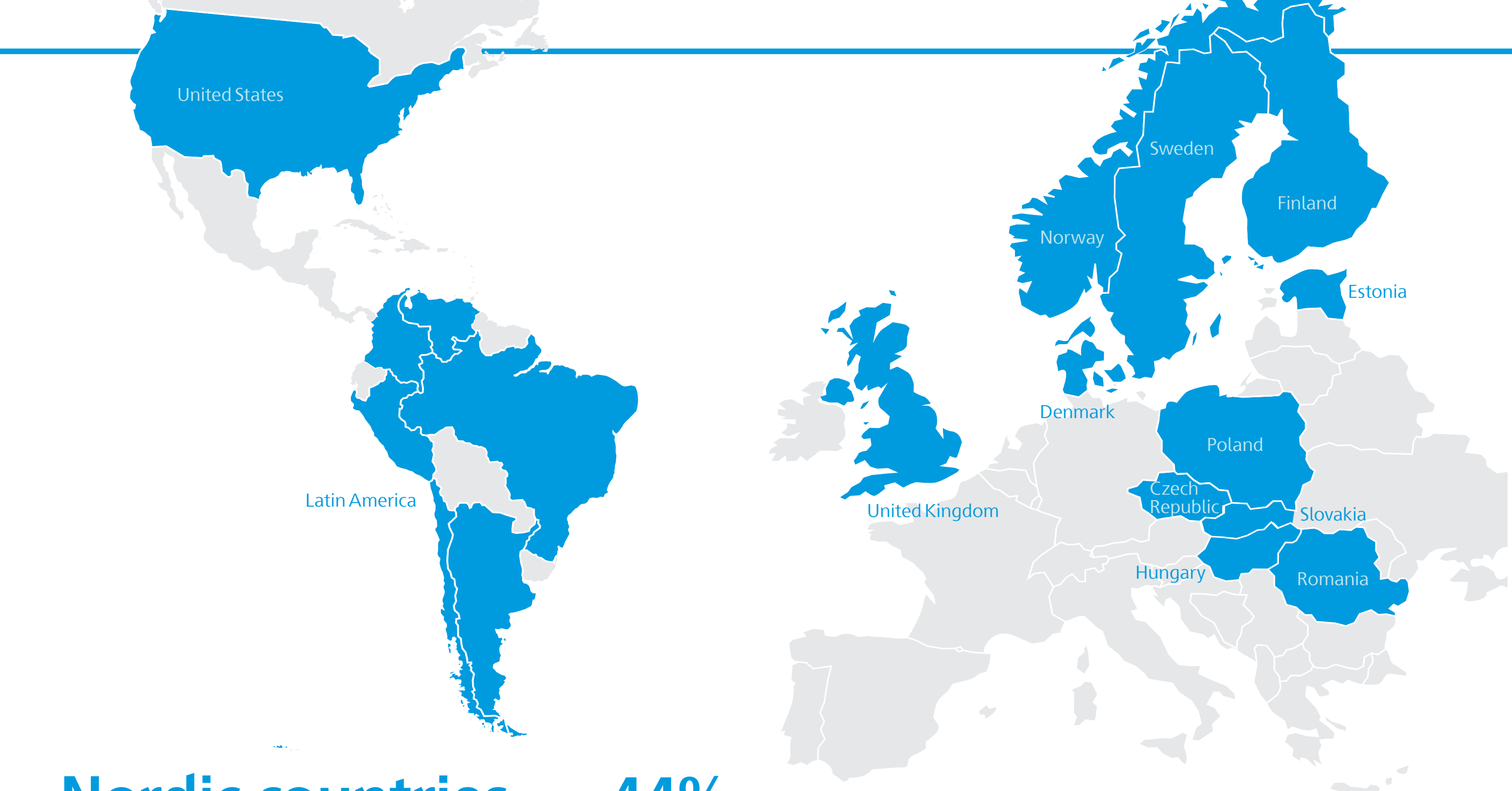
Contents

Reporting of earnings and revenue in the first part of the Annual Review (pages 1–80) complies with the segment reporting method. The statements of financial position and cash flow are presented in compliance with IFRS in all parts of the Annual Review.

Cover photo: Statoil office, Fornebu, Oslo, Norway

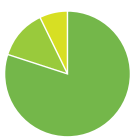
The financial statements presented in this Review have been prepared in USD (United States dollars) as the presentation currency. As the functional currency of the Parent Company is SEK (Swedish kronor), Skanska's statutory Annual Report including the consolidated financial statements and the financial statements of the Parent Company has been prepared using Swedish kronor (SEK) as the presentation currency. For currency exchange rates, see page 150.

Skanska's home markets



Nordic countries 44% of revenue.

Employees: 18,400
Revenue: USD 9 bn
Revenue:
Earnings:
Order backlog:

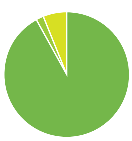


Revenue
- Construction, **80%**
- Residential Development, **13%**
- Commercial Property Development, **7%**
- Infrastructure Development, **0%**

Home markets	Construction	Residential Development	Commercial Property Development	Infrastructure Development
Nordic countries	●	●	●	●
Sweden	●	●	●	●
Norway	●	●	●	●
Finland	●	●	●	●
Estonia	●	●		
Denmark			●	

Other European countries 21% of revenue.

Employees: 16,600
Revenue: USD 4 bn
Revenue:
Earnings:
Order backlog:

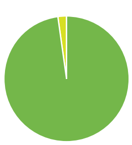


Revenue
- Construction, **92%**
- Residential Development, **2%**
- Commercial Property Development, **6%**
- Infrastructure Development, **0%**

Home markets	Construction	Residential Development	Commercial Property Development	Infrastructure Development
Other European countries	●	●	●	●
Poland	●	●	●	●
Czech Republic	●	●	●	●
Slovakia	●			●
Hungary			●	
Romania			●	
United Kingdom	●	●		●

The Americas 35% of revenue.

Employees: 21,700
Revenue: USD 7 bn
Revenue:
Earnings:
Order backlog:



Revenue
- Construction, **98%**
- Residential Development, **0%**
- Commercial Property Development, **2%**
- Infrastructure Development, **0%**

Home markets	Construction	Residential Development	Commercial Property Development	Infrastructure Development
The Americas	●		●	●
United States	●		●	●
Latin America	●			●

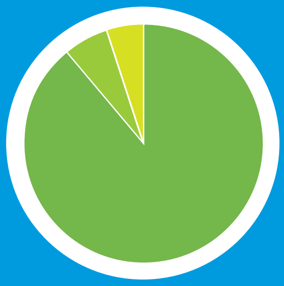
Skanska is one of the world's leading project development and construction groups, concentrated on selected home markets in the Nordic region, Other European countries and in the Americas.

Making the most of global trends in urbanization, demographics and energy, with a focus on green construction, ethics, occupational health and safety, Skanska offers competitive solutions even for the most complex assignments.

Skanska's business model generates value for Skanska's shareholders through the interaction of its construction and project development operations.

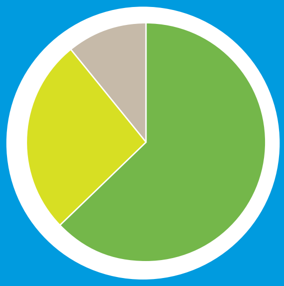
2012

Revenue



- Construction, 89%
- Residential Development, 6%
- Commercial Property Development, 5%
- Infrastructure Development, 0%

Operating income



- Construction, 63%
- Residential Development, 0%
- Commercial Property Development, 26%
- Infrastructure Development, 11%

Key ratios

	USD M	EUR M	SEK M
Revenue	19,482[3]	15,156[3]	131,931
Operating income	680[3]	529[3]	4,605
Income after financial items	645[3]	502[3]	4,371
Earnings per share, USD/ EUR/SEK[1]	1.18	0.92	8.00
Return on equity, %	17.5	17.5	17.5
Order bookings[2]	17,732[3]	13,795[3]	120,081
Order backlog[2]	22,514[4]	17,082[4]	146,681
Employees, number	56,618	56,618	56,618

1 Earnings for the period attributable to equity holders divided by the average number of shares outstanding.
2 Refers to Construction operations.
3 Average exchange rates: USD 1 = SEK 6.77, EUR 1 = SEK 8.70.
4 Exchange rates on balance sheet day: USD 1 = SEK 6.52 , EUR 1 = SEK 8.59.

Skanska's strengths

Positions

- Leading position in home markets
- Diversification – geography and sectors
- In-depth knowledge of the market through a focus on home markets
- A strong brand

Employees

- Shared values
- Retaining and developing employees
- Standardized processes and work methods
- Project development and execution skills
- Risk management focus

Financials

- Financial synergies
- Attractive business model
- Solid balance sheet
- Solid cash flow

At the World Trade Center site in New York, Skanska is been actively involved in the rebuilding work for more than a decade. Currently in progress is the extension of the underground tracks and platforms for the PATH commuter trains to and from New Jersey. This is occurring at the same time as Santiago Calatrava's spectacular Oculus station building is taking shape above ground. Skanska has also conducted extensive work at the adjacent subway stations of Dey Street Concourse and Fulton Street Transit Center. Skanska is the largest construction company in the New York market as a result of a number of major assignments for such clients as the Port Authority of New York and New Jersey and the Metropolitan Transportation Authority. The assignments include the extension of the No. 7 and Second Avenue subway lines.

2012 in brief

First quarter

The first major assignment of 2012 is secured by Industrial Contractors Skanska, a part of Skanska USA Civil, which was acquired and incorporated into the Skanska Group at year-end 2011. The assignment includes providing general construction services for maintenance and projects in a manufacturing facility in Indiana, USA. The contract is worth USD 120 M.

Skanska invests in two new green office projects, one in Malmö, Sweden and one in Łódź, Poland. The total investment for both projects is about USD 60 M.


Green Horizon, Lódz, Poland

Illustration

In Rio de Janeiro, Brazil, Skanska secures an assignment to construct a natural gas power plant worth about USD 250 M.

Skanska signs a contract to expand a pharmaceutical research campus in the U.S., where Skanska is to manage all construction. The contract is worth about USD 450 M.

At the end of the quarter, Skanska reports revenue totaling USD 3.9 billion, an operating income of USD 22 M and order bookings of USD 3.7 billion.

Second quarter

Skanska reaches Financial Close for the financing, design, construction and maintenance of the Midtown Tunnel/Elizabeth River Tunnels, Virginia, USA. Skanska invests USD 136 M. The construction contract amounts to USD 661 M for Skanska.

Skanska's Peruvian employees who were captured on April 9 from Kepashiato, a village near the city of Cusco in Peru, are released on April 15, to everyone's joy and relief.

The first commercial property development project in the U.S. is sold. The sales price of the office property, 733 on 10th Street in Washington D.C. for about USD 130 M.

Skanska signs an agreement with Storstockholms Lokaltrafik (SL) to construct a new bus terminal in Fredriksdal, Hammarby Sjöstad, Stockholm. The contract is valued at about USD 190 M.

Skanska sells a hotel and conference property in Malmö, Sweden, to AFA Fastigheter. The price is at least USD 130 M.

At the end of the quarter, Skanska reports accumulated revenue totaling USD 8.9 billion, an operating income of USD 214 M and order bookings of USD 9.0 billion.

Third quarter

Skanska signs agreement to construct a power plant in the northeastern U.S. The value of the contract is about USD 200 M.

Skanska divests its shares in three PPP hospitals in the Midlands, U.K. to its co-investor Innisfree for about USD 106 M. Skanska was responsible for the design and construction of the hospitals, which have been in operation since June 2007, December 2008 and March 2011, respectively. The buildings are of a world-class standard and are appreciated by hospital staff and the hundreds of thousands of patients who visit the hospitals yearly.

Skanska holds its annual Management Meeting, this time in Copenhagen, Denmark, with nearly 700 employees attending, and also **celebrates Skanska's 125th anniversary**.

An expansion of Interstate highway 215, from Scott Road to Nuevo Road near Perris, California, USA is to be executed by Skanska. The contract is worth USD 67 M.

At the end of the quarter, Skanska reports accumulated revenue of USD 13.9 billion, operating income of USD 423 M and order bookings of USD 12.9 billion.

Fourth quarter

Skanska launches Safety Week, the world's largest investment in occupational health and safety organized by a single company. Hundreds of thousands of people – Skanska's 57,000 employees at work sites in 18 countries, along with all subcontractors, contractors and partners – are involved in activities that focused on occupational health and safety.

Skanska's projects, Gårda and Österport, are both winners of the Sweden Green Building Award for best new building and best renovated building, with LEED (Leadership in Energy and Environmental Design) environmental certification.

Skanska signs a maintenance contract in the U.K. worth about USD 1.3 billion, of which USD 310 M is entered in the order bookings of 2012. Skanska is to replace gas pipes over an eight-year period on behalf of National Grid.

Skanska sells four properties for about USD 440 M, comprising two office properties in Sweden and two in Poland.

At the end of the quarter, Skanska reports accumulated revenue of USD 19.5 billion, operating income of USD 680 M and order bookings of USD 17.7 billion for 2012.

Comments by the President and CEO

The year 2012 was characterized by continued turbulence in the global economy. Despite these conditions, we are able to report strong results for most of our units and increasing revenues for construction and for Skanska as a whole. We have also advanced our positions within project development – we increased our presence in commercial property markets in several cities in Poland and the U.S., and took a vital step in the U.S. market for PPP projects.

Our business model has proven to be efficient despite the fairly weak conditions of the general economic situation. We have continued to invest in project development, a total of USD 2.2 billion in 2012, which is a historically high level. We have divested own developed residential units, offices, roads and hospitals amounting to USD 2.4 billion, at a total profit of almost USD 300 M.

The past year has formed a gloomy backdrop to our operations. The uncertainties that followed the European economic crisis have spread to even more markets and growth in most sectors was generally low or subdued.

Against this background, it is satisfying to be able to report increased earnings in several construction units and in commercial property development. At the same time, we have had unacceptably low profitability in residential development and in construction in Latin America. We are now working intensively to, as soon as possible, restore profitability to acceptable levels in these operations.

Our business model has proven to be efficient despite the fairly weak conditions of the general economic situation. We have continued to invest in project development, a total of USD 2.2 billion in 2012, which is a historically high level. The interest from investors and our successful divestments shows that we have the right products. We have divested residential units, offices, roads and hospitals developed by Skanska amounting to USD 2.4 billion, at a total profit of almost USD 300 M.

If we look at our construction operations, Skanska secured a number of major new construction contracts in the U.S. and some larger contracts in the Nordic region. These markets performed strongly, while the markets in the Czech Republic and U.K. remained weak. Nevertheless, we secured a couple of considerably large contracts in the UK.

By acquiring well-managed construction companies in 2011 that were integrated in 2012, we strengthened our competitiveness in Finland, Poland and, particularly, the U.S., where we have acquired substantial expertise in the energy and industrial project sector through our new unit, Industrial Contractors Skanska.

The increasing competition means greater pressure on margins, which is especially noticeable in Central Europe. We have turned the curves upward and improved earnings in Norway and Finland. Performance is strong in both the U.S. and Sweden. However, we have made writedowns in our Latin American operations, which impacted the margin for construction as a whole. The writedowns primarily pertained to ongoing projects, as well as to receivables in two completed projects.

The pace of residential development has slowed down. General economic uncertainties and increasing unemployment have generally reduced the demand in the residential markets. The exception to this is the strong Norwegian economy, which has continued to create strong demand. In both Oslo and Stavanger, buyers have been queuing overnight in anticipation of our sales launches. The demand for BoKlok homes continues to be strong in Sweden and there is also a strong interest in Finland, following our launch of BoKlok there.

In residential development a strong focus is on enhancing efficiency to pave the way for sustained profitability by linking the construction and residential units closer together and thus reducing overheads. We are also adapting our landbank to the prevailing market situation.

We have also gained a foothold for residential development in Poland and the UK. The homes, which are customized to selected customer segments in these markets, are now beginning to take shape. We are noticing that buyers are attracted to both our green profile and our strong brand.

We had excellent leverage from our investments in commercial property development. We have started 13 new projects and are now on location in 20 growth cities, and we have sold 8 projects at a healthy profit.

In Poland, we have strengthened our market presence for commercial property development. In addition to Warsaw, we now have projects in four regional cities: Wrocław, Łodz, Poznań and Kraków. We have also established ourselves in the Romanian capital of Bucharest, where there is an increasing demand for modern offices for international companies.

In the space of two years, we have established our property development operations in four cities in the U.S.; Washington, D.C., Boston, Seattle and Houston. Our first U.S. project, 10th and G Street in Washington, D.C., was sold at an excellent profit. This is a textbook example of capitalizing on the economic trend. We utilized our strengths and entered the market at the start of the recession, and we are now able to begin reaping the profits.

New ground has also been captured within our infrastructure development, meaning our Public-Private Partnership (PPP) projects. I am mainly referring to the major road and tunnel project, Elizabeth River Tunnels, (formerly known as the Midtown Tunnel) in Virginia, which represents the first vital step in PPP for the U.S. market. This project has taken several years to develop, but when it is finalized, the payoff for our efforts will take the form of an investment from which we can expect a healthy return, as well as a major construction project for about USD 660 M.

Johan Karlström, Skanska's President and CEO, in dialog with participants at the annual Future Days (Framtidsdagarna) in Stockholm, Gothenburg and Malmö. The event is a Skanska initiative where Skanska experts meet students and politicians to discuss the needs of society and the improvements that Skanska can contribute in this respect.

The PPP market is developing relatively slowly and achieving success in this area requires perseverance and broad expertise. We have what is needed and I am convinced that PPPs will be an important form of future contracts and offer an excellent solution to a range of community needs in several of our domestic markets.

The divestment of four PPP hospitals in the UK is clear evidence that our business model is functioning in all respects – we are succeeding all the way from tender to production and divestment. In Sweden, we are demonstrating our capabilities through the New Karolinska Solna (NKS), where construction is proceeding according to plan and a first building – a multilevel car park for hospital visitors and employees was placed in operation in December.

Stockholm is one of Europe's fastest growing cities and in particular, the traffic situation requires prompt measures for dealing with rising demands. Consequently, we have drafted a solution for an eastern connection, also known as the Eastern Link, between central Stockholm and Nacka, southeast of the city center. Our proposal is a coordinated tunnel project for both road and subway. We can implement the project considerably faster by using a PPP solution, without needing to impact taxpayers directly with the cost for the new link.

Everyone who has followed Skanska in recent years already knows that we take environmental issues very seriously and work continuously to reduce the negative environmental impact of our operations.

Wind power and energy-efficient properties are among our contributions to the deceleration of global warming. In 2012, our Sjisjka wind farm began producing green electricity and we are on the cutting edge in terms of future-proofing our properties to meet the increasing demands of reduced climate impact. For example, our new property project, Stone34 in Seattle, has been fast-tracked in the permit process due to its high environmental standards.

One of our greatest challenges is work-site safety. We are yet to achieve our zero work-site accidents vision despite many years of systematic and targeted efforts. While we have certainly made progress in this area, we cannot rest until everyone involved in our projects comes home from work unharmed.

Uncertainty continues to dominate the outlook for 2013. After years of the European economic crisis, the double-dip and triple-dip recessions and the fiscal cliff, few analysts are venturing to predict an impending improvement in the world economy. However, there are some indications that a cautious recovery may come about later in the year. While we readily subscribe to this belief, our industry is subject to a lag in the business cycle and consequently, there may be a delay in its impact on our operations.

In the course of our first 125 years, we have not only experienced many crises, but emerged stronger. The key to our success lies with our employees. Now, as before, we owe our success to their efforts in both good and bad times.

And there certainly are growth opportunities for us in our selected home markets. We have not yet maximized our capacity in these markets. The strong urbanization trend creates a demand for infrastructure and energy. One specific opportunity is the booming shale gas and oil sector in the U.S. which also will drive industrial construction. Growing in our home markets means significantly lower financial and ethical risks for us compared to entering some of the emerging markets.

With our expertise, we can contribute to the betterment of our communities. We have the people and the business models required. We generate value for our owners and customers, as well as the community in general, while simultaneously offering our employees opportunities for development.

Solna, February 2013

Johan Karlström
President and CEO

Mission

Skanska's mission is to develop, build and maintain the physical environment for living, traveling and working.

Vision

Skanska's vision is to be a leader in its home markets, to be the customer's first choice in construction and project development.

Overall goals

- Skanska shall generate customer and shareholder value.
- Skanska shall be a leader, in terms of size and profitability, within its segments in the home markets of its construction business units.
- Skanska shall be a leading project developer in local markets and in selected product areas.

Global market trends

Demography and urbanization

Demographic changes and urbanization drive investments in:

- Infrastructure
- Healthcare
- Water and waste management
- Housing
- Education

Energy, environment and technology

The global demand for energy and energy efficiency will increase dramatically.

Profitable growth 2011–2015

- All four business streams shall grow while maintaining a strong focus on profitability.
- Activities in project development operations shall increase.
- Operating margins in Construction shall average 3.5–4 percent over a business cycle and thus be among the best in the industry.
- The combined return on capital employed in Skanska's three project-development operations shall total 10–15 percent annually.
- Return on equity shall total 18–20 percent annually.
- Net operating financial assets/liabilities shall be positive.
- The Company shall be an industry leader in terms of occupational health and safety, risk management, employee development, green construction and ethics.


Heron Tower and Swiss Re Building, London, U.K.

Strategy

— To focus on its core business in construction and project development in selected home markets.

— To focus on recruiting, developing and retaining competent employees and to take steps to achieve increased diversity.

— To be a leader in identifying and systematically managing risks.

— To be an industry leader in sustainable development, particularly in occupational health and safety, the environment and ethics.

— To take advantage of financial synergies in the Group by investing the cash flow from construction operations in project development.

— To utilize potential efficiency gains found in greater industrialization of the construction process and coordination of procurement.

Business model

Projects are the core of Skanska's operations. Value is generated in the thousands of projects the Group executes each year. The goal is for every project to be profitable while being executed in line with Skanska's goal of being an industry leader in occupational health and safety, risk management, employee development, green construction and ethics.

In the Skanska Group multiple synergies generate increased value for shareholders. The main synergies are operational and financial.

Operational synergies

Skanska generates operational synergies mainly by taking advantage of the local specialized expertise found globally in various business segments. Shared purchasing activities in procurement and production development also boost efficiency and promote greater synergies in the organization.

Financial synergies

Skanska's construction business stream operates with free working capital and generates a positive cash flow. This cash flow is invested in the Group's project development operations, which generate an excellent return on invested capital. These investments also enable Construction to obtain new assignments that generate a profit for the operations. Refer to the illustration below.

Construction

This business stream includes residential and non-residential construction as well as civil construction, and is Skanska's largest business stream, in terms of revenue and the number of employees.

Residential Development

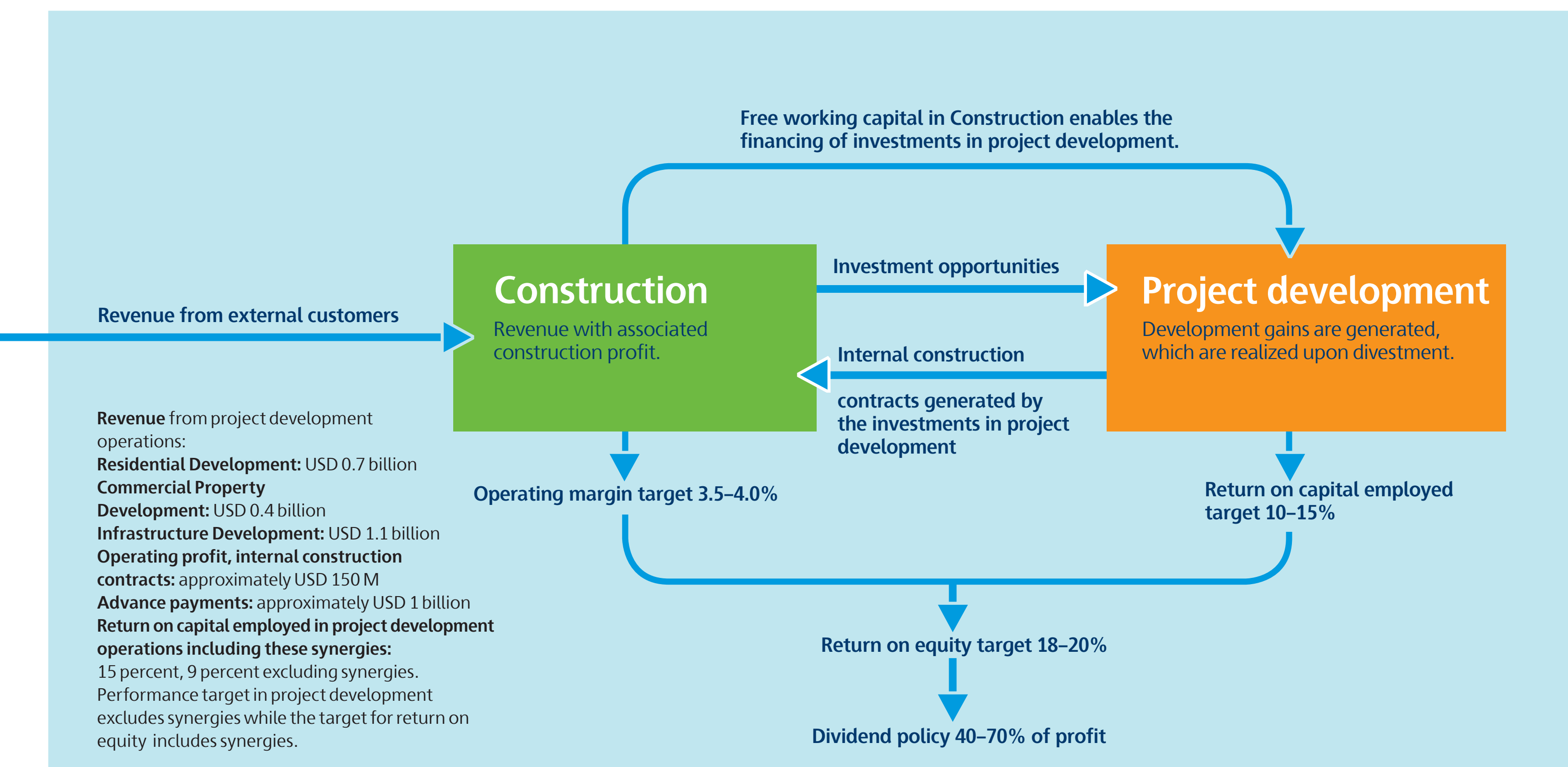
Skanska initiates, develops and invests in residential projects for divestment, primarily to individual consumers.

Commercial Property Development

Skanska initiates, develops, invests in, leases and divests commercial property projects, primarily office space, shopping malls and logistics properties.

Infrastructure Development

Skanska develops, invests in, manages and divests privately financed infrastructure projects, such as highways, hospitals, schools and power plants.



Skanska offers its customers global know-how and an international construction and project development business with strong local roots.

Collaboration creates leverage

The Skanska Group's business units specialize in project development or construction and often collaborate in specific projects. This reinforces their customer focus and creates the prerequisites for sharing best practices while ensuring efficient utilization of the Group's collective competence and financial resources.

Collaboration in clusters boosts strength

Clustered collaboration between various units is another method of strengthening the synergies in the Group. Operations in various countries or regions establish geographic clusters to share resources and expertise.

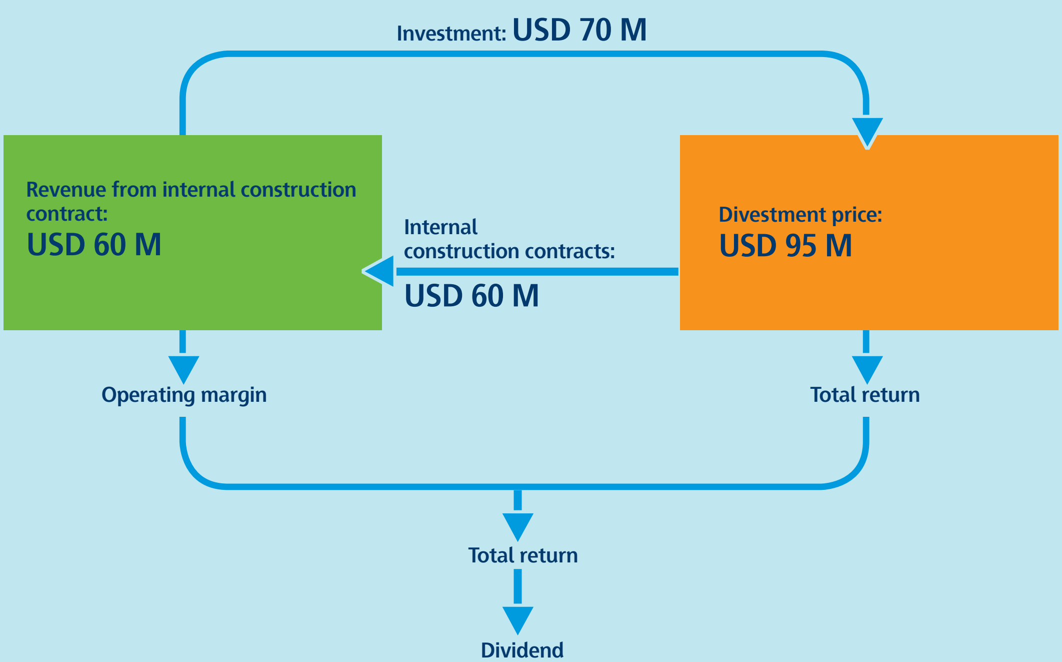
Size provides competitive advantages

By being a market leader, Skanska is well positioned in relation to the most demanding customers. Skanska's size gives it an advantage in the most complex assignments, where it uses its collective experience and know-how to meet the demands of customers. Only a few companies can compete for the type of projects where price, comprehensive solutions and life-cycle costs are of critical importance. The Group's size and international profile are also attractive qualities in the recruitment of new employees.

Both a local and a global player

The Group's operations are based on local business units, which have good knowledge of their respective markets, customers and suppliers. These local units are backed by Skanska's brand and financial strength as well as Group-wide expertise and values. Consequently, Skanska is both a local company with global strength and an international construction and project development business with strong local roots. The Group's extensive network enables Skanska to offer its global know-how to customers at the local level.

Skanska's business model in practice: Bassängkajen, Malmö, Sweden



- **Leasable space:** 16,000 square meters
- **Construction period:** 2009–2012
- **Environmental standard:** LEED Platinum
- **Tenants:** Malmö University, Visma and Awapatent
- **Buyer:** Vasakronan

Financial targets

Skanska's business plan for the five-year period 2011–2015 is aimed at achieving profitable growth. All four business streams will grow while maintaining a strong focus on profitability and capital efficiency. The goal is to expand the volume of construction operations and to increase the activities of project development operations by taking advantage of the financial synergies in the Group.

An eventful 2012

Skanska's five-year business plan for the period 2011–2015 set a number of targets, which are presented below. These financial targets are regarded as being those that best reflect the profitability of operations and show the Group's financial capacity for investments and growth. The overall outcome for 2012 was somewhat below the plan's financial targets, but the Group achieved its targets for return on equity and financial strength.

In addition to financial targets, Skanska also has ambitious qualitative targets, and during 2012 the Group continued its efforts to achieve them. Skanska has developed in-depth risk management, launched new leadership profiles with clearly defined ethical values, held workshops concerning occupational health and safety and once again topped the list of construction companies that measure and manage carbon emissions.

Financial and qualitative targets, 2011–2015	Outcome in 2012
Group Return on equity for the period shall amount to **18–20%**	**Group** Return on equity was **18%**
Financial strength Net operating financial assets/liabilities shall be **positive**	**Financial strength** Net operating financial assets/liabilities totaled USD **700** M
Construction Average operating margin over a business cycle **3.5–4.0%**	**Construction** The operating margin was **2.8%**
Project development operations Annual return on capital employed[1] for the combined project development operations **10–15%**	**Project development operations** Return on capital employed[1] was **9%**
Qualitative targets **To be a leader in:** – **Risk management** – **Professional development** – **Ethics** – **Occupational health and safety** – **Green construction**	**Qualitative targets** – **Risk management:** Advanced in the local units – **Professional development:** Launch of new leadership profile, Skanska Leadership Profile – **Ethics:** Ethical values are a vital component of the newly launched leadership profile – **Occupational health and safety:** Workshops for senior executives. Lost Time Accident Rate (LTAR) 2.6 – **Green construction:** Highest ranking among all construction companies in the Nordic 260 Climate Change Report

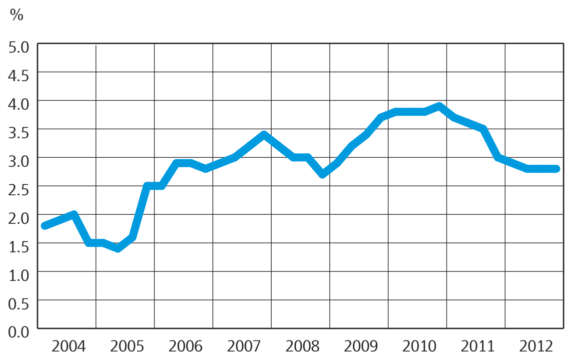
1 Including unrealized development gains and changes in market value in Commercial Property Development and Infrastructure Development.

> **Revenues from Construction increased 4 percent, and divestments of properties and infrastructure development projects also contributed strongly to 2012 earnings.**

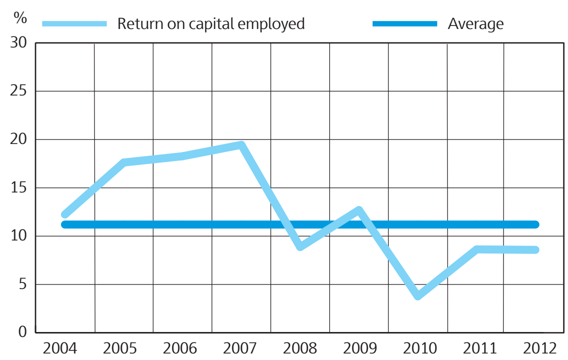
In Construction, the operating margin is a key financial target, and on the whole, Construction delivered an operating margin that did not achieve the target, primarily due to project write-downs in Latin America. However, the operating profit was in line with the preceding year and most units showed excellent profitability. At the same time, construction revenues increased by 4 percent during 2012.

The year 2012 was successful for project development operations, with the exception of Residential Development which was restructured during the year and had a negative impact on earnings, thus preventing fulfillment of the target for return on capital employed. Commercial Property Development and Infrastructure Development strongly contributed to net earnings for the year, mostly through the divestment of properties and infrastructure projects exceeding their estimated market values. These divestments confirm the robustness of Skanska's business model, in which capital generated in Construction is invested in profitable development projects.

Operating margin in Construction, rolling 12 months



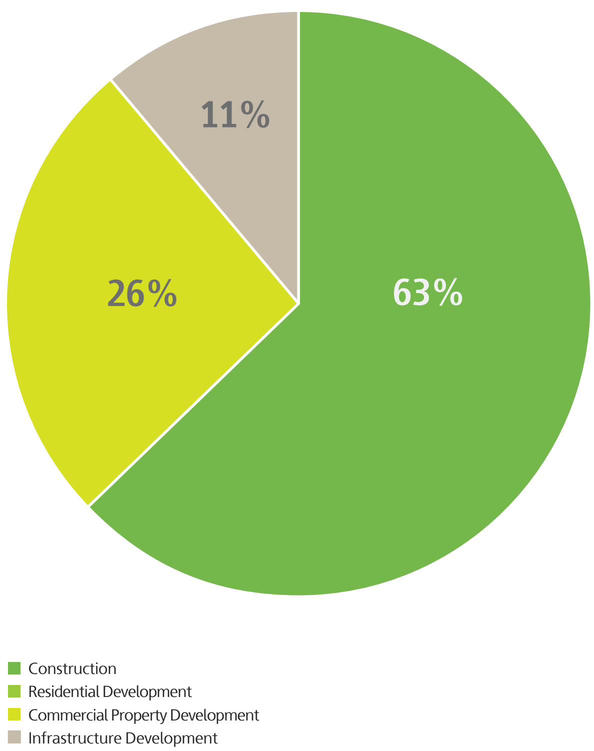
Return on capital employed in project development operations



During 2006–2011, the operating margin in the Group's construction operations has shown a rising trend. The somewhat lower margins in 2011 and 2012 were due to project write-downs in Skanska's Latin American, Norwegian and Finnish construction operations.

Return on capital employed in project development operations is based on successive value creation in Commercial Property Development and Infrastructure Development, as well as yearly earnings in Residential Development.

Operating income by business stream



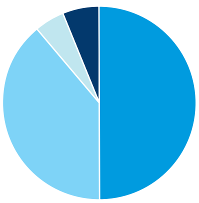
The Group's operating income by business stream in 2012. The largest share of earnings came from Construction operations. With several property divestments during the year, Commercial Property Development also accounted for a sizable share of earnings.

Risk management

The continuous strengthening of risk management is a key element of Skanska's business plan for profitable growth. The aim is to identify, prevent and manage risks – not to avoid all risks.

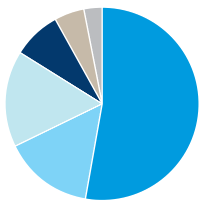
Order backlog in Construction, USD 22.5 bn

Operations



- Building construction, **50%**
- Civil construction, **39%**
- Residential , **5%**
- Service, **6%**

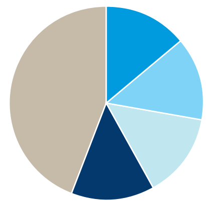
Customer structure



- Government, **53%**
- Institutions[1], **15%**
- Corp. Industrial, **16%**
- Commercial Development, **8%**
- Residential Development, **5%**
- Other, **3%**

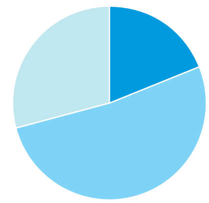
1 Mainly private healthcare and educational institutions.

Project size



- SEK 0–100 M, **14%**
- SEK 101–250 M, **14%**
- SEK 251–500 M, **14%**
- SEK 501–1,000 M, **14%**
- SEK > 1,000 M, **44%**

Type of contract



- Cost Plus, **19%**
- Lump Sum Tender, **52%**
- Negotiated Fixed price, **29%**

Skanska operates in a changing world, as its operations develop and grow. Consequently, the work with risk management must be developed on a continuous basis. In 2012, a specialized unit, Skanska Risk Team, was reinforced and now comprises ten employees with a combined total of 160 years of experience in Skanska's operations. Risk management has been intensified and expanded in local units, partly through continuous support from the Skanska Risk Team and partly through the highlighting of risk-management responsibilities in local units. These measures generally mean that the analysis of risks and opportunities prior to and during each project are an integrated component in the processes of all units.

Systematic risk management was introduced in 1999 and the operating margin in construction has since improved.

Risk profile

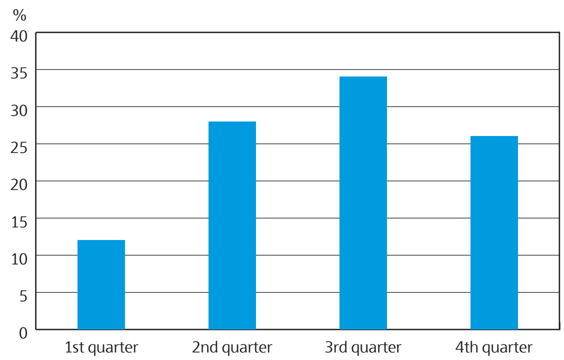
The risk profile of the construction and project development business differs from other industries. There is less tied-up capital, order backlogs are longer, fixed costs are lower, operating margins are lower and the risks primarily exist in the thousands of projects that are executed every year. All projects can be described as unique in some regard, such as in their formulation, function or location. Risks originate in the low degree of automation in construction activities and depend heavily on the skills and engagement of employees. However, the trend is towards more standardization and industrialization that enable greater volume purchasing, which requires that Skanska focus on the monitoring and technical analysis of materials purchased in order to prevent errors recurring. Even changed market conditions where, for example, customers strive to minimize their risks by transferring them to contractors results in adaptation of the risk management work.

Revenue recognition

The percentage-of-completion method means that earnings are recognized as costs are accrued. A loss-making project that previously reported a profit must expense all previously recognized profit together with the entire estimated loss. If no further changes occur, the project will then recognize zero gross income during the remainder of the construction period.

Seasonal effects

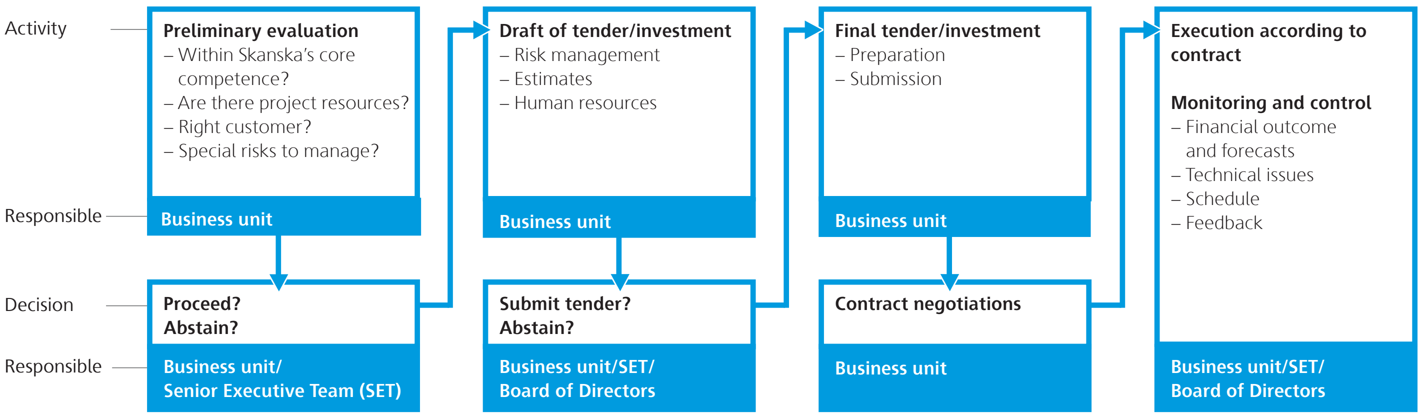
Distribution of profit recognition in Construction per quarter during 2008–2012



In a number of the markets where Skanska operates, seasonal variations due to weather constitute a risk that must be managed with regard to the allocation of revenue and earnings in relation to expenses that are relatively constant over the year. This is especially true during cold winters, when civil construction work cannot be performed. These projects generally have a somewhat higher operating margin.

Skanska uses a Group-wide procedure for identifying and managing risks: the Skanska Tender Approval Procedure (STAP).
A specialist unit, the Skanska Risk Team (SRT), examines and analyzes conceivable tender proposals or investments above a certain size. The SRT processes 40–50 tender proposals per month. Each business unit conducts a risk assessment and identifies measures for managing risks. The proposals are then processed by the SRT, which issues a recommendation on whether tenders should be submitted and under what circumstances. The final decision about a tender is made by the SET Tender Board, a part of Skanska's Senior Executive Team, and in some cases, by the Board of Directors.

Skanska Tender Approval Procedure (STAP)



Risk management

Risk management focuses on identifying, preventing, managing and minimizing the risks of individual projects. Approximately 30,000 potential projects are analyzed each year, and a correct assessment lays the foundation for winning bids and positive end results.

The Senior Executive Team (SET) handles strategic, financial and legal risks with the support of Group functions. However, risk analyses are mostly performed by the respective business units.

The analysis work utilizes a number of variables or matrices that are refined and systematized over time in order to achieve Group-wide uniformity and reliability in risk management.

To proceed to the tender phase, a project must be checked in relation to the Skanska Heat Map – an identification of core competence in the various units. This analysis determines whether the unit has the correct workforce and knowledge of the local market and whether the contract form and customer profile provide the prerequisites for a positive end result. The Skanska Heat Map is revised annually.

Risk management is currently being further developed in two areas: the application of processes throughout a project's life cycle and their local application in the business units' regional operations.

The life-cycle perspective means that projects are followed-up on and repeatedly supported throughout the duration of the project, from tender to commencement of construction, execution and final delivery. This ensures the continuous sharing of best practices and risk-analysis training.

Risk management in Construction

The Skanska Tender Approval Procedure (STAP) and Skanska SET Tender Board (STB) process approximately 500 tender proposals per year based on their size. Supplementary information is provided for some projects before they proceed to the tender phase. In 2012, 4 percent of the proposals did not proceed to the tender phase.

Risk management procedures were expanded in 2012, concerning threshold values and the number of checkpoints for residential projects, renovation projects, long-term service contracts, energy-guarantee actions and issues concerning responsibilities following project completion.

The review of conceivable tenders also highlights the new or extended opportunities of a potential tender – whether Skanska can strengthen its competitiveness or profitability by offering extended and/or improved services.

Risk management in project development operations

There are additional dimensions to the analysis of risks in project development operations, since Skanska's role is also that of a property developer in these situations. Project planning includes analyzing macroeconomic factors and risks in connection with investment, leasing and divestment. Four new checkpoints were introduced in Residential Development operations for the approval of land purchases, concepts, pre-sales and construction starts.

In Residential and Commercial Property Development, capital exposure is limited to a maximum amount. Reaching maximum capital exposure will mean that Skanska may not start up any new projects until room for this has been created by selling homes that are under construction or finished or by leasing or selling commercial space in projects under construction or finished. Capital

30,000 potential projects analyzed each year.

The life-cycle perspective means that projects are followed-up on and repeatedly supported throughout the duration of the project, from tender to construction start-up, execution and final delivery.

exposure equals the estimated cost of completion for all unsold homes or unleased commercial space, in previously completed and ongoing projects.

Investments in new projects are adapted to any sharp economic fluctuations or a major downturn in demand that may occur.

In Infrastructure Development, Skanska conducts an annual appraisal of the project portfolio. Estimated future cash flows are discounted at an interest rate equivalent to a required return on equity. This return is based on country risk, risk model and project phase for the various projects. The appraisal is not performed primarily to determine the specific value of investments in the project portfolio. The appraisal is intended to provide, through the use of consistent methodology, an indication of changes in underlying values arising from active management or factors beyond the Group's control, while clarifying the impact of transactions carried out during the period.

Financial risks

The Skanska Financial Services support unit evaluates financial risks, such as credit risks, payment flows, customers, subcontractors and joint venture partners.

Skanska regularly follows up its risk assessment for all major projects implemented over an extended period. The SET and Board of Directors also perform quarterly reviews of major projects, altogether equivalent to about one-third of the total contract value of ongoing projects.

Foreign-exchange risks

Project revenue and costs are normally denominated in the same currency, thus limiting the transaction risks in exchanges between different currencies. Known and budgeted financial flows with currency exposure are hedged. The foreign-exchange risk that arises because portions of the Group's equity are invested long-term in foreign subsidiaries is partly hedged.

Interest-rate risks

Interest-rate risk is the impact on earnings arising from a change in interest rates. Interest-bearing liabilities currently exceed interest-bearing assets, which means that net financial items are adversely impacted by an interest-rate hike. At year-end 2012, the average fixed-interest period for interest-bearing assets totaling USD 2.0 billion was 0.2 (0.3) years and for interest-bearing liabilities, excluding pension liabilities, totaling USD 1.7 billion, the period was 1.3 (0.6) years, taking derivatives into account.

Refinancing risk and cash flow

Refinancing risk refers to the risk arising from lack of liquidity or from difficulties in obtaining or rolling over external loans. At year-end 2012, the Group's unutilized credit facilities totaled USD 0.9 (1.0) billion. The average maturity of the borrowing portfolio, including the maturity of unutilized credits, was 3.3 (2.4) years.

Impact on the Group of a change in USD against all currencies

USD bn	+/–10%
Revenue	+/–1.32
Operating income	+/–0.03
Shareholders' equity	+/–0.24

The above sensitivity analysis above shows in USD bn the Group's sensitivity to a 10 percent unilateral change in USD against all currencies.

Sensitivity of pension obligation to change in discount rate

USD M	Sweden	Norway	United Kingdom	Total
Pension obligation, December 31, 2012	1,158	437	809	2,404
Discount rate increase/ decrease of 0.25% [1]	+/–50	+/–20	+/–40	+/–110

1 Estimated change in pension obligation/pension liability in the event of a change in the discount rate. If pension liability increases, the Group's equity is reduced by about 85 percent of the increase in pension liability, after taking into account deferred tax and social insurance contributions.

Management of pension obligations

Skanska has net pension obligations totaling USD 0.6 billion. These obligations mainly comprise defined-benefit pension plans in Sweden, Norway and the United Kingdom. Provisions totaling USD 1.8 billion have been made to pension funds in order to guarantee this obligation. Changes in the size of the pension obligation or the pension fund assets under management have a net effect on pension liability. This net effect increases or decreases the equity of the Group. For further information, refer to Note 28, page 143.

Skanska's largest construction project

Completed at the Nya Karolinska Solna, as of December 2012:

- **Floor space** totaling 320,000 sq m, equivalent to 23 Stockholm Royal Palaces
- **Facades** totaling 91,000 sq m, the equivalent of 10 Stockholm Globe Arenas
- **Ceilings** totaling 55,000 sq m, the equivalent of 8 football fields
- **Rooms**, totaling 6,000, corresponding to 4.2 Stockholm Royal Palaces
- **Concrete** totaling 85,000 cu m, corresponding to the volume of 8.5 Olympic swimming pools
- **Reinforcement** totaling 10,000 tons, or 7.2 million meters, corresponding to the distance from Stockholm to Calgary, Canada
- **Plasterboard** totaling 1,100,000 sq m, the equivalent of 204,000 rolls of wallpaper
- **Deliveries to the project:** 420,000

The outline of the New Karolinska Solna is now beginning to take shape. Skanska's largest construction project ever and one of Europe's most extensive and environmentally responsible building constructions is providing Stockholm/Solna with a new skyline.

The project is proceeding according to plan. One of the hospital buildings, furthest right in the picture, has reached its full height.

It is already possible to appreciate the wonderful view that the hospital rooms will have. Roofing and windows are on site, the building is water-tight and work on the interior has commenced, such as the mounting of 538 bathroom modules.

The multilevel car park is complete and is already in use by hospital staff and visitors. Other buildings are on their way up and a large volume of material is being handled by more than 500 Skanska employees. The project is attracting visitors from around the world. The adjoining showroom has had 10,000 visitors in 2012.

The New Karolinska Solna takes shape

Skanska's role in the community

Skanska develops and builds homes, workplaces, schools, hospitals, highways – environments for people, built by people. This obligates to think long-term and responsibly, for sustainability, while remaining open to the views of everyone impacted by the operations.

Skanska endeavors to act responsibly in the communities where it has operations and to consequently strengthen relationships in home markets and create a sense of pride among both internal and external stakeholders. Being a responsible and appreciated member of the community encompasses both the manner in which to execute projects and the manner in which to contribute to the community in general. In the home markets, Skanska contributes with the expertise by increasing knowledge about safety, the environment and technology. Skanska also supports other local community initiatives that are in line with the local operations and the Code of Conduct.

Policy for Skanska's role in the community

Skanska's Corporate Community Involvement (CCI) policy is part of the Company's social action plan within Skanska's Sustainability Agenda. The policy will create the framework for uniform and consistent actions throughout the entire company, with a focus on our home markets.

Skanska's community initiatives are primarily directed toward education in three areas by sharing know-how and experience, that can promote positive social development.

Safety – contribute knowledge in the area of safety, and support safe workplace initiatives.
Green know-how – support local green education initiatives connected with the built environment.
Technical know-how – actively spread technical knowledge to enable smart solutions for the community.

Skanska can also participate in other types of community activities requested by local community groups, provided that education have first been offered but declined.

Skanska's community involvement should not be confused with sponsorship, which is a marketing activity connected to business operations and regulated by a separate sponsorship policy.

CCI entails active involvement, by the Company and its employees. Participation must be based on Skanska's core competence and be in line with the Code of Conduct. Particular emphasis is placed on potential partners also maintaining high ethical standards.

The community activities are coordinated by local business units in the home markets and supported by a Group-wide network for exchanging experience.

Operations impact social development

Customers and users

Skanska's earnings are achieved through well-executed projects that are profitable for the Company, as well as for customers and users. Skanska continuously builds up knowledge of its customers by maintaining a presence in selected markets.

Shareholders

A financially strong and sound company is the foundation for capital market confidence in Skanska. Through financial synergies, good control systems and risk management procedures, Skanska creates the prerequisites for a positive return to its owners.

Employees

Skanska's success is highly dependent on its employees. Offering a secure, healthy and stimulating job environment based on mutual respect is vital for attracting, developing and retaining the best employees.

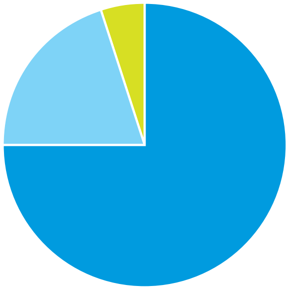
Suppliers and subcontractors

Skanska's supplier relationships reflect a high level of integrity and business ethics. Skanska also expects its business partners to live up to the principles of the Group's Code of Conduct.

More than USD **15** billion is returned to the community.

After the public sector, the construction industry is one of the largest employers in most countries. The public sector's investment in buildings and infrastructure contributes to the establishment and development of communities and also creates jobs and monetary streams at a local level. In its operations, Skanska engages a considerable number of people – both employees and suppliers. For the past five years, an average of more than USD 15 billion of Skanska's revenues has been returned to the community every year. The column on the right indicates the distribution of these revenues. An efficient way to achieve social improvements – such as employee rights, increased diversity and zero tolerance for corruption and child labor – is through suppliers.

In the London area schools of Bexleyheath and Welling, 3,600 students were provided a stimulating scholastic environment with light, airy and healthy classrooms equipped for networking. Construction included a library, sports center and cafeteria.



Percentage of revenue

75% Suppliers
A major part of Skanska's revenues flow back out to the supplier chain. In the supplier chain, this leads to job opportunities, taxation and financial benefits such as pensions and healthcare insurance that create a steady flow of cash back into the community.

20% Employees
The salaries of the approximately 57,000 people employed by Skanska also form a major percentage of the revenues. The salaries lead to taxation and benefits and thus the return of funds to the community.

5% Other
Profit, dividend, etc. Profit and dividend are both subject to taxation, and thus the return of funds to the community.
The Group's tax rate in 2012 was 24 percent.

National, regional and local government agencies
Skanska complies with applicable laws and regulations in all the countries where it has operations. Skanska also endeavor to maintain an open dialog with those who are directly affected by our operations.

Media and general public
Skanska's communication with the media and the general public is characterized by openness. Questions are answered and information is communicated in a transparent manner and within a reasonable time frame.

Local communities
Skanska strives for smooth collaboration with the communities in which it operates and promotes their development, for example, through donations and volunteer work.

Nonprofit organizations
Skanska maintains a continuous dialog with various interest organizations, for example, those in connection with construction projects. This may concern issues related to the environment, as well as social issues.

100 of thousands of people get involved.

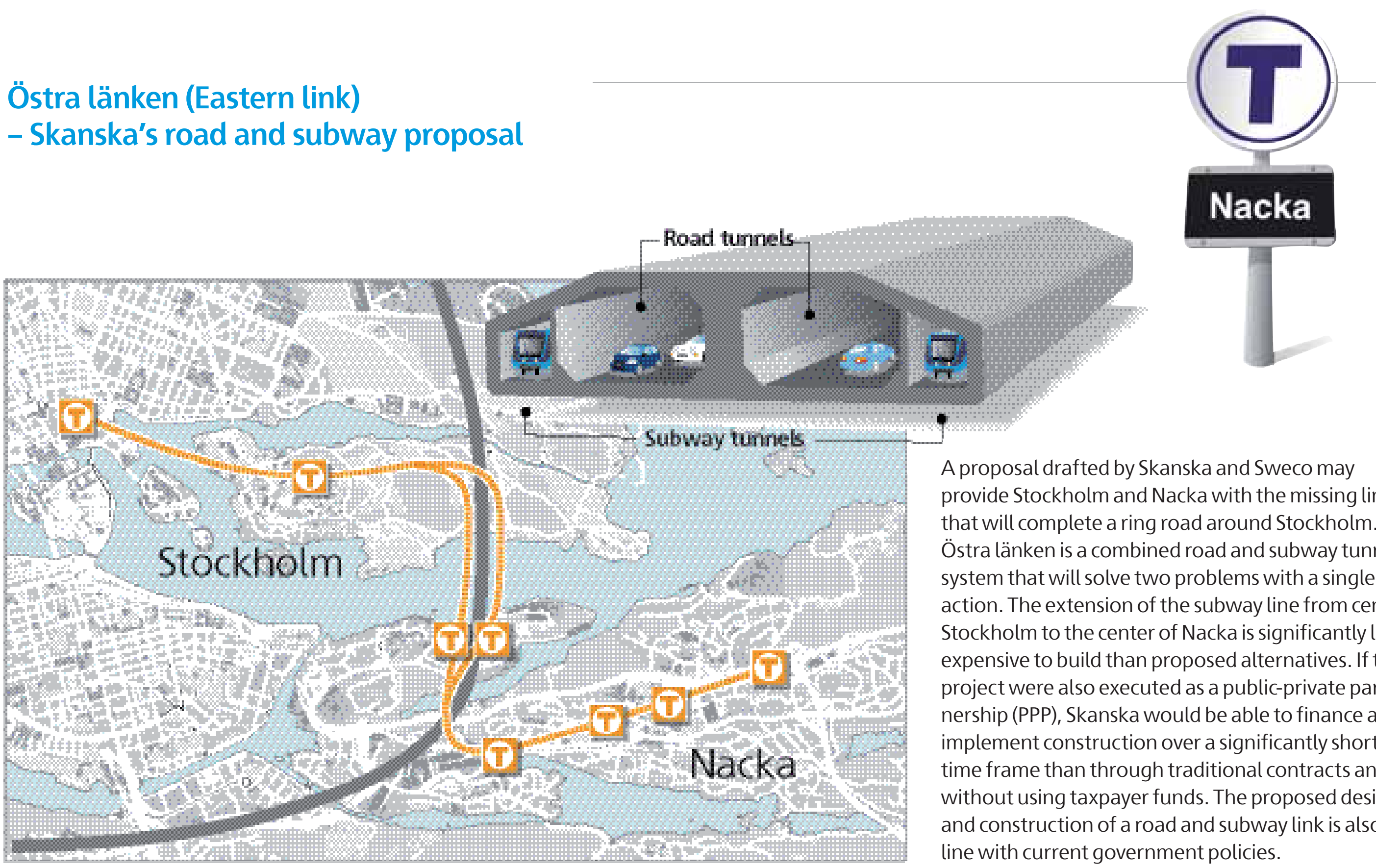
Continued focus on work site safety

For the eighth consecutive year, a Skanska Safety Week was organized in the autumn. It is the world's largest investment in occupational health and safety implemented by a single company. Hundreds of thousands of people are involved at work sites in 18 countries. This year's theme highlighted everyone's responsibility in achieving Skanska's target – zero work site accidents. The activities with a focus on improved safety were not only directed at Skanska employees, but at suppliers, customers and other business partners.

Skanska Norway dealt with risks and safety measures in connection with operating a crane at a meeting of 120 persons, among whom were representatives of occupational health and safety authorities. An online forum for discussing safety issues was also launched on Skanska's intranet.

Skanska UK's many activities included a family day to enable the children and spouses of employees to gain an insight into their work. In the London office's inner courtyard, a "mission room" was also set up. The walls of the four-by-four-meter room functioned as screens on which movies and images could be displayed in a 360-degree format, thus transporting viewers right into the center of a project and enabling them to practice, discover and take measures against risks in their work.

Östra länken (Eastern link) – Skanska's road and subway proposal



A proposal drafted by Skanska and Sweco may provide Stockholm and Nacka with the missing link that will complete a ring road around Stockholm. Östra länken is a combined road and subway tunnel system that will solve two problems with a single action. The extension of the subway line from central Stockholm to the center of Nacka is significantly less expensive to build than proposed alternatives. If the project were also executed as a public-private partnership (PPP), Skanska would be able to finance and implement construction over a significantly shorter time frame than through traditional contracts and without using taxpayer funds. The proposed design and construction of a road and subway link is also in line with current government policies.

A rewarding meeting at the New Karolinska Solna

It was a special summer's day for several children and parents from play therapy at the Astrid Lindgren Children's Hospital at the Karolinska University Hospital in Solna, when they were invited to visit the work site at the New Karolinska Solna (NKS). It is impossible for anybody to miss the forest of cranes at Europe's largest and most environmentally responsible hospital construction site and the children were given the opportunity to watch construction activities up close. They were also able to get a feel for power tools, try out a tractor and to ride in a construction elevator.

"It was a tremendously positive experience and heartwarming to meet the children," said Janne Sedvall, who was one of the Skanska employees who showed the children around the work site. "It meant a lot for these children to come here and it was exciting, even for the parents," said Lena Ulander, who is a play therapist.

"I will never forget this day," said one of the children. Play therapy is a place for children who need to defuse the trauma of hospital visits. It is not very usual for the children to go on an excursion. In collaboration with the Karolinska University hospital, all proceeds generated from guided tours of the NKS showroom go to its play therapy unit.

700 buildings repaired in one week.

Aid to hurricane victims

Skanska established an independent fund managed by a third-party administrator to provide aid to the victims of Hurricane Sandy. Skanska launched the fund by donating USD 100,000 and encouraging employees to contribute on a voluntary basis. The collected funds were distributed to people who had lost their homes to the ravaging storm. Hurricane Sandy hit the eastern U.S. in the autumn, causing thousands of people to become homeless and hundreds of thousands to be without electricity or water for shorter or longer periods of time. Any funds that were not used by year-end were donated to the Red Cross. More than 220 Skanska employees were also involved in the city of New York's emergency relief task force, the NYC Rapid Repairs. In the course of a week, inspections and the most vital repairs were performed on approximately 700 buildings in the Brooklyn area, including a building with 74 apartments. Priority was given to restoring electricity, heating and the water supply.

Earnings are generated by people

Committed and high performing employees who share the company's values are critical to Skanska's continued success. Employees have a central role to play in achieving the ambitious targets of the business plan for profitable growth in all business streams for the period 2011–2015.

- **Attract, develop and retain the best employees** – top priority.
- **Skanska Leadership Profile** – leadership profiles that develop and stimulate our leaders into becoming the leaders who are needed for achieving the goals.
- **Global development programs** – Skanska Unlimited, Skanska Stretch and Skanska Top Executive Program (STEP).
- **Skanska Employee Ownership Program (SEOP)** – a stock-purchase program offered to all permanent employees.

Female employees

%	2012	2011
Skilled workers	2	2
White collar employees	25	25
Skanska AB Board	13	20
Senior executives	14	14
Total	12	12

As an employer Skanska works in a goal-oriented way to attract, develop and retain the best employees. A large number of new employees will need to be hired in the next few years. They will need to be introduced to the company's method of work, with a focus on business ethics, risk management and a safer work environment.

Identifying and developing Skanska's existing talent is a top-priority task. A new leadership profile was launched in 2012 – the Skanska Leadership Profile (SLP), which is directed at all white-collar workers in all business units.

The SLP aims to develop and stimulate leaders and thereby provide Skanska with the leadership required for achieving its goals.

The new leadership profile is directly linked to the strategy for profitable growth, as well as the focus areas and prioritized tasks that are central to reaching the targets that have been set. Some of these tasks are, for example, to have a distinct customer focus in everything we do, to act and lead in the area of safety, to continuously learn and develop, and to act in line with Skanska's ethics and core values.

In the new leadership profile, the expectations and requirements placed on employees are clearly defined. The ability to lead themselves and others in line with Skanska's values is as equally important to success as having the right competencies in the various specialist areas of employees.

A fundamental feature of the SLP is that professional and personal development is a responsibility that lies with each and every person. A good leader ensures both their own development and the development of their employees.

Starting in autumn 2012, the SLP was applied in the assessment and professional development plans of 22,000 employees. Thus, it is the most comprehensive Group-wide investment in management development in Skanska's history.

The application of the new leadership profile permeates most activities of the Human Resources Group staff unit, such as recruiting and evaluating, retaining, developing and promoting employees in the Company.

A significant element of the work is to increase mobility and provide opportunities for experience exchanges in business streams and units other than their own.

A company that offers excellent opportunities for development also increases its attractiveness among both current and potential new employees.

Global recruitment

Skanska is a global employer with global recruitment needs. To strengthen Skanska's brand as an employer, there are continuous efforts to clarify what Skanska offers its employees. Because each business unit plans its recruitment needs and establishes its own targets, efficient tools and channels are needed to support this work. Since 2011, the Group's external website has featured Skanska Recruit, a shared global system that helps create an external and internal labor market. Job vacancies are advertised and candidates can apply externally or in Skanska's national or international labor markets.

Internal development

Developing Skanska's in-house talents is another very important element of future investments, to secure replacements for those changing companies or units and to convey Skanska's method of working and its fundamental values to all employees. To get a clearer view of its management capacity and in-house talents, every year the Group conducts a Talent Review based on the Skanska Leadership Profile and aimed at ensuring the long-term supply of managers and experts. This involves an extensive evaluation of all managers and a number of other key individuals in each business unit.

A day in Seattle with Henrik Ahnström, Project Manager, Skanska Commercial Property Development Nordic.

5:50 The alarm clock rings; at least three snoozes **06:10** Get up, put on the coffee. **06:30** Call home to Sweden via FaceTime and chat with my family while eating breakfast. **07:10** Bus from Greenlake to the office in Seattle. **07:30** Arrive at the office, read e-mails and coordinate the day with colleagues. **08:30** Touch base with the CD group in Idea Lab, where we discuss a current topic together. **09:45** Downtown design meeting with architect. **12:00** Lunch. **13:00** Meeting with representative of potential investor in one of our projects. **14:30** Afternoon coffee break, in the classic Swedish way. **15:00** Meeting with Skanska USA Building. **18:00** Take the bus home. **18:30** Change and work out, one lap around Greenlake and then a session in the gym. **20:00** Cook dinner. **20:30** Listen to music, surf and read news online. **22:00** Call home to family via FaceTime, chat with the children before they head off to daycare. **23:00** Bedtime.

Henrik entered Skanska with speed and energy. He was employed in 2008 as a project manager and has already made an impression in his hometown of Gothenburg. In 2011, the Gårda Gröna Skrapa was inaugurated – Skanska's first LEED Platinum certified office project. It is now a landmark, both in Gothenburg and on Henrik's CV, where projects are also listed for the logistics company DHL and the truck manufacturer Scania.

Henrik earned his engineering degree in construction management from Northern Arizona University in 2005. In those days, he was still active in track and field, and daily training was a part of his schedule. His personal best in the 5,000-meter race is a competitive 13:42.

"I no longer compete, but back then, I also ran hurdles and steeplechase."

In the autumn and winter of 2012–2013, Henrik was in Seattle for half a year, on a personal and professional development trip, for which he was selected through Skanska Stretch, a global program aimed at stimulating young and promising employees.

Gothenburg is traditionally a stronghold for Skanska's commercial property development, while Seattle, on the U.S. Pacific Coast, is a new market for Skanska's property development operations. The first project, Stone34, is leased and construction has begun. Appropriately, the biggest tenant is Brooks Sports, maker of running shoes and apparel.

"I work with the Commercial Development group here and mainly try to learn from their market-making approach. I am incredibly impressed by their customer focus."

"The customer is always most important – not what we do, but why."

In the spring, Henrik will return home to Gothenburg to face new challenges.

"I enjoy challenges and at Skanska there are all kinds of opportunities for taking on tough assignments and developing, particularly by working with inspiring colleagues and always as a team."

Collaboration and creativity are the thrills of the job.

"To see how we, together at Skanska, can create projects and provide conditions conducive to the development of cities and customers, to see how we make a customer's dream come true, that is the reward for our labors."

At home Henrik has a wife and two preschoolers waiting for him. And naturally, another round of training.

22,000 employees are developed each year based on the Skanska Leadership Profile.

To be a leader in creating well-functioning work places, comfortable housing and sustainable infrastructure, we need employees who reflect the community.

The Talent Review identifies individual needs for professional development, while planning is done to ensure there are strong successors available for critical positions, should the need arise. The results of the Review then provide the basis for further activities based on individual strengths and development needs.

Increased diversity

Skanska's activities are based on the needs of the community: the creation of well-functioning workplaces, comfortable housing and sustainable infrastructure. For Skanska to be a leader in these areas requires employees who reflect the community. Women and men, people with various backgrounds, ages and experiences are needed. The top priorities are to increase the percentage of females and ethnic minorities at leadership levels and to create an embracing working environment where everyone can contribute to the best of their ability. Skanska engages in a systematic effort to increase diversity and inclusion: setting targets, measuring progress and following up. Efforts to increase diversity are followed up annually through employee surveys and through the Talent Review process. Managing and encouraging diversity is one of the core competencies in the leadership profile.

Mobility and exchanging experience

For Skanska, it is crucial to be able to utilize synergies between the various areas of operations and to capitalize on the Group's full potential. Stimulating mobility and exchanges of experience between different units is thus essential in developing an understanding of how Skanska as a whole works toward common goals as well as an understanding of its various units and markets. Programs are pursued globally and locally for this purpose.

Greater affinity and dedication

One way of creating greater affinity and dedication to the company and of retaining employees is the three-year Skanska Employee Ownership Program (SEOP), which is open to all permanent employees. Participation in the program requires a personal investment, and the allocation of additional shares is tied to how well each unit meets its yearly targets. This provides each participant with the opportunity to receive a personal reward for the company's success and for their own work efforts.

Global initiatives for our employees

Skanska Unlimited – an exchange program through which 20 to 30 employees a year are given the experience of working in another part of the world for 3 to 6 months. Participants can expect to acquire new skills, discover new ways of working and build up a personal network in the Skanska Group.

Skanska Recruit – a recruitment tool that facilitates the creation of an external and internal labor market. The tool enables employees to match their proficiency and their job aspirations with the opportunities that Skanska offers globally.

Skanska Stretch – a multicultural program that provides 6 to 12 months of work abroad for promising young employees who are in the early stages of their career. The aim is to develop skillful managers who have a solid understanding of Skanska and of leadership in an international context.

Skanska Talent – Skanska's global tool used to evaluate employees and to define personal targets and plans for development.

Skanska Top Executive Program (STEP) – tailored to senior executives in the Group. Its aim is to build up their knowledge and leadership skills, enabling them to make the greatest possible contribution to profitable growth and build networks for knowledge exchanges and strategic work. The program was developed and is executed with IMD in Switzerland.

Skanska Employee Ownership Program (SEOP) – offers permanent employees throughout Skanska the opportunity to buy shares in the Company on favorable terms. The members of SEOP are now collectively the third largest shareholder in Skanska.

A day with Justyna Maternicka, Team Manager, Design and Project Handover, A1 in Poland

5:40 The alarm clock rings, a quick coffee and off to work. **07:00** The workday begins, and people stream into my room. **09:00** The priorities for the day are set. Schedule for handover and inspection updated. Every hour is booked. **10:00** Inspections at the project site begin and are followed by customer meetings. **12:00** Full focus on user permits and inspection notes with the aim of handing over yet another section. **14:00** Read and reply to e-mails. **17:00** Eat a home-cooked meal, then relax with tennis or swimming, and some reading to recharge my batteries. **23:00** My day ends.

Justyna Maternicka is on a journey from Skanska Poland to Skanska USA Civil, but she is also embarking on an inner journey. For Justyna, personal development is a key concept. She chose Skanska ahead of doctoral studies – for the people and for the development opportunities it offered.

Having worked seven years on the A1 tolled expressway, one of Europe's largest public-private partnerships (PPP), Justyna has now been selected as one of the 26 people to work for six months in another unit as part of the Skanska Stretch internal development program. In Virginia, she will tackle the Midtown Tunnel/Elizabeth River Tunnels project, Skanska's first PPP project in the U.S.

As a recently qualified engineering graduate and the holder of a Masters in Organizational Management from the Gdańsk University of Technology, doctoral studies were the natural way forward for Justyna Maternicka. However, she soon realized that analyzing an endless stream of data was not for her. She dropped out of the program, but was unsure what her next step would be. The name Skanska was somewhere in the back of her mind. She had overheard somebody praising Skanska's when she was an exchange student working at a café in New York. And now, the Skanska name had come to her attention again: "The A1 project seeks qualified employees."

Justyna jumped at the opportunity.

"This is where I belong – this is right for me. Here, knowledge is transformed into tangible value. The workplace is full of young, ambitious people and the pace of work is fast." Justyna became involved in quality assurance activities and was soon promoted to lead the team responsible for documentation and handover."

"The job involves many contacts with all parties, both within Skanska and with highway administration authorities, who are our end customer."

The assignment entailed the quality assurance of 90 kilometers of highway, hundreds of folders filled with drawings, material specifications and records of tests, modifications and actions taken.

"It presented a challenge, particularly in terms of our tough deadline. This being Poland's first PPP road project, there were no routines to fall back on."

"However, this also gave us the opportunity to produce and discuss new ideas and proposals. Experienced colleagues such as Lars Johansson, Jan Romell and Roman Kołdras were a great help to me. I like the Swedish leadership style, which is open and honest, even in the face of difficulties."

In the second 60-kilometer section of the project, she was entrusted with the responsibility for the design and approval process. The A1 team was international, but now she is going outside Poland. In the winter of 2012–2013 she will be working together with the design manager on the Elizabeth River Tunnels.

"This is a fantastic opportunity for me. Skanska is like a world unto itself with limitless development possibilities. Now I will have the chance to experience another culture and a new major project and will have many new colleagues to learn from."

Justyna is seeking new challenges and reflects on her role as a leader and how she will develop further as a person.

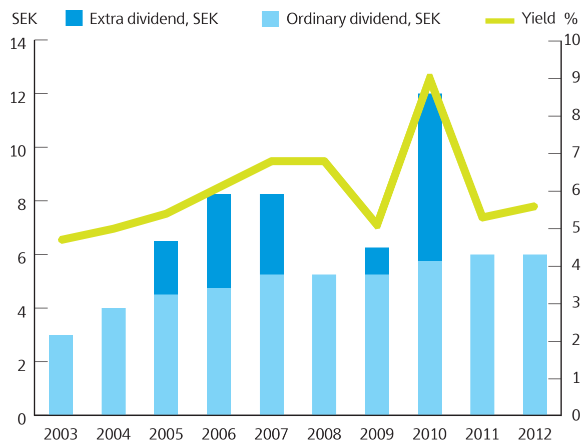
"I want to be both a professional specialist and a team player. The great challenge is to lead others."

Share data

For more than ten years, Skanska has delivered an unchanged or increased dividend to its shareholders. One reason for this is the Group's relatively stable base of earnings, reflecting its risk diversification across four business streams with operations in various geographic markets and segments.

- **Skanska's Series B shares** are quoted on the NASDAQ OMX Stockholm stock exchange.
- **Skanska is included in the FTSE4Good global sustainability index.**
- **85,979 shareholders**, the largest of whom is Industrivärden.
- **Market capitalization** is USD 6.8 billion.
- **For more than ten years, Skanska has delivered an unchanged or increased ordinary dividend to its shareholders.**
- The Board of Directors has proposed a **dividend of SEK 6** (corresponding to USD 0.92) **per share**.
- The **price-earnings (P/E)** ratio was **13** at year-end.
- Skanska shares have a **risk profile** (volatility) and a pattern of **movement** (beta) that is **very similar to the index** (SIX Price Index).

Dividend / Yield



Stockholm stock exchange 2012

The year 2012 began with rising share prices, which sustained their levels during the first quarter. During the second quarter, share prices fell back and bottomed during the summer, to levels just below those at the beginning of the year. In the latter six months of 2012, share prices rose steadily at a moderate pace. At the end of 2012 the stock market performed relatively strongly.

Total return

The total return on a share is calculated as the change in the share price, together with the value of re-invested dividends. During 2012, total return on a Skanska share amounted to -2.2 percent, compared to 15.0 percent for the SIX Return Index. During the five-year period of January 1, 2008 to December 31, 2012, total annual return on a Skanska share amounted to 4.0 percent, compared with 3.6 percent for the SIX Return Index for the same period.

Dividend policy

The Board's assessment is that Skanska AB has the capacity to pay out 40–70 percent of net profit for the year as dividends to the shareholders, provided that the company's overall financial situation is stable and satisfactory.

Dividend

For more than ten years, Skanska has delivered an unchanged or increased ordinary dividend to its shareholders.

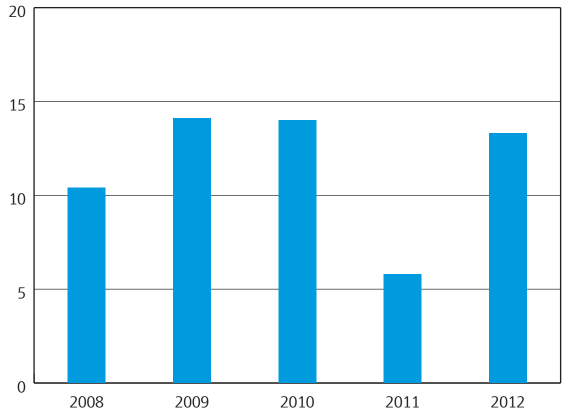
The Board's assessment is that the Group's financial position justifies an unchanged dividend and proposes a regular dividend of SEK 6.00 (6.00) (corresponding to USD 0.92 [0.89]) per share for the 2012 financial year. The proposal is equivalent to a regular dividend totaling USD 379 M (365). No dividend is to be paid for the Parent Company's holding of its own Series B shares. The total dividend amount may change by the record date, depending on repurchases of shares and transfers of shares to participants in Skanska's long-term shareownership programs.

Share ownership program

The Skanska Employee Ownership Program (SEOP), intended for all permanent employees, was introduced in 2008. The program ran for three years, from 2008 through 2010. SEOP 2 was launched in 2011 and will run for another three years, from 2011 through 2013. The program provides employees with the opportunity to invest in Skanska shares while receiving incentives in the form of possible allocation of additional share awards. This allocation is predominantly performance-based. The program has been a success, and SEOP participants are collectively Skanska's third largest shareholder; employee interest in Skanska share performance and in remaining at the Company has increased.

Market capitalization is USD 6.8 billion.

Price per share / Earnings per share (P/E)

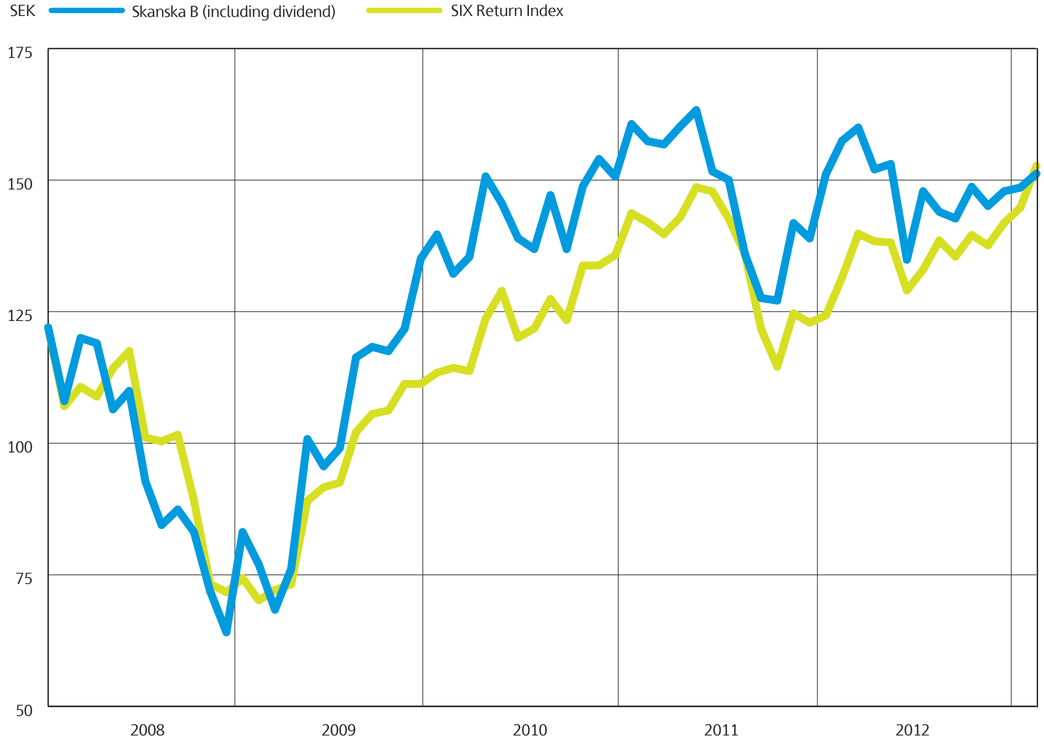


Skanska share history

	2012	2011	2010	2009	2008
Year-end market price, SEK	106.20	114.00	133.30	121.60	77.50
Corresponding to year-end market price, USD	16.30	16.54	19.59	16.92	10.04
Year-end market capitalization, SEK bn	43.7	46.9	54.8	50.2	32.2
Corresponding to year-end market capitalization, USD bn	6.8	6.8	8.1	7.0	4.2
Number of shares outstanding, million[1]	411.8	411.6	411.2	412.8	415.8
Highest share price during the year, SEK	125.20	138.00	136.00	123.20	125.50
Corresponding to highest share price during the year, USD	19.22	20.02	19.99	17.14	16.25
Lowest share price during the year, SEK	94.40	84.35	109.70	62.00	53.25
Corresponding to lowest share price during the year, USD	14.49	12.24	16.13	8.63	6.90
Yield, percent[2]	5.6	5.3	9.0	5.1	6.8
Earnings per share[3], SEK	8.00	19.72	9.54	8.65	7.44
Regular dividend per share, SEK	6.00[4]	6.00	5.75	5.25	5.25
Extra dividend per share, SEK	-	-	6.25	1.00	-
Dividend ratio[5], %	75	30	126	72	71

1 Number of shares outstanding after repurchase and conversion.
2 Dividend as a percentage of respective year-end share price.
3 Earning per share according to segment reporting divided by the number of shares outstandning.
4 Based on the dividend proposed by the Board of Directors
5 Dividend as a percentage of earnings per share.

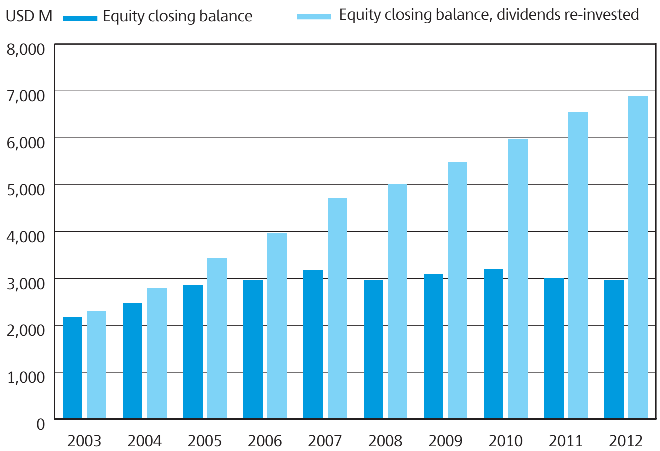
Total return of Skanska shares compared to SIX-Return Index January 1, 2008–January 31, 2013



"Thanks to Skanska's long tradition of dividends and often extra dividends to its shareholders, the return on its shares during many periods has been higher than comparable indexes.

Growth in equity

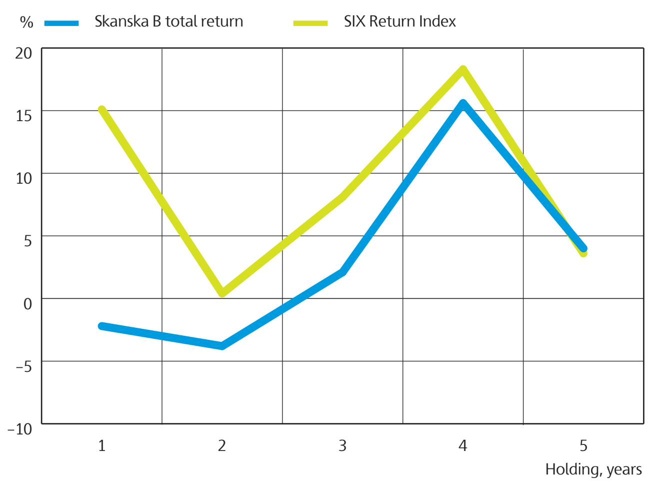
Dividends re-invested without return



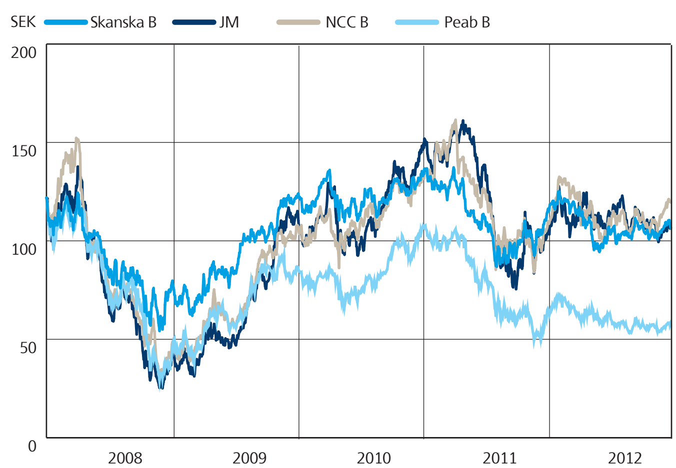
Calculated at currency rate December 31, 2012.

With dividends re-invested, the average annual growth in equity has been 12 percent.

Annual total return at different holding periods



Skanska's share price development in comparison with Swedish competitors

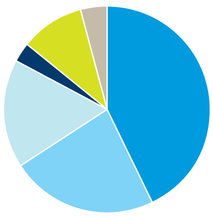


Major listed construction companies

	Absolute return 2012, %	Total return 2012, %	Total return 2008–2012 %	Market capitalization, USD bn[3]	Net revenue USD bn[1]	Income after financial items, USD M[1]	Return on equity, %[1]	Return on capital employed, %[1]
ACS (Spain)[2]	–12	–10	–37	6.5	39.6	1,730	29.0	6.1
Balfour Beatty Plc. (U.K.)	3	9	–22	3.4	15.2	394	14.8	13.1
Bilfinger & Berger (Germany)	10	15	87	3.9	11.4	460	21.5	24.5
Bouygues SA (France)	–10	–3	–50	7.7	45.5	2,455	12.8	10.7
FCC (Spain)	–53	–50	–76	1.5	16.3	76	4.5	3.1
Ferrovial (Spain)	19	31	25	9.6	10.4	674	20.7	3.4
Fluor Corp. (U.S.)	17	18	–15	9.4	23.4	1,002	17.4	24.7
Hochtief (Germany)	–3	–3	–46	3.5	32.4	–177	–4.1	8.8
NCC (Sweden)	12	20	44	2.1	8.1	278	17.0	16.0
Skanska (Sweden)	–7	–2	22	6.7	18.3	1,298	38.0	30.6
VINCI (France)	4	10	–11	23.0	52.4	4,144	15.5	9.0

1 All figures are from 2011.
2 At June 1, 2011, ACS (Spain) was consolidated with Hochtief (Germany).
3 Based on shares outstanding and the share price in the third quarter 2012.
Source: According to annual and interim reports for each company and Thomson datastream.

Share capital by shareholder category



- Swedish companies and institutions, **43%**
- Shareholders abroad, **23%**
- Private individuals in Sweden, **17%**
- Public sector, **3%**
- Other shareholders in Sweden, **10%**
- Relief and interest organizations, **4%**

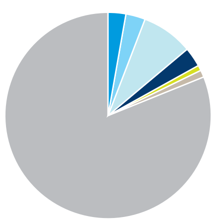
Source: Euroclear

The largest shareholders in Skanska AB, ranked by voting power, December 31, 2012

Shareholders, excluding Skanska's own holdings	Series A shares	Series B shares	% of votes	% of capital
Industrivärden AB	12,667,500	22,329,795	24.9	8.3
Lundbergs	6,037,376	9,050,000	11.6	3.6
Alecta	0	34,535,000	5.8	8.2
AMF Insurance & Funds	0	17,679,600	2.9	4.2
Swedbank Robur Funds	0	17,435,956	2.9	4.2
Nordea Funds	0	14,356,201	2.4	3.4
SEB Funds & Trygg Life Insurance	0	6,712,308	1.1	1.6
Didner & Gerge Funds	0	6,500,000	1.1	1.5
SHB Funds & Life Insurance	0	6,201,122	1.0	1.5
Carnegie Funds	0	6,100,000	1.0	1.5
10 largest shareholders in Sweden	**18,704,876**	**140,899,982**	**54.7**	**38.0**
Other shareholders in Sweden	1,220,139	162,713,312	29.2	39.0
Total in Sweden	**19,925,015**	**303,613,294**	**83.9**	**77.1**
Shareholders abroad	22,628	96,342,135	16.1	22.9
Total	**19,947,643**	**399,955,429**	**100.0**	**100.0**

Sources: SIS Ägarservice.

Share capital by size of holdings



- 1–500, **3%**
- 501–1,000, **3%**
- 1,001–5,000, **8%**
- 5,001–10,000, **3%**
- 10,001–15,000, **1%**
- 15,001–20,000, **1%**
- 20,001–, **81%**

Source: Euroclear

The Skanska Employee Ownership Program has about 9,900 participating employees worldwide. Through the SEOP, they are collectively the third largest shareholder in Skanska.

Equity and adjusted equity

USD bn	Dec 31 2012	Dec 31 2011	Dec 31 2010
Equity attributable to equity holders	2.9	2.8	3.0
Unrealized surplus land value, Residential Development	0.2	0.1	0.1
Unrealized Commercial Property Development gains[1]	0.6	0.6	0.5
Unrealized Infrastructure Development gains	0.5	0.4	1.0
Less standard corporate tax on surplus values[2]	–0.1	–0.1	–0.1
Adjusted equity	4.1	3.8	4.6
Equity per share, USD[3]	7.2	6.8	7.4
Adjusted equity per share, USD[4]	10.0	9.4	11.2

1 Market value upon completion.
2 Standard tax on surplus values was 10%.
3 Equity attributable to equity holders divided by the number of shares outstanding at year-end.
4 Adjusted equity divided by the number of shares outstanding at year-end.

Shares by category at December 31, 2012

Share type	Number of shares	% of capital	% of votes
Series A	19,947,643	4.8	33.3
Series B	399,955,429	95.2	66.7
Total	**419,903,072**	**100.0**	**100.0**

Changes in number of shares (millions) and share capital

Year and event	Reduction	Bonus Issue	New share issue	Number of shares	Share capital, USD M
2001 cancellation of repurchased shares	–9.2	–	–	104.7	173.1
2001 split 4:1	–	314.0	–	418.6	173.1
2006 new share issue, Series D shares	–	–	4.5	423.1	174.8
2011 redemption of series D shares	–3.2	–	–	419.9	173.4

Construction

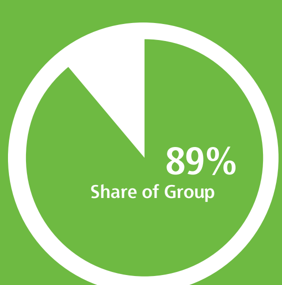
The Värtan Interchange is a major junction on Norra Länken, which is a part of Stockholm's new traffic system. The junction creates a safe connection between the E4/E20 highway, Lidingö, and the new urban districts in the area. Skanska's efforts to create a safer work environment have attracted the attention of the Transport Administration, which honored it with several awards in 2011 and 2012. Norra Länken is to be opened in 2015.

Construction is Skanska's largest business stream in terms of revenue and number of employees. Collaboration with the Group's other business streams and the Company's collective financial resources enable Skanska to take on large, complicated projects where few competitors can match its expertise and strength.

Sweden
Norway
Finland and Estonia
Poland
Czech Republic and Slovakia
United Kingdom
Skanska USA Building
Skanska USA Civil
Latin America

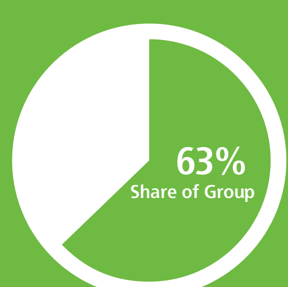
Guided by the principles of sustainability, high ethical standards and good occupational health and safety, Skanska aims to be the leading construction company in its home markets, both in size and profitability. At the end of 2012, the order backlog in Construction totaled USD 23 billion, allocated among more than 10,000 projects.

2012 **Revenue**



Revenue USD 18,386 M
EUR 14,303 M
SEK 124,509 M

Operating income



Operating income USD 513 M
EUR 399 M
SEK 3,474 M

Key ratios

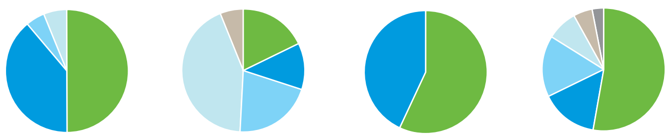
USD M	2012	2011
Revenue	**18,386**	17,707
Operating income	**513**	534
Operating margin %	**2.8**	3.0
Free working capital, USD bn	**2.9**	2.9
Operating cash flow	**363**	473
Order bookings	**17,732**	19,034
Order backlog	**22,514**	22,591
Number of employees	**55,132**	51,119

Increased revenues and strong order situation in U.S.

Revenues increased by 4 percent and operating profit was relatively stable, mainly due to solid profitability in Sweden, the U.S., the U.K. and Poland. A strong order book was built up, mainly in the U.S., indicating continued growth in this geographical market.

Breakdown of order backlog, USD 22.5 bn

Operations | **Geographic area** | **Duration** | **Customer structure**



Operations
- Building construction, **50%**
- Civil construction, **39%**
- Residential, **5%**
- Service, **6%**

Geographic area
- Sweden, **18%**
- Other Nordic countries, **12%**
- Other European countries, **21%**
- United States, **43%**
- Latin America, **6%**

Duration
- Production in 2013, **57%**
- Production in 2014–, **43%**

Customer structure
- Government, **53%**
- Institutional[1], **15%**
- Corp. Industrial, **16%**
- Commercial Development, **8%**
- Residential Development, **5%**
- Other, **3%**

1 Mainly private healthcare and educational institutions.

Major global contractors[1], revenue, June 30, 2012[2, 3]

Company	Country	USD bn	SEK bn
Grupo ACS[4]	Spain	50.6	340.5
VINCI	France	50.3	338.2
Bouygues	France	44.1	297.0
Fluor Corporation	USA	25.7	173.0
Skanska	Sweden	18.7	125.8

1 Excluding Asian construction companies.
2 Rolling 12 months.
3 Including non-construction-related operations.
4 Including USD 33 M from Hochtief AG (Germany).
Sources: Half-year report 2011–2012 of each respective company.

Major events

The development in Skanska's markets and segments varied during the year:
- Demand in the U.S. was strong for both civil and building construction.
- The Nordic market was generally stable, but deviated in local markets.
- Cuts in public-sector spending impacted Other European markets, primarily the U.K. and Czech Republic.
- Increased international competition.
- Restructuring of operations in Norway and Finland.
- Write-downs in Skanska's Latin American operations.
- **Order bookings:** USD 17.7 billion (19.0).
- **Order backlog at year-end:** USD 22.5 billion (22.6).

Revenue
- USD 18.4 billion (17.7).
- + 4 percent.

Earnings
- **Operating income:** USD 513 M (534).
- **Operating margin:** 2.8 percent (3.0).

Outlook 2013
- The market for Construction is generally stable. However, considerable differences remain between our markets and segments, which are detailed in the geographic market sections that follows.

Generating value

Skanska's Construction business stream performs building, civil and residential construction. It also performs assignments of a service-related nature, such as construction services and facility operation and maintenance.

In keeping with Skanska's business model, Construction also performs construction works for Skanska's other business streams in the development of commercial and residential properties, as well as infrastructure. This collaboration generates both large construction assignments and synergies for the Group.

Potential projects and synergies are also created thanks to the financial capabilities of the Group. Skanska Financial Services often helps to arrange financial solutions.

A combination of financial strength and global expertise in project development and construction enables Skanska to take on large, complicated projects for international customers with strict standards of quality and execution. In the very largest projects, which require high-level performance guarantees, few competitors can measure up to Skanska in expertise and strength.

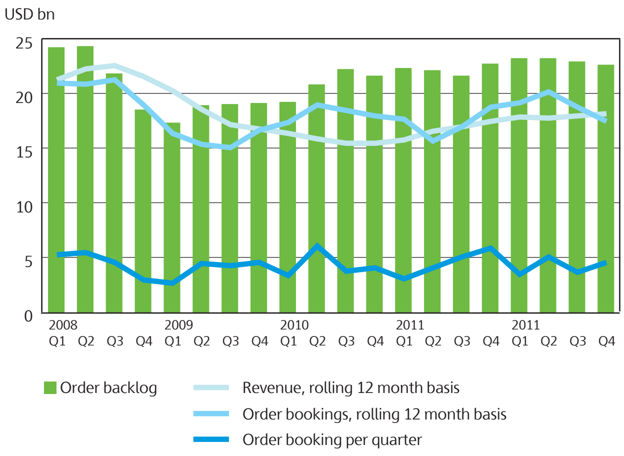
With its focused risk assessment work in the tender stage, Skanska has been able to concentrate on winning the right projects, which provide a balance between risk level and expected margin. Skanska's ambition is to increase its share of negotiated contracts, where customers value service level, quality and reliability in addition to price in their tender evaluation. Skanska's clear focus on sustainable development – such as work site health and safety, ethics and the environment – is also a factor that strengthens the customer offering.

Substantial growth | Growth | Stable | Decline | Significant decline

USD 22.5 bn

Order backlog

Order backlog, revenue and order bookings



Breakdown of order backlog, USD 22.5 bn

	Services, %			
Business unit	**Civil construction**	**Building construction**	**Residential construction**	**Services**
Sweden	23	63	14	0
Norway	40	48	12	0
Finland	20	50	26	4
Poland	48	50	2	0
Czech Republic	54	41	5	0
United Kingdom	26	43	1	30
USA Building	0	100	0	0
USA Civil	100	0	0	0
Latin America	63	0	0	37

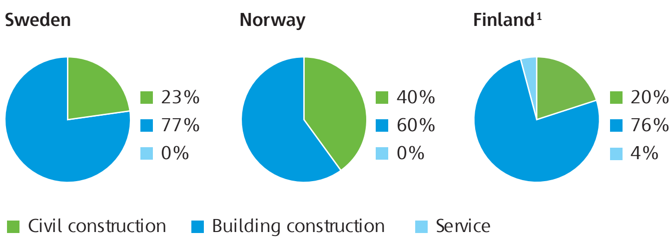
Constructing Boeing's new delivery center
The Boeing Company is the world's largest aircraft manufacturer. The main part of its manufacturing operations takes place in Renton, Seattle and Everett in Washington state, on the U.S. West coast. Skanska has extensive cooperation with Boeing, which expands and upgrades its facilities on a continuous basis. In 2012, Skanska commenced the construction of a new delivery center at Boeing's airfield in Everett. The building is basically a fully equipped airport terminal with a restaurant and facilities for conferences and the handover of aircraft. Here, Boeing's customers will learn about their new aircraft prior to delivery. The terminal will accommodate three large Boeing jets simultaneously. The building, which will be environmentally certified to LEED Silver level, is approximately 16,000 sq m and three stories high. Skanska's contract, including additional orders, amounts to USD 65 M. More than 250 employees are involved in the project, which is scheduled for completion in 2013.

Nordic countries

- Sweden
- Norway
- Finland and Estonia

Skanska's Nordic markets accounted for the largest share of its total construction revenues. In 2012, Norwegian and Finnish operations were restructured and they are now on their way to normal profitability levels. Sweden, which accounts for the largest Nordic operations by far, delivered very good earnings.

Breakdown of order backlog, USD 6.7 bn



1 Including Estonia.

Skanska's home markets

USD	GDP/ Capita	Construction/ Capita	Construction as % of GDP
Sweden	57,638	4,617	8.0
Norway	97,607	11,752	12.0
Finland	48,783	7,354	15.1
Estonia	16,568	2,499	15.1

Sources: Euroconstruct, IMF, national statistical agencies .

Competitors

NCC
PEAB
YIT
Veidekke
Lemminkäinen
AF Gruppen

Major events

Order bookings in Sweden increased somewhat in comparison with the preceding year. However, order bookings for Norway and Finland declined compared with the preceding year. The decline in Norway and Finland is to a certain extent due to increased selectivity in tender procedures.

The restructuring of operations in Norway and Finland was a major focus area in 2012. Restructuring has been proceeding according to plan and these units have gradually been heading toward normal profitability levels.

The construction of the New Karolinska Solna, the world's most environmentally responsible hospital and Skanska's biggest project ever, has been developing well during the year and production is proceeding according to schedule. The project will be fully completed in 2017.

In 2012, large contracts were secured in Sweden, Norway and Finland.

Among the assignments secured in Sweden, Skanska won the assignment to build a bus terminal on behalf of Storstockholms Lokaltrafik (SL); the contract is valued at approximately USD 192 M.

In Norway, Skanska won, for example, the assignment by KLP Eiendom to construct an environmentally responsible shopping center in Fornebu, Oslo; the contract is valued at approximately USD 162 M.

In Finland, for example, Skanska signed an agreement to construct the Puuvilla Shopping Centre in Pori; the contract is valued at approximately USD 142 M.

Market

The Nordic markets for building construction generally remained stable during 2012, with some deviations in local markets. The civil construction market was also stable, while competition from international companies increased.

In Norway, the market has performed well across all segments.

Earnings

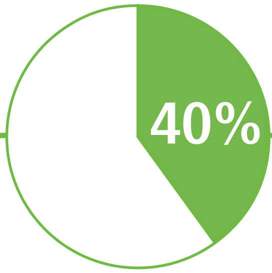
In Swedish construction operations, revenue increased and operating margins remained healthy. In Skanska's Norwegian and Finnish construction operations, the ongoing restructuring process is proceeding according to plan. These two units are now gradually heading toward normal profitability levels.

Outlook 2013 ↘

	Building construction	Residential	Civil construction
Sweden	↘	↘	→
Norway	↗	↗	↑
Finland	↘	↓	→

While the residential construction and commercial building construction markets in Norway are good, they are weaker in Finland and Sweden, particularly outside the major urban regions. The market for large civil construction projects in the Nordic region is relatively stable, albeit with significant international competition.

↑ Substantial growth ↗ Growth → Stable ↘ Decline ↓ Significant decline



Nordic countries accounted for 40 percent of Construction revenue.

Skanska Sweden delivered an operating margin of 4.1 percent during the year.

Construction, Nordic countries

	Revenue		Operating income		Operating margin, %		Order bookings		Book-to build, %		Order backlog	
USD M	**2012**	2011	**2012**	2011	**2012**	2011	**2012**	2011	**2012**	2011	**2012**	2011
Sweden	**4,170**	4,160	**171**	198	**4.1**	4.8	**3,790**	3,772	**91**	91	**4,143**	4,276
Norway	**2,092**	1,928	**24**	-51	**1.1**	neg	**1,513**	2,739	**72**	142	**1,790**	2,237
Finland[1]	**1,148**	1,258	**19**	-54	**1.7**	neg	**970**	1,298	**84**	103	**798**	960
Totalt	**7,410**	7,347	**214**	93	**2.9**	1.3	**6,273**	7,809	**85**	106	**6,730**	7,472

1 Including Estonia.

Largest construction companies in the Nordic countries, revenue at June 30, 2012[1]

Company	Country	USD bn	SEK bn
Skanska	Sweden	18.7	125.8
NCC	Sweden	8.3	55.5
PEAB	Sweden	6.8	45.6
YIT	Finland	6.0	40.5
Veidekke	Norway	3.4	22.7
Lemminkäinen	Finland	3.0	20.2
MT Höjgaard	Denmark	1.8	11.9

1 Rolling 12 months.
Sources: Interim reports for each respective company.

Number 1 in the Nordic countries.

MOOD Stockholm is a new shopping mall with a small-city atmosphere, where food and shopping choices go beyond that of the usual chains. The former Salén-huset in central Stockholm was renovated and now has four floors with space for 60 shops, services and restaurants. The conversion and extension assignment on behalf of AMF Fastigheter comprised 14,000 sq m and an upgrade of the façade. MOOD was opened in spring 2012 and immediately became a major draw in downtown Stockholm.

An impressive office

Statoil

- **Built by:** Skanska Norway
- **Customer:** IT Fornebu Eiendom
- **Tenant:** Statoil
- **Contract:** USD 215 M
- **Construction period:** 20 months, 2011–2012
- **Occupancy:** October 2012

The location of the Nordic region's biggest company and one of the world's biggest oil and gas companies should have a high profile. Statoil's new office building in Oslo is no hideaway. It is in plain sight, figuratively and literally.

With a total of 115,000 sq m, it would be easy to dominate the surroundings through its sheer size. However, the Statoil office in Fornebu, just west of Oslo, is both airy and interesting. The shape, inspired by pick-up sticks, comprises five buildings, known as lamellar structures, placed on top of each other, with the highest piece placed diagonally.

The lamellar structures measure 140 by 12.5 meters and contain three floors each. About 30 meters of their length form a protruding overhang. In addition to air and volume, it provides space for five terraces on which Statoil employees can take a break and enjoy a view of the Oslo fjord.

The 2,500 Statoil employees who moved into their new workplaces in October were assembled in one location after having been spread among a number of premises in the Oslo area.

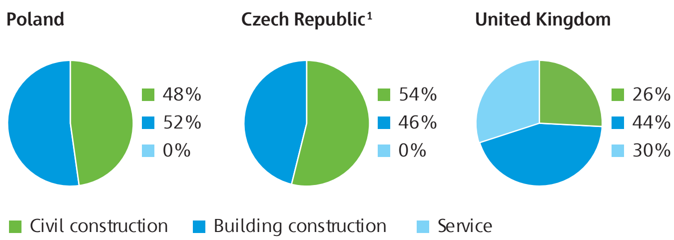
The green project aims to achieve the level, "Very Good," in accordance with the British environmental certification system, BREEAM. The project is also one of several pilot projects of the Norwegian BREEAM-NOR.

Other European countries

- Poland
- Czech Republic and Slovakia
- United Kingdom

Skanska is a leading construction company in the Czech Republic, Poland and the U.K. Despite weak market conditions, profitability was generally very good in these operations during 2012, primarily due to solid cost controls and risk management.

Breakdown of order backlog, USD 4.7 bn



1 Including Slovakia.

Skanska's home markets

USD	GDP/capita	Construction/ capita	Construction as % of GDP
Poland	13,448	1,715	12.8
Czech Republic	20,502	2,427	11.8
Slovakia	17,573	1,353	7.7
United Kingdom	38,811	3,752	9.7

Sources: Euroconstruct, IMF, national statistical agencies.

Competitors

Budimex
Hochtief
Strabag
Metrostav
Balfour Beatty
Carillion
Laing O'Rourke

Major events during the year

Order bookings in the U.K. increased, while they decreased in the Czech Republic and Poland compared with the preceding year.

In addition to the office property construction assignments generated by the Commercial Property Development business stream, Skanska in Poland has, for example, won the assignment for approximately USD 75 M to build a section of highway in Silesia, southwestern Poland.

In the Czech Republic, a number of minor and medium-sized projects were secured during the year and the organization has continuously adapted to market conditions. At the end of 2012, Skanska in the Czech Republic received the "TOP Responsible Large Company Award" from Business for Society, the Czech Republic's largest Corporate Social Responsibility (CSR) network for CSR initiatives.

In the U.K., Skanska signed a maintenance contract with the National Grid valued at about USD 1.3 billion, to replace gas pipes. The order bookings for 2012 include USD 310 M of this contract. Skanska also won the contract to modernize the M25 motorway for approximately USD 251 M. Another major contract secured in the U.K. was for the construction of the Bermondsey Dive-Under for about USD 95 M.

Market

In the U.K. and the Czech Republic, the market continued to be weak due to the impact of public sector's cost-cutting programs. There was more stability in the Polish market, despite a slight weakening of the building construction segment at the end of 2012.

EU infrastructure funds are important sources of financing for Polish and Czech investments in such projects, and their efficient usage enables new infrastructure investments.

In recent years, there has been a shift from very large projects to increasingly small and medium-sized projects in these two markets.

In 2012, the Polish and Czech construction markets were both marked by turbulence, while Skanska with its financial strength remained strong.

Earnings

Operations in Poland and the U.K. continued to deliver good earnings. Earnings in the U.K. were higher than the preceding year. In Poland, the earnings in comparison with the preceding year were negatively impacted by the completion of a very profitable project in 2011.

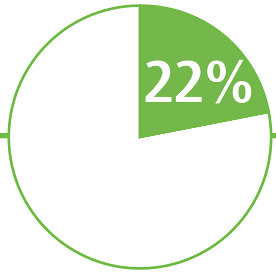
In the Czech Republic, revenue fell due to the weak market, but profitability improved despite the situation.

Outlook 2013 ↘

	Building construction	Residential	Civil construction
Poland	↘	→	↘
Czech Republic	↓	↓	↓
United Kingdom	↘	↘	↘

The European markets are expected to remain weak, particularly for large civil construction projects, and competition for these projects is intense. However, the outlook is somewhat brighter in the U.K.

↑ Substantial growth ↗ Growth → Stable ↘ Decline ↓ Significant decline



Other European countries accounted for 22 percent of Construction revenue.

Despite a weak market, Other European countries delivered an operating margin of 3.7 percent.

Construction, Other European countries

	Revenue		Operating income		Operating margin, %		Order bookings		Book-to-build, %		Order backlog	
USD M	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
Poland	**1,315**	1,594	**62**	144	**4.7**	9,1	**1,118**	1,407	**85**	88	**913**	1,003
Czech Republic[1]	**821**	1,027	**18**	8	**2.2**	0,8	**557**	922	**68**	90	**868**	1,088
United Kingdom	**1,848**	1,958	**67**	65	**3.7**	3,3	**1,705**	1,407	**92**	72	**2,908**	2,922
Totalt	**3,984**	4,579	**147**	217	**3.7**	4,7	**3,380**	3,736	**85**	82	**4,688**	5,013

1 Including Slovakia.

Broadened cooperation in Poland, the Czech Republic and Slovakia
Skanska's Central European construction units in Poland, the Czech Republic and Slovakia draw on each other's strengths to secure and execute various types of construction assignments. Cooperation also aims at effecting cost-savings through the exchange of resources and equipment. Here concrete is being poured for the runways at Warsaw's and Poland's largest airport, in Okecie. The machine comes from Skanska Czech Republic and is adjustable so it can pour concrete runways that vary from 6 to 12.5 meters in breadth. The project team comprises both Czech and Polish employees. Outside the Polish city of Łódź, a similar clustered collaboration is taking place for the expansion of Highway S8.

Cross London Rail Links – Cross Rail

- **Owner:** Transport for London and Department of Transport
- **Total length:** 118 km double track, of which 21 km bored tunnel through central London
- **Number of stations:** 38, of which seven in central London
- **Total investment:** estimated at approximately USD 22 billion
- **Construction period:** Planned since 2001, construction start 2012, estimated completion 2018
- **Skanska's assignment:** Paddington Station, originally about USD 222 M, but with changes about USD 295 M, started 2012, completion 2018
- Foundation work Bond Street Station approximately USD 148 M, started 2012, completion 2013

Crossrail – the new underground shortcut in London

The London metropolis is growing. Traveling times, congestion and traffic jams are increasing. Not even the world's oldest and second-longest subway system can cope. However, the new Crossrail subway and rail line represents a concerted effort to improve public transport.

Crossrail is an east-west cut through London, where approximately 21 kilometers of tunnel are being built. Skanska is responsible for constructing the new Paddington Station and for extensive foundation work at Bond Street.

In 2018, passengers will be able to travel directly from Heathrow to London City through the Crossrail – Europe's largest infrastructure project – in just half an hour, without having to change trains. The capacity of London's subway system will thus be increased by 10 percent.

The Paddington Crossrail station is being constructed 30 meters under the street level of Eastbourne Terrace, on a 260 meter long and 25 meter wide stretch. Excavation, piling, shoring and concrete pouring will be carried out non-stop, seven days a week.

To be able to stand on firm ground, the construction is being carried out from the top downwards. The old Eastbourne Terrace, where countless London Cabs picked up an endless flow of travelers under a cast iron canopy, has been carefully dismantled and replaced by a sturdy concrete slab. It now forms the platform as work continues below street level. The new Eastbourne Terrace rests upon 60-meter-long pillars. Concrete work is currently underway on the diaphragm wall panels for the 40-meter-high station.

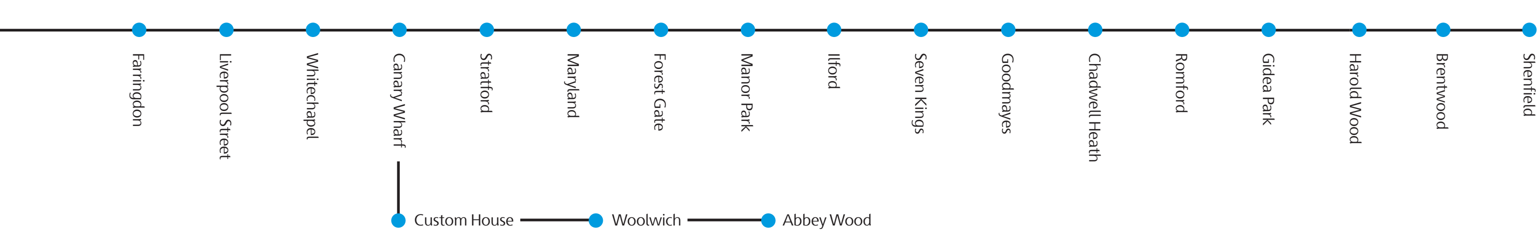
The need for surgical precision is illustrated by the fact that the outer wall of the new station will be built 15 millimeters from existing buildings.

"It is easier and more efficient to work from the top downwards," says Martin Quaid, who is project director and certainly no novice when it comes to precision work. On assignment from Skanska, he completed the second phase of the Royal Derby Hospital and prior to that, Terminal 5 at Heathrow.

The task is now to build the new Paddington Crossrail station without disturbing the environment or the residents of the area. The surrounding buildings have been fitted with hundreds of sensors that measure and register vibrations and movements in the buildings, dust particles in the air and noise levels.

The area around Paddington is historically significant and features numerous landmark buildings, including Paddington Station, built in 1854 and designed by the legendary engineer Brunel (1806–1859), the listed building MacMillan House and the revered Hilton London Paddington. The district also contains several hundred private residences with trendy addresses. Everyone who is affected by the construction is continuously updated about the project through, for example, monthly information meetings.

In terms of environmental accreditation, the aim is to certify the station in accordance with BREEAM's level, "Very Good." To guide and measure the green journey, Skanska is using the the strategic framework, Skanska Color Palette™.

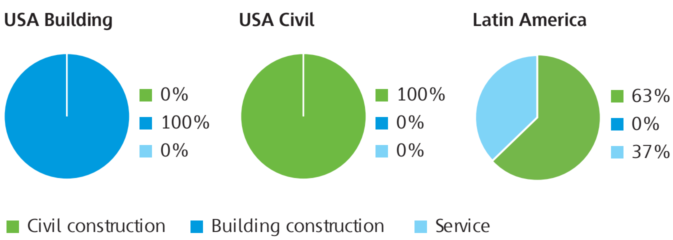


The Americas

- USA Building
- USA Civil
- Latin America

Skanska is one of the leading construction companies in the U.S. for building and civil construction. Latin American operations, which are dominated by energy-sector assignments, were charged with write-downs during the year. The order situation remains highly favorable in the U.S., which indicates continued growth.

Breakdown of order backlog, USD 11.1 bn



Skanska's home markets

USD	GDP/capita	Construction/ capita	Construction as % of GDP
United States	48,328	2,493	5.2
Argentina	10,944	1,434	13.1
Brazil	11,929	952	8.0
Chile	14,500	2,009	13.9

Sources: Euroconstruct, IMF, national statistical agencies.

Competitors

Turner
Bovis
Fluor Corp.
Kiewit
Granite
Flatiron
Techint
Odebrecht

Major events during the year

Order bookings in the Americas, particularly for Skanska USA Building and Skanska USA Civil, have been quite favorable and resulted in increased geographical spread.

As in previous years, Skanska USA Building won most of its big contracts in the healthcare and education sectors. Also, several assignments were secured for the construction of office buildings during the year. The largest assignment was a construction management contract for the expansion of a pharmaceutical research campus in the Northeast, valued at about USD 443 M.

In 2012, Skanska USA Civil's order bookings were dominated by road and bridge contracts. Skanska's strong position in the construction for the New York subway system also generated several assignments. The largest assignment secured in 2012 was for the construction of the Midtown Tunnel/Elizabeth River Tunnels in Virginia, valued at about USD 661 M. This is the result of close cooperation with Skanska Infrastructure Development, which also reached Financial Close for the financing, design, construction, operation and maintenance of the project. The integration of Industrial Contractors Skanska, acquired at year-end 2011, was a top priority in 2012 and is proceeding well.

In Latin America, the assignments secured were primarily in the energy sector, the largest being an assignment to expand a natural gas power plant in Rio de Janeiro, Brazil, worth about USD 251 M. In 2012, operations in Latin America were charged with write-downs of USD 127 M, primarily attributable to a write-down on one ongoing project and the write-down of receivables in two completed projects. Returning the operations to normal profitability levels is highly prioritized.

Market

The U.S. market improved during the year, and order bookings were strong, while there was also an increase in the number of projects available for tender. The fragmented market in the U.S. also represents major growth potential for Skanska.

Skanska has a strong market position in transportation infrastructure, the healthcare sector, the pharmaceutical industry and high-tech buildings for the information technology (IT) industry, thanks to long-term customer relationships, a geographic presence and expertise in green construction.

Latin American operations were dominated by assignments in the energy sector.

Earnings

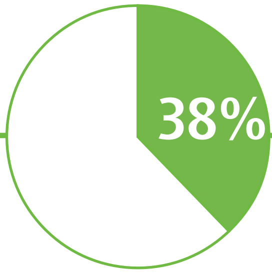
Revenues in the U.S. increased strongly compared with 2011, and the operating margin is at a stable and healthy level. In Latin America, earnings were negative as a result of write-downs on projects.

Outlook 2013 ↗

	Building construction	Residential	Civil construction
United States	↗	–	↑
Latin America	–	–	↗

The market for large and complex civil construction projects continued to develop favorably in the U.S., but there is intense competition for these projects. In building construction operations, the segment for healthcare, aviation and facilities for the information technology (IT) industry are developing favorably. By late 2012, the market for commercial buildings was also performing well.

↑ Substantial growth ↗ Growth → Stable ↘ Decline ↓ Significant decline



The Americas accounted for 38 percent of Construction revenue.

> Operating margin for Skanska USA Civil in 2012 was 9.0 percent.

Construction in the Americas

	Revenue		Operating income		Operating margin, %		Order bookings		Book-to-build, %		Order backlog	
USD M	**2012**	2011	**2012**	2011	**2012**	2011	**2012**	2011	**2012**	2011	**2012**	2011
USA Building	**3,933**	3,286	**66**	61	**1.7**	1.8	**4,132**	3,993	**105**	122	**5,415**	5,214
USA Civil	**1,846**	1,568	**166**	145	**9.0**	9.2	**2,616**	2,024	**142**	129	**4,370**	3,599
Latin America	**1,214**	927	**–80**	18	**neg**	1.9	**1,331**	1,471	**110**	159	**1,311**	1,293
Total	**6,993**	5,782	**152**	223	**2.2**	3.9	**8,079**	7,488	**116**	130	**11,096**	10,106

Two major lecture and laboratory buildings are being constructed for the City University of New York (CUNY) in upper Manhattan. The project, which comprises an area of approximately 55,000 sq m is to be completed in 2013.

Expansion of Bay Area Rapid Transit (BART) in California, USA. Skanska is constructing a 1.6 kilometer section in Fremont and a further 16 kilometers into San Jose in the Silicon Valley.

High pace for higher education

Images: The bookBot, robotic book delivery system at work. The lobby and group study rooms are open for both students and the public.

James B. Hunt Jr. Library

- **Built by:** Skanska USA Building
- **Client:** North Carolina State University
- **Tenant:** North Carolina State University and the Institute for Emerging Issues
- **Contract:** USD 95.3 M
- **Construction period:** October 2009–October 2012
- **Handover:** Autumn 2012 and opened in January 2013
- **Environmental data:** LEED Silver

The new James B. Hunt, Jr. Library is the meeting place at North Carolina State University's campus in Raleigh, North Carolina, USA. Behind the wavy facade is 20,500 sq m of space spread over four floors.

Hunt Library accommodates reading rooms, digital workstations, cafés and offices and, of course, books. At least 1.5 million volumes – mostly books but also other material – are stored in a computerized book repository with a maximum capacity of two million titles. Books are ordered on the Internet and retrieved by a book robot, known as a bookBot.

The ground floor's spacious interior features color accents in red, yellow and blue, and there is no shortage of designer furniture. The first sight to meet students and visitors is a three-story spiral-shaped LED screen broadcasting a rolling welcome message and numerous touch screens in all sizes.

The interactive exhibition is part of the Institute for Emerging Issues, initiated by North Carolina Governor James B. Hunt, Jr., for whom the library is named. The exhibition promotes learning and enables visitors to conduct research and even initiate new programs.

"Think and Do" is a guiding principle for the university. This motto also provided guidance for the design of the building's content and services. For example, the university engaged the help of some 20 of its students.

"We want the best imaginable environment for collaborative learning, so our students have participated in the development teams," says Susan K. Nutter, Vice Provost and Director of the Library. "This required both thinking and doing, and we did this in 'student-time,' meaning within the same semester before they were moving on. This also creates a sense of ownership and responsibility," Nutter explains.

The "Think and Do" approach was also a source of inspiration for Skanska in its efforts to create the living knowledge center that the university required. So the question is whether the company managed to meet expectations.

"We love Skanska," exclaims Anita R. Brown-Graham, Director of the Institute of Emerging Issues. "Everybody is so proud, and Governor Hunt is planning to send a personal letter of gratitude to all 2,000 people who participated in the project."

The Hunt Library – certified to LEED Silver level, an international green building standard – was opened in January 2013. Skanska was responsible for the entire project execution, at a cost of USD 95.3 M.

The market for higher education continues to grow in the United States. The number of students in the country has grown by more than five million in a decade, and there will be about 2.4 million more in the next decade, according to the National Center for Education Statistics (NCES).

The higher education segment accounts for an increasing share of Skanska's U.S. operations. The figure has doubled in recent years. In 2012, the aggregate contract value in this sector was about USD 540 M. In 2012, a total of 41 construction contracts were signed with universities and colleges, 19 of which were public institutions, from Boston in the east to Portland in the west.

Residential Development

Continued growth for BoKlok

BoKlok – Skanska's and IKEA's concept for attractive modern homes at affordable prices – continues to grow successfully. In 2012, some 20 BoKlok projects were launched throughout Sweden, from Eslöv to Luleå. Growth in the preceding year was 15 percent. A total of 500 apartments were sold, and construction was started on another 508. At the same time, product development aimed at the volume construction of four-story buildings took place. Until now, BoKlok construction has been in the form of two-story buildings.

The first BoKlok project in Norway was completed in Bergen, with 22 apartments finished before the Christmas holidays. Sales launches of additional projects were planned for Norway in 2013. A project launch for Finland was prepared during the year, with a planned sales launch in January 2013. The first BoKlok project in Vantaa, Finland, attracted 490 people interested in the 36 apartments in the Finnish premier project.

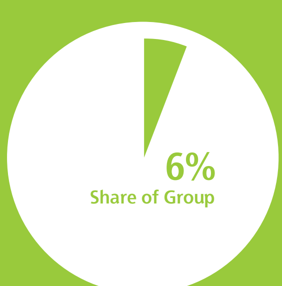
Knowledge, innovative solutions and extensive experience have helped make Skanska a leading residential developer in its markets. In each project, we build homes for sale to selected target groups.

Sweden
Norway
Finland and Estonia
Poland
Czech Republic
United Kingdom

Based on our knowledge of our various target groups, we develop modern homes in attractive and sustainable areas. Our objective is to facilitate and improve the everyday life of people. Based on our core competence in planning, development and execution of residential projects, we create new neighborhoods from the ground up. During 2012, Skanska sold 3,060 homes.

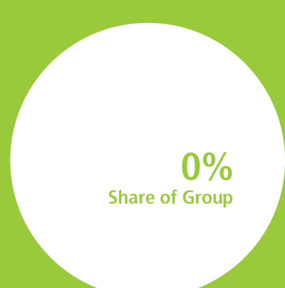
2012

Revenue



Revenue USD 1,282 M
EUR 997 M
SEK 8,682 M

Operating income



Operating income USD –17 M
EUR –13 M
SEK –114 M

Key ratios

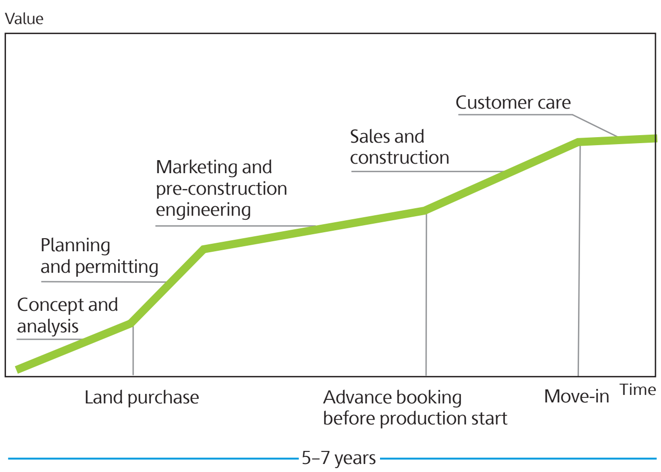
USD M	2012	2011
Revenue	**1,282**	1,317
Operating income	**–17**	53
Operating margin, %	**neg**	4.0
Investments	**–1,150**	–1,184
Divestments	**1,189**	878
Operating cash flow from business operations[1]	**–89**	–395
Capital employed	**1,734**	1,848
Return on capital employed, %	**0.2**	3.2
Number of employees	**528**	586

1 Before taxes, financing operations and dividends.

Enhancing efficiency in the Nordic countries

The situation in the euro zone slowed demand, and Residential Development operations are being adjusted to these new market conditions. In 2012, Skanska initiated extensive streamlining of production and its land bank in the Nordic region.

Value creation in residential development



A basic prerequisite for successful residential development is the capacity to understand the needs of customers and the ability to assess demand.

Value creation step by step

Generating value in residential development begins with an analysis of macroeconomic and demographic trends. Where is the growth, who are the target groups and what are their needs and wishes?

Before making land purchases, Skanska analyzes local conditions in detail. Then a step-by-step process begins, aimed at ultimately offering customers the best possible value. During the planning stage, Skanska establishes a framework in close collaboration with local government. Based on the potential offered by the surroundings, it then creates a neighborhood with a distinct character. An attractive neighborhood is designed and built on the basis of residents' needs and environmental considerations. Skanska's own sales organization then markets the new homes to the right target group.

Major events

- **Homes sold:** 3,060 (3,193).
- **Homes started:** 2,993 (3,630).
- **Acquisition of building rights:** 4,039 building rights valued at USD 138 M.
- Restructuring of operations in Nordic countries.
- Sales commenced on the first projects in the U.K. and in Poland.

Revenue

- USD 1.3 billion (1.3).
- - 3 percent.

Earnings

- **Operating income:** USD -17 M (53).
- **Operating margin:** neg. (4.0) percent.

Outlook 2013

- The residential market is still characterized by strict lending practices and uncertainty among potential home buyers. Looking further ahead, Skanska believes that prospects are good, due to a structural undersupply of homes.

Generating value

Value is also generated for Skanska through an understanding of what is attractive and what generates value for our customers. Homes and areas are developed with consideration for the different needs of different target groups. Buying a new home is a major investment. Added value is generated when the customer is provided with guidance through the buying process and gains confidence about their choices. Clearly defined customer segments and needs provide the basis for the products and concepts that Skanska chooses to invest in.

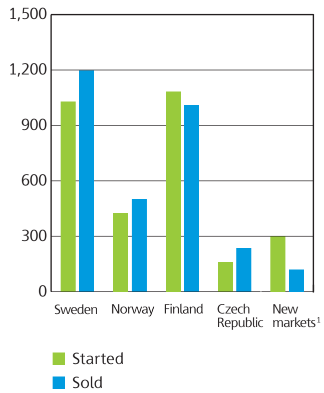
New residential areas are planned using sustainable urban environments, good environmental choices, preservation of natural values, improved waste management and accessible public transit as key elements.

Skanska continuously improves productivity and cost-effectiveness through increased utilization of standardized components, industrialized production and coordinated purchasing. Experience shows increased efficiency and substantial cost savings.

As illustrated by Skanska's business model, shown on page 8, residential development also generates profitable construction assignments for Skanska's construction operations.

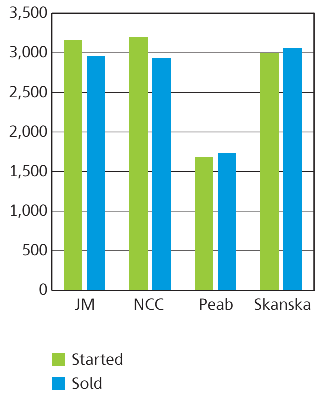
> **Skanska sold 3,060 homes and started construction of 2,993 homes in 2012.**

Homes started and sold



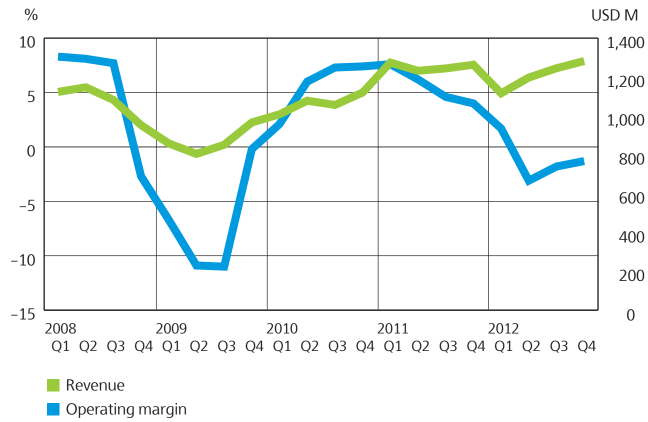
1 Poland and the United Kingdom.

Homes started and sold, Nordic residential developers[1]



1 Group total.
Source: Year-end report of each respective company.

Revenue and operating margin, rolling 12 months

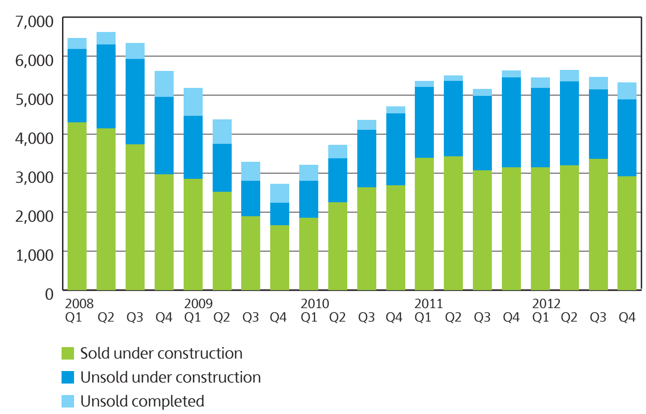


Value enhancement

The value of land and building rights varies with the demand for housing, which is reflected in changing prices and rents. Value also depends on location increases as development risks diminish. A major step in value enhancement occurs when undeveloped land is converted to a building right, a process that may take up to five years until a local development plan is approved. Skanska plays a proactive role, working closely with local government bodies in planning processes for land use and neighborhood development. Value is further enhanced in the next phase, when the building right is turned into a completed project that is ready for occupancy.

To satisfy the need for return on capital employed, the land bank must be well-adapted to the scale and direction of operations. To meet this requirement, Skanska continuously evaluates its land holdings, resulting in acquisitions, divestments or land exchanges.

Homes under construction and unsold

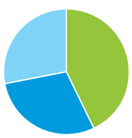


Nordic countries

- Sweden
- Norway
- Finland and Estonia

Skanska's biggest market for Residential Development is the Nordic countries. Operations are conducted primarily in metropolitan regions. In 2012, the organization was adjusted, and the streamlining of production and the land bank was initiated.

Revenue Nordic countries



- Sweden, **43%**
- Norway, **29%**
- Finland, **28%**

Residential development in the Nordic countries

	Revenue		Operating income		Operating margin, %		Capital employed[1]		Return on capital employed, %[2]	
USD M	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
Sweden	**524**	550	**–38**	19	**neg**	3.4	**590**	829	**neg**	2.3
Norway	**349**	271	**22**	15	**6.4**	5.7	**480**	456	**7.1**	4.0
Finland[3]	**340**	410	**16**	26	**4.7**	6.3	**452**	448	**4.1**	6.3
Total	**1,213**	1,232	**1**	60	**0.1**	4.9	**1,522**	1,732	**1.2**	3.7

1 Capital employed according to IFRS.
2 Return on capital employed based on operating income according to segment reporting.
3 Including Estonia.

Competitors

JM
NCC
PEAB
Veidekke
Lemminkäinen
YIT
BWG Homes

Major events

Operations in the Nordic countries were restructured in 2012 due to lower targets for volume and to stop project cost increases, primarily in Sweden. Earnings were charged with nonrecurring costs of USD 44 M as a result. The corrective measures that were taken will provide yearly savings of about USD 27 M. In addition, the streamlining of production and the land bank was initiated during the year and is proceeding according to plan. Approximately USD 300 M of the carrying amount in the land bank was moved from the Residential Development business stream in 2012 and is now recognized centrally. The goal is for this part of the land bank to be divested which can be done in accordance with several alternative business arrangements.

In the Nordic countries, 2,705 homes were sold in 2012, which was the same level as in 2011. The number of homes started was 2,536, or somewhat fewer than the number sold.

Market

In Sweden and Finland, sales occur usually in the form of ownership rights in cooperative housing associations or via housing corporations, while in Norway homes are mainly sold as individually owned units.

In the Nordic countries, the housing market continued to be cautious during the year. Demand and home prices declined somewhat. In Sweden and Finland, the market was adversely impacted by uncertainties among potential home buyers arising from stricter lending conditions, which resulted in longer sales processes and fewer project start-ups. However, prices in Stockholm were relatively stable.

The BoKlok concept developed better than the market in general.

In Norway, demand remained healthy and prices rose.

Earnings

The restructuring of Nordic operations adversely impacted earnings, as did increased project costs in 2012. These costs were mostly related to the Swedish operations. However, profitability improved in the latter half of 2012.

In Finland, operations performed relatively well, but the market was cautious.

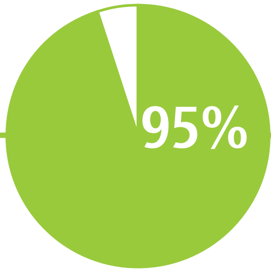
Both the Norwegian market and Skanska's Norwegian operations performed well during the year.

Outlook 2013

Sweden	
Norway	
Finland	

In Sweden and Finland, the market is expected to be restrained. However, market performance in major urban areas is expected to be somewhat more stable. In Norway, demand remains healthy, with rising prices.

Substantial growth · Growth · Stable · Decline · Significant decline



The Nordic countries accounted for 95 percent of the Residential Development revenue.

Pre-sold ratio 63%

Number of homes

Market	Homes started	Under construction	Pre-sold, %	Total homes sold	Completed unsold
Sweden	1,028	2,080	67	1,196	157
Norway	425	699	72	500	16
Finland [1]	1,083	1,441	52	1,009	136
Total	**2,536**	**4,220**	**63**	**2,705**	**309**

Number of unutilized building rights

Market	Master plan	Local plan underway	Local plan approved	Building permit stage	Total [2]	Other rights [3]
Sweden	2,300	3,300	2,600	300	8,500	6,200
Norway	300	300	1,800	0	2,400	1,500
Finland [1]	100	1,700	3,200	500	5,500	3,800
Total	**2,700**	**5,300**	**7,600**	**800**	**16,400**	**11,500**

1 Including Estonia.
2 Including building rights in associated companies.
3 Entitlements to acquire building rights under certain conditions.

Oil-driven residential market in Stavanger

The Norwegian economy remains strong, which favors the demand for homes. Skanska's project was sold out prior to completion, and in Oslo and Stavanger home buyers were queuing overnight in anticipation of sales launches.

Grannesparken in Sola municipality is one of Skanska's four residential projects in the Stavanger area. Grannesparken, comprising 102 apartments in a multi-family dwellings and 20 apartments in terrace houses, was under construction from 2009 to 2012.

In addition to the attractive designs with brick, wood paneling and large balconies, buyers were attracted by the proximity to the forest, sea and large green spaces. Location was also a key factor for Ole Ueland in his choice of home.

"For me, it's close to my workplace in Sola municipality and to the neighboring municipalities of Sandes and Stavanger," says Ole, who is chairman of the Sola municipality.

Ole Ueland, his partner Peter and cat Thelma, have been comfortable in their 77 sq m apartment and large balcony since moving in, in June 2011. This is their second residential transaction with Skanska.

"It is satisfying to purchase a new home when you can exert influence through your choices. And I had nothing but good experiences with Skanska from an earlier purchase in Kongshaug," says Ole.

The Stavanger area has 300,000 inhabitants, and Skanska produced slightly more than 200 apartments here in 2012. In this petrochemical metropolis, residential prices are higher than in Oslo.

Other European countries

- Poland
- Czech Republic
- United Kingdom

In Other European countries, Skanska has residential development operations in Prague and Warsaw, as well as Cambridge in the U.K. Poland and the U.K. are new residential development markets for Skanska, and sales of the first projects gathered momentum in these countries in 2012.

Revenue Other European countries

Czech Republic, **55%**
New markets, **45%**

Residential Development in Other European countries

	Revenue		Operating income		Operating margin, %		Capital employed[1]		Return on capital employed, %[2]	
USD M	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
Czech Republic[3]	**38**	78	**–9**	0	**neg**	0.6	**52**	53	**neg**	0.7
New markets[4]	**31**	7	**–8**	–7	**neg**	neg	**160**	63	**neg**	neg
Total	**69**	85	**–17**	–7	**neg**	neg	**212**	116	**neg**	neg

1 Capital employed according to IFRS.
2 Return on capital employed based on operating income according to segment reporting.
3 Including Slovakia.
4 Poland and the United Kingdom.

Competitors

Central Group
Finep
DOM Development
JW Construction
Berkeley Group
Bovis Homes

Major events during the year

Due to the weak market performance in the Czech Republic and Slovakia in 2012, Skanska decided to phase out operations in Slovakia and focus solely on Prague in the Czech Republic. This resulted in write-downs of land valued at about USD 12 M.

Skanska's residential development operations in Poland and the U.K., which were launched in 2011, both initiated sales in ongoing projects in 2012, and there has been great interest in Skanska projects in the media and among potential home buyers.

In Other European countries, a total of 355 homes were sold in 2012. The number of homes started was 457.

Market

There was continued weakness in the Czech housing market in 2012. The main reason for the weak market was political instability and the weak economic outlook, which led to uncertainty among potential home buyers.

In Poland, the political situation and demand are more stable, while the economic situation in the U.K. is strained. There was relatively good demand in the Polish and U.K. submarkets where Skanska pursues residential development operations.

Earnings

In the U.K. and Poland, Skanska Residential Development was in a start-up phase. While revenues rose from very low levels in comparison with the preceding year, a further increase is required to deliver positive earnings.

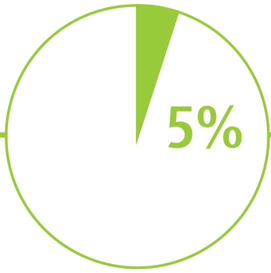
The Czech market remained weak, and as was previously mentioned, earnings were charged with write-downs of land in Slovakia.

Outlook 2013

Poland	
Czech Republic	
United Kingdom	

The market outlook for our submarkets in Poland and the U.K. were relatively stable, resulting in stable prices. However, the Czech market remains weak.

Substantial growth Growth Stable Decline Significant decline



Other European countries accounted for 5 percent of its Residential Development revenue.

Pre-sold ratio 41%

Number of homes

Market	Homes started	Under construction	Pre-sold, %	Total homes sold	Completed unsold
Czech Republic[1]	159	287	41	235	126
New markets[2]	298	383	42	120	0
Total	**457**	**670**	**41**	**355**	**126**

Number of unutilized building rights

Market	Master plan	Local plan underway	Local plan approved	Building permit stage	Total[3]	Other rights[4]
Czech Republic[1]	500	1,100	500	800	2,900	400
New markets[2]	300	300	2,100	200	2,900	0
Total	**800**	**1,400**	**2,600**	**1,000**	**5,800**	**400**

1 Including Slovakia.
2 Poland and the United Kingdom.
3 Including building rights in associated companies.
4 Entitlements to acquire building rights under certain conditions.

New homes in Poland, too

In 2012, Skanska began to develop, sell and construct homes in Poland, too. This means that Polish home buyers are able to obtain newly produced homes at a good price, in the right location and with a bright and open Scandinavian style. Naturally, those who wish can be offered homes with a more traditionally Polish design. Customers can make their choices at the sales office which includes a fully equipped apartment with kitchen and two bedrooms.

The new residential area is called Park Ostrobramska and is located ten minutes from the center of Warsaw. Phase 1 of Park Ostrobramska comprises two 13-story buildings with a total of 298 apartments. Construction is under way and the first building will be completed in 2014. About one-third of the apartments are already sold.

Commercial Property Development

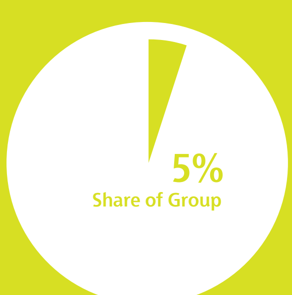
Full circle for the property project, 10th and G Street, Washington, D.C. The green LEED Gold certified office building was Skanska's first investment in the U.S. property market to be developed, built, leased and divested. The office building, located five blocks from the White House, was completed in 2012. The fully leased building was sold at a good profit. The tenants include the National Association of Manufacturers, the U.S. manufacturing industry's interest organization, Sound Exchange, which manages royalties for online music, and others.

Skanska initiates, develops, leases and divests commercial property projects. Focus is on office buildings, shopping malls and logistics properties with a green profile.

Sweden
Norway
Finland
Denmark
Poland
Czech Republic
Hungary
Romania
United States

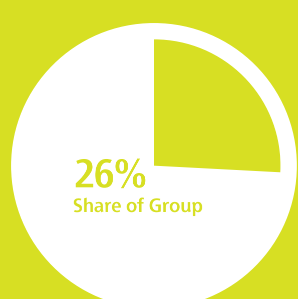
Skanska plans and develops sustainable long-term property projects in attractive locations. Through close cooperation with its stakeholders, Skanska creates green, creative and efficient workplaces, which increase profitability for all parties.

2012 Revenue



Revenue USD 996 M
EUR 775 M
SEK 6,742 M

Operating income



Operating income USD 214 M
EUR 166 M
SEK 1,448 M

Key ratios

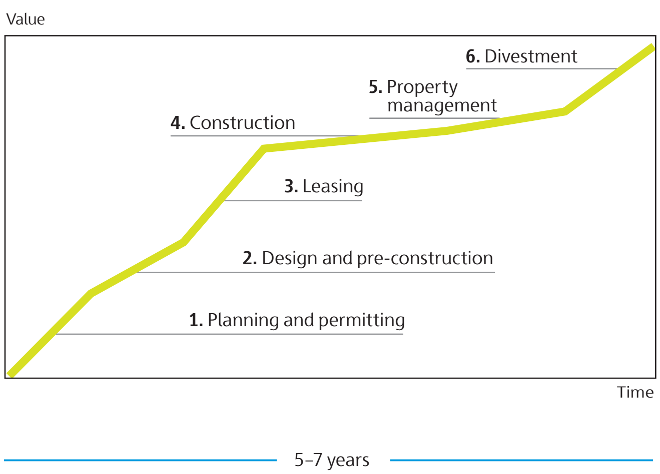
USD M	2012	2011
Revenue	**996**	868
Operating income	**214**	184
of which gain from divestments of properties[1]	**250**	195
Investment obligations, projects started during the year	**513**	611
Investments	**–950**	–538
Divestments	**609**	575
Operating cash flow from business operations[2]	**–343**	22
Capital employed, USD bn	**2.1**	1.6
Return on capital employed, %[3]	**9.5**	14.1
Number of employees	**273**	235
1 Additional gain included in eliminations was	**16**	21

2 Before taxes, financial activities and dividends.
3 Calculated in accordance with the definition of financial targets.

Profitable property divestments year after year

In 2012, the number of ongoing property projects reached record levels, which raises the potential for future property sales. Modern, efficient and green properties were sold at a very healthy profit in 2012, including Skanska's first property divestment in the U.S.

Value creation in commercial property development



On average in the past five years, Skanska has sold properties for about USD 600 M, with a profit of about USD 150 M annually.

Value creation step by step

The development of commercial properties is a continuous process with several clearly defined phases. The average development cycle is 5–7 years.

Macroeconomic and market analyses precede a land purchase. A major step in value enhancement occurs when undeveloped land is transformed into a building right. Suitable premises are designed in collaboration with tenants and prospective buyers. Successful leasing work is often a precondition for breaking ground. As a rule, construction projects are executed by Skanska's own construction units. Active management and customer relations can add more value to the property. New projects are developed with an eye to divestment, which sometimes occurs in the construction phase.

Major events

- **Property divestments:** USD 923 M.
- **Signing of rental agreements covering:** 230,000 sq m.
- **Investments:** USD 950 M.
- **Estimated total surplus value on completion:** USD 628 M, refer to table on following page for further information.

Revenue

- USD 996 M (868).
- + 15 percent.

Earnings

- **Operating income:** USD 214 M (184).
- **Property divestments:** USD 250 M (195).
- Total divestment price exceeded the carrying amount by 37 (34) percent.

Outlook 2013

- **Ongoing projects at January 1, 2013:** 25.
- **Occupancy rate/Estimated surplus value in unsold ongoing projects:** 55 percent/USD 250 M.
- **Occupancy rate/Estimated surplus value in unsold completed projects:** 69 percent/USD 140 M.
- Tenants are continuing to demand modern, efficient and green premises, although the tenants' decision process is relatively long. Modern properties with stable tenants are in demand from property investors.

How Skanska generates value

Through close cooperation with customers, Skanska creates properties that are adapted to their specific needs. Skanska provides resource-efficient solutions that simultaneously offer comfort and a healthy working environment. This contributes to higher productivity levels and flexibility, which increase the value for tenants and, consequently, of the property.

Commercial Property Development generates value by developing completely new projects and by refurbishing completed properties. Like the Residential Development and Infrastructure Development business streams, Commercial Property Development also generates contracting assignments for the Group's construction units in keeping with the Skanska business model.

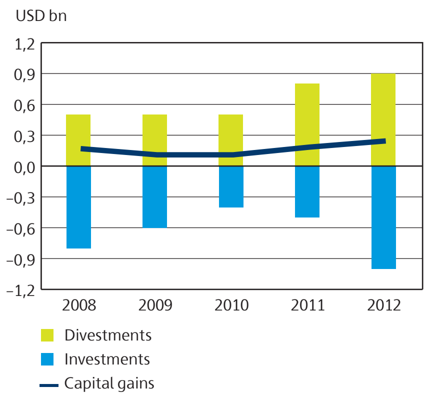
Development projects target two different customer categories. The primary customer is the tenant, who has many expectations and requirements regarding the premises. The secondary customer is the investor, who buys the property in order to own and manage it long-term, with a good return. This dual customer relationship means that the product, as well as the services that go with it, must be adapted to be attractive to both customer categories.

Skanska is a leader in developing energy-efficient, environmentally certified properties. Energy-efficient solutions add value for both investors and users. Skanska was the first to require LEED (Leadership in Energy and Environmental Design) certification of all new Nordic, Central European and U.S. commercial properties developed on its own account.

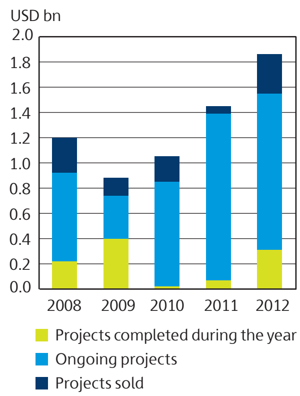
10 %

return on capital employed.

Properties
Investments, divestments and capital gains

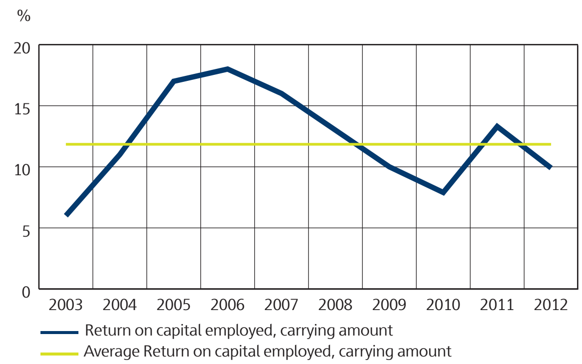


Volume of Commercial Development[1]



1 Refers to book value of completed projects and projected carrying amount of ongoing real estate projects upon completion.

Adjusted return on capital employed at carrying amount, 2003–2012[1]

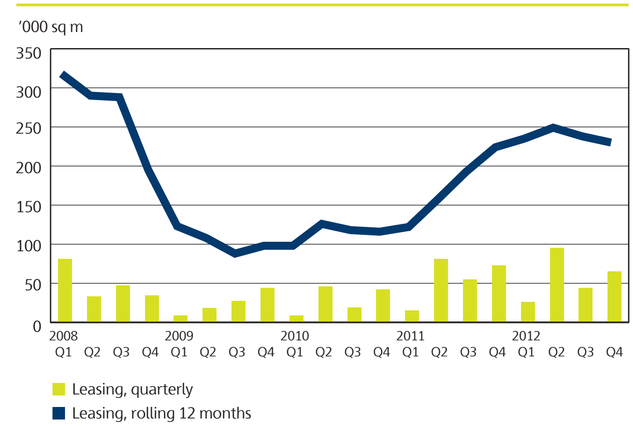


1 Including operating net, accrued unrealized development gains as well as changes in market value.

Value enhancement

The value of land and building rights varies with demand, which in turn is reflected in leasing price trends and yields demanded by property investors. Land value rises as risks diminish in the permit issuance process. A major step in value enhancement occurs when undeveloped land is transformed into a building right. Large-scale leasing sharply increases project value. Leasing activity thus begins at an early stage. Value increases further when the building right is turned into a completed project that generates rental income.

Leasing



Commercial Property Development – Carrying amounts and market values

USD M	Carrying amount, Dec 31, 2012	Carrying amount upon completion	Market value, Dec 31, 2012	Surplus value	Leasable space, 000 sq.m	Economic occupancy rate, %	Projected rental value fully leased	Average lease, years
Completed projects	382	382	531	149	247	79	57[2]	4.5
Projects completed in 2012	311	311	415	104	148	76	31[2]	7.9
Ongoing projects	586	1,243	1,519	276	408	61	102[3]	14.4
Total	**1,279**	**1,936**	**2,465**	**529**	**803**			
Development properties[1]	882	882	981	99				
Total	**2,161**	**2,818**	**3,446**	**628**				

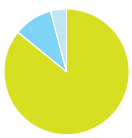
1 "Development properties" refers to land with development rights for commercial use, totaling about 1,300,000 sq m.
2 Total of contracted rents and estimated rent for unoccupied spaces.
3 Estimated rental value fully leased in year 1 when the property is completed.

Nordic countries

— Sweden
— Norway
— Finland
— Denmark

In the Nordic countries, Skanska primarily develops office properties in major urban areas, while logistics and high-volume retail properties are developed in strategic locations. In 2012, a number of property divestments were carried out in Sweden.

Distribution of leasable area, ongoing projects



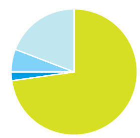
- Sweden, **86%**
- Norway, **0%**
- Finland, **10%**
- Denmark, **4%**

Commercial Property Development in the Nordic countries

USD M	2012	2011
Revenue	**598**	861
Operating income	**136**	205
of which gain from divestment of properties[1]	**144**	193
Capital employed, USD bn	**1.1**	1.0
Return on capital employed, %[2]	**10.7**	16.0
1 Additional gain included in eliminations was	**5**	21

2 Calculated in accordance with the definition of financial targets.

Distribution unutilized building rights



- Sweden, **73%**
- Norway, **2%**
- Finland, **6%**
- Denmark, **19%**

Competitors

NCC
Vasakronan
Diligentia
KLP Eiendom
YIT
Lemminkäinen

Major events

A number of properties were divested in Sweden in 2012, including offices, hotels and conference centers. The Klara Strand property in Stockholm was sold for USD 162 M, thus making it the largest divestment during the year in terms of value. One of the properties was divested for a guaranteed USD 133 M, which may be adjusted upwards by its completion in 2015. All properties were divested at favorable prices.

At the beginning of 2012, an office project was started up in Hyllie, Malmö, Sweden. The property will be certified at the very highest level, Platinum, in accordance with the international environmental certification system, LEED. The property will embody new eco-smart solutions, and the construction material will be scrutinized for their environmental and health impacts. During construction, a minimum of 95 percent of the waste will be recycled.

In 2012, a total of 109,000 sq m of office space was leased in the Nordics.

Market

The vacancy rate was low and stable in the Nordic countries, and the strongest demand was for modern, efficient and green properties.

Properties as investment class continued to be of interest to investors during 2012, and Skanska's property portfolio of energy-efficient, well-situated and high-occupancy properties has enabled several divestments with good capital gains.

Earnings

Property divestments resulted in very good capital gains in 2012. The gain on sale of properties totaled USD 144 M. This represented sales that exceeded the carrying amount by 37 percent. In addition, in the consolidated accounts there were previously eliminated intra-Group gains of USD 5 M.

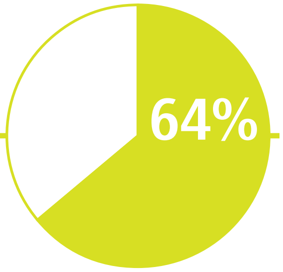
Outlook 2013

- Ongoing projects at January 1, 2013: 16.
- Occupancy rate/Estimated surplus value in unsold ongoing projects: 94 percent/USD 130 M.
- Occupancy rate/Estimated surplus value in unsold completed projects: 74 percent/USD 100 M.

Sweden	
Norway	
Finland	
Denmark	

The vacancy rates for office premises in most of Skanska's cities in the Nordic region were relatively stable, and property investors continue to demand modern properties with stable tenants, primarily in Sweden and Norway.

Substantial growth · Growth · Stable · Decline · Significant decline



64 percent of the ongoing projects in Commercial Property Development are located in the Nordic countries.

Properties worth a total of USD 536 M were divested in the Nordic countries. The gains on these transactions amounted to USD 144 M.

Ongoing projects in the Nordic countries

Project	Type of project	City	Leasable area, '000 sq m	Completion year	Economic occupancy rate, %
KKH Malmö Live	Office	Malmö, Sweden	11	2015	0
Hotel/Congress center Malmö	Hotel	Malmö, Sweden	26	2015	100
Uppsala Entré parking garage	Other	Uppsala, Sweden	6	2015	100
Entré Lindhagen, phase 1	Office	Stockholm, Sweden	27	2014	94
Entré Lindhagen, phase 2	Office	Stockholm, Sweden	46	2014	94
Klipporna Hyllie 1	Office	Malmö, Sweden	8	2014	100
Gullbergsvass, Tennet	Office	Gothenburg, Sweden	11	2013	61
Kallebäck	Office	Gothenburg,Sweden	15	2013	57
Kallebäck parking garage	Other	Gothenburg, Sweden	9	2013	40
Torpavallen, phase 1	Retail	Gothenburg,Sweden	5	2013	100
Torpavallen, phase 2	Retail	Gothenburg, Sweden	4	2013	87
Fröfjärden	Retail	Stockholm, Sweden	4	2013	100
Sunnanå	Retail	Malmö, Sweden	10	2013	100
Lindholmen	Hotel	Gothenburg, Sweden	14	2013	100
Polishus	Office	Södertälje, Sweden	8	2013	100
Ruskeasou, phase 1	Office	Helsinki, Finland	13	2012	100
Ruskeasou, phase 2	Office	Helsinki, Finland	10	2012	28
Havneholmen Plaza	Office	Copenhagen, Denmark	5	2014	100
Scanport, Nordhuset	Office	Copenhagen, Denmark	5	2012	75
Total			**237**		**83**

Projects	Nordic countries
Number of new projects 2012	**9**
Investment commitments, USD M	358
Number of ongoing projects	**19**
Leasable space in projects, '000 sq m	237
Economic occupancy rate, %	83
Number of divested ongoing projects	**4**
Leasable space in projects,'000 sq m	47

Energy guarantee in Uppsala Entré

Sweden's first office building with an energy guarantee has been built in Uppsala, next to the city's new travel center. Uppsala Entré, which comprises 16,600 sq m of leasable space, offices and shops, was sold to SPP Fastigheter for USD 79 M. The largest tenants are Uppsala municipality, Coop Sweden, Ernst & Young, Btwentyfour and Länsförsäkringar. The transaction included a garage property that is to be completed in 2015. The properties are a part of the major remodeling underway in the area around Uppsala Station.

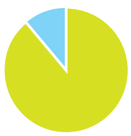
Uppsala Entré is to be certified in accordance with EU Green Building and LEED Gold, and Skanska will ensure the achievement of the green qualities that were planned. Skanska guarantees the building's energy performance using the model contract Energiavtal 12, for standardizing and verifying the energy performance of buildings based on the Sveby standard. For a period of three years, Skanska will be responsible for ensuring the monitoring and performance of energy in the long-term management of the building.

Other European countries

- Poland
- Czech Republic
- Hungary
- Romania

In Other European countries, Skanska primarily initiates and develops office properties and a number of property divestments were carried out during 2012. Poland is the market in which Skanska had the sharpest increase in the number of ongoing projects in 2012, thus creating the prerequisites for the continued value creation and future divestments.

Distribution of leasable area, ongoing projects

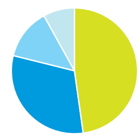


- Poland, **89%**
- Hungary, **11%**

Commercial Property Development in Other European countries

USD M	2012	2011
Revenue	264	6
Operating income	43	–12
of which gain from divestments of properties[1]	59	2
Capital employed, USD bn	0.6	0.4
Return on capital employed, %[2]	10.2	8.5
1 Additional gain included in eliminations was	9	-
2 Calculated in accordance with the definition of financial targets.		

Distribution unutilized building rights



- Poland, **48%**
- Czech Republic, **31%**
- Hungary, **13%**
- Romania, **8%**

Competitors

Ghelamco
Echo Investment
GTC

Major events

Two Polish properties were divested in 2012. Green Corner in Warsaw and Green Towers in Wrocław were sold for about USD 175 M. Both office properties have a distinct green profile, with high occupancy rates, which attracted investors.

City Green Court, an office building in Prague, Czech Republic, was sold for about USD 75 M. The property was nearly fully leased and it was the Czech Republic's first property project to be precertified at a Platinum level in accordance with LEED, which contributed to an attractive sales price.

In 2012, a number of projects were launched in Poland, including projects in the city of Kraków, which is a new geographic area for Skanska's Commercial Property Development in Poland.

In 2012, a total of 91,000 sq m of office space were leased in the Other European countries.

Market

The leasing market continued to perform well in Central Europe, primarily in Poland, where several major multinational corporations have chosen to establish offices.

As with the Nordic countries, there is also an interest among Polish investors in energy-efficient well-situated and high-occupancy properties.

The market for the investments of land has also been good in this part of Europe.

Earnings

The year's property divestments resulted in very good earnings. The gain on sale of properties totaled USD 59 M. This represented a gain that exceeded the carrying amount by 30 percent. In addition, in the consolidated accounts there were previously eliminated intra-Group gains of USD 9 M.

Outlook 2013

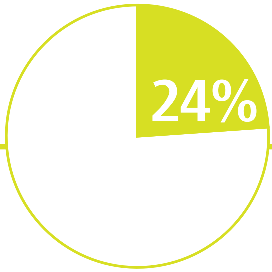
- Ongoing projects at January 1, 2013: 6.
- Occupancy rate/Estimated surplus value in unsold ongoing projects: 22 percent/USD 75 M.
- Occupancy rate/Estimated surplus value in unsold completed projects: 63 percent/USD 30 M.

→

Poland	↗
Czech Republic	↘
Hungary	↘
Romania	→

The vacancy rates for office premises in most of Skanska's cities in Central Europe were relatively stable, and there is a healthy demand from property investors for modern properties with stable tenants, primarily in Poland.

↑ Substantial growth ↗ Growth → Stable ↘ Decline ↓ Significant decline



24 percent of the ongoing projects in Commercial Property Development are located in Other European countries.

In 2012, a total of 91,400 sq m of office space was leased in the Other European countries. This indicates good potential for property divestments in the future.

Ongoing projects in Other European countries

Project	Type of project	City	Leasable space, '000 sq m	Completion year	Economic occupancy rate, %
Kapelanka 1	Office	Kraków , Poland	16	2014	0
Green Day	Office	Wrocław, Poland	21	2014	60
Green Towers, phase 2	Office	Wrocław, Poland	16	2013	100
Green Horizon, phase 2	Office	Łódź, Poland	18	2013	35
Atrium phase 1	Office	Warsaw, Poland	22	2013	8
Malta House	Office	Poznan, Poland	23	2013	20
Green Corner, phase 1	Office	Warsaw, Poland	19	2012	100
Green Corner, phase 2	Office	Warsaw, Poland	16	2012	100
Green Horizon, phase 1	Office	Łódź, Poland	25	2012	81
Green Tower, phase 1	Office	Wrocław, Poland	17	2012	100
Green House	Office	Budapest, Hungary	24	2012	60
Total			**217**		**57**

Project	Other European countries
Number of new projects, 2012	**3**
Investment commitments, USD M	104
Number of ongoing projects	**11**
Leasable space in projects, '000 sq m	217
Economic occupancy rate, %	57
Number of divested ongoing projects	**4**
Leasable space in projects, '000 sq m	68

Hungary's greenest office building
Green House in Budapest is precertified at the LEED Platinum level, making it the greenest office building in Hungary. The 20,000 sq m office was completed in December, when Skanska welcomed ABB Hungary as a tenant.

– Green House is a milestone for green and sustainable offices in Central Europe, says Tanja Vainio, Manager of ABB Hungary.

– Sustainability is an aspect that is integrated into everything we do and consequently, Green House was the natural choice for us. It was also exciting to be both tenant and partner. Green House is equipped with our intelligent management system, which contributes to lower energy consumption.

In Budapest, Skanska has developed and divested more than 122,000 sq m of property since 1987.

Strong expansion in Poland

Expansion in the project development operations is one of the key features of Skanska's strategy for profitable growth in 2011–2015.

Commercial Property Development is expanding in general, but the strongest growth is in Poland. It involves eight new projects totaling 157,000 sq m, which started in 2011–12. Accordingly, there are currently nine ongoing projects in five Polish markets; two years ago, there were two projects in two cities.

Skanska has launched four new commercial projects in three new regional markets; Łódź, Poznań and Kraków. Skanska has been established in Warsaw and Wrocław for some time.

The strength of the Polish economy enabled most of projects to start without being pre-leased. The target for leasing was far surpassed. In 2012, a record was set in the Central European markets, when lease agreements were signed for 91,400 sq m.

Investments in new offices in the past two years have totaled USD 325 M. At the same time, the land bank for potential future projects increased to 247,000 sq m in new building rights.

The general downturn in the global economy led to a slight slowdown in the pace of sales. However, modern and green properties with stable tenants are still in demand from property investors. In 2012, Skanska divested Warsaw Green Corner and Wrocław Green Towers at a good capital gain.

The Polish offensive is due to the country's relatively strong economy, which remains robust. Growth was somewhat subdued by the euro crisis but nevertheless exceeds 2 percent.

Skanska's successes are based on a series of factors. International tenants demand green, modern and flexible premises, which are Skanska's specialties. All new office buildings are designed to achieve at least the LEED Gold level of the international environmental certification system.

Skanska's commercial property projects in Poland

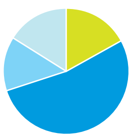
Start-up 2011 – 2012 (area excluding parking)

- **Warsaw Green Corner I and II** 27,000 sq m, completion 2012
- **Warsaw Atrium I** 16,300 sq m, completion 2013
- **Wrocław Green Towers II** 10,500sq m, completion 2013
- **Wrocław Green Day** 15,900 sq m, completion 2014
- **Łódź Green Horizon I and II** 33,000 sq m, completion 2013
- **Poznań Malta House** 14,700 sq m, completion 2013
- **Kraków Kapelanka I** 12,500 sq m, completion 2014

United States

In the U.S., Skanska initiates and develops office properties in Washington, D.C., Boston, Houston and Seattle. The U.S. is the most recent geographical addition to this business stream, and the first divestment of property was carried out in 2012, resulting in very good results.

Distribution of leasable area, ongoing projects



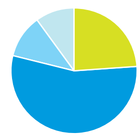
- Washington D.C., **17%**
- Houston, **53%**
- Boston, **14%**
- Seattle, **16%**

Commercial Property Development in the United States

USD M	2012	2011
Revenue	**134**	1
Operating income	**35**	–9
of which gain from divestments of properties[1]	**47**	–
Capital employed, USD bn	**0.4**	0.2
Return on capital employed, %[2]	**4.3**	10.9
1 Additional gain included in eliminations was	2	-

2 Calculated in accordance with defined financial objectives.

Distribution unutilized building rights



- Washington D.C., **24%**
- Houston, **55%**
- Boston, **11%**
- Seattle, **10%**

Competitors

Hines
Trammell Crow
Boston Properties

Major events

In 2012, Skanska divested its first property development project in the U.S. in Washington, D.C. The sales price was approximately USD 130 M, which represents excellent earnings and thus, a good start to Skanska's U.S. commercial property development operations. The office property achieved LEED Gold certification in accordance with the international environmental certification system.

Skanska also launched its first project in Seattle in 2012. More than 90 percent of the pre-certified LEED Platinum property is already leased.

In 2012, a total of 30,000 sq m of office space were leased in the U.S.

In the Boston Seaport district, Skanska invested in new land for USD 38 M.

Market

The vacancy rate was either in decline or stable in 2012, in the selected cities where Skanska is operating, and the interest from potential tenants was positive. The behavioral patterns of U.S. tenants are somewhat different in comparison with Skanska's other markets for commercial property development. Leasing agreements are usually signed when the property is completed and not during construction.

Energy-efficient, well-situated and properties with high occupancy appeal to investors in selected cities in the U.S. where Skanska has operations.

Earnings

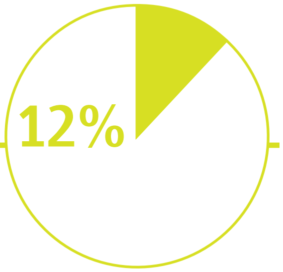
Property sales contributed with USD 47 M and had a very positive effect on 2012 earnings. This means that sales levels exceeded the carrying amount by 57 percent. In addition, in the consolidated accounts there were previously eliminated intra-Group gains of USD 2 M.

Outlook 2013

- Ongoing projects at January 1, 2013: 3.
- Occupancy rate /Estimated surplus value in unsold ongoing projects: 26 percent / USD 45 M.
- Occupancy rate /Estimated surplus value in unsold completed projects: 41 percent / USD 10 M.

United States	

The vacancy rate declined for office premises in most of Skanska's cities in the U.S., and there is a healthy demand from property investors for modern properties with stable tenants in the U.S.



12 percent of the ongoing projects in Commercial Property Development are located in the U.S.

By 57% the sales price exceeded the carrying amount.

Ongoing projects in the United States

Project	Type of project	City	Leasable space, '000 sq. m	Completion year	Economic occupancy rate, %
Stone34	Office	Seattle, WA	16	2014	90
2nd Street	Office	Cambridge, MA	14	2013	0
Post Oak	Office	Houston, TX	54	2013	16
1776 Wilson Boulevard	Office	Arlington, VA	18	2012	41
Total			**102**		**29**

Projects	United States
Number of new projects, 2012	**1**
Investment commitments, USD M	51
Number of ongoing projects	**4**
Leasable space in projects, '000 sq m	102
Economic occupancy rate, %	29
Number of divested ongoing projects	**0**
Leasable space in projects, '000 sq m	0

A new footprint in Seattle

Stone34, Seattle

- **Area:** 12,000 sq m + underground parking
- **Skanska's investment:** USD 51 M
- **Tenant:** Brooks Sports Inc, 11,000 sq m
- **Precertified in accordance with LEED's highest level, Platinum**
- **Construction start-up:** 2012
- **Ready for occupancy:** 2014

In late 2012, work began on Skanska's first project in Seattle "Stone 34 " which will be the global headquarters of Brooks Sports Inc., the leading shoe company for runners.

Brooks will lease about 11,000 sq m of the building's approximately 12,000 sq m on five floors in Fremont, one of the most desired neighborhoods in Seattle. The design, which features a bright and efficient working environment, is customized to Brooks' expansive future.

"Stone34 is absolutely ideal. Its location close to the university and the city is perfect, and the Burke-Gilman Trail is just outside the door," says Jim Weber, President and CEO of Brooks Sports Inc. He had considered some 50 properties prior to the one from Skanska. Stone34 is precertified at LEED's Platinum level in accordance with the U.S. Green Building Council's environmental system, thanks in part to a 75-percent cut in its energy and water needs. How important are green aspects to you?

"Sustainability has a strong value for our brand and, because we want to encourage people to be more active outdoors, clean air and water is a must. We have strict requirements for the materials that may be used in our shoes and the same applies, of course, to our new head office. We are moving away from unsustainable materials."

Green projects receive priority in Seattle, and Stone34 was able to swiftly advance through the zoning process. Given its ambitious environmental goals, the project was eligible to increase its leasable area by 15 percent. For Skanska, this translates into lower development costs and a more competitive offer to Brooks.

Infrastructure Development

One of London's largest hospitals opened
The new Royal London Hospital is the Big Ben of East London. The tallest of its three new buildings is 17 stories high, making it on level with the Palace of Westminster's Clock Tower. The hospital is one of London's biggest and has 6,000 rooms, 727 beds and 26 new surgical theatres that are considerably larger than the older ones. The Royal London is also a leading emergency center, and the roof features a landing pad for London's Helicopter Emergency Medical Service (HEMS). In early 2012, 3,000 employees and their patients were able to move in to their ultramodern care facilities and, for the first time, have close access to all of the hospital's specialties.

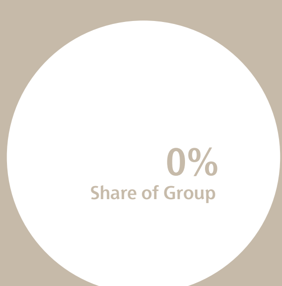
Skanska Infrastructure Development has the proficiency and innovative ability required to create efficient infrastructure solutions, such as highways, hospitals, schools and power generation stations, which can be divested after completion to long-term investors.

Sweden
Norway
Finland
Poland
Czech Republic and Slovakia
United Kingdom
United States
Latin America

Skanska plays an active part in developing the communities where we operate. In public-private partnership (PPP), we develop innovative, sustainable project solutions aimed at satisfying people's desire to improve their quality of life and well-being. We participate in construction, facility management, maintenance and financing of these projects.

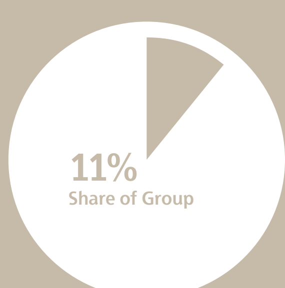
2012

Revenue



Revenue USD 36 M
EUR 28 M
SEK 242 M

Operating income



Operating income USD 87 M
EUR 68 M
SEK 588 M

Key ratios

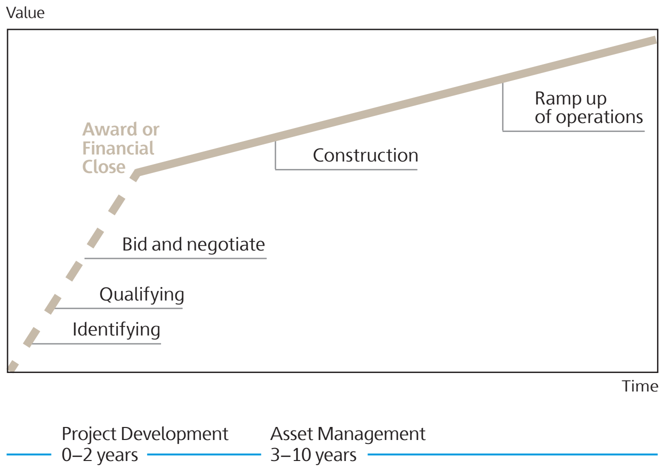
USD M	2012	2011
Revenue	**36**	44
Operating income	**87**	728
Investments	**–56**	–152
Divestments	**160**	895
Operating cash flow from business operations[1]	**108**	731
Capital employed	**172**	204
Gross present value of project portfolio	**833**	723
Number of employees	**141**	146

1) Before taxes, financing operations and dividends.

Improved conditions for new projects in the U.S.

In 2012, Skanska reached its first Financial Close for a PPP project in the U.S. The positive earnings potential in Skanska Infrastructure Development was well demonstrated through the divestment of four hospitals in the U.K., all for amounts exceeding those of internal appraisals.

Value creation in infrastructure development



Achieving Financial Close is the first and largest step in value creation.

Value creation step by step

In public-private partnership projects, Skanska is involved in the entire development chain from design and financing to construction, operation and maintenance. By assuming this overall responsibility, Skanska optimizes both construction and operating costs.

The selection process is crucial to Skanska. Projects must be in product segments and markets where Skanska has proficiency and experience. They must of course also meet the yield requirements that Skanska has established. Skanska performs a thorough examination of risks and opportunities, in close collaboration with the Group's construction units. As a result of this, Skanska focuses on a limited number of projects. Skanska usually forms a bidding consortium with one or more partners. Following the successful bid of the consortium, final negotiations with the customer and potential financiers begin. When binding contracts have been signed, usually at Financial Close, the assignment is included in the order bookings of the construction unit.

Competitors

Balfour Beatty
ACS
VINCI

Market

- Bidding activitiy was high in 2012, primarily in the U.S.
- Lengthy processes make it difficult to assess when the bids will result in concrete projects.
- There has been strong interest from investors in purchasing projects in their operational phase with extended and stable cash flow.

Revenue

- Revenue in Skanska Infrastructure Development comes mainly from Skanska's share of income in the companies that own assets in the project portfolio. When these companies are divested, Skanska reports only the gain on the sale, or development gain, directly in operating income. Since Skanska owns minority holdings in these companies, no revenue is recognized.

Earnings

- **Operating income:** USD 87 M (728).
- The divestment of four hospitals and one highway, in addition to recovered tender costs, had a positive impact on earnings of approximately USD 75 M. Earnings for the comparative period included the divestment of the Autopista Central highway for USD 693 M.

Unrealized development gains

- USD 266 M (173), an increase of USD 93 M.

Outlook 2013

- Conditions for PPP projects in the U.S. continue to improve.
- The European market is more limited due to the European economic and financial situation, even though there is a strong demand for infrastructure investments.

Generating value

Skanska's Infrastructure Development operations focus on three segments; highways including bridges and tunnels, social infrastructure such as hospitals and schools, and utilities such as power generation stations. Skanska is involved in the entire value chain, from project design to operation and maintenance, which implies a gradual reduction in the risk level of projects. Its business model is based on investing in long-term projects that increase in value upon completion, thereby enabling Skanska to sell them to investors that are interested in long-term, stable cash flows when the projects are in operation. Skanska's ambition is to expand its operations in the public-private partnership (PPP) sector.

PPP allows private market players to provide facilities and buildings for the public sector. This implies a number of macroeconomic advantages for customers, taxpayers, users and construction companies. The model makes more room for investments in public facilities by spreading the cost of large investments over longer periods. PPP projects create value for Skanska by generating large construction assignments as well as potential capital gains from divestment of completed projects, as shown in Skanska's business model on page 8. In addition to construction assignments, in many cases Skanska is also responsible for long-term service and maintenance assignments. Skanska Infrastructure Development creates assets characterized by reliable cash flows lasting many years, once steady state (the operational phase) begins.

Substantial growth · Growth · Stable · Decline · Significant decline

Quicker, better, safer and cheaper.

Expansion of London's M25 orbital road

- The widening of 62 kilometers of highway, equipping of tunnel
- Public-private partnership for Highways Agency
- Contract period 2009–2039, expansion completed in 2012
- Project company Connect Plus: Skanska Infrastructure Development: 40 percent; Balfour Beatty, Egis and Atkins
- Skanska's investment: USD 148 M
- Construction contract: total of USD 1.5 billion
- Skanska UK's share of construction contract; 50 percent, USD 738 M

Quicker, better, safer and cheaper – these were the aims of widening of London's artery, the M25 orbital road. This is also true of public private partnership (PPP) projects in which Skanska is investor, project developer and builder. PPP projects provide a strong incentive for improvement. Through innovative designs and careful planning, the project was completed ahead of schedule and under budget.

The M25 is the world's most traffic-intensive orbital road, and its widening contributed to the success of the London 2012 Olympic Games. The dreaded traffic congestion could be avoided on the 62-kilometer-long stretch of the northern section of the road.

The construction project was completed in May 2012, two months ahead of schedule, despite two of the three winters of the construction period being unusually severe. At most, 2,500 employees were engaged in the project.

The project was divided into three sections with separate project teams. To increase safety, all work was performed within the short work zones that were screened off using massive concrete barriers.

"Our focus was always on improving planning and design. We repeatedly reviewed every detail," says Project Manager David Blackburn.

For example, the cost of a flyover was reduced by USD 3 M. A newly patented method for pile driving reduced the amount of steel used and thus, the amount of carbon emissions.

The project utilized very little new land but when this occurred, birds, reptiles, toads and badgers were moved to new safe locations. The wider M25 was opened in May 2012 but Skanska's responsibility continues, since the company is responsible for operation and maintenance until 2039.

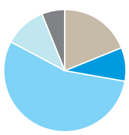
"The M25 project shows what is achievable through PPP. In our role as owner, developer and builder, we have the opportunity to create comprehensive solutions. PPP provides us with strong incentives to improve each phase, from financing, to design, construction and operation," says Nick Doherty, Vice President, Skanska Infrastructure Development.

Project portfolio

Skanska's Infrastructure Development project portfolio spans all its geographic home markets and focuses on highways including bridges and tunnels, social infrastructure such as hospitals and schools and utilities such as power generation stations. Currently, this portfolio comprises projects in the Nordic countries, the U.K., the U.S., Poland and Chile, mainly highways and social infrastructure.

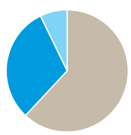
Estimated gross value, USD 833 M

Geographic area



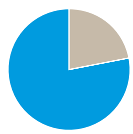
- Nordics, **19%**
- Other European countries, **9%**
- United Kingdom, **55%**
- United States, **11%**
- Chile, **6%**

Category



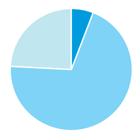
- Highways, **62%**
- Social infrastructure, **31%**
- Utilities, **7%**

Compensation type



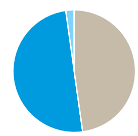
- Market risk, **22%**
- Availability, **78%**

Remaining concession



- < 10 years, **0%**
- 10–20 years, **6%**
- 20–30 years, **70%**
- > 30 years, **24%**

Phase



- Construction, **48%**
- Ramp-up, **50%**
- Steady state, **2%**

Major events

Skanska reached a Financial Close for its first PPP project in the U.S., for the financing, design, construction and maintenance of the Midtown Tunnel/Elizabeth River Tunnels in Virginia. As a 50-percent owner of the project company, Elizabeth River Crossings, Skanska is investing about USD 130 M. Skanska's share of the construction contract corresponds to about USD 660 M.

In 2012, Skanska divested its shares in four hospitals in the U.K. for approximately USD 133 M, which far exceeded the internal appraisals. In Finland, one highway was divested and another highway handed over to the Finnish Transport Administration after the 15-year PPP agreement expired. The Finnish Transport Administration has estimated that the highway saves about USD 30 M annually, through fewer accidents and faster navigability.

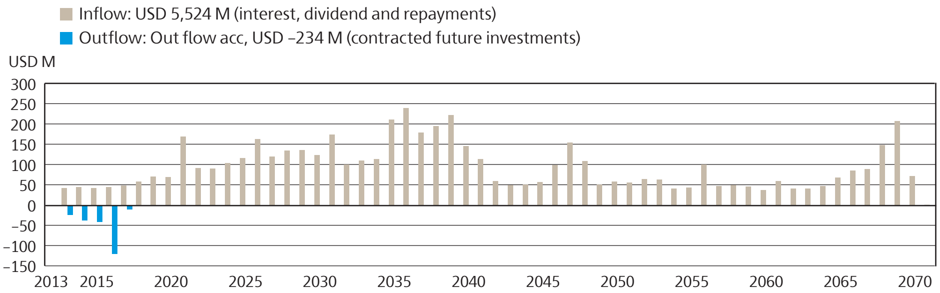
Skanska also secured a financing agreement for the Mullbergs wind farm in Sweden and Woodlands Schools in the U.K.

The construction of the New Karolinska Solna (NKS) hospital, Sweden's first PPP hospital and the world's most environmentally responsible hospital, is being built according to plan, as the landmark rises where Solna meets the city of Stockholm.

Project portfolio, USD M

Category	Type	Country	Payment type	Phase	Concession ends	Ownership, %	Year in operation/full operation	Invested capital, Dec 31 2012	Total commitment
Highways									
A1 (Phase 1&2)	Highway	Poland	Availability	Ramp up	2039	30	2007/2012	23	24
Antofagasta	Highway	Chile	Market risk	Construction	2030	50	2014	40	47
M25	Highway	United Kingdom	Availability	Ramp up	2039	40	2012	129	129
Midtown tunnel/ Elizabeth River Tunnels	Highway	United States	Market risk	Construction	2070	50	2017	0	132
Social infrastructure									
Barts/Royal London	Health	United Kingdom	Availability	Construction	2048	38	2006/2016	47	65
Essex BSF	Education	United Kingdom	Availability	Ramp up	2036	52	2012	8	8
Bristol	Education	United Kingdom	Availability	Steady state	2034	46	2007/2011	7	7
New Karolinska Solna	Health	Sweden	Availability	Construction	2040	50	2018	39	91
Essex Woodlands	Education	United Kingdom	Availability	Construction	2036	53	2015	0	3
Utilities									
Surrey	Street lighting	United Kingdom	Availability	Construction	2035	50	2015	0	7
Croydon	Street lighting	United Kingdom	Availability	Construction	2036	50	2017	0	7
Sjisjka	Wind power	Sweden	Market risk	Ramp up	2038	50	2013	36	36
Mullbergs	Wind power	Sweden	Market risk	Construction	2038	50	2014	7	14
Total Skanska								**336**	**569**
Accumulated share of earnings in joint venture								-123	
Carrying amount including fair value of cash flow hedges								**213**	
Cash flow hedges								217	
Carrying amount excluding cash flow hedges								**430**	

Estimated annual cash flow in Skanska Infrastructure Development's project portfolio, December 31, 2012[1]



1 Cash flows have been translated into USD at the exchange rates prevailing on December 31, 2012.

Estimated unrealized development gains in the portfolio totaled USD 266 M at year-end.

Valuation on December 31, 2012 by category, USD M

Category	Gross present value, Dec 2012	Discount rate, % 2012	Net present value remaining investments[1]	Carrying amount, Dec 2012[2]	Unrealized development gain, 2012
Highways	515	10,1	71	263	181
Social infrastructure	259	9,7	55	124	80
Utilities[4]	59	8,6	11	43	5
Total	**833**	**9,9**	**137**	**430**	**266**
Cash flow hedges					245[3]
Total					**511**

1 Nominal value USD 236 M. 2 Invested capital plus accrued value of participations in project companies before effects of cash flow hedges.3 Of which USD 217 M recognized against share of income in joint ventures and USD 28 as a provision. 4 Wind power projects valued at invested capital and not in accordance with discounted cash flow.

Appraisal

Gross present value is the discounted present value of all cash flows, after taxes in the project company, between the project and Skanska.

The present value of remaining investments in ongoing projects is discounted at the same interest rate as the project.

Unrealized development gain shows net present value minus project carrying amount and is calculated before market valuations of financial derivatives that are entered into by project companies to reduce financial risk.

For further information, refer to Note 1, page 112.

Portfolio value

The largest categories in Skanska's project portfolio are highways, which account for more than 60 percent of estimated gross present value, and social infrastructure, more than 30 percent. Around 70 percent of gross present value has a remaining concession period of between 20 and 30 years. To date, the U.K. has been the largest PPP market for Skanska. At year-end 2012, the estimated gross present value totaled USD 833 M and the present value after remaining investments amounted to USD 696 M. At the end of 2012, the unrealized pre-tax development gain totaled USD 266 M and was primarily positively affected during the year by a reduced discount rate and the time-value effect when appraising future cash flows.

Compensation models

A project company in which Skanska is a part-owner normally receives compensation according to one of two different models: the availability model and the market-risk model.

In the availability model, compensation is based on providing a given amenity and agreed services at a predetermined price. In these projects, the customer is normally a national or local government and the project company's credit and payment risk is therefore low.

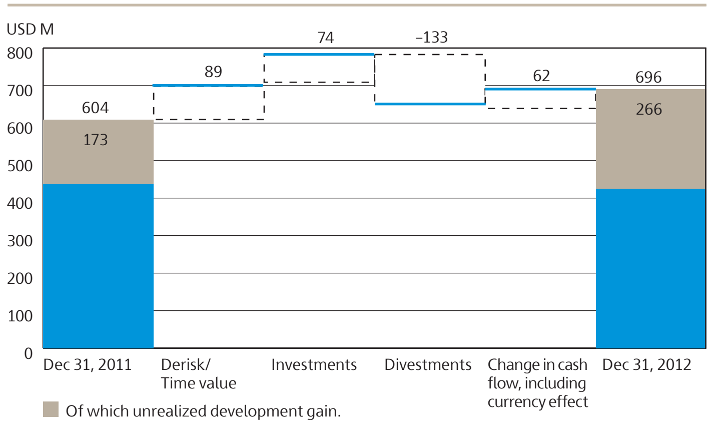
In the market risk model, compensation is based on the volume of utilization and the fees paid by end-users, for example tolls collected from motorists on a stretch of road. In this case, the project company's revenue risks are higher. Meanwhile it has major potential for increasing the return on its investment by means of more efficient operation and higher utilization.

The availability model is more common in Skanska's project portfolio and is the most prevalent model in Europe, while the market risk model is more common in the U.S. and Latin America.

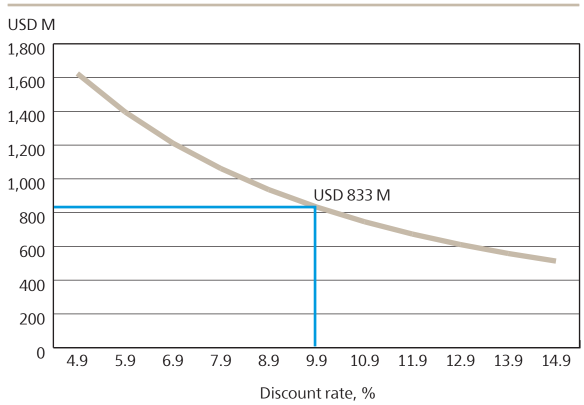
Discount rate

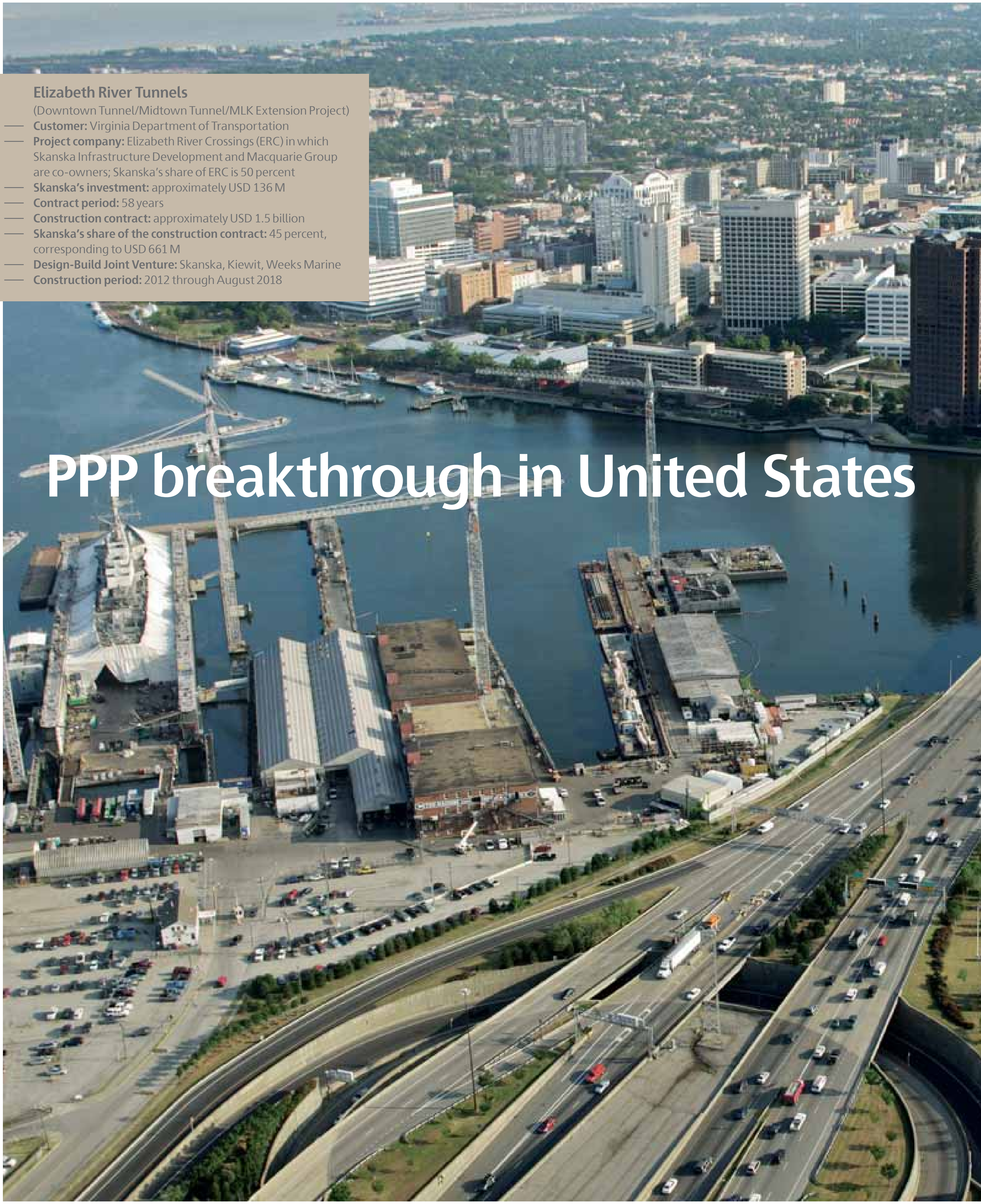
The discount rate that is used for calculating present values in the portfolio is based on the market interest rate during the long-term ("steady state") operational phase. Risk premiums are also added to this rate during the early development phase. The risk premium is at its highest early in the development phase and is then gradually lowered until the project reaches the steady state phase.

Change in net present value and unrealized development gain



Gross present value of cash flow from projects – sensitivity analysis





PPP breakthrough in United States

Elizabeth River Tunnels

(Downtown Tunnel/Midtown Tunnel/MLK Extension Project)

- **Customer:** Virginia Department of Transportation
- **Project company:** Elizabeth River Crossings (ERC) in which Skanska Infrastructure Development and Macquarie Group are co-owners; Skanska's share of ERC is 50 percent
- **Skanska's investment:** approximately USD 136 M
- **Contract period:** 58 years
- **Construction contract:** approximately USD 1.5 billion
- **Skanska's share of the construction contract:** 45 percent, corresponding to USD 661 M
- **Design-Build Joint Venture:** Skanska, Kiewit, Weeks Marine
- **Construction period:** 2012 through August 2018

In spring 2012, a new growth market began to emerge in Virginia. In April, Skanska's patient efforts were rewarded by a breakthrough in the U.S. market for public-private partnership (PPP).

Skanska reached Financial Close and was able to sign contracts for the megaproject, Elizabeth River Tunnels (formerly referred to as the Midtown Tunnel) so that Skanska will design, construct, finance and operate the road tunnels between Norfolk and Portsmouth, twin cities separated by the Elizabeth River in Virginia.

Consequently, a major, extended and important undertaking began. An investment of USD 136 M provides Skanska with leverage in a gigantic construction project worth USD 661 M.

The project comprises 80 kilometers of highway, including the Martin Luther King (MLK) Freeway, 15 bridges and, three existing road tunnels and the electronic system for collecting road tolls without barriers.

In addition, the project involves a 58-year engagement in operation, maintenance and road tolls that will provide revenues for many years to come. Revenue is flowing into the account and will continue until 2070. According to forecasts, the flow of traffic will increase and is expected to double when the tunnels are completed in 2016.

Currently, 120,000 vehicles a day pass through the existing Midtown tunnel built in 1962 and which will now receive a safety upgrade. A new adjoining submerged tunnel of about 1.7 kilometers will be constructed.

The multibillion dollar project also represents a major breakthrough for PPP projects in the U.S. The project is the largest in Virginia, which is a pioneer in PPP, and it is also one of the largest in the U.S. The project's scope and significance to the traffic situation on the east coast, south of Washington, D.C., may become a catalyst for PPP in the U.S.

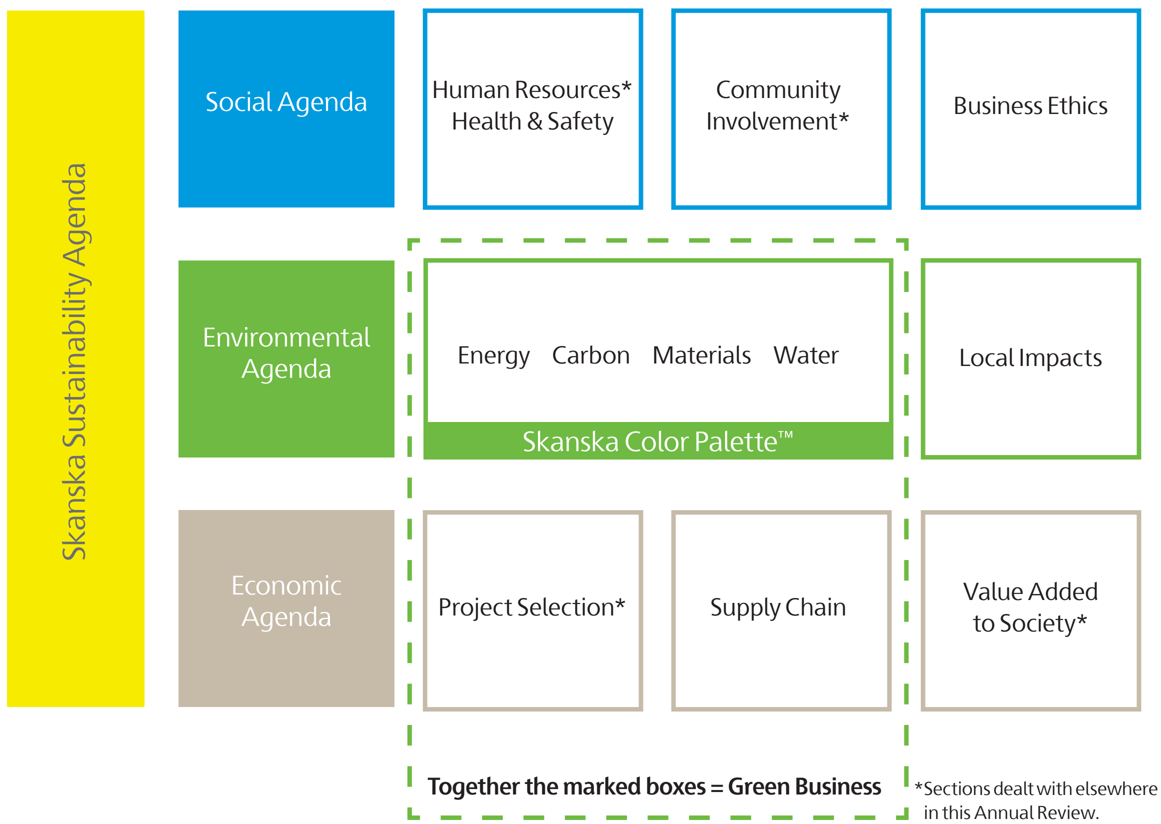
"We have achieved a milestone thanks to Skanska's collective strength. This has enabled us to position ourselves in a market with major potential. PPP solutions will gain ground for vital infrastructure development projects as the scope of traditional financing diminishes. We are already working on additional potential projects," says Karl Reichelt, Executive Vice President for Skanska Infrastructure Development, North America.

Skanska Infrastructure Development and Skanska USA Civil jointly pursued the project for several years. Skanska USA Building is to renovate the project office. The holding company, Elizabeth River Crossings, in which Skanska has a 50-percent share, includes the Macquarie Group as investor.

In addition to increasing capacity and improving the traffic flow, the new tunnel will increase traffic safety by eliminating bi-directional traffic when the north- and south-bound traffic begin using separate tunnels. Shortened travel routes with less congestion are also anticipated to reduce fuel consumption by 64 million liters per year, which will significantly reduce emissions of greenhouse gases. Thanks to the new connection, the average daily commute will be 30 minutes shorter.

Sustainable development

Sustainable development can be described as that which meets the needs of the present without compromising the ability of future generations to meet their own needs. In order to endure over time, companies must find ways to contribute to economic development while being socially and environmentally responsible. This is often referred to as the three pillars of sustainability. In short, sustainability is about maximizing positive impacts on humans, the planet and the economy, and minimizing negative ones. Sustainability thinking should permeate all of Skanska's activities, from its operations to its customer offering.



Skanska Sustainability Agenda

In any given year about 57,000 colleagues and 200,000 subcontractors are carrying out some 10,000 projects for customers in Skanska's home markets. Skanska has a significant impact on the world around it. A sustainability agenda is required, because with Skanska's size and impact comes an important responsibility. The construction industry is facing some serious challenges. The construction sector, the built environment, and the supply chain that feeds them, together, rely heavily on natural resources. Collectively, they cause pollution to air, soil and water, and have a serious impact on business ethics, labor and safety issues. This presents Skanska with some major challenges, but at the same time, the opportunity to address them and to drive change in a positive direction.

Skanska aims to be an industry leader in sustainable business practices. Consequently, the ambitions of the 2015 Business Plan focus on the potential gains from being a leader in People Development, Safety, Risk Management, Green Construction and Ethics. There are major opportunities for Skanska to be a responsible member of the communities around its operations. There remains a long way to go in terms of making Skanska's business truly sustainable, but considerable progress has been made in this regard. Skanska continues to work hard to maximize its positive impact and to reduce the negative.

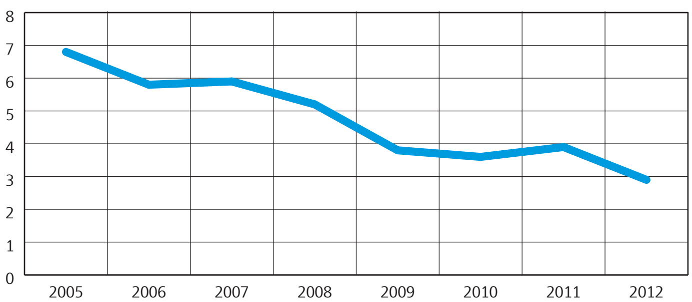
We care about our people

Programs for a safe and healthy work site

- Skanska Safety Road Map
- Global Safety Stand Down
- Executive Site Safety Visits
- Global Safety Leadership Team

Lost Time Accident Rate (LTAR) 2005–2012

Number of lost time accidents times 1,000,000 hours divided by total labor hours.



Safety Week is the world's largest workplace safety event organized by a company and takes place on all Skanska work sites across 18 countries. An opportunity to force ourselves to think differently – we cannot just do more of the same. The picture shows Skanska Executive Vice President, Roman Wieczorek, at Safety Week in Poland. The mirror is a reminder – safety starts with yourself.

Our Social Agenda

Health and Safety

Skanska is committed to becoming a global leader in safety and to providing a healthy and safe working environment, not only for its own employees, but also for the more than 200,000 people who work at Skanska jobsites daily, including subcontractors and others. Skanska endeavors to create a working environment in which everyone at every Skanska location has the responsibility and opportunity to influence the safety of their workplace. Skanska works with supply chain partners, designers, competitors, clients and regulators to improve the safety of all construction activities in its home markets.

The target is to achieve zero accidents in all home markets by 2015. To help realize this, the key focus areas in 2012 have been leadership, learning culture and improving skills. The Company has also developed a series of 12 Global Safety Standards that apply to all work sites in order to deliver consistent safety performance.

It is Skanska's policy that leadership in safety is necessary to deliver zero accidents and, during 2012, senior managers including the Senior Executive Team, Business Unit Presidents and senior business unit executives attended workshops on safety leadership. In addition, Skanska Safety Week 2012 focused on the safety leadership roles at the project with workshop modules being held throughout the Company. At Skanska Czech Republic, more than 4,000 employees and subcontractors attended the "Hour for Life" workshops, helping to instill the safety culture required to achieve zero accidents.

Despite these efforts, accidents still occur and Skanska continues to take steps to eliminate these. Following a serious accident, a rigorous investigation is undertaken and the findings and key lessons are communicated across the Company. After a work-related fatal accident, a Global Safety Stand Down is initiated to pay respect to our colleague as well as to ensure that the lessons are communicated to all Skanska jobsites worldwide. Any knowledge gained is openly shared and communicated with clients, joint venture partners and subcontractors.

Skanska also recognizes the value of transferring knowledge and learning in helping to eliminate these occurrences. During 2012 this was facilitated through stronger links between business units, temporary transfer of individuals and the use of senior mentors to accelerate change. This personal contact has brought about quicker and more sustainable change. Peer reviews of business units' safety operations have also enabled a two-way transfer of knowledge between the unit and the visiting team.

Following the launch of the Skanska Safety Road Map in 2011, all business units have been implementing their improvement plans. The key focus areas have been the advancement of the skills and knowledge of both line and safety specialists and the development of leadership skills throughout the organization. Skanska continues to make good progress with the reduction in lost time accidents with its lowest ever recorded LTA (Lost Time Accident) frequency.

Despite the improvements made across Skanska, during 2012 there were two work-related fatalities involving a subcontractor and a supplier. These are tragic events, and Skanska is making every effort to ensure this cannot happen in the future.

We play fair

Skanska Czech Republic was honored with the AmCham Wings Award for efforts to improve business ethics. The AmCham Wings Award is presented by the American Chamber of Commerce. Lucie Nováková, Head of Communications, and Dan Ťok, President of Skanska in the Czech and Slovak Republics received the award.

Businesses are under increasing pressure to conduct their operations in an ethical manner. This shift is driven in part by new legislation, society's changing expectations and increasing transparency.

Business ethics

Unethical business conduct has serious consequences – among many things, it hinders fair market structures and distorts competition. This can adversely impact not only on Skanska, but the communities in which it has operations. For a company such as Skanska, this could result in wasted tender expenses, increased project costs and reputational risk. To remain a trusted and successful company, Skanska is determined to become a leader in Ethics by 2015. Regular training is an effective way to embed this commitment in Skanska's operations. All employees receive Code of Conduct training every two years, with new employees being trained within three months of recruitment.

In 2012 Skanska launched a new Skanska Leadership Profile, which includes clear requirements on the company's Living Our Values philosophy. Leaders are evaluated, selected and developed based upon their adherence to the company's values and beliefs, with an emphasis on the role of leadership in proactively preventing breaches of the company's ethical standards.

Each home market has its own Ethics Committee with the purpose of identifying and propagating best practices and reviewing issues. Open dialogue is encouraged throughout Skanska – issues can often be resolved in this manner. There is also an independent Code of Conduct Hotline available, to ensure that any ethical dilemma can be flagged anonymously.

To realize its goals, Skanska also collaborates with and supports like-minded organizations to share best practices and influence the construction and infrastructure sector. In Poland Skanska took part in the Responsible Business Forum's Good Practices Report launch event, where examples of the company's best practices in ethics, safety and environmental issues were presented. Skanska leads the Transparency Group within the Nordic Chamber of Commerce in the Czech Republic. As part of this role, Skanska is currently preparing a manual for fellow members, focused on issues of transparency, compliance and ethics. Skanska is also the only construction company to be a member of the Czech Republic's Platform for Transparent Public Procurement.

We use natural resources with care

Skanska Color Palette™

Introduced in 2010 as part of the framework for Skanska's Journey to Deep Green™, the Skanska Color Palette™ provides a measure of progress on the journey. Since its inception, it has become an important tool for visualizing, measuring and reporting project performance.

Vanilla – The construction process and product performance is in compliance with law, regulations, codes and standards.

Green – The construction process or product performance is beyond compliance but not yet at a point where what is constructed and how it's constructed can be considered to have near-zero impact. Green can be characterized by voluntary classification systems such as EU GreenBuilding, LEED, BREEAM and CEEQUAL.

Deep Green – The construction process and product performance has a near-zero impact on the environment and thereby future-proofs projects.

Deep Green is the ultimate destination for the projects that Skanska carries out on behalf of forward-looking, visionary customers, taking projects beyond voluntary certification systems.

Deep Green targets for Skanska projects

Deep Green is defined by six zeros that relate to the priority opportunities for reduction of the environmental impact of Skanska projects. They are:

- **Net Zero primary energy for Buildings and net positive primary energy for Civil/Infrastructure**
- **Near Zero carbon in construction**
- **Zero waste**
- **Zero unsustainable materials**
- **Zero hazardous materials**
- **Net Zero water for buildings and Zero potable water for construction**

Our Environmental Agenda

Skanska strives to contribute to building a green society – a place where projects and construction have a near-zero environmental impact. Skanska's proactive approach to environmental responsibility applies both to environmental management (how Skanska builds) and to our customer offering, Green Business (what Skanska builds). Skanska's environmental agenda covers both.

Skanska uses natural resources with care

Skanska is determined to lower the environmental impact of its operations, as well as the impact of the projects implemented on behalf of our clients. Being the leading green project developer and contractor is a focus area in Skanska's business plan, Profitable Growth 2015.

The biggest opportunity to lower the environmental impact of Skanska and of its Green Business lies in the efficient and careful use of natural resources. This entails being smarter about the materials and water that is used, lowering carbon emissions and using less and cleaner energy.

Successful reduction of environmental impact is not solely dependent on Skanska – collaboration is required with dedicated clients, suppliers and other partners.

Skanska Color Palette™

The Skanska Color Palette™ is the strategic framework to measure and communicate Skanska's performance along the way. The Palette ranges from Vanilla – the construction and product is in compliance with current laws and regulations – to Deep Green – a construction process where product performance is future-proofed and has a near-zero environmental impact. Deep Green is the ultimate destination for the projects undertaken on behalf of Skanska's forward-thinking customers.

Väla Gård, Helsingborg, Sweden

Väla Gård is Skanska's greenest office project to date and the first to achieve Deep Green on the Skanska Color Palette™. Through the use of roof-mounted solar Photo Voltaic energy arrays and investment in off-site wind power, the building's energy consumption is net zero. Surplus electricity generated during the summer will be sold, and any winter shortfall made up by the wind generator, with projections suggesting that Väla Gård could achieve Sweden's lowest energy consumption for any office built to date.

Skanska's own offices represent some of the greenest buildings in each of the company's operating regions, as confirmed by independent green building ratings.

Nordic countries		
Finland	Skanska Talo, Helsinki	LEED Platinum*
Sweden	Entré Lindhagen, Stockholm	LEED Platinum*
Sweden	Gårda, Gothenburg	LEED Platinum
Sweden	Väla Gård, Helsingborg	Skanska Deep Green*
Sweden	Uppsala	LEED CI Gold
Sweden	Österport, Malmö	LEED EB:OM Platinum
Other European countries		
Czech Republic	City Green Court, Prague	LEED Platinum
Czech Republic	Three pre-fabrication facilities	ISO 50 001
Hungary	CDE offices	LEED CI Gold
Poland	Atrium, Warsaw	LEED Platinum*
United Kingdom	Hollywood House, Woking	LEED CI Platinum
The Americas		
United States	Empire State Building, New York	LEED CI Platinum
United States	Atlanta	LEED CI Gold
United States	Seattle	LEED CI Gold
United States	New Haven	LEED CI Silver
United States	Orlando	LEED CI Gold
United States	Bulova Buildings, New York	LEED Platinum*
United States	New Jersey	Solar power generation system

*designed to achieve

Energy

Fossil fuels will continue to dominate energy generation until at least 2050. The relationship between fossil fuels and CO_2 is well understood, as their impact on climate. Therefore, Skanska aims to reduce the amount of energy consumed by its projects and wherever possible to source that energy from low-carbon sources.

The ultimate goal of Skanska's Color Palette™ – zero net use of primary energy – will be achieved at a different pace, depending upon market economies and geographic factors.

Renewable energy provides Skanska with an opportunity to reduce the carbon footprint of its own offices, through collaboration with renewable energy suppliers and also by installing its own renewable energy generation systems, such as the 7989 sq. m (86,000 sq. ft.) solar array at Skanska Koch (Carteret, New Jersey, United States). Elsewhere in the U.S., Skanska USA Civils' solar farm in Cortez, Colorado, generates more than 500,000 kWh of electricity. Surplus power is fed back to the grid. In Sweden Skanska has invested in a 78MW wind farm in Sjisjka to supply 43,000 households with electricity each year, and an 80MW wind park in Mullberg to supply approximately 45,000 homes.

The construction of a new wind farm, El Arrayan in Chile, by Skanska Latin America, is underway. It will be one of the country's largest wind power plants and is the first Skanska Latin America project to have its carbon footprint calculated.

In Norway, the Powerhouse Alliance, of which Skanska is a member, has been working on the development of energy-positive buildings. Powerhouse One, Norway's first energy-positive office block at Brattørkaia in Trondheim and scheduled for completion in 2014, will ultimately produce more energy than it consumes. The Alliance is also planning its first refurbishment project at Kjørbo, Oslo, which will fully refurbish two 1980s office blocks to transform them into energy-positive buildings.

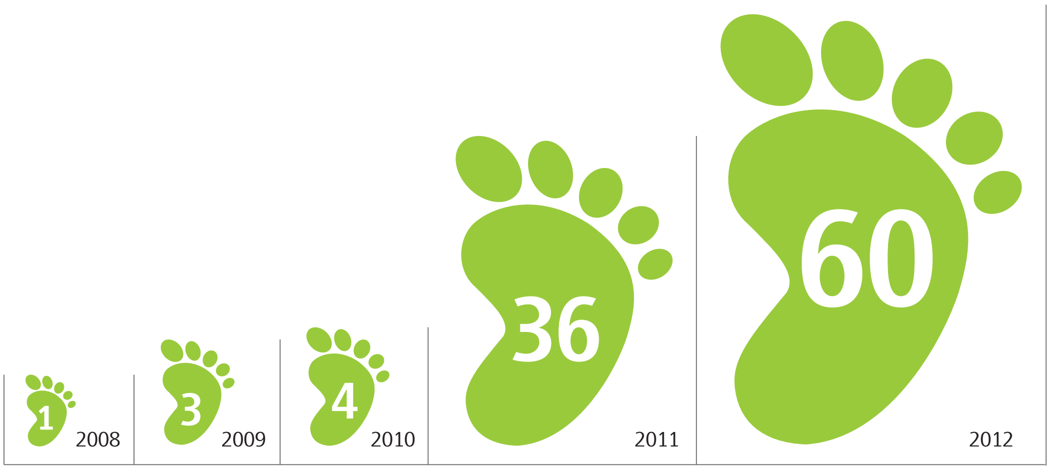
Skanska's Nordic Commercial Development Unit is working in its Nordic home markets to meet its ambition to ensure that 50 percent of projects started in 2015 are Deep Green. In Sweden, by incorporating solutions such as Deep Green Cooling™ into a new station for the Police in Skåne, Skanska scored the highest points in the tender evaluation and won the project, even though it was not the lowest cost bid. The technology has also been implemented at Skanska's new headquarters at Entré Lindhagen, Stockholm, designed to achieve LEED Platinum, reducing energy consumption by 50 percent compared to a typical new Swedish office building. Skanska UK was also able to deliver savings at Coldharbour Lane, London, an energy-efficient affordable housing development consuming almost 50 percent less energy than current U.K. building regulations stipulate.

In order to deliver savings for clients both now and in future, Skanska has undertaken several projects with energy performance guarantees. Earlier in 2012, the Clarion Hotel in Trondheim was completed to energy classification A, which could save the owner up to 350,000 kWh of electricity per year, compared to building regulation requirements.

As a signatory to the World Business Council for Sustainable Development's Energy Efficiency in Buildings manifesto, Skanska is mapping the energy used by its own head offices and regional offices. From this baseline, energy and CO_2 reductions will be established and publicly reported. One of the offices, Skanska UK's recently refurbished Hollywood House, is now benefitting from significant improvements in energy efficiency. The building is currently the highest scoring Leadership in Energy and Environmental Design (LEED) Platinum for Commercial Interiors (CI) for a U.K. fit out and now uses 56 percent less energy than before.

Carbon footprinting is applied more widely than ever:

The number of Skanska Project Carbon Footprints 2008–2012



Throughout 2012, special tools have been introduced and their use has increased. Project carbon footprinting is now used more widely than ever across the organization and life cycle cost optioneering is now being applied to more projects, to help everyone involved understand more about performance optimization, particularly at the early design phase of buildings and infrastructure projects. Projects are also benefitting more from the use of Building Information Modeling (BIM) and Energy modeling.

Carbon

The occupation and use of buildings account for approximately 40 percent of global energy use and more than one-third of global greenhouse gas emissions. Carbon reduction efforts have traditionally focused on operational carbon, which typically accounts for about 80 percent of a building's carbon footprint. However, as building occupancy and operation becomes more energy efficient, there is a change emerging in these ratios, leading to a growing interest in the measurement and reduction of embodied carbon. To realize carbon savings throughout the lifecycle of a project, Skanska has developed and is implementing tools, including carbon footprinting. This helps customers and supply chain partners understand potential environmental impacts and opportunities and also mitigate the impacts.

The measurement and management of carbon, for example through the use of innovative design tools, adoption of better building practice and supply chain education, are important to Skanska. Each year, the Company reports to the CDP (Carbon Disclosure Project) and, for the third consecutive year, Skanska was the highest scoring construction company in the Nordic 260 Climate Change Report 2012. Independent benchmarking of participating companies' responses also showed that Skanska's disclosure score, quality and completeness of response and performance band surpass the CDP's supply chain average. Scope 1 emissions for 2012 were 371,158 tonnes, a reduction of 15 percent on previous year. Scope 2 emissions were 59,563 tonnes, a reduction of 22 percent on previous year. Reductions were due to a mix of proactive changes to reduce carbon intensity in some of Skanska's processes, increased reporting accuracy and changes in project mix.

Skanska was co-author of the ENCORD (European Network of Construction Companies for Research and Development) Construction CO_2e Measurement Protocol. Launched in 2012, and endorsed by the GHG Protocol owner the World Resources Institute, the protocol aims to establish good practice and guide the construction sector on how it can measure and report its Scope 1 and 2 greenhouse gas emissions more effectively.

During 2012, Skanska Commercial Property Development USA measured the carbon footprint of its 733 10th and G project in Washington D.C. This was the first carbon footprint of its kind in the U.S., providing Skanska with a U.S. benchmark to guide, analyze and improve the carbon performance of future projects. Footprinting also helps to identify low-carbon project options. Working as part of National Grid's South East Electricity Substation Alliance (SEESA) to upgrade its electricity transmission network, Skanska UK conducted carbon footprinting that helped to realize savings of about USD 44,000 on individual projects. In Scandinavia, the Norwegian government's carbon calculation tool was used by Skanska in the construction of the Telemark Rehabilitation Center, measuring its lifecycle carbon footprint as more than 46 percent less than the reference design model for the building. The use of low-carbon construction materials was an initiative that helped to reduce the embodied carbon of this project.

By working closely with clients and suppliers to better understand carbon impacts, Skanska has begun to deliver significant carbon savings on certain projects. During the Glasbruket 1 construction of roads and drains in Malmö, Sweden, the project team substituted polyethylene pipes for conventional concrete drainage pipes, thereby reducing lifecycle carbon emissions by around 40 percent.

As part of the Anglian Water Alliance, Skanska UK's performance is measured in terms of successful reduction of embodied and operational carbon. This novel business model sees Alliance members rewarded for delivering carbon savings on projects.

Waste

Skanska's targets for waste from materials brought onto work sites:

< 10% of waste at projects going to landfill by end 2011

< 8% of waste at end 2012

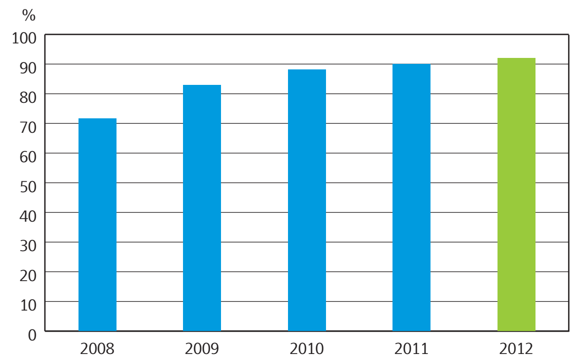
< 6% of waste at end of 2013

< 4% of waste at end of 2014

< 2% of waste at end of 2015

Total average amount of waste diverted from landfill 2008–2012

Percentage of waste diverted from landfill 2008–2012.
Target for 2012 was to reach 92%.



Materials

The Skanska Color Palette™ challenges projects to generate zero waste through planning and design, to increase material efficiency, reuse and recycle materials and products. This key priority is complemented with two other targets: zero unsustainable materials and zero hazardous materials, targeting the three priorities of material use that pose challenges and opportunities within the construction sector.

Applying the Skanska Color Palette™ commitments to the Adjutantti residential development project in Finland, all materials used exceeded the voluntary Finnish M1 standards for low emissions. More than 95 percent of the waste construction materials avoided landfill. Materials were thoroughly sorted, and combustible waste was sent to a local cogeneration power plant.

Skanska also worked to ensure the use of sustainable materials for the Norra Länken highway in Stockholm, Sweden's largest road construction project to date. To achieve a maintenance-free result, the main junction is to be built using stainless steel reinforcement bars. These were specified at the project's initial design stages by the Swedish Transport Administration (STA), to help avoid expensive repairs due to corrosion caused by de-icing salts and the resulting disruption to traffic. In Argentina, Skanska Latin America undertakes waste treatment and materials recycling with its hydrocarbon recovery process. Slop oil accumulated in the storage vessels and equipment used in oil production fields are treated so that waste water and oil are separated. Oil recovery helps to make the process more efficient and minimizes the amount of contaminated water produced.

Water

Wherever possible, Skanska works to replace potable water with alternative quality grades and to reduce, reuse and recycle water. The commercial property development project Stone 34, a mixed use retail and office building in Seattle, Washington, is designed to capture almost all water used on site. Its fully integrated green systems include rainwater and grey water storage and treatment facilities where filtered water from sinks and showers is reused for irrigation on site. Skanska designed the building to perform beyond the LEED Platinum rating, and is currently participating in the Seattle Deep Green Program, which assists projects attempting to meet Living Building Challenge (LBC) design guidelines and requirements.

In northern Chile, water scarcity is a major issue. To tackle this problem during the construction of the Antofagasta Highway, Skanska used a new technology to reduce water use by 50 percent. It also capitalized on the project's close proximity to the Pacific, by utilizing sea water, wherever possible, in appropriate processes.

As part of Skanska's commitment to increasing the water efficiency of its projects, this year it has delivered Poland's first LEED certified school building. The new Arts and Sports building constructed for the American School of Warsaw is designed to use 50 percent less water than the LEED baseline, by harvesting rainwater for toilet flushing and effectively managing storm water on site. Another Polish project, Atrium I in Warsaw, features grey and storm water management systems, reducing water consumption 70 percent compared to similar buildings.

Another example of efficiency measures to reuse and recycle water is Skanska House, Finland, designed to achieve LEED Core & Shell Platinum and EU GreenBuilding certification. The office building uses 50 percent less water than the LEED baseline for the building. And in Prague, Czech Republic, the Milíčov development is one of the city's first neighborhoods to have a dual storm water management system for street and building run-off.

We choose likeminded partners

TELUS

TELUS, a major Canadian telecoms company, set out to renew its data center to make it more reliable and robust, incorporating greener and more efficient features. Skanska was selected to help TELUS, delivering new technology to reduce the energy and water required to cool the centers by 80 percent. The company has a long-term "improvement guarantee" with TELUS, requiring the center to deliver guaranteed savings and to become progressively more efficient. The data center saves TELUS USD 1 M per year due to its efficiency and has received a LEED Gold rating. "Skanska has provided TELUS with required flexibility in a constantly changing IT world – we can optimize capital deployment and minimize total cost of ownership while ensuring required reliability, security and scalability all in an incredibly efficient design," says Lloyd Switzer, SVP Network Transformation, TELUS .

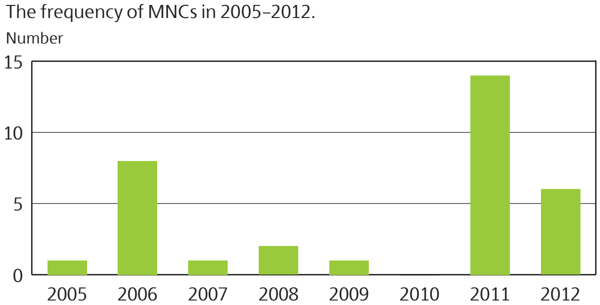
Skanska respects the local environment

Construction is fundamentally a local activity. Done well, it adds value and leaves a positive legacy. Done badly, it can become a nuisance or worse, leading to harm and destruction.

Skanska has chosen to address local impact in order to minimize its footprint. All Skanska's operations have been certified globally to the ISO14001 Environmental Management System (EMS) since 2000, representing approximately 95 percent of the Company's revenue. This internationally recognized EMS provides a consistent framework for continuous monitoring and improvement across all business units and markets. All local impacts are managed in this way.

ISO14001 Major Non-Conformances (MNCs) identified

The frequency of MNCs in 2005–2012.



For more information, refer to page 94.

Our Economic Agenda

Skanska endeavors to balance the need for sustained shareholder return with wider stakeholder benefits. Skanska's philosophy is to do right by customers, employees, suppliers and other partners, local residents, government agencies and other key stakeholders, and thus create value to benefit both shareholders and society in general.

Supply Chain – Skanska chooses likeminded partners

Skanska recognizes that many successes and failures are intrinsically linked to its supply chain relationships, with around 75 percent of its revenue flowing through more than 100,000 suppliers and subcontractors globally. In order to encourage the development, sharing and uptake of innovative solutions and initiatives across its supply chain, Skanska UK ran its Supply Chain Green Solution Award for the third year running. The 2012 winner is a waterless on-site wheel cleaning system which is already in use at Skanska's HMP Grampian prison project, Scotland, saving around USD 100,000 per year. Also in the U.K. in 2012, Skanska collaborated with others in the construction industry to found the Supply Chain Sustainability School, a virtual learning environment aiming to help construction suppliers and subcontractors develop their sustainability knowledge and competence. The School represents a common approach to addressing sustainability within the supply chain, helping to further address the challenges faced by the industry.

Skanska Nordic Procurement Unit's (NPU) preferred supplier program focuses initially on prequalification, as part of long-term contract framework agreements with suppliers and subcontractors. This is followed by a performance evaluation that considers aspects such as quality, cost, environment, safety and delivery to establish Skanska's procurement standard with suppliers.

In order to support any suppliers that fail to fulfill these requirements, the NPU has also introduced a supplier development program, aimed at improving the supply chain's performance baseline. Suppliers are educated on the Skanska Color Palette™ and encouraged to attend training events on green aspects of procurement.

Global leadership

Skanska has been a supporter of the UN Global Compact for over a decade. Skanska's Communication on Progress is uploaded annually to the UNGC website as a public statement of its commitment.

A United Nations Global Compact supporter

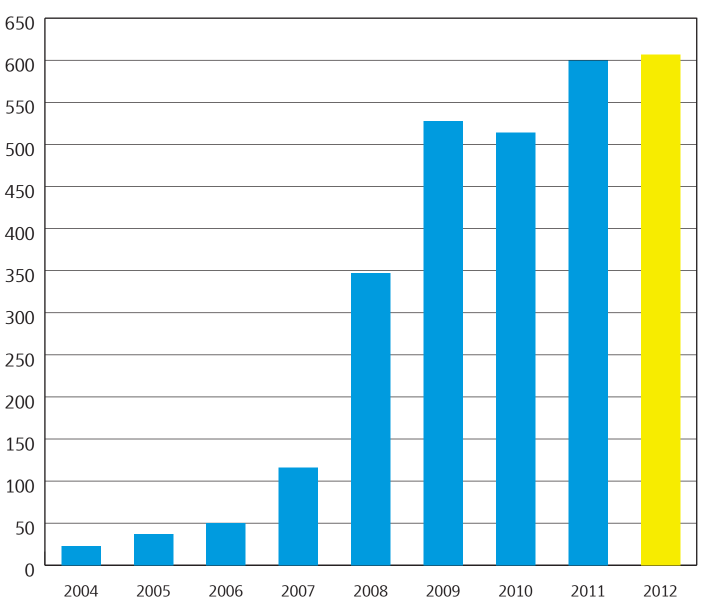
For more than a decade, Skanska has been a supporter of the United Nations Global Compact (UNGC). It is also a sponsor of the United Nations Environment Program's (UNEP) Sustainable Buildings and Climate Initiative. In 2012, Skanska extended its support to UNEP by providing a chairman for its taskforce on Greening the Building Sector Supply Chain.

A Green Building Councils member

Skanska is also an active member of many Green Building Councils (GBC) throughout the regions in which it operates and it was instrumental in establishing a number of these. The Company is also a sponsor of the forthcoming World Green Building Council review, Business Case for Green Buildings, and a Skanska USA Senior Vice President chaired the US-GBC in 2012.

Eco Design professionals

Number of LEED APs, BREEAM and CEEQUAL eco-design professionals.



Recognition

- Skanska UK's civil project at the Olympic Park awarded the highest ever CEEQUAL assessment score: 98.3 percent. The project was the only one to score 100 percent for carbon, thanks to cost effective and innovative biodiesel use in road vehicles.

- For the third year in a row, Skanska is the only construction company in the Forest Footprint Disclosure (FFD), a global review of the impact of large companies on forests based on their use of five commodities including timber and biofuels.

- Skanska Czech Republic was awarded the TOP Responsible Large Company 2012 for its comprehensive attitude to sustainability, which the company publicly reports and monitors.

- For the third consecutive year, Skanska was the highest scoring construction company in the Nordic 260 Climate Change Report of the Carbon Disclosure Project.

- Skanska Commercial Development Europe was recognized at the CEEQA Industry Awards for commitment to developing new projects according to the principles of sustainable development as well as promoting green development. It won the Green Leadership Award and the title Real Green Developer of the year.

- Skanska Sweden won four of the seven Swedish Transport Administration safety awards in 2012, thanks to systematic safety programs to create safe work sites.

Skanska Financials 2012

The financial statements presented in this Review have been prepared in USD (United States dollars) as the presentation currency.

As the functional currency of the Parent Company is SEK (Swedish kronor), Skanska's Statutory Annual Report including the consolidated financial statements of the Parent Company has been prepared using SEK (Swedish kronor) as the presentation currency.

Skanska Financials 2012

Revenue showed an increase in both USD and local currencies in comparison with the preceding year. A number of Skanska's units delivered positive results despite operating in markets with reduced construction investments and intense competition. Construction's revenue increased and earnings remained essentially unchanged in comparison with the preceding year, primarily due to impairment losses in ongoing projects and impairment losses of receivables in Latin American operations. The Finnish and Norwegian operations have been developing according to plan and these units are gradually resuming normal profitability levels. Profitability in Residential Development operations were adversely impacted by costs and provisions connected to restructuring of Nordic operations and by land impairment losses in the Czech Republic and Slovakia. In 2012, Commercial Property Development divested properties worth USD 0.93 billion for a healthy profit and at year-end 2012, had 34 ongoing projects. Infrastructure Development operations carried out five divestments during 2012. Four of these pertained to hospital projects in the U.K., and one an expressway in Finland. In 2012, Skanska Infrastructure Development signed its first PPP (public-private partnership) contract in the U.S. – the Midtown Tunnel/Elizabeth River Tunnels project. These divestments of the various development operations confirm the strength of Skanska's business model, whereby capital generated in Construction is invested in profitable and realizable development projects, which in turn generate construction assignments and future development gains.

Construction

The market for construction is generally stable, but major differences remain between various geographical areas and segments. While the residential construction and commercial building construction markets in Norway are performing well, they are weaker in Finland and Sweden, particularly outside the major urban regions. The market for large civil construction projects in the Nordic Region is relatively stable, albeit with significant international competition.

The other European markets developed weakly, primarily in terms of major civil engineering projects where the competition is particularly tough.

The market for large and complex civil construction projects continued to develop favorably in the U.S., but there is intense competition for projects. In building construction operations, the segments are developing favorably for healthcare, aviation and information technology (IT) industrial facilities, as well as for commercial buildings like offices.

Residential Development

The residential market remained characterized by strict lending practices and uncertainty among potential home buyers. In Sweden and Finland, the market was restrained but relatively stable. In Norway, demand remained healthy, with rising prices. The Polish residential market was relatively stable. In the U.K., local markets were mixed, while the Czech market remained weak.

Commercial Property Development

Tenants are continuing to demand modern, efficient and green premises, although the tenants' decision process has become relatively longer. The vacancy rate of office premises was relatively stable in most of Nordic and Central European cities where Skanska has operations.
The vacancy rate was declining in the majority of the cities in the U.S. where Skanska has operations.
Modern properties with stable tenants are resulting in attractive valuations for such properties particulary in Sweden, Norway, Poland and the U.S. Conditions are favorable for purchasing attractive land, particularly in regions of Central Europe where Skanska has operations.

Infrastructure Development

Conditions for new projects in the U.S. continue to improve where an increasing number of PPP projects are available for tender.

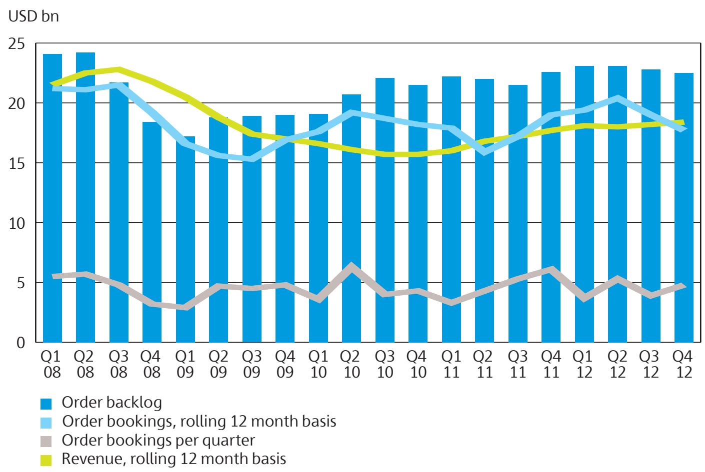
However, the offering of projects in the European market is more limited.

Order bookings and order backlog

Order bookings

Order bookings decreased by 7 percent to USD 17.7 billion (19.0).

Order bookings, backlog and revenue in construction



Order bookings were 4 percent lower than revenue in 2012, in comparison with 2011, when order bookings were 7 percent higher than revenue.

During the year, order bookings increased in local currency in Skanska's Swedish, U.K. and U.S. operations, while other units showed a decline in order bookings.

Among the contracts that were signed during 2012, a number of major contracts in segments important to Skanska are mentioned below.

Nordic countries

In Norway, Skanska won the assignment by KLP Eiendom to construct an eco-friendly shopping center in Fornebu, Oslo; the order is valued at approximately USD 0.2 billion. The project is the first of its kind to be environmentally certified to BREEAM NOR's highest level, "Outstanding". In Finland, Skanska signed an agreement to construct the Puuvilla Shopping Center in Pori; the order is valued at approximately USD 141.8 M. In Sweden, Skanska won the assignment by Storstockholms Lokaltrafik, SL, to build a new bus terminal; the order is valued at approximately USD 0.2 billion.

Other European countries

In the U.K., a number of major assignments were secured during the year, the largest of which was the joint venture with Morrison Utility Services, to work with the National Grid's program for replacing gas pipes. The contract runs for eight years and Skanska's share amounts to a total of approximately USD 1.3 billion, of which USD 0.3 billion is included in 2012 order bookings. Skanska also secured a joint-venture assignment with Balfour Beatty, concerning the construction and modernization of parts of the M25 expressway orbiting London, where Skanska's share of the order value is approximately USD 0.3 billion. In addition, Skanska UK was awarded an assignment with an order value of about USD 83.4 M to build the Moorgate Exchange property adjacent to Moorgate Station in London, and an assignment to build the Bermondsey Dive Under tunnel passage, with an order value of about USD 94.5 M. In Poland, Skanska secured the assignment to build a section of road in Silesia, southwest Poland, with an order value of about USD 75.3 M.

The Americas

In 2012, Skanska USA was awarded a number of major projects both within Civil and Building. The largest contract awarded to Skanska USA Civil during 2012 was for the construction, operation and maintenance of the Midtown Tunnel/Elizabeth River Tunnels in Virginia, USA. Skanska's share of the order value totaled USD 0.6 billion and the project is being implemented as a public-private partnership (PPP), in which Skanska ID is one of the partners. This is Skanska's first PPP contract in the U.S. In Silverdale, Washington, USA, Skanska USA Civil was awarded the assignment to build a harbor for the handling of explosive substances, with an order value of approximately USD 0.1 billion. Skanska USA Civil was also assigned to complete the first phase of an expansion to New York City's renowned Penn Station, with an order value of approximately USD 0.1 billion. In Tampa, Florida, USA, Skanska USA Civil won a joint venture assignment with Ajax Paving Industries to design and build Highway I-275, with an order value of approximately USD 0.1 billion for Skanska. In addition, Skanska USA Civil secured an assignment to build a power plant in the northeastern U.S., with an order value of approximately USD 0.2 billion. The largest contract that Skanska USA Building secured during 2012 was for the extension of a pharmaceutical research campus in the northeastern U.S., with an order value of approximately USD 0.4 billion. In the northeastern U.S., Skanska USA Building secured an assignment to build a higher education facility with an order value of approximately USD 118.1 M. In addition, Skanska USA Building was awarded a contract to build a new patient tower and renovate adjacent hospital buildings located in Clearwater, Florida, USA, with an order value of approximately USD 0.1 billion. In Latin America, Skanska Latin America secured a construction, procurement and design contract to increase the capacity of a natural gas power plant in Rio de Janeiro, Brazil, valued at approximately USD 0.3 billion.

Order bookings and backlog

Business unit	Order bookings		Order backlog	
USD M	2012	2011	2012	2011
Sweden	3,789.9	3,772.2	4,142.6	4,275.7
Norway	1,513.1	2,739.3	1,789.6	2,236.5
Finland	969.6	1,297.9	797.7	959.7
Poland	1,117.8	1,406.9	912.7	1,003.0
Czech Republic	557.1	922.2	867.8	1,087.8
United Kingdom	1,705.1	1,407.4	2,907.6	2,922.4
USA Building	4,131.7	3,993.2	5,415.0	5,214.2
USA Civil	2,616.4	2,024.0	4,370.5	3,599.4
Latin America	1,331.2	1,470.8	1,310.8	1,292.5
Total	**17,732.0**	**19,033.9**	**22,514.4**	**22,591.1**

Order backlog

Order backlog remained unchanged and totaled USD 22.5 billion (22.6) at the end of 2012. Adjusted for currency rate effects, order backlog decreased by 3 percent. Order backlog was equivalent to about 14 (16) months of construction.

Skanska's North American and Latin American, Nordic and other European operations accounted for 49, 30 and 21 percent of order backlog, respectively.

The portion of order backlog that is planned for execution during 2013 was equivalent to USD 12.8 billion at closing day exchange rates.

Segment and IFRS reporting

The Group reports its Residential Development and Commercial Property Development segments according to a method in which sales revenue and gains on the divestment of properties, residential as well as commercial, are recognized when binding sales contracts are signed. When reporting in compliance with IFRSs, revenue and gains on divestment of properties are recognized when the purchaser takes possession of the property or home. The differences between the two methods, with regard to revenue and operating income, are summarized in the tables below.

Revenue

USD M	2012	2011
Revenue by business stream according to segment reporting		
Construction	18,385.9	17,707.1
Residential Development	1,282.0	1,316.8
Commercial Property Development	995.6	867.5
Infrastructure Development	35.7	44.0
Central and eliminations	–1,217.4	–1,063.8
Total revenue according to segment reporting	**19,481.8**	**18,871.7**
Reconciliation with IFRSs	–381.1	–585.2
Total revenue according to IFRSs	**19,100.7**	**18,286.5**

Revenue according to segment reporting rose by 3 percent to USD 19.5 billion (18.9). In local currencies, the revenue increase was 7 percent. In the Construction business stream, revenue rose in USD by 4 percent. USD 2.2 billion (2.3) of revenue in Construction, equivalent to 12 percent (13), was generated by the Group's project development operations. To reconcile with IFRSs, add the revenue from the homes and properties that were sold in prior years but which were handed over during the year. Then subtract the revenue from the homes and properties that were sold during the year but are yet to be occupied by the purchaser. Of the USD 1,282.0 M (1,316.8) in Residential Development revenue, USD 61.6 M (145.8) consisted of revenue from joint ventures included according to the proportional method of accounting.

Operating income

USD M	2012	2011
Operating income by business stream according to segment reporting		
Construction	513.0	534.0
Residential Development	–16.8	53.1
Commercial Property Development	213.8	184.2
Infrastructure Development	86.8	727.9
Central	–106.8	–107.7
Eliminations	–10.0	8.0
Operating income according to segment reporting	**680.0**	**1,399.5**
Reconciliation with IFRSs	–86.7	–103.8
Operating income according to IFRSs	**593.3**	**1,295.7**

Operating income according to segment reporting amounted to USD 680.0 M (1,399.5). This includes impairment losses and provisions of USD 127.0 M in Latin American construction operations and USD 56.1 M in Residential Development operations. The comparative period includes a capital gain of USD 693.1 M from the divestment of Autopista Central in Chile.

Impairment losses on current and non-current assets including goodwill were charged to operating income in the amount of USD 23.5 M (27.0).

Construction

In the Construction business stream, operating income remained essentially unchanged and amounted to USD 513.0 M (534.0). The operating margin decreased compared to the preceding year and amounted to 2.8 percent (3.0). The growth of the Construction business also implies that a larger proportion of projects are in their early stages, with more cautious profit recognition. Norwegian and Finnish operations were developing according to plan and these units are now improving in profitability. In Latin America, income was charged with an impairment loss of approximately USD 127.0 M during the year. This primarily pertained to project impairment losses in ongoing projects and impairment losses for receivables in two completed projects with fixed-price agreements.

Residential Development

In Residential Development, operating income totaled USD –16.8 M (53.1). The deterioration in operating income was primarily due to restructuring costs of USD 44.3 M in the Nordic operations and USD 11.8 M impairment loss on land in the Czech Republic and Slovakia. Impairment losses on current assets (land) in Residential Development were charged to earnings in the amount of USD 17.4 M (11.7).

Commercial Property Development

Operating income in Commercial Property Development totaled USD 213.8 M (184.2). During the year, the business stream carried out divestments worth USD 923.4 M (773.9) with capital gains amounting to USD 250.0 M (195.0).

Infrastructure Development

Operating income in Infrastructure Development totaled USD 86.8 M (727.9). Operating income includes divestments of four British hospital projects and the Finnish E18 expressway. The decrease in operating income is due to the inclusion of a capital gain of USD 693.1 M from the divestment of Autopista Central in Chile in the comparative period.

Central

Central expenses, including businesses under discontinuation, totaled USD –106.8 M (–107.7).

Eliminations of intra-Group profits

Eliminations/reversals of intra-Group profits amounted to USD –10.0 M (8.0). At the Group level, this included elimination of profits in Construction operations related to property projects. Eliminations are reversed when the projects are divested.

Income according to IFRSs

USD M	2012	2011
Revenue	19,100.7	18,286.5
Cost of sales	–17,393.5	–16,542.4
Gross income	**1,707.2**	**1,744.0**
Selling and administrative expenses	–1,256.3	–1,209.5
Income from joint ventures and associated companies	142.5	761.1
Operating income	**593.3**	**1,295.7**

Gross income was USD 1,707.2 M (1,744.0). Gross income encompassed income from operating activities, including gains on divestments in Residential Development and Commercial Property Development. It also included impairment losses on project development operations and on property, plant and equipment totaling USD 21.7 M (21.1), most of it related to impairment losses on land.

Divestments of commercial properties resulted in a capital gain of USD 172.8 M (183.1).

Selling and administrative expenses increased to USD –1,256.3 M (–1,209.5), which was equivalent to 7 percent (7) of revenue.

Income from joint ventures and associated companies, totaling USD 142.5 M (761.1), mainly encompassed holdings reported in the Infrastructure Development business stream and also included gains from the divestment of holdings in projects.

Income after financial items

USD M	2012	2011
Operating income	**593.3**	**1,295.7**
Interest income	26.9	27.4
Pension interest	–10.0	8.8
Interest expenses	–68.4	–52.1
Capitalized interest expenses	22.3	20.6
Net interest items	**–29.2**	**4.8**
Change in fair value	6.9	4.8
Other net financial items	–12.3	–7.7
Income after financial items	**558.8**	**1,297.6**

Net financial items amounted to USD –34.6 M (1.8).

Net interest items declined to USD –29.2 M (4.8). Interest income increased to USD 26.9 M (27.4). Interest expenses increased to USD –68.4 M (–52.1), which is primarily due to an increase in interest-bearing liabilities and an extension of their credit commitment periods.

Capitalization of interest expenses in ongoing projects for Skanska's own account totaled USD 22.3 M (20.6). The increase was due to the relatively large share of projects in their early stages.

Net interest on pensions, which refers to the estimated net amount of interest expenses related to defined-benefit pension obligations and expected return on pension plan assets, decreased to USD –10.0 M (8.8).

The change is primarily due to net debt on January 1, 2012 being higher than the net debt on January 1, 2011, which is largely due to the discount rate being reduced in pace with the general interest rate.

Change in fair value of financial instruments amounted to USD 6.9 M (4.8). The improvement was mainly due to favorable interest-rate differences related to currency-rate hedging of net investments in Skanska's businesses outside Sweden, primarily in USD, EUR and CZK.

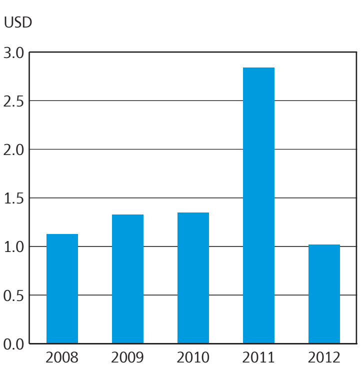
Other financial items totaled USD –12.3 M (–7.7) and mainly consisted of currency-rate effects and various fees for credit facilities and bank guarantees.

Profit for the year

USD M	2012	2011
Income after financial items	**558.8**	**1,297.6**
Taxes	–136.3	–127.8
Profit for the year	**422.5**	**1,169.7**
Profit for the year attributable to:		
Equity holders	421.3	1,168.8
Non-controlling interests	1.2	0.9
The year's earnings per share, USD	1.02	2.84

After subtracting the year's tax expense, USD –136.3 M (–127.8), equivalent to a tax rate of 24 percent (10), profit for the year attributable to equity holders amounted to USD 421.3 M (1,168.8). The main reason for the lower tax burden in 2011 was that the divestment of the Autopista Central was executed as a tax-free sale of shares. Taxes paid for the year amounted to USD 167.6 M (263.7). Earnings per share amounted to USD 1.02 (2.84).

Earnings per share



Comparative figures for 2008 have not been adjusted for the effects of IFRIC 12 and IFRIC 15.

Comprehensive income for the year

USD M	2012	2011
Profit for the year	422.5	1,169.7
Other comprehensive income		
Translation differences attributable to equity holders	147.2	–109.9
Translation differences attributable to non-controlling interests	–0.6	–0.2
Hedging of exchange-rate risk in foreign operations	–32.0	27.0
Effects of actuarial gains and losses on pensions	–19.2	–478.4
Effects of cash-flow hedges	–6.2	–204.2
Tax attributable to other comprehensive income	–13.3	133.7
Other comprehensive income for the year	**76.0**	**–632.0**
Total comprehensive income for the year	**498.4**	**537.8**
Total comprehensive income for the year attributable to:		
Equity holders	497.8	537.0
Non-controlling interests	0.6	0.8

"Other comprehensive income for the year" amounted to USD 76 M (–632.0). The change in translation differences attributable to equity holders totaled USD 147.2 M (–109.9). This item – which consists of the change in accumulated translation differences when translating the financial reports of operations outside Sweden – mainly includes negative translation differences in ARS, CLP and BRL as well as positive translation differences in CZK, PLN, NOK and GBP. About 30 percent of net investments outside Sweden were currency hedged during 2012, which amounted to USD –32.0 M (27.0) to "Other comprehensive income for the year". See Note 6.

The effects of actuarial gains and losses on pensions including social-insurance contributions totaled USD –19.2 M (–478.4). This actuarial net loss was due to lower discount rates in all three countries where Skanska has defined-benefit plans. The effect was also significantly reduced by a lowering of expected inflation and future wage increases in all three countries, and by the actual gain on plan assets exceeding expected return.

The effects of cash-flow hedges amounted to USD –6.2 M (–204.2).

Hedge accounting is applied in several business streams, of which Infrastructure Development has the sharpest effect on the cash-flow reserve. The item includes changes in unrealized gains and losses on hedging instruments, as well as the effect of realized hedging instruments. The Infrastructure Development business stream uses interest-rate swaps for the long-term hedging of interest expenses related to long-term Infrastructure Development projects. The item includes market valuation of such interest-rate swaps from joint ventures in Infrastructure Development. Lower levels on long-term interest rates during the year had an impact on interest-swap values and increased the cash-flow reserve, while realized interest-rate swaps reduced the cash-flow reserve. The net effect of these changes were marginal.

Total comprehensive income for the year amounted to USD 498.4 M (537.8).

Investments/Divestments

USD M	2012	2011
Operations – Investments		
Intangible assets	–15.5	–10.8
Property, plant and equipment	–390.7	–339.8
Assets in Infrastructure Development	–56.3	–152.2
Shares	–3.2	–56.4
Current-asset properties	–2,095.5	–1,659.2
of which Residential Development	–1,146.6	–1,122.4
of which Commercial Property Development	–948.9	–536.7
Investments	**–2,561.3**	**–2,218.2**
Operations – Divestments		
Intangible assets	0.0	0.2
Property, plant and equipment	40.0	30.5
Assets in Infrastructure Development	160.1	894.5
Shares	4.6	0.6
Current-asset properties	1,800.2	1,465.9
of which Residential Development	1,193.4	877.3
of which Commercial Property Development	606.8	588.6
Divestments	**2,004.9**	**2,391.7**
Net investments/divestments in operations	**–556.4**	**173.4**
Strategic investments		
Acquisitions of businesses	–3.2	–222.4
Acquisitions of shares	0.0	0.0
Strategic investments	**–3.2**	**–222.4**
Strategic divestments		
Divestments of businesses	0.0	0.0
Divestments of shares	0.0	0.0
Strategic divestments	**0.0**	**0.0**
Net strategic investments/divestments	**–3.2**	**–222.4**
Total net investments/divestments	**–559.7**	**–49.0**
Depreciation/amortization, non-current assets	–224.5	–214.5

The Group's investments totaled USD –2,564.5 M (–2,440.6). Of this, USD –3.2 M (–222.4) was related to acquisitions of businesses. Divestments totaled USD 2,004.9 M (2,391.7), and the Group's net investments amounted to USD –559.7 M (–49.0).

Investments in property, plant and equipment, which mainly comprised continuous replacement investments in operations, amounted to USD –390.7 M (–339.8). Divestments of property, plant and equipment amounted to USD 40.0 M (30.5).

Depreciation on property, plant and equipment amounted to USD –213.1 M (–200.8).

Net investments in current-asset properties amounted to USD –295.3 M (–193.3). Projects were sold for USD 1,800.2 M (1,465.9), while investments amounted to USD –2,095.5 M (–1,659.2).

In Residential Development, investments in current-asset properties amounted to USD –1,146.6 M (–1,122.4) and total investments amounted to USD –1,149.9 M (–1,184.0), of which about USD –137.8 M (–207.3) was related to acquisitions of land equivalent to 4,039 building rights. Completed homes were sold for USD 1,193.4 M (877.3).

In Commercial Property Development, investments in current-asset properties amounted to USD –948.9 M (–536.7), of which USD –268.3 M (–158.2) pertained to land and the total investments amounted to USD –950.4 M (–538.0). Divestments of current-asset properties totaled USD 606.8 M (588.6). Net investments of current-asset properties in Commercial Property Development amounted to USD –342.1 M (51.9).

Investments in the form of equity and subordinated loans in Infrastructure Development amounted to USD –56.3 M (–152.2). Divestments totaling USD 160.1 M (894.5) largely pertained to the divestments of holdings in four hospitals in the U.K. and the E18 expressway in Finland. Net divestments in Infrastructure Development were USD 103.8 M (742.3).

Consolidated operating cash flow

USD M	2012	2011
Cash flow from business operations before change in working capital	471.6	509.6
Change in working capital	–69.1	–68.2
Net investments/divestments in the business	–556.4	173.4
Adjustments in payment dates of net investments	50.8	56.7
Taxes paid in business operations	–174.4	–270.8
Cash flow from business operations	**–277.5**	**400.7**
Net interest items and other financial items	–22.6	–23.7
Taxes paid in financing operations	6.8	7.1
Cash flow from financing operations	**–15.8**	**–16.6**
Cash flow from operations	**–293.3**	**384.1**
Strategic net investments	–3.2	–222.4
Taxes paid on strategic divestments	0.0	0.0
Cash flow from strategic investments	**–3.2**	**–222.4**
Dividend etc [1]	–404.8	–784.8
Cash flow before change in interest-bearing receivables and liabilities	**–701.3**	**–623.1**
Change in interest-bearing receivables and liabilities	788.1	426.8
Cash flow for the year	**86.8**	**–196.4**
Cash and cash equivalents, January 1	770.3	978.1
Exchange-rate differences in cash and cash equivalents	28.5	–11.4
Cash and cash equivalents, December 31	**885.6**	**770.3**
1) Of which repurchases of shares	–38.7	–28.3

Cash flow for the year amounted to USD 86.8 M (–196.4).

Cash flow from business operations before change in working capital totaled USD 471.6 M (509.6).

Tied-up working capital was virtually on the same volume as in 2011 and the change totaled USD –69.1 M (–68.2).

Net investments in business operations increased by USD –722.7 M to USD –556.4 M (173.4). This was due, among other things, to increased investments in Commercial Property Development.

Taxes paid in business operations amounted to USD –174.4 M (–270.8).

Change in interest-bearing receivables and liabilities amounted to USD 788.1 M (426.8) as a result of increased investments.

Cash flow for the year was USD 86.8 M (–196.4). Including exchange-rate differences of USD 28.5 M (–11.4), cash and cash equivalents increased to USD 885.6 M (770.3).

Commercial properties sold but as yet unoccupied by tenants will have a positive effect on the cash flow totaling USD 0.4 billion in 2013.

Financing and liquidity

At year-end 2012, the Group had interest-bearing net liabilities, including provisions, amounting to USD –293.5 M (425.0).The Group's unutilized credit facilities totaled USD 872.3 M (1,030.5) at year-end. Of these, USD 790.8 M was an unutilized long-term credit maturing at the end of June 2017. Excluding derivatives, the Group has an interest-bearing net liability in SEK and interest-bearing net assets in foreign currencies. This is primarily due to a relatively large share of interest-bearing assets in USD alongside increased indebtedness, primarily in SEK. Interest-bearing assets decreased to USD 2,027.9 M (1,960.2). Of these, receivables in foreign currencies accounted for 85 percent (71). The average interest-rate refixing period for all of the Group's interest-bearing assets was 0.2 (0.3) years, and the interest rate amounted to 0.86 percent (1.22) at year-end.

Change in interest-bearing assets and liabilities

USD M	2012	2011
Interest-bearing net receivables, January 1	**425.0**	**1,457.3**
Cash flow from business operations	–277.5	400.7
Cash flow from financing activities excluding changes in interest-bearing liabilities and receivables	–15.8	–16.6
Cash flow from strategic investments	–3.2	–222.4
Dividend etc [1]	–404.8	–784.8
Acquired/divested interest-bearing liabilities	0.6	5.7
Translation differences	–0.5	–10.9
Change in pension liability	–8.3	–399.4
Other changes	–9.0	–4.6
Interest-bearing net receivables/liabilities, December 31	**–293.5**	**425.0**
1 Of which repurchases of shares	–38.7	–28.3

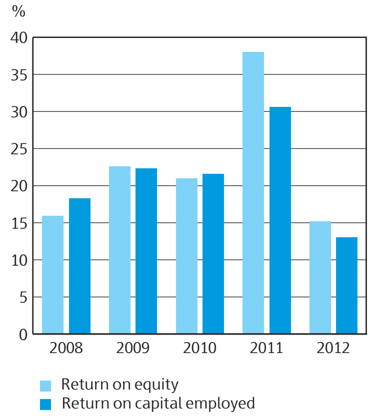
The Group's interest-bearing liabilities and provisions increased to USD 2,321.4 M (1,535.3), of which pension liabilities and provisions amounted to USD 638.2 M (554.6) and construction loans to cooperative housing associations totaled USD 435.6 M (432.4). The average interest-rate refixing period for all interest-bearing liabilities was 1.3 (0.6) years, excluding pension liabilities but taking into account derivatives. The average maturity was 1.9 (1.5) years. Including unutilized credit facilities, the average maturity was 3.3 years.

The interest rate for all Group interest-bearing liabilities, excluding pension liabilities, amounted to 2.96 percent (3.02) at year-end. The proportion of loans in foreign currencies decreased to 33 percent (27).

The Group's total assets and liabilities/equity increased by USD 1.5 billion and amounted to USD 13.5 billion (12.0). The total effect of exchange-rate fluctuations was USD 410.7 M.

Return on equity and capital employed

Return on equity and capital employed



Comparative figures for 2008 have not been adjusted for the effects of IFRIC 12 and IFRIC 15.

At year-end 2012, the equity of the Group attributable to equity holders amounted to USD 2,946.7 M (2,817.0). Aside from total comprehensive income for the year at USD 497.8 M, the change in equity is explained mainly by disbursement of a dividend of USD –364.9 M, and repurchases of shares totaling USD –38.7 M, as well as the distribution of shares in connection with long-term employee ownership program (SEOP) totaling USD 35.4 M. Return on equity was 15.0 percent (38.5). Capital employed amounted to USD 5,291.9 M (4376.7). Return on capital employed amounted to 12.9 percent (31.0).

Equity/assets and debt/equity ratio

The net debt/equity ratio amounted to 0.1 (–0.1), and the equity/ assets ratio was 21.9 percent (23.7).

Material risks and uncertainty factors

The construction and project development business is largely about risk management. Practically every project is unique, with size, shape and environment varying for each new assignment. The construction industry differs in this way from a typical manufacturing company that has permanent facilities and serial production.

In Skanska's operations there are many different types of risks. Identifying, managing and pricing these risks are of fundamental importance to profitability. These risks are normally of a technical, legal and financial nature, but political, ethical, social and environmental aspects are also part of assessing potential risks. There are many different types of contractual mechanisms in Skanska's operations. The degree of risk associated with the price of goods and services varies greatly depending on the contract type.

In Construction operations, sharp increases in prices of materials may pose a risk, especially in long projects with fixed-price commitments. Shortages of human resources as well as certain intermediate goods may potentially have an adverse impact on operations. Delays in the design phase or changes in design are other circumstances that may adversely affect projects. Certain counterparties — for example customers, subcontractors or suppliers — may have difficulty living up to their contractual obligations. Skanska regularly makes assessments of counterparty risks in order to be prepared for this.

To ensure a systematic and uniform assessment of construction projects, Skanska uses a common model for identifying and managing risks throughout the Group. With the help of this model, Skanska evaluates construction projects continuously, from tender preparations to completion of the assignment.

In Residential Development operations, there are risks in all phases, from inception to completed project. Such external factors as interest rates and the willingness of customers to buy homes are of crucial importance to all decisions in the process. Homes are produced for successive sale. To minimize risks, the goal is to completely develop and sell the units in a given project during a single economic cycle, when variations in market conditions are small and predictable. New projects are normally started when a predetermined percentage of homes are sold or pre-booked.

Greater standardization, with shorter lead times, reduces exposure to the risk of fluctuations in market demand.

Due to lengthy planning and permitting processes, ample lead time is required to ensure a supply of building rights for construction that will meet demand.

Commercial Property Development manages risks connected with external factors, customers' space needs and the willingness of investors to buy commercial properties. By means of frequent customer contacts, Skanska tracks the space requirements of customers continuously.

Risks are limited because the Commercial Property Development and Residential Development business streams have established ceilings on how much capital may be tied up in holdings in projects that have not been pre-leased or sold.

Investments made in Infrastructure Development require efficient risk management during the development phase, that is, before and after financial close.

During the construction phase, the greatest risk is that the asset cannot go into service on schedule and that quality standards are not met. Depending on the type of asset, there are risks during the entire steady state phase, which may extend over decades. Examples of such risks are external factors — demographic, environmentally related and financial — that are managed during the service life of a project. There is also a risk that life-cycle costs and operating and maintenance costs will exceed the forecasts that were made.

For a further account of material risks and uncertainty factors, see Note 2, "Key estimates and judgments." Financial risks are described in Note 6, "Financial instruments and financial risk management." Ongoing litigation is described in Note 33, "Assets pledged, contingent liabilities and contingent assets."

Corporate governance report

This corporate governance report for 2012 has been reviewed by the Company's external auditors in compliance with Chapter 9, Section 31 of the Swedish Companies Act. The report is part of the Report of the Directors, in compliance with Chapter 6, Section 6 of the Annual Accounts Act. According to the latter section, the corporate governance report shall include certain specific disclosures. These are provided partly in the running text below. Other mandatory information has been gathered under the heading, "Other mandatory disclosures in compliance with Chapter 6, Section 6, Annual Accounts Act".

Corporate governance principles

Skanska AB is a Swedish public limited company. Skanska AB's Series B shares are listed on the NASDAQ OMX Stockholm. Skanska AB and the Skanska Group are governed in accordance with the Articles of Association, the Swedish Companies Act, the NASDAQ OMX Stockholm rule book for issuers and other applicable Swedish and foreign laws and ordinances.

Skanska applies the Swedish Code of Corporate Governance ("the Code"), which is available at www.corporategovernanceboard.se. The Group's most important governing documents, in addition to those based on laws or other statutes, are available on Skanska's website, www.skanska.com.

Articles of Association

The Articles of Association are adopted by the Annual Shareholders' Meeting and shall contain a number of disclosures of a more fundamental nature for the Company, among other things what operations it shall conduct, the size and registered office of the Board of Directors, the size of the share capital, any regulations on different types of shares and conversion of shares, number of shares and how notice of a Shareholders' Meeting shall be provided. The complete Articles of Association are available on Skanska's website.

Annual Shareholders' Meeting

At the Annual Shareholders' Meeting, Skanska's shareholders decide on central issues, such as adoption of income statements and balance sheets, the dividend to the shareholders, the composition of the Board, discharging the members of the Board of Directors and the President and CEO from liability for the financial year, amendments to the Articles of Association, election of auditors and principles of remuneration to senior executives. Shareholders listed in the register of shareholders on the record date who notify the Company of their intention to participate in the meeting are entitled to attend it either personally or by proxy through a representative or substitute.

Every shareholder is entitled to have an item of business dealt with at the Shareholders' Meeting. Well before notice of the meeting is issued, the Company's website provides information on how shareholders shall proceed in order to have an item of business dealt with.

The 2012 Annual Shareholders' Meeting

The Annual Shareholders' Meeting was held on April 13, 2012 in Stockholm. At the Meeting, a total of 712 shareholders were present personally or through proxy, representing about 55.3 percent of the total voting power in the Company. The Meeting re-elected Stuart Graham, Johan Karlström, Fredrik Lundberg, Sverker Martin-Löf, Sir Adrian Montague, Lars Pettersson, Josephine Rydberg-Dumont, Charlotte Strömberg and Matti Sundberg as members of the Board of Directors.

The Meeting elected Stuart Graham as the new Chairman of the Board. Employees were represented on the Board by Inge Johansson, Roger Karlström and Anders Fogelberg as members, with Richard Hörstedt, Jessica Karlsson and Thomas Larsson as deputy

The members and deputy members of the Board

Member	Position	Born	Nationality	Year elected	Audit Commitee	Compensation Committee	Project Review Committee	Independent in relation to the Company and its management	Independent in relation to major shareholders
Stuart Graham[1]	Chairman	1946	U.S.	2009	■ Member	■ Chairman	■ Chairman	No	No
Johan Karlström	President and CEO	1957	Sweden	2008			■ Member	No	Yes
Fredrik Lundberg	Member	1951	Sweden	2011			■ Member	Yes	No
Sverker Martin-Löf[2]	Member	1943	Sweden	2001	■ Chairman	■ Member	■ Member	Yes	No
Sir Adrian Montague	Member	1948	U.K.	2007			■ Member	Yes	Yes
Lars Pettersson	Member	1954	Sweden	2006		■ Member		Yes	No
Josephine Rydberg-Dumont	Member	1955	Sweden	2010				Yes	Yes
Charlotte Strömberg	Member	1959	Sweden	2010	■ Member			Yes	Yes
Matti Sundberg	Member	1942	Finland	2007			■ Member	Yes	Yes
Richard Hörstedt	Employee Rep. (Deputy)	1963	Sweden	2007				–	–
Inge Johansson	Employee Representative	1951	Sweden	1999			■ Member	–	–
Gerardo Vergara[3]	Employee Rep. (Deputy)	1963	Sweden	2012				–	–
Jessica Karlsson[4]	Employee Rep. (Deputy)	1975	Sweden	2005					
Roger Karlström	Employee Representative	1949	Sweden	2008					
Thomas Larsson	Employee Rep. (Deputy)	1969	Sweden	2011				–	–
Anders Fogelberg	Employee Representative	1951	Sweden	2011				–	–

■ Chairman ■ Member

1 Chairman as of April 13, 2012; Deputy Chairman through April 13, 2012.
2 Chairman through April 13, 2012.
3 Effective April 13, 2012.
4 Through April 13, 2012.

members. Fourteen members and deputy members of the Board as well as the Company's auditors were present at the Annual Shareholders' Meeting.

Among other things, the Meeting approved a dividend to the shareholders totaling SEK 6.00 per share. Complete information about the 2012 Annual Meeting plus minutes of the Meeting are available on Skanska's website.

The 2013 Annual Shareholders' Meeting

The next Annual Shareholders' Meeting of Skanska AB will be held at 4:30 p.m. on April 11, 2013 at Berwaldhallen in Stockholm, Sweden.

Information has been provided on Skanska's website to shareholders on how they should proceed if they wish to have an item of business dealt with at the 2013 Annual Shareholders' Meeting.

The Nomination Committee

Among the tasks of the Nomination Committee is to propose candidates for election as members of the Board of Directors.

The 2012 Annual Shareholders' Meeting gave the Chairman of the Board a mandate to allow the four to five largest shareholders in terms of voting power each to appoint a representative to comprise, together with the Chairman, a Nomination Committee in preparation for the 2013 Annual Shareholders' Meeting. The Nomination Committee has the following composition: Carl-Olof By, AB Industrivärden, Chairman of the Nomination Committee; Mats Guldbrand, L E Lundbergföretagen AB; Bo Selling, Alecta; Lars-Åke Bokenberger, AMF Pension & Försäkring; and Stuart Graham, Chairman of the Board, Skanska AB.

Information has been provided on Skanska's website on how shareholders can submit their own proposals to the Nomination Committee by sending an e-mail to the Committee. The Nomination Committee plans to publish its proposals no later than in the notice of the 2013 Annual Shareholders' Meeting. At the same time, these proposals and an explanatory statement will be available on Skanska's website.

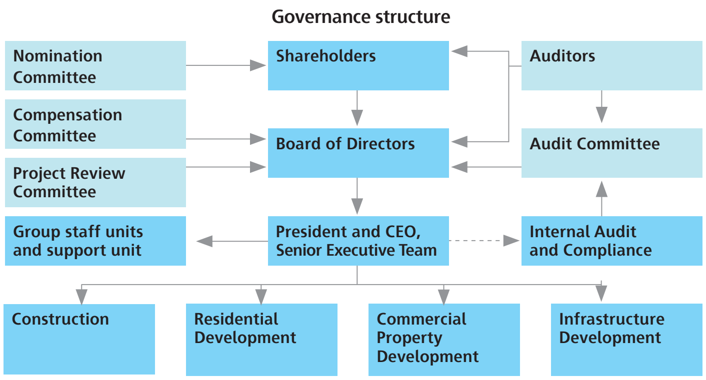
The Nomination Committee, 2012

Representative on the Nomination Committee in preparation of the 2013 Annual Shareholders' Meeting	Representing	December 31, 2012 % of voting power
Carl-Olof By	AB Industrivärden	24.9
Mats Guldbrand	L E Lundbergföretagen AB	11.4
Bo Selling	Alecta	5.8
Lars-Åke Bokenberger	AMF Pension & Försäkring	3.0
Stuart Graham	Chairman of the Board, Skanska AB	–

The Board of Directors

The Board of Directors makes decisions concerning overall issues about the Parent Company and the Group, such as Group strategy, publication of interim and annual reports, major construction projects, investments and divestments, appointment of the President and CEO as well as the organizational structure of the Group. The Board has established three special committees:

– Audit Committee
– Compensation Committee
– Project Review Committee



The members of the Board

The Board of Directors consists of nine members elected by the Annual Shareholders' Meeting without deputies plus three members and three deputy members appointed by the employees. The Annual Shareholders' Meeting appointed Stuart Graham as Chairman of the Board. The President and CEO is a member of the Board.

For more detailed information about individual Board members and deputy members, refer to page 172.

Seven of the Board members elected by the Shareholders' Meeting are independent in relation to the Company and its management. Of these, more than two members are also deemed independent in relation to the Company's largest shareholders. Only one member (the President and CEO) is active in the management of the Company.

The work of the Board in 2012

The work of the Board of Directors follows a yearly agenda, which is stipulated in the Board's Procedural Rules. In preparation for each Board meeting, the Board receives supporting documentation compiled according to established procedures. These procedures are aimed at ensuring that the Board receives relevant information and documentation for decision making before all its meetings. All documentation is formulated in the English language.

During the year, the Board held nine meetings including its statutory meeting. At its September 2012 meeting, the Board visited Skanska Finland. In conjunction with this meeting, the Board made work site visits that included a number of residential projects in the Helsinki area. Among the more important issues that the Board dealt with during the year were the restructuring of the residential development units in the Nordic countries, Czech Republic and Slovakia, impairment of projects in Latin America, as well as the follow-up of the Group's 2012–2015 business plan, internal control, governance of operations, risk management and acquisition matters. A major focus has been on health and safety issues.

During the year, the Board examined the relevance and timeliness of all legally mandated instructions.

The committees of the Board

In its Procedural Rules, the Board has specified the duties and decision-making powers that the Board has delegated to its committees. All committees report orally to the Board at each meeting in accordance with the mechanisms that are stipulated in the Procedural Rules. Minutes of all committee meetings are provided to the Board.

Audit Committee

The main task of the Audit Committee is to assist the Board in overseeing financial reporting, report procedures and accounting principles, as well as monitoring the auditing of the accounts for the Parent Company and the Group. The Committee also evaluates the quality of the Group's reporting, internal auditing and risk management functions and reviews the reports and opinions of the Company's external auditors. The Company's external auditors are present at all meetings of the Audit Committee. At least once a year, the Committee meets the auditors without anyone from Company management being present. The Audit Committee comprises Sverker Martin-Löf (Chairman), Stuart Graham and Charlotte Strömberg. During 2012, the committee held seven meetings.

Compensation Committee

The main task of the Compensation Committee is to prepare the Board's decisions concerning employment of the President and CEO and other members of the Senior Executive Team, as well as the salary and other compensation of the President and CEO. The committee makes decisions on the remuneration, pensions and other terms of employment of other members of the Senior Executive Team.

The committee prepares the Board's decisions on general incentive programs and examines the outcomes of variable salary elements. During 2012, the committee evaluated Skanska's variable remuneration programs for its management and also monitored and evaluated the application of the principles for remuneration to senior executives as well as the existing remuneration structure and remuneration levels. The committee has also issued a proposal to continue a long-term share ownership program for the Group's employees, SEOP3, for the period of 2014–2016.

The committee consists of Stuart Graham (Chairman), Sverker Martin-Löf and Lars Pettersson. During 2012, the committee held seven meetings.

Project Review Committee

The Project Review Committee has the Board's mandate to make decisions on its behalf regarding individual construction and real estate projects, investments and divestments in Infrastructure Development and project financing packages. Projects that include especially high or unusual risks or other special circumstances may be referred to the Board for its decision. The committee comprises Stuart Graham (Chairman), Johan Karlström, Fredrik Lundberg, Sverker Martin-Löf, Sir Adrian Montague, Matti Sundberg and Inge Johansson. During 2012, the committee held twelve meetings.

Evaluation of the work of the Board

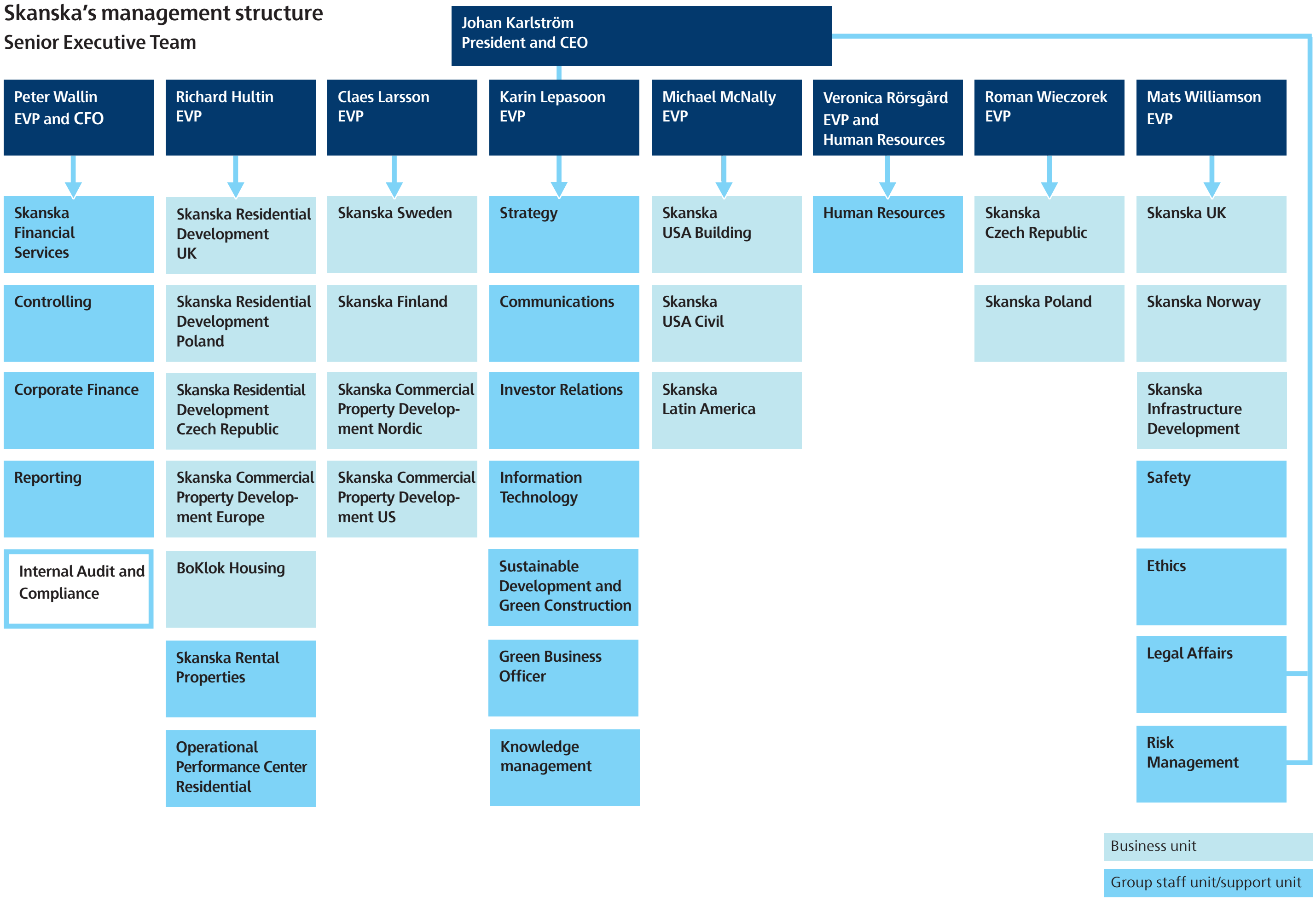
The work of the Board is evaluated yearly through a systematic and structured process, among other things aimed at gathering good supporting documentation for improvements in the Board's own work. The evaluation provides the Chairman of the Board with information about how the members of the Board perceive the effectiveness and collective competence of the Board as well as the need for changes in the Board. When evaluating the work of the Chairman, the Board is led by a specially designated member. The Chairman of the Board and the specially designated member inform the Nomination Committee of the results of these evaluations.

Fees to the Board of Directors

Total fees to the Board members elected by the Shareholders' Meeting were approved by the 2012 Annual Shareholders' Meeting in the amount of USD 1,007,826.3

Skanska's management structure

Senior Executive Team



Attendance of Board and committee meetings

Member	Board meetings	Audit Committee	Compensation Committee	Project Review Committee
Number of meetings	**9**	**7**	**7**	**12**
Stuart Graham	9	7	7	12
Johan Karlström	9			12
Fredrik Lundberg	9			12
Sverker Martin-Löf	9	7	7	12
Sir Adrian Montague	8			12
Lars Pettersson	9		7	
Josephine Rydberg-Dumont	9			
Charlotte Strömberg	9	7		
Matti Sundberg	9			12
Anders Fogelberg	9			
Richard Hörstedt	9			
Inge Johansson	9			12
Jessica Karlsson[1]	1			
Gerardo Vergara[2]	6			
Roger Karlström	9			
Thomas Larsson	9			

1 Up to and including April 2012
2 As of April 2012

The Chairman of the Board received USD 232,575.3 in fees and other Board members received USD 77,525.1 each. This represented an approximate increase of 5 percent compared to 2011.

In addition, in accordance with the decision of the Shareholders' Meeting, members elected by the Shareholders' Meeting and serving on the Board's committees each received USD 14,766.7 for their work on the Compensation Committee, USD 25,841.7 for their work on the Project Review Committee and USD 18,458.4 per member of the Audit Committee and USD 22,150.0 to its Chairman. For a further account, see Note 37, "Remuneration to senior executives and Board members." The Board's communication with the Company's auditors As mentioned above, the Company's external auditors participate in all meetings of the Audit Committee. According to its Procedural Rules, the Board of Directors meets with the auditors twice a year. On these occasions, the auditors orally present the findings of their auditing work. At least once per year, the Board meets the auditors without senior executives being present.

Operational management and internal control

The President and CEO and the Senior Executive Team

The President and Chief Executive Officer (CEO) is responsible for day-to-day management and oversight of the Group's operations. The work of the President and CEO is specially evaluated at one Board meeting each year at which no senior executives are present. The President and CEO and the eight Executive Vice Presidents form the Senior Executive Team (SET). The Company's Procedural Rules stipulate that if the President and CEO cannot fulfill his or her duties, these duties devolve upon the Chief Financial Officer (CFO), or in his or her absence the Executive Vice President with the longest period of service in this position. For information on the President and CEO and the Senior Executive Team, refer to page 170. The President and CEO has no business dealings of any significance with Skanska AB or its Group companies.

Group staff units and support unit

At Skanska Group headquarters in Solna, Sweden, there are Group staff units plus the support unit Skanska Financial Services AB. The Group staff units and support unit assist the President and CEO and the Senior Executive Team on matters concerning Group-wide functions, coordination and controls.

In addition, they provide support to the business units. The head of each Group staff unit, aside from the head of Internal Audit and Compliance, reports directly to a member of the Senior Executive Team. The head of Internal Audit and Compliance reports to the Board via its Audit Committee. A presentation of the Group staff units and support unit is found on page 171.

The business units and their governance

The organizational structure of the Skanska Group is characterized by clear decentralization and a large measure of delegation of authority and responsibility to the business units. Each business unit is headed by a President and has its own staff units and other resources in order to conduct its operations effectively.

Aside from day-to-day operations of the business units, there are matters related to the strategic development of the units as well as matters concerning their strategic investments and divestments. These items of business are prepared by the management team at each respective unit and are then submitted to the Senior Executive Team and depending on the size of the item of business on to Skanska AB's Board of Directors for approval. The Boards of Directors of the business units consist of representatives of Skanska AB, individuals from other business units as well as of the respective business unit's own management team. In each business unit, the Chairman of the Board is a member of Skanska's Senior Executive Team. Where appropriate, employee representatives are included.

Each business unit follows a structured, step-by-step risk management process. Depending among other things on the size, type and geographic location of projects, a structured risk management report to the proper decision-making level is required before final decisions are made.

Governing documents

As part of the governance of Group operations, Skanska AB's Board of Directors has adopted a number of policy documents.

In addition, the Senior Executive Team has adopted more detailed guidelines for the Group. These policies and guidelines are available to all business units on Skanska's intranet and are updated regularly to reflect changes in operations and new requirements. Among the more important governing documents are the Board's Procedural Rules and the Group's Financial Policy, Information Policy, Risk Management Policy and Code of Conduct. The Board's Procedural Rules state what items of business shall be decided by the Board of Skanska AB, by the President and CEO/Senior Executive Team or at the business unit level. The threshold levels for decisions stated in the Procedural Rules are further broken down in the business units' own decision-making rules. The business units provide regular, systematic feedback on compliance with the more important governing documents, such as the Financial Policy and the Code of Conduct, to the Senior Executive Team.

Remuneration to the Senior Executive Team

The 2012 Annual Shareholders' Meeting approved principles for the salaries and other remuneration to senior executives. These principles, as well as the Board's proposal for new principles to be approved at the 2013 Annual Shareholders' Meeting, are presented on page 95. Information about salaries and other remuneration to the President and CEO and the other members of the Senior Executive Team as well as share award and share-related incentive programs outstanding are found in Note 37.

The Company's auditors

The 2009 Annual Shareholders' Meeting elected the accounting firm KPMG AB as auditor of Skanska AB. This assignment runs until the 2013 Annual Shareholders' Meeting. The auditor in charge is George Pettersson, Authorized Public Accountant. For information on fees and other remuneration to KPMG, see the table below.

Fees and other remuneration to the auditors

USD M	2012	2011
Audit assignments	8.3	8.5
Tax advisory services	1.2	1.5
Other services	1.6	1.7
Total	**11.1**	**11.7**

Internal control

This description has been drafted in compliance with Chapter 6, Section 6, Paragraph 2 of the Annual Accounts Act and includes the most important features of the Company's internal control and risk management systems in connection with financial reporting.

Control environment

The Board of Directors' Procedural Rules and instructions for the President and CEO and the committees of the Board ensure a clear division of roles and responsibilities in order to foster effective management of business risks. The Board has also adopted a number of fundamental rules of importance to the internal control task. Examples of these are the Company's risk management system, Financial Policy and Code of Conduct. All these rules are available to all business units on Skanska's intranet. The Senior Executive Team reports regularly to the Board on the basis of established procedures. In addition, the Audit Committee presents reports on its work. The Senior Executive Team is responsible for the system of internal controls required to manage material risks in operating activities. Among other things, this includes instructions to various employees for the maintenance of good internal control.

Risk assessment and control activities

Skanska has identified the material risks in its operations that may, if not managed correctly, lead to errors in financial reporting and/or have an impact on the Company's results. This work is limited to risks that may individually have an effect of USD 1.5 M or more.

The Company has then made certain that there are policies and procedures in the Group to ensure that these risks are managed.

During 2012, all business units plus Skanska Financial Services carried out self-evaluations to assess compliance with Group policies and procedures. These self-evaluations have been reviewed by Skanska's internal auditors.

Information and communication
Essential accounting principles, manuals and other documents of importance to financial reporting are updated and communicated regularly to the affected employees. There are several information channels to the Senior Executive Team and the Board of Directors for essential information from employees. For external communication, there is an information policy document that ensures that the Company lives up to the existing requirements for correct information to the market.

Monitoring
The Board of Directors continually evaluates the information supplied by the Senior Executive Team and the Audit Committee. Of particular importance is the Audit Committee's work, in compliance with Chapter 8, Section 49b of the Swedish Companies Act, in monitoring the effectiveness of the Senior Executive Team's work with internal control.

This work includes ensuring that steps are taken concerning shortcomings and proposed actions that have emerged from internal and external auditing.

Internal Audit
Internal Audit and Compliance, a Group staff unit established in 2006, is responsible for monitoring and evaluating risk management and internal control work. This task includes examining compliance with Skanska's guidelines. The Group staff unit is independent of the Senior Executive Team and reports directly to the Board of Directors via its Audit Committee. Internal Audit and Compliance plans its work in consultation with the Audit Committee and regularly reports the findings of its examinations to the Committee. The unit communicates continuously with Skanska's external auditors on matters concerning internal control.

During 2012, the Internal Audit and Compliance unit concentrated its activities on reviewing the risks that have been identified in the business. These audits were conducted in projects as well as in business-critical processes and the central support functions. A total of about 120 audits were conducted during the year in all business units. These audits were carried out in accordance with a uniform audit methodology.

Other mandatory disclosures in compliance with Chapter 6, Section 6, Annual Accounts Act
Due to the requirements in Chapter 6, Section 6 of the Annual Accounts Act concerning certain specific disclosures that must be provided in the corporate governance report, the following is herewith disclosed:

- Of the Company's shareholders, AB Industrivärden and Lundbergs directly or indirectly have a shareholding that represents at least one tenth of the voting power for all shares in the Company. On December 31, 2012, Industrivärden's holding amounted to 24.9 percent of total voting power and Lundbergs held 11.6 percent of total voting power.
- There are no limitations concerning how many votes each shareholder may cast at a Shareholders' Meeting.
- The Articles of Association prescribe that the appointment of Board members shall occur at the Company's Annual Shareholders' Meeting. The Articles of Association do not include any regulations on the dismissal of Board members or on amending the Articles of Association.
- The 2012 Annual Shareholders' Meeting approved a resolution authorizing the Company's Board of Directors to decide on acquisitions of Skanska's own Series B shares via a regulated market on the following conditions:

A. Acquisitions of Series B shares may only be made on the NASDAQ OMX Stockholm.
B. The authorization may be used on one or more occasions, however, not longer than until the 2013 Annual Shareholders' Meeting.
C. A maximum of 4,500,000 Series B shares in Skanska may be acquired for securing delivery of shares to participants in the Skanska Employee Ownership Program.
D. Acquisitions of Series B shares in Skanska on the NASDAQ OMX Stockholm may only be made at a price on the NASDAQ OMX Stockholm within the applicable price range at any given time, meaning the interval between the highest purchase price and lowest selling price.

Research and Development
The function of the Research and Development Department is to develop and match Skanska's experts and their competencies with the company's current and long-term needs. One of the department's continuous tasks is to try to anticipate the future and its impact on Skanska's business. In 2012, the department's operations were focused in four areas:
1) Providing technical support for complex issues
2) Risk management, in particular projects defined as high-risk constructions
3) Developing internal and external interdisciplinary expert networks
4) Capitalization of activities in research and development projects

In the main segments where Skanska pursues activities – civil engineering, buildings and material issues – Skanska has participated in a number of activities and projects such as:

- National programs in Norway for the study of zero-emissions buildings with reference to greenhouse gases; work with innovative processes through the Construction Innovation program in Sweden.
- Green solutions in which energy conservation and climate change have been central.
- Knowledge development in Skanska's technical base regarding areas such as facades, concrete, problems with dampness and virtual environments.
- Installations focusing on air-treatment units and effects on indoor climate and air quality in buildings.
- Industrialization where the implementation of new processes such as BIM (Building Information Modeling), VDC (Virtual Design and Construction) and "lean" were central.

Skanska has endeavored to communicate that the interaction of material issues, processes and solutions are of major significance to the success of projects. Consequently, the very interaction and the interfaces between these complex issues are of interest to Skanska's operations.

The Innovation Grant Program in the U.S. has been a success, as a part of Skanska's efforts to promote innovations and implement new technology. The cell-phone and iPad app that summarizes the quality of a building's climate envelope is now generally used for every building-construction project. The program continues to increase the interest in Skanska, both internally and externally.

Sustainable development
The responsibility for sustainable development in Skanska lies with a staff-line organization and with the persons in charge of the individual reporting business unit, and is supported by groups of experts at Skanska AB and at the individual business unit.

Skanska communicates its performance to shareholders based on its Sustainability Agenda, which is based on the internationally accepted Triple Bottom Line concept. The concept values the need for a long-term balance between financial results, social responsibility and sound environmental management.

Skanska supports the UN Global Compact. An annual report, Communication on Progress, is published on the Global Compact website and indicates Skanska's performance. For 2012, Skanska was categorized as "Active" for its ongoing commitments to abide by the ten principles comprised by human rights, positive working conditions, environmental conservation and anticorruption. Skanska also supports the Global Compact Caring for Climate (C4C) initiative and participates in the Global Compact's Nordic network – a group of more than 170 companies that exchange experiences related to the ten principles. In 2012, Skanska proactively contributed to the "Rio + 20" process and shared the chairmanship of the UNEP's Sustainable Buildings and Climate Initiative to remove potential barriers to achieving a greener supply chain for built environments.

Business ethics are a crucial component of Skanska's strategy, in its aim of being an industry leader. In addition to Skanska AB's Ethics Committee, each business unit has programs on the Code of Conduct, ethics committees and communicates its plans and provides training. The Ethics Committees provide support to operations in terms of guidance, inquiries and recommendations for alleged breaches of the Code of Conduct. Training is provided to all employees every other year and to new employees within three months of their employment. A Skanska-wide hot-line, which is staffed by a consultant company specialized in business ethics, offers a channel for the anonymous reporting of potentially serious breaches of the Code of Conduct.

Providing a safe working environment for all employees and subcontractors continues to be of paramount importance to Skanska. In 2012, 338 work-site accidents were reported, which resulted in more than one day of absence from work. The compiled statistics on absences for 2012 was 2.9 (3.9) per million hours worked – a reduction of 26 percent. Of Skanska's entire operations, 90 percent of employees work under a certified Occupational Health and Safety management system pursuant to the international standard, OHSAS 18001.

In 2012, all business units began using the Skanska Safety Road Map to develop their strategic plans for activities focusing on leadership, culture and experiences. The aim is to become a construction-industry leader in occupational health and safety by 2015. The theme of Safety Week 2012 was to work together to achieve the highest level of occupational health and safety in all work sites, with an emphasis on safe leadership on all levels. These activities were supported by a globally shared workshop model.

Despite our statistical reduction in accidents, two tragic work-related deaths occurred during the year, involving a subcontractor and a supplier. The accidents were investigated and experiences compiled and distributed to all work sites in Skanska, through what is referred to as "Global Safety Stand Downs." In connection with the safety stand-down, experiences from the accidents were discussed, comments were gathered and respect accorded the deceased and his/her family. As a learning organization, it is crucial for Skanska to understand and absorb the experience on such events, to prevent them from happening again.

Assuming responsibility for the environmental is a core value for Skanska. In 2012, more than 95 percent of Skanska's operations were encompassed by the international environmental management-system standard, ISO 14001. This enables a sound platform for using risk management to monitor and act when changes are made to local, national and international laws and requirements at each business-unit level.

Audits performed in 2012 by external ISO 14001 experts identified weaknesses in a particular unit's procedures for the Environmental-management system. The local management implemented corrective measures that were to the satisfaction of the auditors. Another business unit was issued a major financial fine due to an administrative error in a certain project. None of these errors resulted in any significant environmental impact.

Work that is based on sound, environmentally managed conditions creates the foundation for Skanska to meet increasing demands for "green" building and infrastructure projects. The demand is driven by the increase in global population and urbanization, which places major and increasing demands on the supply of energy, materials and water.

Since about 40 percent of carbon emissions caused by humans originates from the built environment, Skanska sees increasing business opportunities arising from stricter rules, building codes, taxes and trading in emission allowances, which may lead to increased demand in our markets.

Skanska continues to be involved in policy work connected to climate change through the World Business Council for Sustainable Development and the EU Corporate Leaders Group on Climate Change (EUCLG). The same is true for collaboration with the European Network of Construction Companies for Research and Development (ENCORD). Skanska contributed as an author and publisher of a global calculation and reporting method for carbon emissions in the industry, which has come to be recognized by key international stakeholders. Skanska's overall commitment to climate issues was acknowledged again in 2012, when for the third consecutive year, the Carbon Disclosure Project (CDP) ranked Skanska at the top among companies in the Nordic region.

In 2012, Skanska continued to develop its green business model. There is a healthy demand for green projects with third-party environmental certification such as LEED, EU Green Building, BREEAM and CEEQUAL. A number of milestones were achieved during the year, such as the first international CEEQUAL project ever (Sweden), LEED Platinum projects in the Czech Republic and Poland, the highest possible points for BREEAM certification (U.K.) and the first office project to achieve "deep green" certification (Sweden). Skanska is now one of the largest suppliers of green projects in its selected home markets and has one of the strongest teams of experts in green development within the company.

To improve and grasp the business objectives of green projects, Skanska continued to play an active role in interest organizations such as Green Building Councils (GBCs) in the Czech Republic, Finland, Hungary, Norway, Poland, Romania, Slovakia, Sweden, the U.K. and the U.S. Skanska had representatives in the Boards of several of these organizations and Skanska held chairmanship of the USA GBC in 2012. Skanska provided support to the World GBC for a global study on the business goals of green construction, which will be published in early 2013. Skanska continues to be a key sponsor of the European GBC network.

With more than 10,000 projects per year delivered to customers, Skanska has a major imprint on local communities. Commitment to the community is vital to Skanska's commitment to its stakeholders and a component of the Group's corporate responsibility. In 2012, Skanska's Senior Executive Team approved its new policy on the commitment to the community titled, Corporate Community Involvement. The policy will now be in line with various activities that have already been implemented, but which lacked a strong global focus. The policy encourages a major commitment to the community through education in the areas of occupational health and safety, green construction and technical expertise.

Human resources

The average number of employees during 2012 was 56,618 (52,557), of whom 10,814 (10,500) in Sweden. Employee turnover was at a low level and the share of employees who left the Group on their own initiative (excluding retirement) was below the target of 10 percent.

Skanska has a strong focus on attracting, recruiting and introducing new employees to the organization.

The Skanska Employee Ownership Program (SEOP) is aimed at attracting and retaining employees in the Group and creating greater affinity and dedication. All permanent employees of the Skanska Group are entitled to participate in the program. At present, 17 percent (16) of them participate in the program.

The Group works with annual employee surveys in order to obtain a picture of job satisfaction, morale and professional development needs. These surveys are conducted at all Skanska business units and are measured using a global index. The results have improved over time, due to focused efforts on high-priority areas. The results from the 2012 survey show that the positive trend in the Group is continuing.

One of the most important factors in attracting and retaining employees is the opportunity for continued professional development within the Company. Skanska thus devotes great effort to creating a culture in which managers and other employees provide each other with mutual feedback, where employees can undertake new, challenging assignments and where proficiency-raising special training programs are offered. At the Group level, the Skanska Top Executive Program (STEP) is run in collaboration with the IMD strategic and leadership institute in Switzerland.

Skanska also has a global talent program, Skanska Stretch. It is aimed at key talented individuals who are at an early stage of their career and are moving into a management role. The program has a clear international emphasis and all participants have an opportunity to work abroad after completing the program. In addition, all business units have training programs that match the needs of the respective unit and target employees at all levels.

The yearly Talent Review process provides the basis for succession planning and professional development of employees. It is uniformly administered in all of the Group's business units in order to obtain a Group-wide picture of competencies and development needs at both the individual and business unit level.

In 2012, a new competence profile was launched – the Skanska Leadership Profile – with the aim of clarifying the expectations placed on all employees and providing opportunities for continuous professional development. Work with Skanska Unlimited – a program aimed at increasing exchanges of expertise within the Group and provide opportunities to try an international career – continued during 2012. This program gives employees the opportunity to carry out assignments at another business unit for 3–6 months.

For Skanska, diversity is a matter of embracing and utilizing the abilities of every individual. Skanska's actions are based on the conviction that it will become a more competitive company if its employees are satisfied with their job situation and have the opportunity for professional development, regardless of gender, ethnicity or educational background. Currently, a sizable number of women are active at the project level, but the percentage of women in management positions is still too low. Efforts to increase diversity are underway both at the Group level and in each business unit. The Group works continuously to set new targets for its business units with regard to diversity, for example to increase the percentage of newly recruited women or increase knowledge and awareness about diversity within the organization.

Remuneration to senior executives

For information about the most recently approved guidelines for determining salaries and other remuneration to the President and CEO as well as other executive officers, see Note 37, "Remuneration to senior executives and Board members."

The Board will present to the Annual Meeting in April 2013 a proposal to keep the current guidelines for salary and other remuneration to senior executives, for approval by the Meeting.

The proposal of the Board for salary and other remuneration to senior executives, for approval by the 2013 Annual Meeting

Remuneration to senior executives of Skanska AB shall consist of fixed salary, variable remuneration if any, other customary benefits and pension. The senior executives include the President and CEO, and the other members of the Senior Executive Team. The combined remuneration for each executive must be market-related and competitive in the labor market in which the executive is placed, and distinguished performance should be reflected in the total remuneration.

Fixed salary and variable remuneration shall be related to the responsibility and authority of the executive. The variable remuneration shall be payable in cash and/or shares and it shall have a ceiling and be related to fixed salary. The allocation of shares shall require a three-year vesting period and shall be part of a long-term incentive program. Variable remuneration shall be based on outcome in relation to established targets and be designed with the aim of achieving increased alignment between the interests of the executive and the Company's shareholders. The terms of variable remuneration should be designed in such a way that if exceptional economic conditions are prevailing, the Board has the opportunity to limit or refrain from paying variable remuneration if such payment is deemed unreasonable and incompatible with the Company's other responsibilities toward shareholders, employees and other stakeholders.

To the extent that a Board member performs work on behalf of the Company in addition to his or her Board work, a consultant fee and other compensation for such work may be payable.

In case of termination or resignation, the normal notice period is 6 months, combined with severance pay equivalent to a maximum of 18 months of fixed salary or, alternatively, a notice period with a maximum of 24 months.

Pension benefits shall be either defined-benefit or defined-contribution, or a combination of these, and should entitle the executive to receive a pension from the age of 65. In individual cases, however, the pension age may be as early as 60. To qualify for a full defined-benefit pension, employment is required to have existed during as long a period as is required according to the Company's general pension plan in each respective country. Variable remuneration shall not be pensionable, except in cases where it follows from the rules in a general pension plan, for example Sweden's ITP occupational pension plan.

The Board of Directors may diverge from these guidelines, if there are special reasons to do so in an individual case.

Matters related to the salary and other remuneration of the President and CEO are prepared by the Compensation Committee and decided by the Board. Matters related to the salary and other remuneration of other senior executives are decided by the Compensation Committee.

Skanska Employee Ownership Program (SEOP)

The purpose of the SEOP program is to strengthen the Group's ability to retain and recruit qualified personnel and to align employees more closely to the Company and its shareholders.

The program provides employees with the opportunity to invest in Skanska shares while receiving incentives in the form of possible allocation of additional share awards. This allocation is predominantly performance-based.

The allotment of shares earned by the employees does not take place until after a three year vesting (or “lock-up”) period. To be able to earn matching shares and performance shares, a person must be employed during the entire vesting period and have retained the shares purchased within the framework of the program. Under the initial program, SEOP 1, which ran during the period 2008–2010, allotment of matching shares and performance shares occurred during 2012 for the shares that employees had invested in during 2009 and kept during the three-year vesting period.

In 2011, Skanska also initiated a new program, SEOP 2, with 2011–2013 as its investment years. The program is essentially identical to SEOP 1.

At present, 17 percent of the Group’s permanent employees are participating in the 2011–2013 program.

The principles applied for reporting the employee ownership programs can be seen in Note 1, IFRS 2, “Share-based Payment.”

Employee-related expenses for the employee ownership program (SEOP)

USD M	SEOP 1	SEOP 2	Total programs
Employee-related costs for share-award Programs[1]			
Investment years	2008–2010	2011–2013	
Total estimated cost for the programs	94.2	78.2	172.4
Expensed January 1	–74.1	–7.2	–81.3
Cost for the year	–15.5	–20.8	–36.3
Total expensed December 31	–89.6	–28.0	–117.6
Remaining to be expensed	**4.6**	**50.2**	**54.8**
Of which expensed in:			
2013	4.6	25.8	30.4
2014 or later	0.0	24.4	24.4
Total	**4.6**	**50.2**	**54.8**
Share awards earned through December 2012			
Number of shares	1,800,309	1,791,693	3,592,002
Dilution through 2012	0.44%	0.43%	0.87%
Maximum dilution at end of programs	0,.49%	1.11%	1.60%
Share awards earned at end of programs			
Number of shares	6,635,880	4,606,864	11,242,744
Series B shares distributed	4,595,356	0	4,595,356
Total undistributed share awards	**2,040,524**	**4,606,864**	**6,647,388**
Series B shares in own custody			**8,066,894**

1 Excluding social-insurance contributions

Repurchases of shares

In order to ensure delivery of shares to the participants in Skanska’s share incentive programs, the 2012 Annual Shareholders’ Meeting of Skanska gave the Board of Directors a mandate to repurchase Skanska’s own shares. The decision means that the Company may buy a maximum of 4,500,000 of Skanska’s own Series B shares.

During the year, Skanska repurchased a total of 2,417,000 shares at an average price of SEK 108.64 (corresponding to USD 16.04). The average price of all repurchased shares is SEK 105.53 (corresponding to USD 15.58).

Proposed dividend

The Board of Directors proposes a regular dividend of SEK 6.00 (6.00) per share (corresponding to USD 0.92 [0.89]). The proposal is equivalent to a regular dividend totaling USD 379.3 M (364.9). The Board proposes April 16 as the record date for the dividend. The Board’s assessment is that the Group’s financial situation justifies an unchanged dividend of SEK 6.00 per share (corresponding to USD 0.92).

No dividend is to be paid for the Parent Company’s holding of its own Series B shares. The total dividend amount may change by the record date, depending on repurchases of shares and transfers of shares to participants in Skanska’s long-term share award plans.

The Board’s reasons for its proposed dividend

The nature and scale of Skanska’s operations can be seen in the Articles of Association and this Annual Review. The operations carried out in the Group do not pose risks beyond those that occur or can be assumed to occur in its industry or the risks that are otherwise associated with carrying out business operations. The Group’s dependence on the general economic situation does not deviate from what otherwise occurs in its industry.

The equity/assets ratio of the Group amounts to 21.9 percent (23.7). The proposed dividend does not jeopardize the investments that have been deemed necessary. The financial position of the Group does not give rise to any judgment except that the Group can continue its operations and that the Group can be expected to meet its short- and long-term obligations.

With reference to the above and what has otherwise come to the Board’s attention, it is the judgment of the Board that the dividend is justified with reference to the demands that the nature, scale and risks of its operations place on the size of the Company’s and the Group’s equity and the Group’s consolidation requirements, liquidity and position otherwise. Future profits are expected to cover both the growth of business operations and the growth of the regular dividend.

Consolidated income statement

USD M	Note	2012	2011
Revenue	8,9	19,100.7	18,286.5
Cost of sales	9	–17,393.5	–16,542.4
Gross income		**1,707.2**	**1,744.0**
Selling and administrative expenses	11	–1,256.3	–1,209.5
Income from joint ventures and associated companies	20	142.5	761.1
Operating income	10, 12, 13, 22, 36, 38, 40	**593.3**	**1,295.7**
Financial income		34.7	44.7
Financial expenses		–69.3	–42.8
Net financial items	14	**–34.6**	**1.8**
Income after financial items	15	**558.8**	**1,297.6**
Taxes	16	–136.3	–127.8
Profit for the year		**422.5**	**1,169.7**
Profit for the year attributable to			
Equity holders		421.3	1,168.8
Non-controlling interests		1.2	0.9
Earnings per share, USD	26, 44	1.02	2.84
Earnings per share after dilution, USD	26, 44	1.02	2.82

Consolidated statement of comprehensive income

USD M	2012	2011
Profit for the year	**422.5**	**1,169.7**
Other comprehensive income		
Translation differences attributable to equity holders	147.2	–109.9
Translation differences attributable to non-controlling interests	–0.6	–0.2
Hedging of exchange rate risk in foreign operations	–32.0	27.0
Effects of actuarial gains and losses on pensions	–19.2	–478.4
Effects of cash flow hedges[1]	–6.2	–204.2
Tax attributable to other comprehensive income[2]	–13.3	133.7
Other comprehensive income for the year	**76.0**	**–632.0**
Comprehensive income for the year	**498.4**	**537.8**
Total comprehensive income for the year attributable to		
Equity holders	497.8	537.0
Non-controlling interests	0.6	0.8
1 of which in joint ventures and associated companies	–7.8	–158.6
2 Including effects of amendments to tax rates in Sweden, refer to Note 26		

See also Note 26.

Consolidated statement of financial position

USD M	Note	Dec 31, 2012	Dec 31, 2011
ASSETS			
Non-current assets			
Property, plant and equipment	17, 40	1,218.4	1,018.3
Goodwill	18	749.3	727.2
Other intangible assets	19	28.5	22.9
Investments in joint ventures and associated companies	20	371.0	366.5
Financial non-current assets	21	282.7	305.9
Deferred tax assets	16	192.6	242.5
Total non-current assets		**2,842.7**	**2,683.3**
Current assets			
Current-asset properties	22	4,129.5	3,396.8
Inventories	23	165.6	147.1
Financial current assets	21	896.1	923.0
Tax assets	16	87.2	63.3
Gross amount due from customers for contract work	9	919.6	741.1
Trade and other receivables	24	3,617.0	3,284.7
Cash	25	885.6	770.3
Total current assets		**10,700.7**	**9,326.3**
TOTAL ASSETS	32	**13,543.4**	**12,009.6**
of which interest-bearing financial non-current assets	31	275.1	300.3
of which interest-bearing current assets	31	1,752.9	1,659.9
		2,027.9	**1,960.2**

Consolidated statement of financial position

USD M	Note	Dec 31, 2012	Dec 31, 2011
EQUITY	26		
Share capital		173.4	173.4
Paid-in capital		168.4	133.0
Reserves		115.4	6.5
Retained earnings		2,489.5	2,504.1
Equity attributable to equity holders		**2,946.7**	**2,817.0**
Non-controlling interests		23.9	24.5
TOTAL EQUITY		**2,970.6**	**2,841.4**
LIABILITIES			
Non-current liabilities			
Financial non-current liabilities	27	739.8	193.7
Pensions	28	628.2	545.1
Deferred tax liabilities	16	87.8	134.5
Non-current provisions	29	1.8	2.5
Total non-current liabilities		**1,457.7**	**875.8**
Current liabilities			
Financial current liabilities	27	964.4	807.2
Tax liabilities	16	36.8	38.2
Current provisions	29	923.4	860.4
Gross amount due to customers for contract work	9	2,419.0	2,441.5
Trade and other payables	30	4,771.5	4,145.1
Total current liabilities		**9,115.1**	**8,292.4**
TOTAL LIABILITIES		**10,572.8**	**9,168.2**
TOTAL EQUITY AND LIABILITIES	32	**13,543.4**	**12,009.6**
of which interest-bearing financial liabilities	31	1,683.2	980.7
of which interest-bearing pensions and provisions	31	638.2	554.6
		2,321.4	**1,535.3**

Information about the Group's assets pledged and contingent liabilities can be found in Note 33.

Consolidated statement of changes in equity

				Equity attributable to equity holders				
USD M	Share capital	Paid-in capital	Translation reserve	Cash flow hedge reserve	Retained earning	Total	Non-control-ling interests	Total equity
Equity, January 1, 2011	**174.8**	**97.9**	**347.5**	**–62.7**	**2,481.7**	**3,039.2**	**17.1**	**3,056.3**
Profit for the year					1,168.8	1,168.8	0.9	1,169.7
Other comprehensive income for the year			–82.9	–195.4	–353.5	–631.8	–0.2	–632.0
Dividend to shareholders					–761.6	–761.6	–0.3	–761.9
Change in Group structure					–4.5	–4.5	6.9	2.5
Redemption of 3,150,000 Series D shares	–1.4				1.4	0.0		0.0
Repurchases of 1,800,000 Series B shares					–28.3	–28.3		–28.3
Change in share-based payments for the year		35.1				35.1		35.1
Equity, December 31, 2011/ Equity, January 1, 2012	**173.4**	**133.0**	**264.6**	**–258.2**	**2,504.1**	**2,817.0**	**24.5**	**2,841.4**
Profit for the year					421.3	421.3	1.2	422.5
Other comprehensive income for the year			115.2	–6.3	–32.3	76.5	–0.6	76.0
Dividend to shareholders					–364.9	–364.9	–1.2	–366.1
Repurchases of 2,417,000 Series B shares					–38.7	–38.7		–38.7
Change in share-based payments for the year		35.4				35.4		35.4
Equity, December 31, 2012	**173.4**	**168.4**	**379.8**	**–264.4**	**2,489.5**	**2,946.7**	**23.9**	**2,970.6**

See also Note 26.

Consolidated cash flow statement

USD M	2012	2011
Operating activities		
Operating income	593.3	1 295.7
Adjustments for items not included in cash flow	–121.7	–786.2
Income tax paid	–171.4	–267.1
Cash flow from operating activities before change in working capital	**300.2**	**242.4**
Cash flow from change in working capital		
Investments in current-asset properties	–2 027.2	–1 609.9
Divestments of current-asset properties	1 782.6	1 473.3
Change in inventories and operating receivables	–389.1	–212.2
Changes in operating liabilities	320.0	144.2
Cash flow from change in working capital	**–313.6**	**–204.7**
Cash flow from operating activities	**–13.4**	**37.7**
Investing activities		
Acquisitions of businesses	–3.2	–222.4
Investments in intangible assets	–15.5	–10.8
Investments in property, plant and equipment	–390.7	–339.8
Investments in Infrastructure Development assets	–56.3	–152.2
Investments in shares	–3.2	–56.4
Increase in interest-bearing receivables, loans provided	45.2	–58.7
Divestments of intangible assets	0.0	0.2
Divestments of property, plant and equipment	40.0	30.5
Divestments of Infrastructure Development assets	160.1	894.5
Divestments of shares	4.6	0.6
Decrease in interest-bearing receivables, repayments of loans provided	45.9	59.4
Income tax paid	–3.0	–3.7
Cash flow from investing activities	**–176.2**	**141.4**
Financing activities		
Net interest items	–19.2	–4.0
Other financial items	–3.4	–14.3
Borrowings	851.3	530.3
Repayment of debt	–154.3	–104.3
Dividend paid	–364.9	–761.6
Shares repurchased	–38.7	–28.3
Dividend to non-controlling interests	–1.2	–0.3
Income tax paid	6.8	7.1
Cash flow from financing activities	**276.4**	**–375.5**
Cash flow for the year	**86.8**	**–196.4**
Cash and cash equivalents, January 1	770.3	978.1
Translation differences in cash and cash equivalents	28.5	–11.4
Cash and cash equivalents, December 31	**885.6**	**770.3**

Change in interest-bearing net receivables/ liabilities

USD M	2012	2011
Interest-bearing net receivables/ liabilities, January 1	**425.0**	**1 457.3**
Cash flow from operating activities	–13.4	37.7
Cash flow from investing activities excluding change in interest-bearing receivables	–267.3	140.6
Cash flow from financing activities excluding change in interest-bearing liabilities	–420.6	–801.5
Change in pension liability, actuarial gains and losses, net	–8.3	–399.4
Net receivable/liability acquired/divested	0.6	5.7
Translation differences	–0.5	–10.9
Other items	–9.0	–4.6
Interest-bearing net receivables/liabilities, December 31	**–293.5**	**425.0**

See also Note 35.

Consolidated cash flow statement

Consolidated operating cash-flow statement and change in interest-bearing net receivables/liabilities

USD M	2012	2011
Construction		
Cash flow from business operations	760.6	770.7
Change in working capital	–54.6	–2.9
Net investments	–342.7	–294.3
Cash flow adjustment[1]	0.0	0.0
Total Construction	**363.3**	**473.4**
Residential Development		
Cash flow from business operations	–154.3	–116.4
Change in working capital	–4.4	–27.6
Net investments	39.4	–306.3
Cash flow adjustment[1]	30.7	55.4
Total Residential Development	**–88.6**	**–394.9**
Commercial Property Development		
Cash flow from business operations	–36.2	–8.0
Change in working capital	14.6	–8.0
Net investments	–341.1	36.7
Cash flow adjustment[1]	20.1	1.2
Total Commercial Property Development	**–342.6**	**21.9**
Infrastructure Development		
Cash flow from business operations	3.8	–27.3
Change in working capital	0.3	15.9
Net investments	103.8	742.3
Cash flow adjustment[1]	0.0	0.0
Total Infrastructure Development	**107.9**	**730.9**
Central and eliminations		
Cash flow from business operations	–102.3	–109.3
Change in working capital	–25.0	–45.6
Net investments	–15.8	–4.9
Cash flow adjustment[1]	0.0	0.0
Total central and eliminations	**–143.1**	**–159.9**
Total cash flow from business operations	471.6	509.6
Total change in working capital	–69.1	–68.2
Total net investments	–556.4	173.4
Total cash flow adjustment[1]	50.8	56.7
Total cash flow from business operations before taxes paid	**–103.1**	**671.5**

USD M	2012	2011
Taxes paid in business operations	–174.4	–270.8
Cash flow from business operations	**–277.5**	**400.7**
Net interest items and other net financial items	–22.6	–23.7
Taxes paid in financing operations	6.8	7.1
Cash flow from financing operations	**–15.8**	**–16.6**
Cash flow from operations	**–293.3**	**384.1**
Net strategic investments	–3.2	–222.4
Taxes paid on strategic divestments	0.0	0.0
Cash flow from strategic investments	**–3.2**	**–222.4**
Dividend etc[2]	–404.8	–784.8
Cash flow before change in interest-bearing receivables and liabilities	**–701.3**	**–623.1**
Change in interest-bearing receivables and liabilities	788.1	426.8
Cash flow for the year	**86.8**	**–196.4**

1 Refers to payments made during the year in question related to investments/divestments in prior years, and unpaid investments/divestments related to the year in question.

2 Of which repurchases of shares.	–38.7	–28.3

See also Note 35

Notes including accounting and valuation principles

Amounts in millions of US dollars (USD M) unless otherwise specified. Income is reported in positive figures and expenses in negative figures. Both assets and liabilities are reported in positive figures. Interest-bearing net receivables/liabilities are reported in positive figures if they are receivables and negative figures if they are liabilities. Accumulated depreciation/amortization and accumulated impairment losses are reported in negative figures.

Table of contents, notes

Note 01 Consolidated accounting and valuation principles

Conformity with laws and standards

In compliance with the ordinance approved by the European Union (EU) on the application of international accounting standards, these financial statements have been prepared in compliance with International Financial Reporting Standards (IFRSs) and International Accounting Standards (IASs), issued by the International Accounting Standards Board (IASB), as well as the interpretations by the IFRS Interpretations Committee and its predecessor, the Standing Interpretations Committee (SIC), to the extent these standards and interpretations have been approved by the EU.

This financial report was approved for publication by the President and CEO on April 10, 2013. The statutory annual report will be adopted by the Annual Shareholders' Meeting on April 11, 2013.

Conditions when preparing the Group's financial reports

The functional currency of the Parent Company is Swedish crowns or kronor (SEK). The Annual Report of the Parent Company and the Group is prepared with SEK as the presentation currency. These financial statements were prepared with US dollars (USD) as the presentation currency. All amounts are rounded off to the nearest million with one decimal, unless otherwise stated.

Preparing the financial reports in compliance with IFRSs requires management to make judgments and estimates as well as make assumptions that affect the application of accounting principles and the recognized amounts of assets, liabilities, revenue and expenses. Actual outcomes may diverge from these estimates and judgments.

Estimates and assumptions are reviewed regularly. Changes in estimates are recognized in the period the change is made if the change only affects this period, or in the period the change is made and future periods if the change affects both the period in question and future periods.

Judgments made by management when applying IFRSs that have a substantial impact on the financial reports and estimates that may lead to significant adjustments in the financial reports of subsequent years are described in more detail in Note 2.

The accounting principles for the Group stated below have been applied consistently for all periods that are presented in the consolidated financial reports, unless otherwise indicated below. The accounting principles for the Group have been applied consistently in reporting and consolidation of the Parent Company, Group companies, associated companies and joint ventures.

New standards and interpretations

No new or amended IFRSs or interpretations were applied during 2012.

Application in advance of revised IFRSs and interpretations

Amended IFRSs or interpretations have not been applied in advance.

New standards and amendments of standards that have not yet begun to be applied

Of published standards and amendments of standards, it is primarily IFRS 11, "Joint Arrangements" and the revised IAS 19, "Employee Benefits" that are deemed to be of greater interest to Skanska. IFRS 11 and the revised IAS 19 are both approved by the EU. IFRS 11 is to be applied as of January 1, 2014, while the revised IAS 19 is applicable from January 1, 2013.

According to IFRS 11, a joint arrangement shall be classified either as a joint venture or as a joint operation. A joint venture is accounted for according to the equity method and a joint operation by the proportionate consolidation (or proportional) method. The new standard may have some effect on the statement of financial position, since certain joint ventures according to the standard now in force may be deemed joint operations according to the new IFRS 11.

The revised IAS 19 will mean, among other things, that when calculating expected return on pension plan assets, the same interest rate shall be used as in the discounting of the pension obligation. The difference between actual return and expected return shall be recognized in other comprehensive income. Compared with the principles applied to date, the impact on the consolidated income statement is deemed to be insignificant. The "corridor approach" will no longer be permitted. This revision will have no effect, since Skanska already recognizes all actuarial gains and losses when they arise.

IAS 1, "Presentation of Financial Statements"

Income statement

Reported as revenue are project revenue, compensation for other services performed, divestment of current-asset properties, deliveries of materials and merchandise, rental income and other operating revenue. Revenue from the sale of machinery, equipment, non-current-asset properties and intangible assets are not included here, but are instead recognized on a net basis among operating expenses against the carrying amounts of the assets.

Reported as cost of sales are, among others, direct and indirect manufacturing expenses, loss risk provisions, the carrying amounts of divested current-asset properties, bad debt losses and warranty expenses. Also included is depreciation on property, plant and equipment that is used for construction and property management. Changes in the fair value of derivatives connected to operations are recognized under operating income.

Selling and administrative expenses include customary administrative expenses, technical expenses and selling expenses, as well as depreciation of machinery and equipment that have been used for selling and administration. Goodwill impairment losses are also reported as a selling and administrative expense.

Income/loss from joint ventures and associated companies is recognized separately in the income statement, allocated between operating income (share of income after financial items) and taxes.

Financial income and expenses are recognized divided into two items: "Financial income" and "Financial expenses." Among items recognized under financial income are interest income, dividends, gains on divestments of shares and other net financial items. Among financial expenses are interest expenses and other financial items. Changes in the fair value of financial instruments, primarily derivatives connected to financial activities, are recognized as a separate sub-item allocated between financial income and financial expenses. The net amount of exchange-rate differences is recognized either as financial income or financial expenses. Financial income and expenses are described in more detail in Note 6 and in Note 14.

Comprehensive income

Aside from profit for the year, the consolidated statement of comprehensive income includes the items that are included under "Other comprehensive income." These include translation differences, hedging of exchange-rate risks in foreign operations, actuarial gains and losses on pensions, effects of cash-flow hedges and tax on these items.

Statement of financial position

Assets

Assets are allocated between current assets and non-current assets. An asset is regarded as a current asset if it is expected to be realized within twelve months from the closing day or within the Company's operating cycle. Operating cycle refers to the period from the signing of a contract until the Company receives cash payment on the basis of a final inspection or deliveries of goods (including properties). Since the Group performs large contracting projects and project development, the operating cycle criterion means that many more assets are labeled as current assets than if the only criterion were within twelve months.

Cash and cash equivalents comprise cash and immediately available deposits at banks and equivalent institutions, plus short-term liquid investments with a maturity from the acquisition date of less than three months, which are subject to only an insignificant risk of fluctuations in value. Checks that have been issued reduce liquid assets only when cashed. Cash and cash equivalents that cannot be used freely are reported as current assets (current receivables) if the restriction will cease within twelve months from the closing day. In other cases, cash and cash receivables are reported as non-current assets. Cash and cash equivalents that belong to a construction consortium are cash and cash equivalents with restrictions if they may only be used to pay the debts of the consortium.

Assets that meet the requirements in IFRS 5, "Non-current Assets Held for Sale and Discontinued Operations," are accounted for as a separate item among current assets.

Note 31 shows the allocation between interest-bearing and non-interest-bearing assets.

In Note 32, assets are allocated between amounts for assets that are expected to be recovered within twelve months from the closing day and assets that are expected to be recovered after twelve months from the closing day. The division for non-financial non-current assets is based on expected annual depreciation. The division for current-asset properties is mainly based on outcomes during the past three years. This division is even more uncertain than for other assets, since the outcome during the coming year is strongly influenced by the dates when large individual properties are handed over.

Note 01 Continued

Equity

The Group's equity is allocated between "Share capital," "Paid-in capital," "Reserves," "Retained earnings" and "Non-controlling interests."

Acquisitions of the Company's own shares and other equity instruments are recognized as a deduction from equity. Proceeds from the divestment of equity instruments are recognized as an increase in equity. Any transaction costs are recognized directly in equity.

Dividends are recognized as a liability, once the Annual Shareholders' Meeting has approved the dividend.

A description of equity, the year's changes and disclosures concerning capital management are provided in Note 26.

Liabilities

Liabilities are allocated between current liabilities and non-current liabilities. Recognized as current liabilities are liabilities that are either supposed to be paid within twelve months from the closing day or, although only in the case of business-related liabilities, are expected to be paid within the operating cycle. Since the operating cycle is thus taken into account, no non-interest-bearing liabilities, for example trade accounts payable and accrued employee expenses, are recognized as non-current. Liabilities that are recognized as interest-bearing due to discounting are included among current liabilities, since they are paid within the operating cycle. Interest-bearing liabilities can be recognized as non-current even if they fall due for payment within twelve months from the closing day, if the original maturity was longer than twelve months and the company has reached an agreement to refinance the obligation long-term before the annual accounts are submitted. Information on liabilities is provided in Notes 27 and 30.

In Note 32, liabilities are allocated between amounts for liabilities to be paid within twelve months of the closing day and liabilities to be paid after twelve months from the closing day. Note 31 also provides information about the allocation between interest-bearing and non-interest-bearing liabilities.

IAS 27, "Consolidated and Separate Financial Statements"

The consolidated financial statements encompass the accounts of the Parent Company and those companies in which the Parent Company, directly or indirectly, has a controlling influence. "Controlling influence" implies a direct or indirect right to shape a company's financial and operating strategies for the purpose of obtaining financial benefits. This normally requires ownership of more than 50 percent of the voting power of all participations, but a controlling influence also exists when there is a right to appoint a majority of the Board of Directors. When judging whether a controlling influence exists, potential voting shares that can be utilized or converted without delay must be taken into account. If, on the acquisition date, a Group company meets the conditions to be classified as held for sale in compliance with IFRS 5, it is reported according to that accounting standard.

The sale of a portion of a subsidiary is recognized as a separate equity transaction when the transaction does not result in a loss of controlling interest. If control of a Group company engaged in business ceases, any remaining holding shall be recognized at fair value. Non-controlling interests may be recognized as a negative amount if a partly-owned subsidiary operates at a loss.

Acquired companies are consolidated from the quarter within which the acquisition occurs. In a corresponding manner, divested companies are consolidated up to and including the final quarter before the divestment date.

Intra-Group receivables, liabilities, revenue and expenses are eliminated in their entirety when preparing the consolidated financial statements.

Gains that arise from intra-Group transactions and that are unrealized from the standpoint of the Group on the closing day are eliminated in their entirety. Unrealized losses on intra-Group transactions are also eliminated in the same way as unrealized gains, to the extent that the loss does not correspond to an impairment loss.

Goodwill attributable to operations abroad is expressed in local currency. Translation to USD complies with IAS 21.

IFRS 3, "Business Combinations"

This accounting standard deals with business combinations, which refers to mergers of separate companies or businesses. If an acquisition does not relate to a business, which is normal when acquiring properties, IFRS 3 is not applied. In such cases, the cost is instead allocated among the individual identifiable assets and liabilities based on their fair values on the acquisition date, without recognizing goodwill and any deferred tax assets/liability as a consequence of the acquisition.

Acquisitions of businesses, regardless of whether the acquisition concerns holdings in another company or a direct acquisition of assets and liabilities, are reported according to the purchase method of accounting. If the acquisition concerns holdings in a company, the method implies that the acquisition is regarded as a transaction through which the Group indirectly acquires the assets of a Group company and assumes its liabilities and contingent liabilities. Cost in the consolidated accounts is determined by means of an acquisition analysis in conjunction with the business combination. The analysis establishes both the cost of the holdings or the business and the fair value of acquired identifiable assets plus the liabilities and contingent liabilities assumed. The difference between the cost of holdings in a Group company and the net fair value of acquired assets and liabilities and contingent liabilities assumed is goodwill on consolidation. If non-controlling interests remain after the acquisition, the calculation of goodwill is normally carried out only on the basis of the Group's stake in the acquired business.

Transaction costs related to business combinations are recognized as expenses immediately. In case of step acquisitions, previous holdings are remeasured at fair value and recognized in the income statement when a controlling interest is achieved. Contingent consideration is recognized on the acquisition date at fair value. If the amount of contingent consideration changes in subsequent financial statements, the change is recognized in the income statement.

Goodwill is carried at cost less accumulated impairment losses. Goodwill is allocated among cash-generating units and subjected to annual impairment testing in compliance with IAS 36.

In case of business combinations where the cost of acquisition is below the net value of acquired assets and the liabilities and contingent liabilities assumed, the difference is recognized directly in the income statement.

IAS 21, "The Effects of Changes in Foreign Exchange Rates"

Foreign currency transactions

Foreign currency transactions are translated into an entity's functional currency at the exchange rate prevailing on the transaction date. Monetary assets and liabilities in foreign currency are translated to the functional currency at the exchange rate prevailing on the closing day. Exchange-rate differences that arise from translations are recognized in the income statement. Non-monetary assets and liabilities recognized at historic cost are translated at the exchange rate on the transaction date.

Functional currency is the currency of the primary economic environment where the companies in the Group conduct their business.

Financial statements of foreign operations

Assets and liabilities in foreign operations, including goodwill and other consolidated surpluses and deficits, are translated to USD at the exchange rate prevailing on the closing day. Revenue and expenses in a foreign operation are translated to USD at the average exchange rate. If a foreign operation is located in a country with hyperinflation, revenue and expenses are to be translated in a special way if it is expected to have a material effect on the Group. In this year's financial statements, it has not been necessary to do this.

Net investment in a foreign operation

Translation differences that arise in connection with translation to USD of a net investment in another currency and accompanying effects of hedging of net investments are recognized under "Other comprehensive income." When divesting a foreign operation with a functional currency other than USD, the accumulated translation differences attributable to the operation are realized in the consolidated income statement after subtracting any currency hedging.

Foreign currency loans and currency derivatives for hedging of translation exposure (equity loans) are carried at the exchange rate on the closing day. Exchange-rate differences are recognized, taking into account the tax effect, under "Other comprehensive income." Hedging of translation exposure reduces the exchange-rate effect when translating the financial statements of foreign operations to the functional currency of the respective unit. Any forward contract premium is accrued until maturity and is recognized as interest income or an interest expense.

IFRS 5, "Non-current Assets Held for Sale and Discontinued Operations"

A discontinued operation is a portion of a company's operations that represents a separate line of business or a major operation in a geographic area and is part of a single coordinated plan to dispose of a separate line of business or a major operation carried out in a geographic area, or is a Group company acquired exclusively with a view to resale.

Classification as a discontinued operation occurs upon divestment, or at an earlier date when the operation meets the criteria to be classified as held for sale. A disposal group that is to be shut down can also qualify as a discontinued operation if it meets the above size criteria.

If a non-current asset or disposal group is to be classified as held for sale, the asset (disposal group) must be available for sale in its present condition. It must also be highly probable that the sale will occur. In order for a sale to be highly probable, a decision must have been made at management level, and active efforts to locate a buyer and complete the plan must have been initiated. The asset or disposal group must be actively marketed at a price that is reasonable in relation to its fair value, and it must be probable that the sale will occur within one year. Skanska also applies the principle that with regard to a single non-current asset, its value must exceed EUR 25 M (equivalent to USD 33.0 M).

Depreciation or amortization of a non-current asset is not made as long as it is classified as held for sale.

Non-current assets classified as held for sale as well as disposal groups and liabilities attributable to them are presented separately in the statement of financial position.

IAS 28, "Investments in Associates"

Reported as associated companies are companies in which the Skanska Group exercises significant but not controlling influence, which is presumed to be the case when the Group's holding amounts to a minimum of 20 percent and a maximum of 50 percent of the voting power. In addition, it is presumed that this ownership is one element of a long-term connection and that the holding shall not be reported as a joint venture.

The equity method

From the date when Skanska obtains a significant influence, holdings in associated companies are included in the consolidated financial statements according to the equity method. Any difference upon acquisition between the cost of the holding and the owner company's share of net fair value of the associated company's identifiable assets, liabilities and contingent liabilities is recognized in compliance with IFRS 3. The equity method implies that the carrying amount of the Group's shares in associated companies is equivalent to the Group's proportion of their share capital as well as goodwill in the consolidated accounts and any other remaining consolidated surpluses and deductions of internal profits. The Group's share of the associated company's income after financial items is recognized as "Income from joint ventures and associated companies" in the income statement. Any depreciation, amortization and impairment losses on acquired surpluses are taken into account. The Group's proportion of the tax expense of an associated company is included in "Taxes." Dividends received from an associated company reduce the carrying amount of the investment.

When the Group's share of recognized losses in an associated company exceeds the carrying amount of the holdings in the consolidated financial statements, the value of the holding is reduced to zero. Settlement of losses also occurs against long-term unsecured financial assets which, in substance, form part of Skanska's net investment in the associated company and are thus recognized as shares. Continued losses are not recognized unless the Group has provided guarantees to cover losses arising in the associated company.

Elimination of intra-Group profits

When profits arise from transactions between the Group and an associated company, the portion equivalent to the Group's share of ownership is eliminated. If the carrying amount of the Group's holding in the associated company is below the elimination of internal profit, the excess portion of the elimination is recognized among provisions. The elimination of the internal profit is adjusted in later financial statements based on how the asset is used or when it is divested. If a loss arises from a transaction between the Group and an associated company, the loss is eliminated only if it does not correspond to an impairment loss on the asset.

If a profit or loss has arisen in the associated company, the elimination affects the income recognized under "Income from joint ventures and associated companies."

The equity method is applied until the date when significant influence ceases.

Note 20 provides information about associated companies.

IAS 31, "Interests in Joint Ventures"

Companies operated jointly with other companies, and in which control is exercised jointly according to agreement, are reported as joint ventures.

The equity method, which is described in the section on associated companies, is applied when preparing the consolidated financial statements. The consolidated income statement recognizes the Group's share of the income in joint ventures after financial items among "Income from joint ventures and associated companies." Any depreciation, amortization and impairment losses on acquired surpluses have been taken into account. The Group's share of the tax expense of a joint venture is included in "Taxes." Dividends received from a joint venture are subtracted from the carrying amount of the investment.

In connection with infrastructure projects, the Group's investment may include either holdings in or subordinated loans to a joint venture. Both are treated in the accounts as holdings.

Elimination of intra-Group profits

Internal profits that have arisen from transactions between the Group and a joint venture are eliminated based on the Group's share of ownership. If the carrying amount of the Group's holding in a joint venture is below the elimination of internal profit, the excess portion of the elimination is recognized among provisions. The elimination of the internal profit is adjusted in later financial statements based on how the asset is used or when it is divested. If a loss arises from a transaction between the Group and a joint venture, the loss is eliminated only if it does not correspond to an impairment loss on the asset. If a profit or loss has arisen in a joint venture, the elimination affects the income recognized under "Income from joint ventures and associated companies."

Note 20 provides information about joint ventures.

IAS 11, "Construction Contracts"

Project revenues are reported in compliance with IAS 11. This implies that the income from a construction project is reported successively as the project accrues. The degree of accrual is mainly determined on the basis of accumulated project expenses in relation to estimated accumulated project expenses upon completion. If the outcome cannot be estimated in a satisfactory way, revenue is reported as equivalent to accumulated expenses on the closing day (zero recognition). Anticipated losses are immediately reported as expenses.

Recognized as project revenue are the originally agreed contract amount as well as additional work, claims for special compensation and incentive payments, but normally only to the extent that these have been approved by the customer. All services that are directly related to the construction project are covered by IAS 11. Other services are covered by IAS 18. For projects related to construction of real estate, IFRIC 15 provides guidance about in which cases IAS 11 or IAS 18 shall be applied.

If substantial non-interest-bearing advance payments have been received, the advance payment is discounted and recognized as an interest-bearing liability. The difference between a nominal amount and a discounted amount constitutes project revenue and is recognized as revenue according to the percentage-of-completion method. The upward adjustment in the present value of the advance payment in subsequent financial statements is reported as an interest expense.

The difference between accrued project revenue and a not yet invoiced amount is recognized as an asset (gross amount due from customers for contract work) according to the percentage-of-completion method. Correspondingly, the difference between an invoiced amount and yet-to-be-accrued project revenue is reported as a liability (gross amount due to customers for contract work). Major machinery purchases that are intended only for an individual project and significant start-up expenses are included to the extent they can be attributed to future activities as claims on the customer and are included in the asset or liability amount stated in this paragraph, however without affecting accrued project revenue.

Tendering expenses are not capitalized but are charged against earnings on a continuous basis. Tendering expenses that arose during the same quarter that the order was received, and that are attributable to the project, may be treated as project expenditures. In the case of infrastructure projects, instead of the quarter when the order was received, this applies to the quarter when the Group receives the status of preferred bidder, provided that it is deemed highly probable that a final agreement will be reached. Tendering expenses that were recognized in prior interim or annual financial statements may not be recognized as project expenses in later financial statements.

Forward contracts related to hedging of operating transaction exposures are recognized at fair value on the closing day. If hedge accounting is not applicable, the liquidity effect when extending a forward contract that meets future cash flow is included among operating expenses. If the amount has a significant impact, it shall be excluded when determining degree of completion.

A construction consortium that has been organized to perform a single construction assignment is not an independent legal entity, since the participating co-owners are also directly liable for its obligations. Skanska's share of the construction assignment is thus recognized as a business operated by Skanska.

Most construction contracts contain clauses concerning warranty obligations on

Note 01 Continued

the part of the contractor, with the contractor being obliged to remedy errors and omissions discovered within a certain period after the contracted work has been handed over to the customer. Such obligations may also be required by law. The main principle is that a provision for warranty obligations must be calculated for each individual project. Provision must be made continuously during the course of the project and the estimated total provision must be included in the project's expected final expenses. For units with similar projects, the provision may occur in a joint account instead and be calculated for the unit as a whole with the help of ratios that have historically constituted a satisfactory provision for these expenses.

IAS 18, "Revenue"

Revenue other than project revenue is recognized in compliance with IAS 18. For lease income, this means that the revenue is divided evenly over the period of the lease. The total cost of benefits provided is recognized as a reduction in lease income on a straight-line basis over the lease period. Compensation for services performed that does not comprise project revenue is recognized as revenue based on the degree of completion on the closing day, which is normally determined as services performed on the closing day in proportion to the total to be performed. The difference that may then arise between services invoiced and services performed is recognized in the statement of financial position among "Other operating receivables" (or "Other operating liabilities"). Deliveries of merchandise are reported as revenue when the essential risks and rewards associated with ownership of the merchandise have been transferred to the buyer.

A dividend is recognized as revenue when the right to receive payment has been established.

Income from the sale of financial investments is recognized when the significant risks and rewards associated with ownership of the instruments have been transferred to the buyer and the Group no longer controls the instruments.

Interest is recognized using an interest rate that provides a uniform return on the asset in question, which is achieved by applying the effective-interest method. Effective interest is the interest rate at which the present value of all future payments is equal to the carrying amount of the receivable.

Revenue is carried at the fair value of what is received or will be received. This means that receivables arising at the time of divestments are regarded as having been acquired at fair value (discounted present value of future incoming payments) if the interest rate on the date of the purchase is below the market interest rate and the difference is significant.

Revenue is recognized only if it is probable that the economic benefits will flow to the Group. If uncertainty later arises with regard to the possibility of receiving payment for an amount that has already been recognized as revenue, the amount for which payment is no longer probable is instead recognized as an expense, instead of as an adjustment of the revenue amount that was originally recognized.

IFRIC 12, "Service Concession Arrangements"

IFRIC 12, which affects Skanska Infrastructure Development, deals with the question of how the operator of a service concession should account for the infrastructure as well as the rights it receives and the obligations it undertakes under the agreement. The operator constructs or upgrades infrastructure (construction or upgrade services) used to provide a public service and maintains the infrastructure (operation services) for a specified period of time. The consideration (payment) that the operator receives is allocated between construction or upgrade services and operation services according to the relative fair values of the respective services. Construction or upgrade services are reported in compliance with IAS 11 and operation services in compliance with IAS 18. For construction or upgrade services, the consideration may be rights to a financial asset or an intangible asset. If the operator has an unconditional right in specified or determinable amounts, it is a financial asset. If the operator instead has the right to charge the users of the public service, it is an intangible asset.

IFRIC 15, "Agreements for the Construction of Real Estate"

IFRIC 15 is applied to accounting for revenue and expenses when a company undertakes the construction of real estate. The interpretation addresses the issue of whether accounting for construction of real estate should be in accordance with IAS 11 or IAS 18, and when the revenue from the construction of real estate should be recognized. It assumes that the company retains neither an involvement nor effective control over the real estate to an extent that would preclude recognition of the consideration as revenue. IAS 11 shall be applied when the buyer can specify the structural elements of the design of the real estate before construction begins, or specify major changes once construction is in progress. Otherwise IAS 18 shall be applied. If IAS 11 is applied, the percentage-of-completion method is used. If IAS 18 is applied, it must first be determined whether the agreement is an agreement for the rendering of services or for the sale of goods. If the company is not required to acquire or supply construction materials, it is an agreement for rendering of services, and revenue is recognized according to the percentage-of-completion method. If the company is required to provide services together with construction materials, it is an agreement for the sale of goods. Revenue is then recognized when, among other things, the company has fulfilled the criterion that it has transferred to the buyer the significant risks and rewards associated with ownership, which normally occurs upon the transfer of legal ownership, which often coincides with the date the purchaser takes possession of the property.

For Residential Development and Commercial Property Development, IFRIC 15 means that revenue recognition of a property divestment occurs only when the purchaser gains legal ownership of the property, which normally coincides with taking possession of the property. For residential projects in Finland and Sweden that are initiated by Skanska, housing corporations and cooperative housing associations are often used to reach the individual home buyer. In these cases revenue recognition occurs when the home buyer takes possession of the home.

IAS 17, "Leases"

The accounting standard distinguishes between finance and operating leases. A finance lease is characterized by the fact that the economic risks and rewards incidental to ownership of the asset have substantially been transferred to the lessee. If this is not the case, the agreement is regarded as an operating lease.

Finance leases

Finance-lease assets are recognized as an asset in the consolidated statement of financial position. The obligation to make future lease payments is recognized as a non-current or current liability. Leased assets are depreciated during their respective useful life. When making payments on a finance lease, the minimum lease payment is allocated between interest expense and reduction of the outstanding liability. Interest expense is allocated over the lease period in such a way that each reporting period is charged an amount equivalent to a fixed interest rate for the liability recognized during each respective period. Variable payments are recognized among expenses in the periods when they arise.

Assets leased according to finance leases are not recognized as property, plant and equipment, since the risks incidental to ownership have been transferred to the lessee. Instead a financial receivable is recognized, related to future minimum lease payments.

Operating leases

As for operating leases, the lease payment is recognized as an expense over the lease term on the basis of utilization, and taking into account the benefits that have been provided or received when signing the lease.

The Commercial Property Development business stream carries out operating-lease business. Information on future minimum lease payments (rents) is provided in Note 40, which also contains other information about leases.

IAS 16, "Property, Plant and Equipment"

Property, plant and equipment are recognized as assets in the statement of financial position if it is probable that the Group will derive future economic benefits from them and the cost of an asset can be reliably estimated. Property, plant and equipment are recognized at cost minus accumulated depreciation and any impairment losses. Cost includes purchase price plus expenses directly attributable to the asset in order to bring it to the location and condition to be operated in the intended manner. Examples of directly attributable expenses are delivery and handling costs, installation, ownership documents, consultant fees and legal services. Borrowing costs are included in the cost of self-constructed property, plant and equipment. Impairment losses are applied in compliance with IAS 36.

The cost of self-constructed property, plant and equipment includes expenditures for materials and compensation to employees, plus other applicable manufacturing costs that are considered attributable to the asset.

Further expenditures are added to cost only if it is probable that the Group will enjoy future economic benefits associated with the asset and the cost can be reliably estimated. All other further expenditures are recognized as expenses in the period when they arise.

What is decisive in determining when a further expenditure is added to cost is whether the expenditure is related to replacement of identified components, or their parts, at which time such expenditures are capitalized. In cases where a new component is created, this expenditure is also added to cost. Any undepreciated carrying amounts for replaced components, or their parts, are disposed of and recognized as an expense at the time of replacement. If the cost of the removed component cannot be determined directly, its cost is estimated as the cost of the new component adjusted by a suitable price index to take into account inflation. Repairs are recognized as expenses on a continuous basis.

Property, plant and equipment that consist of parts with different periods of service are treated as separate components of property, plant and equipment. Depreciation occurs on a straight-line basis during estimated useful life, or based on degree of use, taking into account any residual value at the end of the period. Office buildings are divided into foundation and frame, with a depreciation period of 50 years; installations, depreciation period 35 years; non-weight-bearing parts, depreciation period 15 years. Generally speaking, industrial buildings are depreciated during a 20-year period without allocation into different parts. Stone crushing and asphalt plants as well as concrete mixing plants are depreciated over 10 to 25 years depending on their condition when acquired and without being divided into different parts. For other buildings and equipment, division into different components occurs only if major components with divergent useful lives can be identified. For other machinery and equipment, the depreciation period is normally between 5 and 10 years. Minor equipment is depreciated immediately. Gravel pits and stone quarries are depreciated as materials are removed. Land is not depreciated. Assessments of an asset's residual value and period of service are performed annually.

The carrying amount of a property, plant and equipment item is removed from the statement of financial position when it is disposed of or divested, or when no further economic benefits are expected from the use or disposal/divestment of the asset.

Provisions for the costs of restoring an asset are normally made in the course of utilization of the asset, because the prerequisites for an allocation at the time of acquisition rarely exist.

IAS 38, "Intangible Assets"

This accounting standard deals with intangible assets. Goodwill that arises upon acquisition of companies is recognized in compliance with the rules in IFRS 3.

An intangible asset is an identifiable non-monetary asset without physical substance that is used for producing or supplying goods or services or for leasing and administration. To be recognized as an asset, it is necessary both that it be probable that future economic advantages that are attributable to the asset will benefit the company and that the cost can be reliably calculated. It is especially worth noting that expenditures recognized in prior annual or interim financial statements may not later be recognized as an asset.

Research expenses are recognized in the income statement when they arise. Development expenses, which are expenses for designing new or improved materials, structures, products, processes, systems and services by applying research findings or other knowledge, are recognized as assets if it is probable that the asset will generate future revenue. Other development expenses are expensed directly. Expenses for regular maintenance and modifications of existing products, processes and systems are not recognized as development expenses. Nor is work performed on behalf of a customer recognized as development expenses.

Intangible assets other than goodwill are recognized at cost minus accumulated amortization and impairment losses. Impairment losses are applied in compliance with IAS 36.

Amortization is recognized in the income statement on a straight-line basis, or based on the degree of use, over the useful life of intangible assets, to the extent such a period can be determined. Consideration is given to any residual value at the end of the period. Purchased service agreements are amortized over their remaining contractual period (in applicable cases 3–6 years). Purchased software (major computer systems) is amortized over a maximum of five years.

Further expenditures for capitalized intangible assets are recognized as an asset in the statement of financial position only when they increase the future economic benefits of the specific asset to which they are attributable.

IAS 36, "Impairment of Assets"

Assets covered by IAS 36 are tested on every closing day for indications of impairment. The valuation of exempted assets, for example inventories (including current-asset properties), assets arising when construction contracts are carried out and financial assets included within the scope of IAS 39 is tested according to the respective accounting standard.

Impairment losses are determined on the basis of the recoverable amount of assets, which is the higher of fair value less costs to sell and value in use. In calculating value in use, future cash flows are discounted using a discounting factor that takes into account risk-free interest and the risk associated with the asset. Estimated residual value at the end of the asset's useful life is included as part of value in use. For an asset that does not generate cash flows that are essentially independent of other assets, the recoverable amount is estimated for the cash-generating unit to which the asset belongs. A cash-generating unit is the smallest group of assets that generates cash inflows that are independent of other assets or groups of assets. For goodwill, the cash-generating unit is mainly the same as the Group's business unit or other unit reporting to the Parent Company. Exempted from the main rule are operations that are not integrated into the business unit's other operations. The same business unit may also contain a number of cash-generating units if it works in more than one business stream.

In Construction, recoverable amount of goodwill is based exclusively on value in use, which is calculated by discounting expected future cash flows. The discounting factor is the weighted average cost of capital (WACC) applicable to the operation. In Residential Development, the fair values of land parcels, minus selling expenses, are also taken into account. Refer to Note 18.

Impairment of assets attributable to a cash-generating unit is allocated mainly to goodwill. After that, a proportionate impairment loss is applied to other assets included in the unit.

Goodwill impairment is not reversed. A goodwill-related impairment loss recognized in a previous interim report is not reversed in a later full-year report or interim report.

Impairment losses on other assets are reversed if there has been a change in the assumptions on which the estimate of recoverable amount was based.

An impairment loss is reversed only to the extent that the carrying amount of the asset after the reversal does not exceed the carrying amount that the asset would have had if no impairment loss had occurred, taking into account the amortization that would then have occurred.

IAS 23, "Borrowing Costs"

Borrowing costs are capitalized provided that it is probable that they will result in future economic benefits and the costs can be measured reliably. Generally speaking, capitalization of borrowing costs is limited to assets that take a substantial period of time for completion, which in the Skanska Group's case implies that capitalization mainly covers the construction of current-asset properties and properties for the Group's own use (non-current-asset properties). Capitalization occurs when expenditures included in cost have arisen and activities to complete the building have begun. Capitalization ceases when the building is completed. Borrowing costs during an extended period when work to complete the building is interrupted are not capitalized. If separate borrowing has occurred for the project, the actual borrowing cost is used. In other cases, the cost of the loan is calculated on the basis of the Group's borrowing cost.

IAS 12, "Income Taxes"

Income taxes consist of current tax and deferred tax. Income taxes are recognized in the income statement except when the underlying transaction is recognized directly under "Other comprehensive income," in which case the accompanying tax effect is also recognized there. Current tax is tax to be paid or received that is related to the year in question, applying the tax rates that have been decided or in practice have been decided as of the closing day; this also includes adjustment of current tax that is attributable to earlier periods.

Deferred tax is calculated according to the balance sheet method, on the basis of temporary differences between carrying amounts of assets and liabilities and their values for tax purposes. The amounts are calculated based on how the temporary differences are expected to be settled and by applying the tax rates and tax rules that have been decided or announced as of the closing day. The following temporary differences are not taken into account: for a temporary difference that has arisen when goodwill is first recognized, the first recognition of assets and liabilities that are not business combinations and on the transaction date affect neither recognized profit nor taxable profit. Also not taken into account are temporary differences attributable to shares in Group companies and associated companies that are not expected to reverse in the foreseeable future. Offsetting of deferred tax assets against deferred tax liabilities occurs when there is a right to settle current taxes between companies.

Deferred tax assets related to deductible temporary differences and loss carryforwards are recognized only to the extent that they can probably be utilized. The value of deferred tax assets is reduced when it is no longer considered probable that they can be utilized.

IAS 2, "Inventories"

Aside from customary inventories of goods, the Group's current-asset properties are

Note 01 Continued

also covered by this accounting standard. Both current-asset properties and inventories of goods are measured item by item in accordance with the lowest cost principle, which means that a property or item is measured either by its acquisition cost or net realizable value, whichever is lower. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs for completion and the estimated costs necessary to make the sale.

When item-by-item measurement cannot be applied, the cost of inventories is assigned by using the first-in, first-out (FIFO) formula and includes expenditures that have arisen from acquisition of inventory assets and from bringing them to their present location and condition. For manufactured goods, cost includes a reasonable share of indirect costs based on normal capacity utilization. Materials not yet installed at construction sites are not recognized as inventories, but are included among project expenses.

Except for properties that are used in Skanska's own business, the Group's property holdings are reported as current assets, since these holdings are included in the Group's operating cycle. The operating cycle for current-asset properties amounts to about 3 to 5 years.

Acquisitions of properties are recognized in their entirety only upon the transfer of legal ownership, which normally occurs on completion of the purchase. If advance payments related to ongoing property acquisitions have been made, these are recognized under the item for current-asset properties in the statement of financial position. Property acquisitions through purchases of property-owning companies are recognized when the shares have been taken over by Skanska.

Current-asset properties are allocated between Commercial Property Development and Residential Development. They are also allocated between "Development properties," "Properties under construction" and "Completed properties." Note 22 provides information about these properties.

Before impairment loss, properties both completed and under construction are carried at directly accumulated costs, a reasonable proportion of indirect costs and interest expenses during the construction period. Information on market appraisal of properties is provided at the end of this note.

Information on customary inventories of goods is found in Note 23.

IAS 37, "Provisions, Contingent Liabilities and Contingent Assets"

Provisions

A provision is recognized in the statement of financial position when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic resources will be required to settle the obligation and a reliable estimate of the amount can be made.

Skanska makes provisions for future expenses due to warranty obligations according to construction contracts, which imply a liability for the contractor to remedy errors and omissions that are discovered within a certain period after the contractor has handed over the property to the customer. Such obligations may also be required by law. More about the accounting principle applied can be found in the section on IAS 11 in this note.

A provision is made for disputes related to completed projects if it is probable that a dispute will result in an outflow of resources from the Group. Disputes related to ongoing projects are taken into consideration in the valuation of the project and are thus not included in the item "Reserve for legal disputes," which is reported in Note 29.

Provisions for restoration expenses related to stone quarries and gravel pits do not normally occur until the period that materials are being removed.

Provisions for restructuring expenses are recognized when a detailed restructuring plan has been adopted and the restructuring has either begun or been publicly announced.

When accounting for interests in joint ventures and associated companies, a provision is made when a loss exceeds the carrying amount of the interest and the Group has a payment obligation.

Contingent liabilities

Contingent liabilities are possible obligations arising from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more future events not wholly within the control of the Company. Also reported as contingent liabilities are obligations arising from past events but that have not been recognized as a liability because it is not likely that an outflow of resources will be required to settle the obligation or the size of the obligation cannot be estimated with sufficient reliability.

The amounts of contract fulfillment guarantees are included until the contracted work has been transferred to the customer, which normally occurs upon its approval in a final inspection. If the guarantee covers all or most of the contract sum, the amount of the contingent liability is calculated as the contract sum minus the value of the portion performed. In cases where the guarantee only covers a small portion of the contract sum, the guarantee amount remains unchanged until the contracted work is handed over to the customer. The guarantee amount is not reduced by being offset against payments not yet received from the customer. Guarantees that have been received from subcontractors and suppliers of materials are not taken into account, either. If the Group receives reciprocal guarantees related to outside consortium members' share of joint and several liability, these are not taken into account. Tax cases, court proceedings and arbitration are not included in contingent liability amounts. Instead, a separate description is provided.

In connection with contracting assignments, security is often provided in the form of a completion guarantee from a bank or insurance institution. The issuer of the guarantee, in turn, normally receives an indemnity from the contracting company or other Group company. Such indemnities related to the Group's own contracting assignments are not reported as contingent liabilities, since they do not involve any increased liability compared to the contracting assignment.

Note 33 presents information about contingent liabilities.

Contingent assets

Contingent assets Contingent assets are possible assets arising from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company.

In the Group's construction operations, it is not unusual that claims for additional compensation from the customer arise. If the right to additional compensation is confirmed, this affects the valuation of the project when reporting in compliance with IAS 11. As for claims that have not yet been confirmed, it is not practicable to provide information about these, unless there is an individual claim of substantial importance to the Group.

IAS 19, "Employee benefits"

This accounting standard makes a distinction between defined-contribution and defined-benefit pension plans. Defined-contribution pension plans are defined as plans in which the company pays fixed contributions into a separate legal entity and has no obligation to pay further contributions even if the legal entity does not have sufficient assets to pay all employee benefits relating to their service until the closing day. Other pension plans are defined-benefit plans. The calculation of defined-benefit pension plans uses a method that often differs from local rules in each respective country. Obligations and costs are to be calculated according to the "projected unit credit method." The purpose is to recognize expected future pension disbursements as expenses in a way that yields more uniform expenses over the employee's period of employment. Actuarial assumptions about wage or salary increases, life expectancy, inflation and return on plan assets are taken into account in the calculation. Pension obligations concerning post-employment benefits are discounted to present value. Discounting is calculated for all three countries where Skanska has defined-benefit pension plans using an interest rate based on the market return on high quality corporate bonds including mortgage bonds, with maturities matching the pension obligations. Pension plan assets are recognized at fair value on the closing day. In the statement of financial position, the present value of pension obligations is recognized after subtracting the fair value of plan assets. The pension expense and the return on plan assets recognized in the income statement refer to the pension expense and return estimated on January 1. Divergences from actual pension expense and return comprise actuarial gains and losses. These divergences and the effect of changes in assumptions are not recognized in the income statement, but are instead included under "Other comprehensive income."

If the terms of a defined-benefit plan are significantly amended, or the number of employees covered by a plan is significantly reduced, a curtailment occurs. Obligations are recalculated according to the new conditions. The effect of the curtailment is recognized in the income statement.

When there is a difference between how pension expense is determined in a legal entity and the Group, a provision or receivable is recognized concerning the difference for taxes and social-insurance contributions based on the Company's pension expenses. The provision or receivable is not calculated at present value, since it is based on present-value figures. Social-insurance contributions on actuarial gains and losses are recognized under "Other comprehensive income."

Obligations related to contributions to defined-contribution plans are recognized as expenses in the income statement as they arise.

The Group's net obligation related to other long-term employee benefits, aside from pensions, amounts to the value of future benefits that employees have earned as compensation for the services they have performed during the current and prior periods. The obligation is calculated using the projected unit credit method and is discounted at present value, and the fair value of any plan assets is subtracted. The discount rate is the interest rate on the closing day for high quality corporate bonds including mortgage bonds, or government bonds, with a maturity matching the maturity of the obligations.

A provision is recognized in connection with termination of employees only if the Company is obligated through its own detailed formal termination plan – and there is no realistic possibility of annulling the plan – to end employment before the normal retirement date, or when benefits are offered in order to encourage voluntary resignation. In cases where the Company terminates employees, the provision is calculated on the basis of a detailed plan that at least includes the location, function and approximate number of employees affected as well as the benefits for each job classification or function and the time at which the plan will be implemented.

IFRS 2, "Share-based Payment"

The SEOP 1 and SEOP 2 employee ownership programs are recognized as share-based payments that are settled with equity instruments, in compliance with IFRS 2. This means that fair value is calculated on the basis of estimated fulfillment of established income targets during the measurement period. This value is allocated over the respective vesting period. There is no reappraisal after fair value is established during the remainder of the vesting period except for changes in the number of shares because the condition of continued employment during the vesting period is no longer met.

IAS 7, "Cash-flow statements"

In preparing its cash-flow statement, Skanska applies the indirect method in compliance with the accounting standard. Aside from cash and bank balance flows, cash and cash equivalents are to include short-term investments whose transformation into bank balances may occur in an amount that is mainly known in advance. Short-term investments with maturities of less than three months are regarded as cash and cash equivalents. Cash and cash equivalents that are subject to restrictions are reported either as current receivables or as non-current receivables.

In addition to the cash-flow statement prepared in compliance with the standard, the Report of the Directors presents an operating cash-flow statement that does not conform to the structure specified in the standard. The operating cash-flow statement was prepared on the basis of the operations that the various business streams carry out.

IAS 33, "Earnings per Share"

Earnings per share are reported directly below the consolidated income statement and are calculated by dividing the portion of profit for the year that is attributable to the Parent Company's equity holders (shareholders) by the average number of shares outstanding during the period.

For the SEOP 1 and SEOP 2 employee ownership programs, the dilution effect is calculated by dividing potential ordinary shares by the number of shares outstanding. The calculation of potential ordinary shares occurs in two stages. First there is an assessment of the number of shares that may be issued when established targets are fulfilled. The number of shares for the respective year covered by the programs is then determined the following year, provided that the condition of continued employment is met. In the next step, the number of potential ordinary shares is reduced by the value of the consideration that Skanska is expected to receive, divided by the average market price of a share during the period.

IAS 24, "Related Party Disclosure"

According to this accounting standard, information must be provided about transactions and agreements with related companies and physical persons. In the consolidated financial statements, intra-Group transactions fall outside this reporting requirement. Notes 36, 37 and 39 provide disclosures in compliance with the accounting standard.

IAS 40, "Investment Property"

Skanska reports no investment properties. Properties that are used in the Group's own operations are reported in compliance with IAS 16. The Group's holdings of current-asset properties are covered by IAS 2 and thus fall outside the application of IAS 40.

IFRS 8, "Operating Segments"

According to this standard, an operating segment is a component of the Group that carries out business operations, whose operating income is evaluated regularly by the chief operating decision maker and about which separate financial information is available.

Skanska's operating segments consist of its business streams: Construction, Residential Development, Commercial Property Development and Infrastructure Development.

The Senior Executive Team is the Group's chief operating decision maker.

The segment reporting method for Residential Development and Commercial Property Development diverges from IFRSs on two points. In segment reporting, a divestment gain is recognized on the date that a binding sales contract is signed. Segment reporting of joint ventures in Residential Development with ongoing projects applies the proportional method for joint ventures that have an ongoing project begun after 2010 or that sold residential units after 2010. The change in principle is being applied only prospectively and historical comparative figures have not been restated. Note 4 presents a reconciliation between segment reporting and the income statement in compliance with IFRSs.

Note 4 provides information about operating segments. The financial reporting that occurs to the Senior Executive Team focuses on the areas for which each respective operating segment is operationally responsible: operating income in the income statement and capital employed. For each respective operating segment, the note thus reports external and internal revenue, cost of sales, selling and administrative expenses and capital employed. Capital employed refers to total assets minus tax assets and receivables invested in Skanska's treasury unit ("internal bank") less non-interest-bearing liabilities excluding tax liabilities. In the calculation of capital employed, a capitalized interest expense is removed from total assets for the Residential Development and Commercial Property Development segments. Acquisition goodwill has been reported in the operating segment to which it is related.

In transactions between operating segments, pricing occurs on market terms.

Certain portions of the Group do not belong to any operating segment. These portions are reported in Note 4 under the heading "Central and eliminations." The income of the operating segments also includes intra-Group profits and consequently, these are eliminated during reconciliation with the consolidated income statement and the consolidated statement of financial position.

In addition to information about operating segments, Note 4 provides disclosures on external revenue for the entire Group, divided among Sweden, the United States and other countries and disclosures on the allocation of certain assets between Sweden and other countries.

IAS 10, "Events After the Reporting Period"

Events after the end of the reporting period may, in certain cases, confirm a situation that existed on the closing day. Such events shall be taken into account when financial reports are prepared. Information is provided about other events that may occur after the closing day and before the signing of the financial report, if their omission would affect the ability of a reader to make a correct assessment and a sound decision.

Such information is provided in Note 41.

IAS 32, "Financial Instruments: Presentation"

Offsetting of financial assets and financial liabilities occurs when a company has a legal right to offset items against each other and intends to settle these items with a net amount or, at the same time, divest the asset and settle the liability.

Prepaid income and expenses as well as accrued income and expenses that are related to the business are not financial instruments. Thus, "Gross amount due from (or to) customers for contract work" is not included under financial instruments. Similarly, pension liabilities and receivables from or liabilities to employees are not financial instruments. Neither are assets and liabilities that are not based on contracts, such as income taxes, considered financial instruments.

Information in compliance with the accounting standard is provided mainly in Notes 6, 21 and 27.

IAS 39, "Financial Instruments: Recognition and Measurement"

The accounting standard deals with measurement and recognition of financial instruments. Excepted from application in compliance with IAS 39 are, among others, holdings in Group companies, associated companies and joint ventures, leases, the rights under employment contracts, the Company's own shares and financial instruments to which IFRS 2, "Share-based Payments" applies.

All financial instruments covered by this standard, including all derivatives, are reported in the statement of financial position.

A derivative is a financial instrument whose value changes in response to changes in an underlying variable, that requires no initial investment or one that is small and that is settled at a future date. An embedded derivative is a contract condition that causes the value of the contract to be affected in the same way as if the condition were an independent derivative. This is the case, for example, when a construction

Note 01 Continued

contract is expressed in a currency which is a foreign currency for both parties. If it is customary for the foreign currency to be used for this type of contract, the embedded derivative will not be separated. A reassessment of whether embedded derivatives shall be separated from the host contract is carried out only if the host contract is changed.

A financial asset or financial liability is recognized in the statement of financial position when the Group becomes a party to the contractual provisions of the instrument. Trade accounts receivable are recognized in the statement of financial position when an invoice has been sent. A liability is recognized when the counterparty has performed and there is a contractual obligation to pay, even if the invoice has not yet been received. Trade accounts payable are recognized when an invoice has been received.

A financial asset is derecognized from the statement of financial position when the contractual rights are realized or expire or the Group loses control of them. The same applies to a portion of a financial asset. A financial liability is derecognized from the statement of financial position when the contractual obligation is fulfilled or otherwise extinguished. The same applies to a portion of a financial liability.

Acquisitions and divestments of financial assets are recognized on the transaction date, which is the date that the Company undertakes to acquire or divest the asset.

Financial instruments are initially recognized at cost, equivalent to the instrument's fair value plus transaction costs, except instruments in the category "assets at fair value through profit or loss," which are recognized exclusive of transaction costs. Recognition then occurs depending on how they are classified as described below.

Financial assets, including derivatives, are classified as "assets at fair value through profit or loss," "held-to-maturity investments," "loans and receivables" and "available-for-sale assets." An asset is classified among "available-for-sale assets" if the asset is not a derivative and the asset has not been classified in any of the other categories. Equity instruments with unlimited useful lives are classified either as "assets at fair value through profit and loss" or "available-for-sale assets."

"Assets at fair value through profit or loss," and "available-for-sale assets" are measured at fair value in the statement of financial position. Change in value of "assets at fair value through profit or loss" is recognized in the income statement, while change in value of "available-for-sale assets" is recognized under "Other comprehensive income." When the latter assets are divested, accumulated gains or losses are transferred to the income statement. Investments in holdings of companies other than Group companies, joint ventures and associated companies are included in "available-for-sale assets," but are measured at cost, unless the fair value is lower. Impairment losses on "available-for-sale assets," as well as changes in exchange rates, interest and dividends on instruments in this category are recognized directly in the income statement. "Held-to-maturity investments" and "loans and receivables" are measured at amortized cost. Impairment losses on "held-to-maturity investments," "loans and receivables" and "available-for-sale assets" occur when the expected discounted cash flow from the financial asset is less than the carrying amount.

Financial liabilities including derivatives are classified as "liabilities at fair value through profit or loss" and "other financial liabilities."

"Liabilities at fair value through profit or loss" are measured at fair value in the statement of financial position, with change of value recognized in the income statement. "Other financial liabilities" are measured at amortized cost.

In reporting both financial assets and financial liabilities in Note 6, Skanska has chosen to separately report "Hedge accounted derivatives," which are included in "assets (or liabilities) at fair value through profit or loss."

Skanska uses currency derivatives and foreign currency loans to hedge against fluctuations in exchange rates.Recognition of derivatives varies depending on whether hedge accounting in compliance with IAS 39 is applied or not.

Unrealized gains and losses on currency derivatives related to hedging of operational transaction exposure (cash-flow hedging) are measured in market terms and recognized at fair value in the statement of financial position. The entire change in value is recognized directly in operating income, except in those cases that hedge accounting is applied. In hedge accounting, unrealized gain or loss is recognized under "Other comprehensive income."When the hedged transaction occurs and is recognized in the income statement, accumulated changes in value are transferred from other comprehensive income to operating income.

Unrealized gains and losses on embedded currency derivatives in commercial contracts are measured and recognized at fair value in the statement of financial position. Changes in fair value are recognized in operating income.

Currency derivatives and foreign currency loans for hedging translation exposure are carried at fair value in the statement of financial position. Due to the application of hedge accounting, exchange-rate differences after taking into account tax effect are recognized under "Other comprehensive income." If a foreign operation with a functional currency other than USD is divested, accumulated exchange-rate differences attributable to that operation are transferred from other comprehensive income to the income statement. The interest component and changes in the value of the interest component of currency derivatives are recognized as financial income or expenses.

In Infrastructure Development projects, interest-rate derivatives are used in order to achieve fixed interest on long-term financing. Hedge accounting is applied to these interest-rate derivatives.

Skanska also uses interest-rate derivatives to hedge against fluctuations in interest rates.

Hedge accounting in compliance with IAS 39 is applied to some of these derivatives.

Unrealized gains and losses on interest-rate derivatives are recognized at fair value in the statement of financial position. In cases where hedge accounting is not applied, changes in value are directly recognized as financial income or expenses in the income statement. The operating current-interest coupon portion is recognized as interest income or an interest expense.

IFRS 7, "Financial Instruments: Disclosures"

The Company provides disclosures that enable the evaluation of the significance of financial instruments for its financial position and performance. The disclosures also enable an evaluation of the nature and extent of risks arising from financial instruments to which the Company is exposed during the period and at the end of the report period. These disclosures must also provide a basis for assessing how these risks are managed by the Company. This standard supplements the principles for recognizing, measuring and classifying financial assets and liabilities in IAS 32 and IAS 39.

The standard applies to all types of financial instruments, with the primary exception of holdings in subsidiaries, associated companies and joint ventures as well as employers' rights and obligations under post-employment benefit plans in compliance with IAS 19. The disclosures that are provided thus include accrued interest income, deposits and interest expenses. Accrued income from customers for contract work is not a financial instrument.

The disclosures provided are supplemented by a reconciliation with other items in the income statement and in the statement of financial position.

Disclosures in compliance with this accounting standard are presented in Note 6.

IAS 20, "Accounting for Government Grants and Disclosure of Government Assistance"

"Government assistance" refers to action by government designed to provide an economic benefit specific to one company or a range of companies that qualify under certain criteria. Government grants are assistance by government in the form of transfers of resources to a company in return for past or future compliance with certain conditions relating to its operations.

Government grants are recognized in the statement of financial position as prepaid income or reduction in the investment when there is reasonable assurance that the grants will be received and that the Group will meet the conditions associated with the grant.

The Swedish Financial Reporting Board's recommendation RFR 1, "Supplementary Accounting Regulations for Groups"

The recommendation specifies what further disclosures must be provided in order for the annual accounts to conform with Sweden's Annual Accounts Act. The additional information mainly concerns personnel-related disclosures.

Disclosure on the number of employees, allocated between women and men as well as among countries, is provided in Note 36. The number of employees during the year was calculated as an average of the average number of employees during the quarters included in the year. In this calculation, part-time employment is equivalent to 60 percent of full-time employment. Operations divested during the year are not included.

Disclosure on the allocation between women and men for senior executives specifies the situation on the closing day. "Senior executives" in the various Group companies refers to the members of the management team of the respective business units. The information is provided in Notes 36 and 37.

In addition to Board members and the President and CEO, all other persons in the Group's Senior Executive Team must be included in the group for which a separate account shall be provided of the total amounts of salaries and other remuneration as well as expenses and obligations related to pensions and similar obligations. Furthermore, the same disclosures must be provided at an individual level for each of the Board members and for the President as well as previous holders of these positions. Employee representatives are exempted.

Note 36 provides information about loans, assets pledged and contingent liabilities on behalf of members of the Boards of Directors and Presidents in the Skanska Group.

Information must also be provided on remuneration to auditors and the public accounting firms where the auditors work. Refer to Note 38.

Order bookings and order backlog

In Construction assignments, an order booking refers to a written order confirmation or signed contract, provided that financing has been arranged and construction is expected to commence within twelve months. If a previously received order is canceled in a subsequent quarter, the cancellation is recognized as a negative item when reporting order bookings for the quarter when the cancellation occurs. Reported order bookings also include orders from Residential Development and Commercial Development, which assumes that a building permit has been obtained and construction is expected to begin within three months. For services related to fixed-price work, the order booking is recorded when the contract is signed, and for services related to cost-plus work, the order booking coincides with revenue. For service agreements, a maximum of 24 months of future revenue is included.

No order bookings are reported in Residential Development and Commercial Property Development.

Order backlog refers to the difference between order bookings for a period and accrued revenue (accrued project expenses plus accrued project income adjusted for loss provisions) plus order backlog at the beginning of the period.

The order backlog in the accounts of acquired Group companies on the date of acquisition is not reported as order bookings, but is included in order backlog amounts.

Market appraisal

Commercial Property Development

Note 22 states estimated market values for Skanska's current-asset properties. For completed properties that include commercial space and for development properties, market values have been partly calculated in cooperation with external appraisers.

Residential Development

In appraising properties in Residential Development, estimates of market value have taken into account the value that can be obtained within the customary economic cycle.

Infrastructure Development

Infrastructure Development Skanska obtains an estimated value for infrastructure projects by discounting estimated future cash flows in the form of dividends and repayments of loans and equity by a discount rate based on country, risk model and project phase for the various projects. The discount rate chosen is applied to all future cash flows starting on the appraisal date. The most recently updated financial model is used as a base. This financial model describes all cash flows in the project and serves as the ultimate basis for financing, which is carried out with full project risk and without guarantees from Skanska. For wind-farm projects, the values have been deemed to amount to recognized cost.

An estimated value is stated solely for projects that have reached contractual and financial close. All flows are appraised – investments in the project (equity and subordinated debenture loans), interest on repayments of subordinated loans, as well as dividends to and from the project company. Today all investments except New Karolinska Solna, Sjisjka Vind and Mullbergs Vindpark are denominated in currencies other than Swedish kronor. This means there is also an exchange-rate risk.

Estimated values have partly been calculated in cooperation with external appraisers and are stated in Note 20.

Note 02 Key estimates and judgments

Key estimates and judgments

The Senior Executive Team has discussed with the Board of Directors and the Audit Committee the developments, choices and disclosures related to the Group's important accounting principles and estimates, as well as the application of these principles and estimates.

Certain important accounting-related estimates that have been made when applying the Group's accounting principles are described below.

Goodwill impairment testing

In calculating the recoverable amount of cash-generating units for assessing any goodwill impairment, a number of assumptions about future conditions and estimates of parameters have been made. A presentation of these can be found in Note 18, "Goodwill." As understood from the description in this note, major changes in the prerequisites for these assumptions and estimates might have a substantial effect on the value of goodwill.

Pension assumptions

Skanska recognizes defined-benefit pension obligations according to the alternative method in IAS 19, "Employee Benefits." In this method, actuarial gains and losses are recognized as an item under "Other comprehensive income." The consequence is that future changes in actuarial assumptions, both positive and negative, will have an immediate effect on recognized equity and on interest-bearing pension liability. Note 28, "Pensions," describes the assumptions and prerequisites that provide the basis for recognition of pension liability, including a sensitivity analysis.

Percentage of completion

Skanska applies the percentage-of-completion method, i.e. using a forecast of final project results, income is recognized successively during the course of the project based on the degree of completion. This requires that the size of project revenue and project expenses can be reliably determined. The prerequisite for this is that the Group has efficient, coordinated systems for cost estimating, forecasting and revenue/expense reporting. The system also requires a consistent judgment (forecast) of the final outcome of the project, including analysis of divergences compared with earlier assessment dates. This critical judgment is performed at least once per quarter. However, actual future outcome may deviate from the estimated outcome.

Disputes

Management's best judgment has been taken into account in reporting disputed amounts, but the actual future outcome may diverge from this judgment. See Note 33, "Assets pledged, contingent liabilities and contingent assets," and Note 29, "Provisions."

Investments in Infrastructure Development

Estimated values are based on discounting of expected cash flows for each respective investment. Estimated yield requirements on investments of this type have been used as discount rates. Changes in expected cash flows, which in a number of cases extend 20 to 30 years ahead in time, and/or changes in yield requirements, may materially affect both estimated values and carrying amounts for each investment.

Current-asset properties

The stated total market value is estimated on the basis of prevailing price levels in the respective location of each property. Changes in the supply of similar properties as well as changes in demand due to changes in targeted return may materially affect both estimated fair values and carrying amounts for each property.

In Residential Development operations, the supply of capital and the price of capital for financing home buyers' investments are critical factors.

Prices of goods and services

In the Skanska Group's operations, there are many various forms of contractual mechanisms. The degree of risk associated with the prices of goods and services varies greatly, depending on the contract type. Sharp increases in prices of materials may pose a risk, particularly to long-term projects with fixed-price commitments. Shortages of human resources as well as certain input goods may also adversely impact operations. Delays in the design phase or changes in design are other circumstances that may adversely affect projects.

Note 03 Effects and changes in accounting principles

There were no changes in accounting principles in 2012.

Note 04 Operating segments

Skanska's business streams – Construction, Residential Development, Commercial Property Development and Infrastructure Development – are recognized as operating segments. These business streams coincide with Skanska's operational organization, used by the Senior Executive Team to monitor operations. The Senior Executive Team is also Skanska's "chief operating decision maker."

Each business stream carries out distinct types of operations with different risks. Construction includes both building construction and civil construction.

Residential Development develops residential projects for immediate sale. Homes are adapted to selected customer categories. The units in this segment are responsible for planning and selling their projects. The construction assignments are performed by construction units in the Construction business stream in each respective market. Commercial Property Development initiates, develops, leases and divests commercial property projects. Project development focuses on office buildings, retail and logistics properties. Construction assignments are performed in most markets by Skanska's Construction segment. Infrastructure Development specializes in identifying, developing and investing in privately financed infrastructure projects, such as highways, hospitals and schools. The business stream focuses on creating new potential projects, mainly in the markets where the Group has operations. Construction assignments are performed in most markets by the construction units.

Intra-Group pricing between operating segments occurs on market terms. "Central" includes the cost of Group headquarters, earnings of central companies, businesses that are being closed down and the centrally recognized land bank, which is separated from Residential Development as part of the adaptation of the land bank to forecast volumes.

See also Note 1, "Consolidated accounting and valuation principles," IFRS 8, "Operating Segments."

Revenue and expenses by operating segment

Each business stream has operating responsibility for its income statement down through "operating income."

Assets and liabilities by operating segment

Each business stream has operating responsibility for its capital employed. The capital employed by each business stream consists of its total assets minus tax assets and intra-Group receivables invested in Skanska's treasury unit ("internal bank") less non-interest-bearing liabilities excluding tax liabilities. In the calculation of capital employed, a capitalized interest expense is removed from total assets for the Residential Development and Commercial Property Development segments. Acquisition goodwill has been reported in the business stream to which it belongs.

Cash flow by segment is presented as a separate statement: Consolidated operating cash-flow statement and change in interest-bearing net receivables.

2012	Construction	Residential Development	Commercial Property Development	Infrastructure Development	Total operat-ing segments	Central and eliminations	Total segments	Reconciliation with IFRSs	Total IFRSs
External revenue	17,210.3	1,282.0	935.9	35.7	19,464.0	17.9	19,481.8	–381.1	19,100.7
Intra-Group revenue	1,175.6	0.0	59.7	0.0	1,235.2	–1,235.2	0.0	0.0	0.0
Total revenue	**18,385.9**	**1,282.0**	**995.6**	**35.7**	**20,699.2**	**–1,217.4**	**19,481.8**	**–381.1**	**19,100.7**
Cost of sales	–16,962.5	–1,177.8	–711.6	–34.4	–18,886.3	1,218.8	–17,667.5	273.9	–17,393.5
Gross income	**1,423.4**	**104.3**	**284.0**	**1.3**	**1,812.9**	**1.5**	**1,814.4**	**–107.2**	**1,707.2**
Selling and administrative expenses	–917.3	–121.5	–72.1	–27.5	–1,138.4	–118.3	–1,256.6	0.3	–1,256.3
Income from joint ventures and associated companies	6.9	0.4	1.9	113.0	122.3		122.3	20.2	142.5
Operating income	**513.0**	**–16.8**	**213.8**	**86.8**	**796.8**	**–116.8**	**680.0**	**–86.7**	**593.3**
Of which depreciation/amortization	–218.5	–0.7	–0.3	–1.2	–220.8	–3.7	–224.5		
Of which impairment losses/ reversals of impairment losses									
Goodwill					0		0		
Other assets	–4.9	–18.6			–23.5		–23.5		
Of which gains from commercial property divestments			250.0		250.0	15.8	265.8		
Of which gains from infrastructure project divestments				61.1	61.1		61.1		
Employees	55,132	528	273	141	56,074	544	56,618		
Gross margin, %	7.7	8.1							
Selling and administrative expenses, %	–5.0	–9.5							
Operating margin, %	2.8	neg							
Assets, of which									
Property, plant and equipment	1,198.0	7.8	1.4	1.8	1,209.1	9.4	1,218.4		
Intangible assets	694.1	72.4			766.5	11.4	777.9		
Investments in joint ventures and associated companies	28.9	74.6	3.1	213.0	319.6	51.4	371.0		
Current-asset properties	1.8	1,761.2	2,209.2		3,972.2	157.3	4,129.5		
Capital employed	274.4	1,734.9	2,085.8	171.9	4,267.1	1,024.9	5,291.9		
Investments	–391.8	–1,149.9	–950.4	–56.3	–2,548.3	–16.2	–2,564.5		
Divestments	45.8	1,189.3	609.3	160.1	2,004.4	0.4	2,004.9		
Net investments	**–346.0**	**39.4**	**–341.1**	**103.8**	**–543.9**	**–15.8**	**–559.7**		
Reconciliation from segment reporting to IFRSs									
Revenue according to segment reporting – binding agreement	18,385.9	1,282.0	995.6	35.7	20,699.2	–1,217.4	19,481.8		
Plus properties sold before the period		1,006.1	204.8		1,210.9		1,210.9		
Less properties not yet occupied by the buyer on closing day		–1,016.5	–519.3		–1,535.9	–13.7	–1,549.6		
Proportional method for joint ventures		–61.6			–61.6	28.6	–32.9		
Currency-rate differences		–10.0	0.6		–9.5		–9.5		
Revenue according to IFRS – handover	**18,385.9**	**1,199.9**	**681.6**	**35.7**	**20,303.2**	**–1,202.5**	**19,100.7**		
Operating income according to segment reporting – binding agreement	513.0	–16.8	213.8	86.8	796.8	–116.8	680.0		
Plus properties sold before the period		131.4	42.2		173.7		173.7		
Less properties not yet occupied by the buyer on closing day		–130.2	–129.7		–259.9	–9.0	–268.9		
Adjustment, income from joint ventures and associated companies		11.2			11.2		11.2		
New intra-Group profits						–2.2	–2.2		
Currency-rate differences		–1.3	0.9		–0.4		–0.4		
Operating income according to IFRS – handover	**513.0**	**–5.8**	**127.3**	**86.8**	**721.4**	**–128.0**	**593.3**		

Note 04 Continued

2011	Construction	Residential Development	Commercial Property Development	Infrastructure Development	Total operating segments	Central and eliminations	Total segments	Reconciliation with IFRSs	Total IFRSs
External revenue	16,654.4	1,316.8	855.7	42.7	18,869.6	2.2	18,871.7	–585.2	18,286.5
Intra-Group revenue	1,052.7	0.0	11.9	1.4	1,065.9	–1,065.9	0.0	0.0	0.0
Total revenue	**17,707.1**	**1,316.8**	**867.5**	**44.0**	**19,935.5**	**–1,063.8**	**18,871.7**	**–585.2**	**18,286.5**
Cost of sales	–16,271.4	–1,158.2	–620.7	–52.8	–18,103.0	1,078.9	–17,024.2	481.7	–16,542.4
Gross income	**1,435.7**	**158.6**	**246.9**	**–8.8**	**1,832.4**	**15.1**	**1,847.5**	**–103.5**	**1,744.0**
Selling and administrative expenses	–906.2	–104.7	–63.5	–20.3	–1,094.7	–114.7	–1,209.5	0.0	–1,209.5
Income from joint ventures and associated companies	4.5	–0.8	0.8	757.0	761.4		761.4	–0.3	761.1
Operating income	**534.0**	**53.1**	**184.2**	**727.9**	**1,499.2**	**–99.6**	**1,399.5**	**–103.8**	**1,295.7**
Of which depreciation/amortization	–211.2	–0.6	–0.2	–0.9	–212.8	–1.7	–214.5		
Of which impairment losses/reversals of impairment losses									
Goodwill	–5.1				–5.1		–5.1		
Other assets	–2.2	–12.3	–7.2		–21.7	–0.2	–21.9		
Of which gains from commercial property divestments			195.0		195.0	20.9	215.9		
Of which gains from infrastructure project divestments				708.5	708.5		708.5		
Employees	51,119	586	235	146	52,086	471	52,557		
Gross margin, %	8.1	12.0							
Selling and administrative expenses, %	–5.1	–8.0							
Operating margin, %	3.0	4.0							
Assets, of which									
Property, plant and equipment	1,002.2	6.4	1.2	2.0	1,011.8	6.5	1,018.3		
Intangible assets	680.8	67.3		0.0	748.1	2.0	750.1		
Investments in joint ventures and associated companies	29.5	98.4	1.3	238.0	367.1	–0.6	366.5		
Current-asset properties	3.8	1,799.0	1,637.6		3,440.4	–43.5	3,396.8		
Capital employed	69.1	1,848.1	1,600.3	204.3	3,721.7	655.0	4,376.7		
Investments	–568.2	–1,184.0	–538.0	–152.2	–2,442.3	1.7	–2,440.6		
Divestments	51.3	877.7	574.6	894.5	2,398.1	–6.5	2,391.7		
Net investments	**–516.9**	**–306.3**	**36.7**	**742.3**	**–44.2**	**–4.8**	**–49.0**		
Reconciliation from segment reporting to IFRSs									
Revenue according to segment reporting – binding agreement	17,707.1	1,316.8	867.5	44.0	19,935.5	–1,063.8	18,871.7		
Plus properties sold before the period		772.8	14.3		787.2		787.2		
Less properties not yet occupied by the buyer on closing day		–1,049.3	–213.6		–1,262.9		–1,262.9		
Proportional method for joint ventures		–145.8			–145.8	43.3	–102.6		
Currency-rate differences		–6.9	0.0		–6.9		–6.9		
Revenue according to IFRS – handover	**17,707.1**	**887.6**	**668.3**	**44.0**	**19,306.9**	**–1,020.5**	**18,286.5**		
Operating income according to segment reporting - binding agreement	534.0	53.1	184.2	727.9	1,499.2	–99.6	1,399.5		
Plus properties sold before the period		105.7	3.1		108.7		108.7		
Less properties not yet occupied by the buyer on closing day		–137.1	–44.0		–181.1		–181.1		
Adjustment, income from joint ventures and associated companies		–24.8	0.0		–24.8		–24.8		
New intra-Group profits						–5.4	–5.4		
Currency-rate differences		–1.1	0.0		–1.1	–0.2	–1.2		
Operating income according to IFRS – handover	**534.0**	**–4.2**	**143.2**	**727.9**	**1,400.9**	**–105.2**	**1,295.7**		

Note 04 Continued

External revenue by geographic area

	Sweden		United States		Other areas		Total	
SEK M	2012	2011	2012	2011	2012	2011	2012	2011
Construction	3,671.0	3,686.4	5,687.5	4,537.5	7,880.5	8,473.7	17,239.1	16,697.7
Residential Development	505.3	363.0			694.6	524.6	1,199.9	887.6
Commercial Property Development	399.9	644.7	133.9	0.8	85.6	10.9	619.5	656.4
Infrastructure Development	3.8	3.4	20.1	0.9	11.8	38.3	35.7	42.7
Central and eliminations	6.5	2.2			0.0	0.0	6.5	2.2
Total operating segments	**4,586.5**	**4,699.7**	**5,841.6**	**4,539.2**	**8,672.6**	**9,047.6**	**19,100.7**	**18,286.5**

The Group has no customers that account for 10 percent or more of its revenue.

Non-current assets and current-asset properties by geographic area

	Property, plant and equipment		Intangible assets[1]		Investments in joint ventures and associated companies		Current-asset properties	
SEK M	2012	2011	2012	2011	2012	2011	2012	2011
Sweden	309.6	256.5	29.0	16.5	142.1	107.5	1,674.1	1,618.5
Other areas	908.8	761.8	748.9	733.6	228.9	259.0	2,455.4	1,778.3
	1,218.4	**1,018.3**	**777.9**	**750.1**	**371.0**	**366.5**	**4,129.5**	**3,396.8**

1 Of the "Other areas" item for intangible assets, USD 240.1 M (223.4) was from Norwegian operations, USD 206.9 M (201.0) from U.K. operations and USD 135.1 M (137.1) from the U.S. market.

Note 05 Non-current assets held for sale and discontinued operations

Non-current assets held for sale and discontinued operations are recognized in compliance with IFRS 5. See "Accounting and valuation principles," Note 1. During 2012 and 2011, no operations were recognized as discontinued.

In late 2012, there were no non-current assets that were recognized in compliance with IFRS 5 as current assets and specified as Assets held for sale. There were no such non-current assets in 2011.

Note 06 Financial instruments and financial risk management

Financial instruments are reported in compliance with IAS 39, "Financial Instruments: Recognition and Measurement," IAS 32, "Financial Instruments: Presentation" and IFRS 7, "Financial Instruments: Disclosures."

Skanska's gross amounts due from and to customers for contract work are not recognized as a financial instrument and the risk in these gross amounts due is thus not reported in this note.

Risks in partly-owned joint venture companies in Infrastructure Development are managed in each respective company. Skanska's aim is to ensure that financial risk management in these companies is equivalent to that which applies to the Group's wholly owned companies. Management of the interest-rate risk in financing is essential in each respective company, because the contract period in many cases amounts to decades. This risk is managed with the help of long-term interest-rate swaps. These holdings are reported according to the equity method of accounting. As a result, financial instruments in each company are included under the items, "Income from joint ventures and associated companies." Disclosures on financial instruments in associated companies and joint ventures are not included in the following disclosures.

Financial risk management

Through its operations, aside from business risks Skanska is exposed to various financial risks such as credit risk, liquidity risk and market risk. These risks arise in the Group's reported financial instruments such as cash and cash equivalents, interest-bearing receivables, trade accounts receivable, accounts payable, borrowings and derivatives.

Objectives and policy

The Group endeavors to achieve a systematic assessment of both financial and business risks. For this purpose, it uses a common risk management model. The risk management model does not imply avoidance of risks, but is instead aimed at identifying and managing these risks.

Through the Group's Financial Policy, each year the Board of Directors states guidelines, objectives and limits for financial management and administration of financial risks in the Group. This policy document regulates the allocation of responsibility among Skanska's Board, the Senior Executive Team, Skanska Financial Services (Skanska's internal financial unit) and the business units.

Within the Group, Skanska Financial Services has operational responsibility for ensuring Group financing and for managing liquidity, financial assets and financial liabilities. A centralized financial unit enables Skanska to take advantage of economies of scale and synergies.

The objectives and policy for each type of risk are described in the respective sections below.

Credit risk

Credit risk describes the Group's risk from financial assets and arises if a counterparty does not fulfill its contractual payment obligation to Skanska. Credit risk is divided into financial credit risk, which refers to risk from interest-bearing assets, and customer credit risk, which refers to the risk from trade accounts receivable.

Financial credit risk – risk in interest-bearing assets

Financial credit risk is the risk that the Group runs in its relations with financial counterparties in the case of deposits of surplus funds, bank account balances and investments in financial assets. Credit risk also arises when using derivative instruments and consists of the risk that a potential gain will not be realized in case the counterparty does not fulfill its part of the contract.

In order to reduce the credit risk in derivatives, Skanska has signed standardized netting (ISDA) agreements with all financial counterparties with which it enters into derivative contracts.

Skanska endeavors to limit the number of financial counterparties, which must possess a rating at least equivalent to BBB+ at Standard & Poor's or the equivalent rating at Moody's. The permitted exposure volume per counterparty is dependent on the counterparty's credit rating and the maturity of the exposure.

Maximum exposure is equivalent to the fair value of the assets and amounted to USD 2 056,8 M. The average maturity of interest-bearing assets amounted to 0.5 (0.4) years on December 31, 2012.

Customer credit risk – risk in trade accounts receivable

Customer credit risks are managed within the Skanska Group's common procedures for identifying and managing risks: the Skanska Tender Approval Procedure (STAP) and the Operational Risk Assessment (ORA).

Skanska's credit risk with regard to trade receivables has a high degree of risk diversification, due to the large number of projects of varying sizes and types with numerous different customer categories in a large number of geographic markets.

The portion of Skanska's operations related to construction projects extends only limited credit, since projects are invoiced in advance as much as possible. In other operations, the extension of credit is limited to customary invoicing periods.

Trade accounts receivable	Dec 31, 2012	Dec 31, 2011
Carrying amount	2,902.1	2,618.1
Impairment losses	116.0	100.0
Cost	**3,018.1**	**2,718.1**

Change in impairment losses, trade accounts receivable	2012	2011
January 1	100.0	75.4
Impairment loss/reversal of impairment loss for the year	15.2	35.4
Impairment losses settled	–4.6	–3.2
Exchange-rate differences	5.4	–7.6
December 31	**116.0**	**100.0**

Risk in other operating receivables including shares

Other financial operating receivables consist of receivables for properties divested, accrued interest income, deposits etc. No operating receivables on the closing day were past due and there were no impairment losses.

Other financial operating receivables are reported by time interval with respect to when the amounts fall due in the future.

	2012	2011
Due within 30 days	0.9	4.9
Due in over 30 days but no more than one year	6.1	18.1
Due in more than 1 year	1.1	0.0
Total	**8.1**	**23.1**

Holdings of less than 20 percent of voting power in a company are reported as shares. Their carrying amount is USD 7.7 M (5.5). Shares are subject to changes in value. Impairment losses on shares total USD –1.8 M (–1.6), of which USD –0.1 M (–0.8) during 2012.

Liquidity risk

Liquidity risk is defined as the risk that Skanska cannot meet its payment obligations due to lack of liquidity or to difficulties in obtaining or rolling over external loans.

The Group uses liquidity forecasting as a means of managing the fluctuations in short-term liquidity. Surplus liquidity shall, if possible, primarily be used to repay the principal on loan liabilities.

Funding

Skanska has several borrowing programs – both committed bank credit facilities and market funding programs – which provide good preparedness for temporary fluctuations in the Group's short-term liquidity requirements and ensure long-term funding.

During 2012, Skanska took out a bilateral loan from the Nordic Investment Bank (NIB) amounting to EUR 100 M (equivalent to USD 131.8 M), which runs until 2017. The purpose of the loan is to fund Skanska's green property development work. To secure the Group's long-term credit supply, a new syndicated credit facility of EUR 600 M (equivalent to USD 790.8 M) was procured. The credit facility matures in 2017 and is intended to function as a back-up for the Group's market funding programs. It replaces earlier credit facilities totaling EUR 750 M (equivalent to USD 988.5 M). During 2012, the Group's market funding programs were reactivated for loans with maturity exceeding one year – Medium Term Note (MTN) loans. A total of more than USD 0.5 bn was issued.

USD M	Maturity	Currencies	Limit	Nominal	Utilized
Market funding programs					
Commercial paper (CP) program, maturities 0–1 years		SEK/EUR	6,000 MSEK	921.0	346.9
Medium Term Note MTN) program, maturities 1–10 years		SEK/EUR	8,000 MSEK	1,227.9	476.6
				2,148.9	**823.5**
Committed credit facilities					
Syndicated bank loan	2017	SEK/EUR/USD	600 MEUR	790.8	0.0
Bilateral loan agreements	2017/2018	EUR	200 MEUR	263.5	263.5
Other credit facilities				82.7	1.2
Total				**1,137.1**	**264.8**

At year-end 2012, the Group's unutilized credit facilities totaled USD 872.3 M (1,030.5).

Liquidity reserve and maturity structure

The objective is to have a liquidity reserve of at least SEK 4 billion (equivalent to about USD 0.6 bn) available within one week in the form of cash equivalents or committed credit facilities. At year-end 2012, cash and cash equivalents and committed credit facilities amounted to about SEK 11 (12) billion (equivalent to about USD 1.7 (1.7) bn), of which about SEK 8 billion (equivalent to about USD 1.2 bn) is available within one week.

The Group's policy is for the central borrowing portfolio's maturity to be distributed over time and for the portfolio to have a weighted average residual term of three years, including unutilized committed credit facilities, with a mandate to diverge within a two to four-year interval. On December 31, 2012, the average maturity of the borrowing portfolio was 3.3 years, if unutilized credit facilities are weighed in. The maturity structure of financial interest-bearing liabilities and derivatives related to borrowing was distributed over the coming years according to the following table.

			Maturity			
Maturity period	Carrying amount	Future payment amount	Within 3 months	Over 3 months within 1 year	Over 1 year within 5 years	More than 5 years
Interest-bearing financial liabilities	1,683.2	1,759.2	267.4	520.0	866.9	104.8
Derivatives: Currency forward contracts						
Inflow	–28.9	–1,499.9	–1,499.9			
Outflow	13.5	1,495.3	1,495.3			
Derivatives: Interest-rate swaps						
Inflow	0.0	–0.5	–0.5			
Outflow	7.5	8.0		2.0	6.0	
Total	**1,675.4**	**1,762.1**	**262.3**	**522.0**	**872.9**	**104.8**

The average maturity of interest-bearing liabilities amounted to 1.9 (1.5) years.

Other operating liabilities

Other operating liabilities that consist of financial instruments fall due for payments according to the table below.

Other operating liabilities	2012	2011
Due within 30 days	64.2	77.2
Due in over 30 days but no more than one year	1.1	16.4
Due in more than 1 year	13.5	2.0
Total	**78.7**	**95.6**

Market risk

Market risk is the Group's risk that the fair value of financial instruments or future cash flows from financial instruments will fluctuate due to changes in market prices. The main market risks in the consolidated accounts are interest-rate risk and foreign-exchange rate risk.

Interest-rate risk

Interest-rate risk is the risk that changes in interest rates will adversely impact the Group's future earnings and cash flow.

For the Group, exposure to interest-rate arises primarily from interest-bearing borrowing. To limit the risk, interest-rate maturities are to be distributed over time and have a weighted average residual refixing period of two years, with a mandate to diverge in +/–1 year. Interest-rate risk is defined as a change in the fair value of interest-bearing assets and liabilities, including derivatives in the event of a one percentage-point increase in interest rates across all maturities. The change in fair value may not exceed SEK 100 M (equivalent to about USD 15.3 M) measured as relative deviation against a comparative portfolio with a weighted average refixing period of two years, which is identified as a risk-neutral maturity.

The average rate refixing period for all of the Group's interest-bearing assets was 0.2 (0.3) years, and the interest rate amounted to 0.86 (1.22) percent at year-end. Of the Group's total interest-bearing financial assets, 56 (53) percent carry fixed interest rates and 44 (47) percent variable interest rates.

The average refixing period for all interest-bearing liabilities, taking into account derivatives but excluding pension liabilities, was 1.3 (0.6) years. The interest rate for interest-bearing liabilities amounted to 2.96 (3.02) percent. Taking into account derivatives, the interest rate was 2.28 (2.58) percent. Of total interest-bearing financial liabilities, after taking into account derivatives, 51 (39) percent carry fixed interest rates and 49 (61) percent variable interest rates.

On December 31, 2012 there were outstanding interest-rate swap contracts, amounting to USD 484.3 M (46.4), of which USD 43.3 M (46.4) has an amortizing structure. A net total of USD 326.2 M (46.4) of the Group's funding was swapped from variable to fixed interest. Skanska applies hedge accounting for these interest-rate swaps. The fair value of these hedges totaled USD –6.6 M (0,0) on December 31, 2012. The hedges fulfill effectiveness requirements, which means that unrealized profit or loss is recognized under "Other comprehensive income." There were also interest-rate swap contracts in partly owned joint venture companies.

The fair value of interest-bearing financial assets and liabilities, plus derivatives, would change by about USD 15.0 M (6.4) in the event of a one percentage-point change in market interest rates across the yield curve, given the same volume and interest rate refixing period as on December 31, 2012.

The interest-rate risk is USD 1.2 M lower than in comparative portfolios with a risk of USD 16.3 M and is attributable to interest refixing periods of less than two years.

Foreign-exchange rate risk

Foreign-exchange rate risk is defined as the risk of negative impact on the Group's income statement and statement of financial position due to fluctuations in exchange rates. This risk can be divided into transaction exposure, i.e. net operating and financial (interest/principal payment) flows, and translation exposure related to net investments in foreign subsidiaries.

Transaction exposure

Transaction exposure arises in a local unit when the unit's inflow and outflow of foreign currencies are not matched.

Although the Group has a large international presence, its operations are mainly of a local nature in terms of foreign-exchange rate risks, because project revenue and costs are mainly denominated in the same currency. If this is not the case, the objective is for each respective business unit to hedge its exposure in contracted cash flows against its functional currency in order to minimize the effect on earnings caused by shifts in exchange rates. The main tool for this purpose is currency-forward contracts.

The foreign-exchange rate risk for the Group may amount to a total of SEK 50 M (equivalent to USD 7.7 M), with risk calculated as the effect on earnings of a five percentage-point shift in exchange rates. As of December 31, 2012, foreign-exchange rate risk accounted for USD 2.8 M (2.3) of transaction exposure.

Contracted net flows in currencies that are foreign to the respective Group company are distributed among currencies and maturities as follows.

The Group's contracted net foreign currency flow[1]	2013	2014	2015 and later
PLN	–168.4	–39.9	
EUR	–108.5	3.4	6.3
GBP	–11.8	–2.3	
CZK	–9.4	–3.8	–0.5
HUF	–6.8		
USD	35.8	4.5	–2.1
Other currencies	–3.8		
Total equivalent value	**–272.9**	**–38.2**	**3.7**

1 Flows in PLN, CZK and HUF were mainly related to property development project expenses. Flows in EUR were mainly attributable to the New Karolinska Hospital (NKS) project and the Hallandsås rail tunnel, as well as construction operations in Norway and the U.K. The flow in GBP is attributable to NKS and the flow in USD originates from Construction in Latin America.

Skanska applies hedge accounting mainly in its Polish operations for hedging of contracted flows in EUR and for hedging of expenses in currencies other than the EUR in its European property development operations. The fair value of these hedges totaled USD 0.2 M (–1.5) on December 31, 2012.

The hedges fulfill effectiveness requirements, which means that unrealized profit or loss is recognized under "Other comprehensive income." The fair value of currency hedges for which hedge accounting is not applied totaled USD –1.8 M (–1.7) on December 31, 2012, including the fair value of embedded derivatives. Changes in fair value are recognized in the income statement.

Information on the changes recognized in the consolidated income statement and in "Other comprehensive income" during the period can be found in the table, "Impact of financial instruments on the consolidated income statement, other comprehensive income and equity" below.

Translation exposure

Net investments in Commercial Property and Infrastructure Development operations are currency-hedged, because the intention is to sell these assets over time.

To a certain extent, Skanska also currency hedges equity in those markets/currencies where a relatively large share of the Group's equity is invested. Decisions on currency hedging in these cases are made by Skanska's Board of Directors from time to time. At year-end 2012, about 30 percent of equity was currency hedged.

These hedges consist of forward currency contracts and foreign currency loans. The positive fair value of the forward currency contracts amounted to USD 15.7 M (18.1) and their negative fair value amounted to USD 3.5 M (4.9). The fair value of foreign currency loans amounted to USD 256.5 M (119.3).

An exchange rate shift where the USD falls/rises by 10 percent against other currencies would have an effect of +/– USD 0.24 billion on "Other comprehensive income" after taking hedges into account.

Hedging of net investments outside Sweden

	2012			2011		
Currency	Net investment	Hedge[1]	Hedged portion %	Net investment	Hedge[1]	Hedged portion, %
USD	809.2	266.2	33	717.5	204.1	28
EUR	627.3	268.2	43	595.2	254.9	43
CZK	449.3	128.0	28	418.5	121.9	29
NOK	553.0	163.0	29	486.4	126.2	26
PLN	337.7	78.6	23	314.9	69.5	22
BRL	30.4	0.0	0	80.4	0.0	0
GBP	165.9	10.0	6	25.4	10.7	42
Other areas	161.0	21.8	14	157.1	22.5	14
Total	**3,133.8**	**935.7**	**30**	**2,795.3**	**809.9**	**29**

1 After subtracting tax portion.

Hedge accounting is applied when hedging net investments outside Sweden.

The hedges fulfill efficiency requirements, which means that all changes due to shifts in exchange rates are recognized under "Other comprehensive income" and in the translation reserve in equity.

Refer to Note 34, "Effect of changes in foreign-exchange rates."

The role of financial instruments in the group's financial position and income

Financial instruments in the statement of financial position

The following table presents the carrying amount of financial instruments allocated by category as well as a reconciliation with total assets and liabilities in the statement of financial position. Derivatives subject to hedge accounting are presented separately both as financial assets and financial liabilities, but belong to the category, "At fair value through profit and loss."

See also Note 21, "Financial assets," Note 24, "Trade and other receivables," Note 27, "Financial liabilities" and Note 30, "Operating liabilities."

Assets	At fair value through profit or loss	Hedge-accounted derivatives	Held-to-maturity investments	Available-for-sale assets	Loans and receivables	Total carrying amount
2012						
Financial instruments						
Interest-bearing assets and derivatives						
Financial assets[1]						
Financial investments at fair value	13.2	15.7				28.9
Financial investments at amortized cost			202.5			202.5
Financial interest-bearing receivables					939.8	939.8
	13.2	**15.7**	**202.5**	**0.0**	**939.8**	**1,171.1**
Current investments at fair value						
Cash					885.6	885.6
	13.2	**15.7**	**202.5**	**0.0**	**1,825.5**	**2,056.8**
Trade accounts receivable[2]					**2,902.1**	**2,902.1**
Other operating receivables including shares						
Shares recognized as available-for-sale assets[3]				7.7		7.7
Other operating receivables[2, 4]					8.1	8.1
	0.0	**0.0**	**0.0**	**7.7**	**8.1**	**15.8**
Total financial instruments	**13.2**	**15.7**	**202.5**	**7.7**	**4,735.7**	**4,974.7**
2011						
Financial instruments						
Interest-bearing assets and derivatives						
Financial assets[1]						
Financial investments at fair value	15.2	18.1				33.4
Financial investments at amortized cost			222.6			222.6
Financial interest-bearing receivables					967.4	967.4
	15.2	**18.1**	**222.6**	**0.0**	**967.4**	**1,223.3**
Current investments at fair value						
Cash					770.3	770.3
	15.2	**18.1**	**222.6**	**0.0**	**1,737.7**	**1,993.6**
Trade accounts receivable[2]					**2,618.1**	**2,618.1**
Other operating receivables including shares						
Shares recognized as available-for-sale assets[3]				5.5		5.5
Other operating receivables[2, 4]					23.1	23.1
	0.0	**0.0**	**0.0**	**5.5**	**23.1**	**28.6**
Total financial instruments	**15.2**	**18.1**	**222.6**	**5.5**	**4,378.8**	**4,640.3**

The difference between fair value and carrying amount for financial assets is marginal.

1 The carrying amount for financial assets excluding shares, totaling USD 1,171.1 M (1,223.3) can be seen in Note 21, "Financial assets."
2 Refer to Note 24, "Trade and other receivables."
3 The shares are recognized at cost. The shares are reported in the consolidated statement of financial position among financial assets. See also Note 21, "Financial assets."
4 In the consolidated statement of financial position, USD 3,617.0 M (3,284.7) was reported as "Trade and other receivables." Refer to Note 24, "Trade and other receivables." Of this amount, USD 2,902.1 M (2,618.1) was under "Trade accounts receivable." These were reported as financial instruments. The remaining amount was USD 715.0 M (666.6) and was allocated between USD 8.1 M (23.1) in financial instruments and USD 706.8 M (643.5) in non-financial instruments. The amount reported as financial instruments included accrued interest income, deposits etc. Reported as non-financial items were, for example, interim items other than accrued interest, VAT receivables, pension-related receivables and other employee-related receivables.

Note 06 Continued

Reconciliation with statement of financial position	Dec 31, 2012	Dec 31, 2011
Assets		
Financial instruments	4,974.7	4,640.3
Other assets		
Property, plant and equipment and intangible assets	1,996.3	1,768.4
Investments in joint ventures and associated companies	371.0	366.5
Tax assets	279.8	305.7
Current-asset properties	4,129.5	3,396.8
Inventories	165.6	147.1
Gross amount due from customers for contract work	919.6	741.1
Trade and other receivables[1]	706.8	643.5
Total Assets	**13,543.4**	**12,009.6**

1 In the consolidated statement of financial position, USD 3,617.0 M (3,284.7) was reported as "Trade and other receivables." Refer to Note 24, "Trade and other receivables." Of this amount, USD 2,902.1 M (2,618.1) was under "Trade accounts receivable." These were reported as financial instruments. The remaining amount was USD 715.0 M (666.6) and was allocated between USD 8.1 M (23.1) in financial instruments and USD 706.8 M (643.5) in non-financial instruments. The amount reported as financial instruments included accrued interest income, deposits etc. Reported as non-financial items were, for example, interim items other than accrued interest, VAT receivables, pension-related receivables and other employee-related receivables.

Liabilities	At fair value through profit or loss	Hedge-accounted derivatives	At amortized cost	Total carrying amount
2012				
Financial instruments				
Interest-bearing liabilities and derivatives				
Financial liabilities[1]				
Financial liabilities at fair value	17.5	3.5		21.0
Financial liabilities at amortized cost			1,683.2	1,683.2
	17.5	**3.5**	**1,683.2**	**1,704.2**
Operating liabilities				
Trade accounts payable			1,919.1	1,919.1
Other operating liabilities[2]			78.7	78.7
	0.0	**0.0**	**1,997.9**	**1,997.9**
Total financial instruments	**17.5**	**3.5**	**3,681.0**	**3,702.1**
2011				
Financial instruments				
Interest-bearing liabilities and derivatives				
Financial liabilities[1]				
Financial liabilities at fair value	15.2	4.9		20.2
Financial liabilities at amortized cost			980.7	980.7
	15.2	**4.9**	**980.7**	**1,000.9**
Operating liabilities				
Trade accounts payable			1,695.3	1,695.3
Other operating liabilities[2]			95.6	95.6
	0.00	**0.00**	**1,790.9**	**1,790.9**
Total financial instruments	**15.2**	**4.9**	**2,771.6**	**2,791.8**

The difference between fair value and carrying amount for financial liabilities is marginal.

1 The carrying amount for financial liabilities totaling USD 1,704.2 M (1,000.9) are presented in Note 27, "Financial assets."
2 Other operating liabilities, totaling USD 2,773.6 M (2,354.2), were reported in the statement of financial position together with "Trade accounts payable" of USD 1,919.1 M (1,695.3) and "Other financial instruments" of USD 78.7 M (95.6). The total item in the statement of financial position amounted to USD 4,771.5 M (4,145.1) Refer to Note 30. Accrued interest expenses, checks issued but not cashed, liabilities for unpaid properties etc. were recognized as other financial operating liabilities. Other non-financial operating liabilities were, for example, items other than accrued interest, VAT liabilities, pension-related liabilities and other employee-related liabilities.

Note 06 Continued

Reconciliation with statement of financial position	Dec 31, 2012	Dec 31, 2011
Equity and Liabilities		
Financial instruments	3,702.1	2,791.8
Other liabilities		
Equity	2,970.5	2,841.4
Pensions	628.2	545.1
Tax liabilities	124.6	172.7
Provisions	925.2	862.9
Gross amount due to customers for contract work	2,419.0	2,441.5
Other operating liabilities[1]	2,773.6	2,354.2
Total equity and liabilities	**13,543.4**	**12,009.6**

1) Other operating liabilities, totaling USD 2,773.6 M (2,354.2), were reported in the statement of financial position together with "Trade accounts payable" of USD 1,919.1 M (1,695.3) and "Other financial instruments" of USD 78.7 M (95.6). The total item in the statement of financial position amounted to USD 4,771.5 M (4,145.1) Refer to Note 30. Accrued interest expenses, checks issued but not cashed, liabilities for unpaid properties etc. were recognized as other financial operating liabilities. Other non-financial operating liabilities were, for example, items other than accrued interest, VAT liabilities, pension-related liabilities and other employee-related liabilities.

Financial assets and liabilities at fair value through profit or loss

Financial assets and liabilities at fair value through profit or loss belong to the category that has been identified as such on the first recognition date or consist of derivatives. The amounts for 2012 and 2011 are attributable to derivatives.

Hedge accounted derivatives

Derivatives belong to the category "Financial assets and liabilities at fair value through profit or loss." Skanska separately reports hedge accounted derivatives. The amounts for 2012 and 2011 are related to forward currency contracts for hedging of net investments outside Sweden, as well as interest-rate swaps for loan hedges with variable interest rates.

Fair value

There are three different levels for setting fair value.

The first level uses the official price quotation in an active market.

The second level, which is used when a price quotation in an active market does not exist, calculates fair value by discounting future cash flows based on observable market rates for each respective maturity and currency.

The third level uses substantial elements of input data that are not observable in the market.

Fair values for the categories "At fair value through profit or loss" and "Hedged accounted derivatives" have been set according to the second level above. In calculating fair value in the borrowing portfolio, Skanska takes into account current market interest rates, which include the credit risk premium that Skanska is estimated to pay for its borrowing. Fair value of financial instruments with option elements is calculated using the Black-Scholes model. The fair value of assets totaling USD 28.9 M and liabilities totaling USD 21.0 M have been calculated according to this level.

Skanska has no assets or liabilities whose fair value has been set according to price quotations in an active market or another method.

Note 06 Continued

Impact of financial instruments on the consolidated income statement, other comprehensive income and equity

Revenue and expenses from financial instruments recognized in income statement	2012	2011
Recognized in operating income		
Interest income on loan receivables	2.8	6.3
Interest expenses on financial liabilities at cost		0.2
Impairment loss/reversal of impairment loss on loan receivables and trade accounts receivable	–1.2	–45.1
Cash-flow hedge removed from equity and recognized in income statement	–63.6	14.3
Total income and expenses in operating income	**–62.0**	**–24.3**
Recognized in financial items		
Interest income on financial assets at fair value through profit or loss[1]	13.0	7.4
Interest income on financial assets available for sale		
Interest income on held-to-maturity investments	2.2	4.6
Interest income on loan receivables	6.5	8.3
Interest income on cash	5.2	7.1
Changes in market value of financial assets at fair value through profit or loss	1.8	0.9
Net financial items from hedging of net investments in foreign subsidiaries[2]	7.1	7.2
Total income in financial items	**35.7**	**35.6**
Interest expenses on financial liabilities at fair value through profit or loss	–3.1	0.0
Interest expenses on financial liabilities at amortized cost	–61.3	–46.5
Changes in market value of financial assets at fair value through profit or loss	–1.5	–1.2
Changes in market value of financial liabilities at fair value through profit or loss	–0.4	–2.2
Net financial items from hedging of net investments in foreign subsidiaries[2]		
Net exchange-rate differences	–2.8	1.7
Expenses for borrowing programs	–3.2	–1.4
Bank-related expenses	–6.6	–8.3
Total expenses in financial items	**–79.0**	**–57.9**
Net income and expenses from financial instruments recognized in income statement	**–105.3**	**–46.7**
Of which interest income on financial assets not at fair value through profit or loss	16.7	26.3
Of which interest expenses on financial liabilities not at fair value through profit or loss	–61.3	–46.4

1 The amount refers to USD 13.0 M (7.4) worth of positive interest rate differences in currency swaps for the Group's borrowing.
2 The amount is related to interest income/expenses totaling USD 7.1 M (7.2) attributable to currency forward contracts.

Reconciliation with financial items	2012	2011
Total income from financial instruments in financial items	35.7	35.6
Total expenses from financial instruments in financial items	–79.0	–57.9
Interest income on pensions	–10.0	8.8
Other interest expenses	18.3	15.1
Other financial items	0.4	0.3
Total financial items	**–34.6**	**1.8**

See also Note 14, "Net financial items."

Income and expenses from financial instruments recognized under other comprehensive income	2012	2011
Cash-flow hedges recognized directly in equity	–69.8	–189.9
Cash-flow hedge removed from equity and recognized in income statement	63.6	–14.3
Translation differences for the year	147.2	–109.9
Resolved translation differences for divested companies		
Minus hedging on foreign-exchange rate risk in operations outside Sweden	–32.0	27.0
Total	**109.0**	**–287.1**
of which recognized in cash-flow hedge reserve	–6.2	–204.2
of which recognized in translation reserve	115.2	–82.9
	109.0	**–287.1**

Note 06 Continued

Collateral

The Group has provided collateral (assets pledged) in the form of financial receivables amounting to USD 158.7 M (155.7). See also Note 33, "Assets pledged, contingent liabilities and contingent assets." These assets may be utilized by a customer if Skanska does not fulfill its obligations according to the respective construction contract.

To a varying extent, the Group has obtained collateral for trade accounts payable in the form of guarantees issued by banks and insurance companies and, in some cases, in the form of guarantees from the parent companies of customers.

Note 07 Business combinations

Business combinations (acquisitions of businesses) are reported in compliance with IFRS 3, "Business Combinations." See "Accounting and valuation principles," Note 1. There were no acquisitions of businesses in 2012. Of the total of six corporate acquisitions implemented in 2011, three price purchase allocations were adjusted in 2012. This impacted goodwill with a reduction of USD 10.0 M. An additional purchase price of USD 3.2 M was paid during 2012.

Acquisitions of Group companies/businesses

Acquisition in the United States

Skanska completed the acquisition of Industrial Contractors Inc. in Indiana on December 28, 2011. Industrial Contractors Inc., which is being renamed Industrial Contractors Skanska Inc. (ICS), is a leading market player in commercial, industrial and power-related construction in the Midwestern U.S., where Skanska has previously had a limited presence. Skanska acquired 100 percent of the shares.

The main reasons for the acquisition are to enter the Midwestern market and to expand Skanska's portfolio of construction services, especially in industrial and power-related construction. The purchase price allocation was preliminary, and all intangible assets wereinitially classified as goodwill. In 2012, the purchase price allocation was adjusted, which resulted in a reduction of goodwill by USD 1.5 M.

If the acquisition had occurred on January 1, 2011, the net sales of the business would have amounted to USD 479.9 M and its net profit to USD 9.2 M.

The final purchase price was set after completed audit. An additional USD 2.5 M in purchase consideration was paid as compensation for being able to make a "338 election," which might make the entire goodwill amount tax-deductible over 15 years. This would result in about USD 29.0 M in tax savings over 15 years.

Direct acquisition expenditures amounted to USD 5.1 M, consisting of attorney and consultant expenses, and were charged to selling and administrative expenses in the consolidated income statement.

Acquisition in Finland

Skanska acquired 100 percent of Soraset Yhtiöt Oy, a civil construction company, on November 2, 2011. The acquisition strengthened Skanska's market position in Finland and is regarded as complementing its existing operations and enabling Skanska to provide increased service to its customers. Goodwill is attributable to the experience and knowledge that Soraset possesses as well as the synergies that will make it possible for Skanska to bid on more complex projects than it could otherwise do.

The contract contains an agreement on contingent consideration. Contingent consideration was conditional on specified earnings targets being met and to some extent that former owners remain employees of the company. The estimated contingent consideration was based on earnings reaching their targeted levels. The estimated contingent consideration totaled about USD 10.2 M, of which about USD 5.1 M recognized as a liability on the acquisition date. The remaining USD 5.1 M was recognized as a salary expense during a four-year period, contingent on the fulfillment of the conditions. If earnings exceeded the targets and former owners remained employees of the company, former owners would receive 50 percent of the portion of earnings that exceeded the targets. The total contingent consideration was not to exceed USD 20.3 M. If earnings fall short of targets, the total contingent consideration would be reduced to zero. Certain individuals belonging to the earlier owner consortium terminated their employment during 2012. The contingent consideration and liabilities were recalculated for this reason. In 2012, an additional purchase price totaling USD 0.7 M was paid. In 2012, the purchase price allocation was adjusted, which resulted in a reduction of goodwill by USD 1.7 M. Direct acquisition expenditures amounted to USD 1.1 M, consisting of consultant expenses, and were charged to selling and administrative expenses in the consolidated income statement.

In 2011, the consolidated income statement included net sales of USD 37.9 M and net profit of USD 0.9 M. If the acquisition had occurred on January 1, 2011, the net sales of the business would have amounted to USD 199.4 M and its net profit to USD 2.0 M.

Other acquisitions

On February 1, 2011, Skanska acquired 100 percent of the shares in the Slovakian company Skybau s.r.o. Skybau is a leading construction company in Slovakia in the field of cast-in-place concrete structures. The acquisition strengthened Skanska's market position in the construction sector both in the Czech Republic and Slovakia. Synergies between Skybau's market knowledge and experience of cast-in-place concrete structures, combined with Skanska's various strengths, accounted for the goodwill. Skanska's consolidated income statement included net sales of USD 1.2 M and a net profit of USD 0.0 M in 2011 for Skybau, which is essentially the same as if the acquisition had occurred on January 1.

On March 16, 2011, Skanska acquired 100 percent of TKI Invest AB, a Swedish contracting company in the heating, ventilation and air conditioning (HVAC) industry. The acquisition will enable Skanska to deliver more specialties in the installation field, and TKI will provide expertise and knowledge, in light of the ever-stricter energy requirements that the installation field faces. Goodwill is attributable to that expertise and knowledge. Skanska's consolidated income statement included net sales of USD 25.9 M and net profit of USD 0.3 M for TKI. If the acquisition had occurred on January 1, 2011, the net sales of the business would have amounted to USD 34.5 M and its net profit to USD 0.5 M.

On April 11, 2011, Skanska acquired Marthinsen & Duvholt AS (M&D), a Norwegian company in the civil construction industry.

The acquisition consisted of 75 percent of the shares. For the remaining 25 percent, there is a put/call option. The acquisition provided Skanska with important additional expertise and a market presence in the growing civil-construction segment that will lead to new synergies, which accounts for the goodwill item. Skanska's consolidated income statement included net sales of USD 41.0 M and a net profit of USD 1.5 M in 2011 for M&D. If the acquisition had occurred on January 1, the net sales of the business would have totaled USD 51.4 M and net profit USD 1.8 M.

On July 15, Skanska acquired Eshacold Danmark A/S, a Danish company in the asphalt industry. It is part of the Skanska Sweden business area. The purchase represents a broadening of Skanska's asphalt paving product range. Goodwill is attributable to synergies through knowledge of techniques that, among other things, reduce noise. The goodwill item is tax-deductible during a seven-year period. Skanska's consolidated income statement included net sales of USD 1.5 M and net profit of USD 0.2 M for Eshacold. If the acquisition had occurred on January 1, 2011, the net sales of the business would have been USD 2.8 M and net profit USD 0.2 M.

On December 14, 2011, Skanska acquired 100 percent of the Polish road construction company PUDiZ Sp. Z o.o. The acquisition enables Skanska to operate in a new geographic market in Poland. PUDiZ is a financially stable company with a broad range of road projects, which will strengthen Skanska's position as a road builder in northeastern Poland, where it was previously lacking a market presence. All this accounts for the goodwill item. The purchase price allocation was adjusted during 2012, which impacted the goodwill item with a reduction of USD 6.8 M.Skanska's consolidated income statement includes no net sales or net profit for PUDiZ during 2011. If the acquisition had occurred on January 1, 2011, the net sales of the business would have totaled USD 45.0 M and net profit USD –2,2 M.

Note 07 Continued

Purchase price allocations 2011

The following are disclosures of adjusted acquired net assets and goodwill per acquisition:

	United States	Finland	Other	Total
Purchase price	2.5	0.7	0.0	3.2
Fair value of net assets	4.1	2.5	6.8	13.4
Exchange-rate differences	0.1	0.1	0.0	0.2
Goodwill	**–1.5**	**–1.7**	**–6.8**	**–10.0**

The following are disclosures of adjusted acquired assets and liabilities, as well as the surplus value per acquisition:

Adjusted aquired assets and liabilities including surplus values per acquisition

	United States			Finland			Others			
	Acquired balance sheet	Surplus value	Total	Acquired balance sheet	Surplus value	Total	Acquired balance sheet	Surplus value	Total	Total, all acquisitions
Assets										
Intangible assets										0
Tangible assets		2.3	**2.3**				7.4		**7.4**	9.7
Shares and participations				0.5		**0.5**				0.5
Interest-bearing assets	–0.9		**–0.9**							–0.9
Non-interest-bearing assets	–3.7	0.6	**–3.1**	1.2		**1.2**				–1.8
Cash and cash equivalents			**0**							0
Total	**–4.6**	**2.9**	**–1.7**	**1.7**	**0.0**	**1.7**	**7.4**	**0.0**	**7.4**	**7.4**
Liabilities										
Non-controlling interests										0
Interest-bearing liabilities	–0.8		**–0.8**	–0.8		**–0.8**				–1.5
Non-interest-bearing liabilities	–4.9	–0.2	**–5.1**			**0.0**	0.6		**0.6**	–4.5
Total	**–5.7**	**–0.2**	**–5.8**	**–0.8**	**0.0**	**–0.8**	**0.6**	**0.0**	**0.6**	**–6.0**
Net assets	1.1	3.1	**4.1**	2.5	0.0	**2.5**	6.8	0.0	**6.8**	**13.4**

Preliminary purchase price allocations 2011

The following are disclosures of acquired net assets and goodwill per acquisition:

	United States	Finland	Others	Total
Purchase price	136.8	39.2	72.0	248.0
Fair value of net assets	50.5	12.2	23.9	86.6
Goodwill	**86.3**	**27.0**	**48.0**	**161.3**

Acquired assets and liabilities at the time of acquisition, and surplus value per acquisition:

	United States			Finland			Others			
	Acquired balance sheet	Surplus value	Total	Acquired balance sheet	Surplus value	Total	Acquired balance sheet	Surplus value	Total	Total, all acquisitions
Assets										
Intangible assets					1.7	**1.7**		0.7	**0.7**	2.5
Tangible assets	13.2	5.2	**18.4**	13.5		**13.5**	18.9	3.2	**22.1**	54.0
Shares and participations				0.7		**0.7**				0.7
Interest-bearing assets	6.7		**6.7**	5.7		**5.7**	0.1		**0.1**	12.5
Non-interest-bearing assets	73.1		**73.1**	29.6		**29.6**	37.0		**37.0**	139.7
Cash and cash equivalents	15.2		**15.2**	9.9		**9.9**	8.3		**8.3**	33.4
Total	**108.2**	**5.2**	**113.5**	**59.3**	**1.7**	**61.1**	**64.3**	**3.9**	**68.2**	**242.7**
Liabilities										
Non-controlling interests							1.5		**1.5**	1.5
Interest-bearing liabilities	1.2		**1.2**	16.7		**16.7**	6.8		**6.8**	24.7
Non-interest-bearing liabilities	61.8		**61.8**	31.5	0.7	**32.2**	35.3	0.7	**36.0**	130.0
Total	**63.0**	**0.0**	**63.0**	**48.2**	**0.7**	**48.9**	**43.5**	**0.7**	**44.3**	**156.1**
Net assets	45.3	5.2	**50.5**	11.2	1.0	**12.2**	20.7	3.2	**23.9**	**86.6**

Note 07 Continued

Final purchase price allocations for acquisitions in 2011

The following are disclosures of the total acquired net assets and goodwill per acquisition in 2011:

	United States	Finland	Others	Total
Purchase price	139.3	39.9	72.0	251.2
Fair value of net assets	54.6	14.6	30.7	100.0
Exchange-rate differences	0.1	0.1	0.0	0.2
Goodwill	**84.8**	**25.3**	**41.3**	**151.4**

Total acquired assets and liabilities, as well as surplus value per acquisition in 2011:

	United States			Finland			Others			
	Acquired balance sheet	Surplus value	Total	Acquired balance sheet	Surplus value	Total	Acquired balance sheet	Surplus value	Total	Total, all acquisitions
Assets										
Intangible assets					1.7	**1.7**		0.7	**0.7**	2.5
Tangible assets	13.2	7.5	**20.7**	13.5		**13.5**	26.2	3.2	**29.4**	63.6
Shares and participations	0.0			1.2		**1.2**				1.2
Interest-bearing assets	5.8		**5.8**	5.7		**5.7**	0.1		**0.1**	11.6
Non-interest-bearing assets	69.4	0.6	**70.1**	30.8		**30.8**	37.0		**37.0**	137.9
Cash and cash equivalents	15.2		**15.2**	9.9		**9.9**	8.3		**8.3**	33.4
Total	**103.6**	**8.1**	**111.8**	**61.0**	**1.7**	**62.8**	**71.6**	**3.9**	**75.6**	**250.1**
Liabilities										
Non-controlling interests							1.5		**1.5**	1.5
Interest-bearing liabilities	0.4		**0.4**	15.9		**15.9**	6.8		**6.8**	23.1
Non-interest-bearing liabilities	56.9	-0.2	**56.7**	31.5	0.7	**32.2**	35.9	0.7	**36.6**	125.6
Total	**57.3**	**-0.2**	**57.1**	**47.4**	**0.7**	**48.1**	**44.1**	**0.7**	**44.9**	**150.1**
Net assets	46.3	8.3	**54.6**	13.6	1.0	**14.6**	27.5	3.2	**30.7**	**100.0**

Note 08 Revenue

Projects in Skanska's contracting operations are reported in compliance with IAS 11, "Construction Contracts." See Note 9.

Revenue other than project revenue is recognized in compliance with IAS 18, "Revenue." See "Accounting and valuation principles," Note 1.

Revenue by business stream

	2012	2011
Construction	18,385,9	17,707,1
Residential Development	1,199,9	887,6
Commercial Property Development	681,6	668,3
Infrastructure Development	35,7	44,0
Other areas		
Central	62,3	54,8
Eliminations, see below	–1,264,8	–1,075,3
Total	**19,100,7**	**18,286,5**

Reported as eliminations

	2012	2011
Intra-Group construction for		
Construction	–57.6	–59.4
Residential Development	–671.6	–670.9
Commercial Property Development	–420.6	–278.3
Infrastructure Development[1]		
Intra-Group property divestments	–4.3	–6.9
Other	–110.8	–59.8
	–1,264.8	**–1,075.3**

1 Construction included USD 1,119.0 M (1 317.4) in intra-Group construction for Infrastructure Development. Elimination does not occur, since this revenue comprises invoicing to joint ventures, which are recognized according to the equity method of accounting.

Note 08 Continued

Revenue by category

	2012	2011
Construction contracts	16,067,8	15,223,9
Services	946,5	1,127,5
Sales of goods	261,1	385,3
Rental income	25,1	83,8
Divestments of properties	1,800,2	1,465,9
Total	**19,100,7**	**18,286,5**

As for other types of revenue, dividends and interest income are recognized in financial items. See Note 14, "Net financial items."

Other matters

Invoicing to associated companies and joint ventures amounted to USD 694.8 M (979.5). For other related party transactions, see Note 39, "Related party disclosures."

Note 09 Construction contracts

Construction contracts are recognized as revenue at the pace of project completion. See "Accounting and valuation principles," Note 1.

For risks in ongoing assignments, see Note 2, "Key estimates and judgments," and the Report of the Directors.

Information from the income statement

Revenue recognized during the year amounted to USD 16,067.8 M (15,223.9).

Information from the statement of financial position

Gross amount due from customers for contract work	2012	2011
Accrued revenue	9,645.3	10,155.8
Invoiced revenue	–8,725.7	–9,414.7
Total, asset	**919.6**	**741.1**

Gross amount due to customers for contract work	2012	2011
Invoiced revenue	33,766.5	30,989.1
Accrued revenue	–31,347.5	–28,547.6
Total, liability	**2,419.0**	**2,441.5**

Accrued revenue in ongoing projects including recognized gains minus recognized loss provisions amounted to USD 40,992.8 M (38,703.4).

Operating Advance payments received totaled USD 264.8 M (119.4).

Amounts retained by customers, which have been partly invoiced according to an established plan and which the customer is retaining in accordance with contractual terms until all the conditions specified in the contract are met, amounted to USD 404.5 M (330.4).

Note 10 Operating expenses by category of expense

During 2012, revenue increased by USD 814.2 M to USD 19,100.7 M (18,286.5). Operating income declined by USD 702.4 M to USD 593.3 M (1,295.7). The comparative year includes the USD 693.1 M divestment of Autopista Central in Chile. Personnel expenses for the year amounted to USD –4,130.7 M (–3,959.0). Other operating expenses adjusted for current–asset properties divested and income in joint ventures and associated companies amounted to USD –12,792.4 M (–12,398.9).

	2012	2011
Revenue	19,100,7	18,286,5
Personnel expenses [1]	–4,130.7	–3,959.0
Depreciation/amortization	–224.5	–214.5
Impairment losses	–23.5	–27.0
Carrying amount of current-asset properties divested	–1,478.9	–1,152.5
Income from joint ventures and associated companies	142.5	761.1
Other operating expenses [2]	–12,792.4	–12,398.9
Operating income	**593.3**	**1.295.7**

1 Recognized as personnel expenses are wages, salaries and other remuneration plus social insurance contributions, according to Note 36, "Personnel," and non-monetary remuneration such as company-car benefits and shares obtained under the SEOP.
2 Other operating expenses included purchased materials, machinery rentals and subcontractors.

Note 11 Selling and administrative expenses

Selling and administrative expenses are recognized as one item. See "Accounting and valuation principles," Note 1.

Selling and administrative expenses	2012	2011
Construction	–917.3	–906.2
Residential Development	–121.2	–104.7
Commercial Property Development	–72.1	–63.5
Infrastructure Development	–27.5	–20.3
Central and eliminations	–118.3	–114.7
Total	**–1,256.3**	**–1,209.5**

Note 12 Depreciation/amortization

Depreciation and amortization are carried out in compliance with IAS 16, "Property, Plant and Equipment," and IAS 38, "Intangible Assets." See Note 1, "Accounting and valuation principles."

Depreciation and amortization are presented below by business stream.

For further information on depreciation and amortization, see Note 17, "Property, plant and equipment," and Note 19, "Intangible assets."

Depreciation/amortization by asset class and business stream

	Construction	Residential Development	Commercial Property Development	Infrastructure Development	Central and eliminations	Total
2012						
Intangible assets	–10.5				–0.9	–11.4
Property, plant and equipment						
Property	–10.9	–0.1				–11.1
Plant and equipment	–197.1	–0.6	–0.3	–1.2	–2.8	–202.0
Total	**–218.5**	**–0.7**	**–0.3**	**–1.2**	**–3.7**	**–224.5**
2011						
Intangible assets	–12.8				–0.9	–13.7
Property, plant and equipment						
Property	–12.5	–0.2				–12.6
Plant and equipment	–185.9	–0.5	–0.2	–0.9	–0.8	–188.2
Total	**–211.2**	**–0.6**	**–0.2**	**–0.9**	**–1.7**	**–214.5**

Note 13 Impairment losses/Reversals of impairment losses

Impairment losses are recognized in compliance with IAS 36, "Impairment of Assets." See "Accounting and valuation principles," Note 1. Impairment losses on current-asset properties are recognized in compliance with 1AS 2, "Inventories."

Impairment loss/reversals of impairment losses are presented below by business stream.

For further information on impairment losses/reversals of impairment losses, see Note 17, "Property, plant and equipment," Note 18, "Goodwill," Note 19, "Intangible assets" and Note 22, "Current-asset properties/Project development."

Impairment losses/reversals of impairment losses by asset class and business stream

	Construction	Residential Development	Commercial Property Development	Infrastructure Development	Central and eliminations	Total
2012						
Recognized in operating income						
Goodwill						0
Property, plant and equipment						
Property	–2.4					–2.4
Plant and equipment	–1.9					–1.9
Investments in joint ventures and associated companies	–0.6	–1.2				–1.8
Current-asset properties						
Commercial Property Development						0.0
Residential Development		–17.4				–17.4
Total	**–4.9**	**–18.6**	**0.0**	**0.0**	**0.0**	**–23.5**
2011						
Recognized in operating income						
Goodwill	–5.1					–5.1
Property, plant and equipment						
Property	–0.9					–0.9
Plant and equipment	–1.2					–1.2
Investments in joint ventures and associated companies		–0.6			–0.2	–0.8
Current-asset properties						
Commercial Property Development			–7.2			–7.2
Residential Development		–11.7				–11.7
Total	**–7.2**	**–12.3**	**–7.2**	**0.0**	**–0.2**	**–27.0**

Note 14 Net financial items

	2012	2011
Financial income		
Interest income	26.9	27.4
Net interest income on pensions		8.8
Gain on divestments of shares	0.4	0.3
Change in fair value	7.4	8.2
	34.7	**44.7**
Financial expenses		
Interest expenses	–68.4	–52.1
Net interest income on pensions	–10.0	
Capitalized interest expenses	22.3	20.6
Change in fair value	–0.4	–3.4
Net exchange-rate differences	–2.8	1.7
Other financial items	–9.9	–9.7
	–69.3	**–42.8**
Total	**–34.6**	**1.8**

Disclosures on how large a portion of income and expenses in net financial items comes from financial instruments are presented in Note 6, "Financial instruments and financial risk management."

Net interest items

Net financial items amounted to USD –34.6 M (1.8). Net interest items declined to USD –29,2 M (4,8). Interest income declined to USD 26.9 M (27.4). Interest expenses including capitalized interest rose to USD –68.4 M (–52.1), which was mainly attributable to an increase in interest–bearing liabilities and the extension of interest refixing periods. During the year, Skanska capitalized interest expenses of USD 22.3 M (20.6) in ongoing projects for its own account.

Interest income was received at an average interest rate of 0.98 (1.03) percent. Interest expenses, excluding interest on pension liability, were paid at an average interest rate of 3.19 (3.03) percent during the year.

Taking into account derivatives, the average interest rate was 2.34 (2.09) percent. The increase was primarily due to the extension of refixing periods on outstanding liabilities.

Net interest on pensions, which refers to the estimated net amount of interest expenses related to defined–benefit pension obligations and return on pension plan assets on January 1, 2011, decreased to USD –10.0 M (8.8). See also Note 28, "Pensions."

The Group had net interest items of USD 2.8 M (6.5) that were recognized in operating income. See "Accounting and valuation principles," Note 1.

Change in fair value

Change in fair value of financial instruments amounted to USD 6.9 M (4.8). The improvement was mainly due to favorable interest-rate differences related to currency-rate hedging of net investments in Skanska's businesses outside Sweden, primarily in USD, EUR and CZK.

Net other financial items

Other financial items totaled USD –9.9 M (–9.7) and mainly consisted of various financial fees.

Note 15 Borrowing costs

Borrowing costs related to investments that require a substantial period for completion are capitalized. See "Accounting and valuation principles," Note 1. During 2012, borrowing costs were capitalized at an unchanged interest rate of about 3.0 percent.

	Capitalized interest during the year		Total accumulated capitalized interest included in cost	
	2012	2011	2012	2011
Current-asset properties	22.3	20.6	51.4	33.4
Total	**22.3**	**20.6**	**51.4**	**33.4**

Note 16 Income taxes

Income taxes are reported in compliance with IAS 12, "Income Taxes." See "Accounting and valuation principles," Note 1.

Tax expenses

	2012	2011
Current taxes	–120.5	–133.5
Deferred tax expenses from change in temporary differences	–55.5	–16.2
Deferred tax benefits from change in loss carryforwards	43.0	30.2
Taxes in joint ventures	–3.2	–8.2
Taxes in associated companies	0.0	–0.2
Total	**–136.3**	**–127.8**

Tax items recognized under other comprehensive income

	2012	2011
Deferred taxes attributable to cash-flow hedges	–0.1	8.8
Deferred taxes attributable to pensions	–13.1	124.9
Total	**–13.3**	**133.7**

There was no deferred tax attributable to the category, "available-for-sale financial assets."

Income taxes paid in 2012 amounted to USD –167.6 M (–263.7).

Relation between taxes calculated after aggregating nominal tax rates and recognized taxes

The Group's recognized taxe rate amounted to 24 (10) percent. The difference compared to 2011 is mainly attributable to the effect of the tax-free Autopista Central divestment in 2011.

The Group's aggregated nominal tax rate was estimated at 32 (29) percent.

The average nominal tax rate in Skanska's home markets in Europe amounted to about 24 (24) percent, and in the U.S., more than 40 (40) percent, depending on the allocation of income between the different states.

The relation between taxes calculated after aggregating nominal tax rates 32 (29) and recognized taxes of 24 (10) percent is explained in the table below.

	2012	2011
Income after financial items	558.8	1,297.6
Tax according to aggregation of nominal tax rates, 32 (29) percent	–178.8	–376.3
Tax effect of:		
Property divestments	36.8	45.1
Divestments of infrastructure projects	15.8	201.0
Changed tax rate in Sweden [1]	24.8	
Other items	–34.8	2.3
Recognized tax expenses	**–136.3**	**–127.8**

1 The tax rate in Sweden was changed from 26.3 percent to 22.0 percent, effective January 1, 2013. The effect of the change in the tax rate on deferred tax assets related to pensions is recognized under "Other comprehensive income." Refer to note 26. The effect of the change in the tax rate on other deferred tax assets and deferred tax liabilities totaled USD 24.8 M and is recognized in the income statement.

Note 16 Continued

Tax assets and tax liabilities

	Dec 31, 2012	Dec 31, 2011
Tax assets	87.2	63.3
Tax liabilities	36.8	38.2
Net tax assets (+), tax liabilities (–)	**50.3**	**25.1**

Tax assets and tax liabilities refer to the difference between estimated income tax for the year and preliminary tax paid, as well as income taxes for prior years that have not yet been settled.

Deferred tax assets and deferred tax liabilities

	Dec 31, 2012	Dec 31, 2011
Deferred tax assets according to the statement of financial position	192.6	242.5
Deferred tax liabilities according to the statement of financial position	87.8	134.5
Net deferred tax assets (+), deferred tax liabilities (–)	**104.8**	**108.0**

	Dec 31, 2012	Dec 31, 2011
Deferred tax assets for loss carryforwards	99.5	53.8
Deferred tax assets for other assets	82.7	73.1
Deferred tax assets for provisions for pensions	127.9	136.1
Deferred tax assets for ongoing projects	55.6	64.1
Other deferred tax assets	151.7	161.2
Total before net accounting	**517.3**	**488.4**
Net accounting of offset table deferred tax assets/liabilities	–324.6	–245.9
Deferred tax assets according to the statement of financial position	**192.6**	**242.5**

	Dec 31, 2012	Dec 31, 2011
Deferred tax liabilities for other non-current assets	61.7	48.0
Deferred tax liabilities for ongoing projects	229.8	166.1
Deferred tax liabilities for other current assets	54.6	62.0
Other deferred tax liabilities	66.3	104.3
Total before net accounting	**412.4**	**380.4**
Net accounting of offset table deferred tax assets/liabilities	–324.6	–245.9
Deferred tax liabilities according to the statement of financial position	**87.8**	**134.5**

Change in net deferred tax assets (+), liabilities (–)

	2012	2011
Net deferred tax liabilities/assets, January 1	108.0	–24.3
Divestments of companies		3.5
Recognized under other comprehensive income	–13.3	133.7
Deferred tax expenses/benefits	–12.6	14.0
Reclassifications	21.1	
Exchange-rate differences	1.6	–19.0
Net deferred tax assets, December 31	**104.8**	**108.0**

Deferred tax assets other than for loss carryforwards refer to temporary differences between carrying amounts for tax purposes and carrying amounts recognized in the statement of financial position.

These differences arise, among other things, when the Group's valuation principles diverge from those applied locally by a Group company. These deferred tax assets are mostly expected to be realized within five years.

Deferred tax assets arise, for example, when a recognized depreciation/amortization/impairment loss on assets becomes deductible for tax purposes only in a later period, when eliminating intra-Group profits, when the provisions for defined-benefit pensions differ between local rules and IAS 19, when the required provisions become tax-deductible in a later period and when advance payments to ongoing projects are taxed on a cash basis.

Deferred tax liabilities on other assets and other deferred tax liabilities refer to temporary differences between carrying amounts for tax purposes and carrying amounts in the statement of financial position. These differences arise, among other things, when the Group's valuation principles diverge from those applied locally by a Group company. These deferred tax liabilities are expected to be mostly realized within five years.

For example, deferred tax liabilities arise when depreciation/amortization for tax purposes in the current period is larger than the required economic depreciation/amortization and when accrued profits in ongoing projects are taxed only when the project is completed.

Temporary differences attributable to investments in Group companies, branches, associated companies and joint ventures for which deferred tax liabilities were not recognized totaled USD 0.0 M (0.0).

In Sweden and a number of other countries, divestments of holdings in limited companies are tax-exempt under certain circumstances. Temporary differences thus do not normally exist for shareholdings by the Group's companies in these countries.

Temporary differences and loss carryforwards that are not recognized as deferred tax assets

	Dec 31, 2012	Dec 31, 2011
Loss carryforwards that expire within one year	0.2	0.3
Loss carryforwards that expire in more than one year but within three years	27.6	27.3
Loss carryforwards that expire in more than three years	180.4	164.8
Total	**208.1**	**192.4**

Skanska has loss carryforwards in a number of different countries. In some of these countries, Skanska currently has no operations or limited ones. In certain countries, current earnings generation is at such a level that the likelihood that a loss carryforward can be utilized is difficult to assess. There may also be limitations on the right to offset loss carryforwards against income. In these cases, no deferred tax asset is reported for these loss carryforwards.

Note 17 Property, plant and equipment

Property, plant and equipment are reported in compliance with IAS 16, "Property, Plant and Equipment." See Note 1, "Accounting and valuation principles."

Office buildings and other buildings used in the Group's business are recognized as property, plant and equipment.

Machinery and equipment are recognized as a single item ("Plant and equipment").

Property, plant and equipment by asset class

	2012	2011
Property	321.9	271.5
Plant and equipment	874.0	727.7
Property, plant and equipment under construction	22.6	19.2
Total	**1,218.4**	**1,018.3**

Depreciation of property, plant and equipment by asset class and function

	Cost of sales		Selling and administration		Total	
	2012	2011	2012	2011	2012	2011
Property	–8.3	–10.5	–2.8	–2.2	–11.1	–12.6
Plant and equipment	–185.0	–173.1	–17.0	–15.1	–202.0	–188.2
Total	**–193.3**	**–183.6**	**–19.8**	**–17.2**	**–213.1**	**–200.8**

Impairment losses/reversals of impairment losses on property, plant and equipment

During 2012, net impairment losses in the amount of USD –4.3 M (–2.2) were recognized.

All impairment losses /reversals of impairment losses were recognized under "Cost of sales."

	Property		Plant and equipment		Total	
Impairment losses/reversals of impairment losses	2012	2011	2012	2011	2012	2011
Impairment losses	–2.4	–1.1	–3.2	–1.2	–5.6	–2.3
Reversals of impairment losses	0.0	0.2	1.3		1.3	0.2
Total	**–2.4**	**–0.9**	**–1.9**	**–1.2**	**–4.3**	**–2.2**

Amount of impairment losses/ reversals of impairment losses based on	2012	2011	2012	2011	2012	2011
Net realizable value	–2.4	–1.1	–3.2	–1.4	–5.6	–2.5
Value in use		0.2	1.3	0.2	1.3	0.3
Total	**–2.4**	**–0.9**	**–1.9**	**–1.2**	**–4.3**	**–2.2**

Information about cost, accumulated amortization and accumulated impairment losses

	Property		Plant and equipment		Property, plant and equipment under construction	
	2012	2011	2012	2011	2012	2011
Accumulated cost						
January 1	434.7	406.4	2,504.4	2,273.1	19.2	9.1
Investments	37.8	35.1	320.0	282.6	32.6	22.3
Acquisitions of companies	9.2	12.8	0.1	44.5		
Divestments	–1.0	–2.5	–70.0	–14.3	–3.5	–0.6
Reclassifications	13.9	–2.5	31.9	–10.9	–26.3	–10.9
Exchange-rate differences for the year	20.6	–14.7	120.1	–70.6	0.6	–0.7
	515.1	**434.7**	**2,906.5**	**2,504.4**	**22.6**	**19.2**
Accumulated depreciation						
January 1	–143.8	–136.3	–1,764.8	–1,653.2		
Divestments and disposals	0.3	0.5	50.2	5.1		
Reclassifications	0.3	–0.3	–2.2	26.0		
Depreciation for the year	–11.1	–12.6	–201.6	–188.2		
Exchange-rate differences for the year	–8.1	4.9	–85.8	45.5		
	–162.4	**–143.8**	**–2,004.1**	**–1,764.8**		
Accumulated impairment losses						
January 1	–19.4	–19.6	–11.9	–11.5		
Divestments			–2.8	0.3		
Reclassifications	–7.7		–9.9	–0.2		
Impairment losses/reversals of impairment losses for the year	–2.4	–0.9	–1.9	–1.2		
Exchange-rate differences for the year	–1.4	1.0	–1.9	0.6		
	–30.9	**–19.4**	**–28.4**	**–11.9**		
Carrying amount, December 31	**321.9**	**271.5**	**874.0**	**727.7**	**22.6**	**19.2**
Carrying amount, January 1	271.5	250.6	727.7	608.4	19.2	9.1

Other matters

Information about capitalized interest is presented in Note 15, "Borrowing costs."

For information on finance leases, see Note 40, "Leases."

Skanska has obligations to acquire property, plant and equipment in the amount of USD 58.2 M (13.2).

Skanska did not receive any compensation from third parties for property, plant and equipment that was damaged or lost, either in 2012 or 2011.

Note 18 Goodwill

Goodwill is recognized in compliance with IFRS 3, "Business Combinations." See Note 1, "Accounting and valuation principles."

For key judgments, see Note 2.

Goodwill amounted to USD 749.3 M (727.2). During 2012, goodwill increased by USD 22.1 M, mainly due to exchange-rate differences. During the comparative year, goodwill increased by USD 151.4 M.

See also Note 7.

Goodwill value by cash-generating units

	2012	2011	change during the year	of which acquisitions	of which exchange-rate differences
Sweden	11.1	10.4	0.6		0.6
Norway	240.1	223.3	16.8		16.8
Finland	63.2	63.8	–0.6	–1.7	1.1
Poland	6.8	12.2	–5.4	–6.8	1.4
Czech Republic/Slovakia	86.9	83.0	3.9		3.9
United Kingdom	206.9	198.5	8.4		8.4
USA Building	40.7	40.6	0.0		0.0
USA Civil	93.8	95.3	–1.5	–1.5	0.0
Total	**749.3**	**727.2**	**22.1**	**–10.0**	**32.1**

The goodwill recoverable amount is based exclusively on value in use.

Goodwill value together with other non-current asset, current-asset property and net working capital values are tested annually.

Expected cash flows are based on forecasts for each submarket in the countries where the Group has operations. Important variables taken into account include demographic and interest-rate trends. The forecasts are based on previous experience, Skanska's own assessments and external sources of information. The forecast period encompasses three years.

The growth rate that is used to extrapolate cash-flow forecasts beyond the period covered by the three-year forecasts is the normal growth rate for the industry in each respective country.

Normally, 2 percent has been used.

Each unit uses a unique discount factor based on weighted average cost of capital (WACC).

Parameters that affect the WACC are interest rates for borrowing, market risks and the ratio between borrowed funds and equity. The WACC interest rate is stated before taxes.

The following table shows how the carrying amount relates to the recoverable amount for the respective business units for Skanska's largest goodwill items. The recoverable amount is expressed as 100. The tests are based on an assessment of developments during the coming three-year period.

	Norway	Finland	Czech Republic	United Kingdom	USA Civil
Recoverable value, 100	100	100	100	100	100
Carrying amount[1]	22	20	37	n.a	n.a
Interest rate, percent (WACC)	9	9	11	11	12
Carrying amount in relation to recoverable amount, 100 in case of increase in interest rate					
+ 1 percentage point	26	23	41	n.a	n.a
+ 5 percentage points[2]	41	34	56	n.a	n.a

1 For Skanska's operations in the U.K. and U.S., the carrying amount was negative due to a negative working capital that exceeds the value of non-current assets.
2 Value > 100 indicates that the recoverable amount is less than the carrying amount and an impairment loss needs to be recognized.

Goodwill impairment losses

During 2012 the Group recognized goodwill impairment losses of USD 0.0 M (–5.1). Last year's impairment was attributable to acquisitions in Estonia.

Information about cost and accumulated impairment losses

	Goodwill	
	2012	2011
Accumulated cost		
January 1	791.4	635.6
Acquisitions of companies	–10.0	171.3
Exchange-rate differences for the year	34.0	–15.5
	815.3	**791.4**
Accumulated impairment losses		
January 1	–64.1	–59.8
Impairment losses for the year	0.0	–5.1
Exchange-rate differences for the year	–1.9	0.8
	–66.0	**–64.1**
Carrying amount, December 31	**749.3**	**727.2**
Carrying amount, January 1	727.2	575.8

Note 19 Intangible assets

Intangible assets are recognized in compliance with IAS 38, "Intangible Assets." See "Accounting and valuation principles," Note 1.

Intangible assets and useful life applied

	Dec 31, 2012	Dec 31, 2011	Useful life applied
Intangible assets, internally generated	1.2		3–5 years
Intangible assets, externally acquired	27.3	22.9	3–years
Total	**28.5**	**22.9**	

"Externally acquired intangible assets" includes acquired patents in Sweden, acquired service contracts in the United Kingdom, acquired customer contracts in Poland, extraction rights for gravel pits and rock quarries in Sweden, and computer software.

Computer software is amortized over three to five years. Service contracts are amortized over a period of three to six years, customer contracts are amortized at the pace of completion and patents are amortized over ten years. Extraction rights for rock quarries and gravel pits are amortized as material is extracted.

Amortization of other intangible assets by function

All intangible assets were amortized, because they have a limited useful life.

Amortization by function	2012	2011
Cost of sales	–5.9	–5.4
Selling and administration	–5.5	–8.3
Total	**–11.4**	**–13.7**

Impairment losses/reversals of impairment losses on other intangible assets

During 2012 and 2011, there were no impairment losses/reversals of impairment losses on other intangible assets.

Information about cost, accumulated amortization and accumulated impairment losses

	Expressway concession		Other intangible assets, externally acquired		Intangible assets, internally generated[1]	
	2012	2011	2012	2011	2012	2011
Accumulated cost						
January 1	0.0	27.3	121.2	111.7	9.3	9.4
Acquisitions of companies				2.6		
Other investments		25.3	15.1	10.8	0.4	
Divestments		–27.9	–1.3	–0.8		
Disposals					–9.5	
Reclassifications		–26.0	–2.4		1.0	
Exchange-rate differences for the year		1.3	3.9	–3.2	0.2	–0.1
	0.0	**0.0**	**136.5**	**121.2**	**1.5**	**9.3**
Accumulated amortization						
January 1	0.0	0.0	–94.5	–82.8	–9.3	–9.4
Divestments			1.3	0.2		
Amortization for the year			–11.1	–13.7	–0.3	
Disposals					9.5	
Reclassifications			1.3			
Exchange-rate differences for the year			–2.3	1.9	–0.2	0.1
	0.0	**0.0**	**–105.1**	**–94.5**	**–0.3**	**–9.3**
Accumulated impairment losses						
January 1			–3.8	–4.3		
Divestments				0.5		
Impairment losses for the year						
Exchange-rate differences for the year			–0.2			
	0.0	**0.0**	**–4.0**	**–3.8**	**0.0**	**0.0**
Carrying amount, December 31	**0.0**	**0.0**	**27.3**	**22.9**	**1.2**	**0.0**
Carrying amount, January 1	0.0	27.3	22.9	24.7	0.0	0.0

1 Internally generated intangible assets consisted of computer software.

Other matters

Information about capitalized interest is presented in Note 15, "Borrowing costs." Direct research and development expenses amounted to USD 16.8 M (6.5).

Note 20 Investments in joint ventures and associated companies

Investments in joint ventures and associated companies are reported according to the equity method of accounting. Income from joint ventures and associated companies is reported on a separate line in operating income.

This income consists of the Group's share of the income in joint ventures and associated companies after financial items, adjusted for any impairment losses on consolidated goodwill and intra-Group profits.

Income from joint ventures and associated companies is presented in the following table:

	2012	2011
Share of income in joint ventures according to the equity method[1]	80.0	58.5
Share of income in associated companies according to the equity method[1]	0.4	0.5
Divestments of joint ventures	63.8	702.9
Impairment losses in joint ventures	–1.8	–0.8
Total	**142.5**	**761.1**

1 When calculating the income of joint ventures and associated companies according to the equity method, the Group's share of taxes is recognized on the "Taxes" line in the income statement. The Group's share of taxes in joint ventures amounted to USD –3.2 M (–8.2) and its share of taxes in associated companies amounted to USD 0.0 M (–0.2). See also Note 16, "Income taxes."

Carrying amount according to the statement of financial position and the change that occurred during 2012 can be seen in the following table:

	2012			2011		
	Joint ventures	Associated companies	Total	Joint ventures	Associated companies	Total
January 1	362.4	4.1	366.5	256.9	4.0	260.9
Investments	57.1		57.1	186.2		186.2
Divestments	–94.1	–1.3	–95.4	7.7		7.7
Reclassifications	–9.0	1.0	–8.0	61.9		61.9
Exchange-rate differences for the year	16.1	0.2	16.3	–16.2	–0.2	–16.4
The year's provision/reversal for intra-Group profit on contracting work			0.0	–0.5		–0.5
Changes in fair value of derivatives	–7.8		–7.8	–158.6		–158.6
Impairment losses for the year	–1.8		–1.8	–0.8		–0.8
The year's change in share of income in joint ventures and associated companies after subtracting dividends received	44.0		44.0	25.7	0.3	26.0
Carrying amount, December 31	**367.0**	**4.0**	**371.0**	**362.4**	**4.1**	**366.5**

Joint ventures

Joint ventures are reported in compliance with IAS 31, "Interests in Joint Ventures." See "Accounting and valuation principles," Note 1.

The Group has holdings in joint ventures with a carrying amount of USD 367.0 M (362.4).

Infrastructure Development included a carrying amount in joint ventures totaling USD 213.0 M (238.0).

There was also a minor amount of provisions for negative values in joint ventures.

Income from joint ventures

Share of income in joint ventures is reported in operating income, because these holdings are an element of Skanska's business.

Share of income in joint ventures according to the equity method comes mainly from Infrastructure Development operations.

Note 20 Continued

Infrastructure Development

Infrastructure Development specializes in identifying, developing and investing in privately financed infrastructure projects, such as roads, hospitals and schools. The business stream focuses on creating new potential projects, mainly in the markets where the Group has operations.

Income from holdings in joint ventures in Infrastructure Development was higher in the preceding year, mainly due to the divestment of Autopista Central in Chile.

During the year, Skanska signed contracts for three projects: The Mullberg wind farm in Jämtland County, Sweden; Midtown Tunnel /Elizabeth River Tunnels, U:S.; Essex Schools, U.K.

Specification of major holdings of shares and participations in joint ventures

Company	Operations	Country	Percentage of share capital	Percentage of voting power	Currency	Consolidated carrying amount Dec 31, 2012	Dec 31, 2011
Joint ventures in Infrastructure Development							
Antofagasta Inversora S.A.	Highway	Chile	50	50	CLP	35.3	20.6
Bristol LEP Ltd	Education	United Kingdom	80	80	GBP	0.2	0.3
Bristol PFI Development Ltd	Education	United Kingdom	50	50	GBP	0.0	1.3
Capital Hospitals (Holdings) Ltd	Healthcare	United Kingdom	38	38	GBP	52.3	44.7
Central Nottinghamshire Hospital (Holdings) Ltd[1]	Healthcare	United Kingdom	–	–	GBP	–	31.3
Connect Plus Holdings Ltd	Highway	United Kingdom	40	40	GBP	23.3	2.2
Croydon and Lewisham Lighting Services (Holdings) Limited shares	Street lighting	United Kingdom	50	50	GBP	0.0	0.0
Derby Healthcare Holdings Ltd[1)]	Healthcare	United Kingdom	–	–	GBP	–	14.4
Elizabeth River Crossings LLC	Highway/Tunnel	USA	50	50	USD	0.0	–
Elizabeth River Crossings Holdco LLC	Highway/Tunnel	USA	50	50	USD	0.0	–
Essex LEP Ltd	Education	United Kingdom	70	70	GBP	0.0	0.7
Essex PFI Ltd	Education	United Kingdom	45	25	GBP	0.0	0.1
Essex Schools Holdings (Woodlands) Limited	Education	United Kingdom	45	25	GBP	0.0	–
Gdansk Transport Company S.A	Highway	Poland	30	30	PLN	62.9	54.0
Mullbergs Vindpark AB	Wind power	Sweden	50	50	SEK	6.8	–
Sjisjka Vind AB	Wind power	Sweden	50	50	SEK	31.8	21.9
Surrey Lighting Service Holding Company Ltd	Street lighting	United Kingdom	50	50	GBP	0.0	0.0
Swedish Hospital Partners Holding AB	Healthcare	Sweden	50	50	SEK	0.0	0.0
The Coventry and Rugby Hospital Comp.Ltd[1]	Healthcare	United Kingdom	–	–	GBP	–	14.2
The Walsall Hospital Company Plc[1)]	Healthcare	United Kingdom	–	–	GBP	–	13.1
Tieyhtiö Nelostie Oy	Highway	Finland	50	50	EUR	0.5	4.6
Tieyhtiö Ykköstie Oy[1]	Highway	Finland	–	–	EUR	–	14.5
Total joint ventures in Infrastructure Development						**213.0**	**238.0**
Galoppfältet Exploatering AB	Residential Development	Sweden	50	50	SEK	51.1	47.4
AB Sydsten	Construction	Sweden	50	50	SEK	13.2	14.5
Other joint ventures						89.6	62.5
Total joint ventures, Skanska Group						**367.0**	**362.4**

1 The holding was divested during 2012.

Estimated value of shares and participations in joint ventures in Infrastructure Development

USD bn	Dec 31, 2012	Dec 31, 2011
Present value of cash flow from projects	0.8	0.7
Present value of remaining investments	–0.1	–0.1
Present value of projects	**0.7**	**0.6**
Carrying amount before cash-flow hedging[1]	–0.4	–0.4
Unrealized development gain[2]	**0.3**	**0.2**
Cash-flow hedges	0.2	0.2
Effect on unrealized equity	**0.5**	**0.4**

1 After taking into account provisions for negative carrying amounts. See Note 29, "Provisions."
2 Tax effects not included.

Note 20 Continued

Information on the Group's share of the income statements and statements of financial position of joint ventures reported according to the equity method

			The amounts include Infrastructure Development operations totaling	
Income statement	**2012**	**2011**	**2012**	**2011**
Revenue	906.8	695.8	654.3	596.6
Operating expenses	-868.1	-668.3	-647.5	-576.2
Operating income	**38.7**	**27.6**	**6.8**	**20.5**
Financial items	40.6	30.2	45.0	33.6
Income after financial items[1]	**79.3**	**57.8**	**51.8**	**54.1**
Taxes	-3.2	-8.2	-2.4	-7.1
Profit for the year	**76.0**	**49.6**	**49.5**	**47.0**
Statement of financial position				
Non-current assets	2,746.7	2,986.5	2,697.9	2,921.2
Current assets	1,072.3	666.3	693.6	414.1
Total Assets	**3,819.0**	**3,652.8**	**3,391.6**	**3,335.3**
Equity attributable to equity holders	338.6	328.6	185.3	204.7
Non-controlling interests	0.3	13.1	0.3	7.5
Non-current liabilities	3,207.1	3,089.8	3,110.1	2,980.3
Current liabilities	273.1	221.3	95.9	142.8
Total equity and liabilities	**3,819.0**	**3,652.8**	**3,391.6**	**3,335.3**

1 The amount includes impairment losses in the consolidated accounts.

			The amounts include Infrastructure Development operations totaling	
Reconciliation with shares in joint ventures	**2012**	**2011**	**2012**	**2011**
Skanska's portion of equity in joint ventures, adjusted for surplus value and goodwill	338.6	328.6	185.3	204.7
+ Recognized as provisions	0.6	0.6		
+ Losses in Infrastructure Development that are recognized as provisions	27.8	33.2	27.8	33.2
Carrying amount of shares	**367.0**	**362.4**	**213.0**	**238.0**

Assets pledged

Shares in joint ventures pledged as collateral for loans and other obligations amounted to USD 68.9 M (62.2).

Other matters

Skanska's portion of the total investment obligations of partly owned joint ventures amounted to USD 672.0 M (531.6), of which Skanska has remaining obligations to invest USD 236.5 M (136.1) in Infrastructure Development in the form of equity holdings and loans.

The remaining portion is expected to be financed mainly in the form of bank loans or bond loans in the respective joint ventures and in the form of participations and loans from other co-owners.

Contingent obligations for joint ventures amounted to USD 97.8 M (50.1).

Associated companies

Associated companies are reported in compliance with IAS 28, "Investments in Associates." See "Accounting and valuation principles," Note 1.

The carrying amount of associated companies was USD 4.0 M (4.1).

Information on the Group's share of revenue, income, assets, liabilities and equity in associated companies

	2012	**2011**
Revenue	2.5	2.6
Earnings	0.0	0.2
Assets	4.0	4.1
Equity[1]	4.0	4.1
Liabilities	0.0	0.0
	4.0	**4.1**

1 Reconciliation between equity and carrying amount of holdings, in accordance with the equity method of accounting.

	2012	**2011**
Equity in associated companies	4.0	4.1
Adjustment for losses not recognized	0.0	0.0
Carrying amount	**4.0**	**4.1**

Unrecognized portion of losses in associated companies

	2012	**2011**
Loss for the year	0.0	0.0
Divestment	0.0	159.5
Losses in prior years	0.0	0.0

Other matters

The associated companies have no liabilities or contingent liabilities which the Group may become responsible for paying. Nor are there any obligations for further investments.

Note 21 Financial assets

Financial investments, financial receivables and shareholdings where ownership is less than 20 percent and the Group has no significant influence are recognized as financial non-current assets. Financial investments and financial receivables are recognized as financial current assets.

Refer also to Note 6, "Financial instruments and financial risk management"

Financial non-current assets	Dec 31, 2012	Dec 31, 2011
Financial investments		
Financial assets available for sale[1]	7.7	5.5
	7.7	**5.5**
Financial receivables, interest-bearing		
Receivables from joint ventures	116.2	119.6
Restricted cash	85.5	134.4
Net assets in funded pension plans	70.0	22.1
Other interest-bearing receivables	3.4	24.4
	275.1	**300.3**
Total	**282.7**	**305.9**
of which interest-bearing financial non-current assets	275.1	300.3
of which non-interest-bearing financial non-current assets	7.7	5.5

Financial current assets	Dec 31, 2012	Dec 31, 2011
Financial investments		
Financial assets at fair value through profit or loss		
Derivatives	13.2	15.2
Hedge accounted derivatives	15.7	18.1
Held-to-maturity investments	202.5	222.6
	231.3	**255.9**
Financial receivables, interest-bearing		
Restricted cash	612.3	587.1
Receivables from joint ventures	11.2	
Other interest-bearing receivables	41.3	79.9
	664.8	**667.0**
Total	**896.1**	**923.0**
of which interest-bearing financial current assets	867.2	889.6
of which non-interest-bearing financial current assets	28.9	33.4
Total carrying amount, financial assets	**1,178.8**	**1,228.8**
of which financial assets excluding shares	1,171.1	1,223.3

1 Included USD 7.7 M (5.5) in shares carried at cost.
During 2012, shareholdings were affected by impairment losses of USD –0.1 M (–0.8).

Note 22 Current-asset properties/Project development

Current-asset properties are reported in compliance with IAS 2, "Inventories." See "Accounting and valuation principles," Note 1.

The allocation of items in the statement of financial position among the various business streams is presented below.

Business stream	Dec 31, 2012	Dec 31, 2011
Commercial Property Development	2,161.3	1,605.6
Residential Development	1,745.2	1,791.2
Central	223.0	
Total	**4,129.5**	**3,396.8**

For a further description of the respective business streams, see Note 4, "Operating segments."

Completed properties, properties under construction and development properties are all reported as current-asset properties.

Impairment losses/Reversals of impairment losses

Current-asset properties are valued in compliance with IAS 2, "Inventories," and are thus carried at cost or net realizable value, whichever is lower. Adjustment to net realizable value via an impairment loss are recognized, as are reversals of previous impairment losses, in the income statement under "Cost of sales."

Net realizable value is affected by the type and location of the property and by the yield requirement in the market.

The following table shows that during 2012, impairment losses totaling USD 0.3 M (0.2) were reversed. The reason for this was the net realizable value increased during the year.

	Impairment losses		Reversals of impairment losses		Total	
	2012	2011	2012	2011	2012	2011
Commercial Property Development	–0.3	–7.2	0.3		0.0	–7.2
Residential Development	–17.4	–11.9		0.2	–17.4	–11.7
Total	**–17.7**	**–19.1**	**0.3**	**0.2**	**–17.4**	**–18.9**

Carrying amount

	Completed properties		Properties under construction		Development properties		Total current-asset properties	
	Dec 31, 2012	Dec 31, 2011	Dec 31, 2012	Dec 31, 2011	Dec 31, 2012	Dec 31, 2011	Dec 31, 2012	Dec 31, 2011
Commercial Property Development[1]	381.6	422.7	897.3	621.3	882.4	561.7	2,161.3	1,605.6
Residential Development	136.6	51.9	764.1	786.1	844.5	953.1	1,745.2	1,791.2
Central					223.0		223.0	
Total	**518.2**	**474.6**	**1,661.4**	**1,407.4**	**1,950.0**	**1,514.8**	**4,129.5**	**3,396.8**

1 Of the amount for properties under construction, USD 897.3 M, USD 311.0 M consisted of properties completed during 2012 and USD 586.3 M of ongoing projects.

	Commercial Property Development		Residential Development		Central		Total current-asset properties	
	2012	2011	2012	2011	2012	2011	2012	2011
Carrying amount								
January 1	1,605.6	1,469.9	1,791.2	1,529.6	0.0		3,396.8	2,999.6
Investments	948.9	536.7	1,145.2	1,122.3	1.5		2,095.5	1,659.0
Carrying amount, properties divested	–434.0	–405.5	–1,041.1	–747.0	–3.8		–1,478.9	–1,152.5
Impairment losses/Reversals of impairment losses	0.0	–7.2	–17.4	–11.7			–17.4	–18.9
The year's provision for intra-Group profits in contracting work	–24.1	–10.8	–9.5	–2.5			–33.5	–13.2
Reclassifications	–0.4	47.6	–207.5	–49.1	216.9		9.0	–1.5
Exchange-rate differences for the year	65.3	–25.1	84.2	–50.4	8.5		158.0	–75.5
December 31	**2,161.3**	**1,605.6**	**1,745.2**	**1,791.2**	**223.0**		**4,129.5**	**3,396.8**

The carrying amount of current-asset properties is allocated between properties carried at cost and properties carried at net realizable value, as shown in the following table:

	Cost		Net realizable value		Total	
	Dec 31, 2012	Dec 31, 2011	Dec 31, 2012	Dec 31, 2011	Dec 31, 2012	Dec 31, 2011
Commercial Property Development	2,089.0	1,459.8	72.3	145.8	2,161.3	1,605.6
Residential Development	1,722.9	1,736.7	22.3	54.6	1,745.2	1,791.2
Central	223.0				223.0	
Total	**4,035.0**	**3,196.5**	**94.6**	**200.4**	**4,129.5**	**3,396.8**

Note 22 Continued

Difference between fair value and carrying amount for current-asset properties

USD bn	Surplus value Dec 31, 2012	Surplus value Dec 31, 2011
Commercial Property Development		
Completed projects	0.26	0.17
Undeveloped land and development properties	0.09	0.09
Ongoing projects[1]	0.28	0.38
	0.63	**0.64**
Residential Development		
Undeveloped land and development properties	0.15	0.15
Total	**0.78**	**0.78**

1 Estimated market value. Internal appraisal, with valuation on respective completion dates.

Assets pledged

Current-asset properties used as collateral for loans and other obligations totaled USD 0.0 M (1.5). See Note 33, "Assets pledged, contingent liabilities and contingent assets."

Other matters

Information about capitalized interest is presented in Note 15, "Borrowing costs." Skanska has committed itself to investing USD 12.1 M (13.2) in current-asset properties.

Note 23 Inventories etc.

Inventories are reported in compliance with IAS 2, "Inventories." See "Accounting and valuation principles," Note 1.

	Dec 31, 2012	Dec 31, 2011
Raw materials and supplies	88.7	74.9
Products being manufactured	16.9	18.1
Finished products and merchandise	60.0	54.1
Total	**165.6**	**147.1**

There were no significant differences between the carrying amount for inventories and their fair value. No portion of inventories was adjusted due to an increase in net realizable value. No merchandise was used as collateral for loans and other obligations.

Note 24 Trade and other receivables

Non-interest-bearing business receivables are reported as "Trade and other receivables." Trade and other receivables are part of the Group's operating cycle and are recognized as current assets.

	Dec 31, 2012	Dec 31, 2011
Trade accounts receivable from joint ventures	67.5	75.6
Other trade accounts receivable	2,834.5	2,542.5
Other operating receivables	533.4	494.8
Prepaid expenses and accrued income	181.6	171.8
Total	**3,617.0**	**3,284.7**
of which financial instruments reported in Note 6, "Financial instruments and financial risk management"		
Trade accounts receivables	2,902.1	2,618.1
Other operating receivables including accrued interest income	8.1	23.1
	2,910.2	**2,641.2**
of which non-financial instruments	706.8	643.5

Note 25 Cash

"Cash" consists of cash and available funds at banks and equivalent financial institutions.

Cash totaled USD 885.6 M (770.3).

The Group had no cash equivalents on the closing day, or on the year-earlier closing day

Note 26 Equity/Earnings per share

In the consolidated financial statements, equity is allocated between equity attributable to equity holders (shareholders) and non-controlling interests (minority interest).

Non-controlling interests comprised about one percent of total equity.

Equity changed during the year as follows:

	2012	2011
Opening balance	**2,841.5**	**3,056.3**
of which non-controlling interests	24.5	17.1
Total comprehensive income for the year		
Profit for the year attributable to:		
Equity holders	421.3	1,168.8
Non-controlling interests	1.2	0.9
Other comprehensive income		
Translation differences attributable to equity holders[1]	147.2	–109.9
Translation differences attributable to non-controlling interests	–0.6	–0.2
Hedging of exchange-rate risk in foreign operations[1]	–32.0	27.0
Effect of cash-flow hedges[2]	–6.2	–204.2
Effect of actuarial gains and losses on pensions[3]	–19.2	–478.4
Tax attributable to other comprehensive income		
related to cash-flow hedges[2]	–0.1	8.8
related to actuarial gains and losses[3, 4]	–13.2	124.9
	76.0	**–632.0**
Total comprehensive income for the year	**498.4**	**537.8**
of which attributable to equity holders	497.8	537.0
of which attributable to non-controlling interests	0.6	0.8
Other changes in equity not included in total comprehensive income for the year		
Dividend to equity holders	–364.9	–761.6
Dividend to non-controlling interests	–1.2	–0.3
Change in Group structure	0.0	2.5
Effect of share-based payments	35.4	35.1
Repurchases of shares	–38.7	–28.3
	–369.3	**–752.7**
Equity, December 31	**2,970.6**	**2,841.5**
of which non-controlling interests	23.9	24.5

1 Translation differences attributable to equity holders, USD 147.2 M (–109.9) plus hedging of exchange-rate risk in foreign operations, USD –32.0 M (27.0), totaling USD 115.2 M (–82.9), comprise the Group's change in translation reserve.
2 Effect of cash-flow hedges, USD –6.2 M (–204.2), together with tax, USD –0.1 M (8.8), totaling USD –6.3 M (–195.4) comprise the Group's change in cash-flow hedge reserve.
3 Effect of actuarial gains and losses on pensions, USD –19.2 M (–478.4), together with tax, USD –13.2 M (124.9), totaling USD –32.4 M (–353,5) comprise the Group's total effect on equity of pensions recognized in compliance with IAS 19 and are recognized in retained earnings.
4 The tax rate in Sweden was lowered from 26.3 percent to 22.0 percent, effective as of January 1, 2013.Skanska reports its deferred tax assets as the difference between pension liabilities calculated in accordance with IAS 19 and pension liabilities calculated in accordance with the local regulations of each country. The reduced tax rate for Swedish companies means a reduction as of December 31, 2012, of USD 19.5 M in the carrying amount for deferred tax assets related to pensions, including special employer's contribution. The difference between pension liabilities calculated in accordance with IAS 19 and pension liabilities calculated in accordance with local regulations is recognized under "Other comprehensive income," which means that this reduction of deferred tax assets is also recognized under "Other comprehensive income" and included in changes for the year.

Equity attributable to equity holders is allocated as follows:

	Dec 31, 2012	Dec 31, 2011
Share capital	173.4	173.4
Paid-in capital	168.4	133.0
Reserves	115.4	6.5
Retained earnings	2,489.5	2,504.1
Total	**2,946.7**	**2,817.0**

Paid-in capital

Paid-in capital in excess of quota (par) value from historical issues of new shares is recognized as "Paid-in capital."

The change during 2012 and 2011 was attributable to share-based payments and amounted to USD 35.4 M (35.1).

Reserves	2012	2011
Translation reserve	379.8	264.6
Cash-flow hedge reserve	–264.5	–258.2
Total	**115.3**	**6.5**
Reconciliation of reserves		
Translation reserve		
January 1	264.6	347.5
Translation differences for the year	147.2	–109.9
Minus hedging on foreign-exchange rate risk in operations outside Sweden	–32.0	27.0
	379.8	**264.6**
Cash-flow hedge reserve		
January 1	–258.2	–62.7
Cash-flow hedges recognized in other comprehensive income:		
Hedges for the year	–69.8	–189.9
Transferred to the income statement	63.6	–14.3
Taxes attributable to hedging for the year	–0.1	8.8
	–264.5	**–258.2**
Total reserves	**115.3**	**6.5**

Translation reserve

The translation reserve comprises accumulated translation differences from the translation of financial reports for operations abroad. The translation reserve also includes exchange-rate differences that have arisen when hedging net investments in operations abroad. The translation reserve was reset at zero upon the transition to IFRSs on January 1, 2004.

Translation differences for the year amounted to USD 147.2 M (–109.9) and consisted of negative translation differences in ARS, CLP and BRL, as well as a positive translation differences in GBP, EUR, NOK, PLN and CZK (for currency abbreviations, refer to Note 34, "Effect of changes in foreign-exchange rates").

During 2012, the translation reserve was affected by exchange-rate differences of USD –32.0 M (27.0) due to currency hedging.

The Group has currency hedges against net investments mainly in USD, EUR, NOK, CZK, PLN and CLP.

The accumulated translation reserve totaled USD 379.8 M (264.6).

Cash-flow hedge reserve

Hedge accounting is applied mainly to Infrastructure Development.
Recognized in the cash-flow hedge reserve are unrealized gains and losses on hedging instruments. The change during 2012 amounted to USD –6.3 M (–195.4), and the closing balance of the reserve totaled USD –264.5 M (–258.2).

Retained earnings

Retained earnings include the profit for the year plus undistributed Group profits earned in prior years. The statutory reserve is part of retained earnings, along with actuarial gains and losses on pensions, which in compliance with IAS 19 was recognized under "Other comprehensive income."

Actuarial gains and losses on pensions

During 2012, equity was affected by actuarial gains and losses on defined-benefit plans in the amount of USD –32.3 M (–353.5) after taking into account social insurance contributions and taxes. The actuarial loss on pension obligations was –52.0 M (–308.9) and was due to the net amount of changed assumptions and experience–based changes. The actuarial gain/loss on plan assets during 2012 amounted to USD 43.7 M (–90,4). The actuarial gain occurred because actual gain on plan assets exceeded expected return in all three countries where Skanska has defined-benefit plans. See also Note 28, "Pensions."

	2012	2011
Actuarial gains and losses on pension obligations	–52.0	–308.9
Difference between expected and actual return on plan assets	43.7	–90.4
Social-insurance contributions	–10.9	–79.0
Taxes	–13.1	124.9
	–32.3	**–353.5**

IFRS 2, "Share-based Payment"

The share incentive programs introduced in 2008 and 2011, respectively, are recognized as share-based payment, which is settled with an equity instrument in compliance with IFRS 2. This implies that fair value is calculated on the basis of estimated fulfillment of established financial targets during a measurement period. After the close of the measurement period, fair value is established.

This value is allocated over the three-year vesting period. There is no reappraisal after fair value is established during the remainder of the vesting period, aside from changes in the number of shares because the condition of continued employment during the vesting period is no longer met.

Dividend

After the closing day, the Board of Directors proposed a regular dividend of SEK 6.00 (6.00) per share equivalent to 0.92 USD (0.89) USD per share for the 2012 financial year. The proposed dividend for 2012 totals an estimated USD 379.3 M (364.9).

No dividend is paid for the Parent Company's holding of its own Series B shares. The total dividend amount may change by the record date, depending on repurchases of shares and transfers of Series B shares to participants in Skanska's long-term employee-ownership programs. The dividend is subject to the approval of the Annual Shareholders' Meeting on April 11, 2013

Shares

Information on the number of shares as well as earnings and equity per share can be seen in the table below.

	2012	2011
Number of shares, December 31	419,903,072	419,903,072
of which series A shares	19,947,643	19,975,523
of which series B shares	399,955,429	399,927,549
Average price, repurchased shares, SEK	105.53	104.79
Corresponding to average price, repurchased shares, USD	15.58	16.14
of which repurchased during the year	2,417,000	1,800,000
Number of Series B shares in Skanska's own custody, December 31	8,066,894	8,323,103
Number of shares outstanding, December 31	411,836,178	411,579,969
Average number of shares outstanding	412,035,381	411,824,469
Average number of shares outstanding after dilution	413,529,383	414,568,384
Average dilution, percent	0.36	0.66
Earnings per share, USD	1.02	2.84
Earnings per share after dilution, USD	1.02	2.82
Equity per share, USD	7.15	6.84
Change in number of shares		
Number on January 1	411,579,969	411,159,825
Number of Series B shares repurchased	–2,417,000	–1,800,000
Number of shares transferred to employees	2,673,209	2,220,144
Number on December 31	**411,836,178**	**411,579,969**

Dilution effect

In the employee ownership programs introduced in 2008 and 2011, respectively, the number of potential ordinary shares is calculated during the measurement period based on the estimated number of shares that will be issued due to the fulfillment of the established targets. After the end of the measurement period, Skanska establishes the number of shares that may be issued, provided that the requirement on continued employment is fulfilled. The number of potential ordinary shares thus calculated is then reduced by the difference between the payment Skanska is expected to receive and the average share price during the period.

Excluding social insurance contributions, the cost of both employee ownership programs is estimated at a total of about USD 173.9 M, allocated over three years, corresponding to 11,242,744 shares. The maximum dilution at the close of the vesting period is estimated at 1.60 percent.

During 2012, the cost of both programs amounted to SEK 246 M excluding social insurance contributions. Share awards earned but not yet distributed through 2012 totaled 3,592,002 shares. The dilution effect up to and including 2012 totaled 0.87 percent.

Capital management

Capital requirements vary between business streams. Skanska's construction projects are mainly based on customer funding.

As a result, in its Construction business stream, the Company can operate with negative working capital. However, the equity requirement for a construction company is substantial and is related to large business volume and to the risks inherent in the various types of construction assignments carried out. Skanska must also take into account the financing of goodwill and the performance guarantees required in publicly procured projects in the U.S. market.

In the Board's judgment, the Group's equity totals a reasonable amount in view of the requirements posed by Skanska's financial position and market circumstances.

Note 27 Financial liabilities

Financial liabilities are allocated between non-current and current liabilities. Normally, a maturity date within one year is required if a liability is to be treated as current. This does not apply to discounted operating liabilities, which are part of Skanska's operating cycle and are consequently recognized as current liabilities regardless of their maturity date.

Concerning financial risks and financial policies, see Note 6, "Financial instruments and financial risk management."

Financial non-current liabilities	Dec 31, 2012	Dec 31, 2011
Financial liabilities at fair value through profit or loss		
Derivatives	0.9	0.3
Hedge-accounted derivatives.	6.6	
Other financial liabilities		
Liabilities to credit institutions	272.8	143.1
Other liabilities	459.6	50.3
Total	**739.8**	**193.7**
of which interest-bearing financial non-current liabilities	732.3	193.4
of which non-interest-bearing non-current financial liabilities	7.5	0.3
Financial current liabilities		
Financial liabilities at fair value through profit or loss		
Derivatives	10.0	14.9
Hedge-accounted derivatives	3.5	4.9
Other financial liabilities		
Construction loans to cooperative housing associations	435.6	432.4
Liabilities to credit institutions	82.9	25.1
Discounted liabilities[1]	0.0	33.7
Commercial papers	346.9	274.2
Other liabilities	85.5	21.9
Total	**964.4**	**807.2**
of which interest-bearing financial current liabilities	950.9	787.3
of which non-interest-bearing financial current liabilities	13.5	19.9
Total carrying amount for financial liabilities	**1,704.2**	**1,000.9**

1 Of the total amount, USD 0.0 M (33.7), USD 0.0 M (9.4) consisted of discounted advance payments from customers. This amount also included USD 0.0 M (24.2) in discounted liabilities of purchases of current-asset properties. Both items were adjusted during 2012.

Note 28 Pensions

Pension provisions are recognized in accordance with IAS 19, "Employee Benefits." See "Accounting and valuation principles," Note 1.

Pension liability according to the statement of financial position

According to the statement of financial position, interest-bearing pension liabilities amounted to USD 628.2 M (545.1) and interest-bearing pension receivables amount to USD 70.0 M (22.1). The net amount of interest-bearing pension liabilities and interest-bearing pension receivables was USD 558.3 M (523.1).

Skanska has defined-benefit pension plans in Sweden, Norway and the U.K. The pension in these plans is mainly based on final salary. The plans include a large number of employees, but Skanska also has defined-contribution plans in these countries. Group companies in other countries mainly have defined-contribution plans.

Defined-benefit plans

The pension plans mainly consist of retirement pensions. Each respective employer usually has an obligation to pay a lifetime pension. Benefits are based on the number of years of employment. The employee must belong to the plan for a certain number of years to earn a full retirement pension entitlement. For each year, the employee earns increased pension entitlements, which are reported as pension earned during the period plus an increase in pension obligation.

Pension plans are funded by securing pension obligations with assets in pension funds and provisions in the accounts.

The plan assets in Sweden and the United Kingdom are smaller than the pension obligations. For this reason, the difference is recognized as a liability in the statement of financial position. The plan assets in Norway exceed the pension obligations. For this reason, the difference is recognized as a receivable. The ceiling rule that, in some cases, limits the value of these assets in the accounts does not apply according to the existing pension foundation statutes.

On the closing day, the pension obligation amounted to USD 2,403.8 M (2,131.3). The obligation for pensions increased mainly due to costs for accrued pensions and interest expenses exceeding pensions paid, as well as the effect of a lower discount rate for plans in all three countries. The effect of a lower discount rate is also significantly reduced by a lowering of expected inflation and future wage increases in all three countries.

Plan assets amounted to USD 1,845.6 M (1,608.2. The value of plan assets increased because actual return on plan assets and paid-in funds exceeded benefits paid.

Actuarial gains and losses may be recognized under other comprehensive income, in accordance with the alternative rule in IAS 19. Skanska applies this alternative method. Net actuarial gains and losses on pension liabilities during 2012 amounted to USD –52.0 M (–308.9). Actuarial gains on plan assets during 2012 amounted to USD 43.7 M (–90.4) , which was largely due to the upturn in the value of equities and mutual funds exceeding the expected return. The accumulated net loss amounted to USD –753.3 M (–745.0), which is included in recognized pension liability.

The return on plan assets recognized in the income statement amounted to USD 77.8 M (95.5), while actual return amounted to USD 121.5 M (5.1). The higher return was attributable to pension plans in all three countries where Skanska has defined-benefit plans.

The plan assets mainly comprised equities, interest-bearing securities, mutual fund units and investments in properties and infrastructure projects. No assets were used in Skanska's operations. The number of directly owned shares in Skanska AB totaled 650,000 (650,000) Series B shares. There was also an insignificant percentage of indirectly owned shares in Skanska AB via investments in various mutual funds.

Plan assets

	Sweden	Norway	United Kingdom
2012			
Equities	30%	35%	32%
Interest-bearing securities	29%	48%	47%
Alternative investments	41%	17%	21%
Expected return	4.00%	4.50%	5.00%
Actual return	5.80%	8.60%	7.30%
2011			
Equities	25%	35%	38%
Interest-bearing securities	32%	50%	48%
Alternative investments	43%	15%	14%
Expected return	5.25%	5.75%	6.00%
Actual return	–0.70%	–3.80%	4.30%

The ITP 1 occupational pension plan in Sweden is a defined-contribution plan. Skanska pays premiums for employees covered by ITP 1, and each employee selects a manager. The Company offers employees the opportunity to select Skanska as the manager. For employees who have selected Skanska as their manager, there is a guaranteed minimum amount that the employee will receive upon retirement. This guarantee means that the portion of the ITP plan for which Skanska is the manager is recognized as a defined-benefit plan. The net amount of obligations and plan assets for ITP 1 managed by Skanska is recognized in the Company's statement of financial position.

The ITP 2 occupational pension plan in Sweden is a defined-benefit plan. A small portion is secured by insurance from the retirement insurance company Alecta. This is a multi-employer insurance plan, and there is insufficient information to report these obligations as a defined-benefit plan. Pensions secured by insurance from Alecta are therefore reported as a defined-contribution plan. At the close of 2012, the collective consolidated level of defined-benefit plans in Alecta totaled 129 percent (113). The collective consolidated level comprises assets as a percentage of actuarial obligations. The AFP plan in Norway also has a defined-benefit plan that encompasses several employers, for which there is insufficient information to report these obligations as a defined-benefit plan. Consequently, these plans are also reported as a defined-contribution plan.

Defined-contribution plans

These plans mainly cover retirement pension, disability pension and family pension. The premiums are paid regularly during the year by the respective Group company to separate legal entities, for example insurance companies. The size of the premium is based on salary. The pension expense for the period is included in the income statement.

Obligations related to employee benefits, defined-benefit plans

	2012	2011	2010	2009	2008
Pension obligations, funded plans, present value on December 31	2,403.8	2,131.3	1,758.2	1,722.5	1,468.3
Plan assets, fair value, December 31	–1,845.6	–1,608.2	–1,588.9	–1,413.9	–1,066.9
Pension liability according to the statement of financial position	**558.3**	**523.1**	**169.3**	**308.6**	**401.4**

Pension obligations and plan assets by country

	Sweden	Norway	United Kingdom	Total
2012				
Pension obligations	1,157.9	436.8	809.1	2,403.8
Plan assets	–552.7	–506.8	–786.0	–1,845.6
Pension liability according to the statement of financial position	**605.2**	**-70.0**	**23.0**	**558.3**
2011				
Pension obligations	1,003.5	376.4	751.5	2,131.3
Plan assets	–514.4	–398.4	–695.4	–1,608.2
Pension liability according to the statement of financial position	**489.1**	**–22.1**	**56.0**	**523.1**

Total pension expenses in the income statement

	2012	2011
Pensions earned during the year	–91.8	–79.8
Less: Funds contributed by employees	1.0	1.2
Interest on obligations	–87.9	–86.7
Expected return on plan assets	77.8	95.5
Curtailments and settlements [1]	4.3	
Pension expenses, defined-benefit plans	**–96.6**	**–69.8**
Pension expenses, defined-contribution plans	–141.5	–120.7
Social insurance contributions, defined-benefit and defined-contribution plans [2]	–18.5	–13.7
Total pension expenses	**–256.5**	**–204.2**

1 Refers to reductions in Residential Development in Sweden.
2 Refers to special payroll tax in Sweden and employer fee in Norway.

Allocation of pension expenses in the income statement

	2012	2011
Cost of sales	–189.5	–159.4
Selling and administrative expenses	–57.0	–53.6
Net financial items	–10.0	8.8
Total pension expenses	**–256.5**	**–204.2**

Actuarial gains and losses recognized under other comprehensive income

	2012	2011	2010	2009	2008
January 1	–745.0	–345.7	–451.1	–541.3	–172.1
Actuarial gains and losses on pension obligations [1]	–52.0	–308.9	50.9	–12.3	–119.6
Difference between expected and actual return on plan assets	43.7	–90.4	54.5	102.4	–249.6
Accumulated	**–753.3**	**–745.0**	**–345.7**	**–451.1**	**–541.3**

1 Allocation of changed assumptions and experience-based changes:

	2012	2011	2010	2009	2008
Changed assumptions	–46.5	–298.8	38.0	17.4	–98.0
Experience-based changes	–5.5	–10.2	12.9	–29.7	–21.5
Total actuarial gains and losses on pension obligations	**–52.0**	**–308.9**	**50.9**	**–12.3**	**–119.6**

See also Note 26, which shows the tax portion and social insurance contributions recognized under other comprehensive income.

Note 28 Continued

Pension obligations

	2012	2011
January 1	2,131.3	1,758.2
Pensions earned during the year	91.8	79.8
Interest on obligations	87.9	86.7
Benefits paid by employers	–34.6	–33.6
Benefits paid from plan assets	–43.9	–31.6
Actuarial gains (–), losses (+) during the year	52.0	308.9
Curtailments and settlements	–4.3	
Exchange-rate differences	123.5	–37.2
Pension obligations, present value	**2,403.8**	**2,131.3**

Plan assets

	2012	2011
January 1	1,608.2	1,588.9
Expected return on plan assets	77.8	95.5
Funds contributed by employers	65.1	59.0
Funds contributed by employees	1.0	1.2
Benefits paid	–43.9	–31.6
Actuarial gains (+), losses (–) during the year	43.7	–90.4
Exchange-rate differences	93.5	–14.3
Plan assets, fair value	**1,845.6**	**1,608.2**

Amounts contributed are expected to total about USD 122.8 M in 2013.

Reconciliation of interest-bearing pension liability

	2012	2011
Pension liabilities, January 1	523.1	169.3
Pension expenses	100.9	69.8
Benefits paid by employers	–34.6	–33.6
Funds contributed by employers	–65.1	–59.0
Actuarial gains (–), losses (+) during the year	8.3	399.4
Curtailments and settlements	–4.3	
Exchange-rate differences	30.0	–22.8
Net pension liability according to the statement of financial position	**558.3**	**523.1**

Actuarial assumptions

	Sweden	Norway	United Kingdom
2012			
Financial assumptions			
Discount rate, January 1	3.50%	4.25%	4.75%
Discount rate, December 31	3.00%	4.00%	4.50%
Expected return on plan assets for the year	4.00%	4.50%	5.00%
of which equities	5.00%	6.00%	6.00%
of which interest-bearing securities	1.50%	3.00%	4.00%
Expected pay increase, December 31	3.50%	3.50%	3.50%
Expected inflation, December 31	1.75%	2.00%	2.75%
Demographic assumptions			
Life expectancy after age 65, men	23 years	18 years	22 years
Life expectancy after age 65, women	25 years	21 years	25 years
Life expectancy table[1]	PRI	K2005	PA92
2011			
Financial assumptions			
Discount rate, January 1	4.75%	4.00%	5.25%
Discount rate, December 31	3.50%	4.25%	4.75%
Expected return on plan assets for the year	5.25%	5.75%	6.00%
of which equities	6.50%	7.25%	7.25%
of which interest-bearing securities	3.00%	4.00%	4.75%
Expected pay increase, December 31	3.75%	3.75%	3.75%
Expected inflation, December 31	2.00%	2.25%	3.00%
Demographic assumptions			
Life expectancy after age 65, men	23 years	18 years	22 years
Life expectancy after age 65, women	25 years	21 years	25 years
Life expectancy table[1]	PRI	K2005	PA92

1 Life expectancy is based on local life expectancy tables in each respective country. If life expectancy increases by one year, pension obligation is expected to increase by about 4 percent.

All three countries where Skanska has defined-benefit plans have an extensive market for high-grade long-term corporate bonds, including mortgage bonds. The discount rate is established on the basis of the market yield for these bonds on the closing day.

Expected return on interest-bearing securities was fixed up to and including 2012 on the basis of market yields on the closing day for long-term government bonds in each respective country. For current holdings of high-grade corporate bonds, a risk premium of about 1.75 percent is added. For the equities market as a whole, as well as alternative investments, a risk premium of 3 percent is added. This premium is adjusted to the risk profile of each respective equities market.

The rules and regulations for IAS 19 were changed with effect as of January 1, 2013. This means that as of 2013, the expected percentage yield will correspond to the discount rate, which will be lower than that of the current calculation method due to the expected yield. The effect of this change also impacts actuarial gains/losses to a corresponding degree, since the difference between expected gain and actual gain is changed.

Sensitivity of pension obligation to change in discount rate

	Sweden	Norway	United Kingdom	Total
Pension obligations, December 31, 2012	1,157.9	436.8	809.1	2 403.8
Discount rate increase of 0.25%[1]	–50	–20	–40	–110
Discount rate decrease of 0.25%[1]	50	20	40	110

1 Estimated change in pension obligation/pension liability in the event of a change in the discount rate. If pension liability increases, the Group's equity is reduced by about 85 percent of the increase in pension liability, after taking into account deferred tax and social insurance contributions.

Sensitivity of plan assets to changed return

	Sweden	Norway	United Kingdom	Total
Plan assets, December 31, 2012	552.7	506.8	786.0	1,845.6
Return increase of 5%[1]	30	25	40	95
Return decrease of 5%[1]	–30	–25	–40	–95

1 If actual return increases by 5 percent in relation to expected return, the actuarial gain is estimated at about USD 95 M. If actual return decreases by 5 percent in relation to expected return, the actuarial loss is estimated at about USD 95 M.

Note 29 Provisions

Provisions are reported in compliance with IAS 37, "Provisions, Contingent Liabilities and Contingent Assets. See "Accounting and valuation principles," Note 1.

Provisions are allocated in the statement of financial position between non-current liabilities and current liabilities. Provisions are both interest-bearing and non-interest-bearing. Provisions that are part of Skanska's operating cycle are recognized as current. Interest-bearing provisions that fall due within a year are treated as current.

	Dec 31, 2012	Dec 31, 2011
Non-current provisions		
Interest-bearing	1.8	2.5
Current provisions		
Interest-bearing	8.1	7.0
Non-interest-bearing	915.3	853.5
Total	**925.2**	**862.9**

The change in provisions by reserves for legal disputes, provisions for warranty obligations and other provisions, is presented in the following table.

	Reserve for legal disputes		Provision for warranty obligations		Other provisions		Total	
	2012	2011	2012	2011	2012	2011	2012	2011
January 1	185.9	185.7	313.8	345.7	363.2	213.1	862.9	744.5
Acquisitions	0.3	1.1	0.0	0.5	–0.3	–14.3	0.0	–12.8
Divestments	–0.1	–13.2	–0.1	–5.1	0.0	6.9	–0.3	–11.4
Provisions for the year	85.1	130.6	101.0	98.0	98.2	181.9	284.3	410.4
Provisions utilized	–64.2	–85.3	–48.9	–79.3	–38.7	–50.7	–151.8	–215.3
Unutilized amounts that were reversed, change in value	–42.1	–25.3	–21.1	–36.8	–35.4	–1.7	–98.6	–63.8
Exchange-rate differences	9.6	–6.3	17.9	–10.0	14.4	–14.8	41.8	–31.0
Reclassifications	6.9	–1.4	–6.2	0.9	–13.7	42.7	–13.0	42.2
December 31	**181.3**	**185.9**	**356.4**	**313.8**	**387.6**	**363.2**	**925.2**	**862.9**

Specification of "Other provisions"

	2012	2011
Provisions for restructuring measures	20.0	30.2
Employee-related provisions	77.1	63.0
Environmental obligations	20.9	20.6
Provision for social-insurance contributions on pensions	90.4	65.4
Contingent consideration	37.6	42.5
Provision for negative values recognized in joint ventures	28.4	33.8
Miscellaneous provisions	113.3	107.7
Total	**387.6**	**363.2**

Normal cycle time for "Other provisions" is about 1 to 3 years.

Provisions for warranty obligations refer to expenses that may arise during the warranty period. Such provisions in Construction are based on individual assessments of each project or average experience-based cost, expressed as a percentage of sales during a five-year period. The expenses are charged to each project on a continuous basis. Provisions for warranty obligations in other business streams are based on individual assessments of each project. The change in 2012 was mainly related to Construction.

Provisions for legal disputes refer to provisions in the Construction business stream for projects that have been completed.

Employee-related provisions included such items as the cost of profit-sharing, certain bonus programs and other obligations to employees.

Among provisions for environmental obligations are the costs of restoring gravel pits to their natural state in Swedish operations.

Note 30 Trade and other payables

Non-interest-bearing liabilities in business operations are recognized as "Trade and other payables." Such liabilities are part of the Group's operating cycle and are recognized as current liabilities.

	Dec 31, 2012	Dec 31, 2011
Trade payables	1,919.1	1,695.3
Other operating liabilities to joint ventures	0.9	0.7
Other operating liabilities [1]	1,371.9	1,135.4
Accrued expenses and prepaid income	1,479.5	1,313.7
Total	**4,771.5**	**4,145.1**
of which financial instruments reported in Note 6, "Financial instruments and financial risk management."		
Accounts payable	1,919.1	1,695.3
Other operating liabilities including accrued interest expenses	78.7	95.6
	1,997.9	**1,790.9**
of which non-financial instruments	2,773.6	2,354.2

1 "Other operating liabilities" included USD 60.6 M (76.8) for checks issued but not yet cashed in the U.S. and the U.K. See "Accounting and valuation principles," Note 1.

Note 31 Specification of interest-bearing net receivables/liabilities per asset and liability

The following table allocates financial current and non-current assets as well as liabilities between interest-bearing and non-interest-bearing items

	Dec 31, 2012			Dec 31, 2011		
	Interest-bearing	Non-interest-bearing	Total	Interest-bearing	Non-interest-bearing	Total
ASSETS						
Non-current assets						
Property, plant and equipment		1,218.4	1,218.4		1,018.3	1,018.3
Goodwill		749.3	749.3		727.2	727.2
Other intangible assets		28.5	28.5		22.9	22.9
Investments in joint ventures and associated companies		371.0	371.0		366.5	366.5
Financial non-current assets	275.1	7.7	282.7	300.3	5.5	305.9
Deferred tax assets		192.6	192.6		242.5	242.5
Total non-current assets	**275.1**	**2,567.6**	**2,842.7**	**300.3**	**2,382.9**	**2,683.3**
Current assets						
Current-asset properties		4,129.5	4,129.5		3,396.8	3,396.8
Inventories		165.6	165.6		147.1	147.1
Financial current assets	867.2	28.9	896.1	889.6	33.4	923.0
Tax assets		87.2	87.2		63.3	63.3
Gross amount due from customers for contract work		919.6	919.6		741.1	741.1
Other operating receivables		3,617.0	3,617.0		3,284.7	3,284.7
Cash	885.6		885.6	770.3		770.3
Total current assets	**1,752.9**	**8,947.8**	**10,700.7**	**1,659.9**	**7,666.4**	**9,326.3**
TOTAL ASSETS	**2,027.9**	**11,515.4**	**13,543.4**	**1,960.2**	**10,049.3**	**12,009.6**
LIABILITIES						
Non-current liabilities						
Financial non-current liabilities	732.3	7.5	739.8	193.4	0.3	193.7
Pensions	628.2		628.2	545.1		545.1
Deferred tax liabilities		87.8	87.8		134.5	134.5
Non-current provisions	1.8		1.8	2.5		2.5
Total non-current liabilities	**1,362.4**	**95.3**	**1,457.7**	**741.0**	**134.8**	**875.8**
Current liabilities						
Financial current liabilities	950.9	13.5	964.4	787.3	19.9	807.2
Tax liabilities		36.8	36.8		38.2	38.2
Current provisions	8.1	915.3	923.4	7.0	853.5	860.4
Gross amount due to customers for contract work		2,419.0	2,419.0		2,441.5	2,441.5
Other operating liabilities		4,771.5	4,771.5		4,145.1	4,145.1
Total current liabilities	**959.0**	**8,156.1**	**9,115.1**	**794.3**	**7,498.1**	**8,292.4**
TOTAL LIABILITIES	**2,321.4**	**8,251.4**	**10,572.8**	**1,535.3**	**7,632.9**	**9,168.2**
Interest-bearing net receivables/liabilities	–293.5			425.0		

Note 32 Expected recovery periods of assets and liabilities

Amounts expected to be recovered	Dec 31, 2012 Within 12 months	Dec 31, 2012 12 months or longer	Dec 31, 2012 Total	Dec 31, 2011 Within 12 months	Dec 31, 2011 12 months or longer	Dec 31, 2011 Total
ASSETS						
Non-current assets						
Property, plant and equipment [1]	214.9	1,003.5	1,218.4	188.6	829.7	1,018.3
Goodwill [1]		749.3	749.3		727.2	727.2
Other intangible assets [1]	15.3	13.2	28.5	14.5	8.4	22.9
Investments in joint ventures and associated companies [2]		371.0	371.0		366.5	366.5
Financial non-current assets		282.7	282.7		305.9	305.9
Deferred tax assets [3]		192.6	192.6		242.5	242.5
Total non-current assets	**230.2**	**2,612.4**	**2,842.7**	**203.1**	**2,480.1**	**2,683.3**
Current assets						
Current-asset properties [4]	1,688.4	2,441.1	4,129.5	1,305.9	2,091.0	3,396.8
Inventories	145.8	19.8	165.6	130.2	17.0	147.1
Financial current assets	896.1		896.1	923.0		923.0
Tax assets	87.2		87.2	63.3		63.3
Gross amount due from customers for contract work [5]	868.9	50.7	919.6	674.0	67.2	741.1
Trade and other receivables [5]	3,459.6	157.5	3,617.0	3,106.9	177.7	3,284.7
Cash	885.6		885.6	770.3		770.3
Total current assets	**8,031.6**	**2,669.1**	**10,700.7**	**6,973.4**	**2,352.9**	**9,326.3**
TOTAL ASSETS	**8,261.9**	**5,281.5**	**13,543.4**	**7,176.6**	**4,833.0**	**12,009.6**
LIABILITIES						
Non-current liabilities						
Financial non-current liabilities	1.2	738.6	739.8	1.5	192.3	193.7
Pensions [6]	36.8	591.4	628.2	33.4	511.8	545.1
Deferred tax liabilities		87.8	87.8		134.5	134.5
Non-current provisions	0.6	1.2	1.8	0.7	1.7	2.5
Total non-current liabilities	**38.7**	**1,419.0**	**1,457.7**	**35.5**	**840.2**	**875.8**
Current liabilities						
Financial current liabilities	905.1	59.2	964.4	382.8	424.4	807.2
Tax liabilities	36.8		36.8	38.2		38.2
Current provisions	390.9	532.5	923.4	428.2	432.2	860.4
Gross amount due to customers for contract work	2,065.5	353.5	2,419.0	2,082.0	359.5	2,441.5
Other operating liabilities	4,672.6	98.8	4,771.5	4,092.4	52.7	4,145.1
Total current liabilities	**8,071.1**	**1,044.1**	**9,115.1**	**7,023.5**	**1,268.9**	**8,292.4**
TOTAL LIABILITIES	**8,109.7**	**2,463.1**	**10,572.8**	**7,059.1**	**2,109.1**	**9,168.2**

1 In case of amounts expected to be recovered within twelve months, expected annual depreciation/amortization has been recognized.
2 Allocation cannot be estimated.
3 Deferred tax assets are expected to be recovered in their entirety in more than twelve months.
4 Recovery within one year on current-asset properties is based on a historical assessment from the past three years.
5 Current receivables that fall due in more than twelve months are part of the operating cycle and are thus recognized as current.
6 "Within 12 months" refers to expected benefit payments (payments from funded plans are not included).

Note 33 Assets pledged, contingent liabilities and contingent assets

Assets pledged

	2012	2011
Mortgages, current-asset properties	–	1.5
Shares and participations	68.9	62.2
Receivables	158.7	155.7
Total	**227.6**	**219.4**

The use of shares and participations as assets pledged refers to shares in joint ventures belonging to Infrastructure Development. These assets are pledged as collateral when obtaining outside lending for these joint ventures.

Assets pledged for liabilities

	Property mortgage		Shares and receivables		Total	
	2012	2011	2012	2011	2012	2011
Own obligations						
Liabilities to credit institutions		1.5			0.0	1.5
Other liabilities			158.7	155.7	158.7	155.7
Total own obligations	**0.0**	**1.5**	**158.7**	**155.7**	**158.7**	**157.1**
Other obligations			68.9	62.2	68.9	62.2
Total	**0.0**	**1.5**	**227.6**	**217.9**	**227.6**	**219.4**

Assets pledged for other liabilities, just below USD 0.2 bn, refer predominantly to financial instruments pledged as collateral to customers in conjunction with contracting work in the U.S.

Contingent liabilities

Contingent liabilities are reported in compliance with IAS 37, "Provisions, Contingent Liabilities and Contingent Assets." See "Accounting and valuation principles," Note 1.

	2012	2011
Contingent liabilities related to construction consortia	4,512.7	2,609.7
Contingent liabilities related to joint ventures	97.8	50.1
Other contingent liabilities	344.7	81.7
Total	**4,955.2**	**2,741.4**

The Group's contingent liabilities related to construction consortia totaled nearly USD 4.5 bn (2.6). This amount refers to the portion of the joint and several liability for the obligations of construction consortia affecting consortium members outside the Group. Such liability is often required by the customer. To the extent it is deemed likely that Skanska will be subject to liability claims, the obligation is reported as a liability.

Contingent liabilities related to joint ventures refer mainly to guarantees issued for joint ventures belonging to the Residential Development business stream.

In the Group's other contingent liabilities, more than USD 0.34 bn (0.08), were related to obligations attributable to residential projects.

A number of municipalities and the Finnish Road Administration have sued Skanska and others, claiming damages for alleged overpricing. During 2012, an additional claim was filed by the Finnish National Road Administration. These cases are mainly being handled at the Helsinki District Court.

Legal proceedings have been initiated due to a partial tunnel collapse on a hydroelectric plant in Panama that was completed in 2003. Skanska was one of the partners in the consortium that designed and built the plant. Claims for repair costs and for loss of revenue have been filed against the consortium. To date, the client has provided insufficient information to determine if the company has any potential liability and therefore no provision has been made except for legal costs.

Skanska denies liability for all the claims.

In October 2006, Slovakia's Antitrust Office decided to fine six companies that had participated in tendering for a road project. Skanska was part of a joint venture led by a local Slovakian company.

The fine in Skanska's case is the equivalent of USD 9.1 M and was charged to 2006 earnings. Skanska denies the Authority's allegations and requested that the decision be reviewed by a court of law. In December 2008 the court decided to annul the decision of the Antitrust Office and remit the case to the Office for a new procedure. After being appealed by the Antitrust Office, the case will be decided by Slovakia's Supreme Court.

From time to time, disputes arise with customers about contractual terms related to both ongoing and completed projects. Their outcomes are often difficult to assess. To the extent it is probable that a dispute will lead to an expense for the Group, this is taken into account in the financial statements.

Contingent assets

The Group has no contingent assets of significant importance in assessing the position of the Group.

See "Accounting and valuation principles," Note 1.

Note 34 Foreign-exchange rates and effect of changes in foreign-exchange rates

Exchange rates are dealt with in compliance with IAS 21, "The Effect of Changes in Foreign Exchange Rates." See "Accounting and valuation principles," Note 1.

		Average exchange rate			Change, percent	
Currency	Country	2012	2011	2010	2011–2012	2010–2011
ARS	Argentina	0.220	0.242	0.256	–9	–5
BRL	Brazil	0.514	0.598	0.568	–14	5
CZK	Czech Republic	0.051	0.057	0.052	–10	8
DKK	Denmark	0.173	0.187	0.178	–7	5
EUR	EU	1.285	1.391	1.325	–8	5
GBP	United Kingdom	1.585	1.603	1.544	–1	4
NOK	Norway	0.172	0.178	0.165	–4	8
PLN	Poland	0.307	0.338	0.332	–9	2
SEK	Sweden	0.148	0.154	0.139	–4	11

		Closing day exchange rate			Change, percent	
Currency	Country	2012	2011	2010	2011–2012	2010–2011
ARS	Argentina	0.204	0.232	0.251	–12	–8
BRL	Brazil	0.490	0.536	0.599	–9	–10
CZK	Czech Republic	0.052	0.050	0.052	5	–4
DKK	Denmark	0.177	0.174	0.178	2	–2
EUR	EU	1.318	1.294	1.325	2	–2
GBP	United Kingdom	1.612	1.546	1.544	4	0
NOK	Norway	0.179	0.166	0.170	7	–2
PLN	Poland	0.324	0.290	0.334	11	–13
SEK	Sweden	0.153	0.145	0.147	6	–1

Income statement

During the year, the average USD exchange rate strengthened against the Group's all other currencies. Revenue was negatively affected in the amount of USD 751.2 M due to exchange rate differences. Adjusted for currency rate effects, revenue increased 9 percent.

Currency-rate effect by respective currency

	SEK	EUR	GBP	NOK	CZK	PLN	Other	Total
2012								
Revenue	–183.8	–116.0	–20.9	–81.3	–94.3	–133.0	–121.9	–751.2
Operating income	–9.3	–2.8	–0.7	–1.0	–1.3	–6.0	3.9	–17.2
Income after financial items	–8.7	–2.5	–0.7	–1.2	–1.2	–5.8	6.0	–14.1
Profit for the year	–8.4	–1.8	–0.6	–0.9	–1.0	–4.5	4.0	–13.2

	SEK	EUR	GBP	NOK	CZK	PLN	Other	Total
2011								
Revenue	430.8	65.4	71.8	156.0	80.3	32.2	2.6	839.1
Operating income	97.2	–2.5	2.0	–3.0	0.6	2.9	–1.8	95.4
Income after financial items	95.6	–2.6	2.4	–2.1	0.5	3.0	–1.1	95.7
Profit for the year	94.9	–2.0	1.8	–1.5	0.3	2.4	–1.4	94.5

Note 34 Continued

Consolidated statement of financial position by currency

The consolidated total assets increased by USD 1,533.8 M, from USD 12,009.6 M to USD 13,543.4 M. The effect of changes in foreign-exchange rates had a positive impact of USD 410.7 M. The US dollar had strengthened against ARS and BRL, but weakened against the Group's all other currencies.

Dec. 31, 2012, USD billion	USD	GBP	EUR	NOK	CZK	PLN	DKK	Other foreign currencies[1]	Hedge loans[2]	SEK	Total
Assets											
Property, plant and equipment	0.26	0.03	0.08	0.21	0.14	0.09	0.02	0.08		0.31	1.21
Intangible assets	0.14	0.20	0.08	0.25	0.09	0.02		–0.02		0.03	0.78
Shares and participations		0.06	0.12	0.03				0.02		0.15	0.38
Interest-bearing receivables	1.60	0.57	0.14	0.37	0.11	0.52	0.02	–2.32		0.14	1.14
Current asset properties	0.38	0.12	1.21	0.46	0.08	0.08	0.12	0.00		1.67	4.13
Non-interest-bearing receivables	1.29	0.49	0.31	0.61	0.40	0.34	0.02	0.58		0.97	5.00
Cash and cash equivalents	0.31	0.00	0.00	0.00	0.06	0.09		0.08		0.35	0.89
Total	**3.98**	**1.47**	**1.93**	**1.93**	**0.87**	**1.14**	**0.17**	**–1.58**		**3.62**	**13.54**
Equity and liabilities											
Equity attributable to equity holders[3]	0.81	0.17	0.63	0.55	0.45	0.34	0.05	0.14		–0.18	2.95
Non-controlling interests					0.02			0.02		0.00	0.03
Interest-bearing liabilities	0.77	0.34	0.75	0.41	0.00	0.17	0.08	–2.24	0.32	1.72	2.32
Non-interest-bearing liabilities	2.39	0.97	0.55	0.97	0.41	0.63	0.05	0.51		1.77	8.24
Total	**3.98**	**1.47**	**1.93**	**1.93**	**0.87**	**1.14**	**0.17**	**–1.58**	**0.32**	**3.30**	**13.54**

Dec. 31, 2011, USD billion	USD	GBP	EUR	NOK	CZK	PLN	DKK	Other foreign currencies[1]	Hedge loans[2]	SEK	Total
Assets											
Property, plant and equipment	0.15	0.03	0.09	0.17	0.15	0.06	0.01	0.10		0.26	1.02
Intangible assets	0.20	0.20	0.07	0.22	0.09	0.01		–0.07		0.03	0.75
Shares and participations		0.10	0.09	0.03				0.03		0.13	0.38
Interest-bearing receivables	1.44	0.59	0.16	0.30	0.15	0.61	0.03	–2.29		0.20	1.19
Current asset properties	0.23	0.06	0.96	0.32	0.10	0.03	0.12	0.00		1.58	3.40
Non-interest-bearing receivables	1.15	0.38	0.41	0.62	0.35	0.26	0.01	0.49		0.84	4.51
Cash and cash equivalents	0.25		0.03	0.03	0.04	0.01		0.03		0.38	0.77
Total	**3.41**	**1.36**	**1.80**	**1.70**	**0.87**	**0.99**	**0.17**	**–1.71**		**3.42**	**12.01**
Equity and liabilities											
Equity attributable to equity holders[3]	0.73	0.03	0.59	0.49	0.42	0.30	0.06	0.17		0.01	2.81
Non-controlling interests					0.01			0.01		0.00	0.03
Interest-bearing liabilities	0.57	0.33	0.58	0.38	0.00	0.12	0.07	–2.28	0.33	1.44	1.54
Non-interest-bearing liabilities	2.12	1.00	0.62	0.83	0.44	0.57	0.04	0.38		1.64	7.63
Total	**3.41**	**1.36**	**1.80**	**1.70**	**0.87**	**0.99**	**0.17**	**–1.71**	**0.33**	**3.09**	**12.01**

1 Including elimination of intra-Group receivables and liabilities.
2 Aside from hedge loans in EUR and GBP (EUR and GBP), Skanska hedged equity in foreign currencies through forward contracts amounting to USD 0.97 billion (0.78) before taxes, allocated among USD 0.37 (0.28), EUR 0.05 (0.03), CZK 0.18 (0.17), PLN 0.11 (0.10), NOK 0.23 (0.17) and CLP 0.03 (0.03) billion.
3 The respective currencies are calculated including Group goodwill and the net amount of Group surpluses after subtracting deferred taxes.

Effect on the Group of change in USD against other currencies

The following sensitivity analysis, based on the 2012 income statement and statement of financial position, shows the sensitivity of the Group to a unilateral 10 percent change in the USD against all currencies.

USD billion	+/– 10%
Revenue	+/– 1.32
Operating income	+/– 0.03
Equity	+/– 0.24

Other matters

For information on the translation reserve in equity, see Note 26 "Equity/earnings per share".

Note 35 Cash-flow statement

Aside from the cash-flow statement prepared in compliance with IAS 7, "Cash-flow Statements," Skanska is preparing a cash-flow statement based on the operations carried out by the respective business streams. This is called the "Consolidated operating cash-flow statement." The connection between the respective cash-flow statements is explained below.

Adjustments for items not included in cash flow

	2012	2011
Depreciation/amortization and impairment losses/reversals of impairment losses	247.9	240.7
Income from divestments of non-current assets and current-asset properties	–333.1	–332.0
Income after financial items from joint ventures and associated companies	–80.5	–59.0
Dividends from joint ventures and associated companies	33.2	24.8
Provision for the year, intra-Group profits on contracting work	33.4	13.9
Pensions recognized as expenses but not related to payments	86.5	78.5
Pensions paid	–78.4	–65.1
Cost of SEOP	36.3	35.1
Gain on joint ventures divested	–65.9	–724.6
Other items that have not affected cash flow from operating activities	–1.2	1.5
Total	**–121.7**	**–786.2**

Taxes paid

Taxes paid are divided into operating activities, investing activities and financing activities.

Total taxes paid for the Group during the year amounted to USD –167.6 M (–263.7).

Information about interest and dividends

	2012	2011
Interest income received during the year	27.0	26.8
Interest payments made during the year	–65.4	–52.2
Dividends received during the year	33.2	24.8

Cash and cash equivalents

Cash and cash equivalents in the cash-flow statement consist of cash and cash equivalents, plus current investments. The definition of cash in the statement of financial position can be seen in Note 1, "Accounting and valuation principles."

The same rule that has been used in determining cash and cash equivalents in the statement of financial position has been used in determining cash and cash equivalents according to the cash-flow statement. Only amounts that can be used without restrictions are recognized as cash.

	2012	2011
Cash	885.6	770.3
Total	**885.6**	**770.3**

Other matters:

At year-end, the Group's unutilized credit facilities amounted to USD 872.3 M (1,030.5).

Information about assets and liabilities in acquired Group companies/businesses

	2012	2011
Assets		
Intangible assets	–10.0	163.8
Property, plant and equipment	9.7	54.0
Shares and participations	0.5	0.7
Interest-bearing assets	–0.9	12.5
Non-interest-bearing assets	–1.8	139.7
Total	**–2.6**	**370.7**
Liabilities		
Non-controlling interests	0.0	1.5
Interest-bearing liabilities	–1.5	24.7
Non-interest-bearing liabilities	–4.5	130.0
Total	**–6.0**	**156.1**
Purchase price paid	–3.2	–257.8
Cash and cash equivalents in acquired companies	0.0	33.4
Exchange-rate differences	0.0	2.0
Effect on cash and cash equivalents, investment	**–3.2**	**–222.4**

Acquired Group companies are described in Note 7, "Business combinations."

Relation between consolidated operating cash-flow statement and consolidated cash-flow statement

The difference between the consolidated operating cash-flow statement and the consolidated cash-flow statement in compliance with IAS 7, "Cash-flow Statements," is presented below.

The consolidated cash-flow statement that was prepared in compliance with IAS 7 recognizes cash flow divided into:
Cash flow from operating activities
Cash flow from investing activities
Cash flow from financing activities

The consolidated operating cash-flow statement recognizes cash flow divided into:
Cash flow from business operations
Cash flow from financing operations
Cash flow from strategic investments
Dividend etc.
Change in interest-bearing receivables and liabilities

The consolidated operating cash-flow statement refers to operating activities as "business operations." Unlike the cash-flow statement in compliance with IAS 7, "business operations" also includes net investments, which are regarded as an element of business operations together with tax payments on these. Such net investments are net investments in property, plant and equipment and intangible non-current assets as well as net investments in Infrastructure Development.

Investments of a strategic nature are recognized under cash flow from strategic investments.

Under cash flow from financing activities, the operating cash-flow statement recognizes only interest and other financial items as well as taxes paid on the same. Dividends are recognized separately. Loans provided and repayment of loans are also recognized separately along with changes in interest-bearing receivables at the bottom of the operating cash-flow statement, resulting in a subtotal in that statement that shows cash flow before changes in interest-bearing receivables and liabilities.

Note 35 Continued

Cash flow for the year

	2012	2011
Cash flow from business operations according to operating cash flow	–277.5	400.7
Less net investments in property, plant and equipment and intangible assets	261.1	–366.7
Less tax payments on property, plant and equipment and intangible assets divested and divestment of assets in Infrastructure Development	3.0	3.7
Cash flow from operating activities	**–13.4**	**37.7**
Cash flow from strategic investments according to operating cash flow	–3.2	–222.4
Net investments in property, plant and equipment and intangible assets	–261.1	366.7
Increase and decrease in interest-bearing receivables	91.1	0.8
Taxes paid on property, plant and equipment and intangible assets divested and assets in Infrastructure Development	–3.0	–3.7
Cash flow from investing activities	**–176.2**	**141.4**
Cash flow from financing operations according to operating cash-flow statement, including changes in interest-bearing receivables and liabilities	772.3	410.1
Increase and decrease in interest-bearing liabilities	–91.1	–0.8
Dividend etc[1]	–404.8	–784.8
Cash flow from financing activities	**276.4**	**–375.5**
Cash flow for the year	**86.8**	**–196.4**
1 Of which repurchases of shares	–38.7	–28.3

Relation between the Group's investments in the cash-flow statement and investments in the operating cash-flow statement

Total net investments are recognized in the cash-flow statement divided into operating activities and investing activities, taking into account the settlement of payments for investments and divestments.

Purchases and divestments of current-asset properties are recognized under operating activities, while other net investments are recognized under investing activities.

	2012	2011
Net investments in operating activities	–244.5	–136.6
Net investments in investing activities	–264.3	144.3
	–508.9	**7.7**
Less cash-flow adjustments, investments	–50.8	–56.7
Total net investments	**–559.7**	**–49.0**

The consolidated operating cash-flow statement recognizes net investments divided into net investments in operations and strategic net investments as follows.

Investments/Divestments

	2012	2011
Operations – Investments		
Intangible assets	–15.5	–10.8
Property, plant and equipment	–390.7	–339.8
Assets in Infrastructure Development	–56.3	–152.2
Shares	–3.2	–56.4
Current-asset properties	–2,095.5	–1,659.2
of which Residential Development	–1,146.6	–1,122.4
of which Commercial Property Development	–948.9	–536.7
	–2,561.3	**–2,218.2**
Operations – Divestments		
Intangible assets	0.0	0.2
Property, plant and equipment	40.0	30.5
Assets in Infrastructure Development	160.1	894.5
Shares	4.6	0.6
Current-asset properties	1,800.2	1,465.9
of which Residential Development	1,193.4	877.3
of which Commercial Property Development	606.8	588.6
	2,004.9	**2,391.7**
Net investments in operations	–556.4	173.4
Strategic investments	**–3.2**	**–222.4**
Acquisitions of businesses	–3.2	–222.4
Strategic divestments		
Disposals of businesses	0.0	0.0
Divestments of shares	0.0	0.0
	0.0	**0.0**
Net strategic investments	–3.2	–222.4
Total net investments	**–559.7**	**–49.0**

Note 36 Personnel

Wages, salaries, other remuneration and social-insurance contributions

	2012	2011
Wages, salaries and other remuneration		
Board members, Presidents, Executive Vice Presidents and other executive team members[1]	74.7	76.5
of which variable remuneration	28.5	30.3
Other employees	3,144.3	3,030.8
Total wages, salary and other remuneration	**3,219.0**	**3,107.3**
Social-insurance contributions	785.1	737.6
of which pension expenses	246.5	213.0

1 The amount related to Board members, Presidents, Executive Vice Presidents and other executive team members included remuneration to former Board members, Presidents and Executive Vice Presidents in all Group companies during the financial year.

Of the Group's total pension expenses, USD 6.8 M (7.1) was related to the category, "Board members, Presidents, Executive Vice Presidents and other executive team members." The amount included remuneration to former Board members, Presidents and Executive Vice Presidents.

Average number of employees

Personnel is calculated as the average number of employees. See "Accounting and valuation principles," Note 1.

	2012	2011
Sweden	10,814	10,500
Norway	4,313	4,005
Denmark	134	130
Finland	2,882	3,012
United Kingdom	3,933	4,311
Poland	6,822	6,775
Czech Republic	3,916	4,167
Slovakia	1,066	1,297
United States	8,044	6,824
Argentina	5,345	4,047
Brazil	4,094	3,602
Chile	2,122	1,032
Peru	1,778	1,519
Other countries	1,355	1,336
Total	**56,618**	**52,557**

Other matters

No loans, assets pledged or contingent liabilities have been provided on behalf of any Board member or President in the Group.

Note 37 Remuneration to senior executives and Board members

The Senior Executive Team (SET) comprises the President and CEO and the eight Executive Vice Presidents. The Team consisted of a total of nine persons at the end of 2012.

Senior executives are defined as the members of the Senior Executive Team.

Preparation and decision-making processes

Principles for remuneration to senior executives are established annually by the Annual Shareholders' Meeting. The salary and other benefits of the President and CEO are established by the Board of Directors of Skanska AB, following recommendations from the Board's Compensation Committee. The Committee sets salaries, variable remuneration and other benefits of the other members of the Senior Executive Team. The President and CEO regularly informs the Compensation Committee about the salaries, variable remuneration and other benefits of the heads of Group staff units and business units. During 2012, the Compensation Committee consisted of Stuart Graham, Chairman of the Board, Sverker Martin-Löf, Board member, and Lars Pettersson, Board member. The Compensation Committee met seven times during the year. The Annual Shareholders' Meeting approves the directors' fees and remuneration for committee work for members of the Board, following a recommendation from the Nomination Committee.

Remuneration to senior executives

Principles for remuneration

The 2012 Annual Shareholders' Meeting approved the following guidelines for salary and other remuneration to senior executives:

Remuneration to the senior executives in Skanska AB shall consist of fixed salary, variable remuneration, if any, other customary benefits and pension. The senior executives include the President and CEO, and the other members of the Senior Executive Team.

The combined remuneration for each executive must be market-related and competitive in the labor market in which the executive is placed, and distinguished performance should be reflected in the total remuneration.

Fixed salary and variable remuneration shall be related to the responsibility and authority of the executive. The variable remuneration shall be payable in cash and/or shares and it shall have a ceiling and be related to fixed salary. The allocation of shares shall require a three-year vesting period and shall be part of a long-term incentive program. Variable remuneration shall be based on outcome in relation to established targets and be designed with the aim of achieving increased alignment between the interests of the executive and the Company's shareholders. The terms of variable remuneration should be designed in such a way that if exceptional economic conditions are prevailing, the Board has the opportunity to limit or refrain from paying variable remuneration if such payment is deemed unreasonable and incompatible with the Company's other responsibilities toward shareholders, employees and other stakeholders.

To the extent that a Board member performs work on behalf of the Company in addition to his or her Board work, a consultant fee and other compensation for such work may be payable.

In case of termination or resignation, the normal notice period is 6 months, combined with severance pay equivalent to a maximum of 18 months of fixed salary or, alternatively, a notice period with a maximum of 24 months.

Pension benefits shall be either defined-benefit or defined-contribution, or a combination of these, and should entitle the executive to receive a pension from the age of 65. In individual cases, however, the pension age may be as early as 60. To qualify for a full defined-benefit pension, employment is required to have existed during as long a period as is required according to the Company's general pension plan in each respective country. Variable remuneration shall not be pensionable, except in cases where it follows from the rules in a general pension plan, for example Sweden's ITP occupational pension plan.

The Board of Directors may diverge from these guidelines, if there are special reasons to do so in an individual case.

Matters related to the salary and other remuneration of the President and CEO are prepared by the Compensation Committee and decided by the Board. Matters related to the salary and other remuneration of other senior executives are decided by the Compensation Committee.

Targets and performance related to variable remuneration

Variable remuneration may consist of two parts: annual variable salary, which is cash-based, and the share incentive program, which provides compensation in the form of shares.

The long-term share programs are described in the sections entitled "Long-term share programs" and "Previous long-term share programs" in this note. The table below specifies, by business stream, the starting point and "Outperform" target that was decided by the Board for the 2012 cash-based variable remuneration.

Financial targets for variable salary elements, 2012

	Measure of earnings	Starting point	Outperform	Outcome	Percentage fulfilled[3]
Group	Income after financial items, USD billion[1]	0.39	0.70	0.66	85%
	Return on equity,%[2]	12	18	17	82%
Residential Development[4]	Operating income, USD billion	0.37	0.61	0.51	73%
	Working capital in relation to sales, %	–9	–16	–15	90%
Construction[5]	Operating income, USD billion	0.03	0.08	-0.02	11%
	Units divested, thousands	2.5	3.4	2.6	8%
	Units started, thousands	0.8	1.2	0.9	39%
Commercial Property Development	Operating income, USD billion	0.08	0.14	0.21	99%
	Return on capital employed, %[6]	6	10	10	95%
	Number of project points[7]	24	55	88	43%
	Leasing, thousands of sq. m.	90	230	195	67%
Infrastructure Development	Operating income, USD billion	0.01	0.02	0.09	100%
	Project development, %[8]	0	100	100	100%

1 Income excludes eliminations at the Group level. The Outperform target at Group level is 95 percent of the total Outperform targets of the business streams, and the starting-point target is 105 percent of the total starting-point targets of the business streams.

2 The outcome is restated at the 2012 budget rate to achieve comparability with the targets. Adjustments were made for unaffected items primarily related to changes in interest rates and currency-exchange rates.

3 Percentage fulfilled is based on outcomes in the respective business units, which are weighed together.

4 In addition, financial targets of business units are measured for the respective clusters (groups of business units) to which they belong. For Latin America, the target, "Skanska Value Added," is also applied, which corresponds to operating profit after deductions for cost of capital employed. This target was not achieved in 2012.

5 The Nordic residential development business was also measured for return on capital employed; Czech and Slovakian residential development business was also measured for operating margin and return on capital employed.

6 Including unrealized development gains and changes in market value. Encompasses the Commercial Property Development Nordic and Europe business units.

7 A point system through which points are awarded based on the size of the started project and land purchase, and the divestment of properties in accordance with a defined scale.

8 Comprises targets for project development in Europe and the Americas, as well as asset management and divestments.

In addition to the above-mentioned financial-performance targets, each person in the Senior Executive Team has non-financial targets that may reduce the final outcome measured only according to the financial targets. These non-financial targets mainly concern strategic initiatives for profitable growth and management development. The outcome is reduced in cases where the operations for which the person is responsible have not achieved the non-financial targets.

For the Senior Executive Team, excluding the President and CEO, annual variable remuneration is mainly tied to the Group targets and/or to the business units they are directly responsible for. The non-financial targets are connected to the business units and/or operations that individuals in the Senior Executive Team are responsible for. The preliminary outcome for the other members of the Senior Executive Team averaged 74 percent. This calculation is preliminary, insofar as any deductions as a consequence of non-financial targets have not yet been taken into account. The Board will decide on the final outcome of variable remuneration after a follow-up of operations during the first quarter of 2013.

Targets and performance related to variable remuneration for the President and CEO

For the President and CEO, the financial targets have been the same as the Group targets according to the above table. The Board of Directors has the option of reducing the final outcome of variable remuneration that is measured solely on the financial targets by a maximum of 50 percent, based on the outcome of the Group's non-financial targets. The preliminary outcome for the variable remuneration of the President and CEO (i.e. excluding the Employee Ownership Program) shows an outcome of 63 percent of fixed salary, based on financial targets with a target fulfillment of 85 percent. This calculation is preliminary, insofar as any deductions as a consequence of non-financial targets have not yet been taken into account. The Board will decide on the final outcome after a follow-up of operations during the first quarter of 2013.

Pension benefits

The retirement age for members of the Senior Executive Team is 60 to 65 years, and employees in Sweden are entitled to pension benefits according to the ITP occupational pension plan. The ITP plan encompasses the premium-based ITP1 pension system and the defined-benefit ITP2 pension system. Employees outside Sweden are covered by local pension plans. The ITP1 premium is 4.5 percent of gross cash salary up to 7.5 base amounts of income per year (as defined by Swedish social insurance rules, and amounting to USD 60,500 in 2012) and 30 percent of gross cash salary above that. The defined-benefit ITP2 plan guarantees a lifetime pension from age 65. The pension amount is a certain percentage of final salary, and the service period to qualify for a full pension is 30 years. The pension entitlement is 10 percent for portions of salary up to 7.5 base amounts, 65 percent for portions between 7.5 and 20 base amounts (in 2012: USD 161,300) and 32.5 percent for portions of salary between 20 and 30 base amounts (in 2012: USD 241,900). In addition, this ITP2 group is covered by a supplementary pension entitlement, with a premium of 20 percent, for portions of salary exceeding 30 base amounts. Within the framework of the ITP1 pension system, Skanska introduced a company-specific pension plan with in-house management of the pension assets, which is offered to all employees in Sweden. The premium is 5.5 percent of gross cash salary up to 7.5 base amounts and 30 percent of gross cash salary above that. The plan is free of charge for employees and guarantees that pension assets will be the highest of a benchmark portfolio consisting of 60 percent equities and 40 percent bonds, the Consumer Price Index or paid-in premiums.

Severance pay

In case of termination by the Company, the notice period is normally six months, with continued fixed salary and benefits, excluding variable remuneration. After the notice period, severance pay is disbursed for 12 to 18 months. When payments are disbursed after the notice period, other income must normally be subtracted from the amount payable.

A mutual notice period of 24 months applies between Skanska and the President and CEO, with retention of fixed salary and benefits, excluding variable remuneration. No severance pay will be disbursed in case of termination.

Remuneration and benefits recognized as expenses in 2012

Directors' fees

The 2012 Annual Shareholders' Meeting resolved that fees would be paid to the Board members elected by the Meeting, with the exception of the President and CEO, totaling USD 1,007.8 T, including a special appropriation for committee work. See the table below.

USD thousand	Director's fee	Audit Committee	Compensation Committee	Project Review Committee	Total
Chairman of the Board					
Stuart Graham	232.6	18.5	14.8	25.8	291.6
Other Board members					
Sverker Martin-Löf	77.5	22.2	14.8	25.8	140.3
Fredrik Lundberg	77.5			25.8	103.4
Sir Adrian Montague	77.5			25.8	103.4
Lars Pettersson	77.5		14.8		92.3
Josephine Rydberg-Dumont	77.5				77.5
Charlotte Strömberg	77.5	18.5			96.0
Matti Sundberg	77.5			25.8	103.4
Board of Directors	**775.3**	**59.1**	**44.4**	**129.2**	**1,007.8**

Chairman of the Board

During the 2012 financial year, the Chairman of the Board, Stuart Graham, received a director's fee totaling USD 291.6 T, of which USD 59.1 T was related to committee work.

Board members

Other members of the Board did not receive any remuneration for their role as Board members beyond their regular directors' fees and remuneration for committee work. Matti Sundberg received approximately USD 22.2 T for serving as a Board member of the subsidiary, Skanska Oy, while Sir Adrian Montague received approximately USD 27.8 T for his assignment as an advisor to Skanska's U.K. operations.

For Board members appointed by the employees, no disclosures are made concerning salaries and remuneration as well as pensions, since they do not receive these in their capacity as Board members. For Board members who were employees of the Company before the beginning of the financial year, disclosures are made concerning pension obligations in their former role as employees.

The President and CEO

During 2012, the President and CEO, Johan Karlström, received a fixed salary of USD 1,550.5 T plus an estimated variable salary element of USD 984.1 T based on financial targets with a 85 percent fulfillment level. Variable remuneration may total a maximum of 75 percent of fixed annual salary. The final outcome of variable remuneration for the President and CEO will be established by the Board after a follow-up of operations during the first quarter of 2013. The preliminary outcome was equivalent to 63 percent of fixed annual salary. Disbursement normally occurs during May of the year following the performance year.

Senior Executive Team

USD thousand	Annual salary	Variable remuneration[1]	Allocated value of employee ownership programs[2]	Other remuneration and benefits	Pension expense	Total
President and CEO						
Johan Karlström	1,550.5	984.1	450.5	12.1	630.5	3,627.7
Other SET members (8 persons)	4,265.4	3,164.2	1,226.7	280.7	1,540.8	10,477.7
Total	**5,815.9**	**4,148.3**	**1,677.2**	**292.8**	**2,171.3**	**14,105.4**

1 Variable remuneration related to the 2012 financial year is preliminary and will be finally fixed and disbursed after a follow-up of the outcome in the first quarter of 2013. The amounts included under the heading, "Variable remuneration" in the above table refer to the 2012 financial year. The variable remuneration agreements include a general clause stipulating that the Board of Directors and the Compensation Committee are entitled to wholly or partly reduce variable remuneration in case of violation of the Code of Conduct.
2 The value stated refers to a preliminary allotment of matching shares and performance shares for 2012, at the share price on December 28, 2012 (SEK 106 equivalent to USD 16.3). The Senior Executive Team will receive an estimated 8,947 matching shares and 93,947 performance shares. The Board of Directors will decide the final outcome after a follow-up of operations during the first quarter of 2013. In order to receive matching shares and performance shares, an additional three years of service are required. The cost is allocated over three years in compliance with IFRS 2. See the section entitled "Long-term share programs." In addition to the above amounts, the President and CEO as well as some other members of the Senior Executive Team received remuneration related to the 2009 financial year. After a three-year vesting period as part of the previous employee ownership program, SEOP 1, the President and CEO received 39,195 shares equivalent to motsvarande USD 625.1 T in 2012, related to shares allotted for the financial year 2009. During 2012, as part of SEOP 1, the other members of the Senior Executive Team – after a three-year vesting period – received 75,572 shares, equivalent to USD 1,205.3 T, related to shares allotted for the financial year 2009.

The President and CEO is also covered by the Group's ongoing Employee Ownership Program, SEOP 2, with an allocation of matching shares and performance shares. See the section entitled "Long-term share programs" in this note. Within the framework of SEOP 2, Mr. Karlström purchased 9,613 Series B Skanska shares during 2012, which resulted in an allocation of 2,403 matching shares equivalent to USD 39.1 T. An estimated 25,235 performance shares may be allocated, at a value of USD 411.4 T, since the Outperform targets were preliminarily 70-percent fulfilled. The stated value refers to the share price on December 28, 2012 (SEK 106 equivalent to USD 16.3). The final allocation of performance shares will be established by the Board after a follow-up of operations during the first quarter of 2013.

The President and CEO will be eligible for a pension from age 60 at the earliest. Annual pension provisions will total 40 percent of fixed annual salary. The cost during 2012 totaled USD 630.5 T.

Other members of the Senior Executive Team

During 2012, no new individuals joined or resigned from their positions in the Senior Executive Team. The other members of the Senior Executive Team totaled eight individuals at the end of 2012.

Members of the Senior Executive Team received a fixed salary and variable remuneration based on the Group's earnings and/or the earnings of the business units for which they are directly responsible. In addition, senior executives were covered by the Group's ongoing Employee Ownership Program, SEOP 2, with an allocation of matching shares and performance shares. See the section entitled "Long-term share programs" in this note. A total of 26,076 shares were purchased by the other members of the Senior Executive Team during 2012, which resulted in 6,544 matching shares, equivalent to USD 106.7 T. An estimated 68,712 performance shares will be allocated, at a value of USD 1,120.0 T, since the Outperform targets were preliminarily 70-percent fulfilled. The stated value refers to the share price on December 28, 2012 (SEK 106 equivalent to USD 16.3). Variable remuneration and the outcome of performance shares for 2012 are preliminary, and the final outcome will be established after a follow-up of operations during the first quarter of 2013. Disbursement normally occurs during May of the year following the performance year.

All above-mentioned remuneration and benefits were charged to Skanska AB, except for USD 2,603.2 T to other members of the Senior Executive Team, which was charged to other Group companies.

Pension obligations to current and former senior executives

In 2012, outstanding pension obligations to Presidents and CEOs, including former Presidents and CEOs, amounted to USD 17,347.8 T. Outstanding obligations to other current and former members of the Senior Executive Team amounted to USD 23,143.2 T.

Long-term share programs

Share Incentive Program – Skanska Employee Ownership Program, SEOP 2 (2011 to 2013)

In 2010, the Annual Shareholders' Meeting approved the introduction of the SEOP 2 long-term share ownership program for employees of the Skanska Group, which is essentially an extension of the earlier SEOP 1 share ownership program that ran during 2008 to 2010. The terms and conditions coincide in all essential respects with those of the earlier SEOP 1 program.

The program is aimed at about 40,000 permanent employees of the Skanska Group, of whom some 2,000 are key employees and about 300 executives, including the President and CEO and the rest of the Senior Executive Team.

The program offers employees, key employees and executives the opportunity – provided they have made their own investment in Series B Skanska shares during a given financial year – to receive Series B Skanska shares from Skanska free of charge. For each four Series B "investment" shares purchased, the employee will be entitled, after a three-year vesting period, to receive one Series B Skanska share free of charge. In addition, after the vesting period, the employee will be able to receive additional Series B Skanska shares free of charge, depending on the fulfillment of certain earnings-based performance conditions during the purchase period.

The purchase period covers the years 2011–2013 and the vesting period runs for three years from the date the employee invests in shares. For each four investment shares purchased, employees may – in addition to one matching share – receive a maximum of three performance shares. For each four investment shares, key employees may – in addition to one matching share – receive a maximum of seven performance shares. For each four investment shares, executives may – in addition to one matching share – receive a maximum of 15 performance shares.

The maximum number of investment shares that each employee participating in the program may acquire, through monthly savings, depends on the employee's salary and whether an employee is participating in the program as an employee, a key employee or an executive.

To qualify for receiving matching and performance shares, a participant must be employed in the Skanska Group throughout the vesting period and must have retained his or her investment shares during this period.

The program has two cost ceilings. The first ceiling depends on the extent to which financial "SEOP-specific Outperform targets" are met, which limits Skanska's total cost per year to USD 31-97 M, related to fulfillment of the financial "SEOP-specific Outperform targets" at the Group level. The first cost ceiling is adjusted in accordance with the Consumer Price Index, with 2010 as the base year for SEOP 2. The other cost ceiling is that Skanska's total cost per year may not exceed 15 percent of earnings before interest and taxes (EBIT). The actual cost ceiling will be the lower of these two cost ceilings. The costs for the outcomes of stock-purchase programs from previous years is included in annually established earnings goals. In addition to the cost ceilings, the number of shares that may be repurchased as part of the program is also limited to 13,500,000 shares.

The table on page 158 shows SEOP 2 target fulfillment in 2012 for each business stream.

In the Skanska Group, a total of 17 percent of permanent employees participated in SEOP 2 during 2012.

The cost of SEOP 2 for 2012, excluding social-insurance contributions, is estimated at about USD 78.2 M, of which USD 7.2 M was recognized as an expense during 2011, while the costs for 2012 totaled approximately USD 20.8 M. The remaining cost of the SEOP 2 program through 2016 is estimated at about USD 50.2 M.

The dilution effect through 2012 related to the SEOP 2 program for 2012 is estimated at 1,791,693 shares or 0.43 percent of the number of Skanska Series B shares outstanding. Maximum dilution for the 2012 program is projected at 4,606,864 shares or 1.11 percent.

Note 37 Continued

Financial targets for the Employee Ownership Program, SEOP 2, in 2012[1]

	Measure of earnings	Starting point	Outperform	Outcome	Percentage fulfilled[2]
Group	Income after financial items, USD billion	0.45	0.76	0.66	67%
	Return on equity,%	12	18	17	82%
Construction[3]	Operating income, USD billion	0.37	0.63	0.51	73%
Residential Development	Operating income, USD billion	0.03	0.10	-0.02	11%
	Units divested, thousands	2.5	3.4	2.6	8%
	Units started, thousands[4]	0.8	1.2	0.9	39%
Commercial Property Development	Operating income, USD billion	0.08	0.14	0.21	99%
	Leasing, thousands of sq. m.	90	230	195	67%
Infrastructure Development	Operating income, USD billion	0.01	0.02	0.09	100%
	Project development,%	0	100	100	100%

1 For further information, see the table, "Financial targets for variable salary portion" in Note 37 on page 155.
2 Fulfillment level is based on outcomes in the respective business units, which are weighed together.
3 For Latin America, the target, "Skanska Value Added," is also applied, which corresponds to operating profit after deduction for cost of capital employed.
4 Used for Residential Development in the U.K. and Poland.

Previous long-term share programs

Share Incentive Program – Skanska Employee Ownership Program, SEOP 1 (2008 to 2010)

For the initial Skanska Employee Ownership Program, which ran during 2008 to 2010, the distribution of shares was implemented in 2011 and 2012. This was related to shares that were earned during 2008 and 2009, which, after a three-year vesting period, were distributed to those who had been employed by the Group throughout the vesting period and who had retained their investment shares during this vesting period.

The total cost of SEOP 1, excluding social insurance contributions, is estimated at about USD 94.2 M, of which USD 74.1 M was recognized as an expense in 2008, 2009, 2010 and 2011, while the cost in 2012 totaled about USD 15.5 M. The remaining cost of SEOP 1 through 2013 is estimated at about USD 4.6 M.

The dilution effect through 2012 for SEOP 1 is estimated at 1,800,309 shares or 0.44 percent of the number of Skanska Series B shares outstanding. Maximum dilution for the program at the end of the vesting period in 2013 is projected at 2,040,524 shares or 0.49 percent.

Local incentive programs

Salaries and other remuneration are established with reference to prevailing conditions in the rest of the construction industry and customary practices in each local market. The Skanska Group applies a remuneration model for the affected executives and managers that consists of a fixed annual salary plus variable remuneration, which is based on financial targets achieved.

Note 38 Fees and other remuneration to auditors

	2012	2011
KPMG		
Audit assignments	8.3	8.5
Tax advisory services	1.2	1.5
Other services	1.6	1.7
Total	**11.1**	**11.7**

"Audit assignments" refers to the statutory audit of the annual accounts and accounting documents as well as the administration by the Board of Directors and the President and CEO, along with audit and other review work conducted according to agreement or contract. This includes other tasks that are incumbent upon the Company's auditors to perform as well as advisory services or other assistance as a result of observations during such review work or the completion of such other tasks.

"Other services" refers to advisory services related to accounting issues, advisory services concerning the divestment and acquisition of businesses and advisory services concerning processes and internal controls.

Note 39 Related party disclosures

Skanska sells administrative services to pension funds that manage assets intended to cover the Group's pension obligations.

Associated companies and joint ventures are companies related to Skanska. Information on transactions with these is presented in the following tables.

Information on remuneration and transactions with senior executives is found in Note 36, "Personnel," and Note 37, "Remuneration to senior executives and Board members."

Note 39 Continued

Transactions with joint ventures	2012	2011
Sales to joint ventures	694.8	979.5
Purchases from joint ventures	12.8	13.2
Dividends from joint ventures	32.8	24.8
Receivables from joint ventures	194.9	195.2
Liabilities to joint ventures	0.9	2.0
Contingent liabilities for joint ventures	97.8	50.1

Transactions with associated companies	2012	2011
Purchases from associated companies	1.6	2.3
Receivables from associated companies	0.6	0.4
Liabilities to associated companies	1.4	

L E Lundbergföretagen AB has assigned Skanska to undertake two construction contracts at a total contract amount of USD 20.7 M.

Skanska's pension fund directly owns 650,000 (650,000) Series B shares in Skanska. There is also an insignificant holding of indirectly owned shares via investments in various mutual funds.

During 2012, Skanska sold its 41-percent shareholding of Tieyhtiö Ykköstie Oy in Finland , which was operated by Infrastructure Development, for a sale price of about USD 24.4 M. The purchasers were Skanska Norway's pension trust and the pension foundation Skanska Trean Allmän Pensionsstiftelse in Sweden, which each provided half of the investment.

Note 40 Leases

Skanska is a lessee in both finance and operating leases.

When Skanska is a lessee, finance lease assets are recognized as a non-current asset in the statement of financial position, while the future obligation to the lessor is recognized as a liability in the statement of financial position.

Skanska is not a financial lessor.

As an operating lessor, Skanska leases properties to tenants mainly via its Commercial Property Development operations.

A. Skanska as a lessee

Finance leases

Leased property, plant and equipment including buildings and land ("Property") as well as machinery and equipment ("Plant and equipment") are recognized in the consolidated financial statements as finance leases.

Of the amount in the statement of financial position for finance leases, most is related to car leases in Sweden.

Agreements with lease companies in other countries are operating leases.

Financial leases, carrying amount	2012	2011
Property, plant and equipment		
Property	8.0	8.3
Plant and equipment	38.7	31.8
Total	**46.7**	**40.0**
Cost	118.3	126.8
Depreciation for the year	–10.7	–9.6
Accumulated depreciation, January 1	–60.9	–77.2
Carrying amount	**46.7**	**40.0**

Variable fees for finance leases included in 2012 income amounted to USD 0.0 M (0.0). No property leased to Skanska has been subleased to others.

Future minimum lease payments and their present value can be seen in the following table:

	Future minimum lease payments		Present value of future minimum lease payments	
Expenses, due date	2012	2011	2012	2011
Within one year	–10.1	–9.0	–8.6	–7.7
Later than one year but within five years	–12.7	–12.2	–10.7	–10.0
Later than five years	–2.3	–3.3	–2.1	–2.9
Total	**–25.2**	**–24.5**	**–21.5**	**–20.6**

Reconciliation, future minimum lease payments and their present value	2012	2011
Future minimum lease payments	–25.2	–24.5
Less interest charges	3.7	3.9
Present value of future minimum lease payments	**–21.5**	**–20.6**

Operating leases

Most of the amounts for future minimum lease payments are related to leased cars and office space for operations in the United Kingdom, Poland and the U.S. Also included are site leasehold agreements, especially in Stockholm.

The Group's leasing expenses related to operating leases in 2012 totaled USD –66.7 M (–83.0), of which USD –59.1 M (–72.8) was related to minimum lease payments and USD –7.7 M (–10.2) was related to variable payments. The Group had USD 0.0 M (0.0) in leasing income related to subleasing on operating leases.

The due dates of future minimum lease payments for non-cancelable operating leases were distributed as follows:

Expenses, due date	2012	2011
Within one year	–53.7	–54.1
Later than one year but within five years	–114.8	–115.1
Later than five years	–186.6	–109.3
Total	**–355.2**	**–278.4**

Of this amount, USD 0.0 M (0.0) was related to properties that were subleased

B. Skanska as lessor

Finance leases

Skanska is not a financial lessor.

Operating leases

Operating lease business in the form of property leasing is mainly carried out by the Commercial Property Development business stream.

These properties are recognized as current assets in the statement of financial position. See Note 4, "Operating segments."

In 2012, Commercial Property Development's lease income amounted to USD 72.4 M (91.5).

The Group's variable lease income related to operating leases amounted to USD 0.0 M (1.5) during the year.

The due dates of future minimum lease payments for non-cancelable operating leases were distributed as follows:

Revenue, due date	2012	2011
Within one year	47.0	62.4
Later than one year but within five years	146.7	209.5
Later than five years	48.3	150.5
Total	**242.1**	**422.4**

The carrying amount of current-asset properties in Commercial Property Development totaled USD 2,161.3 M (1,605.6).

Note 41 Events after the reporting period

The financial statements were signed on February 6, 2013 and will be submitted for adoption by the Annual Shareholders' Meeting of Skanska AB on April 11, 2013.

Note 42 Consolidated quarterly results

	2012				2011			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Order bookings	**4,799.9**	**3,932.5**	**5,276.0**	**3,723.6**	**6,145.8**	**5,289.0**	**4,271.0**	**3,328.0**
Income								
Revenue	5,391.8	4,975.7	4,702.4	4,030.8	5,384.5	4,732.0	4,650.6	3,519.4
Cost of sales	–4,934.7	–4,510.2	–4,253.4	–3,695.2	–4,854.2	–4,278.3	–4,180.1	–3,229.7
Gross income	**457.1**	**465.5**	**449.0**	**335.7**	**530.2**	**453.6**	**470.5**	**289.7**
Selling and administrative expenses	–346.6	–289.1	–318.1	–302.5	–338.8	–284.3	–309.3	–277.0
Income from joint ventures and associated companies	41.5	59.8	21.9	19.3	9.6	13.4	723.4	14.8
Operating income	**152.0**	**236.2**	**152.7**	**52.4**	**201.0**	**182.7**	**884.6**	**27.4**
Interest income	5.2	5.5	7.3	8.9	10.6	9.4	7.7	8.5
Interest expenses	–15.9	–16.6	–14.9	–8.7	–9.4	–7.9	–7.6	–6.5
Change in fair value	1.5	1.6	1.1	2.7	1.5	0.6	2.2	0.5
Other financial items	–3.4	–2.4	–4.6	–1.8	–3.3	–1.2	–0.7	–2.5
Net financial items	**–12.7**	**–11.8**	**–11.1**	**1.0**	**–0.6**	**0.9**	**1.6**	**0.0**
Income after financial items	**139.3**	**224.4**	**141.6**	**53.5**	**200.3**	**183.7**	**886.1**	**27.4**
Taxes	–27.2	–56.5	–38.2	–14.4	–44.8	–39.4	–36.5	–7.1
Profit for the period	**112.0**	**167.9**	**103.4**	**39.1**	**155.5**	**144.2**	**849.6**	**20.3**
Profit for the period attributable to								
Equity holders	111.6	167.5	103.1	39.1	155.1	144.1	849.3	20.3
Non-controlling interests	0.5	0.4	0.3	0.0	0.5	0.2	0.3	0.0
Order backlog	22,514.4	22,761.9	23,102.1	23,064.0	22,591.1	21,492.4	22,026.7	22,183.9
Capital employed	5,291.9	5,299.3	4,732.8	4,609.2	4,376.7	4,238.7	4,562.2	4,273.8
Interest-bearing net receivables	–293.5	–753.3	–720.9	73.3	425.0	300.8	712.0	908.2
Debt-equity ratio	0.1	0.3	0.3	0.0	–0.1	–0.1	–0.2	–0.3
Return on capital employed, %	12.9	14.7	14.0	30.8	31.0	32.7	35.5	18.6
Cash flow								
Cash flow from operating activities	509.4	12.4	–242.1	–293.1	517.4	–51.8	–40.6	–387.4
Cash flow from investing activities	6.3	23.0	–59.0	–146.5	–265.0	–96.7	640.5	–137.4
Cash flow from financing activities	–171.8	215.1	212.5	20.7	70.7	–74.1	–576.4	204.3
Cash flow for the period	**343.8**	**250.4**	**–88.5**	**–418.9**	**323.1**	**–222.6**	**23.6**	**–320.5**

Note 42 Continued

Business streams

	2012				2011			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Order bookings								
Construction	4,799.9	3,932.5	5,276.0	3,723.6	6,145.8	5,289.0	4,271.0	3,328.0
Total	**4,799.9**	**3,932.5**	**5,276.0**	**3,723.6**	**6,145.8**	**5,289.0**	**4,271.0**	**3,328.0**
Revenue								
Construction	5,127.4	4,909.9	4,465.0	3,883.6	4,961.6	4,675.4	4,575.0	3,495.1
Residential Development	404.4	216.7	398.7	180.1	305.5	193.7	235.2	153.2
Commercial Property Development	183.8	129.3	157.5	211.1	462.1	62.1	119.2	24.8
Infrastructure Development	5.5	7.2	18.2	4.9	3.9	3.6	23.0	13.6
Central and eliminations	–329.3	–287.3	–337.0	–248.9	–348.7	–202.8	–301.8	–167.2
Total	**5,391.8**	**4,975.7**	**4,702.4**	**4,030.8**	**5,384.5**	**4,732.0**	**4,650.6**	**3,519.4**
Operating income								
Construction	126.7	189.5	149.0	47.8	115.7	195.5	172.7	50.1
Residential Development	17.4	13.0	–29.1	–7.1	3.2	–10.6	7.0	–3.7
Commercial Property Development	33.9	21.7	39.9	31.8	114.7	8.2	19.8	0.6
Infrastructure Development	16.2	43.0	20.3	7.3	–2.9	15.4	711.6	3.9
Central	–36.9	–22.9	–23.6	–25.0	–34.9	–24.7	–26.6	–21.3
Eliminations	–5.4	–8.1	–3.8	–2.4	5.3	–0.9	0.1	–2.2
Total	**152.0**	**236.2**	**152.7**	**52.4**	**201.0**	**182.7**	**884.6**	**27.4**

Note 43 Five-year Group financial summary

Income statements

	2012	2011	2010	2009	2008
Revenue	19,100.7	18,286.5	16,956.7	18,179.0	21,801.8
Cost of sales	–17,393.5	–16,542.4	–15,229.5	–16,388.0	–19,959.3
Gross income	**1,707.2**	**1,744.0**	**1,727.2**	**1,791.1**	**1,842.5**
Selling and administrative expenses	–1,256.3	–1,209.5	–1,045.1	–1,055.5	–1,355.4
Income from joint ventures and associated companies	142.5	761.1	75.1	52.8	132.9
Operating income	**593.3**	**1,295.7**	**757.2**	**788.3**	**620.0**
Net financial items	–34.6	1.8	–4.9	–30.4	49.2
Income after financial items	**558.8**	**1,297.6**	**752.4**	**757.9**	**669.2**
Taxes	–136.3	–127.8	–193.5	–206.3	–190.1
Profit for the year	**422.5**	**1,169.7**	**558.8**	**551.5**	**479.1**
Profit for the year attributable to					
Equity holders	421.3	1,168.8	558.0	550.9	470.7
Non-controlling interests	1.2	0.9	0.8	0.7	8.3
Other comprehensive income					
Translation differences attributable to equity holders	147.2	–109.9	–51.6	204.7	–383.0
Translation differences attributable to non-controlling interests	–0.6	–0.2	–2.1	–0.7	3.5
Hedging of exchange risk in foreign operations	–32.0	27.0	14.9	–53.5	77.0
Effects of actuarial gains and losses on pensions	–19.2	–478.4	123.3	99.8	–416.2
Effects of cash flow hedges	–6.2	–204.2	17.6	–52.1	–33.5
Tax attributable to other comprehensive income	–13.3	133.7	–40.6	–30.4	113.7
Other comprehensive income for the year	**76.0**	**–632.0**	**61.6**	**167.7**	**–638.6**
Total comprehensive income for the year	**498.4**	**537.8**	**620.4**	**719.3**	**–159.6**
Total comprehensive income for the year attributable to					
Equity holders	497.8	537.0	621.6	719.3	–171.4
Non-controlling interests	0.6	0.8	–1.2	0.0	11.8
Cash flow					
Cash flow from operating activities	–13.4	37.7	865.4	991.1	84.1
Cash flow from investing activities	–176.2	141.4	–534.1	–409.1	–291.0
Cash flow from financing activities	276.4	–375.5	–678.1	–360.1	–846.1
Cash flow for the year	**86.8**	**–196.4**	**–346.8**	**221.9**	**–1,053.1**

Statements of financial position

	Dec 31, 2012	Dec 31, 2011	Dec 31, 2010	Dec 31, 2009	Jan 1, 2009	Dec 31, 2008
ASSETS						
Non-current assets						
Property, plant and equipment	1,218.4	1,018.3	868.1	876.9	895.9	895.9
Goodwill	749.3	727.2	575.8	607.0	575.2	575.2
Intangible assets	28.5	22.9	52.0	28.9	30.0	104.1
Investments in joint ventures and associated companies	371.0	366.5	260.9	353.5	309.5	195.8
Financial non-current assets[1,3]	282.7	305.9	311.9	145.0	40.0	40.0
Deferred tax assets	192.6	242.5	216.4	216.3	257.4	255.1
Total non-current assets	**2,842.7**	**2,683.3**	**2,285.2**	**2,227.6**	**2,108.0**	**2,066.0**
Current assets						
Current-asset properties[2]	4,129.5	3,396.8	2,999.6	3,195.6	3,098.7	2,404.2
Inventories	165.6	147.1	136.1	116.2	116.7	116.7
Financial current assets[3]	896.1	923.0	929.1	778.2	725.6	943.3
Tax assets	87.2	63.3	74.4	74.2	105.1	105.1
Gross amount due from customers for contract work	919.6	741.1	726.3	642.3	670.7	788.2
Trade and other receivables	3,617.0	3,284.7	3,131.6	3,310.4	3,402.8	3,365.0
Cash	885.6	770.3	978.1	1,309.0	1,020.5	1,020.5
Assets held for sale			163			
Total current assets	**10,700.7**	**9,326.3**	**9,138.0**	**9,425.8**	**9,140.1**	**8,743.0**
TOTAL ASSETS	**13,543.4**	**12,009.6**	**11,423.2**	**11,653.5**	**11,248.1**	**10,809.0**
of which interest-bearing	2,027.9	1,960.2	2,182.1	2,193.9	1,742.1	1,959.7
EQUITY						
Equity attributable to equity holders	2,946.7	2,817.0	3,039.2	2,781.9	2,377.5	2,467.7
Non-controlling interests	23.9	24.5	17.1	23.7	24.8	24.8
Total equity	**2,970.6**	**2,841.4**	**3,056.3**	**2,805.6**	**2,402.3**	**2,492.4**
LIABILITIES						
Non-current liabilities						
Financial non-current liabilities[3]	739.8	193.7	162.7	266.1	139.5	139.5
Pensions	628.2	545.1	178.7	308.6	401.4	401.4
Deferred tax liabilities	87.8	134.5	240.6	213.6	210.8	227.9
Non-current provisions	1.8	2.5	4.1	7.4	11.1	11.1
Total non-current liabilities	**1,457.7**	**875.8**	**586.2**	**795.6**	**762.8**	**779.9**
Current liabilities						
Financial current liabilities[3]	964.4	807.2	409.5	515.6	663.5	269.5
Tax liabilities	36.8	38.2	147.4	148.0	111.9	111.9
Current provisions	923.4	860.4	740.4	697.3	635.5	635.5
Gross amount due to customers for contract work	2,419.0	2,441.5	2,489.6	2,351.0	2,142.3	2,207.7
Trade and other payables	4,771.5	4,145.1	3,993.7	4,340.3	4,529.8	4,312.2
Total current liabilities	**9,115.1**	**8,292.4**	**7,780.7**	**8,052.2**	**8,083.0**	**7,536.7**
TOTAL EQUITY AND LIABILITIES	**13,543.4**	**12,009.6**	**11,423.2**	**11,653.5**	**11,248.1**	**10,809.0**
of which interest-bearing	2,321.4	1,535.3	724.8	1,068.3	1,158.6	764.6
1 of which shares	7.7	5.5	6.0	7.7	8.3	8.3
2 Current-asset properties						
Commercial Property Development	2,161.3	1,605.6	1,469.9	1,786.6	1,552.8	1,403.0
Residential Development	1,745.2	1,791.2	1,529.6	1,409.0	1,545.9	1,001.3
Central	223.0					
Total	**4,129.5**	**3,396.8**	**2,999.6**	**3,195.6**	**3,098.7**	**2,404.2**
3 Items related to non-interest-bearing unrealized changes in value of derivatives/securities are included in the following amounts:						
Financial non-current assets			1.3			
Financial current assets	28.9	33.4	29.7	30.6	35.7	35.7
Financial non-current liabilities	7.5	0.3				
Financial current liabilities	13.5	19.9	33.4	32.3	59.4	59.4

Note 43 Continued

Financial ratios etc.[4 5]

	Dec 31, 2012	Dec 31, 2011	Dec 31,2010	Dec 31, 2009	Jan 1, 2009	Dec 31, 2008
Order bookings[6]	17,732.0	19,033.9	18 076,2[7]	16,827.8		19,199.2
Order backlog[6]	22,514.4	22,591.1	21 451,9[8]	18,993.9		18,438.7
Average number of employees	56,618	52,557	51,645	52,931		57,815
Regular dividend per share, SEK[9]	6.00	6.00	5.75	5.25		5.25
Corresponding to regular dividend per share, USD	0.92	0.89	0.89	0.73		0.69
Extra dividend per share, SEK[9]	0.0	0.00	6.25	1.00		0.00
Corresponding to extra dividend per share, USD	0.0	0.00	0.96	0.14		0.00
Earnings per share, USD	1.02	2.84	1.35	1.33		1.13
Earnings per share after dilution, USD	1.02	2.82	1.34	1.32		1.13
Capital employed	5,291.9	4,376.7	3,781.1	3,874.0	3,560.9	3,257.0
Interest-bearing net receivables (+)/net debt (–)	–293.5	425.0	1,457.3	1,125.6	583.5	1,195.1
Equity per share, USD	7.15	6.84	7.39	6.74	5.72	5.94
Equity/assets ratio, %	21.9	23.7	26.8	24.1	21.4	23.1
Debt/equity ratio	0.1	–0.1	–0.5	–0.4	–0.2	-0.5
Interest cover	29.2	–325.7	–114.2	597.8		–13.9
Return on equity, %	15.0	38.5	20.8	22.3		15.5
Return on capital employed, %	12.9	31.0	21.4	22.0		17.8
Operating margin, %	3.1	7.1	4.5	4.3		2.8
Cash flow per share, USD	–1.70	–1.51	0.57	1.04		–1.38
Number of shares at year-end	419,903,072	419,903,072	423,053,072	423,053,072		423,053,072
of which Series A shares	19,947,643	19,975,523	20,032,231	20,100,265		22,463,663
of which Series B shares	399,955,429	399,927,549	399,380,841	399,012,807		396,089,409
of which Series D shares (not entitled to dividend, in Skanska's own custody)	0	0	3,640,000	3,940,000		4,500,000
Average price, repurchased shares	105.53	104.79	105.40	100.69		96.97
Corresponding to average price, repurchased shares, USD	15.58	16.1	14.6	13.2		14.7
Number of repurchased Series B shares	12,541,000	10,124,000	8,324,000	6,214,000		2,795,000
of which repurchased during the year	2,417,000	1,800,000	2,110,000	3,419,000		
Number of Series B shares in own custody at year-end	8,066,894	8,323,103	8,253,247	6,331,190		2,793,162
Number of shares outstanding at year-end	411,836,178	411,579,969	411,159,825	412,781,882		415,759,910
Average number of shares outstanding	412,035,381	411,824,469	412,229,351	415,059,131		416,985,073
Average number of shares outstanding after dilution	413,529,383	414,568,384	416,448,523	416,743,454		417,851,397
Average dilution, percent	0.36	0.66	1.01	0.40		0.21

4 For definitions, see Note 44.
5 Comparative figures for 2008 have not been adjusted for the effects of IFRIC 12 and IFRIC 15.
6 Refers to Construction.
7 In 2010, correction of USD –158.2 M.
8 In 2010, correction of USD –167.6 M.
9 Proposed by the Board of Directors: Regular dividend of SEK 6.00 per share (corresponding to USD 0.92).

Note 44 Definitions

Average capital employed	Calculated on the basis of five measuring points: half of capital employed on January 1 plus capital employed at the end of the first, second and third quarters plus half of capital employed at year-end, divided by four.
Average visible equity	Calculated on the basis of five measuring points: half of equity attributable to equity holders on January 1 plus equity attributable to equity holders at the end of the first, second and third quarters plus half of equity attributable to equity holders at year-end, divided by four.
Capital employed in business streams, markets and business/reporting units	Total assets minus tax assets and deposits in Skanska's treasury unit minus non-interest-bearing liabilities minus provisions for taxes and tax liabilities. Capitalized interest expense is removed from total assets for the Residential Development and Commercial Property Development segments.
Cash flow per share	Cash flow before change in interest-bearing receivables and liabilities divided by the average number of shares outstanding.
Consolidated capital employed	Total assets minus non-interest-bearing liabilities.
Consolidated operating cash flow	In the consolidated operating cash-flow statement, which includes taxes paid, investments are recognized both in cash flow from business operations and in cash flow from strategic investments. See also Note 35.
Consolidated return on capital employed	Operating income plus financial income as a percentage of average capital employed.
Comprehensive income	Change in equity not attributable to transactions with owners.
Debt/equity ratio	Interest-bearing net debt divided by visible equity including non-controlling interests.
Earnings per share	Profit for the year attributable to equity holders divided by the average number of shares outstanding.
Earnings per share after dilution	Profit for the year attributable to equity holders divided by the average number of shares outstanding after dilution.
Equity per share	Visible equity attributable to equity holders divided by the number of shares outstanding at year-end.
Equity/assets ratio	Visible equity including non-controlling interests as a percentage of total assets.
Interest-bearing net receivables	Interest-bearing assets minus interest-bearing liabilities.
Interest cover	Operating income and financial income plus depreciation/amortization divided by net interest items.
Negative/free working capital	Non-interest-bearing receivables less non-interest-bearing liabilities excluding taxes.
Operating cash flow	Cash flow from operations before taxes and before financial activities. See also Note 35.
Operating net financial assets	Interest-bearing net receivables excluding construction loans to cooperative housing associations and interest-bearing pension liabilities.
Order backlog	Contracting assignments: The difference between order bookings for the period and accrued revenue (accrued project costs plus accrued project income adjusted for loss provisions) plus order backlog at the beginning of the period. Services: The difference between order bookings and accrued revenue plus order backlog at the beginning of the period.
Order bookings	Contracting assignments: Upon written order confirmation or signed contract, where financing has been arranged and construction is expected to begin within 12 months. If a previously received order is canceled in a subsequent quarter, the cancellation is recognized as a negative item when reporting order bookings for the quarter when the cancellation occurs. Reported order bookings also include orders from Residential Development and Commercial Development, which assumes that a building permit has been obtained and construction is expected to begin within three months. Services: For fixed-price assignments, upon signing of contract. For cost-plus assignments, order bookings coincide with revenue. For service agreements, a maximum of 24 months of future revenue is included. No order bookings are reported in Residential Development and Commercial Property Development.
Other comprehensive income	Comprehensive income minus profit according to the income statement. The item includes translation differences, hedging of exchange-rate risk in foreign operations, effects of actuarial gains and losses on pensions, effects of cash-flow hedges and tax attributable to other comprehensive income.
Return on capital employed in business streams, markets and business/reporting units	Operating income plus financial income minus interest income from Skanska's treasury unit and other financial items as a percentage of average capital employed. Capitalized interest expense is removed from total assets for the Residential Development and Commercial Property Development segments.
Return on equity	Profit attributable to equity holders as a percentage of average visible equity attributable to equity holders.

Note 45 Supplementary information, Parent Company

Skanska AB, Swedish corporate identity number 556000–4615, is the Parent Company of the Skanska Group. The Company has its registered office in Solna, Stockholm County, and is a limited company in compliance with Swedish legislation. The Company's headquarters are located in Solna, Stockholm County.

Address:
Skanska AB
SE–169 83 Solna, Sweden
Tel: +46 10 448 00 00
Fax: +46 8 755 12 56
www.skanska.com/group

For questions concerning financial information, please contact
Skanska AB, Investor Relations
SE–169 83 Solna, Sweden
Tel: +46 10 448 00 00
Fax: +46 8 755 12 56
E-mail: investor.relations@skanska.se

Statement by the President and Chief Executive Officer

These financial statements have been prepared in accordance with the international accounting standards referred to in Regulation (EC) No 1606/2002 of the European Parliament and of the Council of July 19, 2002 on the application of international accounting standards and give a true and fair view of the Group's financial position and results.

Solna, April 10, 2013

Johan Karlström

President and Chief Executive Officer

Independent Auditors' Report

To the Board of Directors of Skanska AB (publ)
Corporate identity number 556000–4615

We have audited the consolidated financial statements of Skanska AB (publ) on pages 97–166, which comprise the statement of financial position at December 31, 2012, and the income statement, statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the EU, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide bases for our audit opinion.

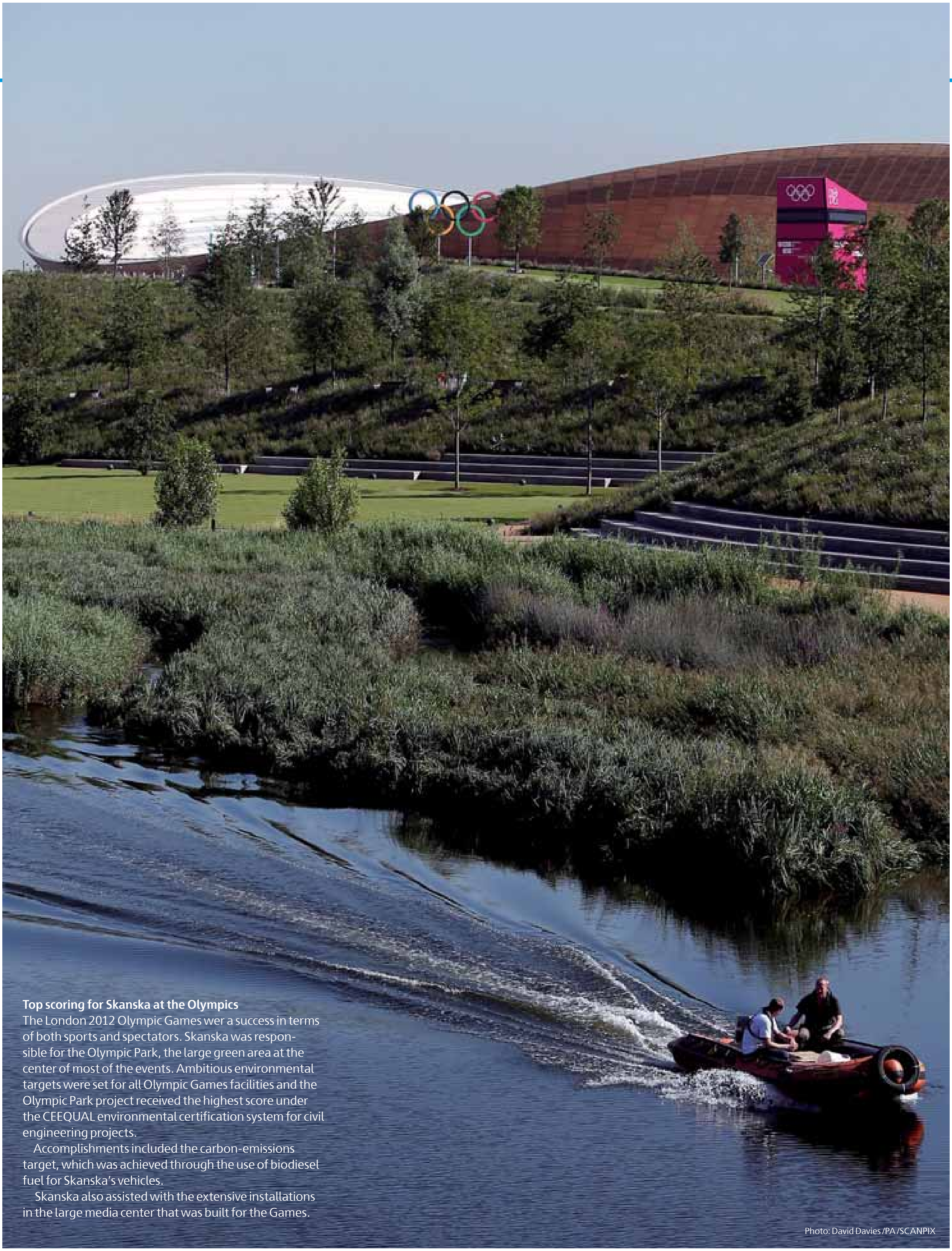
Opinion

In our opinion, the consolidated financial statements give a true and fair view of the financial position of Skanska AB (publ) as of December 31, 2012, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

Stockholm, April 10, 2013

KPMG AB

George Pettersson
Authorized Public Accountant



Top scoring for Skanska at the Olympics
The London 2012 Olympic Games wer a success in terms of both sports and spectators. Skanska was responsible for the Olympic Park, the large green area at the center of most of the events. Ambitious environmental targets were set for all Olympic Games facilities and the Olympic Park project received the highest score under the CEEQUAL environmental certification system for civil engineering projects.

Accomplishments included the carbon-emissions target, which was achieved through the use of biodiesel fuel for Skanska's vehicles.

Skanska also assisted with the extensive installations in the large media center that was built for the Games.

Photo: David Davies/PA/SCANPIX

Senior Executive Team

	Johan Karlström	Richard Hultin	Claes Larsson	Karin Lepasoon	Mike McNally
Position	President and Chief Executive Officer Responsible for Group staff units/support unit: – Legal Affairs – Risk Management	Executive Vice President Responsible for business units: – Skanska Residential Development UK – Skanska Residential Development Poland – Skanska Residential Development Czech Republic – BoKlok Housing – Skanska Rental Properties – Skanska Commercial Property Development Europe Responsible for Group staff units/support unit: – Operational Performance Center Residential	Executive Vice President Responsible for business units: – Skanska Sweden – Skanska Finland – Skanska Commercial Property Development Nordic – Skanska Commercial Property Development USA	Executive Vice President Responsible for Group staff units/support unit: – Strategy – Communications – Investor Relations – Information Technology – Sustainable Development and Green Construction – Green Business Officer – Knowledge Management	Executive Vice President Responsible for business units: – Skanska USA Building – Skanska USA Civil – Skanska Latin America
Born	1957	1956	1965	1968	1955
Joined Skanska in	1983–95, 2001	1981	1990	2006	1998
Shareholding in Skanska	207,645 B shares of which 55,241 as part of SEOP*	27,551 B shares of which 18,391 as part of SEOP*	58,555 B shares of which 33,557 as part of SEOP*	26,579 B shares of which 19,793 as part of SEOP*	63,630 B shares of which 59,095 as part of SEOP*
Board assignments	– Sandvik AB, Board member – Skanska AB, Board member – Stockholm Chamber of Commerce, Board member	–	– Handelsbanken's regional bank board of directors, western Sweden, Board member	–	– New York Building Congress, Vice Chairman – ACE Mentoring, National Board of Directors – Association for the Improvement of American Infrastructure, Board member – Let's Rebuild America Committee - US Chamber of Commerce, Board member – Incident and Injury Free CEO Forum, Board member – NYC YMCA Strong Kids Campaign, Vice Chairman – Construction Industry Roundtable, Board member
Education	– M.Sc. Engineering, Royal Institute of Technology, Stockholm – Advanced Management Program, Harvard, Boston MA, USA	– M.Sc. Engineering, Lund Institute of Technology	– M.Sc. Engineering, Chalmers University of Technology – MBA, Chalmers University of Technology and Göteborg University	– Master of Swedish and International Law, University of Lund, Sweden – Master of European Community Laws, University of Leiden, The Netherlands	– B.S. Civil Engineering, University of Notre Dame – M.B.A., University of Rhode Island
Work experience	– Regional Manager, Skanska Norrland – President and CEO, BPA (now Bravida) – Executive Vice President, Skanska AB responsible for Nordic construction operations – Executive Vice President, Skanska AB responsible for U.S. construction operations	– President, Skanska Öresund – President, Skanska Commercial Property Development Europe	– President, Skanska Fastigheter Göteborg – President, Skanska Commercial Property Development Nordic	– Corporate Communications Manager, UBI AB – Corporate Communications Vice President, Gambro AB – Senior Vice President, Communications, Skanska AB	– Director of Operations, Marshall Contractors, Providence, RI – Vice President, Fluor Daniel – Industrial Group, Greenville, SC – President, Beacon-Skanska, Boston, MA – Co-Chief Operating Officer, Skanska USA Building – President, Skanska USA Building

Veronica Rörsgård	Peter Wallin	Roman Wieczorek	Mats Williamson
Executive Vice President, Human Resources Responsible for Group staff units/support unit: – Human Resources	Executive Vice President, Chief Financial Officer Responsible for Group staff units/support unit: – Skanska Financial Services – Controlling – Corporate Finance – Reporting – Internal Audit and Compliance	Executive Vice President Responsible for business units: – Skanska Czech and Slovak Republics – Skanska Poland	Executive Vice President Responsible for business units: – Skanska UK – Skanska Norway – Skanska Infrastructure Development – Skanska Middle East Responsible for Group staff units/support unit: – Safety – Ethics
1974	1967	1957	1958
2009	2000	1998	1981–87, 1989
5,724 B shares of which 5,325 as part of SEOP*	27,454 B shares of which 7,391 as part of SEOP*	60,104 B shares of which 44,223 as part of SEOP*	103,078 B shares of which 42,367 as part of SEOP*
–	–	–	– SP Technical Research Institute of Sweden, Board Memeber
– Master of Science in Business and Economics, Mälardalen University – Université Jean Moulin Lyon III	– Master of Science in Business and Economics, Uppsala University	– Master of Laws Legal Counsel Adam Mickiewicz University in Poznań - Law Department	– M.Sc. Engineering, Lund Institute of Technology – Advanced Management Program, Harvard, Boston, MA, U.S.A
– International Account Manager, IBM – Managing Director, Propell – Managing Director, Alumni Sweden	– Controller and Finance Manager, Stadshypotek Fastigheter AB – Equities Manager/Analyst, Trygg Hansa/SEB – Equities Analyst, Hagströmer & Qviberg – Senior Vice President, Investor Relations, Skanska AB – CFO, Skanska Infrastructure Development – CFO, Skanska Sweden	– Division Manager, Skanska Poland – President, Skanska Poland	– Project Director, Skanska – Öresund Bridge – President, Skanska International Projects – President, Skanska Sweden – President, Skanska UK

* See Note 37 “Remuneration to senior executives and Board members”.

Presidents of Business Units

Magnus Andersson	Skanska Residential Development UK
Krzysztof Andrulewicz	Skanska Poland
Richard Cavallaro	Skanska USA Civil
Alfredo Collado	Skanska Latin America
Anders Danielsson	Skanska Norway
William Flemming	Skanska USA Building
Mats Johansson	Skanska Commercial Property Development USA
Nicklas Lindberg	Skanska Commercial Property Development Europe
Mikael Matts	Skanska Residential Development Czech Republic
Mikael Melaniuk	Skanska Residential Development Poland
Kenneth Nilsson	Skanska Finland
Jan Odelstam	Skanska Commercial Property Development Nordic
Pierre Olofsson	Skanska Sweden
Mike Putnam	Skanska UK
Steve Sams	Skanska Infrastructure Development
Jonas Spangenberg	BoKlok Housing
Dan Ťok	Skanska Czech and Slovak Republics

President of Support Unit

Magnus Paulsson	Skanska Financial Services

Senior Vice Presidents, Group staff units

Lars Björklund	Ethics
Anders Blomqvist	Internal Audit & Compliance
Katarina Bylund	Reporting
Katarina Grönwall	Communications
Louise Hallqvist	Controlling
Ann-Marie Hedbeck	Legal Affairs
Kevin Hutchinson	Information Technology (IT)
Neil Moore	Safety
Noel Morrin	Sustainability and Green Construction
Magnus Persson	Corporate Finance
Veronica Rörsgård	Human Resources
Staffan Schéle	
Pontus Winqvist	Investor Relations
Christel Åkerman	Risk Management

Board of directors

	Stuart E. Graham	Johan Karlström	Fredrik Lundberg	Sverker Martin-Löf	Sir Adrian Montague
Position	Chairman	Board member	Board member	Board member	Board member
Born	United States, 1946	Sweden, 1957	Sweden, 1951	Sweden, 1943	United Kingdom, 1948
Elected	2009	2008	2011	2001	2007
Shareholding in Skanska	96,685 B shares of which 18,529 as part of SEOP[1]	207,645 B shares of which 55,241 as part of SEOP[1]	8,050,000 B shares in L E Lundbergföretagen AB (publ) 6,032,000 A shares in L E Lundbergföretagen AB (publ) 1,000,000 B shares via privately owned enterprise, 5,376 A shares privately	8,000 B shares	0 shares
Other Board assignments	– Industrivärden AB, Board member – PPL Corporation, Board member – Harsco Corporation, Board member	– Sandvik AB, Board member – Stockholm Chamber of Commerce, Board member	– Holmen AB, Chairman – Hufvudstaden, Chairman – Svenska Handelsbanken, Vice Chairman – AB Industrivärden, Board member – L E Lundbergföretagen AB, Board member – Sandvik AB, Board member	– Svenska Cellulosa Aktiebolaget SCA, Chairman – AB Industrivärden, Chairman – SSAB Svenskt Stål AB, Chairman – Telefonaktiebolaget LM Ericsson, Vice Chairman – Svenska Handelsbanken AB, Board member	– 3i Group plc, Chairman – Anglian Water Group Limited, Chairman – Aviva plc., Board member – CellMark Holdings AB, Chairman – Green Investment Bank, Vice Chairman and Senior independent Director
Education	– Bachelor of Science in Economics, USA – Honorary Doctorate, Czech Technical University	– M.Sc. Engineering, Royal Institute of Technology, Stockholm – Advanced Management Program, Harvard, Boston MA, USA	– M.Sc. Engineering, Royal Institute of Technology, Stockholm – MBA, Stockholm School of Economics – Dr. (Econ.) h.c., Stockholm School of Economics – Dr. (Eng.) h.c., Linköping University	– M.Sc. Engineering, Royal Institute of Technology, Stockholm – Doctor of Technology, Royal Institute of Technology, Stockholm – Ph.D. h.c., Mid-Sweden University, Sundsvall	– Law Society Qualifying Exam Part II – MA Law, Trinity Hall, Cambridge
Work experience	– President, Sordoni Construction Company, USA – President, Sordoni Skanska, USA – President, Skanska USA Civil – President, Skanska (USA) Inc., USA – Executive Vice President, Skanska AB – President and CEO, Skanska AB (2002–2008)	– Regional Manager, Skanska Norrland – President and CEO, BPA (now Bravida) – Executive Vice President, Skanska AB responsible for Nordic construction operations – Executive Vice President, Skanska AB responsible for U.S. construction operations – President and CEO, Skanska AB	– President and CEO, L E Lundbergföretagen	– Swedish Pulp and Paper Research Institute – President, MoDo Chemetics – Technical Director, Mo och Domsjö AB – President, Sunds Defibrator AB – President, Svenska Cellulosa Aktiebolaget SCA	– Head of Projects Group, Linklaters & Paines, Solicitors – Co-head, Global Project Finance, Dresdner Kleinwort Benson – Chief Executive, HM Treasury Taskforce – Senior International Adviser, Société Générale – Deputy Chairman, Network Rail – Chairman, Friends Provident plc – Chairman, British Energy Group plc
Dependency relationship in accordance with Code of Corporate Governance	– Dependent in relation to company and company management – Dependent in relation to major shareholders	– Dependent in relation to company and company management – Independent in relation to major shareholders	– Independent in relation to company and company management – Dependent in relation to major shareholders	– Independent in relation to company and company management – Dependent in relation to major shareholders	– Independent in relation to company and company management – Independent in relation to major shareholders

Lars Pettersson	Josephine Rydberg-Dumont	Charlotte Strömberg	Matti Sundberg
Board member	Board member	Board member	Board member
Sweden, 1954	Sweden, 1955	Sweden, 1959	Sweden, 1942
2006	2010	2010	2007
2,000 B shares	3,000 B shares	4,800 B shares	10,000 B shares
– LE Lundbergsföretagen AB, Board Member – PMC Group AB, Board member – Uppsala University, Board member	– Åhlens AB, Board Member	– Fourth Swedish National Pension Fund, Board member – Intrum Justitia AB, Board member – Boomerang AB, Board member – Castellum AB, Chairman – Swedbank AB, Board member	– Boliden AB, Board member – SSAB Svenskt Stål AB, Board Board member – Grängesberg Iron AB, Board member – Chempolis Oy, Chairman – Finnish Fair Foundation, Vice Chairman – Finnish Ski Association, Chairman – FIS, Board member
– CM.Sc. Engineering Physics, Uppsala University – Ph.D. h.c., Uppsala University	– BA, Gothenburg School of Economics – MBA, University of San Francisco	– MBA, Stockholm School of Economics	– Mining Counselor – EM.Sc. (Econ.), Åbo Akademi University, Finland – D.Sc. (Econ.) h.c., University of Vaasa, Finland – Ph.D. h.c., University of Jyväskylä, Finland
– President, AB Sandvik Coromant – President, Sandvik Tooling – President, Sandvik Materials Technology – President, Sandvik AB	– Sales Manager, IKEA US West – President, IKEA Catalogue Services – President, IKEA of Sweden AB	– Senior Project and Account Manager, Alfred Berg, ABN AMRO, Stockholm – Head of Investment Banking, Carnegie Investment Bank – President, Jones Lang LaSalle Norden	– Regional Director, Scania – CEO, Metso (Valmet-Rauma Corporation)
– Independent in relation to company and company management – Dependent in relation to major shareholders	– Independent in relation to company and company management – Independent in relation to major shareholders	– Independent in relation to company and company management – Independent in relation to major shareholders	– Independent in relation to company and company management – Independent in relation to major shareholders

1 See Note 37 "Remuneration to senior executives and Board members"

Richard Hörstedt
Helsingborg, born 1963
Swedish Building Workers' Union, appointed 2007,
Deputy Board member

Shareholding in Skanska
0 shares

Inge Johansson
Huddinge, born 1951
Swedish Building Workers' Union,
appointed 1999

Shareholding in Skanska
583 B shares of which 453 as part of SEOP[1]

Gerardo Vergara
Strängnäs, born 1963
IF Metall, appointed 2012
Deputy Board member

Shareholding in Skanska
112 B shares of which 108 as part of SEOP[1]

Roger Karlström
Härnösand, born 1949
SEKO, appointed 2008

Shareholding in Skanska
1,097 B shares of which 953 as part of SEOP[1]

Anders Fogelberg
Tjörn, born 1951
Ledarna, appointed 2011

Shareholding in Skanska
512 B shares

Thomas Larsson
Täby, born 1969
Unionen, appointed 2011
Deputy Board member

Shareholding in Skanska
0 shares

Auditor
KPMG AB
Auditor in charge since 2009:
George Pettersson, Stockholm,
born 1964, Authorized Public Accountant.

Major events during 2012

This page spread shows the order bookings that were announced through press releases and were included in 2012 order bookings. Beyond these, a number of smaller assignments have been included.

Order bookings included in 2012

2013/01/11	Skanska awarded additional contract for state-of-the-art R&D facility in USA for USD 70 M, about SEK 480 M
2013/01/08	Skanska builds operation unit in Karlstad, Sweden, for SEK 370 M
2013/01/07	Skanska awarded building contract for USD 213 M, about SEK 1.4 billion
2013/01/07	Skanska awarded M25 upgrade contract in the UK, worth GBP 160 M, about SEK 1.68 billion
2013/01/03	Skanska awarded contract to build marine transfer facility in New York City, USA, for USD 146 M, about SEK 990 M
2012/12/28	Skanska to expand industrial plant in Argentina for ARS 224 M, about SEK 336 M
2012/12/19	Skanska awarded utilities maintenance contract in UK, worth GBP 800 M, about SEK 8.6 billion
2012/12/05	Skanska signs contract for expansion of hospital buildings in Florida, USA, for USD 148 M, about SEK 1 billion
2012/11/28	Skanska signs contract for USD 117 M, about SEK 800 M to build USA's tallest modular building in New York
2012/11/21	Skanska reaches financial close for Mullberg Wind farm in Sweden
2012/11/13	Skanska builds shopping centre in Pori, Finland, for EUR 110 M, about SEK 960 M
2012/11/05	Skanska awarded contract to build replacement high school in Rio Grande City, USA, for USD 52 M, about SEK 350 M
2012/10/30	Skanska to build office in Norway for NOK 380 M, about SEK 440 M
2012/10/12	Skanska signs contract to upgrade Stamford Hospital infrastructure in Stamford, USA, for USD 56 M, about SEK 380 M
2012/10/12	Skanska to renovate and expand higher education building in USA for USD 117 M, about SEK 800 M
2012/10/11	Skanska signs contract to build Fore River Bridge project in Boston, USA, for USD 98 M, about SEK 670 M
2012/10/10	Skanska to widen California freeway for USD 67 M, about SEK 460 M
2012/10/09	Skanska invests EUR 32 M, about SEK 280 M, in the Kapelanka 42 office project in Kraków, Poland
2012/10/04	Skanska to construct hospital in Richmond, USA, for USD 80 M, about SEK 545 M
2012/10/04	Skanska awarded college contract in UK for GBP 33 M, about SEK 355 M
2012/09/27	Skanska awarded hospital contract in San Antonio, USA, for USD 88 M, about SEK 600 M
2012/09/25	Skanska to build schools in the U.S. for USD 50 M, about SEK 340 M
2012/09/19	Skanska to build power plant in the Northeast U.S. for USD 200 M, about SEK 1.4 billion
2012/08/14	Skanska to build the Beacon High School in New York City for USD 88 M, about SEK 605 M
2012/07/23	Skanska awarded contract for Gaillard Municipal Auditorium renovations in Charleston, USA, for USD 77 M, about SEK 525 M
2012/07/11	Skanska to construct road in Poland for PLN 245 M, about SEK 510 M

2012/07/09	Skanska Awarded Construction Management Contract for Headquarters Building in USA for USD 55 M, about SEK 374 M
2012/07/02	Skanska awarded Education First headquarters contract for USD 67 M, about SEK 450 M
2012/06/28	Skanska to build shopping center in Oslo for NOK 920 M, about SEK 1.1 billion
2012/06/27	Skanska to build bypass in Charlottesville, USA, for USD 82 M, about SEK 560 M
2012/06/25	Skanska awarded contract for completion of 11th Street Bridge Project in Washington, D.C., for USD 64 M, about SEK 435 M
2012/06/21	Skanska awarded contract from Svenska Kraftnät for SEK 515 M
2012/06/18	Skanska awarded contract for test track and commissioning facility in Prince Georges county, USA, for USD 66 M, about SEK 450 M
2012/06/14	Skanska awarded highway contract in Tampa, Florida, for USD 150 M, about SEK 1 billion
2012/06/14	Skanska awarded Moynihan Station contract in New York for USD 148 M, about SEK 1 billion
2012/06/12	Skanska awarded contract to build explosives handling wharf in Silverdale, USA, for USD 149 M, about SEK 1 billion
2012/06/11	Skanska to construct hospital in Louisiana for USD 118 M, about SEK 800 M
2012/05/30	Skanska wins contract for Moorgate Exchange project, London, worth GBP 53 M, about SEK 565 M
2012/05/25	Skanska awarded contract for Bermondsey Dive under, worth up to GBP 60 M, about SEK 640 M
2012/05/23	Skanska to construct casino in Texas, USA, for USD 47 M, about SEK 314 M
2012/05/02	Skanska to build bus depot in Stockholm, Sweden, for SEK 1.3 billion
2012/04/13	Skanska reaches Financial Close on the Midtown Tunnel project, Virginia, USA, Skanska invests about USD 136 M, about SEK 910 M and the construction contract amounts to about USD 661 M, about SEK 4.4 billion
2012/04/13	Skanska has signed a contract for the construction of Lerkendal Studentby in Trondheim, Norway, worth NOK 288 M, about SEK 345 M
2012/04/11	Skanska awarded construction management contract for research campus expansion in USA for USD 450, about SEK 3 billion
2012/04/03	Skanska to expand natural gas plant in Rio de Janeiro, Brazil, for BRL 450 M, about SEK 1.7 billion
2012/04/03	Skanska in joint venture with DPR to build State-of-the-Art facility in USA for USD 128 M, about SEK 1.7 billion, initially
2012/04/02	Skanska reaches Financial Close on Woodlands School, Essex, UK
2012/03/16	Skanska to build wind farm in Chile for USD 76 M, about SEK 510 M
2012/02/08	Skanska secures contract for the Second Avenue Subway Systems Project worth USD 87 M, about SEK 588 M
2012/02/01	Skanska wins construction contract in Indiana for USD 120 M, about SEK 820 M

Below are the investments and divestments that were announced through press releases and were related to 2012 operations.

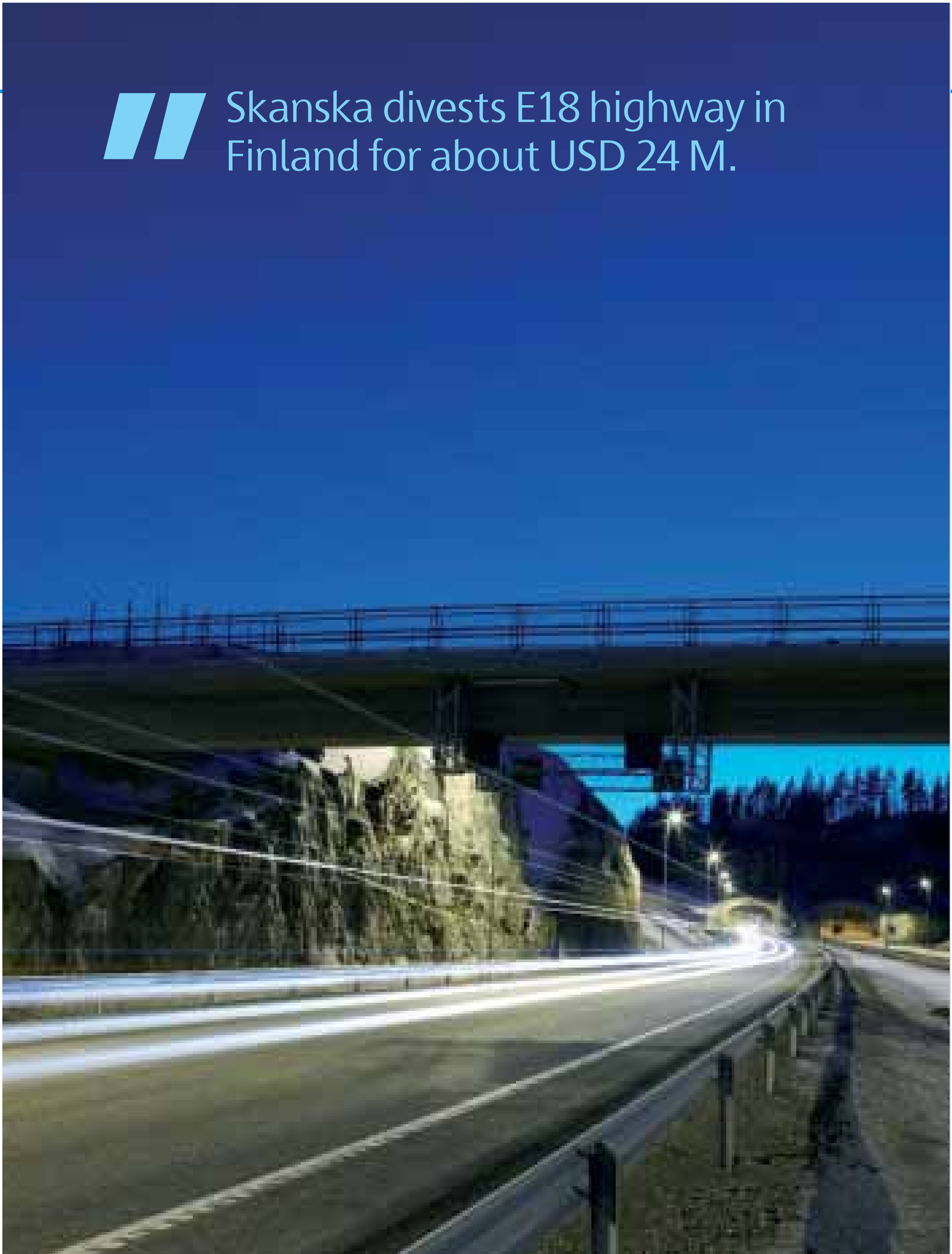
Investments

2012/12/19	Skanska makes land investment in Boston, USA, for USD 38 M, about SEK 255 M
2012/11/30	Skanska invests USD 51 M, about SEK 372 M, in office project Stone34 in Seattle, USA
2012/10/09	Skanska invests EUR 32 M, about SEK 280 M, in the Kapelanka 42 office project in Cracow, Poland
2012/08/20	Skanska invests SEK 600 M in new wind farm in Jämtland, Sweden
2012/07/09	Skanska invests EUR 33 M, about SEK 294 M, in the Green Day office project in Wroclaw, Poland
2012/04/13	Skanska reaches Financial Close on the Midtown Tunnel project, Virginia, USA, Skanska invests about USD 136 M, about SEK 910 M and the construction contract amounts to about USD 661 M, about SEK 4.4 billion
2012/04/02	Skanska reaches Financial Close on Woodlands School, Essex, UK
2012/03/21	Skanska starts the second phase of Green Horizon office project in Poland – invests EUR 22 M, about SEK 200 M
2012/03/13	Skanska invests about SEK 200 M in new eco-friendly Malmö office in Hyllie district

Divestments

2013/01/02	Skanska sells NORDEA HOUSE and Green Corner office project in Warsaw, Poland, for EUR 95 M, about SEK 823 M
2013/01/02	Skanska sells the office complex Green Towers in Wroclaw, Poland, for EUR 64 M, about SEK 557 M
2012/12/21	Skanska sells office property in Stockholm, Sweden, for about SEK 1.1 billion
2012/11/30	Skanska divests E18 highway in Finland for EUR 19 M, about SEK 165 M
2012/10/11	Skanska divests Walsall Manor Hospital, UK, for GBP 17 M, about SEK 184 M
2012/10/02	Skanska sells two properties at Uppsala Entré, Sweden, to SPP Properties for SEK 537 M
2012/09/28	Skanska divests three hospitals in UK for about GBP 66 M, about SEK 715 M
2012/09/21	Skanska sells school in Norway for NOK 214 M, about SEK 250 M
2012/06/29	Skanska sells office property Bassängkajen in Malmö, Sweden, to Vasakronan for SEK 652 M
2012/06/25	Skanska sells hotel and congress building in Malmö, Sweden for SEK 900 M
2012/05/21	Skanska sells City Green Court in Prague for EUR 54 M, about SEK 475 M
2012/05/02	Skanska to sell first U.S. development property in Washington D.C. for USD 140 M, about SEK 945 M

"Skanska divests E18 highway in Finland for about USD 24 M.



Definitions and explanations

Average capital employed – Calculated on the basis of five measuring points: half of capital employed on January 1 plus capital employed at the end of the first, second and third quarters plus half of capital employed at year-end, divided by four.

Average visible equity – Calculated on the basis of five measuring points: half of equity attributable to equity holders (shareholders) on January 1 plus equity attributable to equity holders at the end of the first, second and third quarters plus half of equity attributable to equity holders at year-end, divided by four.

Bundled construction – project development that may occur within Construction operations for a specific user or tenant.

Capital employed in business streams, markets and business/reporting units – Total assets minus tax assets and deposits in Skanska's treasury unit minus non-interest-bearing liabilities minus provisions for taxes and tax liabilities. Capitalized interest expense is removed from total assets for the Residential Development and Commercial Property Development segments.

Cash flow per share – Cash flow before change in interest-bearing receivables and liabilities divided by the average number of shares outstanding.

Comprehensive income – Change in equity not attributable to transactions with owners.

Consolidated capital employed – Total assets minus non-interest-bearing liabilities.

Consolidated operating cash flow – In the consolidated operating cash-flow statement, which includes taxes paid, investments are recognized both in cash flow from business operations and in cash flow from strategic investments. See also Note 35.

Consolidated return on capital employed – Operating income plus financial income as a percentage of average capital employed.

Debt/equity ratio – Interest-bearing net debt divided by visible equity including non-controlling interests.

Earnings per share – Profit for the year attributable to equity holders divided by the average number of shares outstanding.

Earnings per share after dilution – Profit for the year attributable to equity holders divided by the average number of shares outstanding after dilution.

Equity/assets ratio – Visible equity including non-controlling interests as a percentage of total assets.

Equity per share – Visible equity attributable to equity holders divided by the number of shares outstanding at year-end.

EU GreenBuilding – A European Union system for environmental certification of buildings. To meet the requirement for EU GreenBuilding classification, a building's energy use must be at least 25 percent lower than the national standard for newly constructed buildings (in Sweden, set by the National Board of Housing, Building and Planning).

Free working capital – Non interest-bearing liabilities reduced by non interest-bearing receivables, excluding taxes. This corresponds to the negative working capital in Construction with reversed sign.

GDP – Gross domestic product.

IFRIC (International Financial Reporting Interpretations Committee) – a series of interpretations related to international accounting standards.

Interest-bearing net receivable – Interest-bearing assets minus interest-bearing liabilities.

Interest cover – Operating income and financial income plus depreciation/amortization divided by net interest items.

LEED – Leadership in Energy and Environmental Development is an international system for environmental certification of buildings. Resource use, the location, design and indoor climate of the building as well as minimization of energy consumption and waste provide the basis for LEED classification.

Operating cash flow – Cash flow from operations before taxes and before financial activities. See also Note 35.

Operating net financial assets/liabilities – Interest-bearing net receivables/liabilities excluding construction loans to cooperative housing associations and interest-bearing pension liabilities.

Operating net on properties – Rental income and interest subsidies minus operating, maintenance and administrative expenses as well as real estate tax. Site leasehold rent is included in operating expenses.

ORA – Operational Risk Assessment (Skanska's risk management model)

Order backlog – Contracting assignments: The difference between order bookings for the period and accrued revenue (accrued project costs plus accrued project income adjusted for loss provisions) plus order backlog at the beginning of the period.

Services: The difference between order bookings and accrued revenue plus order backlog at the beginning of the period.

Order bookings – Contracting assignments: Upon written order confirmation or signed contract, where financing has been arranged and construction is expected to begin within 12 months. If a previously received order is cancelled in a subsequent quarter, the cancellation is recognized as a negative item when reporting order bookings for the quarter when the cancellation occurs. Reported order bookings also include orders from Residential Development and Commercial Development, which assumes that a building permit has been obtained and construction is expected to begin within three months.

Services: For fixed-price assignments, upon signing of contract. For cost-plus assignments, order bookings coincide with revenue. For service agreements, a maximum of 24 months of future revenue is included.

No order bookings are reported in Residential Development and Commercial Property Development.

Other comprehensive income – Comprehensive income minus profit according to the income statement. The item includes translation differences, hedging of exchange risk in foreign operations, effects of actuarial gains and losses on pensions, effects of cash flow hedges and tax attributable to other comprehensive income.

PFI – Private Finance Initiative (privately financed infrastructure projects, used in the U.K.)

PPP – Public-Private Partnership (privately financed infrastructure projects).

Return on capital employed in business streams, markets and business/reporting units – Operating income plus financial income minus interest income from Skanska's treasury unit and other financial items as a percentage of average capital employed. Capitalized interest expense is removed from total assets for the Residential Development and Commercial Property Development segments.

Return on equity – Profit attributable to equity holders as a percentage of average visible equity attributable to equity holders.

SEOP – Skanska Employee Ownership Program

SET – Senior Executive Team (Skanska's corporate management team)

SFS – Skanska Financial Services

SRT – Skanska Risk Team

STAP – Skanska Tender Approval Procedure

STEP – Skanska Top Executive Program

Yield on properties – Operating net divided by year-end carrying amount.

Addresses

Skanska AB (publ)
SE-169 83 Solna
Sweden
Street address: Råsundavägen 2
Tel: +46 10-448 00 00
Fax: +46 8-755 12 56
www.skanska.com/group

Skanska Sweden
SE-169 83 Solna
Sweden
Street address: Råsundavägen 2
Tel: +46 10-448 00 00
Fax: +46 8-755 63 17
Customer service: 020-30 30 40
www.skanska.se

Skanska Norway
Postboks 1175 Sentrum
NO-0107 Oslo
Norway
Street address: Drammensveien 60
Tel: +47 40 00 64 00
Fax: +47 23 27 17 30
www.skanska.no

Skanska Finland
P.O. Box 114
FI-00101 Helsinki
Finland
Street address: Paciuksenkatu 25
Entrance: Kallioportaankatu 8
Tel: +358 20 719 211
Fax: +358 20 719 2271
www.skanska.fi

Skanska Poland
ul. Generala Zajaczka 9
PL-01 518 Warsaw
Poland
Tel: +48 22 561 30 00
Fax: +48 22 560 83 01
www.skanska.pl

Skanska Czech Republic
Libalova 1/2348
149 00 Prague 4
Czech Republic
Tel: +420 267 095 111
Fax: +420 267 310 644
www.skanska.cz

Skanska UK
Maple Cross House
Denham Way, Maple Cross
Rickmansworth
Hertfordshire WD3 9SW
United Kingdom
Tel: +44 1923 776 666
Fax: +44 1923 423 900
www.skanska.co.uk

Skanska USA
Empire State Building
350 Fifth Avenue, 32nd Floor
New York
New York 10118
U.S.A.
Tel: +1 917 438 4500
Fax: +1 866 597 7899
www.skanska.com/us

Skanska USA Building
1633 Littleton Road
Parsippany, NJ 07054
U.S.A
Tel: +1 973 753 3500
Fax: +1 973 753 3499
www.skanska.com/us

Skanska USA Civil
75–20 Astoria Boulevard
Suite 200
Queens, New York, N.Y. 11370
U.S.A.
Tel: +1 718 747 34 54
Fax: +1 718 747 34 58
www.skanska.com/us

Skanska Latin America
Av. Del Libertador 2442, 5 piso
AR-1636 Olivos
Buenos Aires
Argentina
Tel: +54 11 4341 7000
Fax: +54 11 4341 77 45
www.skanska.com/la

Skanska Commercial Property Development Nordic
SE-169 83 Solna
Sweden
Street address: Råsundavägen 2
Tel: +46 10-448 00 00
Fax: 08-753 6791
www.skanska.com/property

Skanska Commercial Property Development Europe
SE-169 83 Solna
Sweden
Street address: Råsundavägen 2
Tel: +46 10-448 00 00
www.skanska.com/property

Skanska Commercial Property Development USA
Empire State Building
350 Fifth Avenue, 32nd Floor
New York
New York 10118
U.S.A.
Tel: +1 917 438 4500
Fax: +1 866 597 7899
www.skanska.com/us

Skanska Infrastructure Development
SE-169 83 Solna
Sweden
Street address: Råsundavägen 2
Tel: +46 10-448 00 00
Fax: +46 8-755 13 96
www.skanska.com/id

Skanska Financial Services
SE-169 83 Solna
Sweden
Street address: Råsundavägen 2
Tel: +46 10-448 00 00
Fax: +46 8-753 18 52
www.skanska.com/group

For other addresses:
www.skanska.com/group

The Skanska Group publishes the magazine **Worldwide**, containing features and news items from the Group's operations around the world. The magazine appears in English three times per year. A subscription is free of charge and can be ordered at the following address:

Skanska Worldwide
c/o Stromberg Distribution
SE–120 88 Stockholm
Telephone: +46 8-449 88 00
Fax: +46 8-449 88 10
E-post: worldwide@strd.se

More information about Skanska is at:
www.skanska.com/group

Annual Report production team:
Skanska AB in collaboration with Addira and IMS Consulting.
Graphic design and illustrations: Ira Jerselius.
Texts: Skanska AB.
Translation: The Bugli Company.
Printing: Larsson Offsettryck, Linköping, Sweden, 2013.
Photos: Skanska, page 169, David Davies, PA/SCANPIX, page 172–173, Ekgren och Folke.

Annual Shareholders' Meeting

The Annual Shareholders' Meeting of Skanska AB (publ) will be held at 4:30 p.m. on Thursday, April 11, 2013 at
Berwaldhallen, Dag Hammarskjölds väg 3, Stockholm, Sweden.

Notification and registration
Shareholders who wish to participate in the Annual Shareholders' Meeting must be listed in the print-out of the register of shareholders maintained by Euroclear Sweden AB, the Swedish central securities depository and clearing organization, produced on Friday, April 5, 2013 and must notify Skanska by April 5, 2013, preferably before 12 noon, of their intention to participate in the Meeting.

Shareholders whose shares have been registered in the name of a trustee must have requested temporary re-registration in their own name in the register of shareholders maintained by Euroclear Sweden AB to be entitled to participate in the Meeting. Such re-registration should be requested well in advance of Friday, April 5, 2013 from the bank or brokerage house holding the shares in trust. Notification may be sent in writing to:

Skanska AB, Legal Affairs, SE-169 83 Solna, Sweden;
by telephone to +46 8 402 92 81
or on the website www.skanska.com/group

The notification must always state the shareholder's name, national registration or corporate ID number, address and telephone number. If participation is authorized by proxy, this should be sent to the Company before the Meeting. Shareholders who have duly notified the Company of their participation will receive an admittance card, which should be brought and shown at the entrance to the Meeting venue.

Dividend
The Board's assessment is that the Group's financial position justifies an unchanged dividend and proposes a regular dividend of SEK 6.00 (6.00) (corresponding to USD 0.92 [0.89]) per share for the 2012 financial year. The regular dividend is equivalent to a total dividend of USD 379 M (365). The Board proposes April 16 as the record date for the dividend. Provided that the Meeting approves this proposal, the regular dividend is expected to be distributed by Euroclear AB on April 19, 2013.

The total dividend amount may change by the record date, depending on repurchases of shares and transfers of shares to participants in the company's long-term share incentive programs.

Investors

Calendar

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

Three Month Report
May 7, 2013

Six Month Report
July 18, 2013

Nine Month Report
November 7, 2013

Year-end Report
February 7, 2014

Distribution and other information

The interim reports and the Annual Report, as well as further information about Skanska's Residential Development, Commercial Property Development and Infrastructure Development business streams can be read or downloaded from Skanska's website,

www.skanska.com/en/investors.

The website also contains an archive of interim reports and Annual Reports.

Effective from 2010, Skanska decided to reduce the print run of the Annual Report and will thus not automatically mail it out. This will save resources and transport services, leading to reduced environmental impact.

Those wishing to order the printed Annual Report can easily use the order form found on the Skanska website www.skanska.com/en/investors or contact Skanska AB, Investor Relations.

If you have questions, please contact:
Skanska AB, Investor Relations
SE-169 83 Solna, Sweden
Telephone: +46 10 448 00 00
Fax: +46 8 755 12 56
E-mail: investor.relations@skanska.se

SKANSKA

Skanska AB
www.skanska.com/group

Råsundavägen 2
SE-169 83 Solna, Sweden
Tel: +46 10-448 00 00
Fax: +46 8-755 12 56