SKANSKA

Review of 2014

EUR version

Contents

Highlighting green certification

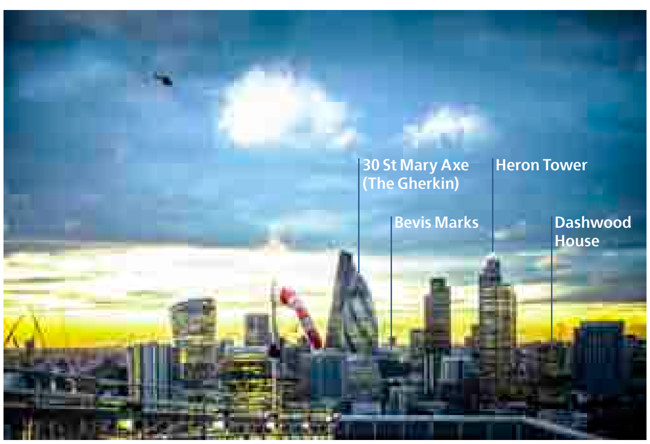
Throughout this Annual Review the relevant logos are used to indicate when projects are, or are in the process of being, certified to a green certification scheme. Green certification provides voluntary third-party validation of the environmental design and/or performance of buildings and infrastructure. Skanska has expertise around a number of the schemes most relevant to its home markets. Today over 600 Skanska employees are accredited by external agencies for their expertise in this area – expertise which is used to execute projects for clients and for Skanska's own development units.

Leadership in Energy and Environmental Design, LEED

BRE Environmental Assessment Method, BREEAM

Civil Engineering Environmental Quality Assessment and Award Scheme, CEEQUAL

Strong year for Skanska in London



London is a major construction market for Skanska, and in 2014 the company had 10 office projects in progress covering an overall area of 237,000 sq m with a total contract value of GBP 684 M. One of the biggest projects, 1 and 2 New Ludgate, is now being completed close to St. Paul's Cathedral. Another project, 52 Lime Street, has just begun and will be a razor-sharp 190 meter high office skyscraper. Skanska is also working on the expansion of the new Crossrail transport link. The view from the helipad on the Royal London Hospital – completed under a PPP project – shows a patchwork of previous Skanska projects, including the 30 St Mary Axe building (The Gherkin) and Salesforce Tower (previously Heron Tower).

Reporting of revenue and earnings in the first part of the Annual Review (pages 1–84) 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.

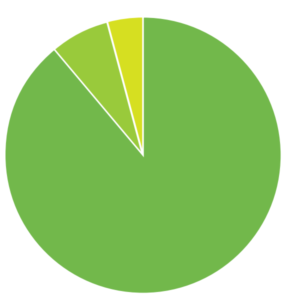
The financial statements presented in this Review have been prepared in EUR (Euro) as the presentation currency. As the functional currency of the Parent Company is SEK (Swedish kronor), Skanska's statutory Annual Report including the consolidated financial statements and the financial statements of the Parent Company has been prepared using Swedish kronor (SEK) as the presentation currency. For currency exchange rates, see page 161.

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 North America.

Making the most of global trends in urbanization, demographics and energy, and with a focus on occupational health and safety, green construction and ethics, Skanska offers competitive solutions – not least for the most complex assignments.

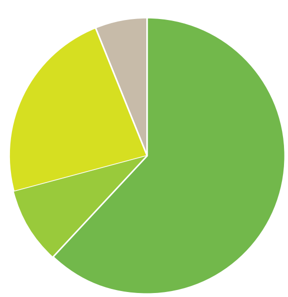
The interaction of its construction and project development operations in the various markets generates added value for Skanska's shareholders.

2014 Revenue



- Construction, **87%**
- Residential Development, **6%**
- Commercial Property Development, **7%**
- Infrastructure Development, **0%**

Operating income



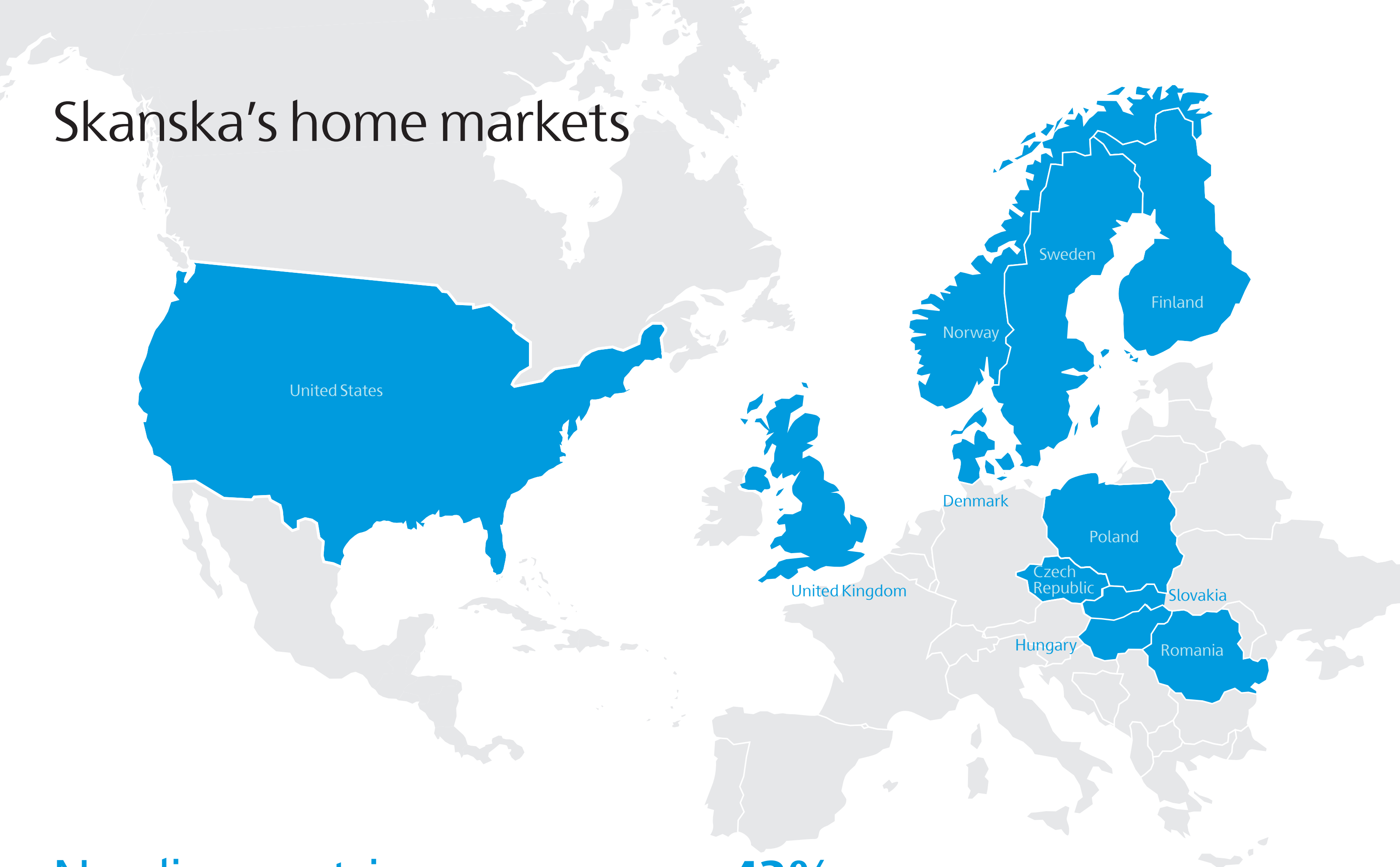
- Construction, **62%**
- Residential Development, **9%**
- Commercial Property Development, **23%**
- Infrastructure Development, **6%**

Key ratios

	EUR M	**SEK M**	**USD M**
Revenue	15,902[3]	145,029	21,024[3]
Operating income	632[3]	5,766	836[3]
Income after financial items	600[3]	5,473	793[3]
Earnings per share, EUR/SEK/USD[1]	1.09[3]	9.98	1.45[3]
Return on equity, %	20.0	20.1	20.0
Order bookings[2]	16,165[3]	147,424	21,371[3]
Order backlog[2]	18,029[4]	170,908	21,930[4]
Employees, number	57,866	57,866	57,866

1 Earnings for the period attributable to equity holders divided by the average number of shares outstanding.
2 Refers to Construction operations.
3 Average 2014 exchange rates: EUR 1 = SEK 9.12, USD 1 = SEK 6.90
4 Exchange rates on 2014 balance sheet day: EUR 1 = SEK 9.48, USD 1 = SEK 7.79

Skanska's home markets

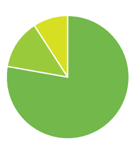


Nordic countries

43% of revenue

Employees: Around 17,000
Revenue: EUR 7.0 bn

Revenue:
Earnings:
Order backlog:



Revenue

- Construction, **78%**
- Residential Development, **13%**
- Commercial Property Development, **9%**
- Infrastructure Development, **0%**

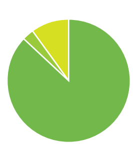
Home markets	Construction	Residential Development	Commercial Property Development	Infrastructure Development
Sweden	●	●	●	●
Norway	●	●	●	●
Finland	●	●	●	●
Denmark			●	

Other European countries

24% of revenue

Employees: Around 17,000
Revenue: EUR 3.8 bn

Revenue:
Earnings:
Order backlog:



Revenue

- Construction, **87%**
- Residential Development, **3%**
- Commercial Property Development, **10%**
- Infrastructure Development, **0%**

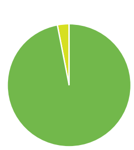
Home markets	Construction	Residential Development	Commercial Property Development	Infrastructure Development
Poland	●	●	●	●
Czech Republic	●	●	●	
Slovakia	●			
Hungary			●	
Romania			●	
United Kingdom	●			●

North America

33% of revenue

Employees: Around 10,000
Revenue: EUR 5.5 bn

Revenue:
Earnings:
Order backlog:



Revenue

- Construction, **97%**
- Residential Development, **0%**
- Commercial Property Development, **3%**
- Infrastructure Development, **0%**

Home markets	Construction	Residential Development	Commercial Property Development	Infrastructure Development
United States	●		●	●

In addition, there are about 14,000 employees in the Latin American operation that is being closed down.

Skanska's strengths

Developing communities

- Strong focus on clients and users
- Strong local roots in selected geographical markets
- Diverse operations covering various sectors
- Complete solutions from planning to handover
- Driving sustainable development

Employees

- Strong corporate culture with shared values
- Optimizing value through customized solutions
- Skilled in project development and execution
- Committed and responsible
- Developing skills and sharing experience

Financials

- Solid balance sheet
- Solid cash flow
- Proven business model with synergies
- Strength to realize business opportunities
- Long-term value creation

The Oculus project at the World Trade Center in New York is nearing completion.

2014 in brief

First quarter

Skanska awarded additional contract for R&D facility in the U.S. for around EUR 186 M. Work began in 2012 and the total order value is around EUR 880 M.

More than 1,000 Skanska employees move into the Group's new headquarters at Entré Lindhagen in Stockholm.

Skanska signs a contract with the Norwegian Road Administration to extend the E18 motorway between Bommestad and Sky in Norway.

Skanska wins Financial Times award for corporate responsibility.

Construction of an office building begins in London, with the aim of reaching BREEAM Excellent. The contract value is EUR 110 M.

In Connecticut, USA, Skanska signs an additional contract to build a new department at Stamford Hospital.

Skanska builds nine kilometers of motorway in Finland with 16 bridges on the road section. The contract value is EUR 45 M.

First quarter, accumulated:	
Revenue	EUR 3.1 billion
Operating income	EUR 72 million
Order bookings	EUR 3.4 billion

Second quarter

Skanska offers the capital markets an opportunity to invest in green corporate bonds.

UK Prime Minister David Cameron chooses Skanska's London office to announce planned infrastructure investments.

Part of Skanska's head office in Stockholm is sold for EUR 110 M.

Skanska's commercial property development in Europe invests a total of EUR 128 M in projects.

Skanska Safety Week, the world's largest occupational health and safety initiative, celebrates ten years – with industry colleagues in all Skanska's home markets participating for the first time.

In Los Angeles, work begins on a transitway in a contract worth EUR 417 M.

The UN Environment Programme (UNEP) launches an initiative to green the building supply chain. Skanska co-authors the final report.

Second quarter, accumulated:	
Revenue	EUR 6.8 billion
Operating income	EUR 173 million
Order bookings	EUR 7.5 billion

Order backlog at year-end was EUR 18.0 billion.

Third quarter

Green House, the first and so far the only LEED Platinum certified office building in Budapest, Hungary, is sold for EUR 36 M.

Skanska reaches financial close on the I-4 Ultimate Project, a Public Private Partnership project in Florida, USA. Skanska's share of the construction contract is worth EUR 658 M.

New life is to be breathed into Battersea Power Station, a familiar silhouette on the London skyline. Skanska has a contract worth EUR 106 M for mechanical and electrical works in the residential project.

During Almedalen Week, a yearly political forum in Sweden, Skanska presents solutions for housing, Public Private Partnerships and Öresund 2070.

UN Secretary-General Ban Ki-moon holds the first meeting in the General Assembly Hall following its refurbishment by Skanska.

Skanska contributes to the UK Green Business Council's report "The Next Chapter for Green Building" about the effects of green buildings on health and productivity.

Third quarter, accumulated:

Revenue	EUR 11.1 billion
Operating income	EUR 379 million
Order bookings	EUR 11.5 billion

Fourth quarter

Skanska reaches 150,000 followers on LinkedIn.

Skanska signs a contract with ESS, European Spallation Source, to build the first phase of a state-of-the-art research facility in Lund, Sweden.

In New York, Skanska holds a well-attended and much appreciated Capital Market Day.

Four green Skanska projects win Sweden Green Building Awards.

Skanska sells the Green Horizon office project in Łódź, Poland, for EUR 66 M.

Skanska signs an agreement with Uppsala County to build an advanced care and treatment building. The contract is worth EUR 132 M.

Public Private Partnership agreements are signed generating building contracts totaling EUR 658 M.

In central London, Skanska wins a contract to build a large office property. The value of the contract is EUR 241 M.

Skanska signs a contract with Stockholmshem to build 185 rental apartments and 172 student apartments.

Fourth quarter, accumulated:

Revenue	EUR 15.9 billion
Operating income	EUR 632 million
Order bookings	EUR 16.2 billion

Comments by the President and CEO

Last year was a good year for Skanska in many ways. Increased revenue and operating income, new record development gains and strong order bookings are clear signs of a successful 2014. We also took another major step into the U.S. Public Private Partnerships (PPP) market. Our strong financial position is a stable foundation from which to continue creating value with our clients in 2015.

> The talent and dedication of our employees and cooperation with our clients are our key success factors. It is the employees who win new contracts and are responsible for delivering on clients' expectations.

As we look back on our operations in 2014 we see many bright spots. However the positive events took place against a dark backdrop. Armed conflicts in various parts of the world has cast long shadows, as have the Ebola outbreak, extreme weather and terrorism. Several European countries still suffer from the effects of the financial crisis, and Russia's weakened economy is having a negative impact on parts of the EU area.

Economic development has been more stable in the UK and the U.S. The UK has freed itself from the grip of the crisis through systematic measures. Private and public sector players have regained their investment appetite and a major infrastructure initiative has been launched.

The U.S. economy is getting a boost from the new energy source of shale oil, which is offering competitive advantages and bringing industrial enterprises back to the country. And this is stimulating both job growth and private consumption.

Although low oil prices are generally good for global growth, they are starting to curb demand for offices and homes in oil-producing regions in the U.S. and Norway.

Increasing market share

In both the U.S. and the UK we have grown faster than the construction market as a whole and have increased our market share. We can report very strong order bookings in the U.S., with Interstate 4 as the crowning achievement. Development in Sweden continues in a positive direction too, although the political situation temporarily delayed infrastructure projects such as the Stockholm Bypass, a new route for the European highway past the Swedish capital.

Strong order bookings

All of our construction markets, except for Finland, have developed well. We have increased our order bookings and our revenue. Order bookings have been particularly strong in USA Civil, the UK and Poland. Our margins have improved thanks to the performance of the Swedish, Polish and Finnish operations. The Finnish economy is still weak as the country is in a restructuring phase and suffering from the unrest in Russia. In Norway we can report increased interest in Public Private Partnerships for large infrastructure projects. Poland has leveled off slightly, but growth is still strong. We are seeing improvement in the Czech Republic and Slovakia after an earlier sharp decline.

We have decided to exit the Latin American market where profitability has been disappointing. Closing our engineering and construction operations there involves costs, but for the long term, this is the right decision. We are finishing ongoing projects, but will not take on any new ones. We are also divesting our operation and maintenance business in the region to focus on markets where we have a greater presence.

Improvement in Residential Development

Residential Development continues to improve, despite weak demand in Finland and parts of Norway. The key factor here is to keep improving execution efficiency and thereby increase the profitability of our residential projects.

Strong commercial property market

The markets for commercial property projects are good and we enjoyed very strong growth here during the year. The development gains realized of approximately EUR 250 M are the highest ever and prove our ability to generate value. Leasing reached 287,000 sq m and, combined with increased investments, provides good potential for future gains.

The property markets in Sweden, Poland and the U.S. remain strong. The Finnish market is still weak, but we see future potential and we are launching new commercial property projects in Helsinki.

Skanska's green property projects have been attracting tenants and investors for many years. Our green bonds, launched in 2014, are also a success. They allow us to reach even more investors who can direct their investments toward green projects.

The biggest Public Private Partnership project

In 2014 we signed a contract regarding the Interstate 4 highway in Florida – the biggest project so far in the U.S. Public Private Partnership market. Our part of the construction contract is worth EUR 0.7 billion. We won this contract in tough competition, showing that we can compete in this key growth


Johan Karlström, President and CEO

market.
Overall we delivered strong results on almost all fronts. Our clients are expressing their appreciation, and what can be more gratifying than hearing this from UN Secretary-General Ban Ki-moon. At the autumn General Assembly he thanked all those who have worked on the renovations at the UN Headquarters in New York. We are also still active in the UN Global Compact, the world's largest sustainability initiative.

More and better

We are convinced that our tried and tested business model has even more potential. The strong cash flow in our Construction business stream is allowing us to invest more in project development.

It is not just about doing more, but about doing it better as well. We are sharpening our tools – our dedicated employees, our systems and our processes. The latter includes improving project execution. The key is strengthening our risk and improvement processes within our business units. We are also intensifying controlling and risk monitoring throughout the duration of projects. This will allow us to solve any execution problems early on. We can also take advantage of opportunities to make improvements and save costs, which will benefit our clients as well.

The talent and dedication of our employees and cooperation with our clients are our key success factors. It is the employees who win new contracts and are responsible for delivering on clients' expectations. They are also the ones whose behavior and actions demonstrate our values in practice.

Diversity and inclusion

To remain successful we will need to recruit a large number of employees in the next few years and ensure that they embrace the company's values and our way of working.

We are also focusing on increasing diversity and inclusion. Diversity that reflects the wider society is key to increased creativity and a better understanding of the needs of our clients and society.

Together with our clients and partners in various markets, we go beyond our actual construction commitments to improve the lives of many people. One such initiative is our partnership with the Swedish Public Employment Service to employ people with international backgrounds who, for various reasons, have found it hard to enter the labor market. Here at Skanska we feel very motivated when we help develop the wider community. More and more customers – both public and private – want us to offer training, practical experience and work to people who live and work where we operate.

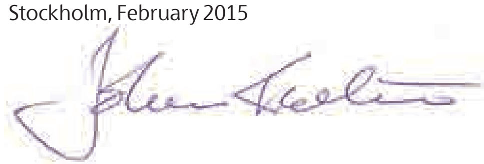
Early stages

Demand is increasing among our clients for our expertise in designing functional and cost-saving solutions to meet their needs. We can help their core business succeed when we are involved in developing their projects at an early stage.

The development towards greater social responsibility and intensified collaboration with clients will be even more important for us and our clients going forward.

We are proud but not satisfied – we can be even better. We can do even more as we develop communities and create value for our clients and shareholders.

Stockholm, February 2015



Johan Karlström
President and CEO

Mission, goals and strategy

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 and to be the customer's first choice in construction and project development.

Overall goals

Skanska will generate customer and shareholder value.

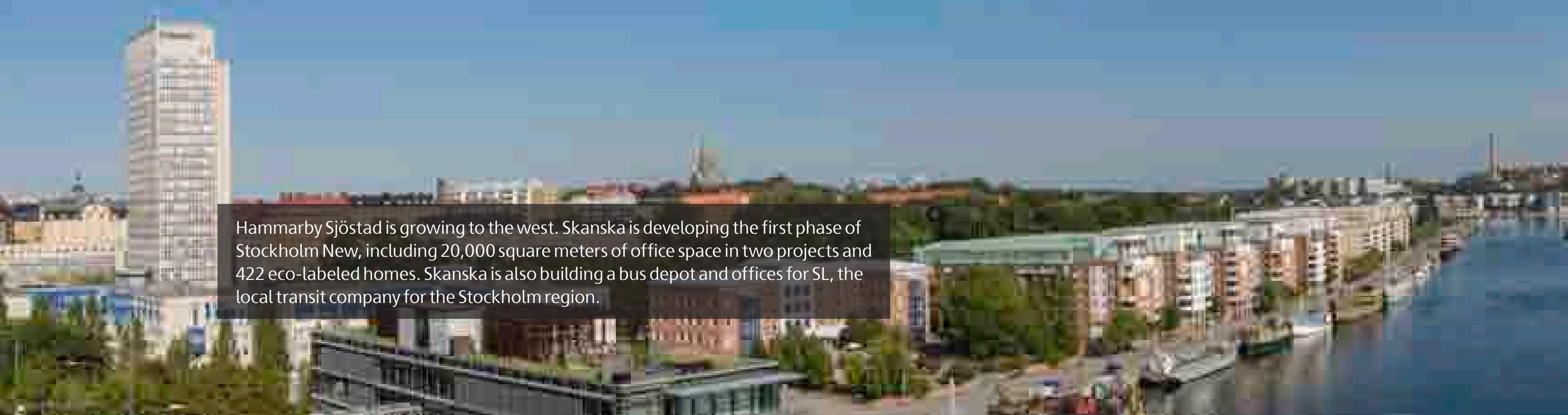
Skanska will be a leader, in terms of size and profitability, within its segments in the home markets of its construction Business Units.

Skanska will be a leading project developer in local markets and in selected product areas.

Global market trends

The world is currently experiencing the highest growth rate in urbanization in history; now more than half of all the people in the world live in cities. At the same time, people are living longer lives and demanding a higher standard of living, leading to growing energy needs in society. These global trends are increasing the need for new and more sustainable solutions for the future:

- Infrastructure
  - Roads
  - Power and energy
  - Water and waste management
- Healthcare
- Housing
- Education



Hammarby Sjöstad is growing to the west. Skanska is developing the first phase of Stockholm New, including 20,000 square meters of office space in two projects and 422 eco-labeled homes. Skanska is also building a bus depot and offices for SL, the local transit company for the Stockholm region.

> New and more sustainable solutions are needed for the world's cities.

Business plan 2011–2015 Profitable growth

All four business streams will **grow in terms of profit.**

Return on equity will total 18–20 percent annually.

Net operating financial assets/liabilities will be positive.

Operating margins in Construction will average 3.5–4.0 percent over a business cycle and thus be among the best in the industry.

Activities in project development operations will increase.

The combined return on capital employed in Skanska's three project development operations will total 10–15 percent annually.

The company will be an industry leader in terms of occupational health and safety, risk management, employee development, green construction and ethics.

Strategy

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

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

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

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

To take advantage of financial synergies within 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.

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 in terms of profit while maintaining a strong focus on capital efficiency. The goal is both to expand the volume of construction operations and to increase activity within project development operations by taking advantage of the financial synergies within the Group.

Financial strength
Skanska's business plan for the period 2011–2015 set a number of targets that are presented below. These financial targets are judged to be those that best reflect the profitability of operations and show the Group's financial capacity for investment and growth. In 2014 all of the financial targets in the business plan were reached. In addition to financial targets, Skanska works actively to achieve a number of ambitious qualitative targets. Efforts to reach these targets continued in 2014. In the area of occupational health and safety, several joint initiatives were implemented in the construction industry to increase health and safety work, and additional steps were taken to intensify efforts in risk management and green construction. Another priority in 2014 was ensuring that all employees have a development plan. The Skanska Brand Survey showed that Skanska is perceived as a leader in ethics in the construction industry. In 2014 the Group achieved the financial targets for return on equity and financial strength, and the target of positive net operating

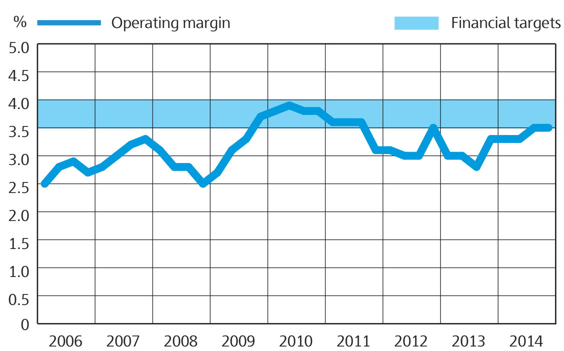
Financial and qualitative targets 2011–2015	Outcome 2014
Group Return on equity for the period of **18–20%**	**Group** Return on equity was **20%**
Financial strength Net operating financial assets/liabilities will be **positive**	**Financial strength** Net operating financial assets/liabilities were EUR **881** M
Construction Average margin over a business cycle **3.5–4.0%**	**Construction** The operating margin was **3.5%**
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 **11%**
Qualitative targets – a leader in: – Occupational health and safety – Risk management – Professional development – Green construction – Ethics	– **Occupational health and safety:** Several joint initiatives were implemented in the construction industry to increase health and safety work. – **Risk management:** Implementation of the Skanska Risk and Opportunity Game in all home markets. – **Professional development:** Major focus on all employees having a development plan and on maximizing learning in day-to-day work. – **Green construction:** Interest in green construction – an area where Skanska has extensive expertise – increased in civil projects in several of Skanska's home markets. – **Ethics:** The Skanska Brand Survey showed that Skanska is perceived as a leader in ethics in the construction industry.

1 Definition on page 190.

> Gains from property sales were the highest in the business stream's history.

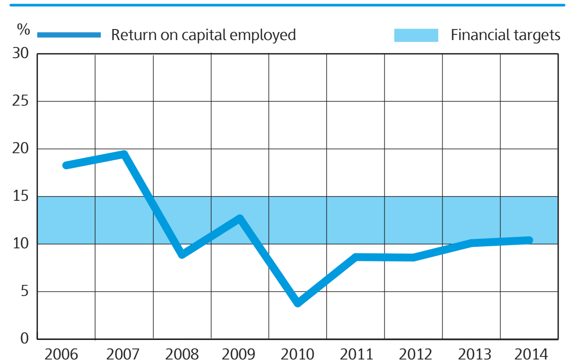
assets was achieved with a good margin for the fourth consecutive year. In Construction, the operating margin is a key financial target and the target was reached in 2014. Several Business Units improved their profitability during the year, including Sweden, Poland and Norway, as well as Finland despite a tough market. The operating income and revenue increased in the large geographical markets. 2014 was a strong year in project development as well. Residential Development reported increased gross and operating margins during the year, and Commercial Property Development had another strong year with gains from property sales that were the highest in the business stream's history. Infrastructure Development also contributed in 2014 through the sale of a project. The results from project development operations confirm the strength of Skanska's business model, in which free working capital generated in Construction is invested in profitable development projects.

Operating margin in Construction, rolling 12 months[1]



1 Excluding the Latin American operation.

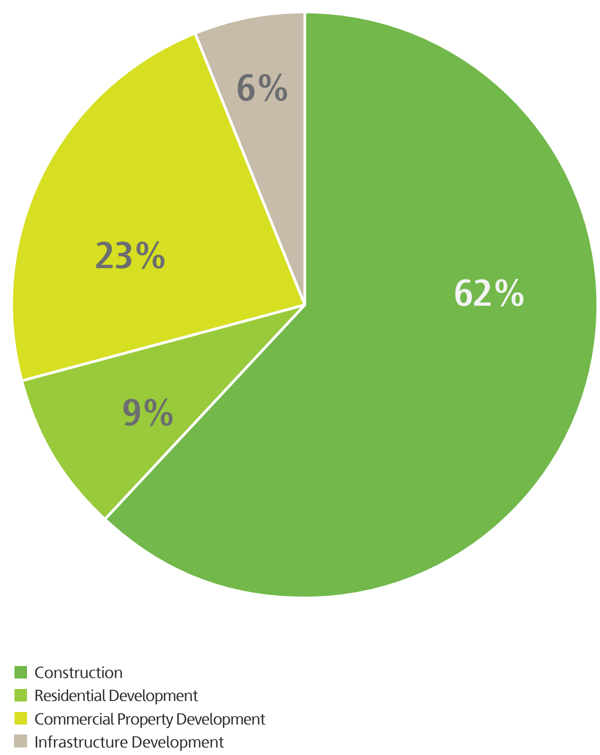
Return on capital employed in project development business streams



The operating margin for the Group's Construction business stream followed a rising trend during the 2006–2014 period.

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

Operating income distribution by business stream 2014



The graph shows the distribution of the Group's operating income by business stream in 2014. Construction accounted for most of the result, followed by Commercial Property Development which, after very strong gains from property sales, is also responsible for a significant share of the year's result. Residential Development and Infrastructure Development contributed with good results again in 2014.

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.

Business streams

Read more about Skanska's business streams on pages 40–41.

Construction

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

Project development

Residential Development
Skanska initiates, develops and invests in residential projects for subsequent 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 roads, hospitals, schools and power plants.

In Skanska, Business Units within Construction, Residential Development, Commercial Property Development and Infrastructure Development cooperate in various ways, creating operational and financial synergies that generate increased value.

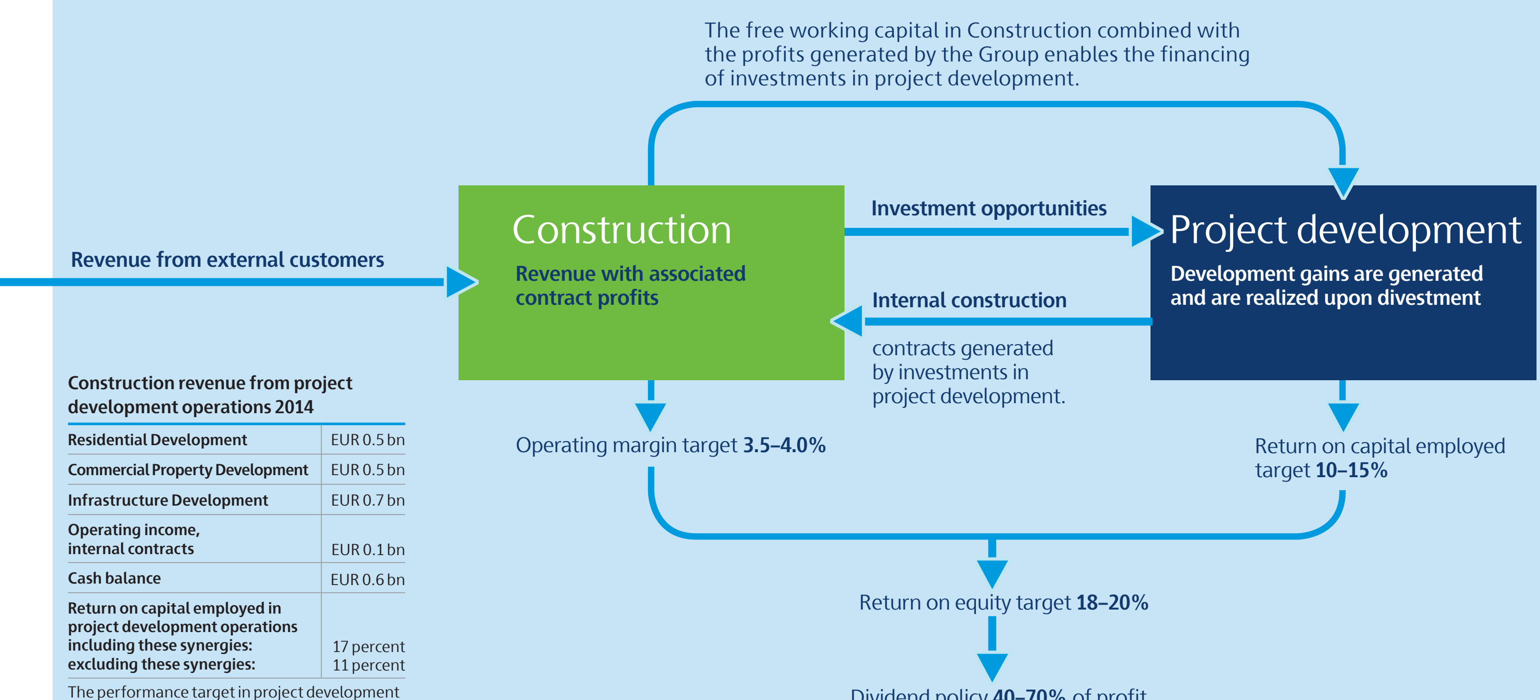
Operational synergies

Operational synergies are primarily generated by using local specialized expertise found in the various Business Units, on a global scale. The Senior Executive Team and the Business Units are jointly responsible for optimizing synergy opportunities.

Units in different business streams often collaborate on specific projects, which reinforces their customer focus and creates the necessary conditions for sharing best practices while ensuring efficient utilization of the Group's collective expertise and financial resources. Units in the same business stream also collaborate to make better use of expertise or size.

Business Units establish geographical clusters to share resources and expertise, with shared activities in procurement and production development also boosting efficiency.

Skanska's business model



Construction revenue from project development operations 2014

Residential Development	EUR 0.5 bn
Commercial Property Development	EUR 0.5 bn
Infrastructure Development	EUR 0.7 bn
Operating income, internal contracts	EUR 0.1 bn
Cash balance	EUR 0.6 bn
Return on capital employed in project development operations including these synergies: excluding these synergies:	 17 percent 11 percent

The performance target in project development excludes synergies while the target for return on equity includes synergies.

Skanska's Construction business stream is not tying up capital and is instead operating with free working capital, which combined with the profits generated by the Group enables the financing of investments in project development.

Financial synergies

Skanska's Construction business stream is not tying up capital and is instead operating with free working capital. The free working capital combined with the profits generated by the Group enables the financing of investments in project development which generate an excellent return on invested capital. These investments also create new construction contracts for the Construction stream that generate a profit. See also the illustration below.

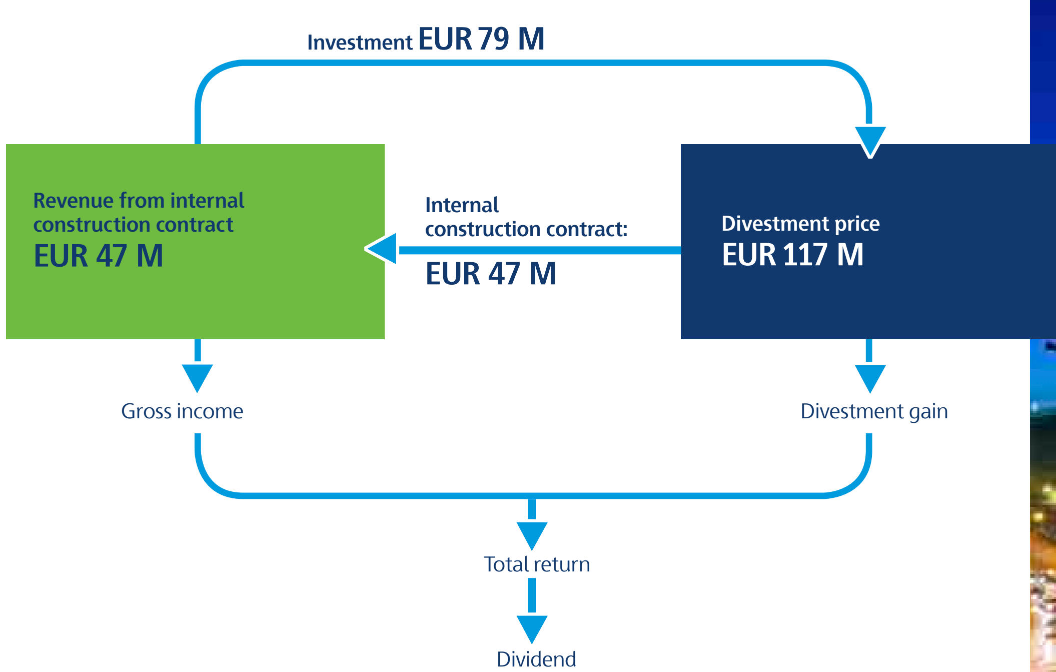
Size provides competitive advantages

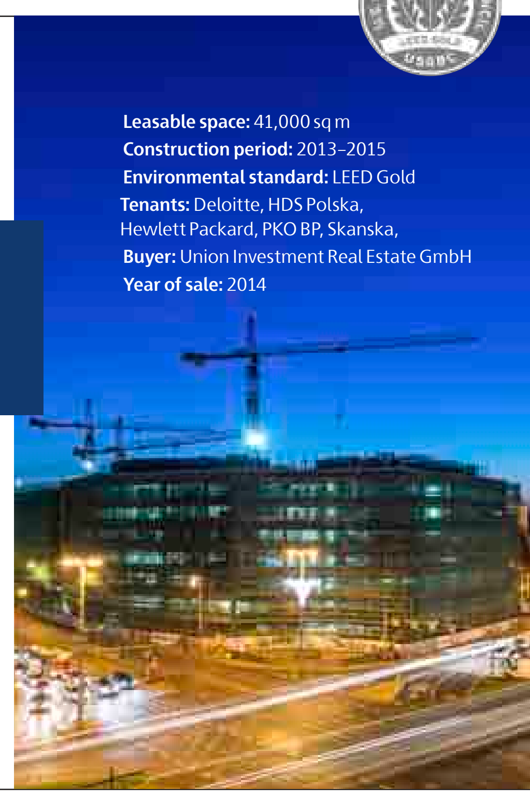
By being a market leader, Skanska is well positioned to serve the most demanding clients. The Group's size and financial strength gives Skanska an advantage in the most complex assignments, where collective experience and know-how are used to meet the clients' needs. Only a few companies can compete for the type of projects where price and innovative comprehensive solutions are of critical importance.

Local company with global strength

The Group's operations are based on local Business Units with 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 a strong local presence.

Skanska's business model in practice: Dominikański, Wrocław, Poland





Increased focus on opportunities

The thousands of projects carried out are the Group's main revenue source, and thus directly affect the Group's result. The focus is therefore increasingly on managing both risks and opportunities continually throughout the execution phase, and as close to the projects, the clients and the markets as possible.

In its business Skanska faces risks of various kinds – strategic, financial, operational and regulatory.

The Senior Executive Team (SET) and the Group functions are responsible for managing general risks relating to strategy, macroeconomics and the regulatory framework. While the main tasks relating to operational risks and opportunities are carried out at the local level within the Business Units.

To strengthen the units in this area, continuous skills development and exchange of experiences takes place.

Risks and opportunities for improvements are both greatest during the actual execution phase of the projects, and thus the work focuses heavily on this phase. Since almost every project is unique, risks and opportunities must be analyzed as regards project type, location, implementation phase and client.

The Group's current strategic direction aims at profitable growth, resulting in a greater focus on exploiting opportunities and efficiency gains in the execution phase. The Business Units are best suited to this, since they are close to projects, clients and markets. Managing risk in the right way provides a foundation for identifying and exploiting opportunities to improve.

Strategic risk

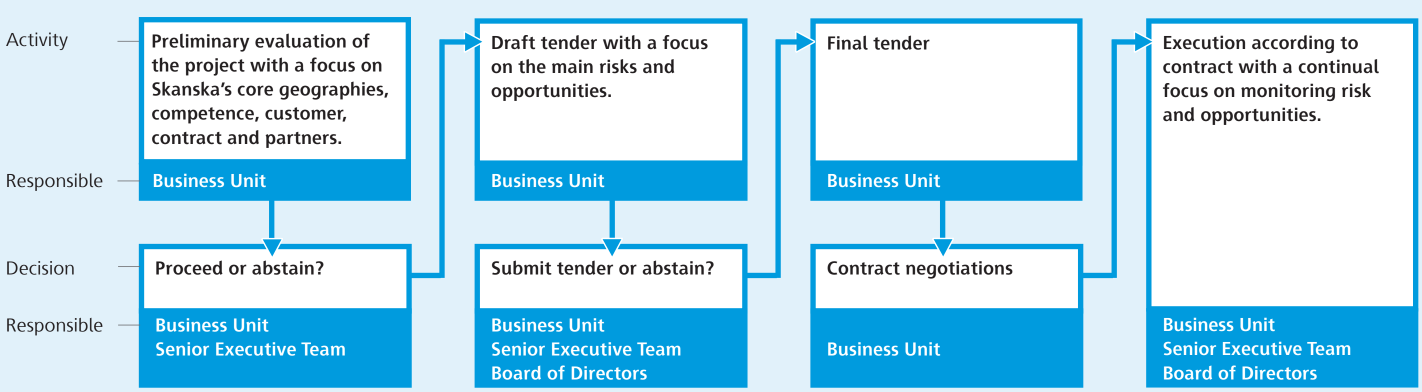
— Strategic risks are long-term and general, and relate to developments in the various geographical markets and the needs of the clients. It is important that the business model is adapted to such developments as this provides the basis for success. Ethical and environmental violations involve particular risks that could have long-term repercussions on both business transactions and the brand. Acquisitions and strategic alliances may also involve strategic risk.

Financial risk

— Skanska's balance sheet is exposed to both external financial risks and to effects from the Group's operations. The frameworks for the Group's total investments in project development operations are established yearly by the SET and the company's Board. The investments are limited to a maximum amount for each unit, and the project development units prioritize the potential project starts that can be accommodated within these limits. When ongoing projects are divested or leased out, the risks decrease – creating room for new investments. Other financial risks include credit exposure, payment flows, foreign-exchange risks, interest-rate risks and liquidity risks. The financial position of clients, subcontractors and joint venture partners may also involve risks. Credit risk includes both risks associated with financial assets and the risk that a counterparty may not be able to meet its payment obligations.

Tender approval procedure – Construction and Infrastructure Development

Skanska uses a Group-wide procedure for identifying and managing risks associated with construction contracts and Public Private Partnership projects. A specialist unit, the Skanska Risk Team (SRT), examines and analyzes conceivable tender proposals or investments above a certain size. The SRT processes around 350 tender proposals per year. 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 certain cases, by the Board of Directors.



It is not a matter of avoiding risk. We must accept risks, but only risks that we understand and can manage.

Johan Karlström, President and CEO

Since project revenue and costs are often denominated in the same currency, Skanska's foreign-exchange risk is limited. Foreign-exchange risks, interest-rate risks and liquidity risks are managed by the Skanska Financial Services support unit.

Operational risk

— **Construction:** The risks vary greatly depending on the type of contract and the compensation model. The degree of risk is proportionate to the size of the project and also depends on how well risk management is performed. In addition, the choice of technology, method and suppliers plays a part in operational risk – as do, in certain cases, the climate and weather conditions.

— **Project Development:** In development projects Skanska has a dual role as both builder and property developer. This means that Skanska is responsible for all stages – from buying land and obtaining building permits to development, design, building, leasing and selling, and finally also for guarantees for the finished product. There is also a market risk, since demand is affected by developments in the external environment and macroeconomic developments.

Regulatory risks

— Regulatory risks relate not only to general laws and regulations on business operations and taxes in each market, but also to local regulations and agreements relating to construction operations. The Group's internal rules and procedures also fall into this category. There are also risks relating to ethics, the environment, safety and the working environment.

Large and loss statistic

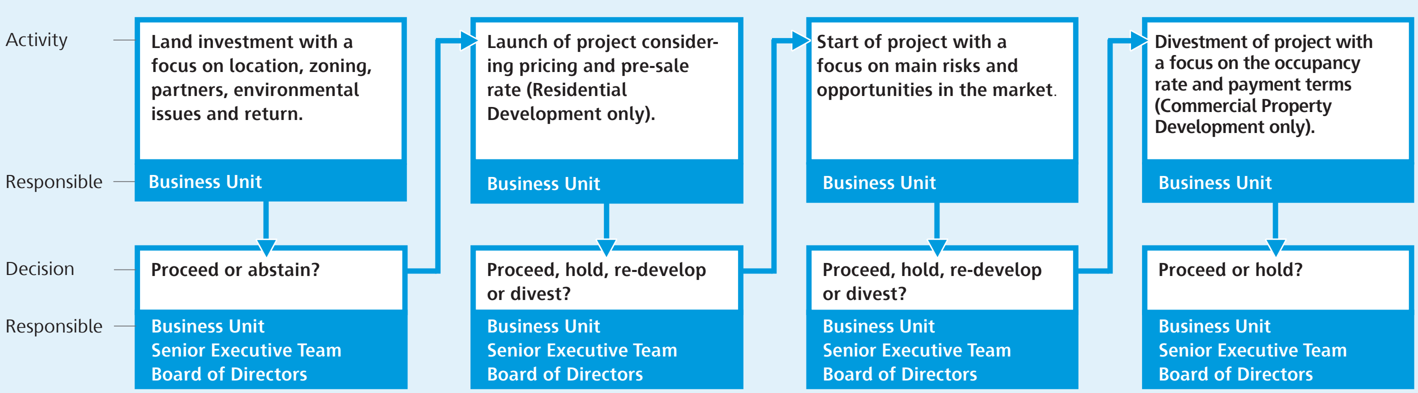
Large projects, defined in this context as projects with a minimum contract value above EUR 12 to 57 M depending on Business Unit, made up around 50 percent of the total construction revenue in 2014.

These projects are in most cases reviewed by the Skanska Risk Team with decisions taken by the SET Tender Board as part of the risk management process. The process is described in more detail below.

As can be seen in the illustration above, while the number of large projects have been increasing since 2010, the proportion of large projects that are loss-making have a downward trend.

Project approval procedure – Commercial Property Development and Residential Development

Skanska uses a Group-wide procedure for identifying and managing risks associated with investments in commercial property projects and residential projects. A specialist unit, the Skanska Risk Team (SRT), examines and analyzes investments above a certain size. The SRT processes around 150 investment proposals per year. 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 to invest and under what circumstances. The final decision about an investment is made by the SET Tender Board, a part of Skanska's Senior Executive Team, and in certain cases, by the Board of Directors.



Work on risks and opportunities continues during the projects

Work on identifying risks and opportunities does not end when a tender has been submitted and a contract has been won and signed; rather this work continues throughout the project. Partly by necessity, because client requirements or other circumstances have changed, and partly because Skanska's project team always tries to make the most of opportunities to improve the performance of the projects.

In 2009, the UK Defence Infrastructure Organisation (DIO) contracted Skanska to develop the air force facility at RAF Wyton in Cambridgeshire, England. The new facility will cover 40,000 sq m in total, with several buildings including premises for training, security and catering for civil and military employees. The contract value is GBP 150 M. The client is DIO, on behalf of the UK Ministry of Defence.

Before tendering, Skanska investigated the project in several stages using its own internal risk management tools. This gave the Skanska team a better understanding of the project's nature, scope and location, along with the client's financial position. An assessment also confirmed that Skanska had the resources and expertise required for successful execution of the project.

Close partnership with the client

Skanska prepared thoroughly for the production, including setting up a schedule, project organization and logistics. The planning had a continual focus on risks and opportunities, so as to manage changes in the project should the circumstances change.

At an early stage the Skanska team worked to build a close and trusting partnership with the client. This was reinforced by the type of contract, which included target prices and incentives for cost savings – all of which would be shared by Skanska and the client. The partnership was completed with open books.

While the project was being executed, risks of a technical and financial nature arose. The global economy had just gone into crisis, affecting the 100 or so subcontractors. These had been thoroughly analyzed during the procurement stage.

A certain amount of replanning and reprioritization was carried out in consultation with the client's project team.

"We make continual improvements that accelerate the building process in our projects. In this case, we discussed solutions together so as to get the most out of the yearly budgets set," says Matt Collins, Skanska's project manager.

Following up changes can be a challenge in all large projects. Getting all of the parties involved to look at and comment on the new solutions, while still making progress on the project is time-consuming.

"We resolved all of these things pragmatically at regular meetings that brought the right people together," says Matt Collins.

Sharing risk between the parties

Skanska was responsible for both design and construction. Risk was distributed between the parties already at the contract stage: Skanska was responsible for a number of visible risks such as those connected with demolition of around ten buildings, while the Ministry of Defence bore the main responsibility for ground conditions that had not been fully charted. When previously unknown cabling was found during the groundworks, Skanska mapped and relocated it and was compensated by the Ministry of Defence for the extra work.

Heat generation in parts of the facility also proved to be higher than expected, necessitating changes to the client's original specification. Skanska built according to the changed requirements and was compensated for this.

High security requirements

The military nature of the facility brings particular risks and a responsibility to handle drawings and other information with care. In consultation with the client, a number of measures were established to ensure the secure processing of information.

Few snags, satisfied users

The Skanska team was aiming for client satisfaction and satisfied end-users, and also for a smooth handover. The client's project team and representatives of the end-users acted as a reference group so as to ensure that the expected quality and functions were provided, and were allowed to inspect and try out the facilities before handover. The very few snags that were found were soon remedied to everyone's satisfaction.

All of the parties were pleased that the project had been completed securely. To sum up, Skanska completed the project five months ahead of schedule at less than the target price while achieving the margin in its bid. The client and Skanska split the cost savings.

Skanska steered the project to success through its professionalism, commitment and proactive approach, combined with its ability to take responsibility for technically complex projects. The project team's great skill in managing and coordinating the large number of parties associated with the project, along with Skanska's innovative approach, were vital to the project being completed according to plan.

RAF Air Vice-Marshal **Jon Rigby** wrote in a letter to Mike Putnam, President of Skanska UK.

Teddy bear is first patient at new hospital

Schedule for New Karolinska Solna	
Building	**Completion**
Parking garage	December 2012
Technological Building	May 2014
Hospital Part 1	Start of Operations 2016
Parking garage	July 2016
Research Laboratory	June 2017
Hospital Part 2	October 2017
Treatment Building	March 2018

Completion of the New Karolinska Solna hospital, which Skanska is executing under a Public Private Partnership, is getting ever closer. In 2016, the New Karolinska Solna will open its doors to its first patients. The ER department has already opened – to teddy bears. During an open house in September 2014, one of the largest construction sites in northern Europe welcomed the public in to see the hospital take shape. Around 1,500 people took the opportunity to experience the emerging hospital from the inside. Some children took along their soft toys to be examined – a fun way to prepare children for what happens when visiting the doctor.

Skanska Sustainability Review

Skanska aims to be an industry leader in sustainable business practices and believes there is no other way forward. This Review highlights Skanska's progress within sustainability in 2014.

Skanska's Sustainability ambitions

Skanska believes that sustainability is an integral part of good business practice. Skanska's Sustainability Agenda includes the aspects that have the biggest impacts on the environment and society, and are of the greatest importance to the stakeholders.

Skanska's current Business Plan, Profitable Growth 2011–2015, formalizes its ambitions to be an industry leader in sustainability, particularly in occupational health and safety, employee development, green construction and ethics.

Realizing such ambitions is not straight-forward for a company with a significant international presence. It employs 58,000 people across two continents to deliver thousands of contracts annually. It is a constant challenge to make sure that all the people involved understand and live by Skanska's values.

Communicating progress

The diversified nature of Skanska's operations mean that consolidated statistics do not tend to reflect the many positive impacts it creates. Given the increasing expectations placed on corporate reporting by stakeholders – and recognizing the continuing development of international and voluntary reporting frameworks – Skanska has during 2014 improved its collection and management of information regarding Safety, Energy & Carbon and Community presence, giving stakeholders a more robust picture of the sustainability performance.

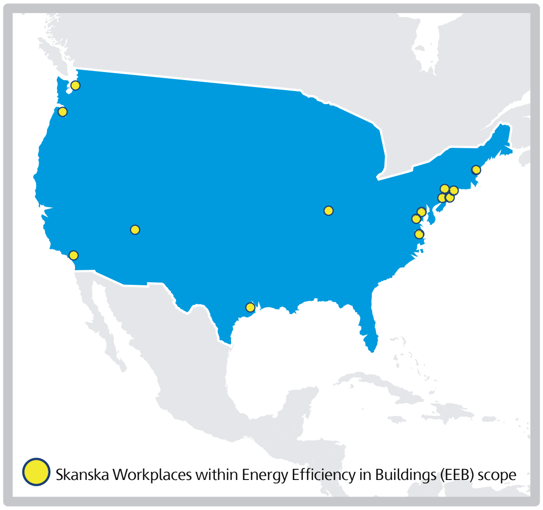
Global leadership

Skanska has been a signatory of the UN Global Compact (UNGC) for over a decade, and its Communication on Progress is uploaded annually to the UNGC website as a public statement of this commitment.

Environmental Agenda

Energy

Energy use remains a key issue within the built environment, accompanied by new legislation and growing market demand. Skanska aims to reduce the amount of energy used by all the buildings and infrastructure it delivers.



Skanska offices that demonstrate our commitment to the World Business Council for Sustainable Development's global Energy Efficiency in Buildings program.

Norway

Skarpnes, Arendal, Residential Development Nordic. Skanska's first residential development using Nullhus, a net zero energy housing design. The properties use established technologies such as solar panels and energy wells, but combine them in an energy-optimized and cost-effective way. Once complete, Skanska will provide training for new home owners.

USA

Catskill-Delaware Ultraviolet Light Disinfection Facility, New York, Skanska USA Civil. The Catskill-Delaware UV disinfection facility ensures the supply of safe and high quality water to New York City. It has been equipped with efficient low-pressure high-output UV disinfection units that use 30 percent less power than conventional medium-pressure units.

Poland

Atrium 1, Warsaw, Commercial Development Europe. A LEED Platinum certified office building in central Warsaw, designed and developed with the ambition of being the most resource-efficient building in Central and Eastern Europe. It uses 40 percent less energy than the Polish Code and incorporates Skanska Deep Green Cooling technology, a method for cooling buildings.

Skanska's operations are increasingly influenced by energy efficiency legislation and binding energy end-use targets. In some markets, ideas for creating near-zero energy buildings and for green renovation of existing buildings are already being realized. In certain cases Skanska is able to offer Energy Performance Contracts to underwrite clients' future energy savings.

Work with external organizations

To increase awareness Skanska is continuing to work with various external organizations such as the World Green Building Council and the World Business Council for Sustainable Development (WBCSD).

Skanska's Color Palette™ is a strategic framework for green business and for how projects handle the issue of energy. Skanska continues to use Life Cycle Cost, Life Cycle Assessment and Building Information Modeling (BIM) as support tools at project level.

Internally, Skanska is progressing with implementation of the WBCSD Energy Efficiency in Buildings manifesto to benchmark and improve the energy efficiency of its own buildings.

Global leadership

wbcsd

Skanska acted as project manager for the WBCSD Warsaw EEB Laboratory, engaging local stakeholders to deliver an action plan for achieving market transformation in Poland. The EEB project, seeks to unlock financially viable investments in energy efficiency and similar events are carried out in at least seven more locations around the world.

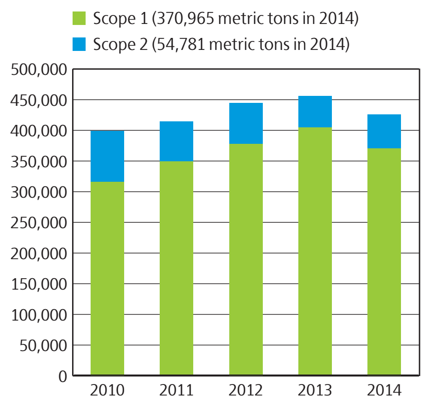
Carbon

The world's buildings account for an estimated 24 percent of all energy-related greenhouse gas emissions. However, as buildings become more energy efficient, it is increasingly important that Skanska reduces the carbon that is embodied in the buildings and infrastructure it designs and delivers.

Sweden Solallén Vikaholm, Växjö, Skanska Sweden.
A development of townhouses in Vikaholm will be Sweden's first block of homes built according to net zero energy principles. Skanska has completed a project carbon footprint to increase understanding of how the construction process and materials used influence embodied carbon.

Emissions and carbon footprint

Direct (Scope1) and indirect (Scope2) green house gas emissions – five year trend



Number of "project carbon footprints" performed, an increase of **40 percent** since 2013.

UK

May Park School, Bristol, Skanska UK. Straw bales and timber helped reduce embodied carbon emissions by 75 percent compared with a typical UK school building. Skanska trialed a mobile "flying factory" to prefabricate straw bale and timber wall elements at a nearby farm, and has secured a UK government grant to further develop this novel production technique.

Finland

VT8 Highway / Sepänkylä Bypass, Skanska Finland. A project carbon footprint for a new section of highway, redesigned and built by Skanska in Western Finland, led to an alternative solution that achieved a 57-percent reduction in embodied carbon compared with the original design.

USA

101 Seaport, Boston, Commercial Development USA. This new 17-story office building was the first project using an in-house developed carbon app. Using the app allows Skanska to achieve more consistency in what information is collected and how it is reported. Ultimately, the Business Unit intends to utilize the app in all of its projects.

Reducing carbon emissions in construction is Skanska's ambition for its projects. To achieve this, carbon must be considered from the earliest design stage of projects, and collaboration with suppliers and clients is essential. Skanska has developed tools for project-level carbon footprinting to enable presention of alternative solutions reducing embodied Carbon in the projects.

Improved reporting

In 2014 Skanska continued to improve the reporting of its global carbon footprint. For the last five years Skanska has been the highest ranked construction company in the CDP Nordic report, and in 2014 Skanska was once again on the Nordic Climate Disclosure Leadership Index.

Global leadership

Skanska is the only Nordic construction company active in the Corporate Leaders Group (CLG). In 2014, Skanska signed the CLG Trillion Tonne Communiqué. The Communiqué is a call from business for a policy response to the explicit scientific warnings of the risks posed by the continuing rise in atmospheric greenhouse gases.

Materials

Each year around three billion tons of raw materials – up to half of the total flow in the global economy – are used in the manufacturing of building products and components. This means the built environment, and more specifically the design and construction of buildings and infrastructure, must be central to any attempt to use resources more efficiently.

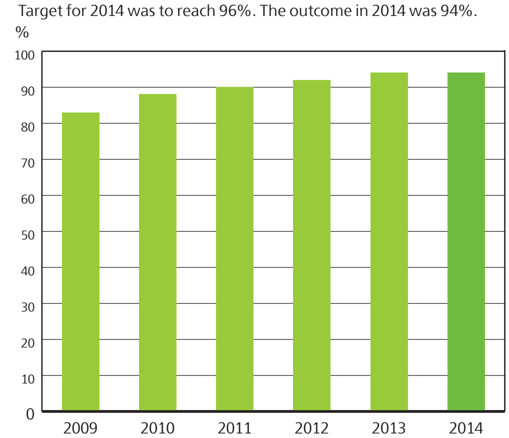
Greening the Building Supply Chain

Skanska co-chaired the "Greening the Building Supply Chain" task force with the United Nations Environment Programme's Sustainable Buildings and Climate Initiative and, in 2014, co-wrote its final report. This includes heatmaps to assist the industry in reducing environmental impacts from key construction materials.

UNEP Sustainable Buildings and Climate Initiative
Promoting Policies and Practices for Sustainability

Total average amount of waste diverted from landfill 2009–2014

Percentage of waste diverted from landfill 2009–2014. Target for 2014 was to reach 96%. The outcome in 2014 was 94%.



UK

Barts Health NHS Trust, London, Infrastructure Development. Working in partnership with Skanska, Barts Health NHS Trust has become the first Trust in the UK to be awarded the Carbon Trust standard for waste. Over the past two years, clinical waste levels have been reduced by 20 percent, with none of the waste produced by the Trust now sent to landfill.

Norway

Powerhouse Kjørbo, Oslo, Skanska Norway. Already well known for its energy performance, this renovation of two existing buildings into energy-plus buildings is also notable for its use of environmentally responsible materials and for diverting over 97 percent of construction waste from landfill. This includes re-use of glass windows in the interior design.

Poland

Ostrobramska, Residential Development Europe. The project took a decision to manage all waste segregation and disposal for this development, unusual in Poland where waste is normally the responsibility of subcontractors. The end result is that less than four percent of waste has been sent to landfill. Subcontractors also received training on waste management.

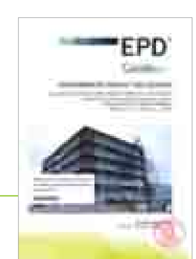
Life cycle impacts, material transparency and the concept of a circular economy are all likely to become increasingly important trends as the industry attempts to reconcile increasing demand with diminishing material resources.

Improved resource efficiency

Skanska's Deep Green approach to materials focuses on zero waste, zero unsustainable materials and zero hazardous materials. Skanska has developed a "stepping stone" approach to sustainable resource use. The initial focus is on declared product transparency requested from suppliers to cover product and material specification, chronological history and life cycle impact. Subsequent stepping stones will increase resource efficiency in terms of reused, recycled or renewable content and eliminate use of hazardous substances.

Skanska remains to participate in the CDP Forests program, a review of the use of forest products, including timber and biofuels, by companies.

In Sweden, Skanska's Nordic Procurement Unit has arranged framework agreements for waste management, resulting in more robust waste statistics and an increased ability to set and compare waste targets between sites, regions and contractors.



Global leadership

In 2014 Skanska produced an Environmental Product Declaration (EPD) for the Autosalon Klokočka glass building envelope with aluminium façade – the first to be completed in the Czech Republic. An EPD is an independently verified document that reports, in a standardized way, the overall environmental impact of products based on life cycle assessment.

Water

Skanska's projects strives to both reduce its direct water use and design buildings and infrastructure that are water efficient.

Sweden **Vivalla, Örebro,** Skanska Sweden. Skanska has designed the landscaping to absorb and delay stormwater runoff, while sedum green roofing reduces runoff by up to 75 percent in the summer. These measures also help enhance biodiversity.

In some of Skanska's home markets, water stress and drought are a challenge. At the same time, in several regions where Skanska operates, changes in precipitation extremes are also increasing the vulnerability of the built environment to flooding.

Skanska strives to reduce its direct water use in the construction of civil/infrastructure projects and to design buildings that are water efficient. This encourages developing solutions that are likely to be more resilient to consequences of climate change.

Skanska's approach to water is threefold

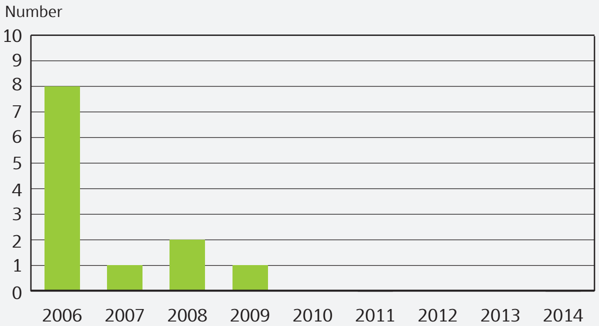
- To increase water efficiency in its construction processes and in operational phases. In 2014, Skanska's Czech and Slovak Business Unit became a signatory of the Businesses and Water 2014+ declaration, a national industry-led initiative that commits it to measuring and reducing water consumption.
- To substitute potable water for alternative quality grades, and reuse and recycle water where possible. For example, the Nordea House / Green Corner commercial development in Poland was designed to include a greywater reuse system, which collects and treats water from sinks and showers before using it to flush toilets, to reduce the need for potable water.
- To utilize its expertise and risk management to help its customer address changing water risks brought about by climate change, as at the Vivalla project.

Local impact

Skanska recognizes that there are opportunities for proactive environmental management at site level to minimize negative impacts and maximize positive benefits to the local environment.

Frequency of major nonconformities (MNCs) in 2006–2014

A nonconformity in ISO 14001 shows a non-fulfilment of the standard in an environmental management system



ISO 14001 and Skanska's Risk Management System are the primary means of ensuring effective management of local impacts. Skanska became the first global construction company to have all its businesses certified to the international standard for environmental management systems, ISO 14001, in 2000. With a revised standard expected in 2015, Skanska is reviewing how environmental management systems are applied across the company.

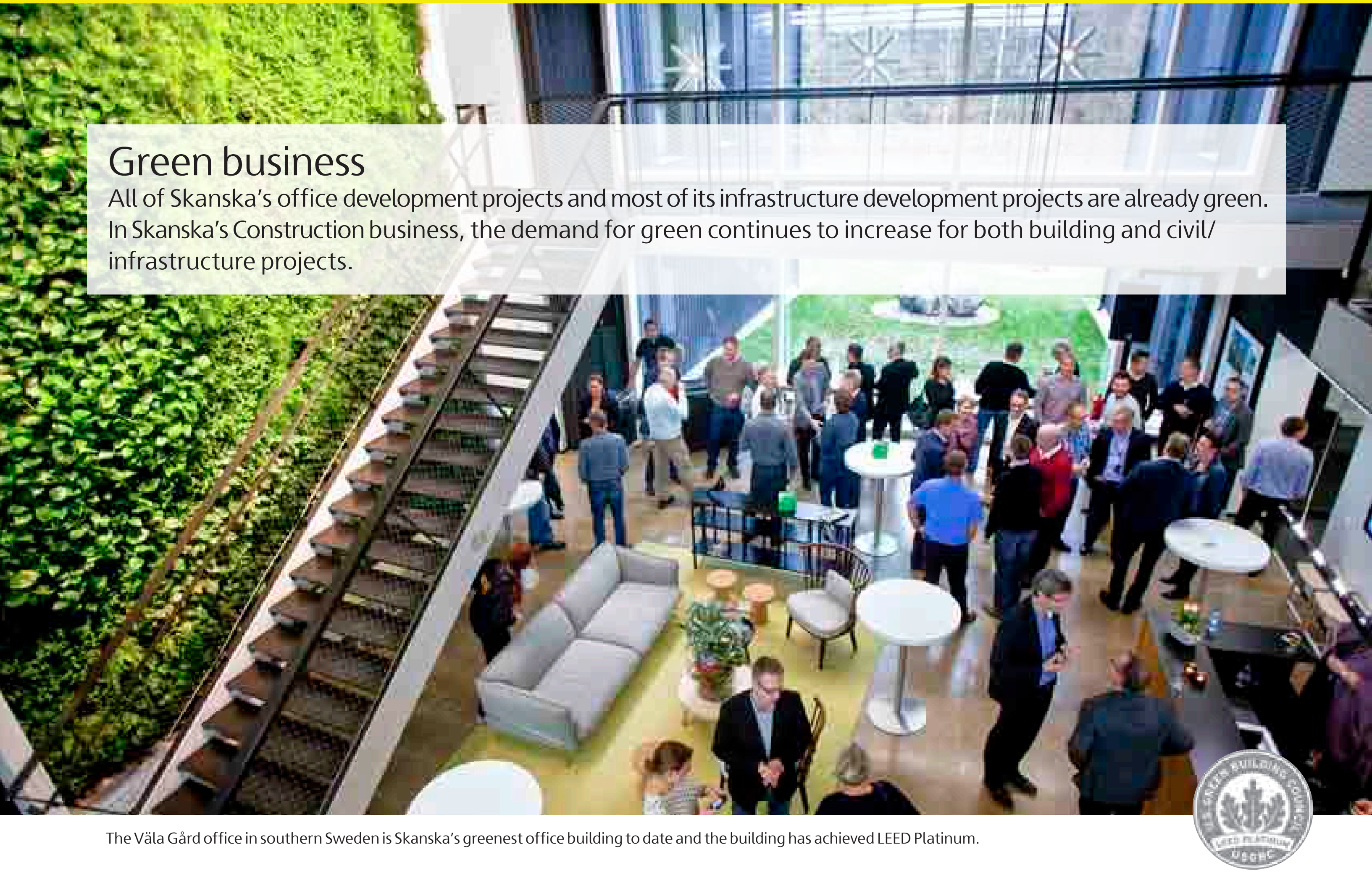
Reporting evironmental incidents

In 2014 Skanska introduced a new revised procedure for reporting environmental incidents. In an international and decentralized organization like Skanska, it is a challenge to report significant environmental incidents in a consistent way, yet important to share awareness and knowledge to ensure that similar incidents are avoided. The procedure requires that all environmental incidents are recorded using a common scale, including corrective and preventive actions taken, making it easier to share this information across the company.

A diverse range of actions and initiatives are used by Skanska to proactively manage local impacts and promote awareness. For example, Skanska is represented in the UK Business Council for Sustainable Development's Natural Capital and Ecosystem Services Valuation Business Group, which helps the industry better understand its role in managing and measuring the use of natural capital.

Green business

All of Skanska's office development projects and most of its infrastructure development projects are already green. In Skanska's Construction business, the demand for green continues to increase for both building and civil/infrastructure projects.



The Väla Gård office in southern Sweden is Skanska's greenest office building to date and the building has achieved LEED Platinum.

Skanska believes there is ever-stronger awareness of the benefits of green building. An increasing portion of the actors on the home markets believes that green buildings do not necessarily cost more to develop yet are cheaper to run, more easily attract tenants and command higher rents and sale prices. Research also shows that green buildings positively influence the health, well-being and productivity of those who occupy or use them.

Some customers are in fact starting to place a value on green building by incorporating contractual incentives or penalties that are subject to energy performance or environmental certification at a pre-agreed level. At the same time, Skanska has seen the green requirements for civil works grow in the UK, the Nordics and the U.S.

Skanska, as a partner of the EU-funded RenoValue project, is helping to develop resources and training for valuation professionals on green building, to help them better understand its impact on building performance and property values, so they can advise their clients accordingly.

The Skanska Color Palette™ is Skanska's strategic framework for green business. A Deep Green project is future-proof, which means that both the construction process and the product's performance have a near-zero impact on the environment in four priority areas: energy, carbon, materials and water.

In 2014 some of Skanska's Business Units for the first time began categorizing orders based on the Color Palette™ to allow them to better understand the size of green business as well as the margins and relative profitability of Green and Deep Green projects compared to projects without specific green ambitions. All remaining construction business units will follow suit from 2015.

The Skanska Color Palette™ is also an effective communication tool, showing how Skanska's deep green ambitions go far beyond most existing green certification schemes. The green leadership it demonstrates attracts like-minded clients and suppliers, as well as potential employees.

New version of LEED is being evaluated

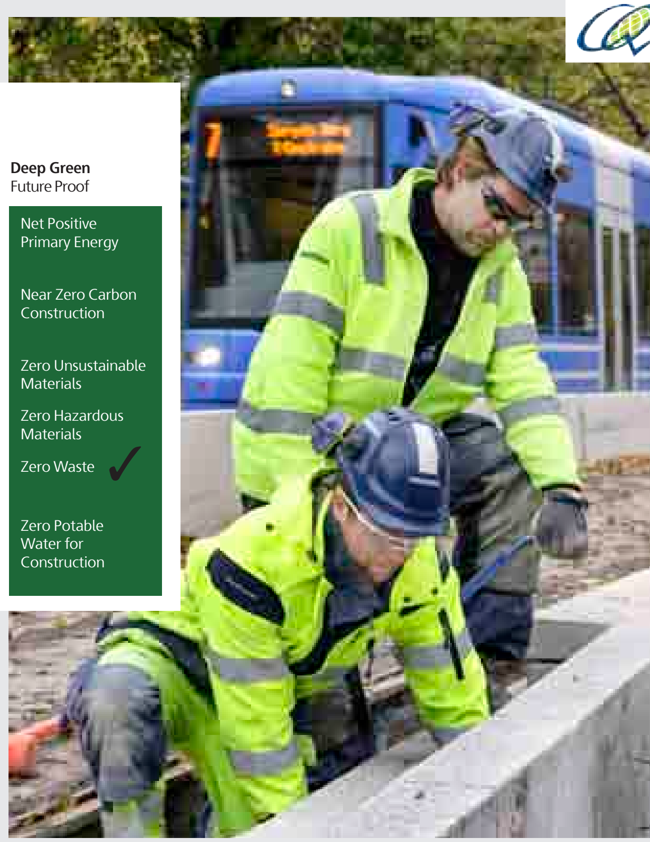
Skanska continues to support green certification schemes, which provide voluntary third-party validation of the environmental design and/or performance of buildings and, increasingly, the infrastructure it delivers. In 2014 the Skanska-developed Malmö Live office in Malmö, Sweden, was registered in the LEED v4 beta test, to help test the new version (v4) of the LEED rating system, with its stronger focus on building performance.

An increasing number of civil/infrastructure projects are being certified with CEEQUAL and Skanska is working to introduce the scheme more widely through projects such as Spårväg City in Stockholm. In the U.S. Skanska's upgrade of Interstate 4 in Florida – the largest transportation project in the state – will be the first project in the world of its size to use the new Envision™ Sustainable Infrastructure Rating System when construction commences in 2015.

Spårväg City, Stockholm, Sweden

Skanska Color Palette™ – Civil/Infrastructure

	Vanilla Compliance	**Green** Beyond Compliance	**Deep Green** Future Proof
Energy	✓ Not Applicable.		Net Positive Primary Energy
Carbon		✓ Embodied carbon footprint reduced.	Near Zero Carbon Construction
Materials		✓ Product declaration for all prioritized materials. ✓ Less hazardous materials used. Collaboration with suppliers reduced waste.	Zero Unsustainable Materials Zero Hazardous Materials Zero Waste ✓
Water		Rainwater collected and used for dust control. ✓	Zero Potable Water for Construction



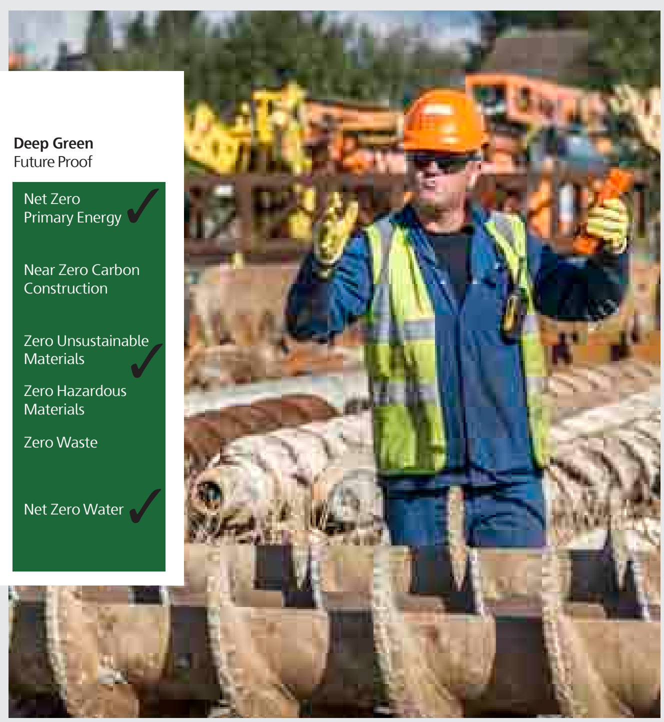
Skanska Sweden is currently redeveloping an existing line, and designing and constructing an extension, to the Spårväg City tram in Stockholm. Although not initially required by the client, Skanska proposed use of CEEQUAL for the line redevelopment to provide a focus on sustainability, targeting a "Very Good" rating. Its success led the client, Stockholm County Council, to widen its use of CEEQUAL to include the network extension, enabling the incorporation of further green solutions and enhancing the benefits for the client.

The project won the award for innovation and partnership in sustainable development of infrastructure projects at the Sweden Green Building Awards 2014.

Bentley Works, Doncaster, UK

Skanska Color Palette™ – Building

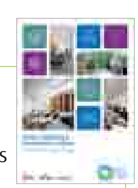
	Vanilla Compliance	**Green** Beyond Compliance	**Deep Green** Future Proof
Energy		Energy efficient design with photovoltaic panels and biomass boilers.	Net Zero Primary Energy ✓
Carbon		✓ Embodied carbon reduced through alternative construction solutions.	Near Zero Carbon Construction
Materials		Responsibly sourced products and zero hazardous materials specified. Modular construction minimizes waste with 100% recovery targets.	Zero Unsustainable Materials ✓ Zero Hazardous Materials Zero Waste
Water		Rainwater harvesting to meet non-potable supply and water recycling for plant wash areas.	Net Zero Water ✓



Skanska UK is investing nearly GBP 12 million in modernizing its Bentley Works site in Doncaster to make it a hub for its business in the north of the UK. This Deep Green redevelopment will create 5,000 sq m of workshops and offices designed to very high environmental standards. Whole-life cost analysis confirms that the additional green investments will pay for themselves in 15 years.

Global leadership

Skanska worked actively with the World Green Building Council on its new report "Health, Well-being and Productivity in Offices: The next chapter for green building," as well as being a sponsor and on the Steering Committee. The report provides overwhelming evidence that office design influences the health, well-being and productivity of staff, and provides a simple toolkit for businesses to measure how their buildings impact their people.



Social Agenda

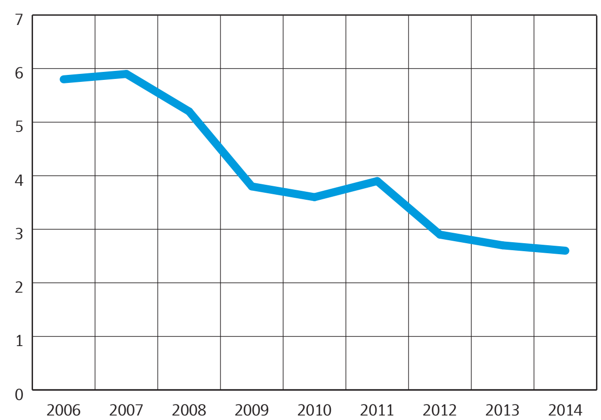
Safety

Skanska's Safety Vision is that all its workplaces become injury free by creating a culture of respect and caring where everyone feels empowered to lead improvement through their behavior at work and at home.

Safer by Design is the concept where designers, manufacturers along with construction managers and craft workers collaborate to design elements of a building that eliminate the safety risk during construction, maintenance or occupation. Using lean construction techniques with BIM technology, the team identifies potential safety hazards during the design phase and makes changes to reduce risk, cost and increase efficiency.

Lost Time Accident Rate (LTAR) 2006–2014

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



Safety activities

Safety Peer Reviews

In 2014 Skanska continued its program of Safety Peer Review in the U.S., UK and Czech Republic, where teams of senior managers and safety specialists review the safety performance of projects. The purpose of the Review is to exchange ideas and transfer this knowledge across Skanska.

Safety Week 2014

To mark the 10th anniversary of Skanska Safety Week, Skanska invited other organizations in its home markets to jointly plan and execute Safety Week activities. In the U.S., Skanska in partnership with 29 other major contractors organized the first ever national construction contractors safety week. The initiative saw thousands of employees and contractors get involved in safety activities across the country. In Poland Skanska joined forces with six other major contractors and their supply chain to plan and participate in safety events across Poland. This again was the first event of its kind.

Near Miss Incidents

A safety culture can be assessed by the way non-injury events are reported. In Skanska serious near-miss incidents are regularly reported and shared within the Business Unit, and when the learnings are significant, are shared with employees across Skanska. There has been a fivefold increase in the reporting of these incidents, capturing many learning opportunities that were previously being missed.

Skanska takes its role as a leader in safety to mean that it not only aims to provide a safe working environment for its employees and contractors, but also to influence the safety performance of the industry in all its home markets. It does this by being an agent of change.

It is part of the Skanska safety philosophy that it cares about the well-being of all people within the industry. This philosophy is supported by creating a structure, developing and realizing a safety policy, and devising a strategy to deliver it.

Across Skanska, safety is a line management responsibility. This responsibility begins with the Senior Executive Team through the Business Unit Presidents to the Business Unit managers. Management of safety in Skanska is supported by global and national safety leadership teams that oversee progress towards strategic objectives and provide advice to management on overcoming barriers to change and future actions. These groups are in turn supported by a network of safety specialists at both the corporate and national level.

Skanska aims to be an organization that continuously improves its safety performance in order to reach its zero accident goal. It is becoming an organization that learns from its experiences and from those of others, with reporting and investigation of accidents and incidents enhanced in recent years.

Skanska's ultimate goal is to achieve zero fatalities and zero lost time accidents at its workplaces. By 2015 the goal is to have zero fatalities and a maximum of a one day Lost Time Accident Rate (LTAR) of less than one accident per million hours.

In 2014 the LTAR was reduced from 2.7 to 2.6, an improvement that continues the long-term trend of the past eight years with a 56-percent reduction since 2007.

In2014 there were three work-related fatalities at Skanska work sites; in Poland, Norway and the U.S. This acts as a reminder that, despite improvements, Skanska still has much to do. In conjunction with a fatality, a Global Safety Stand Down is held at every workplace across Skanska and includes contractors and clients, where the accident is discussed, lessons can be learned and respect paid with a minute's silence. Skanska regularly reports and monitors the number of lost time accidents as well as serious and potentially serious incidents for all Skanska operations. These are all still too high, but through increasingly rigorous investigations and sharing lessons learned, Skanska continues to work toward eliminating all accidents at its work sites.

> In a globalized, politically correct business world almost everybody says the right thing. Skanska not only means it, but also acts on it.
>
> **Alexandros Ignatiadis,** Owner of Octagon Contracting and Engineering, Bucharest, Romania

> Safety has become a positive thing, not something that is enforced by management. But there's still more to do with pre-task planning and engaging subcontractors in our safety programs.
>
> **Tuomas Särkilahti,** Business Unit President, Skanska Finland

Safety Road Map

In 2011 Skanska introduced the Safety Road Map as the framework for future safety planning and execution. The five strategic areas of the Safety Road Map – safety culture, communication, safety competence and learning, working with contractors and developing and implementing controls – provide the framework for strategic actions and opportunities for exchange of experiences and ideas.

Culture

Safety leadership is a central element in a strong safety culture. In the U.S. and UK, the adoption of the Injury Free Environment (IFE) philosophy is the core to developing safety leadership throughout the organization, irrespective of role or status. In 2014 Skanska in Sweden began its IFE journey using the knowledge and experiences gained in the U.S. and UK.

Communication

It has been the role of the Senior Executive Team to communicate Skanska's safety vision collectively and individually. However it is the role of everyone to effectively communicate safety issues on a daily basis through face-to-face discussions on-site during executive site safety visits, at meetings and conferences, through webinars, newsletters or via a range of digital methods. Skanska's safety communication strategy ensures that there is a two-way exchange of knowledge and ideas.

Competency

Safety competencies are key to safety performance which is why Skanska has developed online and classroom workshops and courses for line managers and safety specialists.

Contractors

Skanska recognizes that to make great strides in its safety performance it must work with its entire supply chain, raising their performance as well. This is difficult and even more challenging when operating in a new market. In Romania, Skanska is working with its contractors to provide an improved working environment. By making our expectations clear and providing support through training and instruction, the safety performance of the work sites in Bucharest has delivered good results. Taking a leadership role to get buy-in from contractors, and insisting that the rules are complied with, are all parts of the Skanska safety experience.

Controls

Responding to events to deliver improvement is part of the continuous improvement culture. In the UK, following a series of incidents with tools dropped by workers from heights, Skanska introduced the "Stop the Drop" campaign. The extended controls introduced will help to eliminate repeat incidents.

Health and Well-being

Poor health related to the work environment is often not apparent until many years after the events that caused it. Skanska strives towards preventing and identifying potential health risks. Regular monitoring of employee health can contribute to a happier and healthier workforce, which is beneficial to both the individual and the company.

Skanska in Sweden offers health checks every third year to all of its 10,500 employees. Health monitoring can also be used to gain an overall picture of employees' well-being. To protect personal privacy, personal information cannot be shared, but group statistics is analyzed to identify strategic issues related to employee health. The photo shows a warm-up session called "Stretch & Flex" which is conducted daily at many Skanska workplaces around the world.

Health risks in construction come in many forms, including physical risks (noise, vibration, manual handling), exposure to hazardous substances (including solvents, cement and dust or to cancer causing materials such as asbestos or silica dust) and exposure to the sun. For example, in the UK it is prohibited to wear short-sleeved clothing or shorts on-site.

Skanska's office-based workers are exposed to a different range of risks associated with the layout of the office, their workspace and the equipment they use. Office workers are also more likely to suffer from work-related stress than those working on construction sites. Skanska's new and renovated offices in Sweden, the Czech Republic, Poland and the UK are all green. Not only have green buildings been shown to improve the health and well-being of their occupants, they are often designed to allow flexible use of space and accomodate "activity-based working" (ABW). ABW is the concept where office design supports a range of work activities, rather than everyone based at a fixed desk. For example, ABW offices offer stand up meeting tables, a brainstorm area, multi-media rooms, a lounge area, stand up working stations and recreational facilities; employees can work in the zone best suited for their activity. The Skanska philosophy of learning and sharing knowledge applies to health and well-being as much as it does to safety. The global health group regularly discusses and exchanges ideas and experiences about the identification and management of health risks at the workplace. Health and well-being are considered from two main angles – the work environment and personal health – and involves activities that involve both Human Resources and Safety.

"Within Skanska Finland, the intensified cooperation between health and safety personnel resulted in a combined health and safety start-up meeting for the construction sites and 'Zero occupational diseases' workshops.

Helena Pekkanen, responslible for occupational health, Skanska Finland

Ethics

Considering the number of employees, suppliers and subcontractors in Skanska's sphere, it is vital that Skanska takes a lead in ethics. Skanska's ethical values bring a responsibility for every employee to make the right decisions every day. According to Skanska this in turn effects our relations and the business we do with our customers.

Bringing ethics to life in the UK

The world-famous Royal Academy of Dramatic Art helped to bring ethical dilemmas to life for senior managers at Skanska UK. Actors played out courtroom scenes focusing on harassment and discrimination as part of two interactive sessions held at the UK management conference. Around 100 employees debated how ethical issues can be seen from legal, media and employee perspectives. The lessons learned are helping Skanska's employees to think more broadly about ethics in their day-to-day work.

Activities in Ethics

Poland

Workshops were organized for over 70 managers in 2014, leading to a series of open and honest discussions about ethics. The results of these workshops helped establish an Ethics Plan for 2015. Skanska has also teamed up with a think tank on a project called Values Laboratory which aims to share experience and gain knowledge on business ethics in the Polish market.

Finland

Skanska Finland has been developing a zero gift policy to replace its existing gift policy, so that there is clarity about what is expected and permitted. Skanska has observed an increasing trend with policies like these. According to Skanska's own benchmarking we are one of the first in Finland with such a policy.

Czech Republic and Slovakia

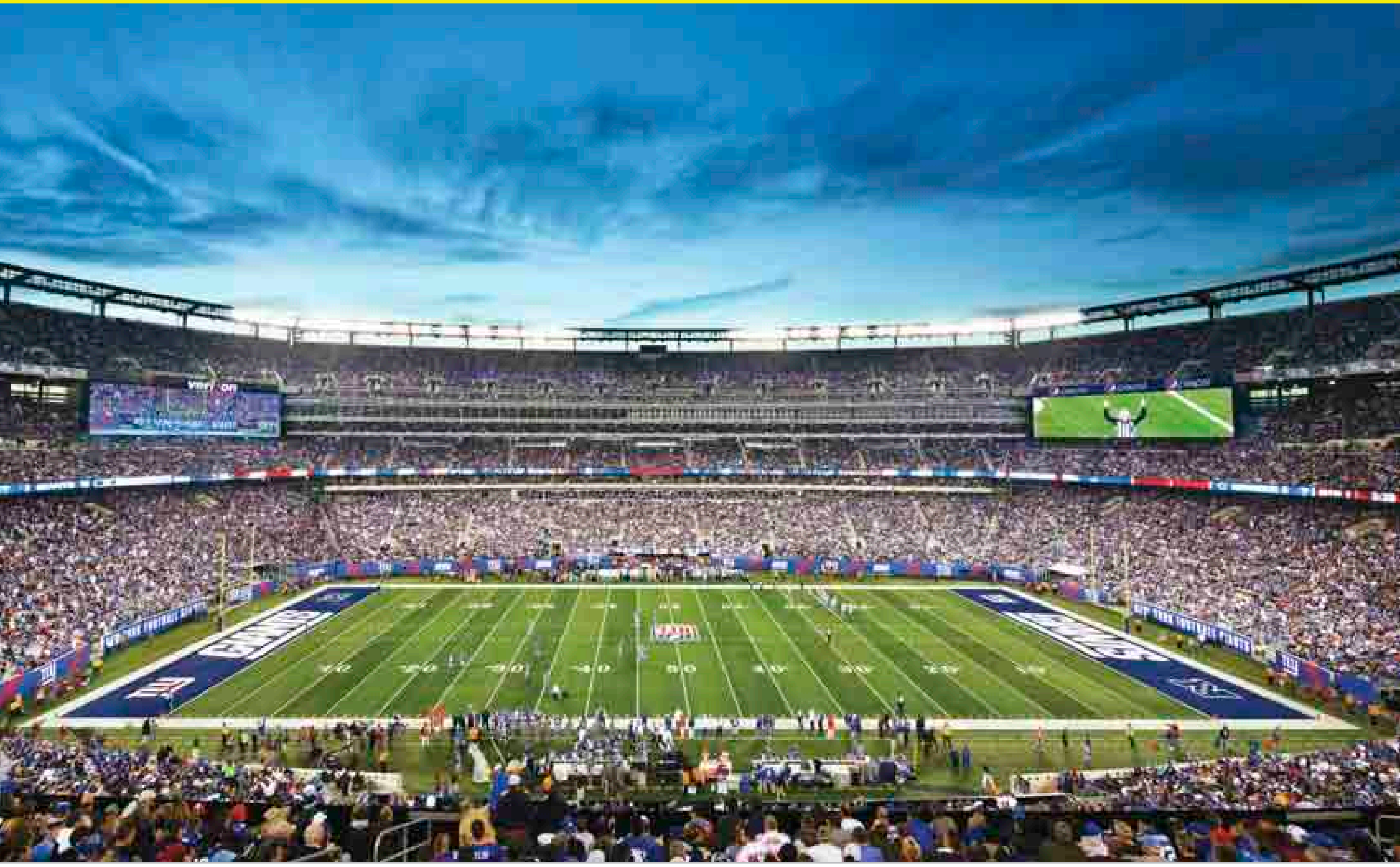
Skanska is active in the following external initiatives:
- Program 4Etika (4Ethics). Skanska and Transparency International are jointly holding an annual competition for projects that have brought ethics to life.
- Transparency as Nordic value. Skanska is a member of a working group of the Nordic Chamber of Commerce in the Czech Republic that is preparing a sample Code of Conduct based on values common to Scandinavian companies.
- Platform for transparent public procurement. Skanska was an active member of an initiative run by the American Chamber of Commerce for transparent regulation of public procurement, and was active in a working group to create a Code of Conduct for potential public contractors.

Skanska sees that ethics is a growing and important differentiator for its clients, and knows from regular client feedback that it is appreciated for being an honest and responsible partner.

To remain a trusted and successful company, Skanska is determined to become recognized as a role model in ethics by 2015, including the goal of zero ethical breaches as one of its "Five Zeros." Still, it is often difficult to isolate ethics as a discrete set of activities for Skanska, as an ethical culture underpins everything that it does.

Each home market has its own Ethics Committee that is responsible for identifying and reviewing issues and disseminating best practice. All Skanska employees must understand and live by the ethical values expressed in the Skanska Code of Conduct. Regular training is undertaken to embed this commitment in Skanska's operations. All employees receive Code of Conduct training every two years, with new employees trained within three months of recruitment. Further training is provided as necessary, including Ethics Leadership training for management teams.

Skanska's Code of Conduct Hotline and Ethics Scorecard remain important tools for maintaining a consistently high standard of ethics. The Hotline, managed by the Group Ethics Committee, is an anonymous reporting tool to which 59 reports were made in 2014. The Ethics Scorecard uses evidence from

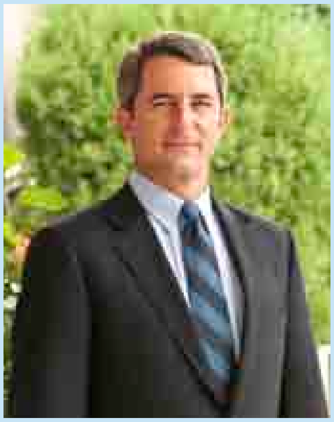


MetLife Stadium, New Jersey, USA. Skanska's high ethics standards were a deciding factor when the customer was chosing between companies to construct the new stadium.

the Skanska Brand Survey, employee feedback, ethical investigations and training activities to help Skanska's management track the development of a strong ethics culture.

The most significant advance in 2014 was the implementation of the Skanska Ethics Roadmap and Ethics Plan across all business units. These two tools are used together to allow business units to evaluate their existing ethics performance – from "Compliant" to "Best in Class" – across all areas of their operations, as a basis for establishing future actions to ensure continuous improvement.

How ethics come alive in Skanska



Denny Quinn, Executive Vice President, Skanska USA Civil, is an Ethics Roadmap champion and was tasked with using the Ethics Roadmap to develop the Ethics Business Plan 2015 for Skanska USA Civil.

"We didn't want to use the roadmap simply as a box-ticking exercise, but rather wanted to maximize the opportunities it provides to have a deeper dialogue about what actions are needed to create the most ethical culture. While the Code of Conduct and Business Ethics training are a good check-up to make sure everyone understands the company's expectations and responsibilities around ethics, the Ethics Roadmap looks at what we are doing every day, and provides a basis for continuous improvement and shifting the culture around ethics.

To me, the value of the roadmap is that it provides clear guidance around a common set of principles, which allows all Business Units to map out a plan to move from wherever they currently are to a better position. Generally speaking, the roadmap articulates the best-in-class destinations with respect to ethics in various parts of the business, but it is up to each Business Unit to decide the right path to arrive at those destinations based on the business dynamics within their unit.

With so many things competing for people's time, the Ethics Roadmap is an effective way of getting the senior management teams within Skanska talking about ethics on a routine basis; a conversation starter."

Skanska in the community

Skanska's commitment to being a responsible member of the communities in which it operates requires it to execute projects well and, where possible, make a wider contribution to society.

With thousands of contracts delivered each year for its customers, effective connection with local communities can contribute significantly to their successful completion. Building a business case for local presence in the community, rather than relying just on corporate philanthropy, is the approach adopted by Skanska in its policy, Skanska in the Community.

Skanska's preferred approach respects the significant cultural differences that exist across its home markets. The policy focuses Skanska's community engagement activities on education, especially in the areas of safety, technical skills and its green agenda. Transferring expertise to local communities from kindergarten through lifetime learning is a key aspect of the company's long-term community strategy.

In 2014 Skanska started to report and measure its community presence. The key performance indicators relating to Skanska's community presence were developed together with LBG, acknowledged experts in assessing companies' community activities.

With the help of this Skanska will be able to get an overview of the Group's community activities and what impact these have on the local societies.

Housing School opens doors for new arrivals

What risks are there in your home? What should you do if there is a fire or a water leak? How do you interact with neighbors and how do housing associations work? How can you get a home of your own? If you suddenly find yourself in a completely different culture in another part of the world, you may have lots of questions – and this is the situation that many immigrants to Nordic countries find themselves in. Housing School in Norway discusses these issues, along with cultural differences.

Skanska and ByBo, part of the Church City Mission (Kirkens Bymisjon) in Norway, have started an initiative to help new arrivals acclimatize to their new environment. ByBo's slogan "Room for everyone" reflects the fact that until you have a home, it is hard to move on in life. Without a home, everything else is a problem too.

The joint Housing School (Boligskolen) project has been going on for two years, bringing together dozens of participants on each occasion. Volunteers, including employees from Skanska in Oslo, help run the courses.

A women built new home for Tanika

Skanska employee Barb Daum gathered a team of 15 Skanska women who worked 140 hours to put a roof on Tanika's new home.

In the U.S. Skanska is working with Habitat for Humanity's Women Build initiative, which aims to encourage vulnerable women to create their own place to live. The idea is to help women to help themselves by working together on construction and financing. The work is carried out jointly by Habitat for Humanity and Women Build volunteers along with the person selected. In 2014, Tanika Stewart of Evansville, Indiana, was able to move into the first home of her own along with her two daughters and a friend's son that she looks after.

The volunteers included 15 women from Skanska, who contributed their time and expertise – enabling construction costs to be kept down to a level that Tanika can afford on her nurse's salary. Being prepared to put in the work yourself is one of the selection criteria for a Habitat for Humanity Women Build project.

"I'm learning something new every step of the way. When you start, there is nothing, and then it becomes a house. That's a home for someone. I want to show my children that if you work hard you can get what you want out of life," says Tanika, who in her younger years lived in low quality rented housing.

Leadership program for foreign-born engineers

In Sweden people with a foreign background often find it difficult to get a job that matches their qualifications. Skanska has launched a targeted initiative to help foreign-born engineers get a job while also increasing the number of Skanska employees who come from other countries. After completing Skanska's International Leadership Program, six people were given jobs. An additional nine started the program during the autumn. The program is aimed at engineers with workplace experience from building production and the goal is employment.

The Swedish Public Employment Service (Arbetsförmedlingen) likes the initiative and proposed a number of candidates who were then interviewed in several rounds. The program involves an introduction to Skanska with a focus on the work environment and company values as well as practical experience at building sites.

The practical experience is alternated with training at the Yrkesakademin (profession training academy) so participants can learn the necessary skills to take on management roles at production sites.

Skanska's International Leadership Program prepares foreign-born engineers for employment.

Students and mentors at Skanska's office. Jordanna Phillips is sitting on the far left.

Partnership for diversity and recruitment

Three young men from the Stockholm suburbs have been given probationary employment as assistant supervisors on Skanska building sites. These young men have no academic qualifications, but their drive and leadership qualities were noticed by the Up & Coming project organized by Fryshuset. The nonprofit organization, which focuses on activities for young people who are excluded, and Skanska have started a long-term partnership focusing on young people and diversity.

In addition to training and guidance, each of these young people also has a personal mentor. Pierre Olofsson, President of Skanska Sweden, is one of them.

"We need to broaden the diversity within the company and this is a very exciting recruitment base. It's rewarding to be able to help with someone else's development by being a mentor, and I'm learning just as much myself," says Pierre.

Johan Oljeqvist, Managing Director, Fryshuset and **Pierre Olofsson,** President, Skanska Sweden, working together to promote diversity.

Creating brighter futures

Trouble at school, problems at home, poor grades and no hope for the future; that's the reality for many young people from challenging London communities. Communities where Skanska has been working with an award-winning social enterprise called Arrival Education which gives young people an important opportunity for an alternative future.

Arrival Education aims to support the most opportunity-starved students so that they can flourish and become positive role models. Skanska is one of the companies that has been providing both volunteer and financial support to inspire and develop around 50 young people each year since 2009.

Arrival Education's program includes coming to regular sessions, completing assignments and demonstrating a suitable level of engagement via their "credit system" which requires them to improve at school and at home, and to produce positive results in their lives – the program does not just focus on school work, but also covers discipline, conduct and attitudes. For example, in conflict situations they might be required to rebuild relationships with teachers and other adults.

All of this is achieved with input and assistance from Skanska employees.

During her teenage years, Jordanna Phillips from the Shepherds Bush area of London was at risk of dropping out of her school and home life and getting into gang culture. Coming into contact with Skanska and Arrival Education in 2009 was a turning point for her, impacting both her school results and her relationships at home.

Now she is in her second year at the School of Oriental and African Studies and hopes to graduate in International Management in 2016.

"I knew I was smart but the odds were against me, nothing seemed to work out – it always ended in trouble. Without this support it's very likely that I would have taken the wrong path, ended up in jail or on benefits like so many people with a background like mine. I'm so happy now," says Jordanna, who often acts as an ambassador for the program.

"Companies with strong values make the perfect partners for our work. Skanska seems to have ethics at the heart of its organization," says Arrival Education's founder and CEO Dan Snell.

Lend a hand to a community or charity project

Contribute a working day towards making a difference in your community. In the UK, all Skanska colleagues are given the opportunity to help a community or charity project during their paid working hours. Skanska's volunteer initiative is called Lend a hand and colleagues can donate their time towards something that they are already involved in or in one of Skanska's community projects, such as supporting students as part of Arrival Education (see article above). The Community Involvement team helps to organize the opportunities, which are then recorded in the same way as vacations and the like.

As part of the Lend a hand volunteer programme, almost 300 employees have already volunteered within their local community. Some ten Skanska colleagues in the UK have trained as Brake ambassadors for the road safety charity Brake, aiming to make young people aged 16 to 19 safer on the roads.

Skanska employees in the UK doing voluntary work for charitable organizations.

Talent, dedication and values

The key to Skanska's success and profitable growth is having high-performing employees with strong values. As a responsible employer and actor in society, Skanska prioritizes the employees' working environment and professional development. The vision is an inclusive corporate culture where everyone is given the opportunity to contribute by using their full potential.

Clear expectations and values are the common theme in HR work at all levels within Skanska. This is explained in the Skanska Leadership Profile, which is used as a mainstay in recruiting new employees and in evaluating, developing and career planning for existing ones.

Skanska's ambition is for leaders to be largely recruited internally. The company therefore works actively on succession management and succession planning, and on employee development within the company.

Everyone is a leader

A basic principle is that all employees are leaders – for a project or a specific task – and not least for their own personal and professional development, which they plan in cooperation with their manager or supervisor.

To execute its business plan for profitable growth, Skanska needs to recruit a large number of employees in the next few years and introduce the new employees to the company's values and working methods.

Strong values

Skanska's strong values and focus on sustainability strengthens the company's brand as an employer, which is key to securing a supply of talented employees.

Promise to the employees

Skanska's promise to new and existing employees is to offer:

– a sustainable future for people, communities and companies;
– a place to work with dedicated colleagues in an open corporate culture with sound values;
– opportunities to learn and develop in an international company.

A number of platforms exist to support global recruitment, greater diversity, mobility, people development, professional development, exchanging experiences and evaluation of senior managers.

Female employees

%	2014	2013
Skilled workers	2	2
White collar employees	27	26
Senior executives	22	22
Skanska AB Board	12	12
Total	13	12

Diversity that reflects society

A new diversity vision and strategy were launched in 2014. The vision has three parts:

– Skanska mirrors the diversity in society on all levels of our organization.
– Skanska's leaders are excellent in fostering an inclusive culture.
– Skanska is recognized as a leader in diversity and inclusion in all home markets.

The new diversity vision and strategy emphasize inclusiveness. An inclusive culture is essential in ensuring that talented recruits remain and develop within the company.

"An inclusive culture allows us to benefit from the opportunities that greater diversity brings. These include increased dedication and creativity, a greater understanding of different customer groups as well as an increased ability to act on changes in society," says Pia Höök, Diversity Manager, Skanska.

Inclusion Advocates in all Business Units

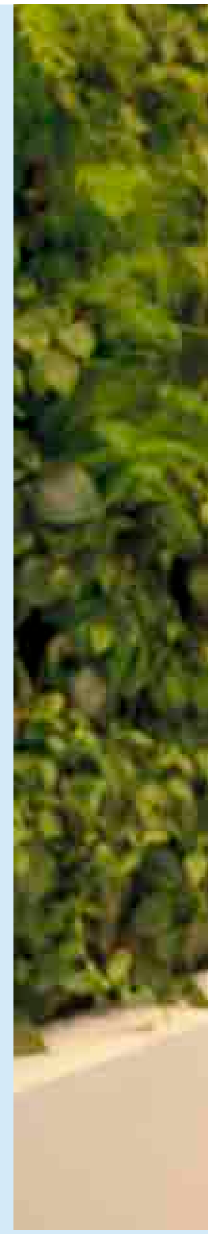
During the year all of the Business Units appointed an Inclusion Advocate – a senior line manager who works closely with HR to drive diversity and inclusion progress within their Business Unit. Each Business Unit has conducted an analysis using a framework based on the global diversity strategy.

"In general our industry has lagged behind in terms of diversity. If we want to remain successful, it's very important that we reflect our customers and users so that we can recruit and retain the best talent," says Paul Heather, Director and Inclusion Advocate, Skanska UK.

Local goals and actions

The analysis provides a platform from which the Business Unit can set actions and targets. Since the Business Units are in different home markets with somewhat different opportunities and challenges when it comes to diversity, actions and targets are set locally.

Region South in Skanska Sweden has implemented an initiative to secure an inclusive work culture. This has involved workshops for the executive team, an e-learning program for all white collar employees and special training for internal facilitators who provide reoccurring workshops at the various workplaces. One question that has been discussed and linked to the various aspects of diversity is: "What can you do at your workplace to increase openness, acceptance, mutual respect and care?" The concrete suggestions on ways to improve will be implemented within the region.



> An inclusive culture allows us to benefit from the opportunities that greater diversity brings.
>
> **Pia Höök,** Diversity Manager, Skanska

Pia Höök, Diversity Manager, Skanska

No place for intolerance

"Respecting the equal value of all people is necessary in order to be a successful and responsible company over time. If we are to attract the best and build an even stronger Skanska, there can quite simply be no place for intolerance here," says Magnus Persson, Regional Manager, Skanska Sweden.

Raghad has her dream job

Despite a degree in construction engineering and 15 years of experience, all of Raghad Jasim's job applications were rejected in Sweden. But thanks to Skanska's International Leadership Program (ILP), she finally has her dream job.

"I knew what I was capable of, but it was hard to prove it. When the public employment agency told me about Skanska's International Leadership Program I saw a glimmer of hope. I was really glad when I was selected and I'm even happier now that I've been given a job. It feels fantastic," says Raghad.

After a series of introduction courses at the beginning of the year, Raghad was given an internship at Bildcentrum, Skanska's construction project worth EUR 44 M for Sahlgrenska University Hospital in Gothenburg.

"The internship was very valuable thanks to my mentor who taught me everything. I asked for more practical experience at the site because I already know the theory," says Raghad.

Sourcing work

Now Raghad is employed as a project engineer working on sourcing of materials and subcontractors for the project. She is one of the 22-person strong project team. Raghad is happy with her work, her colleagues and Skanska.

"My job is really interesting. A big hospital project consists of so many different installations that you wouldn't otherwise come across. And the atmosphere is very upbeat. Everyone is happy and friendly. We often do fun activities together, like bowling or going to ice hockey games."

Broad construction experience

Raghad gained her engineering degree at the University of Technology in Baghdad in 1992. She came to Sweden in 2003 after working on constructing buildings and roads in her homeland of Iraq and in the United Arab Emirates. After a three-year

stay in Qatar, where she worked on a luxury residential neighborhood, her family –which had increased in size by then – moved back to Gothenburg in 2010.

Raghad was very familiar with Skanska due to the many large projects the company has been involved in since the 1950s in Iraq. She even celebrated her wedding at a hotel built by Skanska, the Al Rasheed Hotel.

"Now that I'm familiar with Skanska's working methods, its Five Zeros vision and the focused initiatives to ensure a safe working environment, there is nowhere I would rather work," says Raghad.

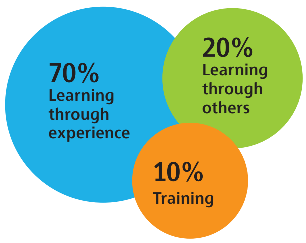
"There are always lots of interesting projects and plenty of development opportunities that I want to take advantage of so I can be even better in my profession," says Raghad.

"Through Skanska ILP we've created a means of tapping into unutilized resources in the form of qualified people with a foreign background," says Jonas Naddebo, Skanska's Attraction Team, who works on attracting and recruiting future employees.

Global initiative to develop skills and leadership

Developing the company's employees and future leaders is an important factor in securing replacements for people who change jobs and for passing on Skanska's values and working methods to all of the employees. There are several global programs and local ones within the various Business Units to develop employee skills.

Professional development within Skanska is in general closely linked to day-to-day operations and is based on three interacting elements: learning through experience, learning the theory and learning through others.



Developing and learning through experience involves employees working with their manager or supervisor, and sometimes with a mentor as well, on setting appropriate career goals and having the right job – in other words, being in a role and working on a project that matches the employees' skills while allowing them to develop.

Theoretical education may involve learning core competencies or participating in specialist courses or leadership training – internally or externally. In general this constitutes a small part of an employee's overall professional development.

A corporate culture that embraces learning

Learning through others is traditionally an important aspect of Skanska's corporate culture, where most of the projects are managed by a team of both young and more experienced employees. This provides rich opportunities for learning and exchanging experiences. Developing while receiving support and guidance from a mentor or through continuous coaching is also important. Ongoing feedback is key for growth.

The employees also receive feedback through so-called 360-degree analysis, where employees assess their colleagues' performance and how they behave in a team and contribute to projects.

Performance review with managers

The performance review provides the basis for additional conversations between employees and their supervisor or manager to plan their continued development based on a number of parameters: What goals are to be achieved, how will progress be evaluated, is work sufficiently challenging, are goals attainable and realistic, and is the timeframe appropriate for an optimum outcome for the employee.

Here are a few examples of employee development activities in 2014:

- 20 employees participated in the Skanska Unlimited exchange program.
- The fourth round of the Skanska Stretch leadership program began and 28 people participated in it.

Development programs

Skanska Unlimited
An annual global exchange program allowing employees to experience working in a different department or unit, either abroad or in their home country.

Skanska Stretch
A global development program providing leadership training and postings abroad for promising employees.

Skanska STEP
Skanska Top Executive Program, a global leadership program for Skanska's senior executives that focuses on strategic work.

Tools

Skanska Recruit
A recruitment tool for the external and internal labor market.

Skanska Talent
A tool to evaluate the employees and define personal goals and development plans.

Other initiatives

Skanska Leadership Profile
The purpose of the Leadership Profile is to secure the supply of future leaders and to develop and evaluate Skanska's leaders.

Seop
Skanska employee ownership program is a stock purchase program that offers all permanent Skanska employees the opportunity to purchase shares in the company on favorable terms.

- During the year, 4,800 job openings were announced at the recruitment tool Skanska Recruit.

Through Skanska Talent Review, Skanska Performance Review and Skanska Leadership Profile, around 24,000 Skanska employees and managers are evaluated annually.

Affinity and dedication

One way of promoting affinity with 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. Each participant thus has the opportunity to receive a personal reward for the company's success and for their own efforts. Skanska's Annual General Meeting decided to extend Seop for a third round starting in January 2014. The employees participating in Seop now together make up the fourth largest shareholder in Skanska. In 2014 the program had 8,900 participants.

Ivette Vanas sees the opportunities

After receiving her degree in economics with a focus on accounting, Ivette Vanas worked in the fashion industry in New York.

"I never thought I would end up in the construction industry," says Ivette Vanas, Vice President in charge of risk management for Skanska USA Building.

But after 25 years in the construction industry – 14 of them at Skanska – she is a big fan of the industry and the opportunities it offers.

"The most exciting thing about our industry is that what we do is so tangible; we build cities, buildings and infrastructure that people use every day. It feels great that we're helping people and companies live and grow. I've been fortunate enough to work with all kinds of people on different projects with plenty of opportunities to learn and develop."

In 2000 Ivette left a small local company to become head of accounting for Skanska's projects for pharmaceutical companies. In 2007 she was put in charge of accounting for Skanska USA Building. Her days were filled with developing accounting standards and making forecasts while increasing transparency. In 2013 Ivette started working in risk management.

"It's fantastic because I get close to the projects. I want to help them be successful by making the right decisions, improving efficiency and achieving better end results."

Ivette was selected for the E2L leadership program in the U.S. and for the Group's STEP program where she shared her knowledge and increased her network. She was also appointed as Inclusion Advocate to work on increasing diversity, and she is chairman of the women's network within Skanska in the U.S.

Bo Sandström, carpenter became coordinator

During his 41 years at Skanska Bo Sandström has worked for 31 years as a carpenter and foreman and for 10 years on health, wellness and HR issues. In Stockholm he has built subway stations and high-rise wooden buildings – a dream job for a carpenter. In 2004 Bo felt he had done all he could as a carpenter and applied to be a health and wellness advisor. He gave talks to 7,000 Skanska colleagues, trained numerous health coaches and introduced morning exercise classes at the building sites. He also helped to produce the CDs for the warm-up exercises he encourages everyone to do to prevent injuries and physical wear and tear. Today Bo uses his large network of contacts in his role planning and coordinating the body of skilled workers in Stockholm.

"I've taken opportunities to develop and do things I enjoy. This, combined with good camaraderie and bosses, makes you want to stay with Skanska. If you want to build things you should work for Skanska where there are opportunities. It makes you proud to build things that people want: good homes, schools and preschools close by and transport infrastructure," says Bo, who also works with diversity issues in his new role.

"The way we used to talk wasn't always the best. We need to improve the way we use language so that everyone feels welcome," concludes Bo.

Building good health with Kristin Hovland

Kristin Hovland works for Skanska Construction in Norway. But instead of building houses, she builds good health. Kristin is a company doctor and part of the Health, Environment and Safety Team which works to provide the employees and others with a safe and healthy workplace.

"It's crucial that we work in a focused way on prevention, informing people and trying to minimize risk. The challenge for everyone is to stay focused every day in all projects. It's easy to get off track, just like working out," says Kristin, a specialist in occupational medicine who recently completed a PhD research project on the effects of occupational exposure on lung function. The research relates to the construction of buildings and subterranean spaces.

"We often visit the project sites to get a better understanding of what they do there. We pass on our knowledge and we're available for questions and to give advice."

Kristin started working at Skanska in spring 2014 because she wanted to make a difference in health and the working environment. She understands that Skanska has a strong commitment in this area.

"A good working environment, health and quality all work together for a good end result that benefits individuals, companies and society," says Kristin.

Share data

During the year Skanska reached a new record high share price of SEK 170.00 (corresponding to EUR 17.93). The total return for the share was higher than comparable indices. For more than a decade, Skanska has delivered an increased or unchanged ordinary dividend to its shareholders. One reason for this is the Group's stable base of earnings, reflecting its risk diversification across four business streams with operations in various geographical markets and segments.

Skanska's Series B shares (SKA B) are listed on NASDAQ Stockholm.
Bloomberg ticker SKAB:SS
Reuters quote SKAb.ST

At the end of 2014 Skanska's share price reached a new record high of SEK 170.00 (corresponding to EUR 17.93).

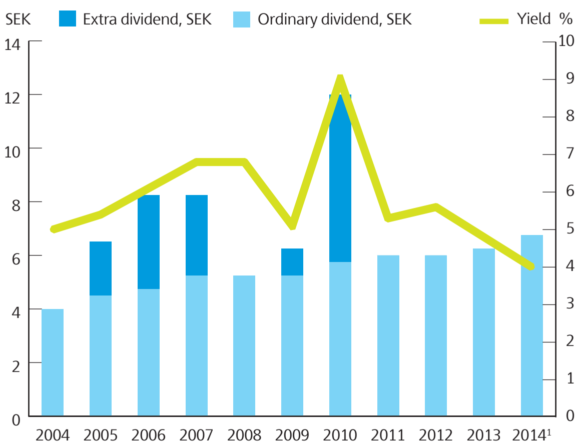
84,457 shareholders, the largest of which is Industrivärden.

Market capitalization of EUR 7.3 billion.

In 2014 more than 1.8 million Skanska shares were on average traded every day.

The Board of Directors proposes a dividend of SEK 6.75 (corresponding to EUR 0.71), an increase of SEK 0.50 (corresponding to EUR 0.02).

Dividend



1 Based on the dividend proposed by the Board of Directors.

Market development 2014

The NASDAQ Stockholm exchange rose slightly during the first quarter. This was followed by a second quarter with small price fluctuations. At the end of the third quarter and beginning of the fourth, prices fell in line with world indexes, but picked up during the end of the year and ended 2014 with a total increase of 12 percent.

American Depositary Receipt program

Skanska has a sponsored American Depositary Receipt program (Level I) in the U.S. for the purpose of making the shares more readily available to U.S. investors. Skanska's ADRs are traded on the OTC market in the U.S. under the symbol SKBSY and the holders have the same rights as holders of Skanska Series B shares. One ADR corresponds to one Skanska Series B share. The depository bank is J.P. Morgan.

Total return

The total return on a share is calculated as the change in the share price plus the value of re-invested dividends. The total return for the Skanska Series B share in 2014 amounted to 33.2 percent, compared to 15.9 percent for the SIX Return Index. During the five-year period from January 1, 2010 to December 31, 2014, the total annual return on the Skanska Series B share amounted to 13.1 percent, compared with 13.7 percent for the SIX Return Index for the same period.

Dividend policy

The Board's assessment is that Skanska 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 a decade, Skanska has delivered an increased or unchanged ordinary dividend to its shareholders.

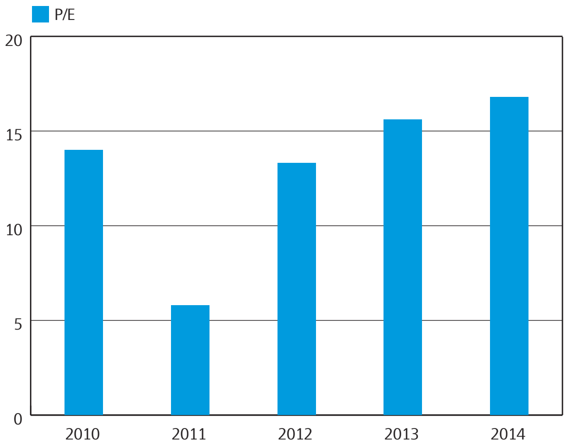
For the 2014 financial year, the Board's assessment is that the Group's financial position and circumstances in general warrant an increase in the dividend by SEK 0.50 per share, (corresponding to EUR 0.05), and proposes an ordinary dividend of SEK 6.75 (6.25) (corresponding to EUR 0.71 [0.69]) per share. The proposal is equivalent to a regular dividend totaling EUR 293 M (282). No dividend is paid for the Parent Company's holding of Series B treasury shares. The total dividend amount may change by the record date, depending on repurchases of shares and the transfer of shares to participants in Skanska's long-term employee ownership programs.

Share ownership program

The Skanska employee ownership program (Seop), intended for all permanent employees, was introduced in 2008. The first two programs ran from 2008 to 2013 and the third program, Seop 3, began in January 2014. The program provides employees with the opportunity to invest in Skanska shares and at the same time creates incentives in the form of possible allocation of additional shares. This allocation is predominantly performance based.

Market capitalization of EUR **7.3** billion

P/E (Share price, SEK/Earnings per share, SEK)



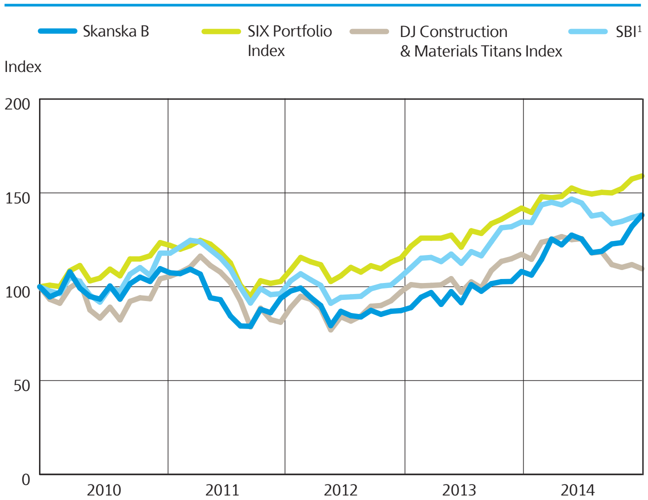
Skanska share history

	2014	**2013**	**2012**	**2011**	**2010**
Year-end market price, SEK	167.90	131.40	106.20	114.00	133.30
Corresponding to year-end market price, EUR	17.71	14.77	12.37	12.78	14.79
Market capitalization, SEK bn	69.0	54.0	43.7	46.9	54.8
Corresponding to market capitalization, EUR bn	7.3	6.1	5.1	5.3	6.1
Number of shares outstanding, million[1]	410.8	411.3	411.8	411.6	411.2
Highest share price during the year, SEK	170.00	131.60	125.20	137.30	136.00
Corresponding to highest share price during the year, EUR	17.93	14.79	14.58	15.40	15.09
Lowest share price during the year, SEK	126.70	104.60	94.40	86.90	109.70
Corresponding to lowest share price during the year, EUR	13.37	11.76	10.99	9.75	12.17
Yield, %	4.0[2]	4.8	5.6	5.3	9.0
Earnings per share[3], SEK	9.98	8.43	8.00	19.72	9.54
Regular dividend per share, SEK	6.75[4]	6.25	6.00	6.00	5.75
Extra dividend per share, SEK	–	–	–	–	6.25
Dividend ratio[5], %	68	74	75	30	126

1 Number of shares outstanding after repurchases.
2 Proposed dividend as a percentage of the year-end share price.
3 Earnings per share according to segment reporting divided by the average number of shares outstanding.
4 Based on the dividend proposed by the Board of Directors.
5 Dividend as a percentage of earnings per share.

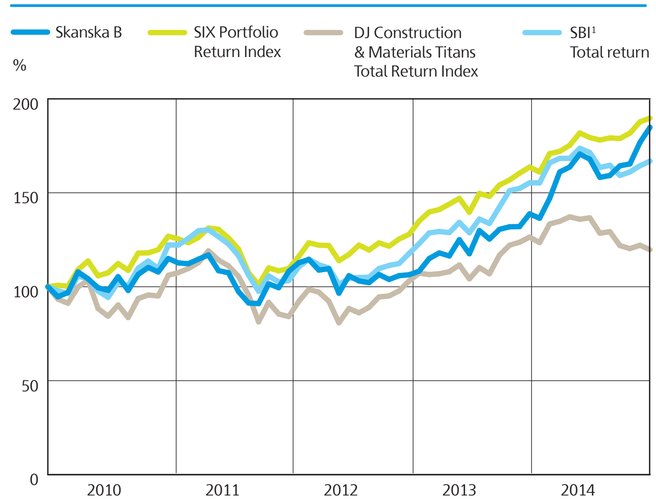
> "Skanska's Series B share rose almost 28 percent during the year, reaching a record high of SEK 170.00 (corresponding to EUR 17.93) at the end of 2014.

Skanska's share price development compared to indices



1 Strategic Benchmark Index consists of listed companies that, taken together, reflects Skanska´s operations.

Total return of the Skanska share compared to indices

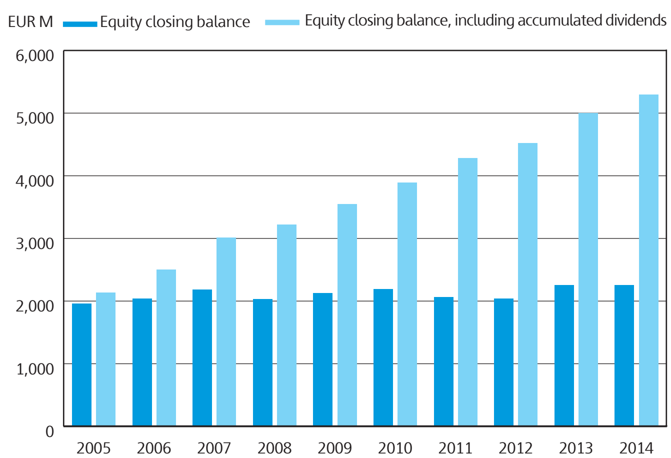


1 Strategic Benchmark Index consists of listed companies that, taken together, reflects Skanska´s operations.

Skanska organized a Capital Market Day in New York in October 2014. The theme was the U.S. strategy, and following up the current business plan.

Growth in Equity since 2005

Accumulated dividends



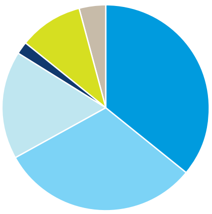
> The total return for Skanska's Series B share was more than twice as high as the SIX Return Index for the past year.

Major listed construction companies

	Price return 2014, %	Total return 2014, %	Total return 2010–2014, %	Market capitalization, Dec 31, 2014 EUR bn	Net revenue, EUR bn[1]	Income after financial items, EUR M[1]	Return on equity, %[2]	Return on capital employed, %[2]
ACS (Spain)	20	20	11	9.1	38.6	706	4.7	10.4
Balfour Beatty Plc. (UK)	–26	–21	6	1.9	10.2[3]	–4[3]	neg	2.4
FCC (Spain)	–1	–1	–34	3.1	6.4	–1,620	neg	–0.8
Ferrovial (Spain)	22	22	165	12.3	8.7	609	8.1	3.9
Fluor Corp. (U.S.)	–24	–24	42	7.8	16.5	342	17.8	27.0
Hochtief (Germany)	–6	–4	21	4.0	26.0	176	7.6	14.3
NCC (Sweden)	18	24	183	2.1	6.6	243	22.9	14.6
Skanska (Sweden)	28	33	85	7.6	15.9[4]	601[4]	18.3[4]	15.5[4]
Strabag (Austria)	–15	–13	–1	2.1	12.5	130	3.9	6.0
Vinci (France)	–5	0	45	26.9	40.1[3]	2,537[3]	13.9	10.1

1 Rolling 12 months, third quarter 2014.
2 Figures from full year 2013.
3 Rolling 12 months, second quarter 2014.
4 Figures from full year 2014.
Sources: According to annual and interim reports for each company, Thomson Reuters and Bloomberg.

Share capital by shareholder category



- Swedish financial and institutional companies, **36%**
- Shareholders abroad, **31%**
- Private individuals in Sweden, **17%**
- Public sector, **2%**
- Other shareholders in Sweden, **10%**
- Relief and interest organizations, **4%**

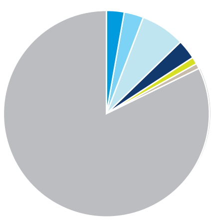
Source: Euroclear

The largest shareholders in Skanska AB, ranked by voting power, December 31, 2014

Shareholders, excluding Skanska's own holdings	Series A shares	Series B shares	% of votes	% of capital
Industrivärden AB	12,667,500	19,353,665	24.4	7.6
Lundbergs	6,037,376	12,050,000	12.1	4.3
Alecta	0	24,810,000	4.1	5.9
Skanska employees through Seop[1]	0	23,820,689	4.0	5.7
SEB Funds & Trygg Life Insurance	0	16,146,242	2.7	3.8
Swedbank Robur Funds	0	10,739,718	1.8	2.6
Norges Bank Investment Mgmt	0	8,852,598	1.5	2.1
Didner & Gerge Funds	0	7,598,431	1.3	1.8
Carnegie Funds	0	7,250,000	1.2	1.7
SHB Funds & Life Insurance	0	6,040,374	1.0	1.4
10 largest shareholders in Skanska	**18,704,876**	**136,661,717**	**54.0**	**37.0**
Other shareholders in Skanska	1,196,479	263,340,000	46.0	63.0
Total	**19,901,355**	**400,001,717**	**100.0**	**100.0**
of which shareholders in Sweden	19,879,527	271,544,137	78.5	69.4
of which shareholders abroad	21,828	128,457,580	21.5	30.6

1 Not treated as a unified ownership group.
Sources: SIS Ägarservice.

Share capital by size of holdings



- 1–500, **3%**
- 501–1,000, **3%**
- 1,001–5,000, **7%**
- 5,001–10,000, **3%**
- 10,001–15,000, **1%**
- 15,001–20,000, **1%**
- 20,001–, **82%**

Source: Euroclear

Seop

The Skanska employee ownership program (Seop) has 8,900 participating employees around the world.

Equity and adjusted equity

EUR bn	Dec 31 2014	Dec 31 2013	Dec 31 2012
Equity attributable to equity holders	2.2	2.4	2.2
Unrealized surplus land value, Residential Development	0.1	0.1	0.1
Unrealized Commercial Property Development gains[1]	0.5	0.5	0.5
Unrealized Infrastructure Development gains	0.4	0.3	0.4
Less standard corporate tax on surplus values[2]	–0.1	–0.1	–0.1
Adjusted equity	**3.2**	**3.2**	**3.1**
Equity per share, EUR[3]	5.5	5.8	5.4
Adjusted equity per share, EUR[4]	7.8	7.8	7.6

1 Based on market value upon completion.
2 Standard tax on surplus values was 10 percent.
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, 2014

Share type	Number of shares	% of capital	% of votes
Series A	19,901,355	4.7	33.2
Series B	400,001,717	95.3	66.8
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, EUR M
2001 cancellation of repurchased shares	–9.2	–	–	104.7	138.5
2001 split 4:1	–	314.0	–	418.6	138.5
2006 new share issue, Series D shares	–	–	4.5	423.1	139.9
2011 redemption of series D shares	–3.2	–	–	419.9	138.9

Business streams 2014

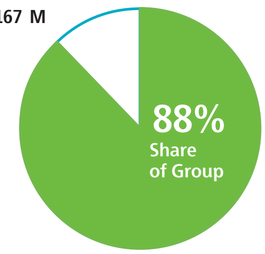
Business streams | **Revenue per year (5-year average)** | **Operating income per year (5-year average)**

Construction

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

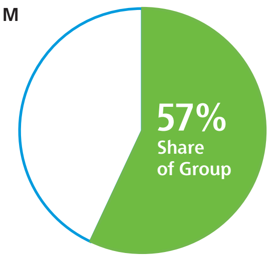
Revenue per year (5-year average)

EUR 12,917 M
SEK 116,152 M
USD 17,167 M



Operating income per year (5-year average)

EUR 441 M
SEK 3,973 M
USD 586 M

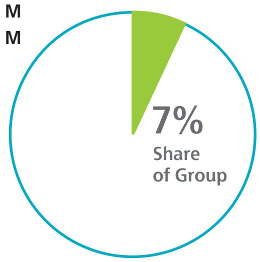


Residential Development

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

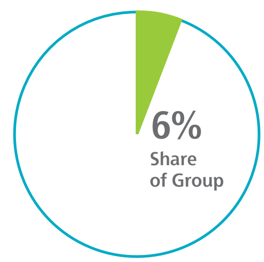
Revenue per year (5-year average)

EUR 971 M
SEK 8,721 M
USD 1,291 M



Operating income per year (5-year average)

EUR 45 M
SEK 409 M
USD 60 M

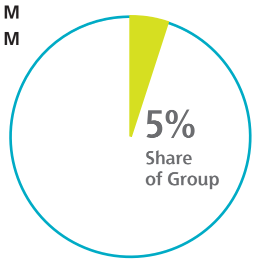


Commercial Property Development

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

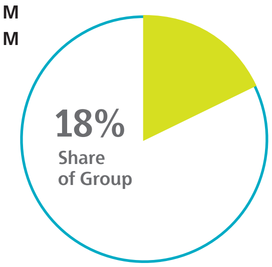
Revenue per year (5-year average)

EUR 745 M
SEK 6,691 M
USD 989 M



Operating income per year (5-year average)

EUR 141 M
SEK 1,266 M
USD 187 M

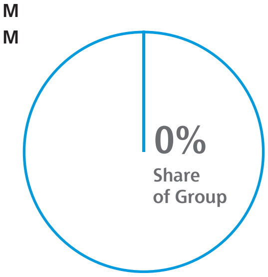


Infrastructure Development

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.

Revenue per year (5-year average)

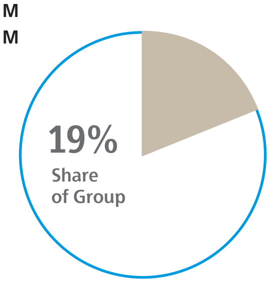
EUR 24 M
SEK 219 M
USD 32 M



Accounted for according to the equity method.

Operating income per year (5-year average)

EUR 144 M
SEK 1,295 M
USD 197 M



Key ratios 2014	Countries	Pages

EUR M	2014	2013
Revenue	**14,133**	13,765
Operating income	**495**	448
Operating margin, %	**3.5**	3.3
Free working capital, EUR bn	**1.9**	2.1
Operating cash flow[1]	**323**	403
Order bookings, EUR bn	**16.2**	13.2
Order backlog, EUR bn	**18.0**	15.1
Number of employees	**42,427**	40,872

1 Before taxes, financing operations and dividends.

Sweden
Norway
Finland
Poland
Czech Republic and Slovakia
United Kingdom
USA

42–57

EUR M	2014	2013
Revenue	**1,048**	1,067
Operating income	**75**	66
Operating margin, %	**7.1**	6.2
Investments	**-753**	-805
Divestments	**980**	922
Operating cash flow from business operations[1]	**201**	52
Capital employed, EUR bn	**1.1**	1.2
Return on capital employed, %[2]	**7.1**	7.4
Number of employees	**396**	419

1 Before taxes, financing operations and dividends.
2 See definition on page 190.

Sweden
Norway
Finland
Poland
Czech Republic

58–65

EUR M	2014	2013
Revenue	**1,121**	717
Operating income	**186**	123
of which gain from divestments of properties[1]	**218**	164
Investment obligations, projects started during the year	**557**	520
Investments	**–755**	–522
Divestments	**903**	804
Operating cash flow from business operations[2]	**129**	199
Capital employed, EUR bn	**1.6**	1.5
Return on capital employed, %[3]	**11.6**	10.6
Number of employees	**304**	279
1 Additional gain included in eliminations was.	**31**	13

2 Before taxes, financial activities and dividends.
3 See definition on page 190.

Sweden
Norway
Finland
Denmark
Poland
Czech Republic
Hungary
Romania
USA

66–75

EUR M	2014	2013
Revenue	**18**	10
Operating income	**51**	46
Investments	**–36**	–9
Divestments	**46**	28
Operating cash flow from business operations[1]	**–12**	12
Capital employed, EUR bn	**0.2**	0.2
Gross present value of project portfolio	**690**	639
Number of employees	**127**	130

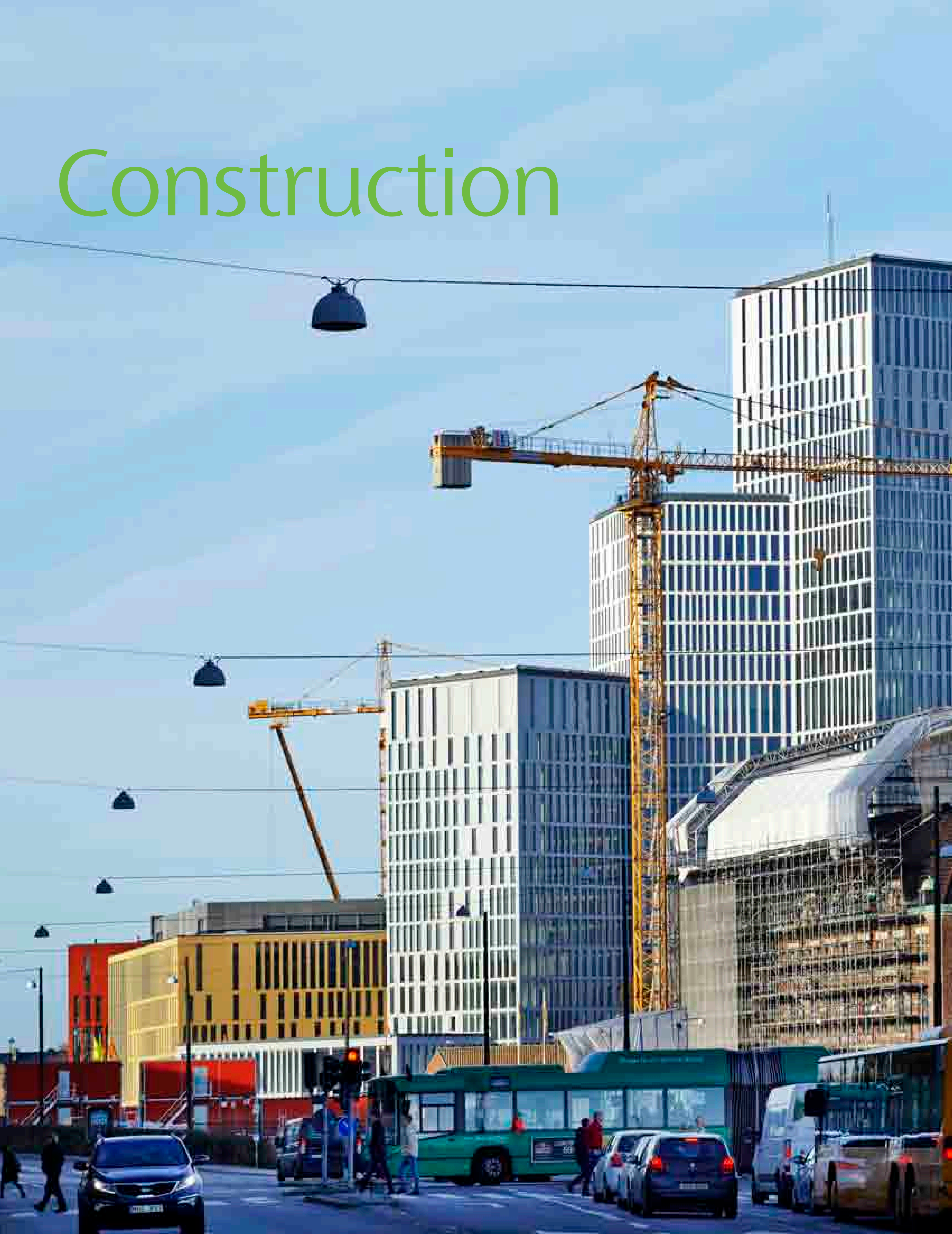
1 Before taxes, financing operations and dividends.

Sweden
Norway
Finland
Poland
United Kingdom
USA

76–84

Operating income in the project development operations does not include profit generated from internal construction contracts.

Construction



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.

The order backlog for Construction at the end of the year amounted to EUR 18 billion across thousands of projects.

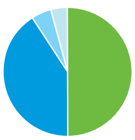
Jens Lyckman, CEO of Clarion Hotel & Congress Malmö Live. "This is the single biggest thing that has happened to Malmö's hotel and congress world. We are watching this fantastic project emerge and when we open the doors in May 2015 it will be a meetingplace for Malmö residents as well as international guests. I'm extremely proud and delighted to have been entrusted with launching and operating this venture."

Strong order bookings and increased profitability

Revenue rose during the year and the result increased, particularly in Sweden, Poland and Finland. This was a contributing factor in the 10-percent increase in operating income for Construction. The order bookings were strong, primarily in the UK and the U.S., and the order backlog at the end of the year was close to EUR 18 billion. A decision was made in 2014 to wind down the engineering and construction part and divest the operation and maintenance part of the Latin American Construction business stream.

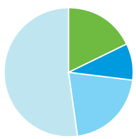
Breakdown of order backlog, total EUR 18.0 bn

Operations



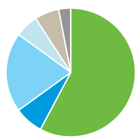
- Building construction, **50%**
- Civil construction, **41%**
- Residential, **5%**
- Service[2], **4%**

Geographic area



- Sweden, **18%**
- Other Nordic countries, **9%**
- Other European countries, **21%**
- USA, **52%**

Customer structure



- Government, **58%**
- Institutional[1], **7%**
- Corp. Industrial, **20%**
- Commercial Development, **6%**
- Residential Development, **6%**
- Other, **3%**

1 Mainly private healthcare and educational institutions.
2 Facilities management or maintenance contract.

Major global contractors, revenue, September 30, 2014[1]

Company	Country	EUR bn	SEK bn
VINCI[2]	France	40.1	355.7
Grupo ACS[3]	Spain	38.6	346.9
Hochtief AG	Germany	26.4	237.7
Fluor Corporation	USA	16.5	148.4
Skanska[4]	Sweden	15.9	145.0
Strabag	Austria	12.5	112.2

1 Rolling 12 months including non-construction-related operations.
2 Rolling 12 months as per second quarter 2014.
3 Including EUR 26.4 billion from Hochtief AG (Germany).
4 Full year 2014.
Source: Bloomberg.

Major events

Development was good in all of Skanska's markets in 2014:

- Stable or increased revenue in all Construction operations.
- Good profitability, mainly in Poland and in Nordic operations.
- The Czech and Slovak unit again reported a positive operating income.
- In the UK and the U.S. revenue were higher but operating margins were slightly lower.
- A process began to wind down the E&C part and divest the O&M part of the Latin American operations. This operation is now being reported in Central and is no longer included in the reported numbers for the Construction business stream as of January 1, 2013.
- Order bookings: EUR 16.2 billion (13.2).
- Order backlog at year end: EUR 18.0 billion (15.1).

Revenue

EUR 14.1 billion (13.8).
+ 3 percent.

Result

Operating income: EUR 495 M (448).
Operating margin: 3.5 percent (3.3).

Outlook 2015

The overall construction market continues to develop in a positive direction. The development varies between the different geographical markets and segments, and competition is intense.

Generating value in Construction

Skanska's Construction business stream builds and renovates buildings, industrial facilities, infrastructure and residences. It also executes service-related assignments, in areas such as construction services and facility operation and maintenance.

In keeping with Skanska's business model, contracting assignments are also executed for Skanska's development streams. This collaboration generates large construction assignments as well as synergies for the Group.

Project and synergy opportunities are also generated thanks to the financial expertise within the Group. Skanska Financial Services is often involved in arranging financing solutions.

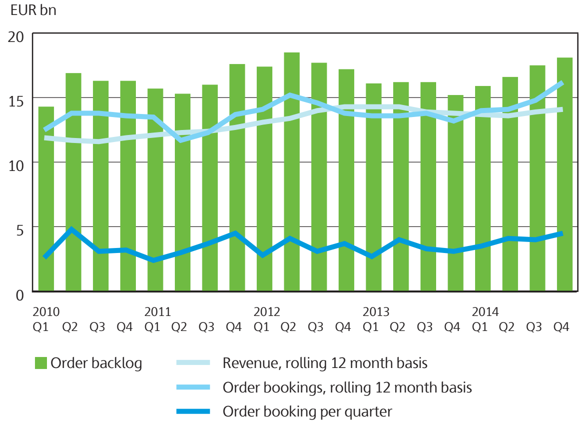
A combination of financial strength and global expertise in project development and construction enables Skanska to take on large, complicated projects for international clients with high expectations for quality and execution. In the very largest projects that require high-level performance guarantees,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

With a strong risk-assessment focus during the tender stage, Skanska has been able to concentrate on winning the right projects in which there is a balance between risk levels and expected margins. Skanska's ambition is to increase its share of negotiated contracts, where clients value service, quality and reliability in addition to price when evaluating tenders. Skanska's clear focus on sustainable development – including occupational health & safety, community involvement, the environment and ethics – is also a factor that strengthens the Skanska's offering to the client.

Very strong market coming 12 m · Strong market coming 12 m · Stable market coming 12 m · Weak market coming 12 m · Very weak market coming 12 m

Order backlog EUR **18** bn

Order backlog, revenue and order bookings



Breakdown of order backlog, total of EUR 18 bn

	%			
Business unit	Civil construction	Building construction	Residential construction	Services
Sweden	28	60	12	0
Norway	57	31	12	0
Finland	21	65	13	1
Poland	48	52	0	0
Czech Republic and Slovakia	68	24	8	0
United Kingdom	26	44	4	26
USA Building	0	97	3	0
USA Civil	100	0	0	0
Other	0	100	0	0

Safer road to Oslo

Gulli bridge, Kongsvinger, Norway
Contract: EUR 38 M
Client: Statens Vegvesen (Norwegian Public Roads Administration)
Construction period: 2011–2014

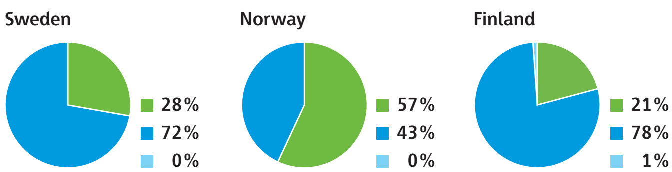
The treacherous stretch of road between Oslo and Kongsvinger is being reconstructed to improve safety. The 741-meter Gulli bridge on the route is one example of how Skanska benefits from its international expertise. The curved beam bridge was built with the combined bridge and concrete expertise of Skanska's units in Norway, Poland, Czech Republic and Slovakia. The bridge's 30 concrete elements were cast in a moveable plant and the sections were erected on poles with the help of powerful jacks. There are 15 spans, the longest being 51 meters. The assignment for the Norwegian Public Roads Administration included a smaller bridge and some connectors. Skanska's bridges are finished and the route will open when the other parts are ready in 2015.

Nordic countries

Sweden | Norway | Finland

Development was strong in Sweden and Norway during the year, and in Finland too despite a challenging market there. In all units profitability increased, revenue was stable and order bookings were good. Sweden, which accounts for more than half of total revenue in the Nordic region, delivered a very strong result.

Breakdown of order backlog, total EUR 4.8 bn



Civil construction
Building construction
Service[1]

1 Facilities management or maintenance contract.

Skanska's home markets

USD	GDP/ Capita	Construction/ Capita	Construction as % of GDP
Sweden	60,430	4,483	7.4
Norway	100,819	11,753	11.7
Finland	49,147	7,003	14.2

Sources: Euroconstruct, The World Bank, National Statistical Agencies.

Competitors

NCC
PEAB
YIT
Veidekke
Lemminkäinen
AF Gruppen

Number 1 in the Nordic countries

Major events

The operating income and operating margin increased in all units in the Nordic region during the year. In Sweden and Norway order bookings increased slightly, while they declined in Finland. Revenue fell slightly in Sweden and Norway. Despite the challenging market in Finland, revenue increased during the year.

Among the contracts secured by Skanska in Sweden was a contract worth EUR 77 M to renovate Nationalmuseum in Stockholm. In Lund a contract was signed with European Spallation Source (ESS) to build the first stage of a world-class research facility. The assignment will be executed by Skanska Sweden in cooperation with Skanska UK. In Luleå a contract was signed with Facebook worth EUR 58 M to construct a data center.

A contract was signed in Norway with the Norwegian Public Roads Administration (Statens Vegvesen) worth EUR 0.2 billion to extend the E18 highway at Larvik in southern Norway. A reconstruction and renovation contract was signed for central Oslo where Skanska will reconstruct and renovate a parking garage and adjacent properties. The contract is worth EUR 38 M.

In Finland Skanska won contracts to build a highway, construct a shopping center and expand a shopping center, among other things.

Market

The Nordic civil construction market was stable overall, although competition was significant. In Finland the market weakened in 2014.

The building construction markets improved in Sweden during the year, was stable in Norway but remained weak in Finland.

Result

The operating income and operating margin increased for all units. In Sweden and Norway revenue was stable, while order bookings increased. Order bookings fell for the Finnish unit, but revenue increased despite the challenging market.

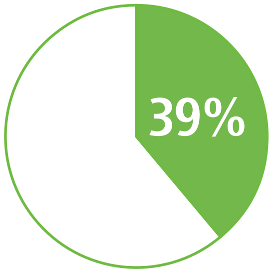
Outlook 2015 ↗

	Building, non-residential	Building, residential	Civil
Sweden	↗	↗	→
Norway	→	→	↑
Finland	↘	↘	↘

The non-residential and residential building markets in Sweden are strong. The market for large civil projects in the Nordic countries is relatively stable but with a competitive landscape. As a result of falling oil prices, the non-residential building market is somewhat weaker in certain regions of Norway that are dependent on the energy sector. The overall market situation in Finland is weak.

↑ Very strong market coming 12 m ↗ Strong market coming 12 m → Stable market coming 12 m ↘ Weak market coming 12 m ↓ Very weak market coming 12 m

The Nordic countries accounted for 39 percent of the revenue in Construction.



Construction, Nordic countries

	Revenue		Operating income		Operating margin, %		Order bookings		Book-to build, %		Order backlog	
EUR M	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
Sweden	**3,242**	3,435	**145.5**	135.7	**4.5**	4.0	**3,500**	3,456	**108%**	101%	**3,141**	3,086
Norway	**1,491**	1,651	**45.4**	45.1	**3.0**	2.7	**1,557**	1,514	**104%**	92%	**1,053**	1,063
Finland	**736**	695	**26.4**	20.7	**3.6**	3.0	**655**	784	**89%**	113%	**590**	668
Total	**5,473**[1]	5,781	**217.4**	201.5	**4.0**	3.5	**5,748**	5,754	**105%**	100%	**4,814**[1]	4,817

1 Including operations outside of Sweden, Norway and Finland.

Largest construction companies in the Nordic countries, total revenue as of September 30, 2014[1]

Company	Country	EUR bn	SEK bn
Skanska[2]	Sweden	15.9	145.0
NCC	Sweden	6.6	59.2
PEAB	Sweden	4.9	44.2
Veidekke	Norway	2.8	25.4
Lemminkäinen	Finland	2.1	18.7
YIT	Finland	1.9	16.7

1 Rolling 12 months.
2 Full year 2014.
Source: Bloomberg.

Cultural treasure gets new radiance

Nationalmuseum, Stockholm
Client: National Property Board of Sweden
Contract: EUR 77 M
Construction period: 2014–2017

Nationalmuseum in Stockholm is the National Property Board's second most valuable building after the Royal Palace in Stockholm. The art museum on the Blasieholmen peninsula is now being renovated and Skanska has been entrusted with giving this cultural treasure from 1866 new radiance.

The assignment is for an extensive renovation of the main building, including technical installations, elevators and new communication and safety systems. An annex is also being upgraded and will be connected to the main building by way of a new enclosed walkway.

Norra länken, Stockholm
Client: Swedish Transport Administration

Subproject: Norra station utility tunnel
Contract: EUR 11 M
Constructed: 2007

Subproject: Norra station tunnel ramps
Contract: EUR 55 M
Construction period: 2008–2011

Subproject: Värtan Interchange
Contract: EUR 136 M
Construction period: 2009–2014

More than 34,000 runners were the first ones out onto Stockholm's new and eagerly anticipated Norra länken (Northern link) highway, which was opened in November 2014.

The new 5-km two-lane highway was subsequently occupied by motorists traveling to and from the E4 Uppsala road, the E18 and Lidingö. Shorter commutes, improved traffic flow without stops, less traffic on local streets and better air quality in the city are the immediate and noticeable results.

"Norra länken is a fantastic improvement for Stockholm motorists. I can now drive to my job at Astrid Lindgren Children's Hospital in 11 minutes, and I get there in a better mood than before when the commute could take 30–45 minutes," says Stefan Gantelius, Assistant Senior Physician at Astrid Lindgren Children's Hospital.

It is not uncommon for forward-looking initiatives aimed at addressing Stockholm's traffic situation to be delayed or halted. Norra länken is the exception that became a reality.

Three assignments

Skanska built two significant parts: Värtan Interchange, which connects Lidingö island and Värtahamnen harbor, and the Norra station tunnels connecting to the E4 highway to Uppsala. Early on, Skanska also constructed a utility tunnel. The assignment's total value since 2007 is EUR 202 M.

Construction at Norra station involved both a 450-meter bored tunnel and a 200-meter precast tunnel. Since the tunnels run close to Karolinska Hospital's sensitive MRI equipment, the blasting needed to be done with utmost caution and coordinated with the hospital.

A large bridge

The Värtan project can be likened to a major bridge project and has a bridge surface of around 25,000 sq m. The interchange was built above the Värta railway freight line and the intersection of the Lidingö road and Norra Länken, where concrete in different colors provides aesthetic variation.

One challenge in the execution was that around 30,000 vehicles a day needed to pass through or by the work site to and from Lidingö and Värtahamn harbor.

Four occupational health & safety awards

The careful planning involved in guaranteeing a safe work environment has resulted in safer workplaces which have been recognized by the Swedish Transport Administration's safety awards four times – in 2009, 2010, 2011 and 2012.

The Värtan project also won the Swedish Transport Administration's environmental award in 2012. Actions taken to reduce environmental impact include recycling excavated rock, reducing concrete volumes, using train transportation to minimize carbon dioxide emissions and the careful planning of concrete and reinforcement deliveries.

In addition to the collective expertise from Skanska Sweden, the concrete and rock team from Skanska in the Czech Republic and Slovakia also participated in the project.

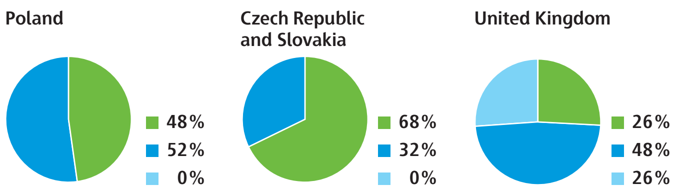
Norra länken – a highway that became a reality

Other European countries

Poland | Czech Republic and Slovakia | UK

All units in other European countries reported good results in 2014, with improvement in the UK and Polish markets. The Czech and Slovak unit turned a negative operating margin into a positive one, and the political and economic situation in the Czech Republic continued to stabilize.

Breakdown of order backlog, total EUR 3.8 bn



- Civil construction
- Building construction
- Service[1]

1 Facilities management or maintenance contract.

Skanska's home markets

USD	GDP/capita	Construction/ capita	Construction as % of GDP
Poland	13,648	1,464	10.7
Czech Republic	19,845	1,970	9.9
Slovakia	18,047	1,076	6.0
United Kingdom	41,787	3,480	8.3

Sources: Euroconstruct, The World Bank, National Statistical Agencies.

Competitors

Budimex
Hochtief
Strabag
Metrostav
Balfour Beatty
Carillion

Major events during the year

Revenue increased for all units compared to the previous year. Order bookings in the UK almost doubled compared to 2013, while order bookings in Poland, the Czech Republic and Slovakia were stable. In 2014 a negative operating income was turned into a positive one in the Czech Republic and Slovakia, and the political and economic situation stabilized in the Czech Republic.

Contracts signed in the UK during the year included one to build a large office building of 37,000 sq m in London. The contract is worth EUR 241 M and work began in December 2014. Skanska won two additional major office building construction contracts in 2014 in London, amounting to EUR 219 M. In Surrey outside London, Skanska signed a contract to construct defense facilities for around EUR 296 M. Work began in June and is expected to be finished in 2018.

Among the contracts Skanska won in Poland was a contract to build a flood protection facility in Wrocław. The contract is worth EUR 46 M and involves groundwork, roadwork and construction of four bridges.

In the Czech Republic Skanska signed a contract to reconstruct the Pilsen railway station, build new platforms and construct a bridge to improve passenger access. The contract is worth around EUR 60 M.

Market

The UK market continued to improve in 2014 and a number of future infrastructure investments was presented by the government. The Polish market remained stable and both there, in the Czech Republic and in Slovakia the EU's infrastructure funds are an important source of financing for infrastructure investment. An efficient use of these funds is leading to new infrastructure projects being put to the market. The market in the Czech Republic improved during the year from very low levels and there were signs of improved political and economic stability.

Result

All units increased their revenue during the year. The operating margin increased in Poland and the Czech Republic and Slovakia, but fell in the UK. Order bookings developed well in Poland, the Czech Republic and Slovakia, and the increase in the UK was very strong.

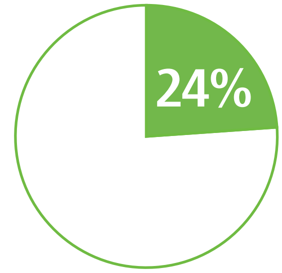
Outlook 2015 ↗

	Building, non-residential	Building, residential	Civil
Poland	↗	→	↗
Czech Republic	↘	→	→
United Kingdom	↗	–	↗

The commercial building market and the civil market remain strong in the UK. In Poland the commercial building market continues to improve. The markets in the Czech Republic are improving on the back of an improved economic outlook, political stability and plans for infrastructure investments.

↑ Very strong market coming 12 m ↗ Strong market coming 12 m → Stable market coming 12 m ↘ Weak market coming 12 m ↓ Very weak market coming 12 m

Other European countries accounted for 24 percent of Construction revenue.



Construction, Other European countries

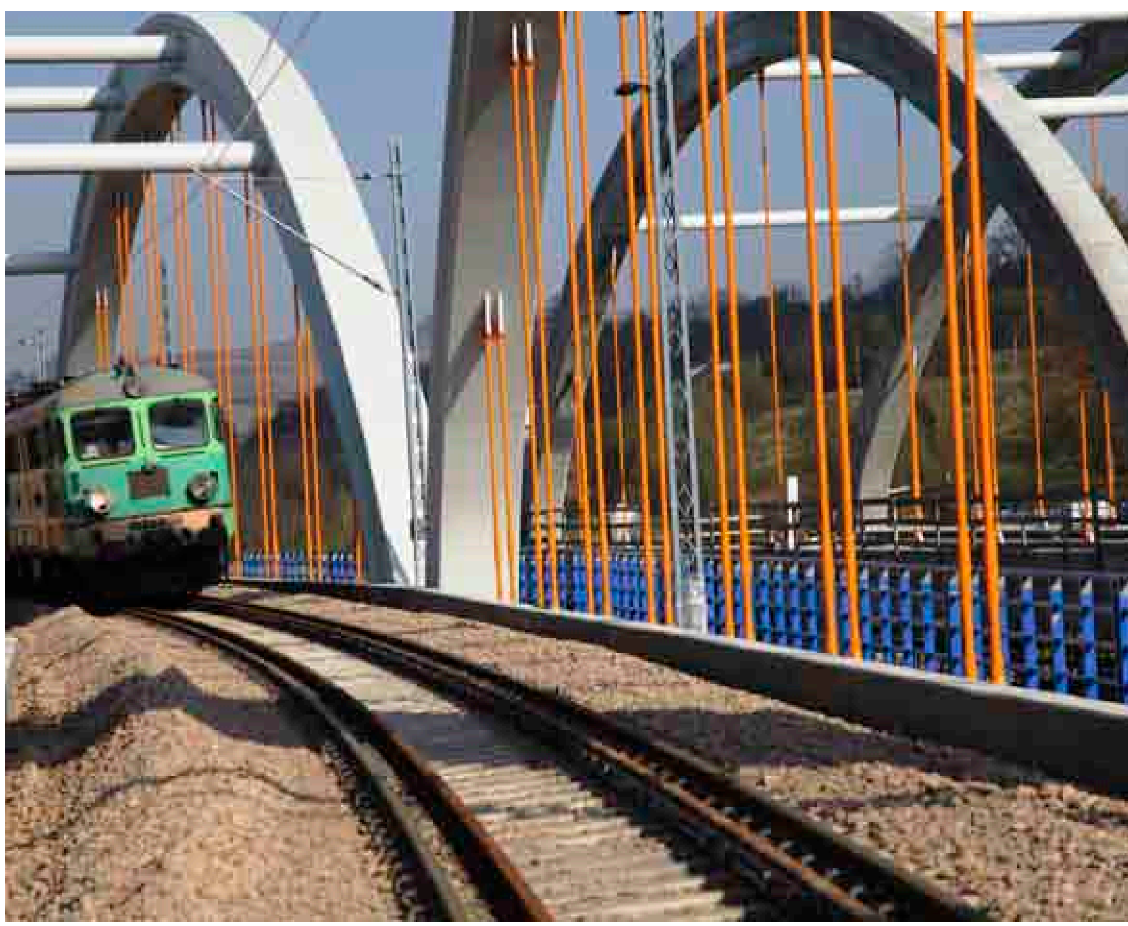
	Revenue		Operating income		Operating margin, %		Order bookings		Book-to-build, %		Order backlog	
EUR M	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
Poland	**1,131**	1,003	**51.3**	40.6	**4.5**	4.0	**1,094**	962	**97**	96	**579**	639
Czech Republic and Slovakia	**531**	476	**5.2**	-34.6	**1.0**	neg	**507**	368	**96**	77	**472**	501
United Kingdom	**1,664**	1,433	**49.8**	49.4	**3.0**	3.4	**2,085**	1,196	**125**	83	**2,770**	2,217
Total[1]	**3,346**	2,925	**106.6**	55.4	**3.2**	1.9	**3,703**	2,556	**111**	87	**3,835**	3,374

1 including Romania.

Long-term commitment in southern Poland

Świnna Poręba reservoir, Kraków, Poland
Total contracts value: 1.25 billion złoty gross about EUR 307 M
Client: Regional Water Management Board
Construction period: 1986–2014

The Świnna Poręba reservoir in southern Poland is an example of sustainability thinking – in other words, being able to deal with change and create sustainable projects. The reservoir will regulate water flow into the river Skawa, a tributary of the Vistula, to prevent flooding resulting from extreme weather. Flooding has been an increasing problem for many Central European cities, most recently in 1997, 2009 and 2010. The reservoir covers a large area and required rerouting of the railway between Kraków and the Zakopane ski resort. The bridge in the picture is one of a number of large bridges on the new 8.5 km long section. The building of the reservoir is a long-term commitment that Skanska has completed in stages since 1986. The railway became operational in 2014 and filling of the reservoir will begin in 2015.



Building in safety and designing out traffic jams

M1 Junction 19, Midlands, UK
Contract: About EUR 143 M
Client: Highways Agency
Construction period: 2014–2016

One of the UK's busiest intersections is being rebuilt to improve safety and accessibility. Junction 19 of the M1 is the largest Skanska UK project so far to undergo sustainability assessment under CEEQUAL.

Junction 19 is a "spaghetti junction" on the motorway network some 100 km north of London.

Just east of the metropolis of Birmingham the M1 motorway branches off to the northeast and northwest to become the M1 and M6. The A14 trunk highway from Cambridge also intersects here. Mile-long traffic jams and accidents are frequent around this intersection that is used by 142,000 vehicles daily.

Now the intersection is being fundamentally upgraded to improve safety and traffic flow, with roundabouts and bottlenecks being designed away. Local traffic is being segregated and cyclists, horse riders and pedestrians will have their own areas.

Media focus

As proof of the project's central importance – both geographically and in people's consciousness – UK Prime Minister David Cameron and a large media cohort visited the project for the launch of the government's large infrastructure investment for the future.

Both the size of the project and the intense traffic are challenges: the site is several miles long both from east to west and from north to south, and disruption to traffic passing through must be minimized. Large temporary structures are therefore being built to allow the new construction to take place.

Free flow of traffic on multi-lane roads

The complete project involves around 12 km of multi-lane motorways and viaducts, including extensive groundworks, piling, and also steel and concrete structures.

The project requires a large fleet of heavy machinery. To create a safe site, extensive Injury Free Environment work is being carried out with the aim of creating a culture characterized by forethought and commitment to the safety and well-being of all involved.

"We have been involved in the preconstruction over a number of years, with the design refined and optimized to provide the best solution for the client – the Highways Agency – and the road user. This has seen the scale of the project reduce in terms of material use. There have been significant ecological works carried out for protected species such as bats, great crested newts and a very large badger sett," says Gary Rogerson, Environmental Manager, Skanska UK.

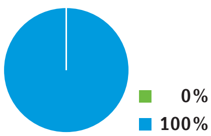
North America

USA Building | USA Civil

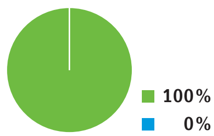
Skanska is one of the leading construction companies in the U.S. in building and civil construction. The U.S. operations reported increased revenue and very strong order bookings. The operating income was in line with the previous year and both operations have a large order backlog of projects which, combined, make up more than half of the total order backlog for Skanska Construction.

Breakdown of order backlog, total EUR 9.4 bn

USA Building



USA Civil



Civil construction
Building construction

Skanska's home markets

USD	GDP/capita	Construction/ capita	Construction as % of GDP
United States	53,042	3,056	5.8

Sources: Euroconstruct, The World Bank, National Statistical Agencies.

Competitors

Turner
Fluor Corporation
Kiewit
Granite
Flatiron
Tutor Perini
ACS/Dragados

Major events during the year

The total construction revenue in the U.S. was up 5 percent compared to the previous year. The order backlog for both USA Building and USA Civil increased during the year, and both units have an order backlog containing projects for many years in the future.

USA Building won several contracts in the healthcare and education sectors. In addition, several contracts were signed to construct office buildings. Other contracts won during the year included the construction of a museum in Miami for EUR 76 M and a paint facility for Boeing worth EUR 61 M.

USA Civil won several large projects during the year. They included two contracts signed in Los Angeles to extend the light rail system. The contracts are worth a total of EUR 1.0 billion and will improve public transit upon completion at the beginning of the next decade. In Florida a contract was signed to build a highway through Orlando. The contract is worth EUR 0.7 billion and work began in the first quarter of 2015.

Market

The U.S. market is the world's largest construction market with plenty of growth potential for Skanska. Long-term customer relationships, a geographical presence and expertise in green construction give Skanska a strong market position in areas such as infrastructure, the healthcare sector and the pharmaceutical industry. The market for large and complex civil construction projects remains strong but competition is intense. In building construction, development in the healthcare, airport, education and office building segments has been good.

Result

Revenue increased for both units in 2014. Order bookings were strong for USA Building and very strong for USA Civil.

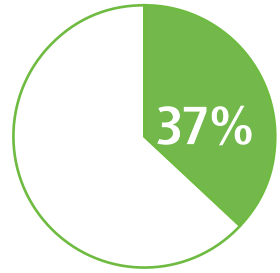
Outlook 2015

	Building, non-residential	Building, residential	Civil
United States		–	

In the overall U.S. infrastructure market, investments in energy-related projects are being negatively impacted by the falling oil prices, while the market for large and complex civil construction projects remains good, although competition is intense. In the U.S. building construction market, development is favorable in the commercial buildings, healthcare, airports and education segments.

Very strong market coming 12 m Strong market coming 12 m Stable market coming 12 m Weak market coming 12 m Very weak market coming 12 m

North America accounted for 37 percent of the revenue in Construction.



Construction in North America

EUR M	Revenue		Operating income		Operating margin, %		Order bookings		Book-to-build, %		Order backlog	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
USA Building	**3,465**	3,438	**53.1**	55.0	**1.5**	1.6	**3,859**	3,558	**111**	103	**5,009**	4,049
USA Civil	**1,849**	1,621	**117.7**	136.6	**6.4**	8.4	**2,855**	1,332	**154**	82	**4,371**	2,897
Total	**5,314**	5,059	**170.7**	191.6	**3.2**	3.8	**6,713**	4,890	**126**	97	**9,380**	6,946

Greener and safer UN Headquarters

UN Headquarters, New York, USA
Contract: USD 1.6 billion
Client: United Nations
Construction period : 2007–2014

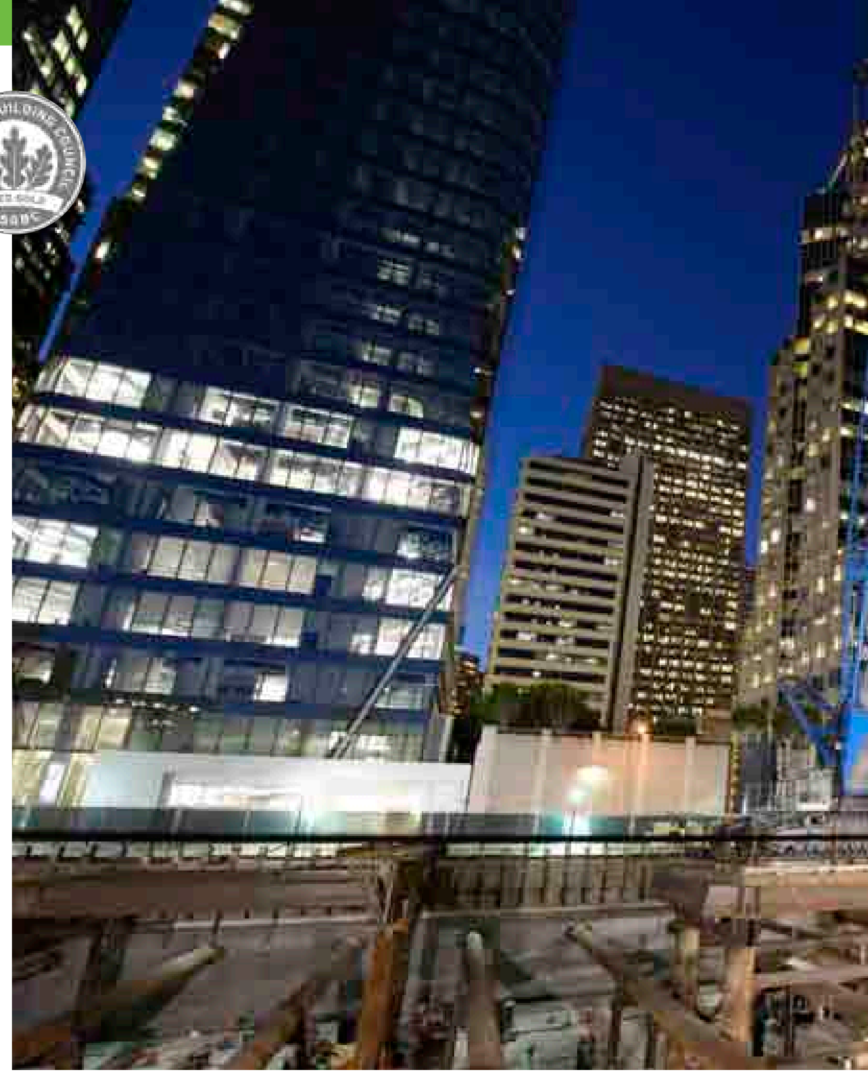
"I welcome you to the renovated General Assembly Hall which has been restored, renewed and re-invented. Now we see the wonderful result. I thank you all for making it happen," said Secretary-General of the United Nations, Mr. Ban Ki-moon, as he re-opened the General Assembly Hall in 2014.

The UN Headquarters in New York has been in use since 1952 but never refurbished until Skanska was contracted in 2007. Now, thousands of UN staff have moved back into the 40-story Secretariat Building with its bluish toned glazed façade restored.

The upgrading comprised replacement of all the glass curtainwall systems, removing of all hazardous materials, improved security, increased energy efficiency and implementing an open office plan.

An international Skanska team was responsible for executing the assignment.

Transbay Transit Center, San Francisco, USA
Contract: USD 189 million
Client: Transbay Joint Powers Authority
Completion of Skanska's structural steel work: 2015



A big new hub for mass transit is taking shape in San Francisco. The Transbay Transit Center will fill four downtown city blocks, and 100,000 mass transit passengers are expected to pass through what's sometimes called Grand Central Station of the West every day.

Although San Francisco's famous cable cars will not be there, all other rail and bus traffic will converge in the Transbay Transit Center in 2017. Amtrak, BART, CalTrain and another eight transportation agencies will utilize the terminal.

Buses serving Oakland and the East Bay will have a designated ramp so they can drive from the San Francisco Bay Bridge straight into the bus terminal two levels above ground without taking up space on the city streets.

Rail traffic will use six underground tracks including space for a double track for the planned high-speed train between San Francisco and Los Angeles.

Grand Hall and roof park

The Grand Hall on the ground floor will house retail space and ticket kiosks, and crowning the Transbay Transit Center will be a rooftop flowering park and an amphitheater 20 meters above the street.

The project covers around 330,000 sq m and several construction companies are involved. Skanska was awarded a major contract to erect 24,000 tons of structural steel.

Giant cranes

Two cranes will lift the girders and columns weighing up to 65 tons. While most of the steel will be built into the structure, a framework of steel tubing will also adorn the exterior as part of the architecturally exposed seismic force resisting system. The machined tubes, nearly 1 meter in diameter, will be joined together and to the steel girders with 304 cast nodes, which will be custom-made around the U.S., as will the rest of the steel.

Green certificate

Both Skanska USA Building and Skanska USA Civil are involved, and the entire facility will be certified at the LEED Gold level.

"Our combined strength was an important factor in winning this contract. We have expertise in traditional steel structure construction as well as more complex solutions," says Ryan Clayton who is one of 18 on Skanska's project team consisting of employees from Skanska USA Building and Skanska USA Civil, and involving around 100 steel construction workers.

Biggest in the west

This project, which is the biggest infrastructure construction project in the western U.S. has been discussed since the 1960s. In the autumn of 2014 the foundations were laid and Skanska was able to start erecting the structural steel on site. The event was witnessed by both owners and public officials.

"It's a big day now that the long-awaited Transbay Transit Center will start to materialize into an iconic world-class building. Eleven different transit networks will converge here under one roof," said Maria Ayerdi-Kaplan, Executive Director of the Transbay Joint Powers Authority, a specially formed company owned jointly by the local authorities.

A lift for mass transit in San Francisco

Residential Development

Based on knowledge of the various target groups, Skanska develops modern homes in attractive and sustainable areas. The aim is to make people's everyday lives better and easier. With core skills in planning, development and implementation, Skanska creates new residential areas from scratch. In 2014, nearly 3,300 Skanska homes were sold.

BoKlok celebrates 5,000 homes

The five thousandth BoKlok home buyer is in Botkyrka, Stockholm County, and this was celebrated along with the residents of BoKlok Tomtberget, built in 2014. During the evening an IKEA gift card was presented to the cooperative housing association.

Josefin Vesterlund and her family moved into a four-room home in the area in August 2014. The price and the selling process were important factors in their choice of BoKlok.

"I like the way BoKlok sells their homes. The same for everyone, quite simply. We are very happy in our home and in the area. There are lots of trees and the children can play freely outside," says Josefin.

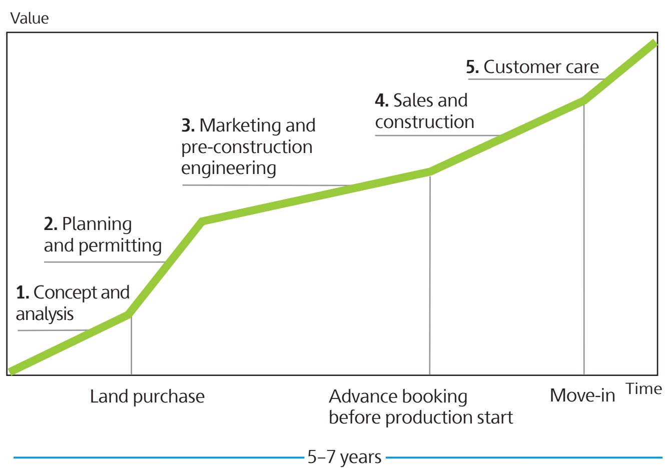
BoKlok Tomtberget has 66 apartments and 16 townhouses. The basic idea of this collaboration between Skanska and IKEA is to create homes that offer value for money for everyone.

Homes by SKANSKA

Profitability improves further

Profitability continued to improve during the year and operating income increased by 13 percent. A strong Swedish market, good execution in Sweden and Norway, and improved business in Central Europe were contributory factors.

Value creation in residential development



A prerequisite for successful residential development is the capacity to understand the needs of future homeowners 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 the municipal authorities. Based on the potential offered by the surroundings, a neighborhood with a distinct character is created. An attractive neighborhood is designed and built on the basis of the residents' needs and environmental considerations. Skanska's own sales organization then markets the new homes to the right target group.

Major events	**Homes sold:** 3,274 (3,391). **Homes started:** 2,846 (3,118). **Acquisition of building rights:** 3,114 building rights valued at EUR 79 M. –Improved profitability in operations. –Challenging market in Finland.
Revenue	EUR 1.0 (1.1) billion. –2 percent.
Result	**Operating income:** EUR 75 (66) M. **Operating margin:** 7.1 (6.2) percent. **Return on capital employed:** 7.1 (7.4) percent.
Outlook 2015	Varied development in the geographical markets where Skanska has operations. The outlook is stable to positive, except in Finland where the market is expected to remain weak.

Adding value

Understanding what is attractive to and adds value for the customers also adds value for Skanska. Different target groups have different needs, and this is taken into account when developing new homes and areas. Buying a new home is a major investment. Value is added by guiding the customer through the process, so that they can feel secure in their choice. Clearly defined customer segments and customer needs form the basis of the products and concepts that Skanska offers.

New residential areas are planned to provide sustainable urban environments. Key elements are sound green choices, preservation of natural assets, improved waste management and access to public transit.

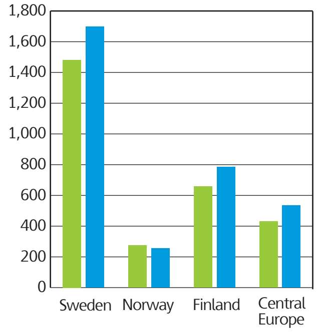
Productivity and cost effectiveness are constantly being improved through the increased use of standardized components and collective sourcing.

As the illustration of Skanska's business model on page 10 shows, Residential Development also generates profitable construction assignments for Skanska's Construction business stream.

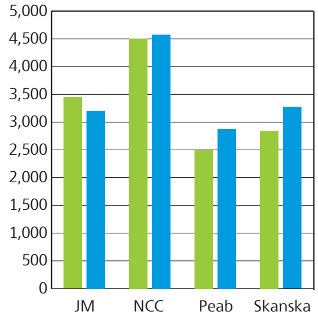
Very strong market coming 12 m · Strong market coming 12 m · Stable market coming 12 m · Weak market coming 12 m · Very weak market coming 12 m

Skanska sold 3,274 homes and started construction of 2,846 homes in 2014.

Homes started and sold

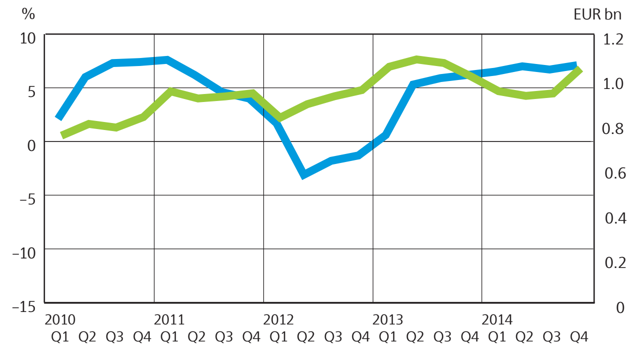


Homes started and sold, Nordic residential developers[1]



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

Revenue and operating margin, rolling 12 months

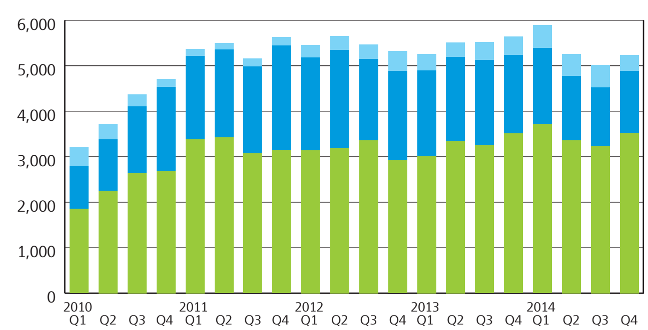


Increasing value

The value of land and building rights varies with a number of factors and is reflected in prices. Throughout the course of the project the value increases as development risks decrease. A major step in value creation is therefore taken when building rights are granted for undeveloped land, a process that may take up to five years before a local plan is approved. Skanska plays an active role and works closely with local municipal bodies in the planning processes for land use and local plans. Further value is added in the next phase, when the building rights materialize into completed projects ready for occupancy.

To satisfy the requirements for return on capital employed, the land bank must be appropriate for the scope and orientation of the business. To meet this, Skanska continuously evaluates its land holdings, which results in acquisitions, divestments and land exchanges.

Homes under construction and unsold completed

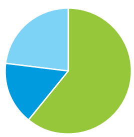


Nordic countries

Sweden | Norway | Finland

The Nordic region is Skanska's biggest market for Residential Development. Operations are conducted primarily in metropolitan regions. Profitability improved during the year in Sweden and Norway. In Finland the operating margin fell, partly as a result of the tough market there.

Revenue Nordic countries



- Sweden, **61%**
- Norway, **16%**
- Finland, **23%**

Residential development in the Nordic countries

	Revenue		Operating income		Operating margin, %		Capital employed[1]		Return on capital employed, %[2]	
EUR M	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	2013
Sweden	**569**	536	**46.8**	38.3	**8.2**	7.1	**421**	412	**11.7**	12.0
Norway	**147**	191	**12.6**	12.8	**8.6**	6.7	**280**	343	**5.3**	5.0
Finland	**209**	255	**10.1**	14.7	**4.8**	5.8	**260**	303	**3.9**	5.2
Total	**925**	982	**69.5**	65.8	**7.5**	6.7	**961**	1,057	**7.5**	7.7

1 Capital employed according to IFRS. This includes capital tied up in land banks and costs paid for ongoing projects.
2 See definition on page 190.

Competitors

JM
NCC
PEAB
YIT

Major events

A favorable market and good execution of projects in Sweden and Norway contributed to improved profitability in the Nordic operations. The weak Finnish market was a contributing factor in the Finnish operations' reduced profitability. During the year 2,740 homes were sold in the Nordic region, a decrease compared to the previous year. Broken down by country, the number of homes sold increased in Sweden, but declined in Norway and Finland. The number of homes started in 2014 was 2,415, a decrease compared to the previous year. Slightly fewer than 4,000 homes were under construction at year-end, of which 77 percent were 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.

The housing market in the Nordic countries was stable overall during the year, but development varied from country to country. In Sweden the housing market remained strong during the year, with increased demand resulting in higher prices. The market in Norway stabilized during the year, while the Finnish market continued to weaken.

Result

The operating margins for the Nordic operations increased in 2014, while revenues and volumes fell slightly. The Swedish and Norwegian operations contributed to the increased profitability, while margins fell for the Finnish operations, partly due to the weak market there.

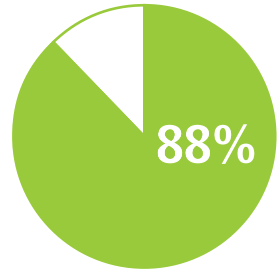
Outlook 2015

Sweden	
Norway	
Finland	

The residential market continues to develop in a positive direction in Sweden. The Norwegian market is relatively stable but is being negatively affected by the falling oil prices in certain regions that are dependent on the energy sector. The Finnish market continues to be weak.

Very strong market coming 12 m · Strong market coming 12 m · Stable market coming 12 m · Weak market coming 12 m · Very weak market coming 12 m

The Nordic countries accounted for 88 percent of the Residential Development revenue.



Pre-sold ratio

77%

Number of homes

Market	Homes started	Under construction	Pre-sold, %	Total homes sold	Completed unsold
Sweden	1,482	2,747	87	1,698	78
Norway	275	412	51	256	40
Finland	658	777	56	786	223
Total	**2,415**	**3,936**	**77**	**2,740**	**341**

Number of unutilized building rights

Market	Master plan	Local plan underway	Local plan approved	Building permit stage	Total[1]	Other rights[2]
Sweden	4,860	3,780	2,500	540	11,680	6,670
Norway	860	560	1,850	70	3,340	750
Finland	80	2,880	2,860	0	5,820	4,610
Total	**5,800**	**7,220**	**7,210**	**610**	**20,840**	**12,030**

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

Greener homes in Järvastaden

Järvastaden, Solna/Sundbyberg
Skanska homes built: 900
Construction period: 2006–2014

Järvastaden, a new neighborhood on the border between Solna and Sundbyberg, continues to grow. Skanska and property company Vasakronan have developed the area next to the Igelbäcken nature reserve into an attractive, safe, vibrant and child-friendly neighborhood. Construction work began in 2006 and Järvastaden now has multi-dwelling units, title holder units, parks, schools and services. The popular playground has more than 100,000 visitors every year.

Skanska and Vasakronan have so far developed around 2,600 homes in Järvastaden, 900 of which were developed as single-unit and multi-unit dwellings by Skanska. Once fully developed, Järvastaden will have around 5,000 homes.

Production on the Liljekonvaljen project involving 145 homes began in 2013/2014. It is one of Skanska's first multi-unit dwelling projects to carry the Nordic Ecolabel and is designed to provide a good indoor environment and minimize climate impact. The next project, Pyrolan, will have 175 apartments. Production will start in 2015, with occupancy in 2017.

Central Europe

Poland | Czech Republic

In Central Europe, Skanska has residential development operations in Prague, Czech Republic and in Warsaw, Poland. Skanska offers the market modern and flexible housing solutions in attractive areas. Development moved in a positive direction for the Central European operations during the year.

Residential Development in Central Europe

	Revenue		Operating income		Operating margin, %		Capital employed[1]		Return on capital employed, %[2]	
EUR M	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
Central Europe[3]	123	86	5.4	0.5	4.4	0.5	131	159	4.7	0.9
Total	**123**	**86**	**5.4**	**0.5**	**4.4**	**0.5**	**131**	**159**	**4.7**	**0.9**

1 Capital employed according to IFRS. This includes capital tied up in land banks and costs paid in ongoing projects.
2 See definition on page 190.
3 Including Slovakia and the UK. These operations are currently being phased out.

Competitors

Central Group
Finep
DOM Development
JW Construction

Major events during the year

The units in the Czech Republic and Poland reported increased profitability and higher revenues during the year. The number of homes sold during the year in Central Europe was 534, which is slightly lower than in the previous year. The number of homes started was 431, a decrease compared to the previous year. At the end of the year, 943 homes were under construction, of which 52 percent were sold. Skanska sold part of its UK residential development land bank during the year and the process of selling the remaining homes continued.

Market

The Czech housing market stabilized somewhat during the year, and political and economic development showed signs of stabilization.

The market in Poland is more stable and demand for homes has increased.

Result

The Central European operations reported an increase in revenues, operating income and operating margins in 2014.

Outlook 2015

In Central Europe the market is relatively stable with an increased transaction volume in Poland, while the Czech market is stable at a low level but with higher selling prices.

Passive house for active Prague residents

Milíčovský háj, Prague, Czech Republic
Number of apartments: 911
Construction period: 2007–2016

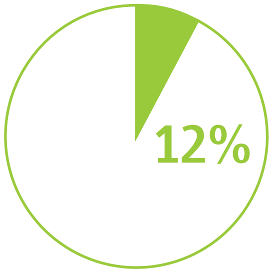
Skanska is developing and building 911 apartments in the new residential area of Milíčovský háj in Prague. The first stage was begun in 2007 and the 116 apartments that have now been started will be complete in 2016. The buildings have been designed to minimize environmental impact and energy use, for example through heat recovery ventilation systems. One building is a passive house with 14 apartments.

The homes vary in size from one-room to five-room apartments. Some of the ground-floor homes have their own gardens, while others have a balcony or terrace.

The area is attractive because it is close to a nature reserve as well as to services such as schools and medical facilities. Nursery schools, elementary schools, high schools and two universities are located either in or near the area. Residents have quick access to central Prague via the metro.

Very strong market coming 12 m | Strong market coming 12 m | Stable market coming 12 m | Weak market coming 12 m | Very weak market coming 12 m

Central Europe accounted for 12 percent of the Residential Development revenue.



Pre-sold ratio

52%

Number of homes

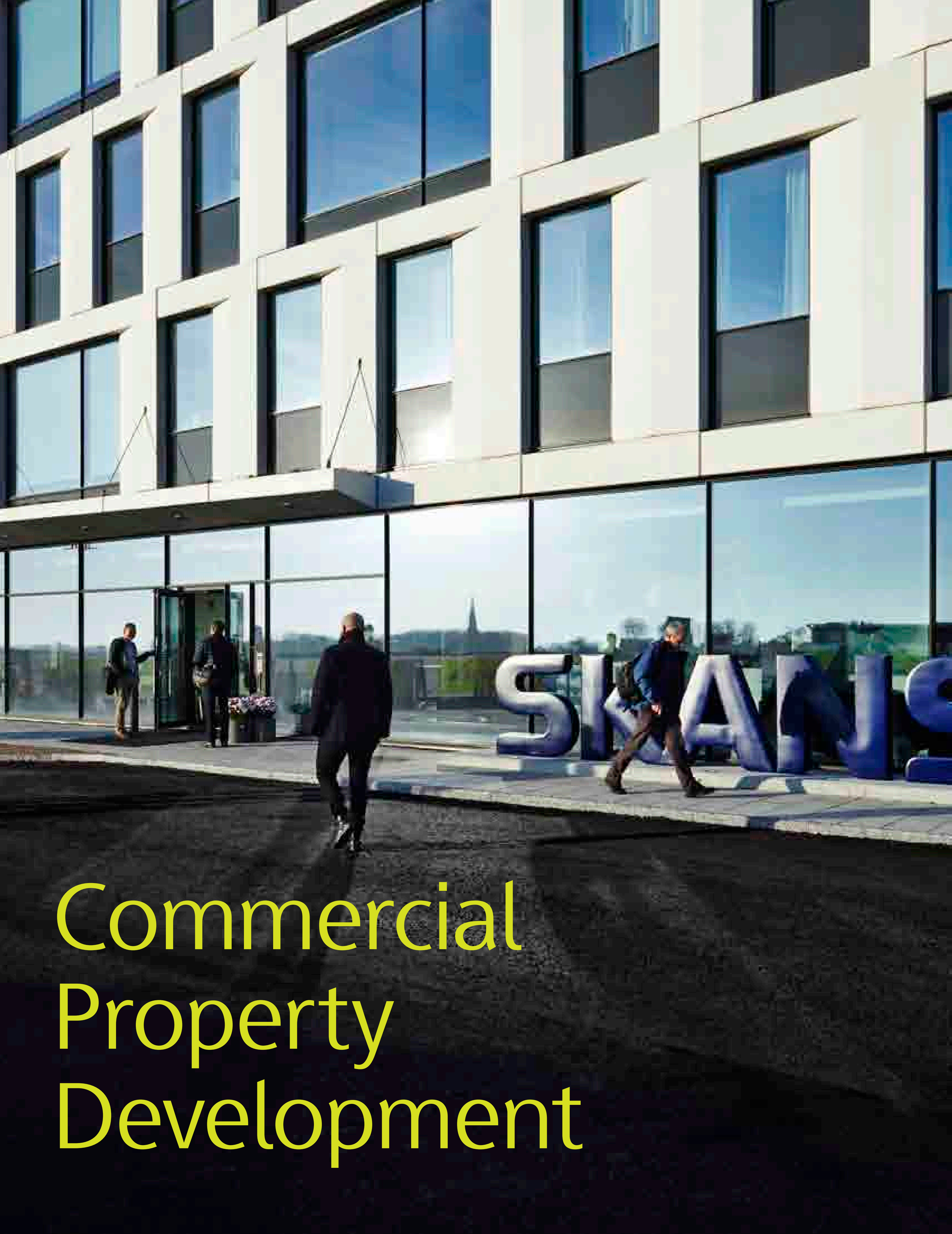
Market	Homes started	Under construction	Pre-sold, %	Total homes sold	Completed unsold
Central Europe[1]	431	943	52	534	12
Total	**431**	**943**	**52**	**534**	**12**

1 Including Slovakia and the UK. These operations are currently being phased out.

Number of unutilized building rights

Market	Master plan	Local plan underway	Local plan approved	Building permit stage	Total[2]	Other rights[3]
Central Europe[1]	1,730	1,380	650	440	4,200	160
Total	**1,730**	**1,380**	**650**	**440**	**4,200**	**160**

1 Including Slovakia and the UK. These operations are currently being phased out.
2 Including building rights in associated companies.
3 Entitlements to acquire building rights under certain conditions.



Commercial Property Development

Skanska plans and develops long-term sustainable property projects in attractive locations. Working closely with Skanska's stakeholders allows green, creative and efficient workplaces to be created, increasing profitability for all parties. In 2014, property divestments amounted to nearly EUR 1.1 billion.

Larissa Kaplan, a Skanska employee at the new Klipporna office buildings in Malmö:

"When I moved here last summer it gave me a real lift. There are activity-based rooms and workspaces – individual spaces for sensitive tasks and large, open tables for project meetings, but also sofas where I can sit comfortably if I need to do a lot of reading or prepare a presentation. As I work on various projects, it makes it easy for me to find a good place to work that is close to those I need to work with."

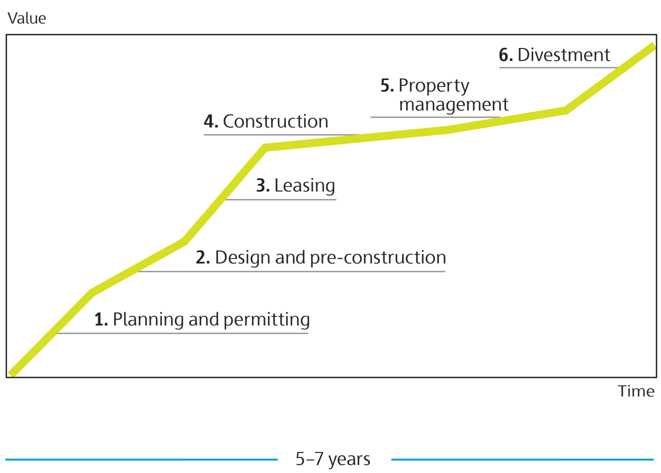
"The lighting and air quality are also really good. Getting here is easy – whether by train, bus or bike. The Hyllie city district is really happening and lots of companies are relocating here."

Klipporna comprises three structures totaling 16,000 sq m. The first stage has been completed and is fully leased. Stage two will be ready in 2015.

Strong divestment gains from property sales

Gains from property sales reached their highest level ever in 2014. Demand for efficient, green and modern properties remains stable in all the home markets. Combined with a geographically diversified organization with operations in the Nordic region, the U.S. and Central Europe this ensures that Skanska is well-positioned for the future.

Value creation in commercial property development



Over the past five years, Skanska's property sales have generated average divestment gains of about EUR 165 M per year.

Adding value step by step

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

Any acquisition of land is preceded by a macroeconomic and market analysis. A major step in value development is taken when building permits are granted for undeveloped land. A design for appropriate premises is produced in collaboration with tenants and any buyers. A successful effort to find tenants is usually required before construction begins. The construction projects are generally carried out by Skanska's construction units. Active management work and work with clients can add further value to the property. New projects are developed with a view to a sale, and this sometimes takes place as early as in the construction phase.

Major events	**Property divestments:** EUR 1.1 billion. **Signing of rental agreements covering:** 287,000 sq m. **Investments:** EUR 755 M. **Estimated total surplus value on completion:** EUR 516 M.
Revenue	EUR 1.1 billion (0.7). +56 percent.
Result	**Operating income:** EUR 186 M (123). **Property divestments:** EUR 218 M (164). Total divestment price exceeded the carrying amount by 26 (32) percent. **Return on capital employed:** 11.6 percent (10.6).
Outlook 2015	**Ongoing projects at January 1, 2015:** 43. **Occupancy rate/Estimated surplus value in ongoing projects:** 47 percent/EUR 404 M. Vacancy rates for office space in most of our home markets are stable. Modern properties with long-term tenants are in demand from property investors, resulting in attractive valuations for these properties.

Generating value

By working closely with clients we create properties that are adapted to their specific needs. Skanska provides solutions that are resource-efficient while at the same time offering comfort and a healthy working environment. This contributes to higher productivity and greater flexibility, which increases the value for the tenant and thus also the value of the property.

Commercial Property Development adds value both by developing completely new projects and by improving existing properties. Like Skanska's Residential Development and Infrastructure Development business streams, Commercial Property Development also generates construction contracts for the Group's construction units in accordance with the business model.

The development projects target two different types of client. The primary client is the tenant, who has great expectations and requirements of the premises. The second client is the investor who buys the property in order to own and manage it in the long term with a good return. Both the product and the service content must be adapted in order to be attractive to both of these types of clients.

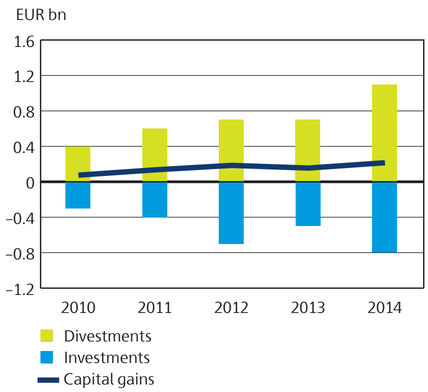
Skanska is a leader in energy-efficient and environmentally certified properties. Energy-efficient solutions add value for both investors and users. Skanska was the first to introduce requirements of environmental certification to LEED for new self-developed commercial properties in the Nordic region, Central European countries and the U.S.

Very strong market coming 12 m · Strong market coming 12 m · Stable market coming 12 m · Weak market coming 12 m · Very weak market coming 12 m

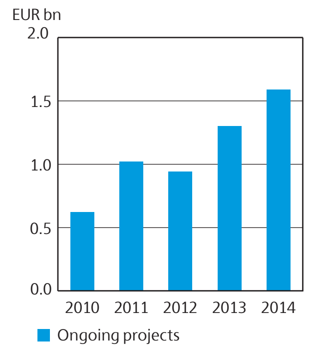
11%

return on capital employed

Properties
Investments, divestments and capital gains

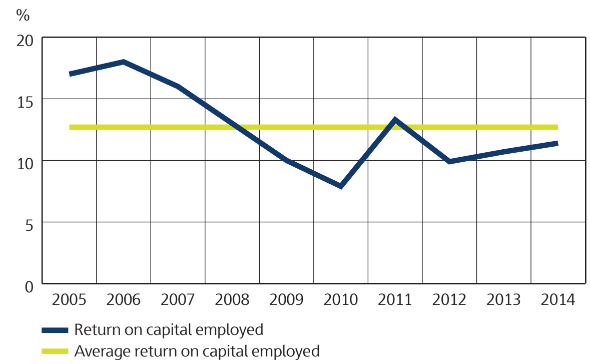


Volume of Commercial Property Development [1]



1 Refers to carrying amount upon completion.

Adjusted return on capital employed 2005-2014 [1]

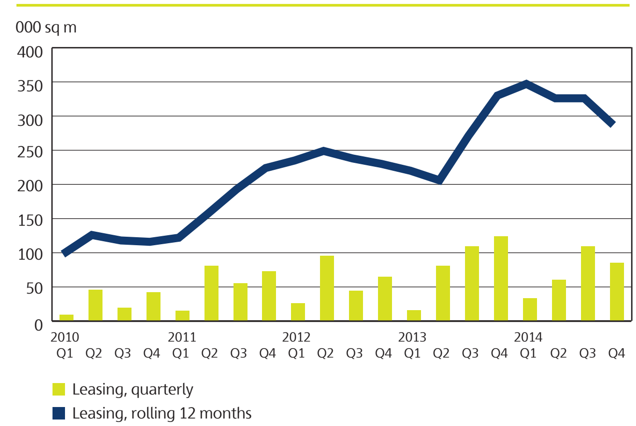


1 See definition on page 190.

Increasing value

The value of land and of building permits varies depending on demand, and this is in turn reflected in changes in rents and the return required by property investors. The land value also increases in line with any decrease in the risks inherent in the process of obtaining a building permit, and a major step in value development is taken when building permits are granted for undeveloped land. Since leasing out more space substantially increases the value of the project, work on finding tenants starts at an early stage. Further value is added when the building permits materialize into a completed project that generates rental income.

Leasing



Commercial Property Development – Carrying amounts and market values

EUR M	Carrying amount, Dec 31, 2014	Carrying amount upon completion	Market value, Dec 31, 2014	Surplus value	Leasable space, 000 sq m	Occupancy rate, %	Projected rental value fully leased	Average lease, years	Degree of completion, %
Completed projects	326	326	401	76	245	95	35.1[2]	6.0	100
Undeveloped land and development properties[1]	555	555	591	36					
Total	**881**	**881**	**992**	**112**	**245**				
Ongoing projects	697	1,588	1,993	404	708	47	130.3[3]	11.8	45
Total	**1,578**	**2,469**	**2,985**	**516**					
Ongoing projects in JV (Skanska's share)	48	130	161	31	27				

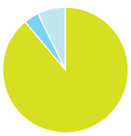
1 "Development properties" refers to land with development rights for commercial use, totaling about 2,100,000 sq m.
2 Total of contracted rents and estimated rent for unoccupied spaces.
3 Estimated rental value fully leased in year 1 when the property is completed.

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. Demand from tenants and investors remained strong in 2014, and a number of divestments were carried out with good gains.

Distribution of leasable space, ongoing projects



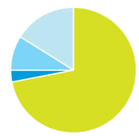
- Sweden, **89%**
- Norway, **0%**
- Finland, **4%**
- Denmark, **7%**

Commercial Property Development in the Nordic countries

EUR M	2014	2013
Revenue	**615**	396
Operating income	**130**	60
of which gain from divestment of properties[1]	**138**	79
Capital employed	**595**	726
Return on capital employed, %[2]	**13.6**	8.5
1 Additional gain included in eliminations was	**19**	6

2 See definition on page 190.

Distribution unutilized building rights



- Sweden, **72%**
- Norway, **3%**
- Finland, **9%**
- Denmark, **16%**

Competitors

NCC
Vasakronan
Diligentia
KLP Eiendom
YIT
Lemminkäinen

Major events

Sales during the year included the Entré Lindhagen office in Stockholm for a total of EUR 296 M. Entré Lindhagen is one of Sweden's greenest office buildings and was certified at the highest level, Platinum, according to the international environmental certification system LEED. Skanska has its head office in one part of the approximately 57,000 sq m building, while the other part is leased by Nordea. In Sundbyberg outside Stockholm, the Chokladfabriken office building – a former chocolate factory – was sold for EUR 66 M at the beginning of the year. During the year investments continued to be made in Sweden, including in Stockholm, where an investment of EUR 52 M was made in the Stockholm New project that will be located close to Hammarby Sjöstad.

A number of investments were also made elsewhere in the Nordic region during the year, including in Copenhagen, in Oslo and in Vantaa, Finland, a part of the Helsinki Metropolitan Area.

In 2014, a total of 131,000 sq m of commercial space, mainly office space, was leased in the Nordic region.

Market

The vacancy rate remained low and stable in the Nordic countries, particularly in Sweden. Demand for modern, efficient and green properties continued during the year.

Modern properties with long-term tenants are in demand from property investors, resulting in attractive valuations for these properties. This fits well with Skanska's development portfolio of energy-efficient high-occupancy properties. Improved credit availability also had a positive impact on interest from investors.

Result

Gains on divestments totaled EUR 138 M in 2014, almost double that of the previous year.

This exceeded the carrying amount by 31 percent. A further EUR 19 M in divestment gains were eliminated at Group level.

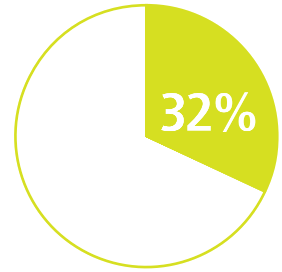
Outlook 2015

— Ongoing projects at January 1, 2015: 25.
— Occupancy rate/Estimated surplus value in ongoing projects: 46 percent/EUR 127 M.

Sweden	
Norway	
Finland	
Denmark	

Vacancy rates for office space in most of Skanska's Nordic cities are stable. Vacancy rates are low in Sweden in particular. Demand from property investors for modern properties with stable tenants is strong, particularly in Sweden.

Very strong market coming 12 m · Strong market coming 12 m · Stable market coming 12 m · Weak market coming 12 m · Very weak market coming 12 m



32 percent of the leasable space in ongoing projects in Commercial Property Development are located in the Nordic countries.

Ongoing projects in the Nordic countries

Project	Type of project	City	Leasable space, 000 sq m	Occupancy rate, %	Completion year	LEED-level
Stockholm New Seaside	Office	Stockholm, Sweden	16	0	2016	Platinum
Stockholm New	Office	Stockholm, Sweden	8	0	2016	Platinum
Hotell Hagaplan	Hotell	Stockholm, Sweden	16	0	2017	Gold
Kallebäck parking garage	Other	Göteborg, Sweden	12	68	2015	
Tändstickan phase II	Office	Göteborg, Sweden	5	0	2016	Gold
Orrekulla	Logistics	Göteborg, Sweden	13	0	2015	
Ullevi	Office	Göteborg, Sweden	8	26	2016	Platinum
Arla	Office	Göteborg, Sweden	2	100	2016	
Top Swede	Other	Göteborg, Sweden	3	100[1]	2015	
Klipporna Hyllie 2	Office	Malmö, Sweden	8	100	2015	Platinum
Klipporna Hyllie 3	Office	Malmö, Sweden	7	0	2015	Platinum
KKH Malmö Live	Office	Malmö, Sweden	11	40	2015	Platinum
Studio	Office	Malmö, Sweden	21	30	2016	Platinum
Hotel/Congress Malmö	Hotel	Malmö, Sweden	29	100	2015	Platinum
Plaza 2 and 3	Office	Copenhagen, Denmark	10	100	2016	Gold
Laval	Office	Copenhagen, Denmark	5	80	2015	
Aviabulivardi	Office	Helsinki, Finland	9	22	2016	Gold
Other small projects	Office, other	Other cities, Sweden	42	100	2015-2016	
Total I			**225**	**46**		
Sundkvartalet (Skanska's share of JV, 50%)	Office	Oslo, Norway	15	22	2017	Excellent[2]
Total II			**240**	**44**		

1 Sold accordning to segment reporting 2014
2 BREEAM

Projects	**Nordic countries**
Number of ongoing projects Jan 1, 2014	**14**
Number of projects started 2014	**18**
Total investment, EUR M	437
Number of projects completed during 2014	**7**
Number of ongoing projects at year-end	**25**
Remaining investment obligations, EUR M	392
Number of projects sold according to segment reporting 2014	**13**
Leasable space, 000 sq m	98

A new live-work district in Gothenburg

ÅF Building, Gothenburg
Total area: 15,000 sq m
Tenants: ÅF 11,000 sq m,
Immunicum, Cygate, Sappa and AWC restaurant
Homes: Tändstickan ("The Match") with
220 apartments

A brand new district of offices and homes is emerging along the River Mölndal in Gothenburg. Consulting company ÅF has already moved into its new green offices. A residential district with around 220 space-efficient eco-labeled homes around a leafy courtyard is also planned.

The new office has achieved the highest level of environmental certification: LEED Platinum. ÅF occupies the majority of the building's 15,000 sq m. Skanska had previously developed and built ÅF's head office in Solna.

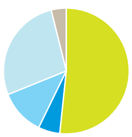
"Sustainability is not just about making good environmental choices; our green offices are also important for building a brand and being attractive to our employees and those we want to employ," says Nyamko Sabuni, Head of sustainability at ÅF. "And of course, it's a bonus that we have modern, fit-for-purpose premises at a reasonable rent. What's more, we're helping to develop socially sustainable areas offering both jobs and homes, with good public transport connections."

Central Europe

Poland | Czech Republic | Hungary | Romania

In Central Europe Skanska primarily initiates, develops and sells office properties. Skanska has commercial property development operations in Poland, the Czech Republic, Hungary and Romania, with Poland being the most active market. A number of investments and sales were made during the year and the level of activity remained high, particularly in Poland.

Distribution of leasable space, ongoing projects



- Poland, **57%**
- UK, **6%**[1]
- Czech Republic, **13%**
- Romania, **20%**
- Hungary, **4%**

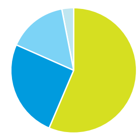
1 In the UK these projects are carried out within Construction, and are predominantly project development for a specific user or tenant.

Commercial Property Development in Central Europe

EUR M	2014	2013
Revenue	**364**	140
Operating income	**40**	33
of which gain from divestments of properties[1]	**55**	44
Capital employed	**542**	505
Return on capital employed, %[2]	**11.1**	9.7
1 Additional gain included in eliminations was	10	4

2 See definition on page 190.

Distribution unutilized building rights



- Poland, **56%**
- Czech Republic, **25%**
- Hungary, **15%**
- Romania, **3%**

Competitors

Ghelamco
Echo Investment
GTC

Major events

During the year Skanska's first office development project in Romania was divested for around EUR 44 M. Green Court Bucharest A is situated in Bucharest and is certified Gold in the LEED international environmental certification system. In Poland, the Dominikański office project in Wrocław was divested for around EUR 117 M and investments were also made in other cities such as Warsaw, Poznań and Kraków in 2014. In both the Czech Republic and Hungary, office projects with high environmental certification were sold during the year, demonstrating the interest in green offices from both investors and tenants.

In 2014, a total of 124,000 sq m of office space was leased in Central Europe.

Market

In Central Europe demand for offices improved in the Czech Republic, Hungary and Romania and was particularly strong in the major cities of Poland, where multinational corporations are continuing to establish their offices. There was strong demand from investors for green, energy-efficient and modern offices.

Result

Overall, the year's property divestments resulted in a stable result. Gains on divestments totaled EUR 55 M. This exceeded the carrying amount by 18 percent. A further EUR 10 M in divestment gains were eliminated at Group level.

Outlook 2015

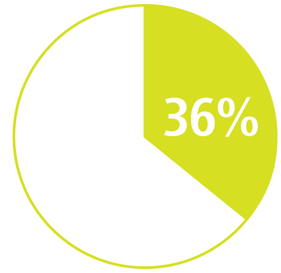
– Ongoing projects at January 1, 2015: 14.
– Occupancy rate/Estimated surplus value in ongoing projects: 42 percent/EUR 156 M.

Poland	
Czech Republic	
Hungary	
Romania	

Vacancy rates for office space in most of Skanska's cities in Central Europe are stable. Demand for office space is strong in Poland and improving in other parts of Central Europe. Demand from property investors for modern properties with stable tenants is strong, especially in the major cities.

Very strong market coming 12 m · Strong market coming 12 m · Stable market coming 12 m · Weak market coming 12 m · Very weak market coming 12 m

36 percent of the leasable space in ongoing projects in Commercial Property Development are located in the Central Europe.



Ongoing projects in Central Europe

Project	Type of project	City	Leasable space, 000 sq m	Occupancy rate, %	Completion year	LEED-level
Atrium 2	Office	Warsaw, Poland	23	0	2016	Platinum
Marathon 1	Office	Poznań, Poland	17	0	2015	Gold
Silesia 1	Office	Katowice, Poland	15	79	2015	Gold
Silesia 2	Office	Katowice, Poland	16	0	2015	Gold
Rondo Mogilskie	Office	Kraków, Poland	25	0	2015	Gold
Dominikański 1	Office	Wrocław, Poland	19	100[1]	2015	Silver
Dominikański 2	Office	Wrocław, Poland	31	100[1]	2015	Gold
Corso	Office	Prague, Czech Republic	24	58	2015	Platinum
Riverview	Office	Prague, Czech Republic	10	100[1]	2015	Gold
Nordic Light 2	Office	Budapest, Hungary	9	0	2016	Gold
Green Court B	Office	Bucharest, Romania	26	19	2015	Gold
Green Court A	Office	Bucharest, Romania	26	100[1]	2015	Gold
Monument	Office	London, UK	9	0	2016	Excellent[2]
66 Queen Square	Office	Bristol, UK	6	85	2015	Excellent[2]
Total			**256**	**42**		

1 Sold accordning to Segment Reporting 2014.
2 BREEAM.

Projects	Central Europe
Number of ongoing projects Jan 1, 2014	**12**
Number of projects started 2014	**7**
Total investment, EUR M	228
Number of projects completed during 2014	**5**
Number of ongoing projects at year-end	**14**
Remaining investment obligations, EUR M	233
Number of projects sold according to segment reporting 2014	**10**
Leasable space, 000 sq m	66

Orange and Schneider go green

Green Court, Bucharest, Romania

Stage A
Total area: 19,000 sq m
Tenants: Orange, Schneider

Stage B
Total area: 17,700 sq m
Tenants: Sanofi and others

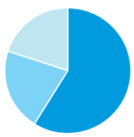
Where else would telecoms company Orange call home than a new green office with an orange decorative effect on the facade. Once Skanska completed one of the first LEED Gold-certified buildings in the Romanian capital Bucharest, Orange was quick to sign up for the major part of the 19,000 sq m office building. Just before Orange decided to move in its 1,500 employees, Schneider Electric leased 4,000 sq m.

Both tenants have garage parking spaces, but are also close to tram and metro lines that go straight into central Bucharest. The building was completed at the end of 2014 and the second stage is now being built on the same plot. It will be completed in 2015 and provide 17,700 sq m of green workspace. The leasing process is under way and pharmaceutical company Sanofi was the first to sign up for part of the space.

North America

In the U.S., Skanska initiates, develops and sells primarily office properties in Washington D.C., Boston, Houston and Seattle. In 2014 the Business Unit divested one office project in Virginia and one in Seattle, while investments continued to be made in ongoing projects and new projects were started, further strengthening the business for the future.

Distribution of leasable space, ongoing projects



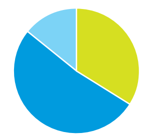
- Washington D.C., **0%**
- Houston, **59%**
- Boston, **21%**
- Seattle, **20%**

Commercial Property Development in North America

EUR M	2014	2013
Revenue	**143**	180
Operating income	**17**	31
of which gain from divestments of properties[1]	**25**	41
Capital employed	**445**	288
Return on capital employed, %[2]	**9.7**	17.2
1 Additional gain included in eliminations was	**1**	3

2 See definition on page 190.

Distribution unutilized building rights



- Washington D.C., **34%**
- Houston, **52%**
- Boston, **14%**
- Seattle, **0%**

Competitors

Hines
Trammell Crow
Boston Properties

Major events

In 2014, Skanska divested two property projects in the U.S. In Seattle, Stone34 was sold for around EUR 52 M. The property's ground floor has over 2,000 sq m of retail space, 800 sq m of shared outdoor space, bicycle parking and car parking with charging stations for electric vehicles. The office property at 1776 Wilson Boulevard in Virginia was sold for around EUR 64 M. The building is certified to LEED Platinum, the highest level of environmental certification, and contains 13,000 sq m of office and retail space, a fitness center and a green roof terrace that is available to all tenants. In Boston and Houston construction began on two projects in 2014.

In 2014 leases were signed for a total of 27,000 sq m.

Market

Vacancy rates in the U.S. continued to decline in 2014 in the cities where Skanska is operating, and demand for office premises remained good. The behavioral patterns of U.S. tenants are somewhat different in comparison with Skanska's other Commercial Property Development markets. Leases are generally signed when the property is close to completion. Energy-efficient, well-situated properties with high occupancy rates appeal to investors in the selected cities in the U.S. where Skanska has operations.

Result

Gains on divestments were somewhat lower than in the previous year and amounted to EUR 25 M. This exceeded the carrying amount by 22 percent. A further EUR 1 M in divestment gains were eliminated at Group level.

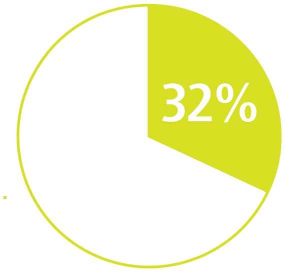
Outlook 2015

- Ongoing projects at January 1, 2015: 4.
- Occupancy rate/Estimated surplus value in ongoing projects: 54 percent/EUR 121 M.

USA	

In the U.S., demand from tenants continues to improve in Boston, Washington D.C. and Seattle, while demand in Houston shows signs of weakening on the back of falling oil prices. The investor appetite is strong.

Very strong market coming 12 m · Strong market coming 12 m · Stable market coming 12 m · Weak market coming 12 m · Very weak market coming 12 m



32 percent of the leasable space in ongoing projects in Commercial Property Development are located in the U.S.

Ongoing projects in the United States

Project	Type of project	City	Leasable space, 000 sq m	Occupancy rate, %	Completion year	LEED-level
Memorial Phase 1	Office	Houston	64	56	2015	Platinum
Memorial Phase 2	Office	Houston	70	0	2016	Platinum
101 Seaport	Office	Boston	48	82	2015	Platinum
400 Fairway	Office	Seattle	45	53	2015	Platinum
Total I			**227**	**54**		
Alley 111 (Skanska's share of JV, 20%)	Residential	Seattle	3	0	2015	Gold
Watermark Seaport (Skanska's share of JV, 43%)	Residential	Boston	9	0	2015	Gold
Total II			**239**	**49**		

Projects	USA
Number of ongoing projects Jan 1, 2014	**4**
Number of projects started 2014	**1**
Total investment, EUR M	92
Number of projects completed during 2014	**1**
Number of ongoing projects at year-end	**4**
Remaining investment obligations, EUR M	266
Number of projects sold according to segment reporting 2014	**2**
Leasable space, 000 sq m	18

Office Development of the Year in Seattle

Stone34, Seattle, Washington
Area: 12,000 sq m
Tenant: Brooks Sports
Construction period: 2012–2014

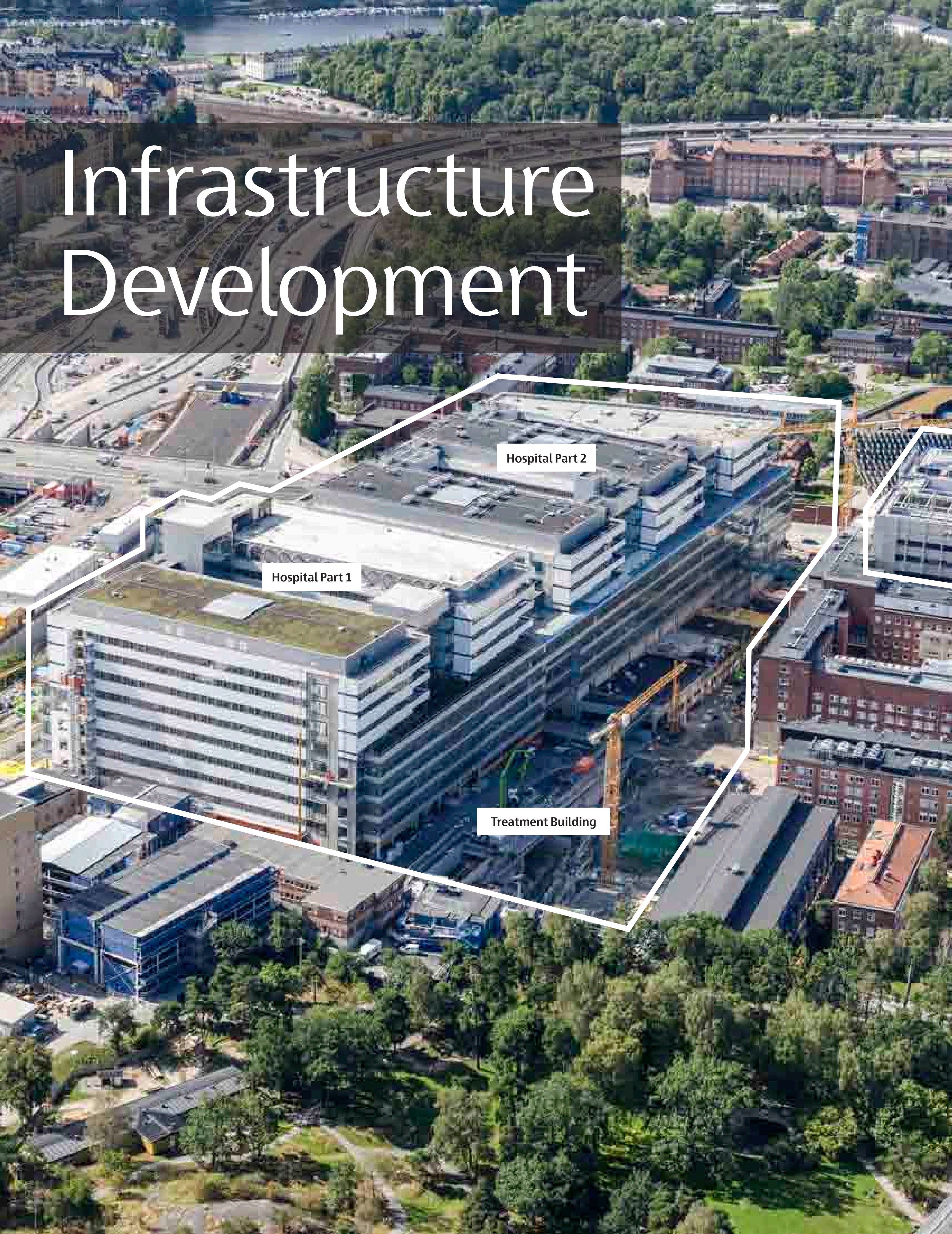
Finished, fully leased, sold and continuing to receive awards. Skanska's first self-developed commercial project in Seattle is now complete. The world-leading sporting goods company Brooks Sports moved in this past summer, locating its world headquarters and flagship retail store in the building.

"I have been thinking about how to describe the space you created but it is hard and somewhat beyond words… thank you for delivering such an amazing home for our brand," says, Jim Weber, CEO, Brooks Sports.

The LEED Platinum certified building was named Office Development of the Year by the Washington Chapter of the Commercial Real Estate Development Association (NAIOP).

"Stone34 drastically changed this area of our city in such positive ways that our community couldn't imagine," said Jessica Vets, Director for the Fremont Chamber of Commerce.

Infrastructure Development



Skanska takes an active part in the development of the communities where we operate. In Public Private Partnerships (PPP), innovative project solutions that are sustainable in the long term are developed to satisfy people's desire for greater well-being and a better quality of life. Skanska participates in the building, operation, maintenance and financing of these projects. New large PPP project, Interstate 4, in the U.S.

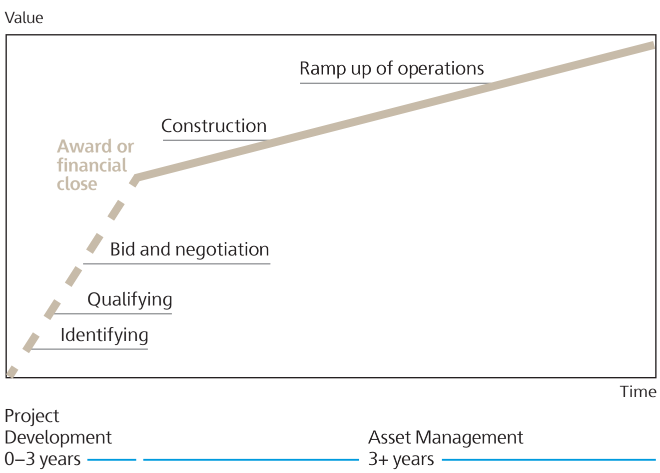
New Karolinska Solna is environmentally certified
New Karolinska Solna reached many important milestones during the year on the way toward the goal of becoming one of the world's most sustainable university hospitals. The main building is the first hospital to be certified Gold (Miljöbyggnad Guld) by the Sweden Green Building Council.

"This is an important milestone for New Karolinska Solna, which will be sustainable in many respects. Stockholm County Council has set high sustainability standards and we are proud that we can meet their expectations. This is true teamwork and I would like to thank everyone who has worked on executing the project," says **Ulf Norehn**, CEO of Swedish Hospital Partners.

Conditions for new projects still improving in the U.S.

Skanska has Infrastructure Development operations in the Nordic region, other European countries and the U.S. In 2014 financial close was achieved on the biggest PPP project so far in the U.S., and in Chile the remaining investment in a highway project was sold. Skanska's potential for good returns was clearly demonstrated in this sale as the price of the project exceeded the internal valuation.

Value creation in infrastructure development



PPP – predictability in price, timeframe and quality

Public Private Partnership is a form of public procurement where a project company owned by private companies is given complete responsibility for developing, financing, building, operating and maintaining public facilities such as large hospitals, schools, airports or highways. As the investment is partially or wholly privately financed, public sector clients' costs can be spread over a longer period of time. A life-cycle perspective is used to create resource-efficient, innovative and sustainable solutions.

The project company has incentives that become benefits for the client :

- **Established total cost.** An insurance against financial surprises.
- **A fixed annual price.** The client pays agreed compensation over a predetermined period.
- **Delivery on time with the right quality.** Compensation is only paid once the facility goes into operation. No delivery – no payment.
- **Frees up resources.** Having a counterparty with overall responsibility allows the client to focus on its core operations.

Competitors

Balfour Beatty
ACS
VINCI
Ferrovial

Market

- Tendering activity was intense in 2014, particularly in the U.S.
- Lengthy processes make it difficult to assess when tenders will result in concrete projects.
- Interest from investors in purchasing projects in the operational phase with long-term stable cash flows remains very high.

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 income on the sale –the development gain – directly in operating income. Since Skanska owns minority holdings in these companies, no revenue is recognized.

Result

Operating income: EUR 51 M (46). The sale of the remaining investment in the Antofagasta highway had a positive impact on operating income of around EUR 13.9 M.
Return on capital employed: 16.9 percent (17.4).

Unrealized development gains

EUR 222 M (199), an increase of EUR 23 M.

Outlook 2015

- The potential for new PPP projects continues to improve in the U.S., albeit with considerable competition.
- The market in Norway is showing signs of improvement.
- In other countries the outlook for new PPP projects is weak.

Generating value

Skanska Infrastructure Development focuses on three segments: roads including bridges and tunnels, social infrastructure such as hospitals and schools, and industrial facilities such as power stations. Skanska is involved throughout the value chain – from project design to operation and maintenance, which means that the level of risk in the projects gradually reduces. The business model is based on investments in long-term projects that increase in value when the projects are completed and can thus be sold to investors with an interest in long-term, stable cash flows once the projects are in operation. Skanska is aiming to expand in the Public Private Partnership (PPP) sector.

PPP involves private players providing facilities and buildings for public sector enterprises. This has a number of socioeconomic advantages for clients, taxpayers, users and construction companies. The model provides greater scope for investment in public facilities because the cost of major investments is spread over a longer period. PPP projects add value for Skanska by generating major construction contracts and providing opportunities for profits on the sale of completed projects, as illustrated in Skanska's business model on page 10. In addition to the construction contracts, in many cases Skanska is also responsible for long-term servicing and maintenance work. Skanska Infrastructure Development creates assets that, when they enter the operating phase, are characterized by stable long-term cash flows.

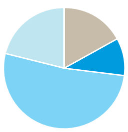
Very strong market coming 12 m · Strong market coming 12 m · Stable market coming 12 m · Weak market coming 12 m · Very weak market coming 12 m

Project portfolio

The project portfolio spans all of the geographical home markets and focuses on roads including bridges and tunnels, social infrastructure such as hospitals and schools, and industrial facilities such as power plants. Currently, this portfolio comprises projects in the Nordic countries, the UK, the U.S. and Poland primarily roads and social infrastructure.

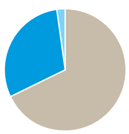
Distribution of project portfolio, estimated gross value, total EUR 691 M

Geographic area



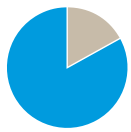
- Nordics, **17%**
- Other European countries, **10%**
- UK, **52%**
- U.S., **21%**

Category



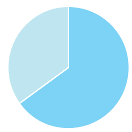
- Highways, **68%**
- Social infrastructure, **30%**
- Utilities, **2%**

Compensation type



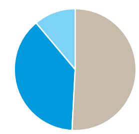
- Market risk, **17%**
- Availability, **83%**

Remaining concession



- < 10 years, **0%**
- 10–20 years, **0%**
- 20–30 years, **65%**
- > 30 years, **35%**

Phase



- Construction, **51%**
- Ramp-up, **38%**
- Steady state, **11%**

Major events

In 2014 Skanska sold its investment in the Antofagasta highway in Chile for around EUR 44 M. As a result of the sale, Skanska Infrastructure Development no longer has any assets or operations in Latin America.

In Florida Skanska reached financial close on the I-4 highway project, the biggest PPP project so far in the U.S. It involves a construction contract worth EUR 658 M for Skanska USA Civil and further strengthens Skanska's position in the PPP market in the U.S. Work on the Elizabeth River Tunnels in Virginia progressed according to plan during the year and construction will continue until 2018.

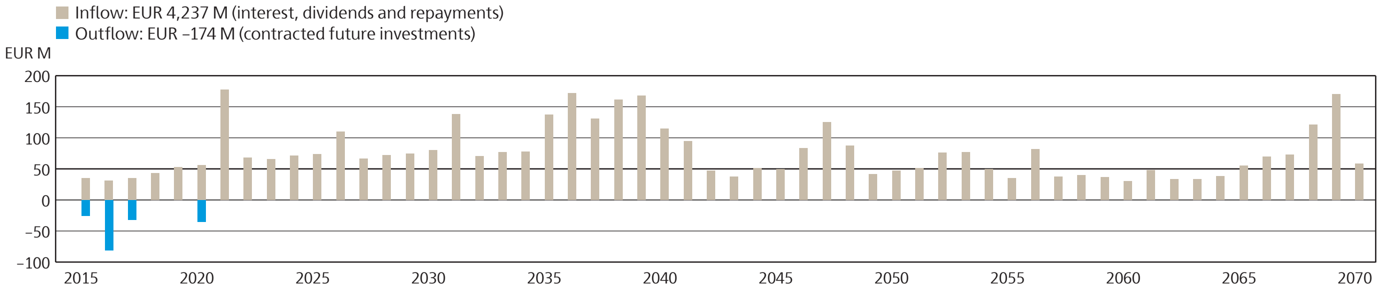
The New Karolinska Hospital (NKS), Sweden's first PPP hospital, is being built according to plan. In 2014 one of the hospital's technology buildings was completed and the hospital is expected to be operational in 2016. In 2014 the Sjisjka wind park was written down by around EUR 21 M.

Project portfolio, EUR M

Category	Type	Country	Payment type	Phase	Concession ends	Ownership, %	Year in operation/full operation	Invested capital, Dec 31, 2014	Total commitment
Highways									
A1 (Phase 1&2)	Highway	Poland	Availability	Steady state	2039	30	2007/2012	14	15
M25	Highway	UK	Availability	Ramp up	2039	40	2012	101	101
Elizabeth River Tunnels	Highway	USA	Market risk	Construction	2070	50	2017	0	103
I-4 Ultimate	Highway	USA	Availability	Construction	2054	50	2022	0	60
Social infrastructure									
Barts	Health	UK	Availability	Construction	2048	38	2006/2016	51	51
Essex BSF[1]	Education	UK	Availability	Steady state	2036	7	2012	1	1
Bristol[1]	Education	UK	Availability	Steady state	2034	8	2007/2011	1	1
New Karolinska Solna	Health	Sweden	Availability	Construction	2040	50	2018	39	62
Essex Woodlands[1]	Education	UK	Availability	Construction	2036	8	2015	0	0
Utilities									
Sjisjka	Wind power	Sweden	Market risk	Steady state	2038	50	2013	25	25
Mullbergs	Wind power	Sweden	Market risk	Ramp up	2038	50	2014	10	10
Total Skanska								**242**	**430**
Accumulated share of earnings in joint venture								99	
Carrying amount excluding fair value of cash flow hedges								**341**	
Cash flow hedges								–189	
Carrying amount including cash flow hedges								**153**	

1 Sold during 2013; Skanska Infrastructure Development retains indirect interest in project through its participation in the Local Education Partnership. For more info see note 20 B.

Estimated annual cash flow in Skanska Infrastructure Development's project portfolio, December 31, 2014[1]



1 Cash flows have been translated into SEK at the exchange rates on December 31, 2014.

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 or the market risk model.

In the availability model, compensation is based on providing a certain amenity and agreed services at a predetermined price. In these projects the client is normally a national government or municipal authority 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 price paid by end-users, for example in the form of tolls collected from motorists on a stretch of road. In this case, the project company's revenue risk is higher. At the same time, there is greater potential for increasing the return on the investment due to better operational efficiency and higher utilization.

The availability model is more common in Skanska's project portfolio and is the most common model in Europe, while both the availability model and the market risk model are used in the U.S.

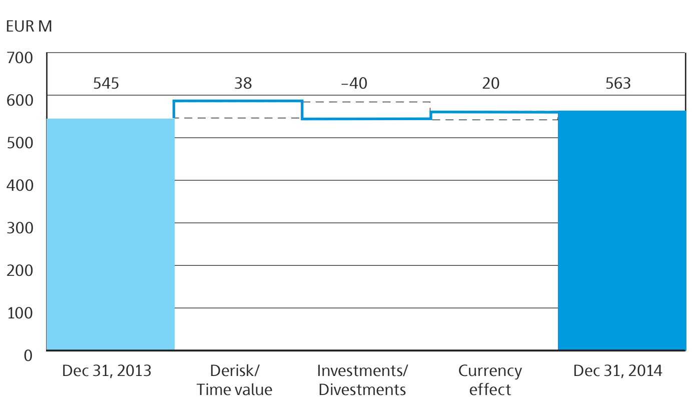
Discount rate

The discount rate used to calculate the portfolio's present value is based on the market interest rate during the long-term operational phase. Risk premiums are also added to this rate during the early development phase. The risk premium is highest at the beginning of the development phase and is then gradually lowered until the project reaches the long-term operational phase.

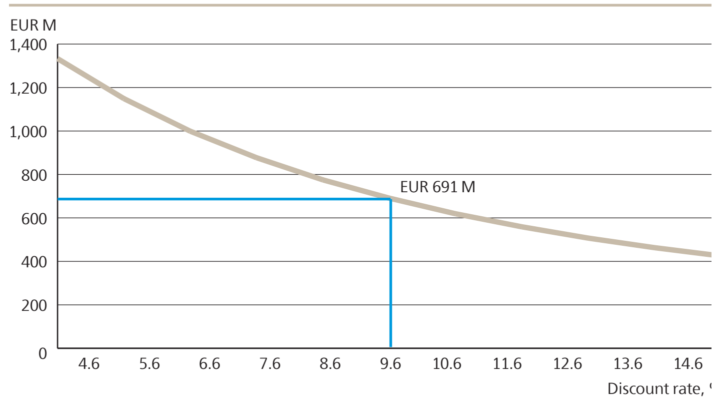
Portfolio value

The main categories in Skanska's project portfolio are roads, which account for just under 70 percent of the estimated gross present value, and social infrastructure with 30 percent. 65 percent of gross present value has a remaining concession period of between 20 and 30 years. The portfolio's estimated gross present value at the end of the year amounted to EUR 691 M. The net present value of the asset portfolio increased from EUR 545 M to EUR 563 M during the year. The increase was mainly attributable to the time value effect in the valuation of future cash flows and to currency rate effects. In addition to the change in portfolio value, gross divestments, as well as interest payments and distributions from project companies to Skanska, all contributed to value creation in the Group.

Change in net present value and unrealized development gain



Gross present value of cash flow from projects – sensitivity analysis



Valuation on December 31, 2014 by category, EUR M

Category	Gross present value, Dec 2014	Discount rate, % 2014	Net present value remaining investments[1]	Carrying amount, Dec 2014[2]	Unrealized development gain, 2014
Highways	471	9,7	108	205	157
Social infrastructure	210	9,5	19	126	65
Utilities	10		0	10	0
Total	**691**	**9,6**	**127**	**341**	**222**
Cash flow hedges					189
Effect in unrealized equity[3]					**411**

1 Nominal value EUR 174 M.
2 Invested capital plus accrued value of participations in project companies corresp. to Skanska's ownership.
3 Tax effects not included.

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 the net present value minus the project carrying amount and is calculated before market valuations of financial derivatives entered into by project companies to reduce financial risk.

For more information see Note 1 on page 119.

Bristol school students moving up in education

Skanska's participation in the Bristol Local Education Partnership 2006–2016

– 13 secondary schools
– 19 primary schools (years 1–6)
– 12 primary schools under development up to 2016

Total order value : GBP 485 million

Students in Bristol schools are on an educational journey. For a long time the city was at the bottom of the British school results. Only 30 percent of students were achieving the national goals before the launch of the Local Education Partnership (LEP), a school development program to replace the old schools and accommodate the population increase.

Under a 10-year partnership agreement which started in 2006, Skanska has built new schools and redeveloped old ones. It started with four secondary schools in a public-private partnership and then an additional nine secondary schools, followed by 19 primary schools.

Skanska has worked on both new buildings and renovations, designing and constructing with a focus on supporting learning and reducing anxiety and bullying. Daylight and the right indoor climate are among the factors documented as important for students to achieve good results. In the decade ending in 2016 Skanska will have created new and stimulating environments for more than 13,000 secondary school students and 9,000 primary school students.

Students at the privately financed secondary schools in Bristol are now performing above the national average in the national exams.

Elizabeth River Tunnels, Virginia, USA
Client: Virginia Department of Transportation
Owner Company: Elizabeth River Crossings, ERC (Skanska/Macquarie 50/50)
Type of contract: Public Private Parntership (PPP), develop, finance, construction, operation and maintenance
Design-Build Construction contract: USD 1.5 billion
Contractors: Skanska USA Civil, 45 percent; Kiewit, 40 percent; Weeks Marine, 15 percent
Construction period: 2012–2018
Concession period: 2012–2070

Skanska's first Public Private Partnership (PPP) project in the U.S. – the Elizabeth River Tunnels in Virginia – is advancing both above ground and below water. A new tunnel is being constructed on the bottom of the river and three existing tunnel tubes are being upgraded.

Elizabeth River separates the adjacent cities of Norfolk and Portsmouth, the region is home to a major naval base and shipping port. There are few bridges here and the existing Midtown tunnel that was built 50 years ago is now one of the busiest two-lane thoroughfare in the eastern U.S. The queues are long – nearly 100,000 vehicles pass through the Midtown tunnel every day.

A boost for old tunnels

"I lose close to an hour a day in traffic," says Major Dudley III, who drives his long container trailer between ports and logistics centers eleven or twelve hours a day. "It will be great when the new tunnel is finally open."

In 2016, the expanded Midtown Tunnel will have two tubes with two lanes in each direction. Overall, this mega-project has five segments, all quite different:

- Tube fabrication: Casting eleven 16,000 ton hollow concrete elements in a dry dock near Baltimore.
- Marine: Dredging and preparing the river bottom and immersing the tunnel sections.
- Approaches: Building approach structures to the new tunnel on both sides of the river.
- Interiors: Rehabilitation of three existing tunnels and installations in the new Midtown Tunnel.
- Extending Martin Luther King, Jr. Expressway, enhancing connection between the tunnels in Portsmouth.

"In big PPP undertakings as this one we can maximize synergies with a focus on lifecycle costs ," says Wade Watson, Project Director.

At the end of 2014, six tunnel elements had been fabricated and towed to Portsmouth where immersion is now under way. Fabrication of the five remaining elements will be completed in spring 2015. Rehabilitation work is nearly complete on one Downtown Tunnel tube and underway on the other tube. Work on the MLK Expressway is now beginning. Overall, the project is currently ahead of schedule.

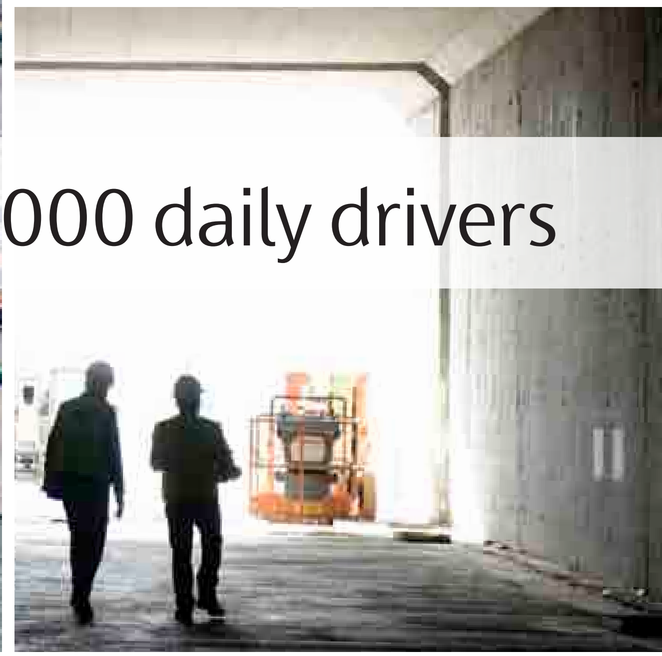
Toll fees via E-Z Pass

The project is partially financed by toll fees that were introduced in 2014. Drivers pay USD 0.75–1.25 per passage. The Commonwealth of Virginia is subsidizing a portion of the cost for the first few years.

"We bear all of the market risk related to traffic volumes. More cars translate to more revenue and the potential for higher returns," says Doran Bosso, Asset Manager at ERC. Traffic volume is already in line with projections.

Faster and safer for 100,000 daily drivers


Renovated Downtown Tunnel



Better flow to Disney World in Florida

Interstate 4, Orlando, Florida
Client: Florida department of Transportation
Investment: USD 73 million
Construction contract: totals USD 2.3 billion in a joint venture with Granite and Lane. Skanska's share USD 900 million
Construction period: 2015–2021
Concession period: 2015–2054

Florida's traffic is growing at tremendous rate. This is especially true in Central Florida, where world-leading tourist destinations like Walt Disney World, Universal and Sea World are located. A major expansion of Interstate 4 will improve the traffic situation for both tourists and the growing local population.

Skanska won the battle for one of the biggest contracts for a public-private partnership (PPP) in the U.S. I-4 Ultimate involves financing, design, expansion, operation and maintenance of 34 km of Interstate 4, the main north-south thoroughfare through the entertainment metropolis of Orlando.

A fleet of bulldozers and excavators will get the project started at the beginning of 2015. In the period up to 2021, the I-4 will be expanded to include four new express lanes, and six existing lanes. A number of major intersections will also be reconstructed and upgraded. The project has implemented Envision™, a U.S. verification process for maximum sustainability in civil projects.

The 40-year PPP contract includes responsibility for maintaining the standard of the roads up to 2054, when the project will be handed back to the client, the Florida Department of Transportation (FDOT).

Skanska is acting as both builder and investor. The concession company, I-4 Mobility Partners, in which Skanska and John Laing are 50/50 owners, will be compensated with availability payments that require keeping the facility open and maintained for travelers.

Skanska Financials 2014

The financial statements presented in this Review have been prepared in EUR (euro) 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.

Revenue decreased slightly in EUR but increased in local currencies compared to the previous year, and operating income decreased sompared to previous year. Profitability improved in the Construction business stream in the Nordic region and Central Europe during the year, and Poland and Sweden in particular presented very good margins. The Finnish operations performed well despite a weak market. Profitability improved in the Norwegian Construction business stream, putting it back at a more stable level, and the Czech operations reported a positive result following the previous year's restructuring measures. The U.S. operations presented slightly lower margins, which is in part due to the completion of a number of profitable projects the previous year. Order bookings developed very well, particularly in the UK, Poland and in civil construction in the U.S. The Latin American operations are now being reported under Central after a decision to divest the operation and maintenance units and discontinue the Construction business stream there. The Residential Development business stream achieved improved profitability and increased margins. The favorable market in Sweden was a contributing factor, as was increased efficiency in the Swedish and Norwegian operations. Commercial Property Development continues to show strong profitability. In 2014 properties were divested for EUR 1.07 billion, resulting in capital gains of around EUR 0.22 billion. At the end of the year Commercial Property Development had 43 ongoing projects. The Infrastructure Development business stream signed its second Public Private Partnership (PPP) agreement in the U.S. for the Interstate 4 Ultimate project in Orlando, Florida. Towards the end of the year the Antofagasta highway in Chile was sold, marking the end of Infrastructure Development operations in Latin America. During the year, the focus of Infrastructure Development remained on increasing the synergies of Skanska's business model, whereby capital generated in Construction is invested in development, which in turn generates construction assignments and future development gains.

Construction

The market outlook for construction continues to develop in a positive direction. The residential construction and commercial building construction markets are strong in Sweden. The market for major civil construction projects in the Nordic region is relatively stable but faces considerable competition. In Norway investments in infrastructure are expected to increase significantly in the years ahead. As a result of falling oil prices, the commercial building construction market is somewhat weaker in certain regions in Norway where there is dependency on the energy sector. The general market in Finland is weak. The market for commercial building construction and civil construction projects is still strong in the UK. The commercial building construction market improved in Poland. The Czech market improved thanks to a brighter economic outlook, political stability and planned investments in infrastructure projects.

In the U.S. infrastructure market, falling oil prices have had a negative effect on investments in energy-related projects. The market in the U.S. for large and complex civil construction projects remains strong, although competition is intense. In building construction, the commercial building, healthcare, airport and education segments are developing well.

Residential Development

The residential development market continues to develop well in Sweden. The Norwegian market is relatively stable but has been affected in certain regions by falling oil prices. The Finnish market remains weak. In Central Europe the residential market is relatively stable. Transaction volumes have increased in Poland. The Czech market has stabilized at a low level, although selling prices have increased.

Commercial Property Development

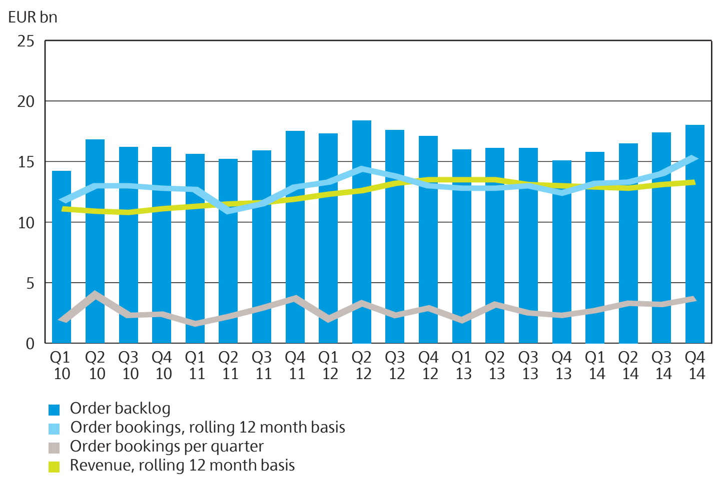
Vacancy rates for office space in most of the Nordic and Central European cities where Skanska has operations are relatively stable. The vacancy rate is low in Sweden in particular. Demand for office space is strong in Poland and is improving in other parts of Central Europe. In the U.S., demand from tenants continues to improve in Boston, Washington D.C. and Seattle, while demand in Houston is showing signs of weakening as a result of falling oil prices. Modern properties with stable tenants are in high demand among property investors, resulting in attractive valuations for these properties. In Sweden there is still interest from domestic and international investors in newly developed properties, driven in part by improved access to credit.

Infrastructure Development

Conditions for new PPP projects continue to improve in the U.S. despite considerable competition. The market in Norway is showing signs of improvement, but in other markets the outlook for new PPP projects remains weak.

Order bookings and order backlog

Order bookings, backlog and revenue in construction



Order bookings

Order bookings were 22 percent higher than the previous year, amounting to EUR 16.2 billion (13.2), and increased by 24 percent in local currency. Order bookings in EUR were 14 percent higher than revenue in 2014, in comparison with 2013 when order bookings were 4 percent lower than revenue.

Order bookings increased during the year in all operations except in the Finnish operations.

The contracts signed in 2014 included a number of substantial contracts in segments that are important to Skanska.

Nordic countries

In Norway, a number of major orders were received, the largest of which was for expansion of the E18 highway at Larvik between Bommestad and Sky for an order value of around EUR 0.2 billion. Skanska Norway also received an order as part of a joint venture with Strabag to construct a railway tunnel for an order value for Skanska of around EUR 76.8 M. Skanska Sweden also received a number of substantial orders, the largest being a new healthcare and treatment building at Uppsala University Hospital for an order value of around EUR 0.1 billion. Skanska Sweden also received an order from Locum to a rebuild and expand Södertälje Hospital for an order value of around EUR 106.1 M. Skanska Sweden signed an agreement with the National Property Board of Sweden to renovate and rebuild Nationalmuseum in Stockholm for a total order amount of around EUR 76.8 M and signed an agreement with European Spallation Source (ESS) to build the first stage of a world-class research facility in Lund for an order value of around EUR 73.5 M. The construction project plan involves several stages and separate contracts will be signed at the beginning of each stage. In Finland Skanska signed agreements as part of a joint venture with Lemminkäinen to build the three final phases of a new logistics center for consumable goods in Sibbo for an order value for Skanska of around EUR 72.4 M.

Other European countries

Skanska UK received a number of substantial orders during the year, the largest of which was for construction of the new Defence College of Logistics, Policing and Administration in Hampshire and reconstruction of the Princess Royal Barracks in Surrey for a total order value of around EUR 0.3 billion. Skanska UK also won an order to construct a large office building on Lime Street in central London for an order value of around EUR 0.2 billion. A contract was also signed with Helical Bar to build the Creechurch Place commercial building in London for an order value of around EUR 0.1 billion. Skanska UK also signed a contract to build a commercial office building at One New Street Square in London for an order value of around EUR 108.6 M, and a contract with Carillion to perform mechanical and electrical work on 866 apartments in the Battersea Power Station redevelopment in London for an order value of around EUR 106.4 M. In the Czech Republic Skanska won a contract with the Railway Infrastructure Administration to modernize the Pilsen railway junction for an order value of around EUR 60.3 M.

North America

Skanska USA secured several major projects during the year in both Civil and Building. The largest contract that Skanska USA Civil received in 2014 involves the design, construction, operation and maintenance of the Interstate 4 Ultimate project in Orlando, Florida. The construction contract amounted to around EUR 0.7 billion and is in the form of a PPP where Skanska Infrastructure Development (Skanska ID) is one of the owners. In Washington D.C. Skanska USA Civil won an assignment in a joint venture with Traylor Brothers Inc. and J.F. Shea Construction to design and extend the Metro Purple Line in Los Angeles for an order value for Skanska of around EUR 0.6 billion. In another joint venture with Traylor Brothers Inc., Skanska USA Civil received an order to construct the Regional Connector, an underground connection for the Expoline light rail in central Los Angeles. Skanska's portion of the order value amounts to around EUR 0.4 billion. Skanska USA Civil also signed a contract with New York State Department of Transportation to design and construct the new Kosciuszko Bridge for an order value of around EUR 0.2 billion. Skanska USA Building won a contract in 2014 for an expansion of the UF Health Shands Cardiovascular/Neuroscience Hospital in Gainesville, Florida for an order value of around EUR 0.2 billion. In New York Skanska USA Building received an order to reconstruct the Rockaway Beach boardwalk, which was damaged during Hurricane Sandy, for an order value of around EUR 0.1 billion. Skanska USA Building also received an order to renovate a property in New York City for an order value of around EUR 0.1 billion and signed a contract to renovate and reconstruct the Riverside Community Hospital in California for an order value of around EUR 108.6 M, and an additional contract to build a new medical specialty unit on the Stamford Hospital campus in Connecticut for an order value of around EUR 105.8 M. Skanska USA Building and a joint venture partner together received an additional contract to head the construction of an ultra-modern research and development building for an order value for Skanska of around EUR 99.6 M.

Order bookings and backlog

Business unit	Order bookings		Order backlog	
EUR M	2014	2013	2014	2013
Sweden	3,500.2	3,456.5	3,140.9	3,086.2
Norway	1,556.8	1,513.9	1,053.4	1,063.1
Finland	655.3	783.6	589.6	668.0
Poland	1,093.6	962.0	579.5	639.2
Czech Republic	507.0	368.0	472.2	501.2
UK	2,085.4	1,196.3	2,770.0	2,217.5
USA Building	3,858.7	3,557.8	5,009.3	4,049.2
USA Civil	2,854.6	1,331.7	4,370.9	2,896.7
Other	53.2	29.6	43.3	16.2
Total	**16,164.8**	**13,199.4**	**18,029.0**	**15,137.2**

Order backlog

The order backlog increased by 19 percent,(increasing by 13 percent in local currencies), and at the end of the year amounted to EUR 18.0 billion (15.1). The order backlog is equivalent to about 15 (14) months of production.

The North American, Nordic and other European operations accounted for 52, 27 and 21 percent of the order backlog respectively.

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 IFRS, 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 respect to revenue and operating income, are summarized in the tables below.

Revenue

EUR M	2014	2013
Revenue by business stream according to segment reporting		
Construction	14,132.6	13,764.9
Residential Development	1,048.0	1,067.3
Commercial Property Development	1,121.5	717.3
Infrastructure Development	17.9	10.1
Central and eliminations	–417.8	211.2
Total revenue according to segment reporting	**15,902.2**	**15,770.7**
Reconciliation with IFRS	–186.8	16.5
Total revenue according to IFRS	**15,715.4**	**15,787.2**

Revenue according to segment reporting increased by 1 percent to EUR 15.9 billion (15.8). In local currencies, the revenue increase was 3 percent. In the Construction business stream, revenue rose in EUR by 3 percent. EUR 1.7 billion (1.6) of revenue in Construction, equivalent to 12 percent (12), was generated by the Group's project development operations. To reconcile with IFRS, the revenue is added from the homes and properties that were sold in prior years but that were handed over in 2014. Then the revenue from the homes and properties that were sold during the year but are yet to be occupied by the purchaser is subtracted. Of the EUR 1,048.0 M (1,067.3) in Residential Development revenue, EUR 99.9 M (40.1) consists of revenue from joint ventures which has been included line by line according to the proportional method of accounting.

Operating income

EUR M	2014	2013
Operating income by business stream according to segment reporting		
Construction	494.7	448.5
Residential Development	74.9	66.2
Commercial Property Development	186.4	123.4
Infrastructure Development	50.8	46.3
Central [1]	–176.3	–84.6
Eliminations	1.8	–5.3
Operating income according to segment reporting	**632.2**	**594.6**
Reconciliation with IFRS	–39.1	48.1
Operating income according to IFRS	**593.1**	**642.6**

1 Including the Latin American operations

Operating income according to segment reporting amounted to EUR 632.2 M (594.6).

Impairment losses on current and non-current assets were charged to operating income in the amount of EUR –30.3 M (–37.0). The comparative year was also charged with goodwill impairment losses of EUR –5.5 M.

Construction

In the Construction business stream, operating income increased by 10 percent, amounting to EUR 494.7 M (448.5). The operating margin increased compared to the previous year and amounted to 3.5 percent (3.3). Profitability improved in the Nordic countries and in Central Europe in 2014. The Czech operations returned to profitability in 2014 in comparison with 2013 when earnings were affected by impairment losses and provisions following a restructuring program. In the case of the U.S. operations, the completion of large, profitable projects had a positive impact on the comparative year's profitability. The Latin American operations are reported under Central based on a decision to divest the operation and maintenance units in addition to the ongoing process of discontinuing the construction unit in Latin America. The comparative figures for 2013 have been adjusted accordingly.

Residential Development

The operating income for Residential Development amounted to EUR 74.9 M (66.2) and the operating margin for the business stream increased to 7.1 percent (6.2). All operations reported increased operating margins except for Finland where significant discounts had a negative impact on the operating margin. Impairment losses on current assets, mainly in Residential Development, had a total negative impact on earnings of EUR –12.7 M (–5.2).

Commercial Property Development

Operating income for Commercial Property Development amounted to EUR 186.4 M (123.4). Properties were sold during the year for a value of EUR 1,072.7 M (667.9), with capital gains amounting to EUR 218.1 M (163.5).

Infrastructure Development

Operating income in Infrastructure Development amounted to EUR 50.8 M (46.3). The operating income includes EUR 13.9 M for the sale of the Antofagasta highway in Chile. As a result of this sale, Infrastructure Development no longer has any operations in Latin America. The operating income also includes impairment losses of EUR –21.2 M for Sjiska, a wind power project in Sweden.

Central

Central expenses, including businesses under discontinuation, amounted to EUR –176.3 M (–84.6). The increase is mainly explained by the fact that expenses in Latin America are included in Central expenses in the amount of EUR –87.8 M (–5.4). The inclusion of Latin America is due to a decision to divest the operation and maintenance units in addition to the ongoing process of discontinuing the construction unit in Latin America.

Eliminations of intra-Group profits

Eliminations/reversals of intra-Group profits amounted to EUR 1.8 M (–5.3). At the Group level, this included elimination of profits in the Construction business stream relating to property projects. Eliminations are reversed when projects are divested.

Income according to IFRS

EUR M	2014	2013
Revenue	15,715.4	15,787.2
Cost of sales	–14,277.9	–14,350.7
Gross income	**1,437.5**	**1,436.4**
Selling and administrative expenses	–917.8	–887.8
Income from joint ventures and associated companies	73.4	94.0
Operating income	**593.1**	**642.6**

Gross income was EUR 1,437.5 M (1,436.4). Gross income includes income from operating activities, including gains on divestments in Residential Development and Commercial Property Development. It also includes impairment losses on project development operations and on property, plant and equipment totaling EUR –9.1 M (–28.7).

Divestments of commercial properties resulted in a capital gain of EUR 223.4 M (219.0).

Selling and administrative expenses increased to EUR –917.8 M (–887.8), which is equivalent to 6 percent (6) of revenue.

Income from joint ventures and associated companies totaling EUR 73.4 M (94.0) is mainly from holdings reported in the Infrastructure Development business stream and includes gains from the divestment of holdings in projects.

Income after financial items

EUR M	2014	2013
Operating income	**593.1**	**642.6**
Interest income	15.0	15.7
Pension interest	–7.6	–10.9
Interest expense	–43.1	–55.8
Capitalized interest expense	22.5	30.2
Net interest income/expense	**–13.2**	**–20.8**
Change in fair value	–6.4	2.4
Other financial items	–11.2	–9.5
Income after financial items	**562.4**	**614.8**

Financial items amounted to EUR –30.7 M (–27.9).

Net interest improved to EUR –13.2 M (–20.8). Interest income decreased marginally to EUR 15.0 M (15.7). Interest expense fell to EUR –43.1 M (–55.8), which is mainly explained by lower interest rates on construction loans in Sweden and a reduced percentage of loans in currencies with high interest rates.

Capitalization of interest expense in Skanska's own ongoing projects decreased due to lower interest rates, particularly in the Swedish market, and amounted to EUR 22.5 M (30.2).

Net interest on pensions, which refers to the net amount of interest expense for pension obligations calculated at the beginning of the year and the expected return on plan assets, decreased to EUR –7.6 M (–10.9). The change is primarily due to the net debt at the beginning of the year being lower than the net debt at the beginning of the previous year, which is largely explained by the increase in value of stocks and funds in 2013.

The change in market value of financial instruments amounted to EUR –6.4 M (2.4) and is mainly due to lower interest rates in the Swedish market which negatively affected interest-rate swap contracts.

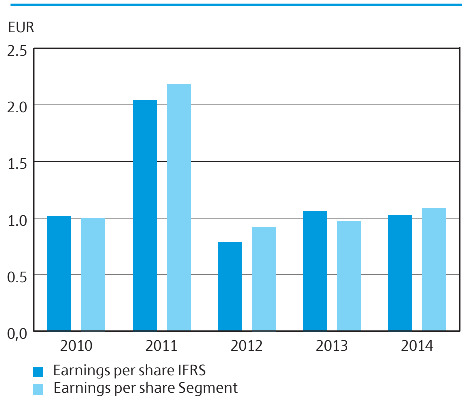
Other financial items amounted to EUR –11.2 M (–9.5) and mainly consisted of exchange-rate effects and various fees for credit facilities and bank guarantees.

Profit for the year

EUR M	2014	2013
Income after financial items	562.4	614.8
Taxes	–140.2	–179.3
Profit for the year	**422.1**	**435.5**
Profit for the year attributable to		
Equity holders	421.4	435.2
Non-controlling interests	0.8	0.3
Earnings per share for the year, EUR	1.03	1.06

After subtracting the year's tax expense of EUR –140.2 M (–179.3), equivalent to a tax rate of 25 percent (29), profit for the year attributable to equity holders amounted to EUR 421.4 M (435.2). Among the reasons for the lower effective tax rate in 2014 compared to 2013 is that the nominal tax rate was lowered in several European Countries and that a large portion of the earnings is attributable to operations in Europe where taxes are significantly lower than in the U.S. The lower effective tax rate is also explained by the fact that the Group, following an appeal, was granted some deductions for costs in connection with a divestment in a prior year of an infrastructure project. Taxes paid for the year amounted to EUR –109.2 M (–124.0). Earnings per share amounted to EUR 1.03 (1.06).

Earnings per share



1 Including earnings from the sale of Autopista Central, Chile.

Comprehensive income for the year

EUR M	2014	2013
Profit for the year	422.1	435.5
Other comprehensive income		
Items that will not be reclassified to the period's profit or loss		
Remeasurement of defined-benefit pension plans	–252.1	83.6
Tax on items that will not be reclassified to the period's profit or loss	55.8	–21.2
	–196.3	**62.4**
Items that have been or will be reclassified to the period's profit or loss		
Translation differences attributable to equity holders	19.6	–161.8
Translation differences attributable to non-controlling interests	0.7	–1.0
Hedging of exchange-rate risk in operations outside Sweden	–3.7	35.4
Effect on cash-flow hedges	–90.2	60.8
Tax on items that have been or will be reclassified to the period's profit or loss	2.5	2.0
	–71.2	**–64.7**
Other comprehensive income after tax	**–267.4**	**–2.3**
Comprehensive income for the year	154.7	433.2
Comprehensive income for the year attributable to		
Equity holders	153.3	433.9
Non-controlling interests	1.4	–0.7

Other comprehensive income after tax for the year amounted to EUR –267.4 M (–2.3). The change in translation differences attributable to equity holders amounts to EUR 19.6 M (–161.8). This item, which consists of the change in accumulated translation differences when translating the financial reports of operations outside Sweden, mainly consists of positive translation differences in GBP and USD and negative translation differences in SEK, PLN and NOK. About 25 percent of net investments outside Sweden
were currency hedged in 2014, which resulted in a negative effect of EUR –3.7 M (35.4) in other comprehensive income for the year. See Note 6.

Remeasurement of the net pension liability including social insurance contributions amounted to EUR –252.1 M (83.6). The negative effect is mainly explained by significantly lower discount rates in all three countries where Skanska has defined-benefit plans. The negative effect of lower discount rates is reduced to some extent by the actual gain on plan assets exceeding the expected return.

The effect of cash-flow hedges amounted to EUR –90.2 M (60.8).

Hedge accounting is employed in several business streams. Infrastructure Development is the business stream in which the effect on the cash-flow reserve is the greatest. 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 long-term hedging of interest expense relating to long-term Infrastructure Development projects. Even if the client compensates Skanska for these hedges in terms of cash flow, this item is affected by fair value measurements. The item includes fair value measurement of interest rate swaps of this kind from joint ventures in Infrastructure Development. The cash flow reserve was significantly increased during the year, which is explained by changes in market interest rates. The increase was to some extent reduced by interest swaps maturing and being capitalized and by the divestment of infrastructure projects.

Total comprehensive income for the year amounted to EUR 154.7 M (433.2).

Investments/Divestments

EUR M	2014	2013
Operations – investments		
Intangible assets	–19.3	–14.6
Property, plant and equipment	–154.8	–177.4
Assets in Infrastructure Development	–36.0	–8.7
Shares	–34.0	–10.3
Current-asset properties	–1,478.7	–1,326.8
of which Residential Development	–753.5	–810.7
of which Commercial Property Development	–725.2	–516.1
Investments	**–1,722.8**	**–1,537.7**
Operations – divestments		
Intangible assets	0.0	0.0
Property, plant and equipment	78.5	43.7
Assets in Infrastructure Development	45.9	28.0
Shares	3.9	1.6
Current-asset properties	1,894.6	1,864.1
of which Residential Development	992.6	1,060.7
of which Commercial Property Development	902.0	803.4
Divestments	**2,023.1**	**1,937.5**
Net investments/divestments in operations	**300.3**	**399.8**
Strategic Investments		
Acquisition of businesses	0.0	–22.3
Acquisition of shares	0.0	0.0
Strategic investments	**0.0**	**–22.3**
Strategic divestments		
Divestment of businesses	10.4	0.1
Divestment of shares	0.0	0.0
Strategic divestments	**10.4**	**0.1**
Net strategic investments/divestments	**10.4**	**–22.2**
Total net investments/divestments	**310.7**	**377.6**
Depreciation/amortization, non-current assets	–175.1	–181.2

The Group's investments totaled EUR –1,722.8 M (–1,560.0). Of this, EUR 0.0 M (–22.3) was for acquisitions of businesses. Divestments amounted to EUR 2,033.5 M (1,937.6) and the Group's net investments amounted to EUR 310.7 M (377.6).

Investments in property, plant and equipment, which mainly consist of ongoing investments in operations, amounted to EUR –154.8 M (–177.4). Divestments of property, plant and equipment amounted to EUR 78.5 M (43.7).

Depreciation of property, plant and equipment amounted to EUR –167.1 M (–173.7).

Net investments in current-asset properties amounted to EUR 415.9 M (537.3). Projects were sold for EUR 1,894.6 M (1,864.1), while investments amounted to EUR –1,478.7 M (–1,326.8). In Residential Development investments in current-asset properties amounted to EUR –753.5 M (–810.7), of which around EUR –79.2 M (–60.1) was for land equivalent to 3,114 building rights. Completed homes were sold for EUR 992.6 M (1,060.7). Net divestments in current-asset properties in Residential Development amounted to EUR 239.1 M (250.0).

In Commercial Property Development investments in current-asset properties amounted to EUR –725.2 M (–516.1), of which around EUR –79.6 M (–95.2) was for land, and the total investments amounted to EUR –754.9 M (–521.7). Divestments of current-asset properties amounted to EUR 902.0 M (803.4). Net divestments in current-asset properties in Commercial Property Development amounted to EUR 176.8 M (287.3). The investment volume in Commercial Property Development increased according to plan in 2014. Realized development gains remained at a higher level in 2014.

Investments in the form of equity and subordinated loans in Infrastructure Development amounted to EUR –36.0 M (–8.7) and divestments amounted to EUR 45.9 M (28.0). Net divestments in Infrastructure Development were EUR 10.0 M (19.3).

Consolidated operating cash flow

EUR M	2014	2013
Cash flow from business operations before change in working capital	440.3	465.9
Change in working capital	–240.1	–128.8
Net investments/divestments in the business	300.3	399.8
Accrual adjustments, cash-flow effect of investments	7.0	–30.3
Taxes paid in business operations	–105.6	–126.2
Cash flow from business operations	**402.0**	**580.5**
Net interest items and other financial items	12.2	–6.8
Taxes paid in financing activities	–3.6	2.1
Cash flow from financing activities	**8.6**	**–4.7**
Cash flow from operations	**410.5**	**575.7**
Strategic net investments/divestments	10.4	–22.2
Taxes paid on strategic investments/divestment	0.0	0.0
Cash flow from strategic investments	**10.4**	**–22.2**
Dividend etc.[1]	–321.8	–318.7
Cash flow before change in interest-bearing receivables and liabilities	**99.1**	**234.9**
Change in interest-bearing receivables and liabilities	52.1	–53.7
Cash flow for the year	**151.2**	**181.1**
Cash and cash equivalents, January 1	820.8	676.3
Exchange rate differences in cash and cash equivalents	–11.3	–36.5
Cash and cash equivalents, December 31	**960.7**	**820.8**
1 Of which repurchases of shares	–40.2	–33.2

Cash flow for the year amounted to EUR 151.2 M (181.1).

Cash flow from operations amounted to EUR 410.5 M (575.7). Net investments in business operations fell to EUR 300.3 M (399.8). The change in working capital impacted cash flow negatively and the change totaled EUR –240.1 M (–128.8). The main reason for the lower cash flow from business operations is changes in net investments and working capital.

Taxes paid in business operations amounted to EUR –105.6 M (–126.2).

Change in interest-bearing receivables and liabilities amounted to EUR 52.1 M (–53.7).

Cash flow for the year of EUR 151.2 M (181.1) combined with translation differences of EUR –11.3 M (–36.5) increased cash and cash equivalents to EUR 960.7 M (820.8).

Development projects sold but not occupied as of February 11, 2015 will have a positive effect on the cash flow of around EUR 0.3 billion in the first half of 2015.

Financing and liquidity

At year-end 2014, the Group had interest-bearing net receivables, including provisions, amounting to EUR 73.6 M (109.2). The Group's unutilized credit facilities totaled EUR 600.0 M (646.6) at year-end. Of these, EUR 555.0 M was unutilized long-term credit maturing at the end of June 2019. Interest-bearing assets increased to EUR 1,693.0 M (1,685.6). Of these, receivables in foreign currencies accounted for 75 percent (67). The average interest rate refixing period for all of the Group's interest-bearing assets was 0.1 (0.2) years and the interest rate amounted to 0.42 percent (0.69) at year-end.

Change in interest-bearing assets and liabilities

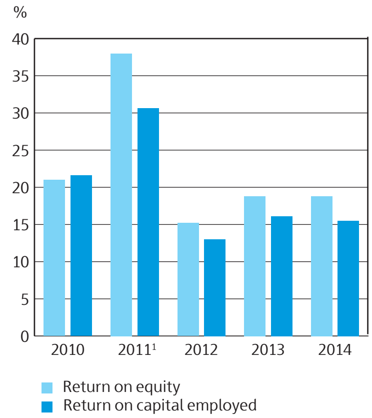
EUR M	2014	2013
Interest-bearing net liabilities/receivables, January 1	**109.2**	**–234.5**
Cash flow from business operations	402.0	580.5
Cash flow from financing activities excluding changes in interest-bearing liabilities/receivables	8.6	–4.7
Cash flow from strategic investments	10.4	–22.2
Dividend etc.[1]	–321.8	–318.7
Acquired/divested receivables/liabilities	0.8	–5.8
Translation differences	75.9	5.8
Remeasurement of pension liability, net	–221.9	64.3
Other changes	10.5	44.6
Interest-bearing net receivables/liabilities, December 31	**73.6**	**109.2**
1 Of which repurchases of shares	–40.2	–33.2

The Group's interest-bearing liabilities and provisions increased to EUR 1,619.4 M (1,576.4), of which pension liabilities and provisions amounted to EUR 494.7 M (388.3) and construction loans to housing associations totaled EUR 338.7 M (319.9). The average interest rate refixing period for all interest-bearing liabilities was 1.5 (1.8) years, excluding pension liabilities but taking into account derivatives. The average maturity was 2.3 (2.5) years. Including unutilized credit facilities, the average maturity was 3.6 years.

The interest rate for all Group interest-bearing liabilities, excluding pension liabilities, amounted to 2.10 percent (2.57) at year-end. The percentage of loans in foreign currencies decreased to 37 percent (41).

The Group's total assets and liabilities/equity decreased by EUR –0.1 billion and amounted to EUR 9.8 billion (9.9). The effect of exchange rate fluctuations on total assets was EUR 0.3 billion.

Return on equity and capital employed



1 Including earnings from the sale of Autopista Central, Chile.

Return on equity and capital employed

At the end of the year, equity attributable to equity holders amounted to EUR 2,240.4 M (2,380.0). Apart from comprehensive income for the year of EUR 154.7 M, the change in equity is mainly explained by dividends of EUR –281.6 M, repurchases of shares totaling EUR –40.2 M, and share-based payments in connection with long-term employee ownership programs (Seop) totaling EUR 28.9 M.

Return on equity decreased to 18.3 percent (18.8).

Capital employed at year-end amounted to EUR 3,877.4 M (3,977.6). Return on capital employed amounted to 15.5 percent (16.1).

Equity/assets and debt/equity ratio

The net debt/equity ratio amounted to 0.0 (0.0) and the equity/assets ratio to 23.1 percent (24.4).

Material risks and uncertainties

Construction and project development operations involve a considerable amount of risk management. Practically every project is unique, with size, design and the environment varying for each new assignment. The construction industry differs in this way from the typical manufacturing industry where companies have permanent facilities and serial production.

In Skanska's operations, there are many different types of risks. Identifying, managing and putting a price on these risks are of fundamental importance to profitability. The risks are normally of a technical, legal and financial nature, but political, ethical, social and environmental aspects are also part of the process of assessing potential risks. There are many different types of contractual mechanisms in Skanska's operations. The degree of risk 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. A shortage of human resources or of certain intermediate goods may potentially have a negative impact on operations. Delays in the design phase or changes in design are other circumstances that may adversely affect projects. Certain counterparties, for example clients, subcontractors or suppliers, may have difficulty living up to their contractual obligations. Skanska regularly makes assessments of counterparty risk in order to be prepared for this.

To ensure a systematic and uniform assessment of risks and opportunities, Skanska uses a model involving common routines throughout the Group to identify and manage risk. Skanska uses this model to continuously evaluate projects – from preparation of tenders to completion of assignments.

In Residential Development operations, there are risks in all phases – from concept to completed project. External factors such as interest rates and the willingness of customers to buy homes are of crucial importance to all decisions made. 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 generally 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 fluctuation in market demand.

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

Commercial Property Development manages risks connected with external factors, clients' space needs and the willingness of investors to buy. Through frequent contact with clients, Skanska constantly tracks client space needs.

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 in Infrastructure Development require efficient risk management during the development phase, i.e. before and after contractual and financial close.

During the construction phase, the greatest risk is that the asset will not be able to go into service on schedule and that quality standards will not be 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, environmental and financial – which 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 more detailed account of material risks and uncertainties, 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 2014 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 and contains information in compliance with Chapter 6, Section 6 of the Annual Accounts Act.

Corporate governance principles

Skanska AB is a Swedish public limited company. Skanska AB's Series B shares are listed on NASDAQ Stockholm. Skanska AB and the Skanska Group are governed in accordance with the Articles of Association, the Swedish Companies Act, the NASDAQ Stockholm Rule Book for issuers and other applicable Swedish and foreign laws and ordinances. Skanska applies the Swedish Corporate Governance Code ("the Code") which is available at www.corporategovernanceboard.se

Articles of Association

The Articles of Association are adopted by the Annual General Meeting, which is the highest decision-making body, and must contain a number of disclosures of a more fundamental nature for the Company. These include what operations it is to conduct, the size and registered office of the Board of Directors, the size of the share capital, any regulations on different types of shares (Series A and Series B shares), conversion of shares, number of shares and how notice of an Annual General Meeting is to be provided. The complete Articles of Association are available on Skanska's website www. group.skanska.com.

Governing documents

Among the more important governing documents established yearly by the Board are the Code of Conduct, the Procedural Rules, the Group's Financial Policy, Information Policy and Risk Management Policy. The Group's most important governing documents, in addition to those based on laws or other statutes, are available on Skanska's website, www.group.skanska.com.

Annual General Meeting

At the Annual General Meeting Skanska's shareholders decide on key issues, such as adoption of income statements and balance sheets, the dividend to the shareholders, the Board's composition, discharging the members of the Board of Directors and the President and CEO from liability, 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 Annual General Meeting. Well before notice of the meeting is issued, the Company's website provides information on how shareholders are to proceed in order to have an item of business dealt with.

The 2014 Annual General Meeting

The Annual General Meeting was held on April 3, 2014 in Stockholm. At the Meeting, a total of 805 shareholders were present personally or through proxy, representing about 58 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, Charlotte Strömberg, Matti Sundberg and Pär Östberg as members of the Board of Directors, and elected John Carrig and Nina Linander as new members.

The Meeting re-elected Stuart Graham as Chairman of the Board. Employees were represented on the Board by Richard Hörstedt, Roger Karlström and Gunnar Larsson as members, with Pär-Olow Johansson, Gerardo Vergara and Thomas Larsson as deputy members. Fourteen members and deputy members of the Board, as well as the Company's auditors and members of the Senior Executive Team were present at the Annual General Meeting. The Annual General Meeting re-elected KPMG as auditor.

Among other things, the Meeting approved a dividend to the shareholders of SEK 6.25 per share (corresponding to EUR 0.71). Complete information about the 2014 Annual General Meeting plus minutes of the Meeting are available on Skanska's website.

The 2015 Annual General Meeting

The next Annual General Meeting of Skanska AB will be held at 4:00 p.m. on April 9, 2015 at the Waterfront Building 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 2015 Annual General 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 2013 Annual General Meeting gave the Chairman of the Board a mandate, before each Annual General Meeting, to allow each of the four largest shareholders in terms of voting power to appoint a representative to comprise, together with the Chairman, the Nomination Committee. The Nomination Committee for the 2015 Annual General Meeting has the following composition: Carl-Olof By, AB Industrivärden, Chairman of the Nomination Committee; Mats Guldbrand, L E Lundbergföretagen AB; Bo Selling, Alecta; Hans Ek, SEB Fund & Trygg Life Insurances; and Stuart Graham, Chairman of the Board, Skanska AB.

Information has been provided on Skanska's website on how shareholders can submit proposals to the Nomination Committee by e-mailing the Committee. The Nomination Committee plans to publish its proposals no later than in the notice of the 2015 Annual General Meeting. These proposals and an explanatory statement will be available on Skanska's website.

The Nomination Committee, 2014

Representative on the Nomination Committee for preparation of the 2015 Annual General Meeting	Representing	December 31, 2014 % of voting power
Carl-Olof By	AB Industrivärden	24.4
Mats Guldbrand	LE Lundbergföretagen AB	11.8
Bo Selling	Alecta	4.1
Hans Ek	SEB Fund & Trygg Life Insurances	2.7
Stuart Graham	Chairman of the Board, Skanska AB	–

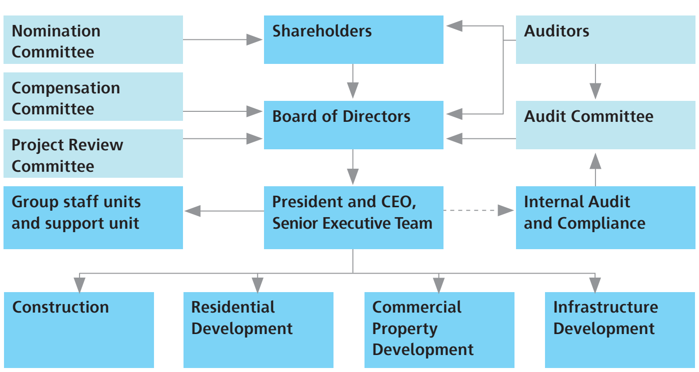
The members and deputy members of the Board

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 share-holders
Stuart Graham	Chairman	1946	U.S.	2009	Member	Chairman	Chairman	Yes	No
Johan Karlström	President and CEO	1957	Sweden	2008			Member	No	Yes
Fredrik Lundberg	Member	1951	Sweden	2011			Member	Yes	No
Sverker Martin-Löf	Member	1943	Sweden	2001	Chairman	Member	Member	Yes	No
Sir Adrian Montague	Member	1948	UK	2007			Member	Yes	Yes
Charlotte Strömberg	Member	1959	Sweden	2010	Member	Member		Yes	Yes
Matti Sundberg	Member	1942	Finland	2007				Yes	Yes
Pär Östberg	Member	1962	Sweden	2013	Member		Member	Yes	No
John Carrig[1]	Member	1952	U.S.	2014	Member		Member	Yes	Yes
Nina Linander[1]	Member	1959	Sweden	2014	Member			Yes	No
Richard Hörstedt	Employee Representative	1963	Sweden	2007			Member	–	–
Roger Karlström	Employee Representative	1949	Sweden	2008				–	–
Gunnar Larsson[1]	Employee Representative	1953	Sweden	2014				–	–
Pär-Olow Johansson[1]	Employee Rep. (Deputy)	1954	Sweden	2014					
Gerardo Vergara	Employee Rep. (Deputy)	1963	Sweden	2012				–	–
Thomas Larsson	Employee Rep. (Deputy)	1969	Sweden	2011				–	–

▪ Chairman ▪ Member

1 As of April 3, 2014

Governance structure



The Board of Directors
The Board of Directors makes decisions concerning overall issues relating to 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 ten members elected by the Annual General Meeting, without deputies, plus three members and three deputy members appointed by the employees. The Annual General 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 184.

Nine of the Board members elected by the Annual General 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 actively involved in the management of the Company.

The work of the Board in 2014
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 of its meetings. All documentation is drafted in English.

In 2014 the Board held seven meetings including its statutory meeting. At its September 2014 meeting the Board visited Skanska in the Öresund region in Sweden, including meetings with the managements of Skanska Sweden and Skanska Commercial Property Development. In conjunction with this Board meeting, the Board made work site visits that included the commercial and residential project, Malmö Live in Malmö.

The more important issues the Board dealt with during the year included monitoring the restructuring of the Residential Development units in the Nordic countries, Skanska's progress in the U.S., the discontinuation and sale of the Latin American operations, updating and following up the Group's 2014–2015 business plan, monitoring measures implemented in the Czech Republic, succession planning, internal control and risk management. A major focus area has been safety and sustainability.

The Board's committees

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, reporting 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, and reviews the reports and opinions of the Company's external auditors. The Company's external auditors are present at all Audit Committee meetings. At least once per year the Committee meets the auditors without senior executives being present. The Audit Committee comprises Sverker Martin-Löf (Chairman), Stuart Graham, John Carrig, Nina Linander, Charlotte Strömberg and Pär Östberg. In 2014 the Committee held six meetings. Important matters addressed during the year included writedowns in Skanska Latin America, monitoring operations in the Czech Republic, handling and ending major disputes, risk management and reporting of suspected Code of Conduct breaches.

Compensation Committee

The main task of the Compensation Committee is to prepare recommendations for Board decisions on appointing the President and CEO and other members of the Senior Executive Team, and salary and other compensation for the President and CEO. The Committee makes decisions on remuneration, pensions and other terms of employment for other members of the Senior Executive Team.

The Committee prepares recommendations for Board decisions on general incentive programs and examines the outcomes of variable salary components. In 2014 the Committee evaluated Skanska's variable remuneration programs for the Senior Executive Team and monitored and evaluated the application of the principles for remuneration to senior executives, as well as the existing remuneration structure and remuneration levels.

During the year the Committee also evaluated principles for reducing variable remuneration in the event the Code of Conduct is breached. The Committee consists of Stuart Graham (Chairman), Sverker Martin-Löf and Charlotte Strömberg. The Committee held six meetings in 2014.

Project Review Committee

The Project Review Committee has the Board's mandate to make decisions on its behalf regarding individual projects in Construction, Commercial Property Development and Residential Development, investments in and divestment of infrastructure projects and certain project financing packages. Projects that involve especially high or unusual risks or other special circumstances may be referred to the Board for a decision. The Committee comprises Stuart Graham (Chairman), John Carrig, Johan Karlström, Fredrik Lundberg, Sverker Martin-Löf, Sir Adrian Montague, Pär Östberg and Richard Hörstedt. The Committee held twelve meetings in 2014.

Evaluation of the work of the Board

The work of the Board is evaluated yearly through a systematic and structured process aimed, among other things, at gathering good documentation as a basis for improvements in the Board's work.

The evaluation is partly carried out individually through the completion of a questionnaire, and partly through discussions at Board meetings. 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. In addition, the Chairman is evaluated by all the other members by way of a written questionnaire. The Chairman of the Board and a designated individual inform the Nomination Committee of the evaluation results.

Fees to the Board of Directors

Total fees to the Board members elected by the Annual General Meeting were approved by the 2014 Annual General Meeting in the amount of EUR 753,832.8.

The Chairman of the Board received EUR 205,590.8 in fees and other Board members received EUR 68,530.3 each.

In addition, in accordance with a decision by the Annual General Meeting, members elected by the Annual General Meeting and serving on the Board's committees each received EUR 10,964.8 for their work on the Compensation Committee, EUR 21,929.7 for work on the Project Review Committee, and EUR 13,706.1 per member of the Audit Committee and EUR 16,447.3 to its Chairman. For more detailed information, see Note 37, "Remuneration to senior executives and Board members."

Attendance at Board and committee meetings

	Board meetings	Audit Committee	Compensation Committee	Project Review Committee
Number of meetings	**7**	**6**	**6**	**12**
Member				
Stuart Graham	7	6	6	12
Johan Karlström	7			12
Fredrik Lundberg	7			12
Sverker Martin-Löf	6	6	6	12
Sir Adrian Montague	7			11
Charlotte Strömberg	7	6	5[1]	
Matti Sundberg	7			
Pär Östberg	7	6		8
John Carrig[1]	6	2		8
Nina Linander[1]	5	5		
Richard Hörstedt	7			8[1]
Roger Karlström	7			
Gunnar Larsson[1]	6			
Pär-Olow Johansson[1]	6			
Gerardo Vergara	6			
Thomas Larsson	7			

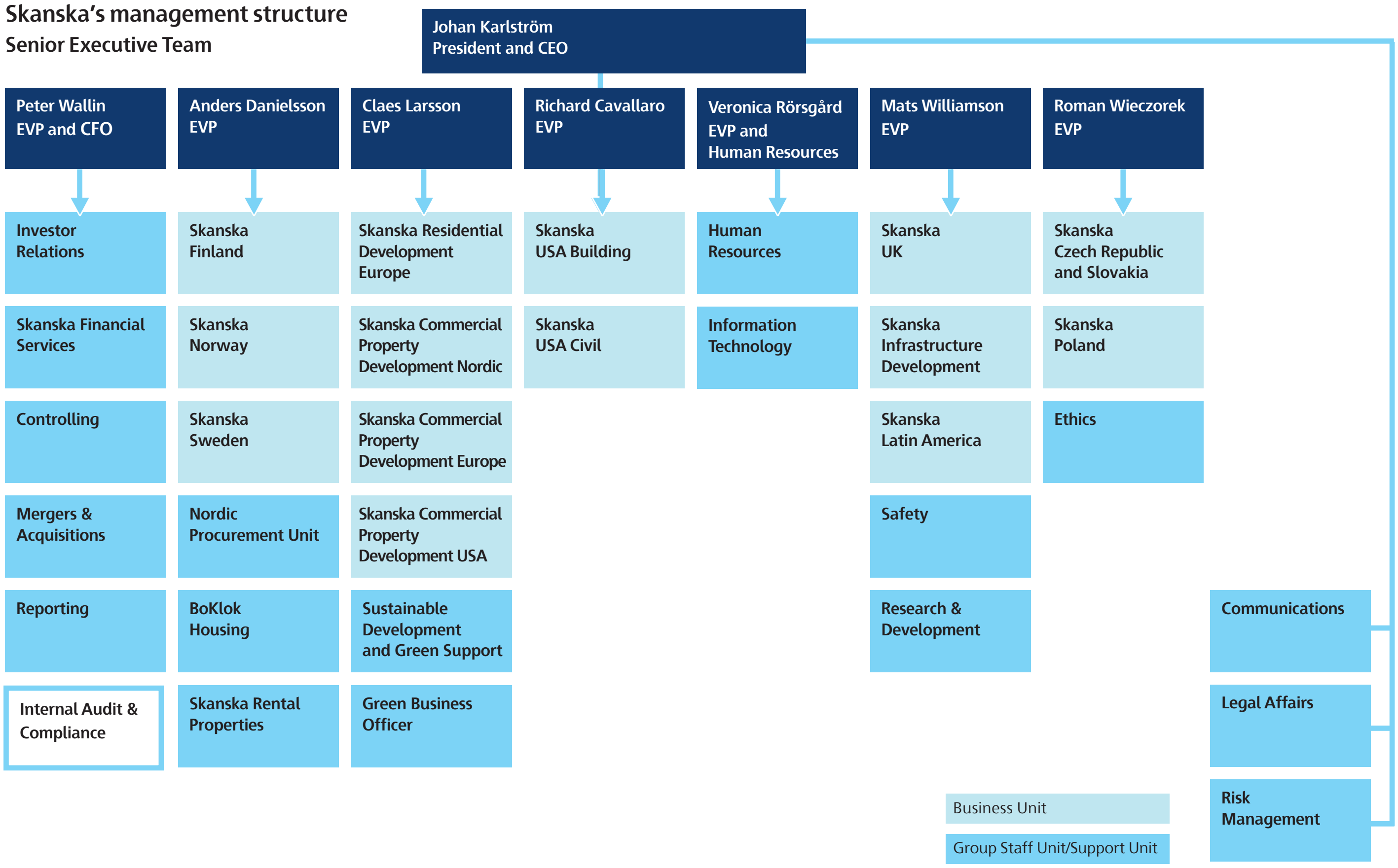
1 As of April, 2014

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 a year, the Board meets the auditors without senior executives being present.

Skanska's management structure

Senior Executive Team



Operational management and internal control

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 evaluated at one Board meeting each year at which no senior executives are present. The President and CEO and the seven Executive Vice Presidents form the Senior Executive Team (SET). The Company's Procedural Rules stipulate that the Chief Financial Officer (CFO) will take over if the President and CEO cannot fulfill his or her duties. If the CFO cannot take over, the Executive Vice President with the longest period of service in this position will take over instead. Information on the President and CEO and the Senior Executive Team can be found on page 182. The President and CEO has no business dealings of any significance with Skanska AB or its Group companies.

Group staff units and support unit

Group staff units and the support unit, Skanska Financial Services AB, are based at the headquarters in Stockholm in 2014. 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 oversight. They also provide support to the business units. The head of each Group staff unit reports directly to a member of the Senior Executive Team. In addition, the head of Internal Audit and Compliance reports directly to the Board by way of its Audit Committee. A presentation of the Group staff units and support unit can be found on page 182.

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 the business units' day-to-day operations, items of business addressed include matters relating to the strategic development of the units and concerning their strategic investments and divestments. These items are addressed by the management team of each respective unit and are then referred to the Senior Executive Team or to Skanska AB's Board of Directors for a decision, depending on the magnitude of the matter. The Boards of Directors of the business units consist of representatives from Skanska AB, individuals from other business units as well as of the respective business unit's own management team.

The Chairman of the Board of each business unit 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 procedure. Depending, among other things, on the size, type and geographic location of projects, a structured risk management report must be submitted to the appropriate decision-making level before final decisions are made.

In addition to the Board's governing documents, 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. The Board's Procedural Rules state what items of business will 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 to the Senior Executive Team on compliance with the more important governing documents, such as the Financial Policy and the Code of Conduct.

Remuneration to the Senior Executive Team

The 2014 Annual General 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 2015 Annual General Meeting, are presented on page 101. Information about salaries and other remuneration to the President and CEO and the other members of the Senior Executive Team, as well as outstanding share award and share-related incentive programs are found in Note 37.

The Company's auditors

The 2014 Annual General Meeting elected the accounting firm KPMG AB as auditor of Skanska AB. This assignment runs until the 2015 Annual General Meeting. The auditor in charge is Authorized Public Accountant George Pettersson. For information on fees and other remuneration to KPMG, see the table below.

Fees and other remuneration to the auditors

EUR M	2014	2013
Audit assignments	5.6	6.0
Tax advisory services	1.1	1.4
Other services	0.9	0.9
Total	**7.6**	**8.3**

Internal control

This account of internal control has been prepared in compliance with Chapter 6, Section 6, Paragraph 2 of the Annual Accounts Act and includes the most important elements 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 Board's committees ensure a clear division of roles and responsibilities for the purpose of fostering effective management of business risks. The Board has also adopted a number of fundamental rules of importance for internal control tasks. Examples of these are the Company's risk management system, Financial Policy and Code of Conduct. The Senior Executive Team reports regularly to the Board according to 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. This includes instructions to individuals in various positions in order to maintain 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. Concerning material claims, this work is limited to risks that may individually have an effect of SEK 10 M or more. A description of the Group's risk management and risk assessment can be found on page 12.

The Company has subsequently ensured that the Group has rules in place to guarantee that these risks are managed.

In 2014 all business units and 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 relevant 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 which ensures that the Company lives up to the existing requirements for providing the market with correct information.

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 on monitoring the effectiveness of the Senior Executive Team's internal control processes.

This includes ensuring that steps are taken to address shortcomings and proposed actions that have emerged from internal and external auditing.

Internal Audit

The Group staff unit Internal Audit and Compliance is responsible for monitoring and evaluating risk management and internal control processes. This involves examining compliance with Skanska's principles. The staff unit reports directly to the Board of Directors via its Audit Committee. The Internal Audit and Compliance unit plans its work in consultation with the Audit Committee and regularly reports its examination findings to the Committee. The unit communicates continuously with Skanska's external auditors on matters concerning internal control.

In 2014 the Internal Audit and Compliance unit focused on reviewing the control structure that exists for the risks identified in the business. These examinations were conducted for projects as well as business-critical processes and the central support functions. A total of about 110 audits were conducted during the year in all business units with particular focus on the operations in the Czech Republic and Latin America. The audits were carried out in accordance with uniform audit methods.

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 corporate governance reports, the following is disclosed:

- Of the Company's shareholders, AB Industrivärden and Lundbergs have a shareholding, directly or indirectly, that represents at least one tenth of the voting power for all shares in the Company. On December 31, 2014, Industrivärden's holding amounted to 24.4 percent of total voting power and Lundbergs held 12.1 percent of total voting power.
- There are no restrictions on the number of votes each shareholder may cast at a Annual General Meeting.
- The Articles of Association state that the appointment of Board members is to occur at the Company's Annual General Meeting. The Articles of Association contain no stipulations on dismissal of Board members or on amendment of the Articles of Association
- The 2014 Annual General 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. Series B shares may only be acquired on NASDAQ Stockholm.
  B. The authorization may be used on one or more occasions until the 2015 Annual General Meeting.
  C. A maximum of 4,500,0000 Skanska Series B shares may be acquired to secure the allotment of shares to participants in the new Skanska Employee Ownership Program, Seop 3 (2014–2016).
  D. Skanska Series B shares on the NASDAQ Stockholm may only be acquired at a price on NASDAQ Stockholm within the applicable price interval at any given time, meaning the interval between the highest purchase price and lowest selling price.

Research and development

For 2014 the work plan for Skanska's research and development unit was based on the results from a vision and strategy analysis conducted within the research and development network. One important task was to communicate the knowledge accumulated by Skanska's experts to the projects and business streams. A seminar program was organized in cooperation with Skanska USA Civil in which one of Skanska's experts held three seminars in the U.S. Numerous activities took place in the UK aimed at supporting innovation processes. These activities also received attention externally. In summary, there is great potential to successfully transfer knowledge and implement new ideas among the business streams and this was the focus of seminars and meetings held during the year involving Skanska's network of experts.

In 2014 a lot of effort was put into improving and spreading knowledge internally from the High-Risk Structures group which analyzes and assesses long-span structures in accordance with Skanska' Operational Risk Assessment (ORA) procedure.

Technology is important for Skanska's development. Society today and in the future will have high expectations with respect to versatility and an understanding of what is happening in the world as well as the needs of society. Skanska's research and development goals therefore involve being open to new technology and promoting greater transparency between the Business Units so that everyone can become familiar with important new technology. In 2014 all of the Business Units conducted an analysis to identify the most pressing demands and determine which technologies and specific skills will be needed in the future.

During the year Skanska became the only construction company to be designated a strategic partner to the Royal Institute of Technology (KTH) in Stockholm. This partnership is important in Skanska's efforts to connect external scientific resources and make them available to Skanska. The shared goal for this partnership is to build interdisciplinary bridges within Skanska and at KTH by utilizing new work processes with a focus on innovation. Skanska's research and development goal is to be in a better position to develop green technology for buildings and production methods, but also to improve Skanska's efficiency in planning, method development and ability to utilize the collective knowledge and experience that exists.

Sustainable development

Skanska's sustainability agenda

Within Skanska, the line managers and in particular the people with ultimate responsibility for each reporting Business Unit have daily responsibility for sustainability development. They receive support from other managers and sustainability experts who are employed within the Business Unit or at Skanska AB.

Skanska uses the internationally accepted Triple Bottom Line concept to manage and communicate sustainability development to shareholders and other stakeholders. This model enables there to be a long-term balance between financial results, social responsibility and sound environmental management. Skanska signed the UN Global Compact (UNGC) in 2001. The undertaking is reported in an annual Communication on Progress on the UNGC website. Skanska was once again classified as "Active" with respect to the company's progress within the 10 principles which cover human rights, terms of employment, environmental protection and anti-corruption. Skanska also participates in the Global Compact's Nordic Network (NN), a group of more than 180 companies that regularly share their experiences. In 2014 the Nordic Network met in Sweden and Skanska presented its progress and objectives in the area of business ethics. Skanska continued its participation in the steering group for UNCG and the Royal Institute of Chartered Surveyors (RICS) work group which are tasked with developing the best international tool to implement the 10 principles in the land, property and construction sectors. This tool will be published in 2015. Skanska has continued its chairmanship of the global work group of the UNEP's Sustainable Buildings and Climate Initiative, and publication of the final report "Greening the Building Supply Chain" was done in May 2014. The content of the report is now being incorporated into the UN's Tenth Framework Programme, which will be of significance for future activities around the world.

Business Ethics

Business ethics constitute one of the five non-financial objectives in Skanska's business plan for 2011–2015, the aim of which is for the company to have a leading role in the industry. The foundation for Skanska's business ethics are established in the Group's Code of Conduct and the accompanying guidelines, as well as the Five Zeros which include zero ethical breaches. These fundamental principles are adapted to international initiatives, such as the World Economic Forum's PACI principles and the UN Global Compact's 10th principle which focuses on anti-corruption. The three most significant ethical risks for the Skanska Group are bribery and corruption, anti-competitive actions and the actions of subcontractors and suppliers. These risks are primarily mitigated by ensuring that the Code of Conduct is always applied. One of the most important tools for implementation of the Code internally is education. New employees are trained within three months of their start date at Skanska. All employees receive training every other year. The Skanska Code of Conduct Hotline, an externally administered system for anonymous reporting of suspected breaches, received 59 reports in 2014. The Skanska Ethics Roadmap was implemented in 2014. This is a new self-assessment tool used to identify focus areas and to gradually improve the level of ethics at all units within Skanska. In addition, all units have produced an Ethics Plan for 2015. The Ethics Plan covers the risk areas, strengths and weaknesses, objectives and actions for each unit.

Working environment

Skanska stands firm on its commitment to provide a safe working environment for everyone who works at or visits Skanska work sites. This is one of the undertakings in Skanska's Code of Conduct and it remains a priority. Improvements are being made to the organization, planning, management and control of the working environment within Skanska. This is reflected in the constant reduction in the number of reported work-related accidents resulting in more than one day of absence from work. The lost time accident rate (LTAR) for 2014 was 2.6 (2.7) with 313 (337) registered work-related injuries. More than 90 percent of Skanska employees are covered by a certified management system pursuant to the international standard OHSAS 18001. Skanska is developing more and more channels to spread and exchange experiences and knowledge across Business Units and between individual employees. Increased communication and education through newsletters, webinars, and occupational health and safety workshops support this work. The Safety Peer Review program is continuing and activities took place in three Business Units in 2014. Skanska continues to take an active role in making improvements in its home markets by working with subcontractors, competitors via industry forums, clients and the authorities. Skanska's competitors and other actors were invited to take part in the activities during Safety Week 2014, and the results were particularly good in the U.S., Finland, Poland and Sweden. Despite a trend towards a lower lost time accident rate, there were three work-related fatalities in 2014 in which all three individuals were employed by one of Skanska's subcontractors. These tragic events are thoroughly investigated to identify lessons to be learned. This information is discussed at all of Skanska's work sites in what Skanska calls a Global Safety Stand Down and a moment of silence is held to show respect for the deceased and his or her family.

Environment

Assuming responsibility for the environment has been a core value for Skanska since the 1990s. In 2014 more than 95 percent of Skanska's operations were certified to the international environmental management system standard, ISO 14001. This is a good platform from which to follow up and act in response to changes in local, national and international laws, which are monitored and handled at the Business Unit level. The standard drives constant improvement that goes beyond the laws and ordinances. During the routine audits performed by external ISO 14001 experts, no significant deviations were identified in the environmental management system used by all of the Business Units or by Skanska AB.

Demand for green buildings and infrastructure is making Skanska an attractive business partner in markets where sound environmental management is the platform for this growth. Urbanization and population growth are increasing the demand for energy, materials and water. As around 40 percent of the carbon emissions caused by humans originates from the built environment, Skanska is benefitting from stricter legislation and building codes, environment taxes and other measures imposed by the authorities aimed at better efficiency in the use of energy, materials and water so that carbon emissions can be reduced.

Skanska continues to be actively involved in climate change policy work through the World Business Council for Sustainable Development, the EU Corporate Leaders Group on Climate Change, and the above-mentioned UNEP SBCI initiative. Skanska's commitment to reducing its impact on climate change was recognized in 2014 for the fifth consecutive year when the Carbon Disclosure Project once again ranked Skanska as number one in its sector in the Nordic region. Through its work within a number of international partner organizations, Skanska initiated a three-day strategy event in Warsaw to accelerate the energy usage transition in buildings in Poland. This led to Skanska's participation in an EU high-level meeting on green growth and the publication of a national strategy based on Skanska's experiences from the Polish market to drive the transition.

Green building

Green building, which has become a significant and profitable part of Skanska's operations, continues to grow faster than traditional building. Green building at first mainly involved buildings, but is now growing rapidly in the civil construction sector as well. One example is the Interstate 4 highway project in Florida, with an order value of around EUR 0.7 billion for Skanska, which Skanska is financing and executing through a joint venture in a Private Public Partnership (PPP). It is the first project of this size to use Envision™, a voluntary U.S. sustainable infrastructure rating system. There is growing interest in how buildings impact people's health, well-being and productivity. Skanska was one of the main sponsors of the global report entitled Health, Wellbeing and Productivity in Offices: The Next Chapter for Green Building. The World Green Building Council is behind the report which was published in September 2014. In order to make the right decisions it is important to understand the sustainability parameters. Skanska is therefore involved in an EU-financed project called RenoValue aimed at further integrating energy performance and other green values in the property valuation process. Skanska is improving its own offices and incorporating high environmental standards in order to benefit from the advantages offered by green building and to practice what we preach. One of the many examples is Entré Lindhagen, Skanska's new LEED Platinum-certified head office in Stockholm. The building uses Skanska's patented Deep Green Cooling which was recognized as the best LEED product in the Swedish Green Building Awards 2014.

Community activities

Skanska delivers around 10,000 projects to clients every year, and each and every one has an impact on the local community. Community activities are therefore an important part of Skanska's social agenda for sustainable development. The "Skanska in the Community" policy from 2012 was implemented throughout the company in 2013. The policy encourages educational activities on the topics of occupational health and safety, knowledge about green construction and technical expertise. A network of people responsible for community-related issues has been formed across the Business Units and at the head office to communicate best practices throughout the company. In 2014 a new modern platform was implemented for reporting throughout the company to, for the first time, gather information on all community activities in the form of financial support, time and materials. Progress and adaptation to the "Skanska in the Community" policy is being followed up using key ratios recommended by the London Benchmarking Group, a leader in the evaluation of community initiatives, in which Skanska is a member.

Human Resources

The average number of employees in 2014 was 57,866 (57,105), of whom 10,503 (10,462) were in Sweden. Skanska places great emphasis on attracting, recruiting and introducing new employees to the organization.

The Skanska employee ownership program (Seop) is aimed at attracting employees and retaining them within the Group, and creating greater affinity and dedication. All permanent employees of the Skanska Group are entitled to participate in the program and the percentage of participants is currently 23 percent (21).

The Group uses annual employee surveys to obtain an understanding of job satisfaction levels, morale and professional development needs. These surveys are conducted within all Skanska Business Units and are measured using a global index. The results have improved over time due to focused efforts in prioritized areas. The results from the 2014 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. The Group thus strongly emphasizes 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 initiatives are offered. At the Group level, the Skanska Top Executive Program (STEP) is run in collaboration with IMD business school in Switzerland.

Skanska also has a global talent program called Skanska Stretch. It is aimed at key talents at an early stage in their career and on their way 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 annual Talent Review process provides the basis for succession planning and professional development for employees. It is uniformly implemented 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.

Skanska uses a Group-wide skills profile – Skanska Leadership Profile – for the purpose of clarifying the expectations placed on all employees and providing opportunities for continuous professional development.

Work on developing Skanska Unlimited – a program aimed at increasing the exchange of expertise within the Group – continued in 2014. Employees are given an opportunity to try an assignment at a different Business Unit – internationally or in the same market – for a period of 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 the company's competitiveness will be enhanced if its employees are happy with their work situation and have the opportunity for professional development regardless of gender, ethnicity or educational background. Currently, a significant number of women are active at the project level within the Group, but the percentage of women in management positions is still too low. Efforts to increase diversity are under way, both at the Group level and at every Business Unit. The Group works continuously to set new diversity targets for its Business Units to, for example, increase the percentage of new female recruits or to raise the level of 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 and other executive officers, see Note 37, "Remuneration to senior executives and Board members."

In April 2015 the Board will present a proposal to the Annual General Meeting for approval to keep the current guidelines for salaries and other remuneration to senior executives.

The Board's proposal for salary and other remuneration to senior executives for approval by the 2015 Annual General Meeting

Remuneration to senior executives of Skanska AB is to consist of a fixed salary, possible variable remuneration, 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-based and competitive in the labor market in which the executive is placed, and distinguished performance should be reflected in the total remuneration package.

Fixed salary and variable remuneration are to be linked to the level of responsibility and authority of the executive. The variable remuneration is to be payable in cash and/or shares, and it is to have a ceiling and be related to fixed salary. The receipt of shares requires a three-year vesting period and is to be part of a long-term incentive program. Variable remuneration is to be based on performance in relation to established targets and is to be designed to achieve better 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 exist, 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 to shareholders, employees and other stakeholders.

If a member of the Board performs work on behalf of the company in addition to his or her assignment on the Board, a consultant fee and other compensation for such work may be payable.

In case of termination or resignation, the normal notice period is six months, combined with severance pay equivalent to a maximum of 18 months of fixed salary or, alternatively, a notice period of a maximum of 24 months. With respect to the annual bonus, the Board has the possibility of limiting or refraining from paying this variable remuneration if it deems such action reasonable for other reasons.

Pension benefits are to be in the form of either defined-benefit or defined-contribution plans, or a combination of both, and entitle the executive to receive a pension from the age of 65. In individual cases, however, the retirement age may be as low as 60. To earn full defined-benefit pension, the individual is required to have been employed for as long a period as is required under the company's general pension plan in each respective country. Variable remuneration is not pensionable except in cases where this is stipulated in the rules for a general pension plan (e.g. Sweden's ITP occupational pension plan).

The Board of Directors may deviate from these guidelines if there are special reasons to do so in an individual case.

Matters relating to the President and CEO's salary and other remuneration are addressed by the Compensation Committee in preparation for decisions by the Board. Matters relating to the salary and other remuneration to other senior executives are decided upon by the Compensation Committee.

Skanska employee ownership program (Seop)

The purpose of the Seop 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 allotment of additional share awards. This allotment is predominantly performance-based.

Shares are only allotted after a three-year vesting 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 Seop 2, which ran during the period 2011–2013, matching shares and performance shares were allotted in 2014 for the shares in which employees had invested in 2011 and had retained for the three-year vesting period.

In 2014, Skanska initiated a new program, Seop 3, with 2014–2016 as its investment years. The program is essentially identical to Seop 2.

The accounting principles applied for the employee ownership programs can be found in Note 1, IFRS 2, "Share-based Payment."

Employee-related expenses for Skanska employee ownership program (Seop)

EUR M	Seop 2	Seop 3 [2]	Total Program
Employee-related costs for share-award programs[1]			
Investment year	2011–2013	2014–2016	
Total estimated cost for the programs	91.6	24.7	116.3
Expensed at beginning of period	–48.1	0.0	–48.1
Cost for the period	–23.9	–5.0	–28.9
Total expensed at end of period	–72.0	–5.0	–77.0
Remaining to be expensed	**19.6**	**19.6**	**39.2**
Of which expensed in: 2015	15.0	8.1	23.1
2016 or later	4.6	11.5	16.1
Total	**19.6**	**19.6**	**39.2**
Share awards earned through December 2014			
Number of shares	3,876,981	315,229	4,192,210
Dilution through December 2014, %	0.93	0.08	1.01
Maximum dilution at end of programs, %	1.32	0.38	1.70
Share awards earned at end of programs:			
Number of shares	7,475,292	1,574,307	9,049,599
Series B shares allotted	1,995,839	0	1,995,839
Total unallocated shares	**5,479,453**	**1,574,307**	**7,053,760**
Series B treasury shares			**9,113,814**

1 Excluding social insurance contributions
2 For investments made so far up to end of 2014

Repurchases of shares

In order to ensure allotment of shares to the participants in Skanska's share incentive programs, the 2014 Annual General Meeting authorized the Board of Directors to repurchase treasury shares. According to this decision the company may buy a maximum of 4,500,000 of Skanska's Series B treasury shares.

During the year, Skanska repurchased a total of 2,484,648 shares at an average price of EUR 16.2. The average price of all repurchased shares is EUR 12.5.

Proposed dividend

The Board of Directors proposes a regular dividend of SEK 6.75 per share (6.25) (corresponding to EUR 0.71 [0.69]) . The proposal is equivalent to a regular dividend totaling EUR 292.5 M (281.6). The Board proposes April 13 as the record date for the dividend. The Board's assessment is that the Group's financial position and circumstances in general warrant an increase in the dividend to SEK 6.75 per share (corresponding to EUR 0.71) .

No dividend is paid for the Parent Company's holding of Series B treasury shares. The total dividend amount may change by the record date, depending on repurchases of shares and the transfer of shares to participants in long-term employee ownership programs.

The Board's justification for its proposed dividend

The nature and scale of Skanska's operations are described in the Articles of Association and the Annual Report. The operations carried out within the Group do not pose any risks beyond those that occur or can be assumed to occur in the industry or the risks that are otherwise associated with conducting business activities. The Group's dependence on the general economic situation does not deviate from what is otherwise the case in the industry.

The Group's equity/assets ratio amounts to 23.1 percent (24.4). The proposed dividend does not jeopardize the investments that are considered necessary. The Group's financial position does not give rise to any conclusion other than that the Group can continue its operations and that the company can be expected to meet its short-term and long-term obligations.

With reference to the above and what has otherwise come to the Board's attention, the Board has concluded that the dividend is justified based on the requirements that the risks and the nature and scale of the Group's operations place on the size of the company's and the Group's equity and the Group's consolidation requirements, liquidity and position in general. Future profits are expected to cover both the growth of business operations and the growth of the ordinary dividends.

Consolidated income statement

EUR M	Note	2014	2013
Revenue	8, 9	15,715.4	15,787.2
Cost of sales	9	–14,277.9	–14,350.7
Gross income		**1,437.5**	**1,436.4**
Selling and administrative expenses	11	–917.8	–887.8
Income from joint ventures and associated companies	20	73.4	94.0
Operating income	10, 12, 13, 22, 36, 38, 40	**593.1**	**642.6**
Financial income		15.2	18.3
Financial expenses		–45.9	–46.1
Net financial items	14	**–30.7**	**–27.9**
Income after financial items	15	**562.4**	**614.8**
Taxes	16	–140.2	–179.3
Profit for the year		**422.1**	**435.5**
Profit for the year attributable to			
Equity holders		421.4	435.2
Non-controlling interests		0.8	0.3
Earnings per share, EUR	26, 44	1.03	1.06
Earnings per share after dilution, EUR	26, 44	1.01	1.05

Consolidated statement of comprehensive income

EUR M	2014	2013
Profit for the year	**422.1**	**435.5**
Other comprehensive income		
Items that will not be reclassified to profit and loss		
Remeasurement of defined benefit plans[1]	–252.1	83.6
Tax related to items that will not be reclassified to profit and loss	55.8	–21.2
	–196.3	**62.4**
Items that have been or will be reclassified to profit and loss		
Translation differences attributable to equity holders	19.6	–161.8
Translation differences attributable to non-controlling interests	0.7	–1.0
Hedging of exchange rate risk in foreign operations	–3.7	35.4
Effects of cash flow hedges[2]	–90.2	60.8
Tax related to items that have been or will be reclassified to profit and loss	2.5	2.0
	–71.2	**–64.7**
Other comprehensive income after tax	**–267.4**	**–2.3**
Total comprehensive income for the year	**154.7**	**433.2**
Total comprehensive income for the year attributable to		
Equity holders	153.3	433.9
Non-controlling interests	1.4	–0.7
1 Effects of social insurance contributions including special employer's contribution are included	–30.2	19.3
2 Of which in joint ventures and associated companies	–82.0	70.7

See also Note 26

Consolidated statement of financial position

EUR M	Note	Dec 31, 2014	Dec 31, 2013	Jan 1, 2013[1]
ASSETS				
Non-current assets				
Property, plant and equipment	17, 40	751.3	837.2	924.4
Goodwill	18	556.6	545.0	568.5
Other intangible assets	19	48.9	38.9	21.7
Investments in joint ventures and associated companies	20	276.2	307.3	224.9
Financial non-current assets	21	137.3	212.7	214.5
Deferred tax assets	16	129.2	119.0	146.2
Total non-current assets		**1,899.5**	**2,060.1**	**2,100.2**
Current assets				
Current-asset properties	22	2,754.9	2,895.0	3,216.6
Inventories	23	107.3	106.1	125.7
Financial current assets	21	616.0	669.3	679.9
Tax assets	16	98.0	110.6	66.3
Gross amount due from customers for contract work	9	577.2	700.5	697.7
Trade and other receivables	24	2,773.1	2,498.2	2,737.9
Cash	25	960.7	820.8	676.3
Total current assets		**7,887.1**	**7,800.6**	**8,200.2**
TOTAL ASSETS	32	**9,786.7**	**9,860.7**	**10,300.3**
of which interest-bearing financial non-current assets	31	133.7	208.4	208.7
of which interest-bearing current assets	31	1,559.3	1,477.2	1,334.2
		1,693.0	**1,685.6**	**1,542.9**

1 Opening values as of January 1, 2013 are given due to change of accounting principle – see Note 3

Consolidated statement of financial position

EUR M	Note	Dec 31, 2014	Dec 31, 2013	Jan 1, 2013[1]
EQUITY	26			
Share capital		138.9	138.9	138.9
Paid-in capital		186.3	157.3	127.5
Reserves		–170.9	–99.0	–35.3
Retained earnings		2,086.1	2,182.9	2,003.9
Equity attributable to equity holders		**2,240.4**	**2,380.1**	**2,235.0**
Non-controlling interests		17.6	21.2	22.1
TOTAL EQUITY		**2,258.0**	**2,401.3**	**2,257.1**
LIABILITIES				
Non-current liabilities				
Financial non-current liabilities	27	750.2	736.9	571.6
Pensions	28	491.1	383.4	476.7
Deferred tax liabilities	16	101.9	112.6	66.6
Non-current provisions	29	0.0	0.2	1.4
Total non-current liabilities		**1,343.2**	**1,233.1**	**1,116.2**
Current liabilities				
Financial current liabilities	27	431.0	462.9	737.6
Tax liabilities	16	53.2	69.9	27.9
Current provisions	29	633.5	634.9	700.6
Gross amount due to customers for contract work	9	1,534.3	1,687.4	1,836.3
Trade and other payables	30	3,533.5	3,371.2	3,624.5
Total current liabilities		**6,185.5**	**6,226.3**	**6,927.0**
TOTAL LIABILITIES		**7,528.7**	**7,459.4**	**8,043.2**
TOTAL EQUITY AND LIABILITIES	32	**9,786.7**	**9,860.7**	**10,300.3**
of which interest-bearing financial liabilities	31	1,124.6	1,188.0	1,293.2
of which interest-bearing pensions and provisions	31	494.7	388.3	484.2
		1,619.4	**1,576.4**	**1,777.5**

1 Opening values as of January 1, 2013 are given due to new accounting principle – see Note 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				
EUR M	Share capital	Paid-in capital	Translation reserve	Cash flow hedge reserve	Retained earning	Total	Non-controlling interests	Total equity
Equity, December 31, 2012	**138.9**	**127.5**	**153.3**	**–188.6**	**2,003.9**	**2,235.0**	**18.7**	**2,253.7**
Changed accounting principle/ Adjusted equity, January 1, 2013							**3.4**	**3.4**
Equity, January 1, 2013	**138.9**	**127.5**	**153.3**	**–188.6**	**2,003.9**	**2,235.0**	**22.1**	**2,257.1**
Profit for the year					435.2	435.2	0.3	435.5
Other comprehensive income for the year			–126.4	62.7	62.4	–1.3	–1.0	–2.3
Dividend to shareholders					–285.5	–285.5	–0.2	–285.7
Repurchases of 2,392,580 Series B shares					–33.2	–33.2		–33.2
Change in share-based payments for the year		29.8				29.8		29.8
Equity, December 31, 2013/ Equity, January 1, 2014	**138.9**	**157.3**	**26.9**	**–125.9**	**2,182.8**	**2,380.1**	**21.2**	**2,401.3**
Profit for the year					421.4	421.4	0.8	422.1
Other comprehensive income for the year			15.8	–87.7	–196.3	–268.2	0.7	–267.4
Dividend to shareholders					–281.6	–281.6	–0.2	–281.8
Change in Group structure							–4.8	–4.8
Repurchases of 2,484,648 Series B shares					–40.2	–40.2		–40.2
Change in share-based payments for the year		28.9				28.9		28.9
Equity, December 31, 2014	**138.9**	**186.3**	**42.7**	**–213.6**	**2,086.1**	**2,240.4**	**17.6**	**2,258.0**

See also Note 26.

Consolidated cash flow statement

EUR M	2014	2013
Operating activities		
Operating income	593.1	642.6
Adjustments for items not included in cash flow	–152.7	–176.7
Income tax paid	–101.6	–121.6
Cash flow from operating activities before change in working capital	**338.7**	**344.3**
Cash flow from change in working capital		
Investments in current-asset properties	–1,475.1	–1,342.1
Divestments of current-asset properties	1,898.0	1,849.2
Change in inventories and operating receivables	–87.7	–82.8
Change in operating liabilities	–152.4	–46.0
Cash flow from change in working capital	**182.8**	**378.3**
Cash flow from operating activities	**521.5**	**722.6**
Investing activities		
Acquisitions of businesses	0.0	–22.3
Investments in intangible assets	–19.3	–14.6
Investments in property, plant and equipment	–154.8	–177.4
Investments in Infrastructure Development assets	–36.0	–8.7
Investments in shares	–34.0	–10.3
Increase in interest-bearing receivables, loans provided	–26.9	–97.3
Sale of operations	10.4	0.1
Divestments of intangible assets	0.1	0.1
Divestments of property, plant and equipment	78.5	43.7
Divestments of Infrastructure Development assets	45.9	28.0
Divestments of shares	3.9	1.6
Decrease in interest-bearing receivables, repayments of loans provided	161.4	94.4
Income tax paid	–3.9	–4.6
Cash flow from investing activities	**25.4**	**–167.2**
Financing activities		
Net interest items	–5.6	–9.9
Other financial items	17.8	3.0
Borrowings	34.6	165.2
Repayment of debt	–116.9	–215.7
Dividend paid	–281.6	–285.5
Shares repurchased	–40.2	–33.2
Dividend to non-controlling interests	–0.2	–0.2
Income tax paid	–3.6	2.1
Cash flow from financing activities	**–395.7**	**–374.3**
Cash flow for the year	**151.2**	**181.1**
Cash and cash equivalents, January 1	820.8	676.3
Translation differences in cash and cash equivalents	–11.3	–36.5
Cash and cash equivalents, December 31	**960.7**	**820.8**

Change in interest-bearing net receivables/liabilities

EUR M	2014	2013
Interest-bearing net receivables/liabilities, January 1	**109.2**	**–222.7**
Changed accounting principle		–11.8
Adjusted interest-bearing net receivables/liabilities, January 1	**109.2**	**–234.5**
Cash flow from operating activities	521.5	722.6
Cash flow from investing activities excluding change in interest-bearing receivables	–109.1	–164.4
Cash flow from financing activities excluding change in interest-bearing liabilities	–313.4	–323.4
Change in pension liability	–221.9	64.3
Net receivable/liability acquired/divested	0.8	–5.8
Translation differences	75.9	5.8
Other items	10.5	44.6
Interest-bearing net receivables/liabilities, December 31	**73.6**	**109.2**

See also Note 35.

Consolidated cash flow statement

Consolidated operating cash-flow statement and change in interest-bearing net receivables/liabilities

EUR M	2014	2013
Construction		
Cash flow from business operations	668.7	631.5
Change in working capital	–254.4	–98.4
Net investments	–91.3	–129.8
Cash flow adjustment[1]	0.0	0.0
Total Construction	**323.0**	**403.4**
Residential Development		
Cash flow from business operations	–55.3	–58.1
Change in working capital	29.2	–8.1
Net investments	226.8	117.8
Cash flow adjustment[1]	0.0	0.0
Total Residential Development	**200.7**	**51.5**
Commercial Property Development		
Cash flow from business operations	–30.8	–38.0
Change in working capital	4.3	–14.6
Net investments	148.2	281.9
Cash flow adjustment[1]	7.0	–30.3
Total Commercial Property Development	**128.7**	**199.0**
Infrastructure Development		
Cash flow from business operations	24.5	–3.4
Change in working capital	–46.1	–3.5
Net investments	10.0	19.3
Cash flow adjustment[1]	0.0	0.0
Total Infrastructure Development	**–11.6**	**12.5**
Central and eliminations		
Cash flow from business operations	–166.8	–66.1
Change in working capital	26.9	–4.3
Net investments	6.7	110.6
Cash flow adjustment[1]	0.0	0.0
Total central and eliminations	**–133.2**	**40.2**
Total cash flow from business operations	440.3	465.9
Total change in working capital	–240.1	–128.8
Total net investments	300.3	399.8
Total cash flow adjustment[1]	7.0	–30.3
Total cash flow from business operations before taxes paid	**507.6**	**706.7**

EUR M	2014	2013
Taxes paid in business operations	–105.6	–126.2
Cash flow from business operations	**402.0**	**580.5**
Net interest items and other net financial items	12.2	–6.8
Taxes paid in financing operations	–3.6	2.1
Cash flow from financing operations	**8.6**	**–4.7**
Cash flow from operations	**410.5**	**575.7**
Net strategic investments	10.4	–22.2
Taxes paid on strategic divestments	0.0	0.0
Cash flow from strategic investments	**10.4**	**–22.2**
Dividend etc.[2]	–321.8	–318.7
Cash flow before change in interest-bearing receivables and liabilities	**99.1**	**234.9**
Change in interest-bearing receivables and liabilities	52.1	–53.7
Cash flow for the year	**151.2**	**181.1**
Cash and cash equivalents, January 1	820.8	676.3
Translation differences in cash and cash equivalents	–11.3	–36.5
Cash and cash equivalents, December 31	**960.7**	**820.8**

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.

	2014	2013
2 Of which repurchases of shares.	–40.2	–33.2

See also Note 35.

Notes including accounting and valuation principles

Amounts in millions of Euro (EUR 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.

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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, the consolidated financial statements have been prepared in compliance with International Financial Reporting Standards (IFRS) and International Accounting Standards (IAS), 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 8, 2015. The statutory annual report will be adopted by the Annual Shareholders' Meeting on April 9, 2015.

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 Euro (EUR) 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 IFRS 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 IFRS 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 arrangements.

New standards and interpretations

The new standards IFRS 10, IFRS 11 and IFRS 12 are effective from January 1, 2014. IFRS 10, "Consolidated Financial Statements", lays down principles for determining whether there is a controlling interest. In Skanska's case this has meant the consolidation of a small company that was previously reported according to the equity method. Under IFRS 11, "Joint Arrangements", a partly-owned company in which the co-owners jointly have a controlling interest is to be classified either as a joint operation or as a joint venture. Joint ventures are accounted for according to the equity method and joint operations by the proportionate consolidation (or proportional) method. In Skanska's case this has meant that some joint arrangements that were previously deemed joint ventures and accounted for using the equity method have been classified as joint operations and are thus accounted for according to the proportional method. The effects of the two new standards on the Group are shown in Note 3. IFRS 12, "Disclosure of Interests in Other Entities", has resulted in additional disclosures that are made in Note 20 A, B and C.

In 2013 Skanska decided to apply the revised IAS 36, "Impairment of Assets", in advance. The revision meant that recoverable value need only be disclosed for cash-generating units with impairment losses.

Effective from January 1, 2014, segment reporting accounts for all joint ventures within Residential Development using the proportional method. Previously, only joint ventures with ongoing projects were reported according to the proportional method.

Application in advance of new or revised IFRS and interpretations

No new or revised IFRS or interpretations have been applied in advance.

New standards and amendments of standards that have not yet begun to be applied

Of forthcoming standards, it is primarily IFRS 15, "Revenue from Contracts with Customers", that is deemed to have a significant effect on Skanska. This standard mainly concerns how revenue from contracts with customers is to be reported over time, and how remuneration from customers is to be measured. Leases are not covered by the standard, however. The standard is to be applied with effect from January 1, 2017 and is expected to be adopted by the EU during 2015. The effect of the new standard on Skanska's revenue recognition is being investigated.

IFRS 9, "Financial Instruments", will replace IAS 39, "Financial Instruments: Recognition and Measurement", and is to be applied from 2018 assuming that the EU adopts the standard. The new standard contains a model for classification and measurement of financial instruments, a forward-looking impairment model and a significantly revised approach to hedge accounting. The effect on Skanska's financial reporting is deemed to be marginal.

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 other things, 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 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, remeasurements related to pension-linked assets and liabilities, 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.

Equity

The Group's equity is allocated between "Share capital," "Paid-in capital," "Reserves," "Retained earnings" and "Non-controlling interests."

Acquisitions of treasury 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 General 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 – but 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.

IFRS 10, "Consolidated 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 interest. Under IFRS 10 a controlling interest exists when the investor has power over the business, or when it has rights to or is exposed to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. As a result of the transition to IFRS 10, one small company is now consolidated as a Group company. See Note 3. If, on the acquisition date, a subsidiary 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 EUR 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 acquisitions concern 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 Euro at the exchange rate prevailing on the closing day. Revenue and expenses in a foreign operation are translated to Euro 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 of a foreign net investment and accompanying effects of hedging of net investments are recognized under "Other comprehensive income." When divesting a foreign operation, 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 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 EUR. 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 geographical 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 geographical area, or is a subsidiary 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.

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 and Joint Ventures"

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 arrangement.

Associates are recognized according to the equity method, as are joint ventures. Regarding joint ventures, see IFRS 11.

The equity method

From the date when Skanska obtains a significant influence, holdings in associated companies and joint ventures are included in the consolidated financial statements according to the equity method. Any difference upon acquisition between the cost of the holding and Skanska's share of net fair value of the associated company's or joint venture'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 and joint ventures 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 or joint venture'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 or joint venture is included in "Taxes." Dividends received from an associated company or joint venture reduce the carrying amount of the investment.

When the Group's share of recognized losses in an associated company or joint venture 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 or joint venture 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 or joint venture.

Elimination of intra-Group profits

When profits arise from transactions between the Group and an associated company or a joint venture, 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 or 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 the associated company or joint venture, 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 or the joint controlling interest ceases.

Note 20 B provides information about associated companies and joint ventures.

IFRS 11, "Joint Arrangements"

A joint arrangement exists when the co-owners are bound by a contractual arrangement, and the contractual arrangement gives those parties joint control of the arrangement. The joint arrangement may be either a joint operation or a joint venture. A joint operation exists where the co-owners have rights to the assets of the arrangement and obligations for the liabilities of the arrangement. A joint arrangement that is not structured through the establishment of a separate company is a joint operation. Contracting projects performed together with outside contracting companies, with joint and several liability, are reported by Skanska as joint operations. If the joint arrangement is a separate company but the company's production is overwhelmingly acquired by the co-owners, then the joint arrangement is often deemed to be a joint operation. If, on the other hand, the co-owners of the joint arrangement only have rights to the net assets of the arrangement, then it is a joint venture. Classification of a joint arrangement requires consideration of its legal form, the terms agreed by the parties in the contractual arrangement and other circumstances. Note 3 details how the introduction of IFRS 11 has affected the Group's reporting.

The proportional method is applied to joint operations, which means that the revenue, costs, assets and liabilities of the joint operation are included line by line in the consolidated financial statements according to Skanska's interest in the joint operation. Joint operations are described in Note 20 C.

The equity method is used for joint ventures when preparing the consolidated financial statements. This method is described under the heading IAS 28. 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 B 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 are to 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 is to 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 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; and non-weight-bearing parts, depreciation period 15 years. Generally speaking, industrial buildings are depreciated over 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 (three to six years, where applicable). 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 which does not generate cash flows which are essentially independent of other assets, the recovery value is calculated for the cash-generating asset 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. See 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 based on temporary differences arising between reported and fiscal values of assets and liabilities. 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 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 is around three to five 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 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. Calculation of defined-benefit pension plans according to IAS 19 is carried out in a way that often differs from local rules in each 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 the discount rate, wage or salary increases, inflation and life expectancy 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. The return on plan assets is calculated using the same interest rate as is used for discounting the pension obligations. Divergences from actual pension expense and actual return and effects of changed assumptions together comprise remeasurements that are reported in "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 revaluations 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 to present value, and the fair value of any plan assets is subtracted. The discount rate is again based on the yield on 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' employment 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 date, or when benefits are offered in order to encourage voluntary resignation. In cases where the company terminates employees' employment, the provision is calculated on the basis of a detailed plan that includes at least 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.

Only an insignificant percentage of the Group's defined-benefit pension obligations were financed by premiums to the retirement insurance company Alecta. Since the required figures cannot be obtained from Alecta, these pension obligations are reported as a defined-contribution plan. Since the same conditions apply to the new AFP plan in Norway, this is also reported as a defined-contribution plan.

IFRS 2, "Share-based Payment"

The Seop 2 and Seop 3 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 targets. 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.

Social insurance contributions

Social insurance contributions that are payable because of share-based payments are reported in compliance with statement UFR 7 from the Swedish Financial Reporting Board. The cost of social insurance contributions is allocated over the period when services are performed. The provision that arises is reappraised on each financial reporting date to correspond to the estimated contributions that are due at the end of the vesting period.

IAS 7, "Statement of Cash Flows"

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 2 and Seop 3 employee ownership programs, the dilution effect is calculated by adding potential ordinary shares to the number of ordinary shares before dilution. 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 Disclosures"

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. As for the Parent Company, this information is provided in Notes 62 and 63.

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 IFRS on two points. In segment reporting, a divestment gain is recognized on the date that a binding sales contract is signed. Effective from January 1, 2014, segment reporting accounts for all joint ventures within Residential Development using the proportional method. Previously, only joint ventures with ongoing projects were reported according to the proportional method. Note 4 presents a reconciliation between segment reporting and the income statement in compliance with IFRS.

Note 4 provides information about operating segments. Financial reporting 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 relates.

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." With effect from 2014, this also includes the Latin American operations. 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 U.S. 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, treasury shares, and financial instruments as described in IFRS 2.

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 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 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. Derivatives are classified under "assets at fair value through profit or loss" unless included in hedge accounting. Equity instruments with unlimited useful lives are classified either as "assets at fair value through profit or 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 interest and dividends on instruments in this category, are recognized directly in the income statement. Changes in exchange rates for monetary "available-for-sale assets" are also recognized directly in the income statement, while changes in exchange rates for non-monetary "available-for-sale assets" are recognized in other comprehensive income. "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 are classified as "liabilities at fair value through profit or loss" and "other financial liabilities." Derivatives are classified under "liabilities at fair value through profit or loss" unless included in hedge accounting.

"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 initially at the amount borrowed less any transaction costs. The liabilities are thereafter measured at amortized cost. Any differences between the amount borrowed and the repayment amount are recognized in profit for the year, allocated over the loan period and applying the effective-interest method. This method involves calculating the effective interest rate, which is the interest rate that exactly discounts estimated future receipts and payments over the term of the instrument to the recognized net value of the financial asset or liability.

In reporting both financial assets and financial liabilities in Note 6, Skanska has chosen to separately report "Hedge-accounted derivatives."

Skanska uses hedge accounting for cash flow hedging and hedging of net investment in a foreign operation. The effectiveness of the hedging is assessed regularly, and hedge accounting is applied only to hedging deemed to be effective. If the hedging is not deemed effective, the amount for the hedging instrument is adjusted.

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 where 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 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. Where hedge accounting is applied, changes in value are recognized in other comprehensive income. In cases where hedge accounting is not applied, changes in value are directly recognized as financial income or expenses in the income statement. The ongoing 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 Group companies, 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 pre-paid 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.

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 Property 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

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 the wind-farm projects, Sjisjka Vind AB and Mullbergs Vindpark AB, the holding in the former company has been written down to zero while the value of the latter company has 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 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 has defined-benefit pension plans in a number of countries. The plans are recognized according to IAS 19, which means that pension commitments are calculated using actuarial methods and plan assets are measured at fair value on the closing day. The effects of changed actuarial assumptions and changes in the fair value of plan assets are reported as remeasurements in other comprehensive income. The remeasurements impact interest-bearing pension liabilities and equity.

Note 28 "Pensions" describes the assumptions and prerequisites that provide the basis for recognition of pension liability, including a sensitivity analysis.

Percentage-of-completion method

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. This in turn requires 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

Although management's best judgment has been taken into account in reporting disputed amounts, the actual future outcome may deviate 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 market 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 different 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 of changes in accounting principles

The new standards IFRS 10 and IFRS 11 are effective from January 1, 2014. IFRS 10, "Consolidated Financial Statements", sets out how to determine whether there is a controlling interest over an investment. In Skanska's case this has meant the consolidation of a small company that was previously reported according to the equity method.

Under IFRS 11, "Joint Arrangements", a partly-owned company in which the investors jointly have a controlling interest is to be classified either as a joint venture or as a joint operation.

Joint ventures are accounted for according to the equity method and joint operations by the proportionate consolidation (or proportional) method. In Skanska's case this has meant that some joint arrangements that were previously deemed joint ventures and accounted for using the equity method have been classified as joint operations and are thus accounted for according to the proportional method.

As a result of the new standards, the Group's total assets increased by EUR 0.02 billion and current-asset properties increased by EUR 0.08 billion. The introduction of the new standards had no effect on equity.

The effects of the two standards on the Group are detailed below.

Effects of IFRS 10 and IFRS 11 on the consolidated statement of financial position and consolidated income statement

Statement of financial position, January 1, 2013	Before change	Effect of IFRS 10	Effect of IFRS 11	After change
Investments in joint ventures and associated companies	281.5	–2.9	–53.7	224.9
Current-asset properties	3,133.1	7.2	76.3	3,216.6
Other assets	6,860.8		–2.0	6,858.9
Total assets	**10,275.4**	**4.3**	**20.6**	**10,300.3**
Equity attributable to equity holders	2,235.0			2,235.0
Non-controlling interests	18.8	3.3		22.1
Other liabilities	8,021.6	1.0	20.6	8,043.2
Total equity and liabilities	**10,275.4**	**4.3**	**20.6**	**10,300.3**
Capital employed	4,015.0	4.3	15.3	4,034.6
Interest-bearing net liabilities	–222.7	–0.9	–10.9	–234.5
Equity/assets ratio	21.9%			21.9%

Income statement (IFRS) Jan–Dec 2013

	Before change	Effect of IFRS 10	Effect of IFRS 11	After change
Revenue	15,775.5		11.7	15,787.2
Gross income	1,448.6	–0.2	–11.9	1,436.4
Income from joint ventures and associated companies	80.1	0.1	13.8	94.0
Operating income	642.1	–0.1	0.7	642.6
Income after financial items	614.9	–0.2[1]		614.8

1 Attributable to non-controlling interests.

Note 03 Continued

Income statement (segments) Jan–Dec 2013

	Before change	Effect of IFRS 10	Effect of IFRS 11	After change
Revenue	15,759.0		11.7	15,770.7
Operating income	594.0	–0.1	0.7	594.6
Income after financial items	**566.8**	**–0.1**		**566.7**

Statement of financial position, December 31, 2013

	Before change	Effect of IFRS 10	Effect of IFRS 11	After change
Investments in joint ventures and associated companies	349.2	–2.6	–39.3	307.3
Current-asset properties	2,824.8	6.4	63.8	2,895.0
Other assets	6,664.4		–6.0	6,658.4
Total assets	**9,838.3**	**3.8**	**18.5**	**9,860.7**
Equity attributable to equity holders	2,380.1			2,380.1
Non-controlling interests	18.3	2.9		21.2
Other liabilities	7,439.9	0.9	18.5	7,459.3
Total equity and liabilities	**9,838.3**	**3.8**	**18.5**	**9,860.7**
Capital employed	3,959.0	3.8	14.8	3,977.6
Interest-bearing net receivables	121.5	–1.0	–11.2	109.2
Equity/assets ratio	24.4%			24.4%

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 earnings of central companies, the cost of Group headquarters and operations that are being discontinued, including the Latin American operations.

Eliminations consist mainly of profits in Construction operations related to property projects.

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.

Note 04 Continued

2014	Construction	Residential Development	Commercial Property Development	Infrastructure Development	Total operating segments	Central	Elimination	Total segments	Reconciliation with IFRSs	Total IFRS
External revenue	13,059.5	1,047.3	1,112.2	17.9	15,236.7	665.5	0.0	15,902.2	–186.8	15,715.4
Intra-Group revenue	1,073.1	0.8	9.3	0.0	1,083.2	83.7	–1,166.9	0.0	0.0	0.0
Total revenue	**14,132.6**	**1,048.0**	**1,121.5**	**17.9**	**16,320.0**	**749.1**	**–1,166.9**	**15,902.2**	**–186.8**	**15,715.4**
Cost of sales	–13,004.5	–916.0	–881.2	–22.9	–14,824.7	–768.3	1,168.9	–14,424.1	146.3	–14,277.9
Gross income	**1,128.1**	**132.0**	**240.2**	**–5.0**	**1,495.3**	**–19.2**	**2.0**	**1,478.1**	**–40.6**	**1,437.5**
Selling and administrative expenses	–637.4	–57.1	–57.7	–14.0	–766.2	–151.6	0.0	–917.9	0.1	–917.8
Income from joint ventures and associated companies	4.1	0.0	3.8	69.8	77.7	-5.5	-0.2	72.0	1.3	73.4
Operating income	**494.7**	**74.9**	**186.4**	**50.8**	**806.8**	**-176.3**	**1.8**	**632.2**	**-39.1**	**593.1**
of which depreciation/amortization	–158.8	–0.3	–0.3	–0.3	–159.8	–15.4		–175.1		
of which impairment losses/reversals of impairment losses										
Goodwill					0.0			0.0		
Other assets	–1.1	–12.7	4.7	–21.2	–30.3			–30.3		
of which gains from commercial property divestments			218.1		218.1		30.6	248.7		
of which gains from infrastructure project divestments				13.9	13.9			13.9		
Employees	42,427	396	304	127	43,254	14,612		57,866		
Gross margin, %	8.0	12.6								
Selling and administrative expenses, %	–4.5	–5.5								
Operating margin, %	3.5	7.1								
Assets, of which										
Property, plant and equipment	710.8	0.5	1.6	0.5	713.4	37.9		751.3		
Intangible assets	548.2	45.1			593.4	12.1		605.5		
Investments in joint ventures and associated companies	18.9	44.0	39.3	174.9	277.1	0.3	–1.3	276.2		
Current-asset properties	1.6	1,188.7	1,608.1		2,798.3	–10.4	–33.0	2,754.9		
Capital employed	73.7	1,095.0	1,581.8	201.5	2,952.0	925.4		3,877.4		
Investments	–161.5	–753.4	–754.9	–36.0	–1,705.8	–18.1	1.1	–1,722.8		
Divestments	80.6	980.1	903.2	45.9	2,009.9	25.7	–2.0	2,033.5		
Net investments	**–80.9**	**226.8**	**148.2**	**10.0**	**304.1**	**7.6**	**–0.9**	**310.7**		
Reconciliation from segment reporting to IFRSs										
Revenue according to segment reporting – binding agreement	14,132.6	1,048.0	1,121.5	17.9	16,320.0	749.1	–1,166.9	15,902.2		
Plus properties sold before the period		830.9	263.5		1,094.4	4.3		1,098.7		
Less properties not yet occupied by the buyer on closing day		–782.5	–445.6		–1,228.1			–1,228.1		
Proportional method for joint ventures		–99.9			–99.9		18.0	–81.9		
Currency-rate differences		11.7	12.6		24.3	0.1		24.5		
Revenue according to IFRS – handover	**14,132.6**	**1,008.3**	**952.0**	**17.9**	**16,110.7**	**753.5**	**–1,148.9**	**15,715.4**		
Operating income according to segment reporting – binding agreement	494.7	74.9	186.4	50.8	806.8	–176.3	1.8	632.2		
Plus properties sold before the period		102.0	59.4		161.4	0.4		161.8		
Less properties not yet occupied by the buyer on closing day		–119.5	–78.5		–198.0			–198.0		
Adjustment, income from joint ventures and associated companies		–1.8	–3.0		–4.7			–4.7		
New intra-Group profits							–2.6	–2.6		
Currency-rate differences		1.6	2.9		4.5	–0.1		4.4		
Operating income according to IFRS – handover	**494.7**	**57.2**	**167.2**	**50.8**	**770.0**	**–176.0**	**–0.9**	**593.1**		

Note 04 Continued

2013	Construction	Residential Development	Commercial Property Development	Infrastructure Development	Total operating segments	Central	Elimination	Total segments	Reconciliation with IFRSs	Total IFRS
External revenue	12,853.7	1,067.3	710.1	10.1	14,641.2	1,129.5	0.0	15,770.7	16.5	15,787.2
Intra-Group revenue	911.1	0.0	7.2	0.0	918.3	79.1	–997.4	0.0	0.0	0.0
Total revenue	**13,764.9**	**1,067.3**	**717.3**	**10.1**	**15,559.5**	**1,208.5**	**–997.4**	**15,770.7**	**16.5**	**15,787.2**
Cost of sales	–12,687.1	–945.3	–538.5	–22.9	–14,193.8	–1,166.6	993.3	–14,367.0	16.3	–14,350.7
Gross income	**1,077.8**	**121.9**	**178.8**	**–12.8**	**1,365.7**	**42.0**	**–4.0**	**1,403.6**	**32.8**	**1,436.4**
Selling and administrative expenses	–632.9	–56.1	–57.2	–15.5	–761.7	–126.4		–888.1	0.3	–887.8
Income from joint ventures and associated companies	3.6	0.3	1.8	74.7	80.4	–0.1	–1.3	79.1	14.9	94.0
Operating income	**448.5**	**66.2**	**123.4**	**46.3**	**684.5**	**–84.6**	**–5.3**	**594.6**	**48.1**	**642.6**
of which depreciation/amortization	–161.6	–0.6	–0.1	–1.2	–163.4	–17.8		–181.2		
of which impairment losses/reversals of impairment losses										
Goodwill	–5.5				–5.5			–5.5		
Other assets	–8.3	–7.9	–1.5		–17.7	–13.8		–31.4		
of which gains from commercial property divestments			163.5		163.5		12.9	176.5		
of which gains from infrastructure project divestments				13.6	13.6			13.6		
Employees	40,872	419	279	130	41,700	15,405		57,105		
Gross margin, %	7.8	11.4								
Selling and administrative expenses, %	–4.6	–5.3								
Operating margin, %	3.3	6.2								
Assets, of which										
Property, plant and equipment	733.3	0.6	1.5	0.7	736.1	49.7		785.8		
Intangible assets	490.8	45.4		0.0	536.2	11.8		548.0		
Investments in joint ventures and associated companies	19.6	42.4	8.7	219.6	290.3	–0.9	–0.9	288.4		
Current-asset properties	1.5	1,197.1	1,475.8		2,674.4	75.1	–32.4	2,717.1		
Capital employed	27.1	1,141.6	1,425.6	210.2	2,804.5	928.6		3,733.2		
Investments	–189.4	–804.6	–521.7	–8.7	–1,524.4	–35.5	–0.1	–1,560.0		
Divestments	37.3	922.3	803.8	28.0	1,791.4	146.2	0.0	1,937.6		
Net investments	**–152.1**	**117.8**	**282.0**	**19.3**	**267.0**	**110.7**	**–0.1**	**377.6**		
Reconciliation from segment reporting to IFRS										
Revenue according to segment reporting – binding agreement	13,764.9	1,067.3	717.3	10.1	15,559.5	1,208.5	–997.4	15,770.7		
Plus properties sold before the period		795.7	406.5		1,202.2	8.9		1,211.1		
Less properties not yet occupied by the buyer on closing day		–875.9	–277.7		–1,153.6	–4.5		–1,158.1		
Proportional method for joint ventures		–40.1			–40.1		17.6	–22.5		
Exchange-rate differences		–15.4	1.6		–13.8	–0.1		–13.9		
Revenue according to IFRS – handover	**13,764.9**	**931.6**	**847.7**	**10.1**	**15,554.2**	**1,212.8**	**–979.8**	**15,787.2**		
Operating income according to segment reporting – binding agreement	448.5	66.2	123.4	46.3	684.5	–84.6	–5.3	594.6		
Plus properties sold before the period		101.7	101.5		203.2	1.3		204.5		
Less properties not yet occupied by the buyer on closing day		–107.5	–62.6		–170.1	–0.5		–170.6		
Adjustment, income from joint ventures and associated companies		8.4	0.0		8.4		–0.1	8.3		
New intra-Group profits							7.2	7.2		
Exchange-rate differences		–2.0	0.7		–1.3			–1.3		
Operating income according to IFRS – handover	**448.5**	**66.9**	**163.0**	**46.3**	**724.7**	**–83.8**	**1.7**	**642.6**		

Note 04 Continued

External revenue by geographical area

	Sweden		USA		Other areas		Totalt	
	2014	2013	2014	2013	2014	2013	2014	2013
Construction	2,842.4	2,962.7	5,136.3	5,027.0	5,098.8	4,881.5	13,077.4	12,871.2
Residential Development	404.1	346.5			603.5	585.1	1,007.6	931.6
Commercial Property Development	499.0	439.6	143.0	180.4	300.7	220.6	942.6	840.6
Infrastructure Development	1.4	2.1	10.0	2.7	6.5	5.3	17.9	10.1
Central and eliminations	15.2	140.5			654.6	993.2	669.8	1,133.7
Total operating segments	**3,762.1**	**3,891.4**	**5,289.2**	**5,210.1**	**6,664.0**	**6,685.7**	**15,715.4**	**15,787.2**

The Group has no customers that account for 10 percent or more of its revenue.

Non-current assets and current-asset properties by geographical area

	Property plant and equipment,		Intangible assets [1]		Investments in joint ventures and associated companies		Current-asset properties	
	2014	2013	2014	2013	2014	2013	2014	2013
Sweden	232.2	234.3	39.6	30.3	55.3	91.4	954.7	1,111.6
USA	217.5	194.8	113.2	100.1	59.8	16.7	437.0	292.6
Other areas	301.6	408.1	452.8	453.4	161.1	199.2	1,363.1	1,490.8
	751.3	**837.2**	**605.5**	**583.9**	**276.2**	**307.3**	**2,754.9**	**2,895.0**

1 Of the “Other areas” item for intangible assets, EUR 149.0 M (159.7) was from Norwegian operations and EUR 186.0 M (176.6) from UK operations.

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 2014 and 2013, no operations were recognized as discontinued.

At the end of 2014, there were no non-current assets that were recognized in compliance with IFRS 5 as current assets and specified as Assets held for sale. Neither were there any such non-current assets in 2013.

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, trade 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 ofthe 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 EUR 1,710.3 M. The average maturity of interest-bearing assets amounted to 0.2 (0.3) years on December 31, 2014.

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 accounts receivable 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, 2014	Dec 31, 2013
Carrying amount	2,163.1	1,873.0
Impairment losses	107.2	83.5
Cost	**2,270.2**	**1,956.5**

Change in impairment losses, trade accounts receivable	2014	2013
January 1	83.5	88.0
Impairment loss/reversal of impairment loss for the year	31.1	2.9
Impairment losses settled	–6.4	–0.3
Exchange-rate differences	–1.1	–7.1
December 31	**107.2**	**83.5**

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.

	2014	2013
Due within 30 days	3.0	10.3
Due in over 30 days but no more than one year	38.4	2.9
Due in more than one year	19.0	12.0
Total	**60.3**	**25.3**

Holdings of less than 20 percent of voting power in a company are reported as shares. Their carrying amount is EUR 3.7 M (3.6). Shares are subject to changes in value. Impairment losses on shares total EUR –1.3 M (–1.3), of which EUR 0.0 M (0.0) during 2014.

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 2014, Skanska issued a green corporate bond, the second of its type by a listed company in Sweden. The EUR 89.7 M bond has a five-year term. During the year the Group also renegotiated its syndicated bank loan, which aims to back up Skanska's capital market borrowing. The term was extended by two years to 2019. The total amount was decreased from EUR 600.0 M to EUR 555.0 M.

Note 06 Continued

	Maturity	Currency	Limit	Nominal	Utilized
Market funding programs					
Commercial paper (CP) program, maturities 0–1 years		SEK/EUR	6,000 MSEK	632.9	0.0
Medium Term Note (MTN) program, maturities 1–10 years		SEK/EUR	8,000 MSEK	843.9	435.8
				1,476.9	**435.8**
Committed credit facilities					
Syndicated bank loan	2019	SEK/EUR/USD	555 MEUR	555.1	0.0
Bilateral loan agreements	2017/2018/2020	EUR	260 MEUR	259.9	259.9
Other credit facilities				45.0	0.0
				860.1	**259.9**

At year-end 2014, the Group's unutilized credit facilities totaled EUR 600.0 M (646.6).

Liquidity reserve and maturity structure

The objective is to have a liquidity reserve of at least SEK 4 billion (corresponding to EUR 0.4 billion) available within one week in the form of cash equivalents or committed credit facilities. At year-end 2014, cash and cash equivalents and committed credit facilities amounted to about about SEK 15 (13) billion (corresponding to EUR 1.6 [1.5] billion), of which about SEK 11 billion (corresponding to EUR 1.2 billion) is available within one week.

The Group's policy is for the central borrowing portfolio's maturity structure 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, 2014 the average maturity of the borrowing portfolio was 3.6 years, if unutilized credit facilities are taken into account.

The maturity structure, including interest payments, of the Group's financial interest-bearing liabilities and derivatives related to borrowing is 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 years**	**Over 1 year within 5 years**	**More than 5 years**
Interest-bearing financial liabilities	1,124.6	1,172.8	16.1	397.0	695.4	64.3
Derivatives: Currency forward contracts						
Inflow	–17.3	–634.3	–627.6	–6.8		
Outflow	34.2	645.4	637.4	8.0		
Derivatives: Interest rate swaps						
Inflow	0.0	–6.3	–0.5	–1.4	–4.4	
Outflow	21.3	27.7	2.4	6.9	18.5	
Total	**1,162.8**	**1,205.3**	**27.8**	**403.7**	**709.4**	**64.3**

The average maturity of interest-bearing liabilities amounted to 2.3 (2.5) years.

Other operating liabilities

Other operating liabilities that consist of financial instruments fall due for payment according to the table below.

Other operating liabilities	2014	2013
Due within 30 days	51.6	50.9
Due in over 30 days but no more than one year	42.1	12.5
Due in more than one year		73.6
Total	**93.7**	**137.0**

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 financial items and cash flow (cash flow risk) or the fair value of financial assets and liabilities (fair value interest risk).

For the Group, exposure to interest-rate risk 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 EUR 10.5 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 fair value of interest-bearing financial assets and liabilities, plus derivatives, would change by about EUR 14.0 M (17.3) 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, 2014.

The relative interest-rate risk is EUR 1.1 M higher than in a comparative portfolio with a risk of EUR 13.0 M and is attributable to the fact that the interest refixing period is somewhat longer than the 2-year period of the comparative portfolio. The deviation of both interest-rate risk and interest refixing period is within the authorized limits for the Group.

An average one percentage-point increase in market interest rates from the level at the year-end would have an estimated positive effect on the Group's financial items of around EUR 8.4 M for 2015.

The average rate refixing period for all of the Group's interest-bearing assets was 0.1 (0.2) years, taking derivatives into account. The interest rate for these was 0.42 (0.69) percent at year-end. Of the Group's total interest-bearing financial assets, 36 (48) percent carry fixed interest rates and 64 (52) percent variable interest rates.

The average refixing period for all interest-bearing liabilities, taking into account derivatives but excluding pension liabilities, was 1.5 (1.8) years. The interest rate for interest-bearing liabilities amounted to 2.10 (2.57) percent at year-end. Taking into account derivatives, the interest rate was 2.34 (2.40) percent. Of total interest-bearing financial liabilities, after taking into account derivatives, 51 (49) percent carry fixed interest rates and 49 (51) percent variable interest rates.

On December 31, 2014 there were outstanding interest-rate swap contracts amounting to EUR 523.8 M (512.5), of which EUR 15.1 M (25.3) has an amortizing structure. All the contracts were concluded in order to swap the Group's borrowing from variable to fixed interest. Skanska applies hedge accounting for the majority of these interest-rate swaps. The hedges fulfill effectiveness requirements, which means that unrealized profit or loss is recognized under "Other comprehensive income."

The fair value of these hedges totaled EUR –16.4 M (–4.6) on December 31, 2014. The fair value of interest-rate swaps for which hedge accounting is not applied totaled EUR–5.0 M (–0.2) on December 31, 2014. For these interest-rate swaps changes in fair value are recognized in the income statement. There were also interest-rate swap contracts in partly owned joint venture companies.

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 inflows and outflows 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 (corresponding to EUR 5.3 M), with risk calculated as the effect on earnings of a five percentage-point shift in exchange rates. As of December 31, 2014 foreign-exchange rate risk accounted for EUR 2.4 M (2.1) 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]	2015	2016	2017 and later
PLN	–36.0	–72.8	–19.8
EUR	–53.6	–1.9	
CZK	–21.6		
CHF	–9.6	–2.5	
HUF	–7.1	–2.6	
GBP	–7.3	–0.6	
RON	–5.3	–1.5	
USD	6.6	9.7	12.3
Other currencies	–0.1	1.7	
Total equivalent value	**–133.9**	**–70.6**	**–7.5**

1 Flows in PLN, CZK, HUF and RON 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 UK. 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 EUR –6.3 M (0.4) on December 31, 2014. 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 EUR 0.2 M (0.0) on December 31, 2014, 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 2014, about 21 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 EUR 11.1 M (8.5) and their negative fair value amounted to EUR 17.7 M (2.0). The fair value of foreign currency loans amounted to EUR 267.3 M (263.7).

Hedging of net investment outside Sweden

	2014				2013			
Currency	Net investment	Hedge[1]	Hedged portion %	Net investment[2]	Net investment	Hedge[1]	Hedged portion %	Net investment[2]
USD	842.4	–79.5	9%	762.9	676.4	–142.9	21%	533.5
EUR	648.1	–193.5	30%	454.7	491.6	–260.1	53%	231.5
CZK	263.0	–86.8	33%	176.2	263.8	–94.0	36%	169.8
NOK	381.0	–101.5	27%	279.5	372.5	–108.8	29%	263.7
PLN	246.3	–43.5	18%	202.9	246.8	–39.1	16%	207.7
GBP	167.5	–47.3	28%	120.3	219.1	–6.4	3%	212.7
Others	102.0	–16.9	17%	85.1	150.4	–20.2	13%	130.2
Total	**2,650.4**	**–568.9**	**21%**	**2,081.5**	**2,420.6**	**–671.5**	**28%**	**1,749.1**
SEK and eliminations				157.7				632.9
Total				**2,239.3**				**2,382.0**

1 After subtracting tax portion.
2 After subtracting hedged portion.

An exchange rate shift where the EUR falls/rises by 10 percent against other currencies would have an effect of EUR +/– 0.22 billion on "Other comprehensive income" after taking hedges into account.

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, "Foreign-exchange rates and effect of changes in foreign-exchange rates."

Note 06 Continued

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.

See also Note 21, "Financial assets," Note 24, "Other operating receivables," Note 27, "Financial liabilities" and Note 30, "Operating liabilities."

Assets	At fair value through profit	Hedge-accounted derivatives	Held-to-maturity investments	Available-for-sale assets	Loans and receivables	Total carrying amount
2014						
Financial instruments						
Interest-bearing assets and derivatives						
Financial assets[1]						
Financial investments at fair value	6.2	11.1				17.3
Financial investments at amortized cost			145.4			145.4
Financial interest-bearing receivables					586.9	586.9
	6.2	**11.1**	**145.4**	**0.0**	**586.9**	**749.6**
Current investments at fair value						0.0
Cash					960.7	960.7
	6.2	**11.1**	**145.4**	**0.0**	**1,547.6**	**1,710.3**
Trade accounts receivable[2]					**2,163.1**	**2,163.1**
Other operating receivables including shares						
Shares recognized as available-for-sale assets[3]				3.7		3.7
Other operating receivables[2, 4]					60.3	60.3
	0.0	**0.0**	**0.0**	**3.7**	**60.3**	**64.0**
Total financial instruments	**6.2**	**11.1**	**145.4**	**3.7**	**3,771.0**	**3,937.4**
2013						
Financial instruments						
Interest-bearing assets and derivatives						
Financial assets[1]						
Financial investments at fair value	4.8	8.8				13.6
Financial investments at amortized cost			143.6			143.6
Financial interest-bearing receivables					721.1	721.1
	4.8	**8.8**	**143.6**	**0.0**	**721.1**	**878.4**
Current investments at fair value						0.0
Cash					820.8	820.8
	4.8	**8.8**	**143.6**	**0.0**	**1,542.0**	**1,699.2**
Trade accounts receivable[2]					**1,873.0**	**1,873.0**
Other operating receivables including shares						
Shares recognized as available-for-sale assets[3]				3.6		3.6
Other operating receivables[2, 4]					25.3	25.3
	0.0	**0.0**	**0.0**	**3.6**	**25.3**	**28.9**
Total financial instruments	**4.8**	**8.8**	**143.6**	**3.6**	**3,440.2**	**3,601.1**

The difference between fair value and carrying amount for financial assets is marginal.

1 The carrying amount for financial assets excluding shares, totaling EUR 749.6 M (878.4), can be seen in Note 21, "Financial assets."
2 Refer to Note 24, "Other operating receivables."
3 The shares are recognized at cost. The reason for this it was deemed that fair value could not be reliably established. 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, EUR 2,773.1 M (2,498.2) was reported as "Other operating receivables." Refer to Note 24, "Other operating receivables." Of this amount, EUR 2,163.1 M (1,873.0) was under "Trade accounts receivable." These were reported as financial instruments. The remaining amount is EUR 610.0 M (625.3) and breaks down as EUR 60.3 M (25.3) for financial instruments and EUR 549.7 M (600.0) for non-financial instruments. The amount reported as financial instruments includes accrued interest income, deposits etc. Amounts reported as non-financial items include, 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, 2014	Dec 31, 2013
Assets		
Financial instruments	3,937.4	3,601.1
Other assets		
Property, plant and equipment and intangible assets	1,356.8	1,421.1
Investments in joint ventures and associated companies	276.2	307.3
Tax assets	227.2	229.6
Current-asset properties	2,754.9	2,895.0
Inventories	107.3	106.1
Gross amount due from customers for contract work	577.2	700.5
Trade and other receivables[1]	549.7	600.0
Total assets	**9,786.7**	**9,860.7**

1 In the consolidated statement of financial position, EUR 2,773.1 M (2,498.2) was reported as "Other operating receivables." Refer to Note 24, "Other operating receivables." Of this amount, EUR 2,163.1 M (1,873.0) was under "Trade accounts receivable." These were reported as financial instruments. The remaining amount is EUR 610.0 M (625.3) and breaks down as EUR 60.3 M (25.3) for financial instruments and EUR 549.7 M (600.0) for non-financial instruments. The amount reported as financial instruments includes accrued interest income, deposits etc. Amounts reported as non-financial items include, 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
2014				
Financial instruments				
Interest-bearing liabilities and derivatives				
Financial liabilities[1]				
Financial liabilities at fair value	24.8	35.3		60.1
Financial liabilities at amortized cost			1,140.2	1,140.2
	24.8	**35.3**	**1,140.2**	**1,200.4**
Operating liabilities				
Trade accounts payable			1,733.6	1,733.6
Other operating liabilities[2]			93.7	93.7
	0.0	**0.0**	**1,827.3**	**1,827.3**
Total financial instruments	**24.8**	**35.3**	**2,967.5**	**3,027.7**
2013				
Financial instruments				
Interest-bearing liabilities and derivatives				
Financial liabilities[1]				
Financial liabilities at fair value	8.7	7.0		15.6
Financial liabilities at amortized cost			1,203.4	1,203.4
	8.7	**7.0**	**1,203.4**	**1,219.1**
Operating liabilities				
Trade accounts payable			1,462.2	1,462.2
Other operating liabilities[2]			137.0	137.0
	0.0	**0.0**	**1,599.2**	**1,599.2**
Total financial instruments	**8.7**	**7.0**	**2,802.6**	**2,818.2**

The fair value is EUR 20.4 M (16.9) higher than the carrying amount for financial liabilities.

1 The carrying amount for financial liabilities totaling EUR 1,200.4 M (1,219.1) is reported in the statement of financial position along with financial liabilities of EUR 1,181.3 M (1,199.7) from Note 27 and contingent consideration of EUR 19.1 M (19.3) from Note 29. Contingent consideration is included in financial liabilities measured at fair value at EUR 3.5 M (3.9) and in financial liabilities measured at amortized cost at EUR 15.6 M (15.4). During the year EUR 0.8 M of the contingent consideration was paid out, and EUR 1.8 M accrued as interest income.
2 Other financial operating liabilities, totaling EUR 1,827.3 M (1,559.2), are reported in the statement of financial position together with "Trade accounts payable" of EUR 1,733.6 M (1,462.2) and "Other financial instruments" of EUR 93.7 M (137.0). The total item in the statement of financial position amounts to EUR 3,533.5 M (3,371.2). Refer to Note 30. Accrued interest expenses, checks issued but not cashed, liabilities for unpaid properties etc. are recognized as other financial operating liabilities. Other non-financial operating liabilities are, for example, interim items other than accrued interest, VAT liabilities, pension-related liabilities and other employee-related liabilities. Operating liabilities are measured at amortized cost.

Note 06 Continued

Reconciliation with statement of financial position	Dec 31, 2014	Dec 31, 2013
Equity and liabilities		
Financial instruments	3,027.7	2,818.2
Other liabilities		
Equity	2,258.0	2,401.2
Pensions	491.1	383.4
Tax liabilities	155.1	182.5
Provisions	614.4	615.8
Gross amount due to customers for contract work	1,534.3	1,687.4
Other operating liabilities[1]	1,706.2	1,772.1
Total equity and liabilities	**9,786.7**	**9,860.7**

1 Other financial operating liabilities, totaling EUR 1,827.3 M (1,559.2), are reported in the statement of financial position together with "Trade accounts payable" of EUR 1,733.6 M (1,462.2) and "Other financial instruments" of EUR 93.7 M (137.0). The total item in the statement of financial position amounts to EUR 3,533.5 M (3,371.2). Refer to Note 30. Accrued interest expenses, checks issued but not cashed, liabilities for unpaid properties etc. are recognized as other financial operating liabilities. Other non-financial operating liabilities are, for example, interim items other than accrued interest, VAT liabilities, pension-related liabilities and other employee-related liabilities. Operating liabilities are measured at amortized cost

Financial instruments – carrying amount	2014	2013
Assets at fair value	17.3	13.6
Assets at amortized cost	3,920.1	3,587.5
Total financial assets	**3,937.4**	**3,601.1**
Liabilities at fair value	60.1	15.6
Liabilities at amortized cost	2,967.5	2,802.6
Total financial liabilities	**3,027.7**	**2,818.2**

Financial instruments are measured at fair value or amortized cost in the balance sheet depending on classification. Financial instruments measured at fair value in the balance sheet belong to level 1 of the hierarchy in IFRS 13. The difference between fair value and carrying amount is marginal.

	2014		2013	
Disclosures concerning offsetting of financial instruments	Financial assets	Financial liabilities	Financial assets	Financial liabilities
Gross amounts	3,937.4	3,027.7	3,601.1	2,818.2
Amounts offset	0.0	0.0	0.0	0.0
Recognized in balance sheet	**3,937.4**	**3,027.7**	**3,601.1**	**2,818.2**
Amounts covered by netting arrangements	–13.7	–13.7	–4.9	–4.9
Net amount after netting arrangements	**3,923.7**	**3,013.9**	**3,596.1**	**2,813.3**

Financial assets and liabilities measured 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 2014 and 2013 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 2014 and 2013 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 "Hedge-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 EUR 17.3 M and liabilities totaling EUR 56.6 M have been calculated according to this level.

Skanska's liabilities for contingent considerations are measured according to level three. All other financial assets and liabilities are measured according to level two.

Impact of financial instruments on the consolidated income statement, other comprehensive income and equity

Revenue and expenses from financial instruments recognized in income statement	2014	2013
Recognized in operating income		
Interest income on loan receivables	0.7	2.0
Interest expenses on financial liabilities at cost	–0.2	–0.5
Impairment loss/reversal of impairment loss on loan receivables and trade accounts receivable	0.0	–1.3
Cash-flow hedge removed from equity and recognized in income statement	–55.9	–65.8
Total income and expenses in operating income	**–55.5**	**–65.5**
Recognized in financial items		
Interest income on financial assets at fair value through profit or loss[1]	3.8	4.4
Interest income on held-to-maturity investments	0.8	3.1
Interest income on loan receivables	4.1	4.6
Interest income on cash	6.4	3.6
Changes in market value of financial assets at fair value through profit or loss	0.2	0.8
Changes in market value of financial liabilities at fair value through profit or loss		0.2
Financial items from hedging of net investments in foreign subsidiaries[2]		1.4
Total income in financial items	**15.2**	**18.1**
Interest expenses on financial liabilities at fair value through profit or loss	–7.9	–3.2
Interest expenses on financial liabilities at amortized cost	–35.2	–49.0
Changes in market value of financial assets at fair value through profit or loss	–5.3	0.0
Financial items from hedging of net investments in foreign subsidiaries[2]	–1.3	
Net exchange-rate differences	–3.0	–1.0
Expenses for borrowing programs	–2.5	–3.0
Bank-related expenses	–5.7	–5.5
Total expenses in financial items	**–60.9**	**–61.8**
Net income and expenses from financial instruments recognized in income statement	**–101.1**	**–109.2**
Of which interest income on financial assets not at fair value through profit or loss	11.8	13.3
Of which interest expenses on financial liabilities not at fair value through profit or loss	–35.4	–49.5

1 The amount refers to EUR 2.4 M (4.4) worth of positive interest rate differences in currency swaps for the Group's borrowing.
2 The amount is related to interest income/expenses totaling EUR -1.3 M (1.4) attributable to currency forward contracts.

Reconciliation with financial items	2014	2013
Total income from financial instruments in financial items	15.2	18.1
Total expenses from financial instruments in financial items	–60.9	–61.8
Interest income on pensions	–7.6	–10.9
Other interest expenses	22.5	26.6
Other financial items		0.1
Total financial items	**–30.7**	**–27.9**

See also Note 14, "Financial items."

Income and expenses from financial instruments recognized under other comprehensive income	2014	2013
Cash-flow hedges recognized directly in equity	–146.2	–5.0
Cash-flow hedge removed from equity and recognized in income statement	55.9	65.8
Translation differences for the year	19.6	–161.8
Less hedging on foreign-exchange rate risk in operations outside Sweden	–3.7	35.4
Total	**–74.3**	**–65.6**
of which recognized in cash-flow hedge reserve	–90.2	60.8
of which recognized in translation reserve	15.9	–126.4
	–74.3	**–65.6**

Collateral

The Group has provided collateral (assets pledged) in the form of financial receivables amounting to EUR 136.5 M (143.9). Also see 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 receivable 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.

Acquisitions of Group companies/operations

No acquisitions were made during the year. In the prior year two acquisitions were made, one in Sweden and one in the UK, which increased goodwill by EUR 17.0 M. The acquisitions gave rise to contingent considerations of EUR 4.0 M. During the year EUR 0.2 M of this amount was paid out, and the remaining provisions for contingent considerations amounted to EUR 3.5 M at year-end.

Acquisition in Sweden in 2013

On September 1, 2013 Skanska acquired 100 percent of the shares in the Swedish company Birka Markbyggnad AB. Birka Markbyggnad AB is a leading groundwork company in the Stockholm area, and the acquisition increases Skanska's market share in this segment. Goodwill of EUR 1.7 M that arose on acquisition of the company is due to the professional expertise among the employees.

The contract contains an agreement on contingent consideration. The contingent consideration is conditional upon the extent to which earnings targets are achieved. The estimated contingent consideration is based on earnings reaching their targeted levels. The estimated contingent consideration totals about EUR 1.6 M and was recognized as a liability on the acquisition date. The total contingent consideration is not to exceed EUR 3.1 M. If earnings fall short of targets, the total contingent consideration could be reduced to zero.

Skanska's consolidated income statement for 2013 included net sales of EUR 7.9 M and net profit of EUR 0.2 M for Birka Markbyggnad AB. If the acquisition had occurred on January 1, the net sales of the business would have amounted to EUR 17.0 M and its net profit to EUR 0.7 M.

Direct acquisition expenditures amounted to EUR 0.2 M, consisting of consultant expenses, and were charged to selling and administrative expenses in the consolidated income statement.

Acquisition in the UK in 2013

On October 4, 2013 Skanska completed its acquisition of Atkins' Highway Services Division by taking over the company's contracts, assets and liabilities. The acquisition gives Skanska unique opportunities to enter a new market through the business development and tendering resources that the company has. Goodwill of EUR 13.4 M was due to this. The acquisition includes an agreement for a maximum contingent consideration of EUR 2.4 M based on future earnings.

The acquisition contributed EUR 76.1 M in consolidated sales in 2013 and net profit of EUR 1.8 M. If the acquisition had occurred on January 1, 2013, the net sales of the business would have amounted to EUR 230.1 M and its net profit to EUR 6.2 M.

Direct acquisition expenditures amounted to EUR 1.1 M, consisting of attorney and consultant expenses, and were charged to selling and administrative expenses in the consolidated income statement back in 2012.

Purchase price allocations for acquisitions in 2013

The following are disclosures of acquired net assets and goodwill per acquisition:

	Sweden	UK	Total
Purchase price	3.9	18.3	22.3
Fair value of net assets	2.0	3.3	5.3
Goodwill	**1.9**	**15.1**	**17.0**

The following are disclosures of adjusted acquired assets and liabilities, as well as the surplus value, excluding goodwill, per acquisition:

Acquired assets and liabilities at the time of acquisition, and surplus value per acquisition:

	Sweden			UK			
	Acquired balance sheet	Surplus value	Total	Acquired balance sheet	Surplus value	Total	Total all acquisitions
Assets							
Intangible assets		1.0	**1.0**		8.3	**8.3**	**9.3**
Tangible assets	1.0	0.0	**1.0**	5.3		**5.3**	**6.3**
Shares and participations						**0.0**	**0.0**
Interest-bearing assets	0.1		**0.1**				**0.1**
Non-interest-bearing assets	3.9	0.0	**3.9**	1.0	1.2	**2.2**	**6.2**
Cash and cash equivalents	0.6		**0.6**				**0.6**
Total	**5.6**	**1.0**	**6.6**	**6.3**	**9.6**	**15.8**	**22.5**
Liabilities							
Non-controlling interests							
Interest-bearing liabilities	0.7		**0.7**	4.8		**4.8**	**5.5**
Non-interest-bearing liabilities	2.1	1.8	**3.9**		7.8	**7.8**	**11.7**
Total	**2.8**	**1.8**	**4.6**	**4.8**	**7.8**	**12.6**	**17.2**
Net assets	2.8	–0.8	**2.0**	1.5	1.8	**3.3**	**5.3**

See also Note 35.

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

	2014	2013
Construction	14,132.6	13,764.9
Residential Development	1,008.3	931.6
Commercial Property Development	952.0	847.7
Infrastructure Development	17.9	10.1
Other areas		
Central	753.5	1,212.8
Eliminations, see below	–1,148.9	–979.8
Total	**15,715.4**	**15,787.2**

Reported as eliminations

	2014	2013
Intra-Group construction for		
Construction	–104.8	–62.1
Residential Development	–438.8	–508.7
Commercial Property Development	–511.0	–350.8
Infrastructure Development [1]		
Intra-Group property divestments	–2.0	–0.1
Other	–92.3	–58.1
	–1,148.9	**–979.8**

1 Construction includes EUR 712.2 M (793.7) 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.

Revenue by category

	2014	2013
Construction contracts	12,801.3	12,978.7
Services	732.2	763.8
Sales of goods	241.3	130.3
Rental income	45.8	50.4
Divestments of properties	1,894.6	1,864.1
Total	**15,715.4**	**15,787.2**

As for other types of revenue, dividends and interest income are recognized in financial items. See Note 14, "Financial items."

Other matters

Invoicing to associated companies and joint ventures amounted to EUR 738.5 M (792.0). 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 EUR 12,801.3 M (12,978.7).

Information from the statement of financial position

Gross amount due from customers for contract work	Dec 31, 2014	Dec 31, 2013	Jan 1, 2013
Accrued revenue	11,004.3	8,864.6	7,317.9
Invoiced revenue	–10,427.1	–8,164.2	–6,620.2
Total, asset	**577.2**	**700.5**	**697.7**

Gross amount due to customers for contract work	Dec 31, 2014	Dec 31, 2013	Jan 1, 2013
Invoiced revenue	28,996.3	25,754.3	25,619.8
Accrued revenue	–27,462.0	–24,066.9	–23,783.5
Total, liability	**1,534.3**	**1,687.4**	**1,836.3**

Accrued revenue in ongoing projects including recognized gains minus recognized loss provisions amounted to EUR 38,466.3 M (32,931.5).

Advance payments received totaled EUR 112.9 M (236.6).

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 EUR 436.1 M (338.1).

Note 10 Operating expenses by category of expense

During 2014, revenue decreased by EUR –71.8 M to EUR 15,715.4 M (15,787.2). Operating income decreased by EUR –49.5 M to EUR 593.1 M (642.6). Personnel expenses for the year amounted to EUR –3,159.1 M (–3,159.8).

Other operating expenses adjusted for current-asset properties divested and income in joint ventures and associated companies amounted to EUR –10,292.9 M (–10,351.8).

	2014	2013
Revenue	15,715.4	15,787.2
Personnel expenses [1]	–3,159.1	–3,159.8
Depreciation/amortization	–175.1	–181.2
Impairment losses	–30.3	–37.0
Carrying amount of current-asset properties divested	–1,538.3	–1,508.7
Income from joint ventures and associated companies	73.4	94.0
Other [2]	–10,292.9	–10,351.8
Total expenses	**–15,122.3**	**–15,144.6**
Operating income	**593.1**	**642.6**

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 Seop.
2 Other includes 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	2014	2013
Construction	–637.4	–632.9
Residential Development	–57.1	–56.1
Commercial Property Development	–57.7	–57.2
Infrastructure Development	–14.0	–15.5
Central and eliminations	–151.5	–126.1
Total	**–917.8**	**–887.8**

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
2014						
Intangible assets	–6.2				–1.8	–8.0
Property, plant and equipment						
Property	–7.9				–0.4	–8.3
Plant and equipment	–144.6	–0.3	–0.3	–0.3	–13.2	–158.8
Total	**–158.8**	**–0.3**	**–0.3**	**–0.3**	**–15.4**	**–175.1**
2013						
Intangible assets	–5.4				–2.1	–7.5
Property, plant and equipment						
Property	–8.1				–0.1	–8.2
Plant and equipment	–148.1	–0.6	–0.1	–1.2	–15.6	–165.5
Total	**–161.6**	**–0.6**	**–0.1**	**–1.2**	**–17.8**	**–181.2**

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 IAS 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
2014						
Recognized in operating income						
Goodwill						0.0
Property, plant and equipment						
Property	–0.2					–0.2
Plant and equipment	–0.9					–0.9
Investments in joint ventures and associated companies				–21.2		–21.2
Current-asset properties						
Commercial Property Development			4.7			4.7
Residential Development		–12.7				–12.7
Total	**–1.1**	**–12.7**	**4.7**	**–21.2**	**0.0**	**–30.3**
2013						
Recognized in operating income						
Goodwill	–5.5					–5.5
Property, plant and equipment						
Property	–8.0					–8.0
Plant and equipment	–0.1					–0.1
Investments in joint ventures and associated companies	–0.2	–2.7			0.1	–2.8
Current-asset properties						
Commercial Property Development			–1.5			–1.5
Residential Development		–5.2			–13.9	–19.1
Total	**–13.9**	**–7.9**	**–1.5**	**0.0**	**–13.8**	**–37.0**

Note 14 Financial items

	2014	2013
Financial income		
Interest income	15.0	15.7
Gain on divestments of shares		0.1
Change in fair value	0.2	2.4
	15.2	**18.3**
Financial expenses		
Interest expenses	–43.1	–55.8
Interest income on pensions	–7.6	–10.9
Capitalized interest expenses	22.5	30.2
Change in fair value	–6.6	
Net exchange-rate differences	–3.0	–1.0
Other financial items	–8.2	–8.6
	–45.9	**–46.1**
Total	**–30.7**	**–27.9**

Disclosures on how large a portion of income and expenses in financial items comes from financial instruments are presented in Note 6, "Financial instruments and financial risk management."

Net interest items

Financial items amounted to EUR –30.7 M (–27.9). Net interest items improved to EUR –13.2 M (–20.8). Interest income decreased marginally to EUR 15.0 M (15.7). Interest expenses including capitalized interest decreased to EUR –43.1 M (–55.8), which was mainly attributable to lower interest on construction loans in Sweden and a smaller proportion of loans in high interest-rate currencies. During the year, Skanska capitalized interest expenses of EUR 22.5 M (30.2) in ongoing projects for its own account.

Interest income was received at an average interest rate of 0.67 (0.80) percent. Interest expenses, excluding interest on pension liability, were paid at an average interest rate of 2.44 (2.73) percent during the year.

Taking into account derivatives, the average interest rate was 2.57 (2.57) percent.

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, 2014, based on the outcome in 2013, decreased to EUR –7.6 M (–10.9). See also Note 28, "Pensions."

The Group had net interest items of EUR 0.4 M (1.5) that were recognized in operating income. See "Accounting and valuation principles," Note 1.

Change in fair value

The change in fair value amounted to EUR –6.4 M (2.4) and the decrease is mainly due to lower market rates in the Swedish market, which have a negative effect on interest-rate swap contracts.

Other financial items

Other financial items totaled EUR –8.2 M (–8.6) 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 2014, borrowing costs were capitalized at an interest rate of about 2.0 (3.0) percent.

	Capitalized interest during the year		Total accumulated capitalized interest included in cost	
	2014	2013	2014	2013
Current-asset properties	22.5	30.2	19.9	29.0
Total	**22.5**	**30.2**	**19.9**	**29.0**

Note 16 Income taxes

Income taxes are reported in compliance with IAS 12, "Income Taxes." See "Accounting and valuation principles," Note 1.

Tax expenses

	2014	2013
Current taxes	–88.3	–111.0
Deferred tax expenses from change in temporary differences	–12.3	–45.4
Deferred tax expenses from change in loss carryforwards	–27.4	–19.8
Taxes in joint ventures	–12.3	–3.1
Total	**–140.2**	**–179.3**

Tax items recognized under other comprehensive income

	2014	2013
Deferred taxes attributable to cash-flow hedges	2.5	2.0
Deferred taxes attributable to pensions	55.8	–21.2
Total	**58.3**	**-19.2**

There was no deferred tax attributable to the category "available-for-sale financial assets."

Income taxes paid in 2014 amounted to EUR –109.2 M (–124.1).

Relation between taxes calculated after aggregating nominal tax rates and recognized taxes

The Group's recognized tax rate amounted to 25 (29) percent.

The Group's aggregated nominal tax rate was estimated at 26 (30) percent.

The average nominal tax rate in Skanska's home markets in Europe amounted to about 21 (23) percent, and in the U.S., just over 40 (40) percent, depending on the allocation of income between the different states.

The relation between taxes calculated after aggregating nominal tax rates of 26 (30) percent and recognized taxes of 25 (29) percent is explained in the table below.

	2014	2013
Income after financial items	562.4	614.8
Tax according to aggregation of nominal tax rates, 26 (30) percent	–146.2	–184.5
Tax effect of:		
Divestments of properties	42.9	42.5
Divestments of infrastructure projects	0.0	3.5
Other items	–37.0	–40.8
Recognized tax expenses	**–140.2**	**–179.3**

Note 16 Continued

Tax assets and tax liabilities

	Dec 31, 2014	Dec 31, 2013	Jan 1, 2013
Tax assets	98.0	110.6	66.3
Tax liabilities	53.2	69.9	27.9
Net tax assets (+), tax liabilities (–)	**44.8**	**40.7**	**38.3**

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, 2014	Dec 31, 2013
Deferred tax assets according to the statement of financial position	129.2	119.0
Deferred tax liabilities according to the statement of financial position	101.9	112.6
Net deferred tax assets (+), deferred tax liabilities (–)	**27.3**	**6.4**

	Dec 31, 2014	Dec 31, 2013
Deferred tax assets for loss carryforwards	24.1	50.2
Deferred tax assets for other assets	49.6	39.6
Deferred tax assets for provisions for pensions	108.9	69.9
Deferred tax assets for ongoing projects	28.1	47.0
Other deferred tax assets	137.5	116.8
Total before net accounting	**348.0**	**323.5**
Net accounting of offsettable deferred tax assets/liabilities	–218.8	–204.5
Deferred tax assets according to the statement of financial position	**129.2**	**119.0**

	Dec 31, 2014	Dec 31, 2013
Deferred tax liabilities for non-current assets	42.0	34.3
Deferred tax liabilities for ongoing projects	181.1	193.5
Deferred tax liabilities for other current assets	13.1	9.7
Other deferred tax liabilities	84.5	79.6
Total before net accounting	**320.7**	**317.1**
Net accounting of offsettable deferred tax assets/liabilities	–218.8	–204.5
Deferred tax liabilities according to the statement of financial position	**101.9**	**112.6**

Change in net deferred tax assets (+), liabilities (–)

	2014	2013
Net deferred tax assets, January 1	6.4	79.5
Acquisitions of companies		0.9
Divestments of companies		11.8
Recognized under other comprehensive income	58.3	–19.2
Deferred tax expenses	–39.7	–65.2
Reclassifications	–4.3	
Exchange-rate differences	6.6	–1.5
Net deferred tax assets, December 31	**27.3**	**6.4**

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, for example, 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, for example, 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 amount to EUR 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, 2014	Dec 31, 2013
Loss carryforwards that expire within one year	1.4	6.4
Loss carryforwards that expire in more than one year but within three years		0.4
Loss carryforwards that expire in more than three years	132.1	119.9
Total	**133.4**	**126.8**

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

	2014	2013
Property	209.9	222.3
Plant and equipment	531.5	611.2
Property, plant and equipment under construction	9.9	3.7
Total	**751.3**	**837.2**

Depreciation of property, plant and equipment by asset class and function

	Cost of sales		Selling and administration		Total	
	2014	2013	2014	2013	2014	2013
Property	–5.9	–5.8	–2.4	–2.4	–8.3	–8.2
Plant and equipment	–144.6	–151.2	–14.1	–14.3	–158.8	–165.5
Total	**–150.5**	**–157.0**	**–16.6**	**–16.8**	**–167.1**	**–173.7**

Impairment losses/reversals of impairment losses on property, plant and equipment

During 2014, net impairment losses in the amount of EUR –1.1 M (–8.1) were recognized. The impairment losses in the comparative year were applied in the Czech Republic and Slovakia.

All impairment losses/reversals of impairment losses were recognized under "Cost of sales."

	Property		Plant and equipment		Total	
Impairment losses/reversals of impairment losses	2014	2013	2014	2013	2014	2013
Impairment losses	–0.2	–8.1	–0.9	–0.1	–1.1	–8.2
Reversals of impairment losses		0.1	0.0	0.0	0.0	0.1
Total	**–0.2**	**–8.0**	**–0.9**	**–0.1**	**–1.1**	**–8.1**

Amount of impairment losses/ reversals of impairment losses based on	2014	2013	2014	2013	2014	2013
Net realizable value	0.0	–7.9	0.0	0.0	0.0	–7.9
Value in use	–0.2	–0.1	–0.9	–0.1	–1.1	–0.2
Total	**–0.2**	**–8.0**	**–0.9**	**–0.1**	**–1.1**	**–8.1**

Information about cost, accumulated amortization and accumulated impairment losses

	Property		Plant and equipment		Property, plant and equipment under construction	
	2014	2013	2014	2013	2014	2013
Accumulated cost						
January 1	383.8	390.8	2,214.1	2,205.2	3.7	17.1
Investments	5.6	7.6	134.8	147.5	14.5	7.1
Acquisitions of companies			–0.5	6.5		
Divestments	–13.8	–2.2	–122.5	–42.4	–7.7	–0.5
Reclassifications	1.0	10.1	0.7	15.7		–19.9
Exchange-rate differences for the year	–0.3	–22.5	–35.3	–118.3	–0.6	–0.1
	376.3	**383.8**	**2,191.2**	**2,214.1**	**9.9**	**3.7**
Accumulated depreciation according to plan						
January 1	–131.4	–123.2	–1,582.7	–1,520.6		
Divestments and disposals		–0.7	72.7	25.7		
Reclassifications		–6.8	–1.5	–5.5		
Depreciation for the year	–8.3	–8.2	–158.8	–165.5		
Exchange-rate differences for the year	2.6	7.5	29.7	83.3		
	–137.1	**–131.4**	**–1,640.6**	**–1,582.7**		
Accumulated impairment losses						
January 1	–30.1	–23.4	–20.2	–21.5		
Divestments		–0.5	0.8	0.2		
Reclassifications		0.5				
Impairment losses/reversals of impairment losses for the year	–0.2	–8.0	–0.9	–0.1		
Exchange-rate differences for the year	1.1	–36.5	1.1	0.6		
	–29.2	**–30.1**	**–19.2**	**–20.2**		
Carrying amount, December 31	**209.9**	**222.3**	**531.5**	**611.2**	**9.9**	**3.7**
Carrying amount, January 1	222.3	244.2	611.2	663.1	3.7	17.1

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 EUR 0.0 M (0.0).
Skanska did not receive any compensation from third parties for property, plant and equipment that was damaged or lost, either in 2014 or 2013.

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 EUR 556.6 M (545.0). During 2014, goodwill increased by EUR 11.5 M, mainly due to exchange-rate differences.

During the comparative year, goodwill decreased by EUR –23.5 M.

See also Note 7.

Goodwill value by cash-generating units

	2014	2013	change during the year	of which sales	of which impairment losses	of which reclassification	of which exchange-rate differences
Sweden	12.2	13.4	–1.1	–0.5			–0.6
Norway	149.0	159.7	–10.8				–10.8
Finland	44.8	44.8	0.0				0.0
Poland	4.9	5.1	–0.2				–0.2
Czech Republic/Slovakia	54.5	55.1	–0.5				–0.5
UK	180.7	169.4	11.3				11.3
USA Building	33.3	29.4	3.9				3.9
USA Civil	77.1	68.1	9.0				9.0
Total	**556.6**	**545.0**	**11.5**	**–0.5**	**0**	**0**	**12.1**

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 ten years, which is the period used in models for measurement of other types of assets, for example commercial projects. With ten-year models it is easier to make assumptions concerning cycles, and there is less dependence on residual values.

The growth rate that is used to extrapolate cash-flow forecasts beyond the period covered by the ten-year forecasts is the normal growth rate for the industry in each respective country.

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 both before and after 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	UK	USA Civil
Recoverable value, 100	100	100	100	100	100
Carrying amount [1]	39	44	30	0	n.a
Interest rate, percent (WACC), before taxes	8	8	8	8	10
Interest rate, percent (WACC), after taxes	6	6	6	7	6
Expected growth, percent	0	0	3	3	3
Interest rate, percent (WACC), previous year (before taxes)	8	8	9	9	10
Expected growth, percent, previous year	3	1	1	1	1
Carrying amount in relation to recoverable amount, 100					
in case of increase in interest rate by					
+ 1 percentage point	44	51	35	1	n.a
+ 5 percentage points [2]	66	80	59	1	n.a

1 For Skanska's operations in the 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 2014 no impairment losses were recognized in the Group. During the comparative year, impairment losses of EUR 5.5 M were applied to goodwill.

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, 2014	Dec 31, 2013	Useful life applied
Intangible assets, internally generated	5.6	2.5	3–5 years
Intangible assets, externally acquired	43.4	36.4	3–10 years
Total	**48.9**	**38.9**	

Externally acquired intangible assets include acquired service contracts in the UK, acquired customer contracts in Poland, extraction rights for gravel pits and rock quarries in Sweden, and business systems.

Business systems are 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 are amortized, because they have a limited useful life.

Amortization by function	2014	2013
Cost of sales	–4.4	–3.2
Selling and administration	–3.6	–4.3
Total	**–8.0**	**–7.5**

Impairment losses/reversals of impairment losses on other intangible assets

During 2014 and 2013, there were no impairment losses/reversals of impairment losses on other intangible assets.

Information about cost, accumulated amortization and accumulated impairment losses

	Other intangible assets, externally acquired		Intangible assets, internally generated[1]	
	2014	2013	2014	2013
Accumulated cost				
January 1	123.0	103.5	2.9	1.2
Acquisitions of companies		9.6		
Other investments	16.1	12.5	3.9	1.8
Divestments	–1.1	–0.2		
Reclassifications		2.0		
Exchange-rate differences for the year	1.9	–4.4	–0.3	–0.1
	139.9	**123.0**	**6.5**	**2.9**
Accumulated amortization				
January 1	–83.6	–79.8	–0.4	–0.2
Divestments	1.1			
Amortization for the year	–7.5	–7.3	–0.5	–0.2
Reclassifications		–0.2		
Exchange-rate differences for the year	–0.9	3.7	0.0	0.0
	–90.9	**–83.6**	**–0.9**	**–0.4**
Accumulated impairment losses				
January 1	–2.9	0.0		
Exchange-rate differences for the year	–2.7	–3.0		
	–5.6	**–2.9**	**0.0**	**0.0**
Carrying amount, December 31	**43.4**	**36.4**	**5.6**	**2.5**
Carrying amount, January 1	36.4	20.8	2.5	0.9

1 Internally generated intangible assets consist of business systems.

Other matters

Information about capitalized interest is presented in Note 15, "Borrowing costs." Direct research and development expenses amounted to EUR 22.6 M (24.3).

Note 20A Subsidiaries

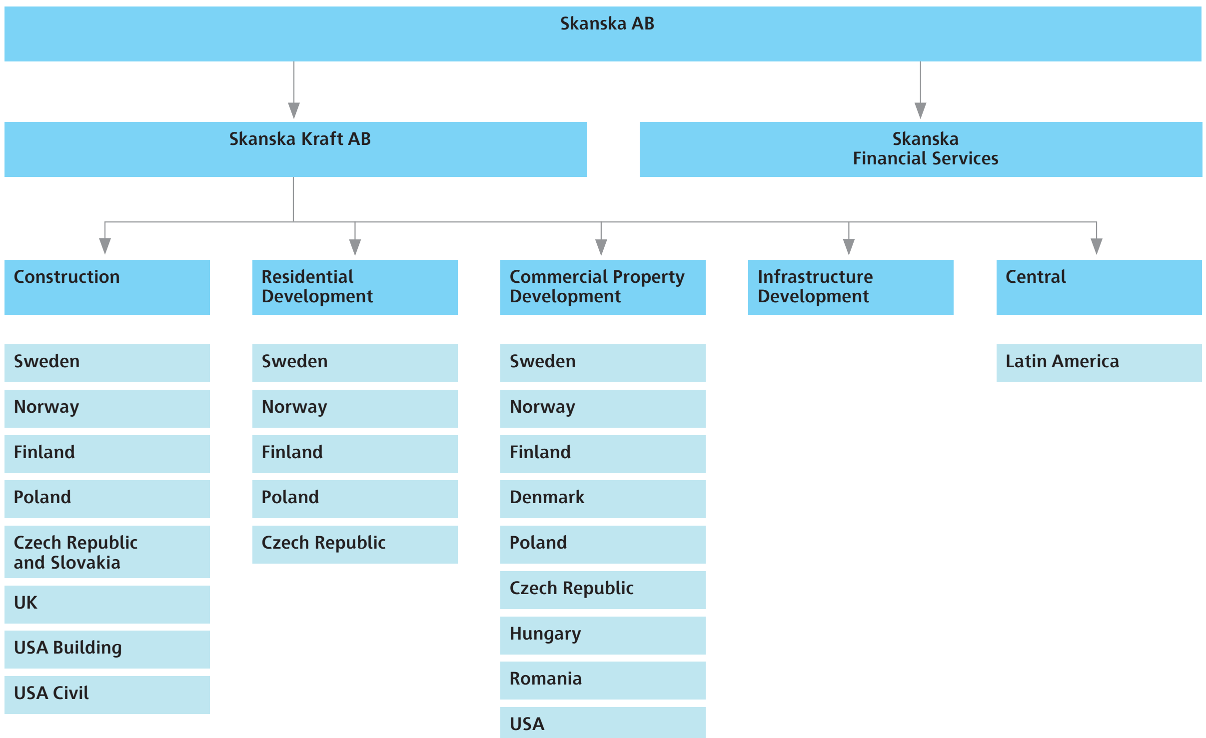
The Parent Company Skanska AB holds 100 percent of the shares in Skanska Financial Services AB and Skanska Kraft AB.

Skanska Kraft AB in turn directly or indirectly owns the subsidiaries in the countries in which Skanska has operations.

All subsidiaries are independent limited companies, or the equivalent legal form in each country.

Regarding the companies' domicile, see Note 52 for the Parent Company, "Holdings in Group companies."

Skanska's Company Structure



According to Note 26, there are only minor interests in "Non-controlling interests."

Note 20B Investments in joint ventures and associated companies

For all joint arrangements an assessment is made of their legal form, agreements between the owning parties and other circumstances. In compliance with IFRS 11, the joint arrangement is reported as a joint venture if the owning parties only have rights to the net assets. See also Note 1.

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:

	2014	2013
Share of income in joint ventures according to the equity method [1]	84.0	83.4
Share of income in associated companies according to the equity method [1]	0.0	–0.2
Divestments of joint ventures	10.5	13.5
Impairment losses in joint ventures	–21.2	–2.8
Total	**73.4**	**94.0**

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 amounts to EUR –12.3 M (–3.1) and its share of taxes in associated companies amounts to EUR 0.0 M (0.0). See also Note 16, "Income taxes."

Carrying amount according to the statement of financial position and the change that occurred during 2013 can be seen in the following table:

	2014			2013		
	Joint ventures	Associated companies	Total	Joint ventures	Associated companies	Total
January 1	305.2	2.1	307.3	278.4	3.0	281.5
Changed accounting principle				–56.6		–56.6
Adjusted opening cost	305.2	2.1	307.3	221.8	3.0	224.9
Investments	70.0		70.0	18.5		18.5
Divestments	–36.0		–36.0	–15.1		–15.1
Reclassifications	11.6		11.6	–20.8		–20.8
Exchange-rate differences for the year	5.6	–0.1	5.5	–11.2	–0.3	–11.5
The year's provision/reversal for intra-Group profit on contracting work			0.0	–1.0		–1.0
Changes in fair value of derivatives	–82.0		–82.0	70.7		70.7
Impairment losses for the year [1]	–21.2		–21.2	–2.8		–2.8
The year's change in share of income in joint ventures and associated companies after subtracting dividends received	20.9		20.9	45.1	–0.6	44.5
Carrying amount, December 31	**274.2**	**2.0**	**276.2**	**305.2**	**2.1**	**307.3**

1 Impairment losses for the year relate to the holdings in Sjisjka Vind AB, which have been written down to net realizable value.

Joint ventures

Joint ventures are reported in compliance with IFRS 11, "Interests in Joint Ventures." See "Accounting and valuation principles," Note 1.

The Group has holdings in joint ventures with a carrying amount of EUR 274.2 M (305.2).

Infrastructure Development includes a carrying amount in joint ventures totaling EUR 174.9 M (234.0).

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 20B 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.

Specification of major holdings of shares and participations in joint ventures

Company	Operations	Country	Percentage of share capital	Percentage of voting power	Consolidated carrying amount	
					Dec 31, 2014	Dec 31, 2013
Joint ventures in Infrastructure Development						
Antofagasta Inversora S.A. [1]	Highway	Chile	–	–	–	31.6
Bristol LEP Ltd	Education	UK	80	80	0.8	0.8
Capital Hospitals (Holdings) Ltd	Healthcare	UK	38	38	59.3	39.6
Connect Plus Holdings Ltd	Highway	UK	40	40	3.3	41.0
Elizabeth River Crossings LLC	Highway/tunnel	USA	50	50	0.0	0.0
Elizabeth River Crossings Holdco LLC	Highway/tunnel	USA	50	50	37.4	9.3
Essex LEP Ltd	Education	UK	70	70	1.5	1.1
Gdansk Transport Company S.A	Highway	Poland	30	30	48.7	52.5
I-4 Mobility Partners Holdco LLC	Highway	USA	50	50	0.0	–
Mullbergs Vindpark AB	Wind power	Sweden	50	50	9.8	4.8
Sjisjka Vind AB	Wind power	Sweden	50	50	0.0	23.5
Swedish Hospital Partners Holding AB	Healthcare	Sweden	50	50	6.9	29.8
Other					7.2	–
Total joint ventures in Infrastructure Development					**174.9**	**234.0**
AB Sydsten	Construction	Sweden	50	50	9.4	10.0
Västermalms Strand Holding AB	Residential Development	Sweden	50	50	15.0	16.0
Sundtkvartalet Holding AS	Commercial Property Development	Norway	50	50	10.2	–
Tiedemannsbyen DA	Residential Development	Norway	50	50	12.6	13.9
SKPR Watermark Seaport Operating Company LLC	Commercial Property Develepment	USA	50	50	16.7	–
Other joint ventures					35.4	31.2
Total joint ventures, Skanska Group					**274.2**	**305.2**

1 The holding was divested during 2014.

Estimated value of shares and participations in joint ventures in Infrastructure Development

EUR billion	Dec 31, 2014	Dec 31, 2013
Present value of cash flow from projects	0.7	0.6
Present value of remaining investments	–0.1	–0.1
Present value of projects	**0.6**	**0.6**
Carrying amount before cash-flow hedging	–0.3	–0.3
Unrealized development gain	**0.2**	**0.2**
Cash-flow hedges	0.2	0.1
Effect on unrealized equity[1]	**0.4**	**0.3**

1 Tax effects not included.

Note 20B Continued

Details of Skanska's significant joint ventures

All significant joint ventures are within Infrastructure Development. Major joint ventures in which Skanska participates are reported below.

The amounts correspond to 100 percent of each joint venture's income statement and statement of financial position.

Income statement	Antofagasta Inversora S.A. 2014	Capital Hospitals (Holdings) Ltd 2014	Connect Plus Holdings Ltd 2014	Elizabeth River Crossings Holdings LLC 2014	Gdansk Transport Company S.A. 2014	Sjisjka Vind AB 2014	Swedish Hospital Partners Holdings AB 2014	Other joint ventures 2014	All joint ventures, total 2014
Revenue	28.9	148.2	183.9	301.5	45.3	12.3	278.5	153.7	1,152.5
Depreciation/amortization	–8.6			–1.1		–5.3		0.0	–14.9
Other operating expenses	–9.9	–145.6	–158.7	–250.9	–31.8	–5.7	–275.0	–134.4	–1,012.0
Operating income	10.5	2.6	25.2	49.6	13.5	1.3	3.5	19.3	125.5
Interest income	0.2	90.8	144.2		107.5		50.2	0.7	393.6
Interest expenses	–14.9	–72.7	–104.2		–76.4	–49.3	–32.7	–3.7	–353.9
Financial items	2.2	–1.4	–7.4	–2.6	7.7	1.1		–1.5	–2.0
Income after financial items [1]	–2.0	19.3	57.8	46.9	52.3	–46.9	21.1	14.7	163.2
Taxes	–9.6	–2.0	–7.7		–9.1	1.3	–2.6	–0.4	–30.2
Profit for the year	–11.6	17.3	50.2	46.9	43.1	–45.6	18.4	14.3	133.0
Total comprehensive income for the year	**–11.6**	**17.3**	**50.2**	**46.9**	**43.1**	**–45.6**	**18.4**	**14.3**	**133.0**
Statement of financial position									
Non-current assets		1,537.0	1,542.0	612.9	1,608.4	109.1	619.2	303.8	6,332.4
Current assets		135.9		10.8	1.4	5.3	44.3	202.3	400.0
Cash		101.0	193.0	285.0	94.2	0.6	4.9	66.5	745.2
Total assets	**0.0**	**1,773.9**	**1,735.0**	**908.7**	**1,704.0**	**115.0**	**668.4**	**572.6**	**7,477.6**
Equity attributable to equity holders		155.9	8.2	74.9	162.5	–7.0	13.7	224.7	632.9
Non-controlling interests									0.0
Financial non-current liabilities		1,618.0	1,695.0	797.5	1,435.0	113.9	625.1	261.4	6,545.9
Other long-term liabilities				1.3				8.2	9.5
Financial current liabilities								22.6	22.6
Other current liabilities			31.9	35.0	106.5	8.0	29.5	55.7	266.7
Total equity and liabilities	**0.0**	**1,773.9**	**1,735.0**	**908.7**	**1,704.0**	**115.0**	**668.4**	**572.6**	**7,477.6**
Skanska received the following dividend		4.0	23.5		13.6			7.6	48.7

1 The amount includes impairment losses in the consolidated accounts.

Reconciliation with participations in joint ventures	Antofagasta Inversora S.A. 2014	Capital Hospitals (Holdings) Ltd 2014	Connect Plus Holdings Ltd 2014	Elizabeth River Crossings Holdings LLC 2014	Gdansk Transport Company S.A. 2014	Sjisjka Vind AB 2014	Swedish Hospital Partners Holdings AB 2014	Other joint ventures 2014	All joint ventures, total 2014
Equity attributable to the investors in joint ventures		155.9	8.2	74.9	162.5	–7.0	13.7	224.7	632.9
Less equity attributable to investors other then Skanska		–96.7	–4.9	–37.4	–113.7	3.5	–6.9	–112.3	–368.5
Skanska's portion of equity in joint ventures, adjusted for surplus value and goodwill	**0.0**	**59.3**	**3.3**	**37.4**	**48.7**	**–3.5**	**6.9**	**112.3**	**264.5**
+ Losses in Infrastructure Development that are recognized as provisions						3.5		3.1	6.5
+ Other losses that are recognized as provisions								1.1	1.1
+ Elimination of intra-Group profit								2.1	2.1
Carrying amount of participations	**0.0**	**59.3**	**3.3**	**37.4**	**48.7**	**0**	**6.9**	**118.6**	**274.2**

Note 20B Continued

Details of Skanska's significant joint ventures

All significant joint ventures are within Infrastructure Development. Major joint ventures in which Skanska participates are reported below.

The amounts correspond to 100 percent of each joint venture's income statement and statement of financial position.

	Antofagasta Inversora S.A.	Capital Hospitals (Holdings) Ltd	Connect Plus Holdings Ltd	Elizabeth River Crossings Holdings LLC	Gdansk Transport Company S.A.	Sjisjka Vind AB	Swedish Hospital Partners Holdings AB	Other joint ventures	All joint ventures, total
Income statement	**2013**	**2013**	**2013**	**2013**	**2013**	**2013**	**2013**	**2013**	**2013**
Revenue	97.3	158.7	177.4	208.5	67.0	10.4	273.7	249.9	1,242.9
Depreciation/amortization	–3.0			–0.2		–5.1	–2.3	1.6	–9.0
Other operating expenses	–76.7	–156.2	–155.2	–175.2	–57.8	–4.4	–266.1	–234.2	–1,125.8
Operating income	17.6	2.4	22.2	33.1	9.2	0.9	5.3	17.3	108.1
Interest income	0.2	84.8	135.2		64.3		39.3	–0.5	323.4
Interest expenses	–12.9	–75.1	–95.6		–45.8	–6.7	–28.0	–3.9	–268.1
Financial items	–3.5			–0.2				0.5	–3.2
Income after financial items [1]	1.4	12.2	61.8	32.8	27.7	–5.8	16.6	13.4	160.2
Taxes	7.9	–0.6	–7.5	–1.4	–4.6	1.4	–2.3	–2.5	–9.7
Profit for the year	9.2	11.6	54.3	31.4	23.1	–4.4	14.3	10.9	150.5
Total comprehensive income for the year	**9.2**	**11.6**	**54.3**	**31.4**	**23.1**	**–4.4**	**14.3**	**10.9**	**150.5**
Statement of financial position									
Non-current assets	217.2	1,339.1	1,430.8	290.7	1,605.0	122.3	502.0	350.0	5,857.0
Current assets	14.6	138.0		8.1	5.6	4.3	31.9	89.0	291.6
Cash	5.4	104.6	204.3	273.6	53.2	2.0	4.9	25.6	673.7
Total assets	**237.2**	**1,581.8**	**1,635.1**	**572.3**	**1,663.8**	**128.6**	**538.8**	**464.6**	**6,822.3**
Equity attributable to equity holders	63.2	104.1	102.6	18.7	175.0	47.0	59.6	155.8	725.7
Non-controlling interests									
Financial non-current liabilities	169.0	1,477.7	1,497.4	514.6	1,403.8	77.6	483.5	230.6	5,854.3
Other long-term liabilities	0.4				27.0		–35.1	48.1	40.5
Financial current liabilities								19.8	19.8
Other current liabilities	4.5		35.1	39.1	58.1	4.0	30.8	10.3	182.0
Total equity and liabilities	**237.2**	**1,581.8**	**1,635.1**	**572.3**	**1,663.8**	**128.6**	**538.8**	**464.6**	**6,822.3**
Skanska received the following dividend		3.7	17.8		2.2			10.6	34.3

1 The amount includes impairment losses in the consolidated accounts.

	Antofagasta Inversora S.A.	Capital Hospitals (Holdings) Ltd	Connect Plus Holdings Ltd	Elizabeth River Crossings Holdings LLC	Gdansk Transport Company S.A.	Sjisjka Vind AB	Swedish Hospital Partners Holdings AB	Other joint ventures	All joint ventures, total
Reconciliation with participations in joint ventures	**2013**	**2013**	**2013**	**2013**	**2013**	**2013**	**2013**	**2013**	**2013**
Equity attributable to the investors in joint ventures	63.2	104.1	102.6	18.7	175.0	47.0	59.6	155.8	725.7
Less equity attributable to investors other then Skanska	–31.6	–64.5	–61.5	–9.3	–122.5	–23.5	–29.8	–77.9	–420.6
Skanska's portion of equity in joint ventures, adjusted for surplus value and goodwill	**31.6**	**39.6**	**41.0**	**9.3**	**52.5**	**23.5**	**29.8**	**77.9**	**305.2**
+ Losses in Infrastructure Development that are recognized as provisions									
+ Other losses that are recognized as provisions									
+ Elimination of intra-Group profit									
Carrying amount of participations	**31.6**	**39.6**	**41.0**	**9.3**	**52.5**	**23.5**	**29.8**	**77.9**	**305.2**

Note 20B Continued

Assets pledged

Shares in joint ventures pledged as collateral for loans and other obligations amount to EUR 24.4 M (50.0).

Other matters

Skanska's joint ventures are owned by Skanska and other investors. Each are capital-intensive projects and are financed in part by capital from the owning parties, but the majority are financed via banks or credit institutions. The assets of the respective joint ventures are used as collateral for the liabilities. The banks have agreements restricting the transfer of bank funding from these joint ventures.

Skanska's portion of the total investment obligations of partly owned joint ventures amounted to EUR 456.6 M (444.6), of which Skanska has remaining obligations to invest EUR 187.8 M (144.3) 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 liabilities for joint ventures amounted to EUR 127.7 M (20.6).

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 is EUR 2.0 M (2.1).

Information on the Group's share of revenue, income, assets, liabilities and equity in associated companies

	2014	2013
Revenue	1.4	1.5
Earnings	0.0	-0.1
Assets	2.4	2.7
Equity [1]	2.0	2.1
Liabilities	0.4	0.6
	2.4	**2.7**

1 Reconciliation between equity and carrying amount of holdings, in accordance with the equity method of accounting

	2014	2013
Equity in associated companies	2.0	2.1
Adjustment for losses not recognized	0.0	0.0
Carrying amount	**2.0**	**2.1**

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 20C Joint operations

Skanska executes certain projects with a joint party without a separate legal company being formed for the purpose. These projects are then classified as joint operations in compliance with IFRS 11. Joint operations without the formation of a separate company are found mainly in the USA.

Skanska also executes certain projects with a joint party where a separate company is formed for the purpose. These projects are classified as joint operations provided that the other criteria in IFRS 11 are fulfilled. Joint operations for which a separate company has been formed are found mainly in Sweden.

Specification of significant holdings in joint operations, according to sales in current year

Name of joint operation	Type	Country	Percentage of share capital	Percentage of voting power
Morrisons Skanska	Gas maintenance	UK	50	50
M25 LU	Highway	UK	50	50
DPR Skanska	R&D facility	USA	50	50
Skanska MAPP	University hospital	USA	90	90
Skanska-Rado Expo 2	Light rail line	USA	70	70
SKW Constructors	Highway tunnel	USA	45	45
Skanska Tully	Hydroelectric power	USA	80	80
Skanska SNC Lavalin	Electricity	USA	50	50
Skanska Koch-Kiewit	Bridge renovation	USA	54	54
Skanska Railworks	Public transit	USA	75	75

There are around 150 other small joint operations in the above countries, and also in Sweden, the Czech Republic and Slovakia.

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, 2014	Dec 31, 2013
Financial investments		
Financial assets at fair value through profit or loss		
Derivatives	0.0	0.4
Hedge-accounted derivatives	0.0	0.2
Financial assets available for sale [1]	3.7	3.6
	3.7	**4.3**
Financial receivables, interest-bearing		
Receivables from joint ventures	49.9	65.2
Restricted cash	59.6	83.6
Net assets in funded pension plans	21.9	57.4
Other interest-bearing receivables	2.2	2.1
	133.7	**208.4**
Total	**137.3**	**212.7**
of which interest-bearing financial non-current assets	133.7	208.4
of which non-interest-bearing financial non-current assets	3.7	4.3

Financial current assets	Dec 31, 2014	Dec 31, 2013
Financial investments		
Financial assets at fair value through profit or loss		
Derivatives	6.2	4.4
Hedge-accounted derivatives	11.1	8.5
Held-to-maturity investments	145.4	143.6
	162.7	**156.6**
Financial receivables, interest-bearing		
Restricted cash	408.6	425.1
Receivables from joint ventures	16.1	20.1
Discounted assets	0.0	41.9
Other interest-bearing receivables	28.6	25.6
	453.3	**512.8**
Total	**616.0**	**669.3**
of which interest-bearing financial current assets	598.7	656.4
of which non-interest-bearing financial current assets	17.3	12.9
Total carrying amount, financial assets	**753.3**	**882.0**
of which financial assets excluding shares	749.6	878.4

1 Includes EUR 3.7 M (3.6) in shares carried at cost.
During 2014, shareholdings were affected by impairment losses of EUR 0.0 M (0.0).

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, 2014	Dec 31, 2013	Jan 1, 2013
Commercial Property Development	1,577.7	1,539.8	1,639.8
Residential Development	1,177.2	1,265.3	1,369.0
Central	0.0	89.9	207.8
Total	**2,754.9**	**2,895.0**	**3,216.6**

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 is 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 2014, impairment losses totaling EUR 11.0 M (7.1) were reversed. The reason for this is that the net realizable value increased during the year.

	Impairment losses		Reversals of impairment losses		Total	
	2014	2013	2014	2013	2014	2013
Commercial Property Development	–5.6	–8.1	10.3	6.6	4.7	–1.5
Residential Development	–13.4	–19.5	0.7	0.5	–12.7	–19.1
Total	**–19.0**	**–27.6**	**11.0**	**7.1**	**–8.0**	**–20.6**

	Completed properties		Properties under construction		Development properties		Current-asset properties	
Carrying amount	Dec 31, 2014	Dec 31, 2013	Dec 31, 2014	Dec 31, 2013	Dec 31, 2014	Dec 31, 2013	Dec 31, 2014	Dec 31, 2013
Commercial Property Development	325.9	344.5	554.8	612.3	697.1	583.0	1,577.7	1,539.8
Residential Development	135.6	137.8	500.9	593.8	540.7	533.7	1,177.2	1,265.3
Central						89.9	0.0	89.9
Total	**461.4**	**482.3**	**1,055.6**	**1,206.1**	**1,237.8**	**1,206.6**	**2,754.9**	**2,895.0**

	Commercial Property Development		Residential Development		Central		Total current-asset properties	
	2014	2013	2014	2013	2014	2013	2014	2013
Carrying amount								
January 1	1,539.8	1,639.8	1,265.3	1,324.1	89.9	169.2	2,895.0	3,133.1
Changed accounting principle				45.0		38.5		83.5
Adjusted carrying amount	1,539.8	1,639.8	1,265.3	1,369.0	89.9	207.8	2,895.0	3,216.6
Investments	725.2	516.1	752.0	799.7	1.5	11.0	1,478.8	1,326.8
Carrying amount, properties divested	–678.6	–584.4	–849.0	–790.6	–10.6	–133.7	–1,538.3	–1,508.7
Impairment losses/reversals of impairment losses	4.7	–1.5	–12.7	–5.2		–13.9	–8.0	–20.6
The year's provision for intra-Group profits in contracting work	–26.5	–14.7	–3.8	–5.4			–30.4	–20.1
Reclassifications	–3.5	23.2	75.1	–37.8	–78.6	22.9	–7.0	8.3
Exchange-rate differences for the year	16.6	–38.7	–49.6	–64.5	–2.2	–4.1	–35.2	–107.3
December 31	**1,577.7**	**1,539.8**	**1,177.2**	**1,265.3**	**0.0**	**89.9**	**2,754.9**	**2,895.0**

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, 2014	Dec 31, 2013	Dec 31, 2014	Dec 31, 2013	Dec 31, 2014	Dec 31, 2013
Commercial Property Development	1,538.7	1,461.3	39.0	78.6	1,577.7	1,539.8
Residential Development	1,170.2	1,260.8	7.0	4.5	1,177.2	1,265.3
Central		89.9			0.0	89.9
Total	**2,708.9**	**2,811.9**	**46.0**	**83.1**	**2,754.9**	**2,895.0**

Note 22 Continued

Difference between fair value and carrying amount for current-asset properties

	Surplus value	
EUR billion	Dec 31, 2014	Dec 31, 2013
Commercial Property Development		
Completed projects	0.08	0.08
Undeveloped land and development properties	0.04	0.08
Ongoing projects [1]	0.40	0.33
	0.52	**0.48**
Residential Development		
Undeveloped land and development properties	0.11	0.11
Total	**0.62**	**0.60**

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 amount to EUR 0.0 M (0.0). 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 EUR 86.6 M (59.5) 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, 2014	Dec 31, 2013
Raw materials and supplies	46.0	39.6
Products being manufactured	10.8	9.1
Finished products and merchandise	50.5	57.4
Total	**107.3**	**106.1**

There are 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 Other operating receivables

Non-interest-bearing business receivables are reported as "Other operating receivables." Other operating receivables are part of the Group's operating cycle and are recognized as current assets.

	Dec 31, 2014	Dec 31, 2013	Jan 1, 2013
Trade accounts receivable from joint ventures	26.3	17.5	42.7
Other trade accounts receivable	2,136.8	1,855.4	2,152.7
Other operating receivables	319.1	483.3	404.7
Prepaid costs and accrued income	290.9	142.0	137.8
Total	**2,773.1**	**2,498.2**	**2,737.9**
of which financial instruments reported in Note 6, "Financial instruments and financial risk management"			
Trade accounts receivable	2,163.1	1,873.0	2,195.4
Other operating receivables including accrued interest income	60.3	25.3	6.2
	2,223.4	**1,898.3**	**2,201.6**
of which non-financial instruments	549.7	600.0	536.3

Note 25 Cash

"Cash" consists of cash and available funds at banks and equivalent credit institutions.

Cash totaled EUR 960.7 M (820.8). Cash totaled EUR 676.3 M as of January 1, 2013.

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:

	2014	2013
January 1	**2,401.3**	**2,253.7**
of which non-controlling interests	21.2	18.7
Changed accounting principle		3.4
of which non-controlling interests		3.4
Adjusted opening balance	2,401.3	2,257.1
of which non-controlling interests	21.2	22.1
Total comprehensive income for the year		
Profit for the year attributable to		
Equity holders	421.4	435.2
Non-controlling interests	0.8	0.3
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Remeasurement of defined benefit plans [1]	–252.1	83.6
Tax related to items that will not be reclassified to profit or loss	55.8	–21.2
Total	**–196.3**	**62.4**
Items that have been or will be reclassified to profit or loss		
Translation differences attributable to equity holders [2]	19.6	–161.8
Translation differences attributable to non-controlling interests	0.7	–1.0
Hedging of exchange-rate risk in foreign operations [2]	–3.7	35.4
Effect of cash flow hedges [3]	–90.2	60.8
Tax related to items that have been or will be reclassified to profit or loss	2.5	2.0
Total	**–71.2**	**–64.7**
Other comprehensive income after tax	**–267.4**	**–2.3**
Total comprehensive income for the year	**154.7**	**433.2**
of which attributable to equity holders	153.3	433.9
of which attributable to non-controlling interests	1.4	–0.7
Other changes in equity not included in total comprehensive income for the year		
Dividend to equity holders	–281.6	–285.5
Dividend to non-controlling interests	–0.2	–0.2
Change in Group structure	–4.8	
Effect of share-based payments	28.9	29.8
Shares repurchased	–40.2	–33.2
Total	**–297.9**	**–289.1**
Equity, December 31	**2,258.0**	**2,401.3**
of which non-controlling interests	17.6	21.2

1 Remeasurement of defined benefit pension plans, EUR –252.1 M (83.6), together with tax, EUR 55.8 M (–21.2), totaling EUR –196.3 M (62.4), comprise the Group's total effect on other comprehensive income of remeasurement of pensions recognized in compliance with IAS 19 and are recognized in retained earnings.

2 Translation differences attributable to equity holders, EUR 19.6 M (–161.8), plus hedging of exchange-rate risk in foreign operations, EUR –3.7 M (35.4), totaling EUR 15.9 M (–126.4), comprise the Group's change in translation reserve.

3 Effect of cash-flow hedges, EUR –90.2 M (60.8), together with tax, EUR 2.5 M (2.0), totaling EUR –87.7 M (62.8) comprise the Group's change in cash-flow hedge reserve.

Equity attributable to equity holders is allocated as follows:

	Dec 31, 2014	Dec 31, 2013
Share capital	138.9	138.9
Paid-in capital	186.3	157.3
Reserves	–170.9	–99.0
Retained earnings	2,086.1	2,182.8
Total	**2,240.4**	**2,380.1**

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 2014 and 2013 was attributable to share-based payments and amounted to EUR 28.9 M (29.8).

Reserves	2014	2013
Translation reserve	42.7	26.9
Cash-flow hedge reserve	–213.6	–125.9
Total	**–170.9**	**–99.0**

Reconciliation of reserves	2014	2013
Translation reserve		
January 1	26.9	153.3
Translation differences for the year	19.5	–161.8
Less hedging on foreign-exchange rate risk in operations outside Sweden	–3.7	35.4
December 31	**42.7**	**26.9**
Cash-flow hedge reserve		
January 1	–125.9	–188.6
Cash-flow hedges recognized in other comprehensive income:		
Hedges for the year	–146.2	–5.0
Transferred to the income statement	56.0	65.7
Taxes attributable to hedging for the year	2.5	2.0
December 31	**–213.6**	**–125.9**
Total reserves	**–170.9**	**–99.0**

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 IFRS on January 1, 2004. Translation differences for the year amounted to EUR 19.5 M (–161.8) and consisted of positive translation differences in all currencies in which the Group does business, with the exception of USD, which is negative. (For currency abbreviations, refer to Note 34, "Foreign-exchange rates and effect of changes in foreign-exchange rates.")

During 2014, the translation reserve was affected by exchange-rate differences of EUR –3.7 M (35.4) 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 EUR 42.7 M (26.9).

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 2014 amounted to EUR –87.6 M (62.7), and the closing balance of the reserve totaled EUR –213.6 M (–125.9).

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 remeasurements of pension liabilities, which in compliance with IAS 19 are recognized under "Other comprehensive income."

Remeasurement of defined benefit pension plans

During 2014, equity was affected by remeasurement of defined-benefit plans in the amount of EUR –196.3 M (62.4) after taking into account social insurance contributions and taxes. The change due to remeasurement of pension obligations during 2014 was EUR –305.8 M (11.4) and was due to the net result of changed assumptions and experience adjustments. Remeasurement of plan assets during the year amounted to EUR 83.9 M (52.8) and is a result of the actual gain on plan assets having exceeded the expected return in all three countries where Skanska has defined-benefit plans. See also Note 28, "Pensions."

	2014	2013
Remeasurement of pension liabilities	–305.8	11.4
Difference between expected and actual return on plan assets	83.9	52.8
Social insurance contributions	–30.2	19.3
Taxes	55.8	-21.2
Total	**–196.3**	**62.4**

IFRS 2, "Share-based Payment"

The share incentive programs introduced in 2011 and 2014 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 fulfilled.

Dividend

After the closing day, the Board of Directors proposed a regular dividend of SEK 6.75 (6.25) (corresponding to EUR 0.71 [0.69]) per share for the 2014 financial year. The proposed dividend for 2014 totals an estimated EUR 292.5 M (281.6).

No dividend is paid for the Parent Company's holding of 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 General Meeting on April 9, 2015.

Shares

Information on the number of shares as well as earnings and equity per share can be seen in the table below.

	2014	2013
Number of shares at year-end	419,903,072	419,903,072
of which Series A shares	19,901,355	19,923,597
of which Series B shares	400,001,717	399,979,475
Average price, repurchased shares, SEK	113.81	107.85
corresponding to EUR	12.48	12.47
of which repurchased during the year	2,484,648	2,392,580
Number of Series B treasury shares, December 31	9,113,814	8,625,005
Number of shares outstanding, December 31	410,789,258	411,278,067
Average number of shares outstanding	411,088,591	411,721,772
Average number of shares outstanding after dilution	415,286,339	413,426,939
Average dilution, percent	1.01	0.41
Earnings per share, EUR	1.03	1.06
Earnings per share after dilution, EUR	1.01	1.05
Equity per share, EUR	5.46	5.79

Change in number of shares	2014	2013
Number on January 1	411,278,067	411,836,178
Number of Series B shares repurchased	–2,484,648	–2,392,580
Number of shares transferred to employees	1,995,839	1,834,469
Number on December 31	**410,789,258**	**411,278,067**

Dilution effect

In the employee ownership programs introduced in 2011 and 2014 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 of 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 EUR 116.3 M, allocated over three years, corresponding to 9,049,599 shares. The maximum dilution at the close of the vesting period is estimated at 1.70 percent.

During 2014, the cost of both programs amounted to EUR 28.9 M excluding social insurance contributions. Share awards earned but not yet distributed through 2014 totaled 4,192,210 shares. The dilution effect up to and including 2014 totaled 1.01 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 the 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, 2014	Dec 31, 2013	Jan 1, 2013
Financial liabilities at fair value through profit or loss			
Derivatives	5.0	0.7	0.7
Hedge-accounted derivatives	16.4	4.8	5.0
Other financial liabilities			
Liabilities to credit institutions	266.3	265.6	205.8
Other liabilities	462.7	465.8	360.1
Total	**750.2**	**736.9**	**571.6**
of which interest-bearing financial non-current liabilities	728.9	731.4	565.9
of which non-interest-bearing non-current financial liabilities	21.3	5.5	5.7
Financial current liabilities			
Financial liabilities at fair value through profit or loss			
Derivatives	16.5	4.0	7.6
Hedge-accounted derivatives	18.9	2.1	2.7
Other financial liabilities			
Construction loans to cooperative housing associations	338.7	319.9	330.5
Liabilities to credit institutions	20.7	26.9	62.9
Commercial papers			263.2
Other liabilities	36.3	109.9	70.8
Total	**431.0**	**462.9**	**737.6**
of which interest-bearing financial current liabilities	395.7	456.7	727.4
of which non-interest-bearing financial current liabilities	35.3	6.2	10.2
Total carrying amount for financial liabilities	**1,181.3**	**1,199.7**	**1,309.2**

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 EUR 491.1 M (383.4) and interest-bearing pension receivables amounted to EUR 21.9 M (57.4). The net amount of interest-bearing pension liabilities and interest-bearing pension receivables was EUR 469.1 M (326.0).

Skanska has defined-benefit pension plans in Sweden, Norway and the UK. The pension in these plans is mainly based on final salary or average earnings during the term of employment. 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 UK 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, with the exception of one of the smaller plans in the UK. On the closing day, the pension obligation amounted to EUR 2,085.7 M (1,786.5). The obligation for pensions increased mainly due to remeasurements of pension obligations as a result of significantly lower discount rates for all three countries where Skanska has defined-benefit pension plans. The remeasurements are included in other comprehensive income and in 2014 the net result was EUR 305.8 M (–11.4). The increase in pension obligations is also due to translation effects, since the British pound increased in value against the Euro, and also to the costs for accrued pensions and interest expenses exceeding pensions paid.

Plan assets amounted to EUR 1,616.6 M (1,460.6). The value of plan assets increased because actual return on plan assets and paid-in funds exceeded benefits paid, and because of translation effects from the strengthening of the British pound against Euro. The result of remeasurement of plan assets via other comprehensive income during 2014 was EUR 83.9 M (52.8). The upturn in the value of both equities and interest-bearing securities as well as alternative investments exceeds the expected return.

The return on plan assets recognized in the income statement amounted to EUR 62.6 M (53.6), while actual return amounted to EUR 146.5 M (106.5). 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 370,000 (650,000) Series B shares. There is also an insignificant percentage of indirectly owned shares in Skanska AB via investments in various mutual funds.

There are various types of risk inherent in the company's defined-benefit pension plans. Pension obligations are mainly affected by the relevant discount rate, wage increases, inflation and life expectancy. The risk inherent in the plan assets is mainly market risk. Overall, these risks may result in volatility in the company's equity and in increased future pension costs and higher than estimated pension disbursements. Skanska continually monitors changes in its pension commitments and updates assumptions at least annually. Pension commitments are calculated by independent actuaries. The Company has prepared policy documents for management of plan assets in the form of investment guidelines regulating permitted investments and allocation frameworks for these. In addition, the company uses external investment advisors that continually monitor development of the plan assets. The long duration of the pension commitments is partly matched by long-term investments in infrastructure projects and property investments and investments in long-term interest-bearing securities.

The largest defined-benefit plan for Skanska in Sweden is the ITP 2 plan, in which pensions are based on final salary on retirement. ITP 2 covers salaried employees born in 1978 or earlier. The pension commitments are secured through assets in a pension foundation and through insurance with PRI Pensionsgaranti. The pension commitment is lifelong and sensitive to changes in the discount rate, pay increases, inflation and life span.

A small portion of the ITP 2 plan 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 2014, the collective consolidated level of defined-benefit plans in Alecta totaled 143 percent (148). The collective consolidated level comprises assets as a percentage of actuarial obligations. 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 previously offered employees the opportunity to select Skanska as the manager. This commitment was recognized as a defined-benefit plan. In 2013, the decision was taken that Skanska would no longer act as a manager of the ITP 1 plan. In 2014 the plan assets were transferred to an external occupational pension company, within the framework of ITP 1.

Within Skanska Norway, the largest defined-benefit pension plan is the Skanska Norge Pensionskassa pension fund. This plan covered almost all employees of Skanska in Norway and the pension is based on final salary and number of years of employment with Skanska. The pension commitments are secured through assets in the pension fund. The pension commitment is lifelong and sensitive to changes in the discount rate, pay increases, inflation and life span.

The largest of Skanska's defined-benefit pension plans in the UK is the Skanska Pension Fund. The plan covers salaried employees and is based on average earnings over the period of employment. The pension is remeasured following changes in inflation (index-linked). The pension commitments are secured through assets in the pension fund. The pension commitment is sensitive to changes in the discount rate, inflation and life span.

Net liability related to employee benefits, defined-benefit plans

	2014	2013
Pension obligations, funded plans, present value on December 31	2,085.7	1,786.5
Plan assets, fair value, December 31	–1,616.6	–1,460.6
Net pension liability according to the statement of financial position	**469.1**	**326.0**

Pension obligations and plan assets by country

	Sweden	Norway	UK	Total
2014				
Pension obligations	845.6	375.8	864.4	2,085.7
Plan assets	–419.0	–397.7	–799.9	–1,616.6
Net pension liability according to the statement of financial position	**426.6**	**–21.9**	**64.5**	**469.1**
2013				
Pension obligations	798.8	327.0	660.8	1,786.5
Plan assets	–418.3	–384.4	–657.9	–1,460.6
Net pension liability according to the statement of financial position	**380.5**	**–57.4**	**2.9**	**326.0**

Interest-bearing pension liability, net

	2014	2013
Net pension liability, January 1	326.0	423.5
Pension expenses	68.1	81.7
Benefits paid by employers	–26.8	–28.3
Funds contributed by employers	–52.1	–63.2
Remeasurements [1]	221.9	–64.3
Curtailments and settlements	–45.9	–16.3
Exchange-rate differences	–22.1	–7.2
Net pension liability according to the statement of financial position	**469.1**	**326.0**

1 See also Note 26, which shows the tax portion and social insurance contributions recognized under other comprehensive income.

Pension obligations

	2014	2013
January 1	1,786.5	1,823.8
Pensions earned during the year	61.3	71.7
Interest on obligations	70.2	64.5
Benefits paid by employers	–26.8	–28.3
Benefits paid from plan assets	–35.0	–32.5
Remeasurements:		
– Actuarial gains (–), losses (+) changed financial assumptions	289.0	–52.7
– Actuarial gains (–), losses (+) changed demographic assumptions	–2.3	47.5
– Experience-based changes	19.1	–6.2
Curtailments and settlements [1]	–45.9	–16.3
Exchange-rate differences	–30.4	–84.9
Pension obligations, present value	**2,085.7**	**1,786.5**

1 For 2014: Relates to Skanska's management of ITP 1 in Sweden.

Distribution of pension obligations and average duration by country

	Sweden	Norway	UK
2014			
Active members' portion of obligations	38%	61%	43%
Dormant pension rights	24%	2%	29%
Pensioners' portion of obligations	38%	37%	28%
Weighted average duration	19 year	20 year	22 year
2013			
Active members' portion of obligations	40%	66%	42%
Dormant pension rights	22%	0%	29%
Pensioners' portion of obligations	38%	34%	29%
Weighted average duration	18 year	20 year	21 year

Note 28 Continued

Plan assets

	2014	2013
January 1	1,460.6	1,400.3
Estimated return on plan assets	62.6	53.6
Funds contributed by employers	52.1	63.2
Funds contributed by employees	0.8	0.8
Benefits paid	–35.0	–32.5
Difference between actual return and estimated return	83.9	52.8
Exchange-rate differences	–8.3	–77.7
Plan assets, fair value	**1,616.6**	**1,460.6**

Amounts contributed are expected to total about EUR 63.3 M in 2015.

Plan assets and return by country

	Sweden	Norway	UK
2014			
Shares	28%	39%	32%
Interest-bearing securities	34%	47%	40%
Alternative investments	38%	14%	28%
Estimated return	3.50%	4.00%	4.75%
Actual return	9.10%	7.40%	11.10%
2013			
Shares	28%	38%	33%
Interest-bearing securities	31%	46%	39%
Alternative investments	41%	16%	28%
Estimated return	3.00%	4.00%	4.50%
Actual return	5.60%	10.60%	7.30%

Total plan assets by asset class

Equities and mutual funds:	2014	2013
Swedish equities and mutual funds	44.8	50.9
Norwegian equities and mutual funds	53.1	53.4
UK equities and mutual funds	132.3	114.2
Global mutual funds	287.7	263.6
Total equities and mutual funds	**517.8**	**482.1**
Interest-bearing securities:		
Swedish bonds	106.5	99.8
Norwegian bonds	97.1	90.3
UK bonds	325.5	256.5
Bonds in other countries	124.2	115.2
Total interest-bearing securities	**653.3**	**561.8**
Alternative investments:		
Hedge funds	91.1	112.8
Property investments	111.9	75.9
Infrastructure projects	82.5	74.9
Other	159.9	153.2
Total alternative investments	**445.5**	**416.8**
Total plan assets	**1,616.6**	**1,460.6**

Equities and mutual funds, interest-bearing securities and hedge funds were measured at current market prices. Property investments and infrastructure projects were measured by discounting future cash flow. About 85 percent of total plan assets have a quoted price on an active market.

Actuarial assumptions

	Sweden	Norway	UK
2014			
Financial assumptions			
Discount rate, January 1	3.50%	4.00%	4.75%
Discount rate, December 31	2.25%	2.75%	3.75%
Estimated return on plan assets for the year	3.50%	4.00%	4.75%
Expected pay increase, December 31	3.00%	2.75%	3.50%
Expected inflation, December 31	1.25%	1.50%	3.00%
Demographic assumptions			
Life expectancy after age 65, men	23 year	21 year	24 year
Life expectancy after age 65, women	25 year	24 year	25 year
Life expectancy table	PRI	K2013	S1
2013			
Financial assumptions			
Discount rate, January 1	3.00%	4.00%	4.50%
Discount rate, December 31	3.50%	4.00%	4.75%
Estimated return on plan assets for the year	3.00%	4.00%	4.50%
Expected pay increase, December 31	3.50%	3.50%	3.75%
Expected inflation, December 31	1.75%	2.00%	3.25%
Demographic assumptions			
Life expectancy after age 65, men	23 year	21 year	24 year
Life expectancy after age 65, women	25 year	24 year	25 year
Life expectancy table	PRI	K2013	S1

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.

Sensitivity of pension obligations to changes in assumptions

	Sweden	Norway	UK	Total[1]
Pension obligations, December 31, 2014	845.6	375.8	864.4	2,085.7
Discount rate increase of 0.25%	–40	–20	–55	–115
Discount rate decrease of 0.25%	40	20	55	115
Increase of 0.25% in expected pay increase	10	5	0	15
Reduction of 0.25% in expected pay increase	–10	–5	0	–15
Increase of 0.25% in expected inflation	30	15	40	85
Decrease of 0.25% in expected inflation	–30	–15	–40	–85
Life expectancy increase of 1 year	30	10	20	60

1 Estimated change in pension obligation/pension liability in the event of a change in the assumption for all three countries. 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.

Note 28 Continued

Sensitivity of plan assets to changes in estimated return

	Sweden	Norway	UK	Total [1]
Plan assets, December 31, 2014	419.0	397.7	799.9	1,616.6
Return increase of 5%	20	20	40	80
Return decrease of 5%	–20	–20	–40	–80

1 If actual return increases by 5 percent in relation to estimated return, the gain on remeasurement is expected to amount to about EUR 80.0 M. If actual return decreases by 5 percent in relation to estimated return, the loss on remeasurement is expected to amount to about EUR 80.0 M.

The sensitivity analyses are based on existing circumstances, assumptions and populations. Application at other levels may produce different effects of changes.

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.

Total pension expenses in the income statement for defined-benefit plans and defined-contribution plans

	2014	2013
Defined-benefit pensions earned during the year	–61.3	–71.7
Less: Funds contributed by employees	0.8	0.8
Interest on obligations	–70.2	–64.5
Estimated return on plan assets	62.6	53.6
Curtailments and settlements [1]	0.0	16.3
Pension expenses, defined-benefit plans	**–68.1**	**–65.4**
Pension expenses, defined-contribution plans	–143.2	–115.0
Social insurance contributions, defined-benefit and defined-contribution plans [2]	–12.0	–10.2
Total pension expenses	**–223.2**	**–190.6**

1 For 2013: The reduction relates to Skanska's management of ITP 1 in Sweden.
2 Refers to special payroll tax in Sweden and employer fee in Norway.

Allocation of pension expenses in the income statement

	2014	2013
Cost of sales	–167.7	–142.9
Selling and administrative expenses	–48.0	–36.9
Financial items	–7.6	–10.9
Total pension expenses	**–223.2**	**–190.6**

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, 2014	Dec 31, 2013
Non-current provisions		
Interest-bearing	0.0	0.2
Current provisions		
Interest-bearing	3.7	4.7
Non-interest-bearing	629.8	630.2
Total	**633.5**	**635.2**

The change in provisions broken down into reserve 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	
	2014	2013	2014	2013	2014	2013	2014	2013
January 1	121.7	132.7	259.9	261.0	253.6	283.8	635.2	677.5
Acquisitions	0.0	5.7	0.0		0.0	2.3		8.0
Divestments	0.0	–0.1	0.0		0.0	–0.1		–0.2
Provisions for the year	75.9	44.4	74.8	83.8	73.1	118.0	223.8	246.2
Provisions utilized	–49.3	–13.6	–44.6	–61.6	–55.2	–70.5	–149.1	–145.7
Unutilized amounts that were reversed, change in value	–18.5	–44.2	–28.1	–21.0	–12.4	–45.8	–59.0	–111.0
Exchange-rate differences	–3.7	–4.9	–4.4	–0.2	–11.9	–8.4	–20.1	–13.5
Reclassifications	–1.0	1.7	2.7	–2.1	1.0	–25.8	2.7	–26.1
December 31	**125.0**	**121.7**	**260.2**	**259.9**	**248.2**	**253.6**	**633.5**	**635.2**

Specification of "Other provisions"

	2014	2013
Provisions for restructuring measures	6.8	19.6
Employee-related provisions	69.4	57.2
Environmental obligations	11.0	12.5
Provision for social insurance contributions on pensions	75.2	51.4
Contingent considerations [1]	19.1	19.3
Provision for negative values recognized in joint ventures	7.6	0.2
Other provisions	59.2	93.4
Total	**248.2**	**253.6**

1 Of which EUR 3.5 M (3.9) is from acquisitions of operations and EUR 15.6 M (15.4) from acquisitions of current-asset properties. These are reported as financial instruments. See Note 6.

Normal cycle time for "Other provisions" is about one to three 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 2014 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 "Other operating liabilities." Such liabilities are part of the Group's operating cycle and are recognized as current liabilities.

	Dec 31, 2014	Dec 31, 2013	Jan 1, 2013
Trade accounts payable	1,733.6	1,462.2	1,458.3
Other operating liabilities to joint ventures	0.1	1.0	0.7
Other operating liabilities [1]	730.2	882.9	1,043.1
Accrued expenses and prepaid income	1,069.6	1,025.2	1,122.5
Total	**3,533.5**	**3,371.2**	**3,624.5**
of which financial instruments reported in Note 6, "Financial instruments and financial risk management"			
Trade accounts payable	1,733.6	1,462.2	1,458.3
Other operating liabilities including accrued interest expenses	93.7	137.0	59.7
	1,827.3	**1,599.2**	**1,518.0**
of which non-financial instruments	1,706.2	1,772.1	2,106.6

1 "Other operating liabilities" included EUR 33.3 M (44.3) for checks issued but not yet cashed in the U.S. and the UK.

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, 2014			Dec 31, 2013		
	Interest-bearing	Non-interest-bearing	Total	Interest-bearing	Non-interest-bearing	Total
ASSETS						
Non-current assets						
Property, plant and equipment		751.3	751.3		837.2	837.2
Goodwill		556.6	556.6		545.0	545.0
Other intangible assets		48.9	48.9		38.9	38.9
Investments in joint ventures and associated companies		276.2	276.2		307.3	307.3
Financial non-current assets	133.7	3.7	137.3	208.4	4.3	212.7
Deferred tax assets		129.2	129.2		119.0	119.0
Total non-current assets	**133.7**	**1,765.9**	**1,899.5**	**208.4**	**1,851.7**	**2,060.1**
Current assets						
Current-asset properties		2,754.9	2,754.9		2,895.0	2,895.0
Inventories		107.3	107.3		106.1	106.1
Financial current assets	598.7	17.3	616.0	656.4	12.9	669.3
Tax assets		98.0	98.0		110.6	110.6
Gross amount due from customers for contract work		577.2	577.2		700.5	700.5
Other operating receivables		2,773.1	2,773.1		2,498.2	2,498.2
Cash	960.7		960.7	820.8		820.8
Total current assets	**1,559.3**	**6,327.8**	**7,887.1**	**1,477.2**	**6,323.3**	**7,800.6**
TOTAL ASSETS	**1,693.0**	**8,093.7**	**9,786.7**	**1,685.6**	**8,175.1**	**9,860.7**
LIABILITIES						
Non-current liabilities						
Financial non-current liabilities	728.9	21.3	750.2	731.4	5.5	736.9
Pensions	491.1		491.1	383.4		383.4
Deferred tax liabilities		101.9	101.9		112.6	112.6
Non-current provisions	0.0		0.0	0.2		0.2
Total non-current liabilities	**1,220.0**	**123.2**	**1,343.2**	**1,115.0**	**118.1**	**1,233.1**
Current liabilities						
Financial current liabilities	395.7	35.3	431.0	456.7	6.2	462.9
Tax liabilities		53.2	53.2		69.9	69.9
Current provisions	3.7	629.8	633.5	4.7	630.2	634.9
Gross amount due to customers for contract work		1,534.3	1,534.3		1,687.4	1,687.4
Other operating liabilities		3,533.5	3,533.5		3,371.2	3,371.2
Total current liabilities	**399.4**	**5,786.1**	**6,185.5**	**461.4**	**5,765.0**	**6,226.3**
TOTAL LIABILITIES	**1,619.4**	**5,909.3**	**7,528.7**	**1,576.4**	**5,883.1**	**7,459.4**
Interest-bearing net receivables/liabilities	73.6			109.2		

Note 32 Expected recovery periods of assets and liabilities

Amounts expected to be recovered	Dec 31, 2014			Dec 31, 2013		
	Within 12 months	12 months or longer	Total	Within 12 months	12 months or longer	Total
ASSETS						
Non-current assets						
Property, plant and equipment [1]	168.8	582.5	751.3	168.6	668.6	837.2
Goodwill [1]		556.6	556.6		545.0	545.0
Other intangible assets [1]	7.4	41.6	48.9	7.9	31.0	38.9
Investments in joint ventures and associated companies [2]		276.2	276.2		307.3	307.3
Financial non-current assets		137.3	137.3		212.7	212.7
Deferred tax assets [3]		129.2	129.2		119.0	119.0
Total non-current assets	**176.2**	**1,723.4**	**1,899.5**	**176.5**	**1,883.7**	**2,060.1**
Current assets						
Current-asset properties [4]	1,371.4	1,383.5	2,754.9	1,236.4	1,658.6	2,895.0
Inventories	52.0	55.3	107.3	51.8	54.3	106.1
Financial current assets	616.0		616.0	669.3		669.3
Tax assets	98.0		98.0	110.6		110.6
Gross amount due from customers for contract work [5]	543.8	33.4	577.2	643.8	56.6	700.5
Other operating receivables [5]	2,553.9	219.2	2,773.1	2,250.7	247.5	2,498.2
Cash	960.7		960.7	820.8		820.8
Total current assets	**6,195.7**	**1,691.4**	**7,887.1**	**5,783.5**	**2,017.1**	**7,800.6**
TOTAL ASSETS	**6,371.9**	**3,414.8**	**9,786.7**	**5,960.0**	**3,900.7**	**9,860.7**
LIABILITIES						
Non-current liabilities						
Financial non-current liabilities	11.8	738.4	750.2	4.0	732.8	736.9
Pensions [6]	27.1	463.9	491.1	28.5	354.8	383.4
Deferred tax liabilities		101.9	101.9		112.6	112.6
Non-current provisions	0.0		0.0	0.2		0.2
Total non-current liabilities	**38.9**	**1,304.3**	**1,343.2**	**32.8**	**1,200.3**	**1,233.1**
Current liabilities						
Financial current liabilities	397.2	33.9	431.0	372.6	90.3	462.9
Tax liabilities	53.2		53.2	69.9		69.9
Current provisions	298.2	335.2	633.5	312.5	322.5	634.9
Gross amount due to customers for contract work	1,260.2	274.2	1,534.3	1,423.2	264.2	1,687.4
Other operating liabilities	3,447.3	86.2	3,533.5	3,322.1	49.1	3,371.2
Total current liabilities	**5,456.0**	**729.5**	**6,185.5**	**5,500.3**	**726.1**	**6,226.3**
TOTAL LIABILITIES	**5,494.9**	**2,033.7**	**7,528.7**	**5,533.1**	**1,926.4**	**7,459.4**

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 12 months' time.
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 12 months' time 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

	2014	2013
Mortgages, current-asset properties	0.4	0.4
Shares and participations	24.4	50.0
Receivables	136.5	143.8
Total	**161.3**	**194.2**

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	
	2014	2013	2014	2013	2014	2013
Own obligations						
Liabilities to credit institutions			3.5	22.5	3.5	22.5
Other liabilities	0.4	0.4	133.0	121.3	133.4	121.7
Total own obligations	**0.4**	**0.4**	**136.5**	**143.8**	**136.9**	**144.2**
Other obligations			24.4	50.0	24.4	50.0
Total	**0.4**	**0.4**	**160.9**	**193.8**	**161.3**	**194.2**

Assets pledged for other liabilities, EUR 0.1 billion (0.1), 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.

	2014	2013
Contingent liabilities related to joint construction operations	4,289.3	3,508.7
Contingent liabilities related to other joint operations	2.0	4.6
Contingent liabilities related to joint ventures	127.7	20.6
Other contingent liabilities	30.3	262.3
Total	**4,449.3**	**3,796.2**

The Group's contingent liabilities related to contracting work operated jointly with other contractors totaled EUR 4.3 billion (3.5). This amount refers to the portion of the joint and several liability relating to the obligations of the joint operation in question that affect other participants in the joint operation. 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 Commercial Property Development and Infrastructure Development business streams.

In the Group's other contingent liabilities, just over EUR 0.0 billion (0.3) were related to obligations attributable to residential projects.

In November 2013, Helsinki District Court in Finland ruled on the claims for damages relating to the asphalt cartel. The claim for damages from the State of Finland was dismissed, while some of the local authority claims for damages were allowed. Under the court ruling the defendants must jointly pay damages at an amount equivalent to about EUR 37.1 M in total. The companies concerned have joint and several liability for part of this sum, while other elements are directly attributable to individual companies. Local authority claims on Skanska corresponded to about EUR 13.9 M in damages, of which Skanska Asfaltti Oy was ordered to pay an amount equivalent to about EUR 2.1 M. This sum does not include interest and legal costs. The ruling has been appealed to the Court of Appeal in Helsinki. A number of local authorities have since brought actions for damages against Skanska Asfaltti Oy. These claims will be examined after the Court of Appeal has made its ruling.

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.

Exchange rates

		Average exchange rate			Change, percent	
Currency	Country	2014	2013	2012	2013-2014	2012-2013
ARS	Argentina	0.093	0.138	0.171	–33	–19
BRL	Brazil	0.320	0.351	0.400	–9	–12
CZK	Czech Republic	0.036	0.039	0.040	–6	–3
DKK	Denmark	0.134	0.134	0.134	0	0
EUR	EU	1.242	1.178	1.233	5	–4
GBP	UK	0.119	0.128	0.134	–7	–4
NOK	Norway	0.239	0.238	0.239	0	0
PLN	Poland	0.110	0.116	0.115	–5	1
USD	USA	0.756	0.753	0.778	0	–3

		Closing day exchange rate			Change, percent	
Currency	Country	2014	2013	2012	2013-2014	2012-2013
ARS	Argentina	0.096	0.112	0.154	–14	–28
BRL	Brazil	0.309	0.312	0.372	–1	–16
CZK	Czech Republic	0.036	0.036	0.040	–1	–8
DKK	Denmark	0.134	0.134	0.134	0	0
EUR	EU	1.277	1.197	1.223	7	–2
GBP	UK	0.111	0.119	0.136	–7	–12
NOK	Norway	0.232	0.241	0.245	–4	–2
PLN	Poland	0.105	0.112	0.116	–6	–3
USD	USA	0.822	0.727	0.759	13	–4

Income statement

During 2014, the average exchange rate of the EUR against the Group's other currencies strengthened in respect of the currencies ARS, BRL, CZK and SEK, and weakened in respect of the, GBP. This had a negativ impact of EUR –406.5 billion on revenue. Against all other currencies the exchange rate was unchanged. Adjusted for currency rate effects, revenue decreased by 3 percent.

Exchange-rate effect by respective currency

2014	USD	EUR	GBP	NOK	CZK	PLN	Other	Total
Revenue	–186.3	24.4	89.3	–125.3	–33.5	1.8	–176.9	–406.5
Operating income	–13.5	0.9	2.6	–4.9	–0.3	0.1	10.2	–4.9
Income after financial items	–13.7	0.8	2.8	–5.4	–0.3	0.1	11.6	–4.1
Profit for the year	–24.6	0.5	2.5	–3.8	0.2	0.1	12.4	–12.7

2013	USD	EUR	GBP	NOK	CZK	PLN	Other	Total
Revenue	159.6	236.2	31.5	–1.2	–29.5	–21.1	–177.9	197.6
Operating income	9.9	9.8	1.2	0.0	2.0	–0.8	–4.0	18.1
Income after financial items	9.6	9.5	1.2	–0.1	2.0	–0.8	–1.7	19.7
Profit for the year	10.5	5.0	0.9	0.0	2.0	–0.7	5.6	23.3

Note 34 Continued

Consolidated statement of financial position by currency

Consolidated total assets decreased by EUR –0.1 billion, from EUR 9.9 billion to EUR 9.8 billion. The effect of changes in foreign-exchange rates had a positive impact of EUR 0.3 billion. The Euro strengthened against all of the Group's currencies except the USD and GBP, it weakened in respect of the USD and GBP.

Dec 31, 2014, EUR billion	USD	GBP	EUR	NOK	CZK	PLN	DKK	Other foreign currencies [1]	Hedge loans [2]	SEK	Total
Assets											
Property, plant and equipment	0.22	0.02	0.04	0.11	0.06	0.04		0.02		0.23	0.75
Intangible assets	0.12	0.19	0.05	0.15	0.05	0.01				0.03	0.60
Shares and participations	0.06	0.07	0.05	0.03	0.01			–0.01		0.05	0.27
Interest-bearing receivables	1.35	0.30	0.24	0.32	0.16	0.35	0.01	–2.05	–0.51	0.57	0.74
Current-asset properties	0.43	0.06	0.81	0.25	0.06	0.06	0.09	0.02		0.95	2.75
Non-interest-bearing receivables	1.42	0.38	0.24	0.41	0.19	0.25	0.01	0.17		0.63	3.71
Cash and cash equivalents	0.23	0.00	0.01	0.01	0.01	0.04		0.02		0.63	0.96
Total	**3.84**	**1.02**	**1.46**	**1.28**	**0.55**	**0.76**	**0.12**	**–1.82**	**–0.51**	**3.10**	**9.79**
Equity and liabilities											
Equity attributable to equity holders [3]	0.84	0.17	0.64	0.38	0.26	0.24	0.03	0.07	–0.73	0.32	2.24
Non-controlling interests					0.01						0.01
Interest-bearing liabilities	0.96	0.26	0.39	0.24		0.08	0.06	–2.14	0.22	1.54	1.62
Non-interest-bearing liabilities	2.04	0.59	0.42	0.65	0.27	0.43	0.02	0.24		1.24	5.92
Total	**3.84**	**1.02**	**1.46**	**1.28**	**0.55**	**0.76**	**0.12**	**–1.82**	**–0.51**	**3.10**	**9.79**

Dec 31, 2013, EUR billion	USD	GBP	EUR	NOK	CZK	PLN	DKK	Other foreign currencies [1]	Hedge loans [2]	SEK	Total
Assets											
Property, plant and equipment	0.19	0.02	0.04	0.13	0.08	0.07	0.01	0.06		0.22	0.83
Intangible assets	0.10	0.18	0.04	0.16	0.06	0.01		0.00		0.03	0.58
Shares and participations	0.01	0.08	0.06	0.02	0.01			0.04		0.08	0.30
Interest-bearing receivables	1.21	0.39	0.17	0.33	0.08	0.33	0.01	–1.83	–0.55	0.73	0.87
Current-asset properties	0.29	0.09	0.84	0.34	0.06	0.08	0.09	–0.01		1.11	2.89
Non-interest-bearing receivables	1.01	0.36	0.24	0.44	0.20	0.30	0.02	0.33		0.66	3.56
Cash and cash equivalents	0.20	0.00	0.01	0.00	0.02	0.03		0.04		0.51	0.82
Total	**3.02**	**1.12**	**1.40**	**1.42**	**0.51**	**0.82**	**0.13**	**–1.37**	**–0.55**	**3.35**	**9.86**
Equity and liabilities											
Equity attributable to equity holders [3]	0.67	0.22	0.49	0.37	0.26	0.25	0.04	0.10	–0.85	0.82	2.38
Non-controlling interests	0.01				0.01			0.00		0.00	0.02
Interest-bearing liabilities	0.58	0.20	0.49	0.31	0.00	0.08	0.07	–1.80	0.30	1.33	1.57
Non-interest-bearing liabilities	1.75	0.70	0.42	0.73	0.24	0.49	0.02	0.33		1.20	5.88
Total	**3.02**	**1.12**	**1.40**	**1.42**	**0.51**	**0.82**	**0.13**	**–1.37**	**–0.55**	**3.35**	**9.86**

1 Including elimination of intra-Group receivables and liabilities.
2 The amounts correspond to hedges before deductions for tax. Net investments abroad are currency-hedged to a certain extent through foreign currency loans and forward currency contracts; refer also to Note 6. Hedging of net investments through foreign currency loans in EUR and GBP amounts to EUR 0.22 bn (0.30). Hedging of net investments through forward currency contracts totals EUR –0.51 bn (–0.55), which breaks down as USD 0.1 (0.18), EUR 0.04 (0.04), CZK 0.11 (0.12), PLN 0.06 (0.05), NOK 0.13 (0.14), GBP 0.05 (0.00) and CLP 0.02 (0.03)
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 EUR against other currencies and change in USD against EUR

The following sensitivity analysis, based on the 2014 income statement and statement of financial position shows the sensitivity of the Group to a unilateral 10-percent change in the EUR against all currencies, as well as a unilateral 10-percent change in the USD against the EUR.

EUR billion	+/– 10%	of which USD +/– 10%
Revenue	+/– 1.55	+/– 0.55
Operating income	+/– 0.05	+/– 0.02
Equity	+/– 0.22	+/– 0.07
Net receivables/liabilities	+/– 0.01	+/– 0.07

Other items

For information on the change in 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 prepares 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

	2014	2013
Depreciation/amortization and impairment losses/reversals of impairment losses	205.4	218.2
Income from divestments of non-current assets and current-asset properties	–370.4	–374.0
Income after financial items from joint ventures and associated companies	–84.0	–83.2
Dividends from joint ventures and associated companies	50.7	35.3
Provision for the year, intra-Group profits on contracting work	30.6	21.4
Pensions recognized as expenses but not related to payments	60.5	54.6
Pensions paid	–61.7	–60.7
Cost of Seop	28.9	29.5
Gain on joint ventures divested	–11.7	–14.1
Other items that have not affected cash flow from operating activities	–1.0	–3.6
Total	**–152.7**	**–176.7**

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 EUR –109.2 M (–124.0).

Information about interest and dividends

	2014	2013
Interest income received during the year	21.4	15.6
Interest payments made during the year	–42.5	–51.4
Dividend received during the year	50.7	35.3

Cash and cash equivalents

Cash and cash equivalents in the cash-flow statement consist of cash and 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.

	2014	2013
Cash	960.7	820.8
Total	**960.7**	**820.8**

Other matters

At year-end, the Group's unutilized credit facilities amounted to EUR 600.0 M (646.6).

Information about assets and liabilities in acquired Group companies/businesses

	2014	2013
Assets		
Intangible assets		26.3
Tangible assets		6.3
Shares and participations		
Interest-bearing assets		0.1
Non-interest-bearing assets		6.2
Total	**0.0**	**38.9**
Liabilities		
Non-controlling interests		0.0
Interest-bearing liabilities		5.5
Non-interest-bearing liabilities		11.7
Total	**0.0**	**17.2**
Purchase price paid		–22.3
Cash and cash equivalents in acquired companies		0.6
Effect on cash and cash equivalents, investment	**0.0**	**–21.7**

Acquired Group companies/operations 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 activities
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

	2014	2013
Cash flow from business operations according to operating cash flow	402.0	580.5
Less net investments in property, plant and equipment and intangible assets	115.6	137.5
Less tax payments on property, plant and equipment and intangible assets divested and divestment of assets in Infrastructure Development	3.9	4.6
Cash flow from operating activities	**521.5**	**722.6**
Cash flow from strategic investments according to operating cash flow	10.4	–22.2
Net investments in property, plant and equipment and intangible assets	–115.6	–137.5
Increase and decrease in interest-bearing receivables	134.5	–2.9
Taxes paid on property, plant and equipment and intangible assets divested and assets in Infrastructure Development	–3.9	–4.6
Cash flow from investing activities	**25.4**	**–167.2**
Cash flow from financing activities according to operating cash-flow statement, including changes in interest-bearing receivables and liabilities	60.6	–58.5
Increase and decrease in interest-bearing liabilities	–134.5	2.9
Dividend etc. [1]	–321.8	–318.7
Cash flow from financing activities	**–395.7**	**–374.3**
Cash flow for the year	**151.2**	**181.1**
1 Of which repurchases of shares	–40.2	–33.2

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.

	2014	2013
Net investments in operating activities	422.9	507.1
Net investments in investing activities	–105.2	–159.7
	317.8	**347.3**
Less accrual adjustments, cash-flow effect of investments	–7.0	30.3
Total net investments	**310.7**	**377.6**

The consolidated operating cash-flow statement recognizes net investments divided into net investments in operations and strategic net investments as follows.

Investments/divestments

	2014	2013
Operations – investments		
Intangible assets	–19.3	–14.6
Property, plant and equipment	–154.8	–177.4
Assets in Infrastructure Development	–36.0	–8.7
Shares	–34.0	–10.3
Current-asset properties	–1,478.7	–1,326.8
of which Residential Development	–753.5	–810.7
of which Commercial Property Development	–725.2	–516.1
	–1,722.8	**–1,537.7**
Operations – divestments		
Intangible assets	0.1	0.1
Property, plant and equipment	78.5	43.7
Assets in Infrastructure Development	45.9	28.0
Shares	3.9	1.6
Current-asset properties	1,894.6	1,864.1
of which Residential Development	992.6	1,060.7
of which Commercial Property Development	902.0	803.4
	2,023.1	**1,937.5**
Net investments in operations	300.3	399.8
Strategic investments		
Acquisitions of businesses	0.0	–22.3
	0.0	**–22.3**
Strategic divestments		
Divestments of businesses	10.4	0.1
Divestments of shares	0.0	0.0
	10.4	**0.1**
Net strategic investments	10.4	–22.2
Total net investments	**310.7**	**377.6**

Note 36 Personnel

Wages, salaries, other remuneration and social insurance contributions

	2014	2013
Wages, salaries and other remuneration		
Board members, Presidents, Executive Vice Presidents and other executive team members [1]	56.0	59.8
of which variable remuneration	20.9	22.9
Other employees	2,444.4	2,452.4
Total wages, salary and other remuneration	**2,521.4**	**2,535.1**
Social insurance contributions	561.0	547.7
of which pension expenses	215.7	179.7

1 The amount related to Board members, Presidents, Executive Vice Presidents and other executive team members includes 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, EUR 5.5 M (5.0) relates to the category "Board members, Presidents, Executive Vice Presidents and other executive team members." The amount includes 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.

	2014	of whom men	%	of whom women	%	2013	of whom men	%	of whom women	%
Sweden	10,503	9,138	87	1,365	13	10,462	8,734	83	1,728	17
Norway	4,315	3,935	91	380	9	4,275	3,906	91	369	9
Denmark	18	12	67	6	33	125	105	84	20	16
Finland	2,231	1,957	88	274	12	2,377	2,077	87	300	13
UK	5,200	4,194	81	1,006	19	4,610	3,760	82	850	18
Poland	6,497	5,291	81	1,206	19	6,399	5,293	83	1,106	17
Czech Republic	3,403	2,899	85	504	15	3,592	3,075	86	517	14
Slovakia	708	608	86	100	14	800	690	86	110	14
USA	10,251	8,987	88	1,264	12	8,791	7,610	87	1,181	13
Argentina	4,336	4,175	96	161	4	4,674	4,491	96	183	4
Brazil	4,512	4,243	94	269	6	4,722	4,442	94	280	6
Chile	1,524	1,473	97	51	3	2,402	2,307	96	95	4
Peru	3,423	3,231	94	192	6	2,874	2,736	95	138	5
Other countries	945	893	94	52	6	1,002	954	95	48	5
Total	**57,866**	**51,036**	**88**	**6,830**	**12**	**57,105**	**50,180**	**88**	**6,925**	**12**

Men and women on Boards of Directors and in executive teams on closing day

	2014	of whom men	of whom women	2013	of whom men	of whom women
Number of Board members	229	87%	13%	213	86%	14%
Number of Presidents and members of executive teams in Business Units	201	83%	17%	210	86%	14%

Other matters

No loans, assets pledged or contingent liabilities have been provided for the benefit 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 seven Executive Vice Presidents. The Team consisted of a total of eight persons at the end of 2014.

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 General 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 2014, the Compensation Committee consisted of Stuart Graham, Chairman of the Board, Sverker Martin-Löf, Board member, and Charlotte Strömberg, Board member. The Compensation Committee met six times during the year. The Annual General 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 2014 Annual General Meeting approved the following guidelines for salary and other remuneration to senior executives:

Remuneration to senior executives of Skanska AB is to consist of fixed salary, possible variable remuneration, 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-based and competitive in the labor market in which the executive is placed, and distinguished performance should be reflected in the total remuneration package.

Fixed salary and variable remuneration are to be linked 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 receipt 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 exist, 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 to shareholders, employees and other stakeholders. With respect to the annual bonus, the Board has the possibility of limiting or refraining from paying this variable remuneration if it deems such action reasonable for other reasons.

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 six months, combined with severance pay equivalent to a maximum of 18 months of fixed salary or, alternatively, a notice period of 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 an occupational 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, e.g. Sweden's ITP occupational pension plan.

The Board of Directors may deviate from these guidelines if there are special reasons to do so in an individual case.

Matters relating to the President and CEO's salary and other remuneration are addressed by the Compensation Committee in preparation for decisions by the Board. Matters relating to the salary and other remuneration to other senior executives are decided upon by the Compensation Committee.

	Measure of earnings	Starting Point	Outperform	Outcome	Percentage fulfilled [2]
Group	Income after financial items, EUR bn [1]	0.44	0.59	0.60	100%
Construction [3]	Operating income, EUR bn	0.38	0.51	0.49	87%
	Skanska Value Added, EUR bn	0.42	0.54	0.53	90%
Residential Development [4]	Operating income, EUR bn	0.05	0.07	0.07	73%
	Return on capital employed, %	6	8	7	39%
Commercial Property Develoment	Operating income, EUR bn	0.08	0.11	0.19	86%
	Return on capital employed, % [5]	6	9	11	100%
	Leasing, thousands of sq m	133	251	235	61%
Infrastructure Development	Operating income, EUR bn	0.02	0.04	0.05	100%
	Project development, % [6]	0	100	97	97%

1 Income excludes eliminations at the Group level. The Outperform target at the 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 Percentage fulfilled is based on outcomes in the respective Business Units, which are weighed together.
3 The outcome and target for the Latin American Business Unit was moved during the year from Construction to Group. The target Skanska Value Added (SVA) corresponds to operating income after deduction for cost of capital employed. Cost of capital refers to the estimated cost of borrowed capital and equity before tax.
4 Residential Development in Poland and in the Czech Republic & Slovakia, as well as BoKlok are also measured for number of sold units. Rental Properties are also measured for the number of units started.
5 Including unrealized development gains and changes in market value. Encompasses the Commercial Property Development Nordic, Europe and U.S. Business Units.
6 Contains targets for project development in Europe and the Americas, as well as asset management and divestments.

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 were decided by the Board for the 2014 cash-based variable remuneration.

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 90 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 2015.

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 table below. 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 75 percent of fixed salary, based on financial targets with a target fulfillment of 100 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 2015.

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 ITP 1 pension system and the defined-benefit ITP 2 pension system. Employees outside Sweden are covered by local pension plans. The ITP 1 premium is 4.5 percent of gross cash salary up to 7.5 base amounts (as defined by Swedish social insurance rules, and amounting to EUR 47 000 in 2014) of income per year and 30 percent of gross cash salary above that. The defined-benefit ITP 2 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 2014: EUR 125,000) and 32.5 percent for portions of salary between 20 and 30 base amounts (in 2014: EUR 187,000). In addition, this ITP 2 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 ITP 1 pension system, until December 31, 2013 Skanska had a company-specific pension plan known as Skanska Egen Regi. In 2014 the plan assets were transferred to an external occupational pension company, within the framework of ITP 1.

Severance pay

For members of the Senior Executive Team, in case of termination by the company the notice period is 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.

EUR thousand	Director's fee	Audit Committee	Compensation Committee	Project Review Committee	Total
Chairman of the Board					
Stuart Graham	205.6	13.5	11.0	21.9	252.2
Other Board members					
Sverker Martin-Löf	68.5	16.4	11.0	21.9	117.9
John Carrig	68.5	13.7		21.9	104.2
Sir Adrian Montague	68.5			21.9	90.5
Matti Sundberg	68.5				68.5
Fredrik Lundberg	68.5			21.9	90.5
Pär Östberg	68.5	13.7		21.9	104.2
Nina Linander	68.5	13.7			82.2
Charlotte Strömberg	68.5	13.7	11.0		93.2
Board of Directors	**753.8**	**85.0**	**32.9**	**131.6**	**1,003.3**

Remuneration and benefits recognized as expenses in 2014

Directors' fees

The 2014 Annual General Meeting resolved that fees would be paid to the Board members elected by the Meeting, with the exception of the President and CEO, totaling EUR 1,003,300, including a special appropriation for committee work. See the table above.

Chairman of the Board

During the 2014 financial year, the Chairman of the Board, Stuart Graham, received a director's fee totaling EUR 252,200, of which EUR 46,600 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 EUR 21,900 for serving as a Board member of the subsidiary Skanska Oy. Sir Adrian Montague received approximately EUR 30,600 for his work as an advisor to Skanska's UK operations, and John Carrig received EUR 56,700 for his work as an advisor to Skanska's U.S. operations.

For Board members appointed by the employees, no disclosures are made concerning salaries and remuneration or 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.

Note 37 Continued

Senior Executive Team

EUR 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	1,233.3	925.0	717.8	8.3	501.6	3,386.0
Other SET members (8 persons)	3,437.2	3,229.6	1,982.2	151.1	1,187.4	9,987.6
Total	**4,670.6**	**4,154.6**	**2,700.1**	**159.4**	**1,688.9**	**13,373.6**

1 Variable remuneration related to the 2014 financial year is preliminary and will be finally fixed and disbursed after a follow-up of the outcome in the first quarter of 2015. The amounts included under the heading, "Variable remuneration" in the above table refer to the 2014 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 2014, at the share price on December 30, 2014 (SEK 167.9, corresponding to EUR 17.7). The Senior Executive Team will receive an estimated 7,218 matching shares and 139,446 performance shares. The Board will decide the final outcome after a follow-up of operations during the first quarter of 2015. 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 2011 financial year. After a three-year vesting period as part of the previous employee ownership program, Seop 2, the President and CEO received 26,879 shares equivalent to EUR 494,800 in 2014, related to shares allotted for the financial year 2011. During 2014, as part of Seop 2, the other members of the Senior Executive Team – after a three-year vesting period – received 70,357 Series B Skanska shares, equivalent to EUR 1,295,300, related to shares allotted for the financial year 2011.

President and CEO

During 2014, the President and CEO, Johan Karlström, received a fixed salary of EUR 1,233,300 plus an estimated variable salary element of EUR 925,000 based on financial targets with a 100 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 2015. The preliminary outcome was equivalent to 75 percent of fixed annual salary. Disbursement normally occurs during May of the year following the performance year.

The President and CEO is also covered by the Group's ongoing employee ownership program, Seop 3, 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 3, Johan Karlström acquired 7,676 Series B Skanska shares during 2014, which resulted in an allocation of 1,919 matching shares equivalent to EUR 34,000. An estimated 37,074 performance shares may be allocated, at a value of EUR 656,700, since the Outperform targets were preliminarily 84 percent fulfilled. The stated value refers to the share price on December 30, 2014 (SEK 167.9,[corresponding to EUR 17.7]). The final allocation of performance shares will be established by the Board after a follow-up of operations during the first quarter of 2015.

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 2014 totaled EUR 501,500.

Other members of the Senior Executive Team

During 2014, one person resigned from their position. Other members of the Senior Executive Team totaled seven individuals at the end of 2014.

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 3, with an allocation of matching shares and performance shares. See the section entitled "Long-term share programs" in this note. A total of 21,195 Series B Skanska shares were purchased by the other members of the Senior Executive Team during 2014 under the Seop 3 program, which resulted in 5,299 matching shares, equivalent to EUR 93,900. An estimated 102,372 performance shares may be allocated, at a value of EUR 1,813,200, since the Outperform targets were preliminarily 84 percent fulfilled. The stated value refers to the share price on December 30, 2014 (SEK 167.9, [corresponding to EUR 17.7]). Variable remuneration and the outcome of performance shares for 2014 are preliminary, and the final outcome will be established after a follow-up of operations during the first quarter of 2015. Disbursement of the cash-based variable remuneration normally occurs during May of the year following the performance year.

All above-mentioned remuneration and benefits were charged to Skanska AB, except for EUR 2,960,600 to other members of the Senior Executive Team, which was charged to other Group companies.

Pension obligations to current and former senior executives

In 2014, outstanding pension obligations to Presidents and CEOs, including former Presidents and CEOs, amounted to EUR 17,018,300. Outstanding obligations to other current and former members of the Senior Executive Team amounted to EUR 11,976,200.

Long-term share programs

Share incentive program – Skanska employee ownership program, Seop 3 (2014 to 2016)

In 2013, the Annual General Meeting approved the introduction of the Seop 3 long-term share ownership program for employees of the Skanska Group, which is essentially an extension of the earlier Seop 2 share ownership program that ran from 2011 to 2013. The terms and conditions coincide in all essential respects with those of the earlier SEOP 2 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 2014–2016 and the vesting period runs for three years from the month in which the investment shares are acquired. 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 (split into three subcategories) may – in addition to one matching share – receive a maximum of 15, 19 or 23 performance shares respectively. 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 EUR 25–70 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 2013 as the base year for Seop 3. The other cost ceiling is that Skanska's total cost per year may not exceed 15 percent of earnings before interest and taxes (EBIT) at the Group level. 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 three-year program is also limited to 13,500,000 shares.

The table below shows Seop 3 target fulfillment in 2014 for each business stream.

Note 37 Continued

Financial targets for the empoyee Ownership Program, Seop 3, 2014[1]

	Measure of earnings	Starting Point	Outperform	Outcome	Percentage fulfilled[2]
Group	Earnings per share, EUR[3]	0.99	1.11	1.09	84%
Construction	Operating income, EUR bn	453.26	518.14	494.74	41%
Residential Development[4]	Operating income, EUR bn	74.73	79.01	74.86	41%
Commercial Property Development	Operating income, EUR bn	113.71	124.84	186.41	95%
	Leasing, thousands of sq m	133	251	235	61%
Infrastructure Development	Operating income, EUR bn	0.03	0.04	0.05	100%
	Project development, %	0	100	97	97%

1 For further information, see the table "Financial targets for variable salary elements" in Note 37 on page 166.
2 Percentage fulfilled is based on outcomes in the respective Business Units, which are weighed together.
3 Earnings per share according to segment reporting are calculated as net profit (excluding minority interests) divided by the average number of shares outstanding on December 31, 2014.
4 Residential Development units in Poland and in the Czech Republic & Slovakia, as well as BoKlok are also measured for return on capital employed. Rental Properties are also measured for the number of units started.

In the Skanska Group, a total of around 23 percent of permanent employees participated in Seop 3 during 2014.

Excluding social insurance contributions, the cost of Seop 3 is estimated at about EUR 24.7 M, of which the cost for 2014 amounts to around EUR 5.0 M. The remaining cost of Seop 3 up to and including 2019 is estimated at about EUR 19.6 M.

The dilution effect through 2014 in respect of Seop 3 for the 2014 program is estimated at 315,229 shares or 0.08 percent of the number of Skanska Series B shares outstanding. Maximum dilution for the program in 2014 is projected at 1,574,307 shares or 0.38 percent.

Previous long-term share programs

Share incentive program – Skanska employee ownership program, Seop 2 (2011 to 2013)

For the previous Skanska employee ownership program, which ran from 2011 to 2013, the distribution of shares was implemented in 2013. This relates to shares that were earned during 2011, 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.

Excluding social insurance contributions, the cost of Seop 2 is estimated at around EUR 91.6 M, of which EUR 48.1 M was recognized previously in 2011, 2012 and 2013, while the cost for 2014 amounts to around EUR 23.9 M. The remaining cost of Seop 2 up to and including 2016 is estimated at about EUR 19.6 M.

The dilution effect through 2014 for Seop 2 is estimated at 3,876,981 shares or 0.93 percent of the number of Skanska Series B shares outstanding. Maximum dilution for the program at the end of the vesting period in 2016 is projected at 5,479,453 shares or 1.32 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

	2014	2013
KPMG		
Audit assignments	5.6	6.0
Tax advisory services	1.1	1.4
Other services	0.9	0.9
Total	**7.6**	**8.3**

"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 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."

Transactions with joint ventures	2014	2013
Sales to joint ventures	738.5	792.0
Purchases from joint ventures	1.0	8.8
Dividends from joint ventures	50.7	34.9
Receivables from joint ventures	92.3	102.8
Liabilities to joint ventures	0.1	1.0
Contingent liabilities for joint ventures	127.7	20.6

Transactions with associated companies	2014	2013
Purchases from associated companies	0.0	0.8
Receivables from associated companies	3.3	0.0
Liabilities to associated companies	0.0	0.0

Note 39 Continued

The L E Lundbergföretagen AB group has assigned Skanska to undertake two construction contracts at a total contract amount of EUR 53.8 M (17.8).

Skanska's pension fund directly owns 370,000 (650,000) Series B shares in Skanska. There is also an insignificant percentage of indirectly owned shares via investments in various mutual funds.

During 2014, Skanska divested two apartment buildings in Sweden to Skanska Trean Allmän Pensionsstiftelse (Skanska's Swedish pension fund) for about EUR 23.0 M and in the UK an industrial property was divested for about EUR 21.9 M to Skanska Pension Fund (Skanska UK's pension fund).

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 relates to car leases in Sweden. Agreements with lease companies in other countries are operating leases.

Financial leases, carrying amount	2014	2013
Property, plant and equipment		
Property	1.1	3.8
Plant and equipment	31.5	34.5
Total	**32.6**	**38.3**
Acquisition cost	111.6	118.2
Depreciation for the year	–8.1	–9.2
Accumulated depreciation, January 1	–70.9	–70.7
Carrying amount	**32.6**	**38.3**

Variable fees for finance leases included in 2014 income amounted to EUR 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	2014	2013	2014	2013
Within one year	–11.4	–12.5	–10.4	–11.5
Later than one year but within five years	–23.5	–25.9	–20.1	–21.9
Later than five years	0.0	–1.1	0.0	–1.0
Total	**–34.9**	**–39.5**	**–30.6**	**–34.4**
Reconciliation, future minimum lease payments and their present value			2014	2013
Future minimum lease payments			–34.9	–39.5
Less interest charges			4.3	5.1
Present value of future minimum lease payments			**–30.6**	**–34.4**

Note 40 Continued

Operating leases

Most of the amounts for future minimum lease payments are related to leased cars and office space for operations in the UK, Poland and the U.S. Also included are site leasehold agreements, especially in Stockholm.

The Group's leasing expenses related to operating leases in 2014 totaled EUR –37.9 M (–49.9), of which EUR –33.9 M (–48.5) relates to minimum lease payments and EUR –4.1 M (–1.4) to variable payments. The Group had EUR 1.1 M (0.6) in leasing income related to subleasing on operating leases.

The due dates of future minimum lease payments for non-cancellable operating leases are distributed as follows:

Expenses, due date	2014	2013
Within one year	–28.2	–39.2
Later than one year but within five years	–69.8	–96.5
Later than five years	–96.7	–146.7
Total	**–194.7**	**–282.5**

Of this amount, EUR 1.5 M (1.2) relates 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 2014, Commercial Property Development's lease income amounted to EUR 47.9 M (48.5).

The Group's variable lease income related to operating leases amounted to EUR 0.0 M (0.0) during the year.

The due dates of future minimum lease payments for non-cancellable operating leases are distributed as follows:

Revenue, due date	2014	2013
Within one year	17.4	52.4
Later than one year but within five years	87.2	159.7
Later than five years	65.3	126.8
Total	**169.9**	**338.9**

The carrying amount of current-asset properties in Commercial Property Development totaled EUR 1,577.7 M (1,539.8).

Note 41 Events after the reporting period

Skanska divested two commercial property projects to the Danish pension fund PFA Pension for DKK 500 M, corresponding to about EUR 67.2 M. The projects are located in Gladsaxe and Havneholmen in the Copenhagen region and encompass about 19,100 sq m of office space in total. The divestment will be recognized by Skanska Commercial Property Development Nordic in the first quarter of 2015, and the properties will be occupied in the fourth quarter 2015 (Gladsaxe) and the second quarter 2016 (Havneholmen).

Note 42 Consolidated quarterly results

	2014				2013			
In compliance with IFRS	**Q4**	**Q3**	**Q2**	**Q1**	**Q4**	**Q3**	**Q2**	**Q1**
Order bookings	**4,523.4**	**4,036.0**	**4,087.7**	**3,517.6**	**3,118.8**	**3,345.1**	**4,044.6**	**2,690.9**
Profit/loss								
Revenue	4,358.6	4,359.9	3,863.9	3,133.0	4,352.2	4,125.8	3,804.5	3,504.7
Cost of sales	–3,933.6	–3,951.0	–3,525.7	–2,867.6	–3,974.0	–3,766.9	–3,465.1	–3,144.7
Gross income	**424.9**	**409.0**	**338.1**	**265.4**	**378.2**	**358.9**	**339.4**	**360.0**
Selling and administrative expenses	–253.8	–211.5	–236.4	–216.1	–235.3	–198.4	–232.2	–221.8
Income from joint ventures and associated companies	14.0	19.4	19.1	20.9	20.3	19.0	32.9	21.8
Operating income	**185.1**	**216.9**	**120.8**	**70.2**	**163.2**	**179.4**	**140.1**	**159.9**
Interest income	4.4	2.7	2.8	5.1	3.9	3.8	3.6	4.4
Interest expenses	–7.6	–7.2	–6.6	–6.8	–6.6	–7.7	–12.0	–10.2
Change in fair value	–1.4	–1.4	–1.8	–1.8	0.4	0.6	1.4	0.0
Other financial items	–5.1	–1.5	–1.8	–2.8	–0.9	–4.1	–1.9	–2.7
Financial items	**–9.7**	**–7.4**	**–7.3**	**–6.3**	**–3.0**	**–7.4**	**–8.9**	**–8.6**
Income after financial items	**175.4**	**209.5**	**113.6**	**63.9**	**160.2**	**172.1**	**131.2**	**151.3**
Taxes	–39.8	–56.1	–28.3	–16.0	–56.4	–52.3	–34.1	–36.5
Profit for the period	**135.6**	**153.4**	**85.3**	**47.9**	**103.7**	**119.8**	**97.1**	**114.9**
Profit for the period attributable to								
Equity holders	135.5	153.3	84.8	47.8	103.6	119.7	97.1	114.7
Non-controlling interests	0.1	0.1	0.4	0.1	0.1	0.1	0.0	0.1
Order backlog	18,029.0	17,433.4	16,483.5	15,791.6	15,137.2	16,076.7	16,128.6	16,030.9
Capital employed	3,877.4	4,011.3	3,795.1	3,973.1	3,977.6	4,163.4	4,022.2	4,278.5
Interest-bearing net receivables	73.6	–461.7	–574.6	–294.1	109.2	–489.4	–522.5	–149.7
Debt/equity ratio	0.0	0.2	0.3	0.1	0.0	0.2	0.2	0.1
Return on capital employed, %	15.5	14.8	13.7	14.0	16.0	14.9	15.3	15.3
Cash flow								
Cash flow from operating activities	536.0	232.2	82.1	–328.9	685.6	94.0	–101.9	45.0
Cash flow from investing activities	127.6	–48.6	–64.0	11.2	–7.4	–68.6	–27.1	–64.3
Cash flow from financing activities	–187.5	–23.5	–202.4	17.0	–239.2	–1.0	–229.9	95.8
Cash flow for the year	**476.2**	**160.0**	**–184.3**	**–300.7**	**439.0**	**24.5**	**–358.9**	**76.5**

Note 42 Continued

Business streams

In compliance with IFRS	2014 Q4	2014 Q3	2014 Q2	2014 Q1	2013 Q4	2013 Q3	2013 Q2	2013 Q1
Order bookings								
Construction	4,523.4	4,036.0	4,087.7	3,517.6	3,118.8	3,345.1	4,044.6	2,690.9
Total	**4,523.4**	**4,036.0**	**4,087.7**	**3,517.6**	**3,118.8**	**3,345.1**	**4,044.6**	**2,690.9**
Revenue								
Construction	3,981.3	3,855.6	3,442.6	2,853.0	3,773.4	3,560.1	3,500.1	2,931.3
Residential Development	313.5	193.8	312.0	189.0	231.6	287.1	178.2	234.7
Commercial Property Development	207.3	436.8	164.7	143.3	234.7	221.3	105.9	285.7
Infrastructure Development	3.1	10.9	2.0	1.9	2.5	2.2	2.0	3.4
Central and eliminations	–146.6	–137.1	–57.4	–54.2	110.1	55.1	18.3	49.5
Total	**4,358.6**	**4,359.9**	**3,863.9**	**3,133.0**	**4,352.2**	**4,125.8**	**3,804.5**	**3,504.7**
Operating income								
Construction	156.0	151.7	119.9	67.2	149.9	118.4	120.4	59.8
Residential Development	25.6	–1.1	28.3	4.4	13.3	24.2	7.7	21.8
Commercial Property Development	29.7	85.6	34.2	17.7	36.1	31.4	14.3	81.2
Infrastructure Development	10.8	18.2	10.6	11.2	8.4	11.5	20.0	6.5
Central	–35.6	–39.3	–74.8	–26.2	–41.7	–5.7	–18.8	–17.5
Eliminations	–1.4	1.9	2.7	–4.1	–2.7	–0.3	–3.5	8.2
Total	**185.1**	**216.9**	**120.8**	**70.2**	**163.2**	**179.4**	**140.1**	**159.9**

Note 43 Five-year Group financial summary

Income statements, in compliance with IFRS[1]

	2014	2013	2012	2011	2010
Revenue	15,715.4	15,787.2	14,859.3	13,150.3	12,797.0
Cost of sales	–14,277.9	–14,350.7	–13,531.2	–11,896.1	–11,493.5
Gross income	**1,437.5**	**1,436.4**	**1,328.1**	**1,254.2**	**1,303.5**
Selling and administrative expenses	–917.8	–887.8	–977.4	–869.8	–788.7
Income from joint ventures and associated companies	73.4	94.0	110.9	547.3	56.6
Operating income	**593.1**	**642.6**	**461.6**	**931.8**	**571.5**
Financial items	–30.7	–27.9	–26.9	1.3	–3.7
Income after financial items	**562.4**	**614.8**	**434.7**	**933.1**	**567.8**
Taxes	–140.2	–179.3	–106.0	–91.9	–146.1
Profit for the year	**422.1**	**435.5**	**328.7**	**841.2**	**421.7**
Profit for the year attributable to					
Equity holders	421.4	435.2	327.7	840.5	421.1
Non-controlling interests	0.8	0.3	0.9	0.7	0.6
Other comprehensive income					
Items that will not be reclassified to profit or loss					
Remeasurement of defined-benefit pension plans	–252.1	83.6	–14.9	–344.0	93.1
Tax related to items that will not be reclassified to profit or loss	55.8	–21.2	–10.2	89.8	–25.0
	–196.3	**62.4**	**–25.2**	**–254.2**	**68.1**
Items that have been or will be reclassified to profit or loss					
Translation differences attributable to equity holders	19.6	–161.8	58.2	–21.6	174.0
Items that have been or will be reclassified to profit or loss	0.7	–1.0	–0.5	–0.1	–1.6
Translation differences attributable to equity holders	–3.7	35.4	–11.4	5.8	–42.3
Effects of cash flow hedges	–90.2	60.8	–4.8	–146.9	13.3
Tax related to items that have been or will be reclassified to profit or loss	2.5	2.0	–0.1	6.3	–5.7
	–71.2	**–64.7**	**41.4**	**–156.5**	**137.8**
Other comprehensive income after tax	**–267.4**	**–2.3**	**16.2**	**–410.6**	**205.8**
Total comprehensive income for the year	**154.7**	**433.2**	**344.9**	**430.5**	**627.6**
Total comprehensive income for the year attributable to					
Equity holders	153.3	433.9	344.5	430.0	628.5
Non-controlling interests	1.4	–0.7	0.4	0.6	–0.9

Cash flow[1]	**2014**	**2013**	**2012**	**2011**	**2010**
Cash flow from operating activities	521.5	722.6	–10.5	27.1	653.1
Cash flow from investing activities	26.1	–167.2	–137.0	101.7	–403.1
Cash flow from financing activities	–396.4	–374.3	215.0	–270.0	–511.8
Cash flow for the year	**151.2**	**181.1**	**67.5**	**–141.2**	**–261.8**

1 Comparative figures for 2010–2012 have not been adjusted for the effects of IFRS 10 and IFRS 11.

Note 43 Continued

Income statements, in compliance with Segment Reporting[1]

	2014	2013	2012	2011	2010
Revenue					
Construction	14,132.6	13,764.9	14,303.2	12,733.6	11,853.5
Residential Development	1,048.0	1,067.3	997.4	946.9	793.7
Commercial Property Development	1,121.5	717.3	774.5	623.9	486.7
Infrastructure Development	17.9	10.1	27.8	31.7	33.4
Central and eliminations	–417.8	211.2	–947.0	–765.0	–429.1
Group	**15,902.2**	**15,770.7**	**15,155.8**	**13,571.2**	**12,738.2**
Operating income					
Construction	494.7	448.5	399.1	384.0	459.4
Residential Development	74.9	66.2	–13.1	38.2	58.5
Commercial Property Development	186.4	123.4	166.3	132.5	96.3
Infrastructure Development	50.8	46.3	67.5	523.4	31.1
Central	–176.3	–84.6	–83.1	–77.4	–82.9
Eliminations	1.8	–5.3	–7.8	5.8	–3.5
Operating income	**632.2**	**594.6**	**529.0**	**1,006.4**	**559.0**
Financial items	**–32.1**	**–27.9**	**–26.9**	**1.3**	**–3.7**
Income after financial items	**600.1**	**566.7**	**502.1**	**1,007.8**	**555.3**
Taxes	–149.7	–165.3	–122.5	–107.4	–142.8
Profit for the year	**450.4**	**401.4**	**379.7**	**900.3**	**412.5**
Earnings per share, segment, EUR	1.09	0.97	0.92	2.18	1.00
Earnings per share after dilution, segment, EUR	1.08	0.97	0.92	2.17	0.99

1 Comparative figures for 2010–2012 have not been adjusted for the effects of IFRS 10 and IFRS 11.

Note 43 Continued

Statements of financial position[1]

	Dec 31, 2014	Dec 31, 2013	Jan 1, 2013	Dec 31, 2012	Dec 31, 2011	Dec 31, 2010
ASSETS						
Non-current assets						
Property, plant and equipment	751.3	837.2	924.4	924.4	787.0	655.3
Goodwill	556.6	545.0	568.5	568.5	562.1	434.6
Intangible assets	48.9	38.9	21.7	21.7	17.7	39.3
Investments in joint ventures and associated companies	276.2	307.3	224.9	281.5	283.3	196.9
Financial non-current assets[2, 4]	137.3	212.7	214.5	214.5	236.4	235.4
Deferred tax assets	129.2	119.0	146.2	146.2	187.4	163.3
Total non-current assets	**1,899.5**	**2,060.1**	**2,100.2**	**2,156.7**	**2,073.9**	**1,724.8**
Current assets						
Current-asset properties[3]	2,754.9	2,895.0	3,216.6	3,133.1	2,625.4	2,264.1
Inventories	107.3	106.1	125.7	125.7	113.7	102.7
Financial current assets[4]	616.0	669.3	679.9	679.9	713.4	701.3
Tax assets	98.0	110.6	66.3	66.1	48.9	56.1
Gross amount due from customers for contract work	577.2	700.5	697.7	697.7	572.8	548.2
Other operating receivables	2,773.1	2,498.2	2,737.9	2,744.3	2,538.7	2,363.7
Cash	960.7	820.8	676.3	671.9	595.4	738.3
Assets held for sale	0.0	0.0	0.0			122.9
Total current assets	**7,887.1**	**7,800.6**	**8,200.2**	**8,118.7**	**7,208.4**	**6,897.4**
TOTAL ASSETS	**9,786.7**	**9,860.7**	**10,300.3**	**10,275.4**	**9,282.3**	**8,622.2**
of which interest-bearing	1,693.0	1,685.6	1,542.9	1,538.6	1,515.1	1,647.1
EQUITY						
Equity attributable to equity holders	2,240.4	2,380.1	2,235.0	2,235.0	2,176.9	2,293.0
Non-controlling interests	17.6	21.2	22.1	18.8	19.2	13.9
Total equity	2,258.0	2,401.3	2,257.1	2,253.7	2,196.1	2,306.9
LIABILITIES						
Non-current liabilities						
Financial non-current liabilities[4]	750.2	736.9	562.2	561.3	149.7	122.8
Pensions	491.1	383.4	476.7	476.7	421.3	134.9
Deferred tax liabilities	101.9	112.6	66.6	66.6	104.0	181.6
Non-current provisions	0.0	0.2	1.4	1.4	1.9	3.1
Total non-current liabilities	**1,343.2**	**1,233.1**	**1,106.9**	**1,106.0**	**676.9**	**442.5**
Current liabilities						
Financial current liabilities[4]	431.0	462.9	746.9	731.7	623.9	309.1
Tax liabilities	53.2	69.9	27.9	27.9	29.5	111.3
Current provisions	633.5	634.9	700.6	700.6	665.0	558.9
Gross amount due to customers for contract work	1,534.3	1,687.4	1,836.3	1,835.3	1,887.1	1,879.2
Other operating liabilities	3,533.5	3,371.2	3,624.5	3,620.1	3,203.8	3,014.4
Total current liabilities	**6,185.5**	**6,226.3**	**6,936.3**	**6,915.7**	**6,409.2**	**5,872.9**
TOTAL EQUITY AND LIABILITIES	**9,786.7**	**9,860.7**	**10,300.3**	**10,275.4**	**9,282.3**	**8,622.2**
of which interest-bearing	1,619.4	1,576.4	1,777.5	1,761.3	1,186.6	547.1
1 Comparative figures for 2010–2012 have not been adjusted for the effects of IFRS 10 and IFRS 11.						
2 Of which shares	3.7	3.6	5.8	5.8	4.3	4.5
3 Current-asset properties						
Commercial Property Development	1,577.7	1,539.8	1,639.8	1,639.8	1,241.0	1,109.5
Residential Development	1,177.2	1,265.3	1,369.0	1,324.1	1,384.4	1,154.6
Central	0.0	89.9	207.8	169.2		
Total	**2,754.9**	**2,895.0**	**3,216.6**	**3,133.1**	**2,625.4**	**2,264.1**
4 Items related to non-interest-bearing unrealized changes in the value of derivatives/securities are included as follows:						
Financial non-current assets	0.0	0.7				1.0
Financial current assets	17.3	12.9	21.9	21.9	25.8	22.4
Financial non-current liabilities	21.3	5.5	5.7	5.7	0.2	
Financial current liabilities	35.3	6.2	10.2	10.2	15.4	25.2

Note 43 Continued

Financial ratios [1, 5]

	Dec 31, 2014	Dec 31, 2013	Jan 1, 2013	Dec 31,2012	Dec 31,2011	Dec 31, 2010
Order bookings [6]	16,164.8	13,199.4		13,794.5	13,687.8	13 641,8 [7]
Order backlog [6]	18,029.0	15,137.2		17,081.8	17,460.8	16 191,8 [8]
Average number of employees	57,858	57,105.0		56,618	52,557	51,645
Regular dividend per share, SEK [9]	6.75	6.25		6.00	6.00	5.75
corresponding to regular dividend per share, EUR [9]	0.71	0.69		0.69	0.69	0.64
Extra dividend per share, SEK [9]	0.00	0.00		0.00	0.00	6.25
corresponding to extra dividend per share, EUR [9]	0.00	0.00		0.00	0.00	0.69
Earnings per share, EUR	1.03	1.06		0.79	2.04	1.02
Earnings per share after dilution, EUR	1.01	1.05		0.79	2.03	1.01
Operating financial assets	881.5	755.1		531.4	1,067.0	1,351.0
Capital employed	3,887.4	3,977.6	4,034.6	4,015.0	3,382.8	2,854.0
Interest-bearing net receivables (+)/net debt (–)	73.6	109.2	–234.5	–222.7	328.5	1,100.0
Equity per share, EUR	5.45	5.79		5.43	5.29	5.58
Equity/assets ratio, %	23.1	24.4		21.9	23.7	26.8
Debt/equity ratio	0.0	0.0		0.1	–0.1	–0.5
Interest cover	59.5	40.5		29.2	–325.7	–114.2
Return on equity, %	18.3	18.8		15.2	38.0	21.0
Return on capital employed, %	15.5	16.1		13.0	30.6	21.6
Operating margin, %	3.8	4.1		3.1	7.1	4.5
Cash flow per share, EUR	0.24	0.57		–1.32	–1.09	0.43
Number of shares at year-end	419,903,072	419,903,072		419,903,072	419,903,072	423,053,072
of which Series A shares	19,901,355	19,923,597		19,947,643	19,975,523	20,032,231
of which Series B shares	400,001,717	399,979,475		399,955,429	399,927,549	399,380,841
of which Series D shares (not entitled to dividend, treasury shares)	0	0		0	0	3,640,000
Average price, repurchased shares	113.81	107.85		105.53	104.79	105.40
corresponding to average price, repurchased shares, EUR	12.48	12.47		12.12	11.61	11.04
Number of repurchased Series B shares	2,484,648	2,392,580		2,417,000	1,800,000	2,110,000
Number of Series B treasury shares at year-end	9,113,814	8,625,005		8,066,894	8,323,103	8,253,247
Number of shares outstanding, December 31	410,789,258	411,278,067		411,836,178	411,579,969	411,159,825
Average number of shares outstanding	411,088,591	411,721,772		412,035,381	411,824,469	412,229,351
Average number of shares outstanding after dilution	415,286,339	413,426,939		413,529,383	414,568,384	416,448,523
Average dilution, percent	1.01	0.41		0.36	0.66	1.01

1 Comparative figures for 2010–2012 have not been adjusted for the effects of IFRS 10 and IFRS 11.
5 For definitions, see Note 44.
6 Refers to Construction.
7 In 2010, correction of EUR –119.4 M.
8 In 2010, correction of EUR –126.5 M.
9 Proposed by the Board of Directors: Regular dividend of SEK 6.75 per share (corresponding to EUR 0.71).

Note 44 Definitions

Return on equity	Profit attributable to equity holders as a percentage of average visible equity attributable to equity holders.
Consolidated return on capital employed	Operating income plus financial income as a percentage of average capital employed.
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 operating income forthe Residential Development and Commercial Property Development segments.
Equity per share	Visible equity attributable to equity holders divided by the number of shares outstanding at year-end.
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.
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.
Cash flow per share	Cash flow before change in interest-bearing receivables and liabilities divided by the average number of shares outstanding.
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.
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 financial assets/liabilities net	Interest-bearing net receivables/liabilities excluding construction loans to cooperative housing associations and interest-bearing net 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 Property 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.
Earnings per share	Profit for the period 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.
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.
Debt/equity ratio	Interest-bearing net liabilities divided by visible equity including non-controlling interests.
Equity/assets ratio	Visible equity including non-controlling interests as a percentage of total assets.
Consolidated capital employed	Total assets minus non-interest-bearing liabilities.
Capital employed in business streams, markets and Business Units/reporting units	Total assets minus tax assets and deposits in Skanska's treasury unit minus non-interest-bearing liabilities excluding tax liabilities. Capitalized interest expense is removed from total assets for the Residential Development and Commercial Property Development segments.
Comprehensive income	Change in equity not attributable to transactions with owners.
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, remeasurements of defined-benefit pension plans, effects of cash-flow hedges and tax attributable to other comprehensive income.

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.

Stockholm, April 8, 2015

Johan Karlström

President and Chief Executive Officer

Independent Auditor's 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 103–177, which comprise the statement of financial position at December 31, 2014, 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.

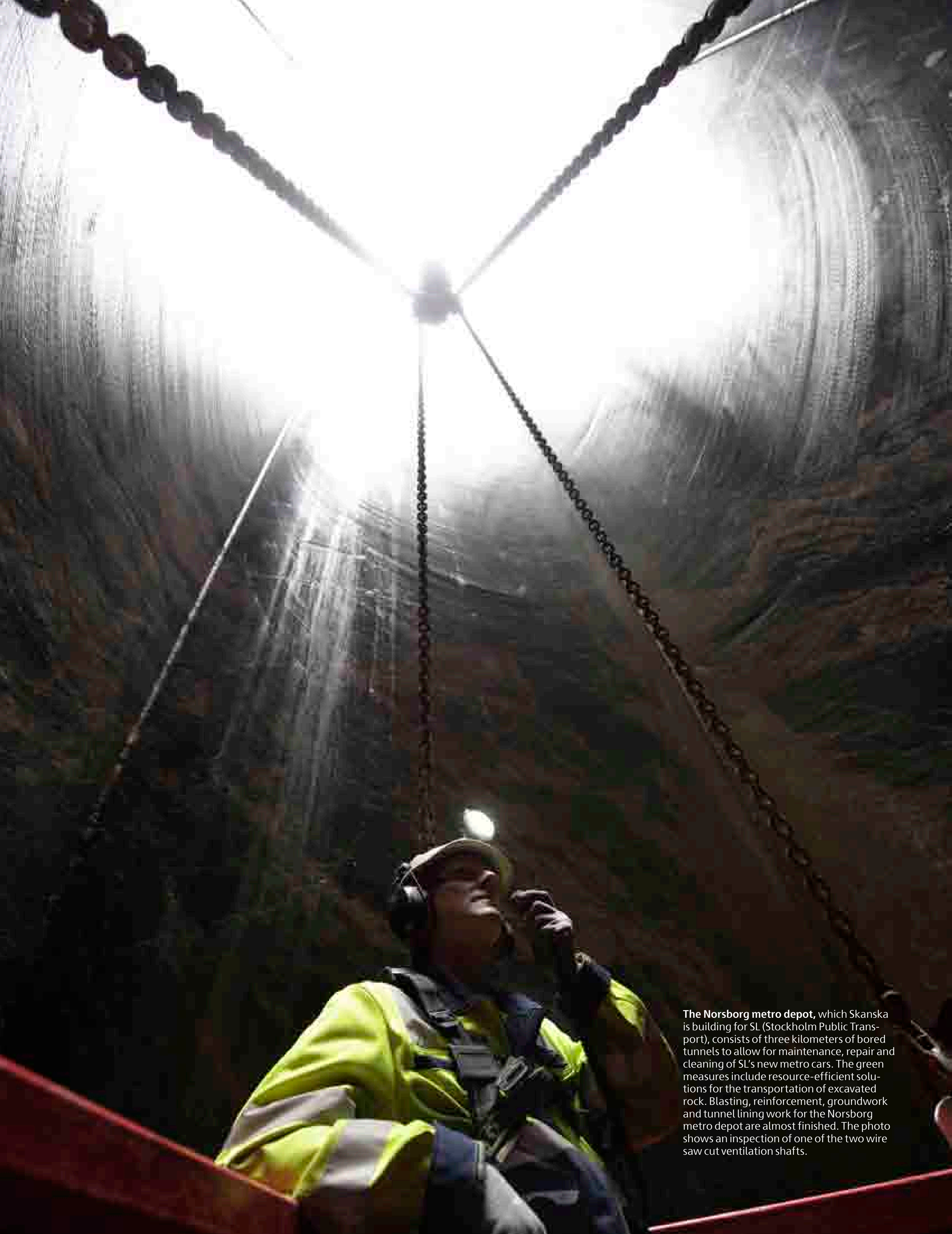
Opinion

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, 2014, 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 8, 2015

KPMG AB

George Pettersson
Authorized Public Accountant



The Norsborg metro depot, which Skanska is building for SL (Stockholm Public Transport), consists of three kilometers of bored tunnels to allow for maintenance, repair and cleaning of SL's new metro cars. The green measures include resource-efficient solutions for the transportation of excavated rock. Blasting, reinforcement, groundwork and tunnel lining work for the Norsborg metro depot are almost finished. The photo shows an inspection of one of the two wire saw cut ventilation shafts.

Senior Executive Team




	Johan Karlström	Richard Cavallaro	Anders Danielsson	Claes Larsson
Position	President and Chief Executive Officer Responsible for Group staff units/support unit: – Legal Affairs – Risk Management – Communications	Executive Vice President Responsible for Group staff – Skanska USA Building – Skanska USA Civil	Executive Vice President Responsible for Business Units: – Skanska Finland – Skanska Norway – Skanska Sweden Responsible for Group staff units/support unit: – BoKlok Housing – Nordic Procurement Unit – Skanska Rental Properties – Operational Performance Center Residential – Land Bank Development Unit	Executive Vice President Responsible for Business Units: – Skanska Commercial Property Development Nordic – Skanska Commercial Property Development USA – Skanska Commercial Property Development Europe – Skanska Residential Development Europe Responsible for Group staff units/support unit: – Sustainablity and Green Support – Green Business officer
Born	1957	1961	1966	1965
Joined Skanska in	1983–95, 2001	1996	1991	1990
Shareholding in Skanska, December 31, 2013	284,711 B shares	34,448 B shares	57,597 B shares	96,420 B shares
Board assignments	– Sandvik AB, Board member – Skanska AB, Board member – Stockholm Chamber of Commerce, Board member	– American Road & Transportation Builders Association – New York Building Congress – Family and Children's Association	–	– Handelsbanken's regional bank board of directors, western Sweden, Board member
Education	– M.Sc. Engineering, KTH, Royal Institute of Technology, Stockholm – Advanced Management Program, Harvard, Boston MA, USA	– BEME – Mechanical Engineering, CCNY	– M.Sc. Engineering, KTH, Royal Institute of Technology, Stockholm – Advanced Management Program, Harvard, Boston MA, USA	– M.Sc. Engineering, Chalmers University of Technology – MBA, Chalmers University of Tech-nology and Göteborg University
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	– Airport Engineer, Port Authority of New York & New Jersey – Senior Estimator, Skanska – Vice President Design Build Skanska USA Civil – Chief Operating Officer, Skanska USA Civil – Business Unit President, Skanska USA Civil	– President, Skanska Norway – President, Skanska Sweden	– President, Skanska Fastigheter Göteborg – President, Skanska Commercial Property Development Nordic

Presidents of Business Units

Krzysztof Andrulewicz	Skanska Poland
Mike Cobelli	Skanska USA Civil
William Flemming	Skanska USA Building
Johan Henriksson	Skanska Latin America
Mats Johansson	Skanska Commercial Property Development USA
Nicklas Lindberg	Skanska CommercialProperty Development Europe
Mikael Matts	Skanska Residential Development Europe
Jan Odelstam	Skanska Commercial Property Development Nordic
Pierre Olofsson	Skanska Sweden
Mike Putnam	Skanska UK
Ståle Rød	Skanska Norway
Steve Sams	Skanska Infrastructure Development
Jonas Spangenberg	BoKlok Housing
Tuomas Särkilahti	Skanska Finland
Roman Wieczorek	Skanska Czech Republic and Slovakia

Veronica Rörsgård	Peter Wallin	Roman Wieczorek	Mats Williamson
Executive Vice President, Human Resources Responsible for Group staff units/ support unit: – Human Resources – Information Technology	Executive Vice President, Chief Financial Officer Responsible for Group staff units/ support unit: – Skanska Financial Services – Controlling – Mergers & Acquisitions – Reporting – Internal Audit and Compliance – Investor Relations	Executive Vice President Responsible for Business Units: – Skanska Czech Republic and Slovakia – Skanska Poland Responsible for Group staff units/ support unit: – Ethics	Executive Vice President Responsible for Business Units: – Skanska UK – Skanska Infrastructure Development – Skanska Latin America Responsible for Group staff units/ support unit: – Safety – Research & Development
1974	1967	1957	1958
2009	2000	1998	1981–87, 1989
20,686 B shares	36,101 B shares	98,173 B shares	134,775 B shares
– Aditro AB, Board Member	–	– Member of the Advisory Board, Bonnier Business Polska	– SP Technical Research Institute of Sweden,Board Member – KTH Royal Institute of Technology, Board member
– 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 Law and Administration, Adam Mickiewicz University in Poznań – Poland Legal Counsel title	– M.Sc. Engineering, Lund Institute of Technology – Advanced Management Program, Harvard, Boston, MA, USA
– International Account Manager, IBM – Managing Director, Propell – Managing Director, Alumni Sweden	– 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

President of Support Unit	Magnus Paulsson	Skanska Financial Services
Senior Vice Presidents, Group Staff Units	Lars Björklund	Ethics
	Katarina Bylund	Reporting
	Katarina Grönwall	Communications
	Anders Göransson	Internal Audit & Compliance
	Ann-Marie Hedbeck	Legal Affairs
	Thomas Henriksson	Controlling
	Kevin Hutchinson	Information Technology (IT)
	Neil Moore	Safety
	Noel Morrin	Sustainability and Green Support
	Magnus Persson	Investor Relations
		Mergers & Acquisitions
	Veronica Rörsgård	Human Resources
	Christel Åkerman	Risk Management

Board of directors





	Stuart E. Graham	John Carrig	Johan Karlström	Sverker Martin-Löf	Sir Adrian Montague
Position	Chairman	Board member	Board member	Board member	Board member
Born	United States, 1946	United States, 1952	Sweden, 1957	Sweden, 1943	United Kingdom, 1948
Elected	2009	2014	2008	2001	2007
Shareholding in Skanska, December 31, 2014	98,385 B shares	8,000 B shares	284,711 B shares	8,000 B shares	1,450 B shares
Other Board assignments	– Industrivärden AB, Board member – PPL Corporation, Board member – Harsco Corporation, Board member – Brand Energy and Infrastructure Services, Board member	– Forum Energy Technologies Inc., Board member – TRC Companies Inc., Board member – WPX Energy Inc, Board member – Alley Theatre in Houston, Board member – The British American Foundation of Texas, Board member – United Way of Greater Houston, Board member – Jones Graduate School of Business, Rice University	– Sandvik AB, Board member – Stockholm Chamber of Commerce, Board member	– Svenska Cellulosa Aktiebolaget SCA, Chairman – AB Industrivärden, Chairman – SSAB Svenskt Stål AB, Chairman – Telefonaktiebolaget LM Ericsson, Vice Chairman – Svenska Handelsbanken AB, Vice Chairman	– 3i Group plc, Chairman – Anglian Water Group Limited, Chairman – Aviva plc., Board member – CellMark Holdings AB, Board member – The Point of Care Foundation, Chairman – Manchester Airport Group, Chairman
Education	– Bachelor of Science in Economics, USA – Honorary Doctorate, Czech Technical University	– Law Degree, Temple University, Philadelphia – Advanced degree in Tax Law, New York University School of Law	– M.Sc. Engineering, KTH, Royal Institute of Technology, Stockholm – Advanced Management Program, Harvard, Boston MA, USA	– M.Sc. Engineering, KTH, Royal Institute of Technology, Stockholm – Doctor of Technology, KTH, 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. – Executive Vice President, Skanska AB – President and CEO, Skanska AB (2002–2008)	– Chief Operating Officer, ConocoPhilips	– 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	– 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, Solicitor – 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 – UK Green Investment Bank plc, Vice Chairman – Hurricane Exploration plc, Chairman
Dependency relationship in accordance with Code of Corporate Governance	– 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	– 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 – Independent in relation to major shareholders

Richard Hörstedt
Helsingborg, born 1963
Swedish Building Workers' Union, appointed 2007,
Board member

Shareholding in Skanska
0 shares

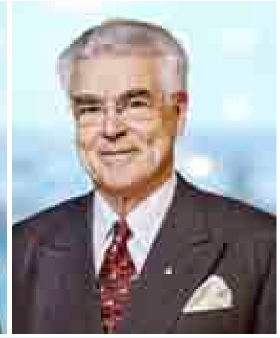
Pär-Olow Johansson
Stockholm, born 1954
Region Hus Stockholm Nord
Byggnads, appointed 2014,
Deputy Board member

Shareholding in Skanska
2,516 B shares

Roger Karlström
Härnösand, born 1949
SEKO, appointed 2008
Board member

Shareholding in Skanska
1,492 B shares



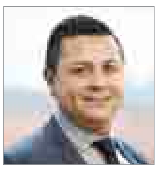

Nina Linander	Fredrik Lundberg	Charlotte Strömberg	Matti Sundberg	Pär Östberg
Board member	Board member	Board member	Board member	Board member
Sweden, 1959	Sweden, 1951	Sweden, 1959	Finland, 1942	Sweden, 1962
2014	2011	2010	2007	2013
3,000 B shares own 2,600 B shares related persons	10,550,000 B shares and 6,032,000 A shares through L E Lundbergföretagen AB (publ) 1,000,000 B shares via privately owned enterprise, 5,376 A shares and 500,000 B shares privately	3,900 B shares own 900 B shares related persons	25,000 B shares	0 shares
– TeliaSonera AB, Board member – Awapatent AB, Board member – Specialfastigheter Sverige AB, Vice chairman – AB Industrivärden, Board member	– Holmen AB, Chairman – Hufvudstaden, Chairman – Indutrade AB, Chairman – Svenska Handelsbanken, Vice Chairman – AB Industrivärden, Board member – L E Lundbergföretagen AB, Board member	– Bonnier Holding AB, Board member – Intrum Justitia AB, Board member – Boomerang AB, Board member – Castellum AB, Chairman – Karolinska Institutet, Board member – Ratos AB, Board member – Rezidor Hotel Group, Board member	– Chempolis Oy, Chairman – University of Jyväskylä, Finland, member of Financial Board	– SSAB Svenskt Stål AB, board member – Telefonaktiebolaget LM Ericsson, board member
– MBA, Stockholm School of Economics	– M.Sc. Engineering, KTH, Royal Institute of Technology, Stockholm – MBA, Stockholm School of Economics – Dr. (Econ.) h.c., Stockholm School of Economics – Dr. (Eng.) h.c., Linköping University	– 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	– MBA, School of Business, Economics and Law, University of Gothenburg
– Vattenfall AB – AB Electrolux – Stanton Chase International AB	– President and CEO, L E Lundbergföretagen	– 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)	– CEO, Volvo Treasury Asia Ltd., Singapore – CFO, Volvo Trucks, France – CFO, Renault Trucks – Director, AB Volvo – President, Volvo Trucks Asia – Executive Vice President, Volvo Group Truck Joint Ventures – Executive Vice President, AB Industrivärden
– 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	– Independent 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

Gunnar Larsson
Kalix, born 1953
Asfalt och Betong Norr Ledarna, appointed 2014, Board member

Shareholding in Skanska
2,677 B shares

Thomas Larsson
Täby, born 1969
Unionen, appointed 2011
Deputy Board member

Shareholding in Skanska
0 shares



Gerardo Vergara
Strängnäs, born 1963
IF Metall, appointed 2012
Deputy Board member

Shareholding in Skanska
276 B shares

Auditor
KPMG AB
Auditor in charge since 2009:
George Pettersson, Stockholm, born 1964, Authorized Public Accountant.

Major events during 2014

This page spread shows a selection of order bookings that were announced through press releases and were included in 2014 order bookings.

Order bookings included in 2014

February

Skanska to construct motorway in Finland for EUR 45, about SEK 400 M.

Skanska constructs research and educational facility in Connecticut, USA, for USD 88 M, about SEK 570 M.

Skanska to construct motorway extension in Norway, for NOK 1.6 billion, about SEK 1.7 billion.

Skanska signs contract to build office building in London, UK, worth GBP 97 M, about SEK 990 M.

Skanska constructs and renovates hospital in Fort Myers, USA, for USD 108 M, about SEK 700 M.

March

Skanska constructs medical building in Connecticut, USA, for USD 149 M, about SEK 965 M.

Skanska signs contract for multi-family towers in Boston, USA, for USD 126 M, about SEK 820 M.

Skanska builds railway junction in Pilsen, Czech Republic, for CZK 1.7 billion, about SEK 550 M.

Skanska to construct tunnel in Norway, for NOK 389 M, about SEK 410 M.

April

Skanska rebuilds beach boardwalks in New York City, USA, for USD 202 M, about SEK 1.3 billion.

Skanska contructs hospital expansion in Gainesville, USA, for USD 225 M, about SEK 1.5 billion.

Skanska constructs office building in Redmond, USA, for USD 80 M, about SEK 515 M .

Skanska renovates building in New York City, USA, for USD 189 M, about SEK 1.2 billion.

Skanska builds office property in London, UK, for GBP 95 M, about SEK 1 billion.

May

Skanska to construct phase 2 of medical research laboratory in Solna, Sweden, for SEK 400 M.

Skanska to construct shopping center in Oulu, Finland for EUR 42 M, about SEK 374 M.

Skanska to construct railway tunnel in Norway, for NOK 650 M, about SEK 700 M.

Skanska to renovate Nationalmuseum in Stockholm, Sweden, for SEK 700 M.

June

Skanska constructs and redevelops defence sites in UK, for GBP 250 M, about SEK 2.7 billion.

Skanska signs contract for USD 250 M, about SEK 1.6 billion to design and build the new Kosciuszko Bridge in New York City, USA.

Skanska to renovate and expand University campus in Louisiana, USA, for USD 54 M, about SEK 350 M.

Skanska awarded additional contract for state-of-the-art R&D facility in USA, worth USD 97 M, about SEK 630 M.

Skanska to construct and renovate veterinary medicine complex at university campus in Texas, USA, for USD 93 M, about SEK 605 M.

Skanska to construct new phases of logistics center in Sipoo, Finland, for EUR 74 M, about SEK 660 M.

July

Skanska renovates and expands hospital in Florida, USA, for USD 47 M, about SEK 306 M.

Skanska builds transit facility in Northeast, USA, for USD 54 M, about SEK 351 M.

Skanska builds underground transitway in Los Angeles, USA, for USD 574 M, about SEK 3.8 billion.

Skanska rebuilds Södertälje hospital, Sweden, for SEK 968 M.

Skanska constructs power plant in the Midwest, USA, for USD 78 M, about SEK 510 M.

Skanska awarded contract for the Battersea Power Stations redevelopment in the UK, worth about GBP 89 M, about SEK 970 M.

August

Skanska to provide site wide infrastructure for University of Cambridge project, UK, for GBP 50 M, about SEK 546 M.

Skanska constructs residential houses in Stockholm, Sweden, for SEK 390 M.

Skanska named general contractor for data center in Luleå, Sweden. A contract worth SEK 530 M.

Skanska invests SEK 470 M in office property in Stockholm, Sweden.

September

Skanska to rebuild central street and renovate properties in Oslo, Norway, for NOK 320 M, about SEK 347 M.

Skanska reaches financial close on the I-4 Ultimate Project in Florida, USA, and books an order of amounting to USD 900 M, about SEK 6 billion.

Skanska invests USD 108 M, about SEK 712 M, in office building in Houston's Energy Corridor, USA.

Skanska expands and renovates hospital in Riverside, California, USA, for USD 150 M, about SEK 990 M.

Skanska constructs flood protection in Wrocław, Poland, for PLN 225 M, about SEK 416 M.

Skanska builds power plant in Norway, for NOK 409 M, about SEK 445 M.

October

Skanska signs additional contract for USD 47 M, about SEK 315 M, for office building in Boston, USA.

Skanska awarded additional contract for state-of-the-art R&D facility in USA for USD 136 M, about SEK 908 M.

Skanska awarded contract to build office building in Boston, USA, for USD 92 M, about SEK 615 M.

Skanska signs contract to build new healthcare center in New York, USA, for USD 96 M, about SEK 640 M.

Skanska builds educational facility in New York City, USA, for USD 60 M, about SEK 400 M.

Skanska constructs new healthcare building in Uppsala, Sweden, for SEK 1.2 billion.

Skanska constructs roads in Bømlo, Norway, for NOK 297 M, about SEK 324 M.

November

Skanska builds first stage of advanced research facility in Lund, Sweden, for SEK 670 M.

Skanska builds residential building in Stockholm for SEK 340 M.

Skanska extends metro line in Los Angeles, USA, for USD 818 M, about SEK 5.5 billion.

Skanska to build railway by Hallsberg, Sweden, for SEK 398 M.

December

Skanska builds office property in London, UK, for GBP 198 M, about SEK 2.2 billion.

Skanska to build rental and student apartments in Stockholm, Sweden, for SEK 450 M.

Skanska constructs Boeing paint facility in Charleston, USA, for USD 82 M, about SEK 560 M.

Skanska constructs museum in Miami, USA, for USD 101 M, about SEK 690 M.

Skanska constructs hospital in Raleigh, USA, for USD 93 M, about SEK 630 M.

Skanska constructs football stadium in Prairie View, USA, for USD 53 M, about SEK 360 M.

January 2015

Skanska to build hospital expansion in New York, USA, for USD 120 M, about SEK 830 M.

Skanska awarded contract to upgrade M25 highway in the UK, worth GBP 28 M, about SEK 316 M.

Skanska to develop and construct supermarket and sports hall in Stockholm, Sweden, for SEK 330 M.

Skanska repairs bridges in New York City, USA, for USD 70 M, about SEK 480 M.

Skanska expands hospital in central Texas, USA, for USD 65 M, about SEK 450 M.

Skanska renovates residential towers in Philadelphia, USA, for USD 49 M, about SEK 340 M.

Below are the investments and divestments that were announced through press releases and were related to 2014 operations.

Investments

April

Skanska invests EUR 37 M, about SEK 328 M, in phase II of office project in Wrocław, Poland.

Skanska invests EUR 58 M, about SEK 510 M, in office project in Warsaw, Poland.

June

Skanska invests NOK 530 M, about SEK 570 M, in office building in Oslo, Norway.

Skanska invests EUR 33 M, about SEK 295 M, in second phase of Green Court office project in Bucharest, Romania.

August

Skanska invests DKK 255 M, about SEK 306 M, in office buildings in Copenhagen, Denmark.

Skanska invests SEK 470 M in office property in Stockholm, Sweden.

September

Skanska invests USD 108 M, about SEK 712 M, in office building in Houston's Energy Corridor, USA.

November

Skanska invests EUR 37 M, about SEK 335 M, in office project in Kraków, Poland.

December

Skanska invests EUR 23 M, about SEK 209 M, in office project in Poznań, Poland.

January 2015

Skanska invests EUR 23 M, about SEK 208 M, in office project in Vantaa, Finland.

Divestments

January

Skanska sells office property in Stockholm, Sweden, for about SEK 600 M.

April

Skanska sells residential development land in Cambridge, UK, for GBP 7.8 M, about SEK 84 M.

Skanska sells commercial property in Sundbyberg, Sweden, for SEK 104 M.

May

Skanska sells commercial property in Stockholm, Sweden, for about SEK 1 billion.

July

Skanska sells land in Cambridge, UK, for GBP 35 M, about SEK 380 M.

Skanska sells office building in Virginia, USA, for USD 90 M, about SEK 585 M.

Skanska sells Green House office project in Budapest, Hungary, for EUR 36 M, about SEK 323 M.

September

Skanska sells remaining part of the office project Entré Lindhagen in Stockholm, Sweden, to Alecta for about SEK 1.7 billion.

October

Skanska sells office project in Prague, Czech Republic, for EUR 20 M, about SEK 184 M.

November

Skanska sells office project in Kraków, Poland, for EUR 29 M, about SEK 263 M.

Skanska sells office project in Bucharest, Romania, for EUR 44 M, about SEK 400 M.

December

Skanska sells office project in Wrocław, Poland, for EUR 117 M, about SEK 1 billion.

Skanska sells office property in Gothenburg, Sweden, for SEK 495 M.

Skanska sells commercial building in Seattle, USA, for USD 70 M, about SEK 475 M.

Skanska sells office project in Łódź, Poland, for EUR 66 M, about SEK 600 M.

Take the Expo Line to Santa Monica beach

The Expo Line light rail in Los Angeles will be the fastest way to reach the Pacific Coast beaches. The Expo Line, which is being extended with 11 kilometers of double tracks, will be open to traffic in 2016. The extension starts in Culver City and ends in Santa Monica.

This assignment, worth USD 383 million, includes five stations at street level and two more ten meters above the ground, all designed to withstand earthquakes. The project has received a workplace health and safety award from the Liberty Mutual insurance company. Skanska has also been commissioned by Los Angeles County Metropolitan Transportation Authority to extend the Purple Line for USD 818 million and the Regional Connector for USD 574 million.

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.

BREEAM – One of the world's leading systems for environmental certification of buildings. Numerous similarities exist between BREEAM and LEED; both take a holistic approach to a building's environmental performance. BREEAM stands for BRE Environmental Assessment Method.

Bundled construction – project development that may occur within Construction operations for a specific user or tenant.

Capital employed in business streamsand business 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.

CEEQUAL – A British assessment and certification tool developed with the aim of improving environmental performance in civil engineering projects.

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.

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, and business 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 operating income for the Residential Development and Commercial Property Development segments. Operating income is adjusted to reflect the accrued value in the development projects during the year.

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-112 74 Stockholm
Sweden
Street address: Warfvinges väg 25
Tel: +46 10-448 00 00
www.skanska.com/group

Skanska Sweden
SE-112 74 Stockholm
Sweden
Tel: +46 10-448 00 00
Customer service: 020-30 30 40
www.skanska.se

Skanska Norway
Postboks 1175 Sentrum
NO-0107 Oslo
Norway
Tel: +47 40 00 64 00
www.skanska.no

Skanska Finland
P.O. Box 114
FI-00101 Helsingfors
Finland
Tel: +358 20 719 211
www.skanska.fi

Skanska Poland
ul. Gen. J. Zajaczka 9
PL-01 518 Warszaw
Poland
Tel: +48 22 561 30 00
www.skanska.pl

Skanska Czech Republic and Slovakia
Libalova 1/2348
149 00 Prague 4
Czech Republic
Tel: +420 267 095 111
www.skanska.cz
www.skanska.sk

Skanska UK
Maple Cross House
Denham Way, Maple Cross
Rickmansworth
Hertfordshire WD3 9SW
United Kingdom
Tel: +44 1923 776 666
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
www.usa.skanska.com

Skanska USA Building
389 Interpace Parkway, 5th floor
Parsippany, NJ 07054
U.S.A
Tel: +1 973 753 3500
www.usa.skanska.com

Skanska USA Civil
75–20 Astoria Boulevard
Suite 200
Queens, New York, N.Y. 11370
U.S.A
Tel: +1 718 340 07 77
www.usa.skanska.com

Skanska Latin America
Reconquista 134, 5° piso
1035 Buenos Aires
Argentina
Tel: +54 11 4341 7000
www.skanska.com/la

Skanska Commercial Property Development Nordic
SE-112 74 Stockholm
Sweden
Tel: +46 10-448 00 00
www.skanska.com/property

Skanska Commercial Property Development Europe
SE-112 74 Stockholm
Sweden
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 4514
www.usa.skanska.com

Skanska Infrastructure Development
SE-112 74 Stockholm
Sweden
Tel: +46 10-448 00 00
www.skanska.com/id

Skanska Financial Services
SE-112 74 Stockholm
Sweden
Tel: +46 10-448 00 00
www.skanska.com

For other addresses:
www.skanska.com

More information about Skanska:
www.skanska.com

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Annual General Meeting

The Annual General Meeting of Skanska AB (publ) will be held at 4:00 p.m. CET on Thursday, April 9, 2015 at the Waterfront Building, Nils Ericsons Plan 4, Stockholm, Sweden.

Notification and registration

Shareholders who wish to participate in the Annual General Meeting must be listed in the register of shareholders maintained by Euroclear Sweden AB, the Swedish central securities depository and clearing organization, on Wednesday, April 1, 2015 and must notify Skanska by April 1, 2015, 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 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, which may be temporary, should be requested well in advance of Wednesday, April 1, 2015 from the bank or brokerage house holding the shares in trust.

Notification may be made in writing to:
Skanska AB, Group Legal Affairs,
SE-112 74 Stockholm, Sweden
Telephone: +46 8 402 92 81
Website: www.skanska.com

The notification must always state the shareholder's name, national registration or corporate identity number, address and telephone number. For shareholders represented by proxy, a power of attorney 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 increased dividend and proposes a regular dividend of SEK 6.75 (6.25), (corresponding to EUR 0.71 [0.69]), per share for the 2014 financial year. The regular dividend is equivalent to a total dividend of EUR 293 M (282). The Board proposes April 13 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 16, 2015.

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 employee ownership programs.

Investors

Calendar

The Skanska Group's interim reports will be published on the following dates:

Three Month Report
May 6, 2015

Six Month Report
July 23, 2015

Nine Month Report
October 29, 2015

Year-end Report
February 4, 2016

Distribution and other information

The interim reports and the Annual Report can be read or downloaded from Skanska's website www.skanska.com/investors.

Those wishing to order the printed Annual Report can easily use the order form found on the above website, or contact Skanska AB, Investor Relations.

The website also contains an archive of interim reports and Annual Reports.

www.facebook.com/skanska
www.linkedin.com/company/skanska
www.twitter.com/skanskagroup

If you have questions, please contact:
Skanska AB, Investor Relations
SE-112 74 Stockholm, Sweden
Telephone: +46 10 448 00 00
E-mail: investor.relations@skanska.se

SKANSKA

Skanska AB
www.skanska.com

Warfvinges väg 25
SE-112 74 Stockholm
Sweden
Tel: +46 10-448 00 00

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