SKANSKA

Review of 2015 – USD version
We build for a better society

Cover: Malmö now has a brand new, centrally-located city district – Malmö Live, Malmö, Sweden. Malmö Symphony Orchestra's new concert hall is here and its two halls have world-class acoustics. There is also a congress hall for 1,500 guests and a hotel with 444 rooms and two restaurants. The hotel's sky bar on the 25th floor offers a panoramic view over the city and the Öresund Strait. Malmö Live covers a total space of 54,000 sq m.

There are also offices, parking facilities and two residential buildings containing 158 apartments. Skanska developed and constructed Malmö Live working in close cooperation with the City of Malmö from an early stage, thereby creating lasting benefits for all parties involved.

The financial statements presented in this Review have been prepared in USD (Umited States dollar) 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 122.

Contents

Follow-up and outcome 2011–2015

Financial targets 2011–2015

Group
Return on equity for the period of

18–20%

Financial strength
Net operating financial assets/liabilities will be

positive

Construction
Average margin over a business cycle

3.5–4.0%

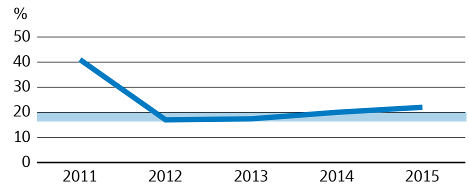
Project development operations
Annual return on capital employed[1] for the combined project development operations

10–15%

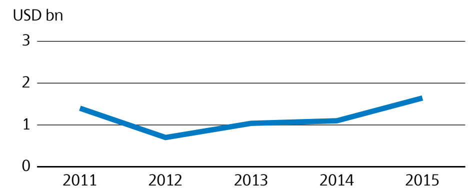
1 See definition on page 143.

Outcome 2011–2015

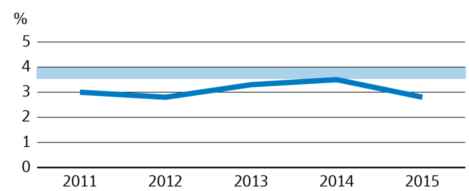
Return on equity



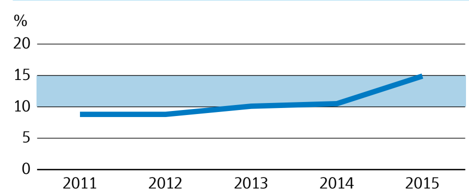
Net operating financial assets/liabilities



Operating margin, Construction



Return on capital employed, Project Development operations



Qualitative targets 2011–2015	Follow-up of qualitative targets for 2011–2015
Industry leader in:	
Safety	🟡 Worksite safety improvements plateaued during the period. A lost time accident rate (LTAR) of about 3.0 was short of the LTAR target of 1.0.
Ethics	🟡 Skanska still has ethical risks, and needs to continue training in this area.
Green	🟢 Skanska has green solutions in place, but there is varying interest in the markets. All Commercial Development projects are Green, and in Construction up to 75 percent of order bookings are Green.
People development	🟢 For people development, the programs and tools, leadership profile and employee ownership program are in place. There is a need for improvements within Diversity and Inclusion and in leadership.
Risk management	🟡 Industry-leading processes for risk management are in place, but there is still a need for improvements. Implementation continues at Business Unit level.

🟢 Target reached 🟡 Work underway, target not fully reached

Skanska as an investment

Skanska is one of the world's leading construction and project development companies, focused on selected home markets in the Nordic region, other European countries and North America.

Supported by global trends in urbanization and demographics, and by being at the forefront in sustainability, Skanska offers competitive solutions for both simple and the most complex assignments, helping to build a sustainable future for customers and communities.

Sergels Torg at the heart of Stockholm is being renovated. This square is a busy intersection that stands on concrete structures from the 1950s. The green and safety aspects were a priority when Skanska was awarded the contract.

Strong global trends
With demographic changes and continued urbanization come an increased demand for infrastructure, hospitals, schools, homes and offices. Demand for Skanska's expertise in green construction is significant in a world that is becoming increasingly aware of the human impact on the planet.

Leading market position
Skanska holds a leading market position in each of its home markets, and has set a target for profitability and controlled growth in the Construction business stream.

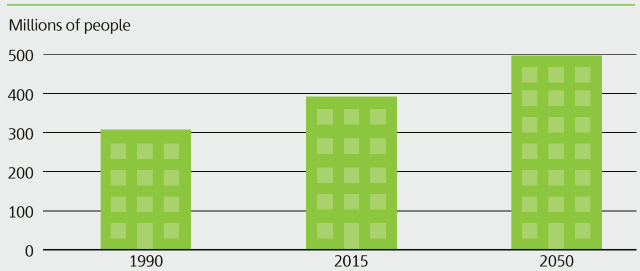
Diversification
Skanska's risk diversification across four business streams with operations in several geographic markets and segments helps ensure a balanced and diversified risk profile.

Strong cash flow
Through an attractive business model, Skanska is generating a strong cash flow which, combined with net cash, puts the Group in a stable financial position.

Financial synergies
The strong cash flow from Construction is invested in the Group's own high-return development projects. The investments in project development will continue to increase.

Attractive total shareholder return
Skanska has a competitive total shareholder return with more than 10 years of increased or maintained dividends. Over the past five years, Skanska's share has had an average total yield of just over 10 percent, compared to 11 percent on the Stockholm Stock Exchange.

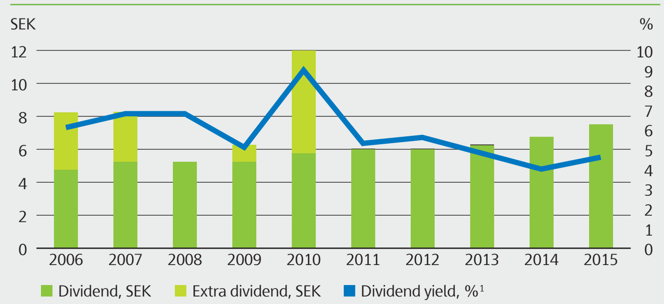
Expected population in urbanized areas in Skanska's home markets, 1990–2050



In Skanska's home markets the number of people living in urbanized areas is expected to increase by 100 million in the period 2015–2050.

Source: UN Department of Economic and Social Affairs

Dividend history

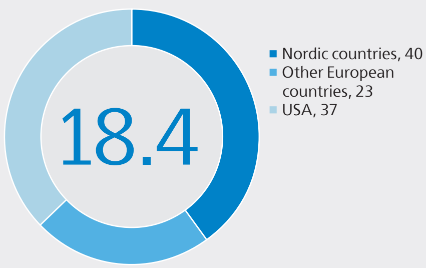


1 Dividend per share divided by the closing share price for each respective year.

Skanska – 2015 in brief

Revenue, USD 18.4 bn

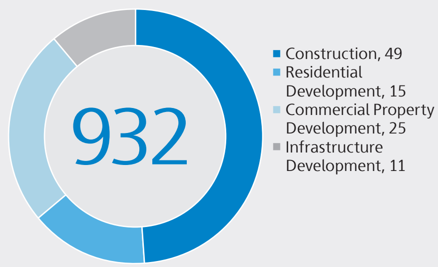
by geography, %[1]



1 Before Central and eliminations.

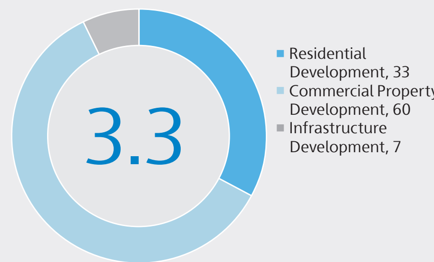
Operating income, USD 932 M

by business stream, %[1]



Capital employed, USD 3.3 bn

in Project Development, by business stream, %



In 2015, the Group's 43,000 employees delivered good results while also helping to promote a sustainable society. The ambition of growing in project development has resulted in a record number of new commercial projects, more efficient residential development and a more stable expansion into the growing public private partnership market in the U.S.

Construction

- The performance in the Construction business stream was stable in all Construction units except for the U.S. operations which were burdened with charges.
- Order bookings amounted to USD 14.5 billion. The major contracts included:
  – Slussen and the Stockholm Bypass
  – Welsh Water treatment plant in the UK
  – Office, hospital and school projects in Sweden, Norway, the UK and the U.S.
- The construction projects in Latin America have been completed, and the majority of the units within operations and maintenance have been sold.

Residential Development

- Sustained improved results, operating margin of 9.5 percent.
- The number of homes sold and started totaled 4,093 and 4,000 respectively.
- Efforts to reduce the number of unsold completed units in Finland and Norway continued during the year.

Commercial Property Development

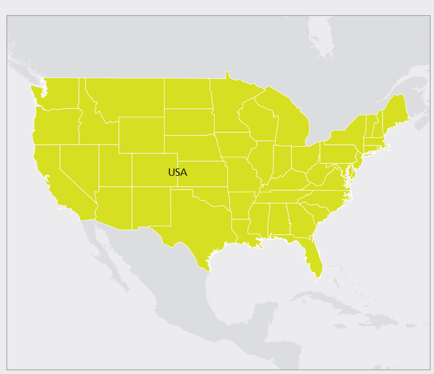
- 27 projects were sold, reaching a new alltime-high in divestment gains at USD 304 M.
- The number of ongoing property projects was 44 at the end of the year, corresponding to an investment value upon completion of USD 2.2 billion.
- Most of the new investments are in the U.S. and Central Europe.

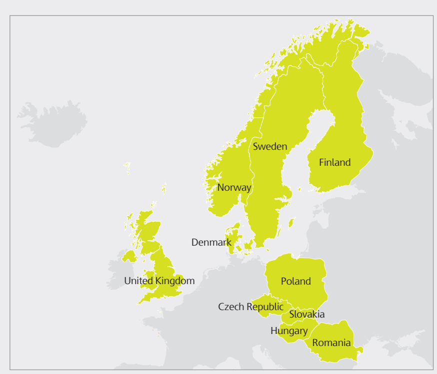
Infrastructure Development

- The operating income totaled USD 102 million.
- Two hospitals in London sold for USD 119 M.
- Net present value of projects is USD 574 M.
- Selected for expansion of LaGuardia Airport in New York, with a contract expected in 2016.
- Contract signed for the new Papworth Hospital in the UK.

Skanska's home markets

Skanska has operations in 11 countries in Construction, Residential Development, Commercial Property Development and Infrastructure Development. The Business Units in these business streams work together in various ways to create both operational and financial synergies, leading to increased value creation.





Comments by the President and CEO

2015 was a very good year in terms of performance, with increasing revenue, improved profitability and a very strong financial position. Our strength moving forward was also demonstrated by a substantial increase in project development investments.

We provided several signs of strength during the year: earnings per share increased by 20 percent to USD 1.42; cash flow from operations more than doubled to USD 908 M; and we concluded the year with a net cash position of USD 752 M. Based on these good results the Board of Directors is proposing a dividend increase to SEK 7.50 (6.75) (corresponding to USD 0.89 [0.80]) per share.

Most operations within the Construction business stream saw improved profitability. The performance was particularly strong in Sweden, Finland and Poland, while the U.S. was negatively affected by cost increases in a few projects. We are now in negotiation with clients in the U.S. on receiving compensation for the work involved in implementing the changes they requested.

New record for divestment gains

The Residential Development business stream saw improvements in both profitability and capital efficiency. In Commercial Property Development we can announce the highest divestment gains ever – a total of USD 304 M. Leased space of 375,000 sq m also represents a new record.

The Infrastructure Development business stream demonstrated its competitiveness in the U.S. public private partnership (PPP) market when we were selected for the expansion of LaGuardia Airport. In the UK, which has been a leader in PPP for a long time, we have sold two completed hospital projects and been contracted for one new one.

Good profitability throughout the five-year period

2015 was also the final year of our Profitable Growth 2011–2015 business plan. We established the plan with the assurance that the effects of the 2008 financial crisis had played out and a turnaround in the global economy was close at hand.

However, the economic recovery did not materialize until 2013 and the economy was then promptly affected by armed conflicts, a downturn in China, and the euro and refugee crises.

Despite uncertainty and unrest in the world, we maintained good profitability throughout the five-year period. Skanska's share delivered stable dividends and a total shareholder return of 10 percent per year on average during the period, which is in line with what we promised.

Also during this five-year period, we laid the foundations to ensure greater value creation in the future.

We have expanded the three business streams within project development. Our investments increased by 70 percent to USD 1.6 billion a year during the period 2011–2015, compared to USD 960 M in 2004–2010. During the five-year period these business streams generated an average return on capital employed of 10.6 percent a year.

44 ongoing commercial property projects

Commercial Property Development stands on three pillars of equal strength – Nordics, Europe and the U.S. We are now completing a total of 44 commercial property projects which we are leasing and will divest.

We are also firmly established on the fast-growing PPP market in the U.S. In mid-2016 we expect to sign contracts for the expansion of LaGuardia Airport – our third PPP project in the U.S. The construction contract alone will amount to more than USD 2.3 billion, making it Skanska's largest construction contract ever.

The Residential business stream is now reaching the established profitability targets thanks to efficiency improvements and restructuring of operations. We now have the right co-operation model where residential development is integrated into construction operations.

The Construction business stream has increased its presence on the U.S. West Coast and in regional markets in Poland. We have concluded our construction operations in Latin America and divested the maintenance operations there.

Continued focus on sustainable development

In recent years we have seen increased interest in private sector companies like us being engaged in developing the wider community. Our efforts are naturally based on a continued focus on driving development towards a better occupational health, ethics, green, diversity and inclusion, as well as a greater contribution to society – areas that are linked to our core business and affect the world around us.

What we do and how we do it are based on our values, which are shared by our employees through a true commitment to the environment, occupational health, ethics and openness, constant improvement and cooperation with clients in the best interests of society. This is also entirely in line with the UN Global Compact – the world's most substantial sustainability initiative – to which we remain actively committed.

Internships for the unemployed

More and more often we are helping the community through initiatives that go beyond traditional construction services. For example, we offer internship/apprentice programs and employment within

our projects to people who for various reasons find themselves outside the labor market.

More and more clients are also requiring us to include social initiatives in our projects. We welcome sustainable procurement processes that demand more from us. I am proud that we are helping to improve our communities.

For positive development in society

But we also want to and can do even more; we are encouraging both our clients and our partners to join us in being more committed to positive development in society.

This is an important starting point for the new business plan which we call Profit with Purpose 2020. Our aim over the next five years is to deliver an industry-leading total shareholder return while building for a better society.

We will increase our profitability and grow in Construction, and in our project development operations in particular. We are aiming for a better balance in value creation between our Construction and project development operations.

Controlled growth in our home markets

We can do more of what we are doing today in Construction, that is reaching a profitabe growth in our existing home markets.

We will increase value creation in project development by investing more, particularly in Commercial Property Development and Infrastructure Development. Residential Development continues to grow with an emphasis on profitability and with a stronger presence in Warsaw and Prague.

Exploit new investment opportunities

We are shifting our business model – which has been a recipe for success for many years – into a higher gear. We are going to exploit attractive investment opportunities and we may therefore need to increase our borrowing to accommodate increased investment.

We are well aware that growth comes with risk. To mitigate this risk we are strengthening and escalating our units' risk management processes by, for example, intensifying the ongoing monitoring of projects throughout the implementation phase.

Focus on constant improvement

To ensure that we can deliver on our targets, we also need to constantly improve. We have three main focus areas: improving how we work with our clients to generate business; raising and

"Our aim over the next five years is to deliver an industry-leading total shareholder return while building for a better society."

broadening the expertise and skills of our people; and becoming more efficient in the way we execute projects.

We operate in a world that by all accounts will continue to experience a degree of uncertainty. But we still believe that the outlook in our home markets are favorable. Development will continue to be driven by population growth, urbanization and migration. This, of course, means that there will be a need for new, modernized transit solutions, homes and workplaces, as well as infrastructure for energy, water and water treatment.

Increasing demands provide new opportunities

Strained public finances and an increased focus on costs in a lifecycle perspective are indications that more and more projects will be implemented in the form of public private partnerships. Procurements not merely based on the lowest price will become more common. Increasingly, our clients want us to participate in the early stages. This kind of collaboration demands more of us, but also gives us new opportunities to offer even more of our expert input.

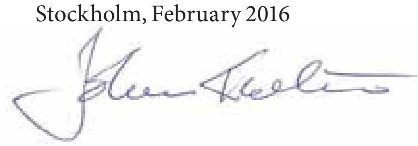
Listening to our clients and communities

We are sensitive to the needs of our clients and communities and we are equipped to meet increasing demands.

Our achievements in recent years show that we have the potential to increase value for our shareholders and contribute even more to the development of communities in our home markets. To assist us, we have our proven business model, our strong brand, our values and our committed employees.

We will continue to deliver good results in 2016 while also paving the way for further value creation for our shareholders, clients and society in the years to come.

Stockholm, February 2016



Johan Karlström
President and CEO

Twenty years ago, Skanska and IKEA launched BoKlok (Live Smart) – an entirely new housing concept for families that want a new and modern home, while also having money left over for other things. Thousands of people live in BoKlok homes.

In Kiruna, Sweden, BoKlok is now also a given component of the city's transformation. BoKlok Raketen, with 34 apartments, was completed in the mid-winter.

Veronica Hörvall and her husband purchased two apartments, one for themselves and one for their daughter.

"This was a golden opportunity for us. We are very satisfied with our new apartments. It is a pleasure to come home. Moreover, we will be closer to the new center of Kiruna," says Veronica Hörvall.

BoKlok is also a key feature of a more varied offering and a greater development mix in the large Swedish Million Program residential areas dating from the 1960s and 1970s. BoKlok adds small-scale development and more ground-level housing.

In Huddinge, in the south of Stockholm County, buyers were able to choose from 94 apartments in classic BoKlok style, as well as BoKLok Flex – four-story apartment buildings.

During the year, a total of 1,000 BoKlok apartments were sold. The BoKlok plant in Gullringen was expanded and new recruitment was undertaken to increase the production.

BoKlok transforms Kiruna

Purpose and values interact

Values are at the heart of Skanska's culture and identity. The values guide people in their day-to-day work. Skanska's Purpose is to build for a better society. This Purpose and the values support each other in all parts of the Group's operations.

Purpose

Skanska's Purpose – to build for a better society – sets out the direction in which the Group is heading. The Purpose reflects the company's role in society, a position that enables Skanska to create shareholder value.

Thoughtful solutions incorporate Safety, Ethics, Green, Corporate Community Investment, and Diversity and Inclusion. This means finding ever safer and greener ways to work, doing the right thing and encouraging the best behavior in others – thereby adding value where Skanska operates.

Values

Values serve as a moral foundation for the company. Clearly articulated values are proactive and aspirational, and guard and continue to build Skanska's culture – a culture that is vital to the Group's continued success.

Actions that violate the values or are in a gray area are not tolerated. Confidence in Skanska must never be put in jeopardy.

Skanska Values

Care for Life

We care for life of people and the environment. We work safely, or not at all. We never walk by if we notice unsafe actions. We support health and well-being. We promote green solutions and conduct our operations in a green way. We are accountable to future generations.

Act Ethically and Transparently

We do business with a high degree of integrity and transparency. We live by our Code of Conduct and never accept shortcuts. We foster a work environment where everyone can speak their mind.

Be Better – Together

We always strive to be better in all we do. We are a learning organization and generously share our expertise. We take pride in quality and innovation. We build One Skanska teams together with customers, partners and communities. We leverage diversity to deliver the best solutions. We foster an inclusive culture where we are open and fair, showing trust and respect for each other.

Commit to Customers

We help our customers to be successful in their business. We strive to understand their needs and their customers' needs. We are here to help our customers turn their visions into reality.

Business model

Projects are the core of Skanska's operations. Value is generated through 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 ambition to be an industry leader in sustainability.

The Business Units within the four business streams collaborate in various ways, creating operational and financial synergies that generate increased value. Going forward, even more will be invested in releasing operational synergies. Local expertise will be used in a global context to win contracts, reduce costs and improve project implementation. Financial synergies will be further reinforced by more construction contracts being generated internally.

Operational synergies

Operational synergies are primarily generated by using the local, specialized expertise found in the various Business Units on a global scale. 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.

Financial synergies

Skanska's Construction business stream does not tie up capital but instead operates 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.

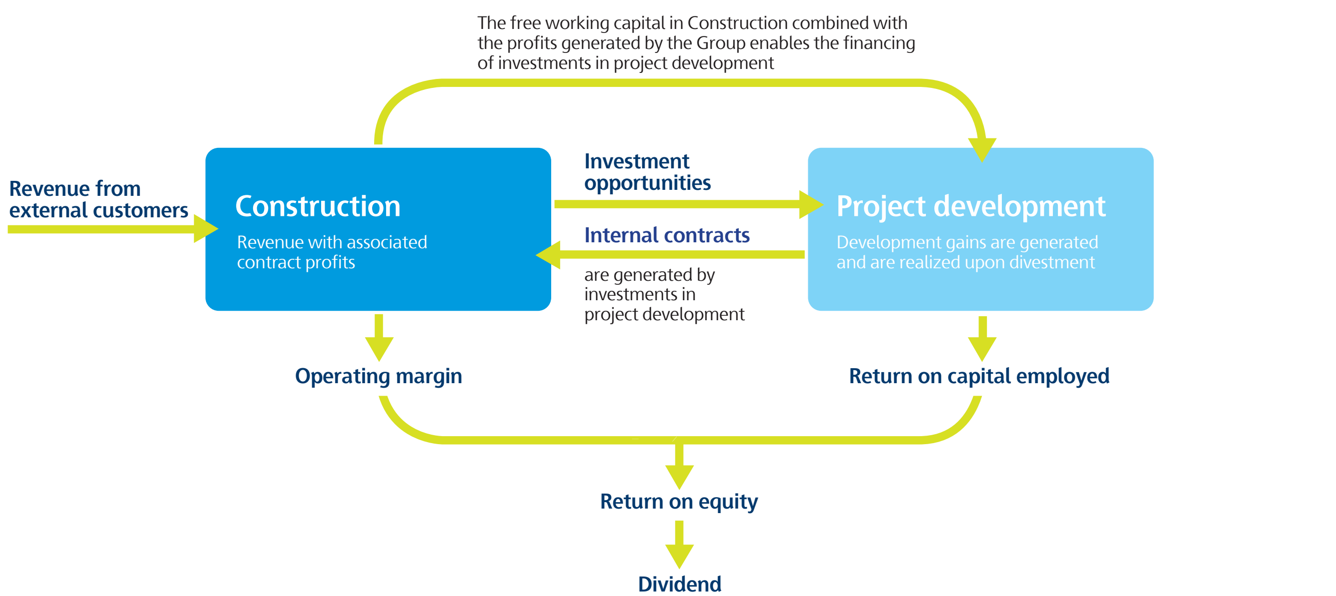
Size provides competitive advantages

By being a market leader, Skanska is well positioned to serve the most demanding clients.

The Group's size and financial strength give Skanska an advantage in the most complex assignments, where collective experience and know-how are used to meet the clients' needs.

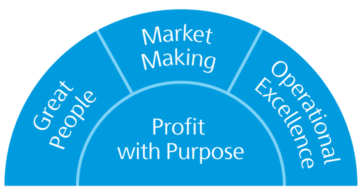
The Group's operations are based on local Business Units with good knowledge of their respective markets, customers and suppliers. These local units are backed by Skanska's brand and financial strength as well as Group-wide expertise and values. Consequently, Skanska is both a local company with global strength and an international construction and project development business with a strong local presence.

Skanska's business model



Business plan 2016–2020 – Profit with Purpose

The new Business plan outlines the strategic direction that will take Skanska to the next level. The aim is to increase shareholder value and at the same time make an even greater contribution to developing communities in the home markets. Working towards a sustainable future for employees, customers and communities creates Profit with Purpose.



Aspirations 2020

- Industry-leading total shareholder return
- Balanced value creation between Construction and Project Development
- Recognized as a preferred partner when it comes to creating solutions that meet customers' needs
- Living our values and recognized as a value-driven company building for a better society
- An injury-free and ethical environment
- The most attractive employer in our industry
- Cooperation within and between units and business streams as One Skanska in high-performing teams
- Improved operational efficiency

Focus within Sustainability:

- Safety
- Ethics
- Green
- Corporate Community Investment
- Diversity and Inclusion

Generating value for shareholders

Generating value for shareholders and delivering an industry-leading total return to the shareholders will continue to be Skanska's stated aim. A strong focus on profitability is combined with controlled growth. This will result in a stable, long-term earnings trend and provide the cash flow necessary for an attractive dividend. To achieve this, there will be a greater focus on Great People, Market Making and Operational Excellence. This is described in more detail on pages 12–14.

Profit with Purpose

Many stakeholders are becoming increasingly committed to sustainability issues. Customers, investors and potential employees all prefer companies that are working to improve communities. Genuine market leaders create shareholder value in a responsible way and contribute to general improvements in society. Skanska is built on strong values and is very committed to helping society prosper while also running a profitable business.

It is not about doing one or the other; it is about doing both at the same time. Profit is needed to deliver Skanska's Purpose, and a strong Purpose – in other words, building for a better society together with customers – will contribute to Skanska's profit.

Delivering Purpose

Skanska provides innovative and sustainable solutions to create a sustainable future for its people, customers and communities. This is reinforced by a continued commitment to Safety, Ethics, Green, Corporate Community Investment as well as Diversity and Inclusion. All this is linked to the core business and the employees' key competencies. All of Skanska's home markets provide the right conditions for delivering the sustainable solutions that both customers and communities need.

The way Skanska operates also contributes to sustainable development – constantly finding safer and greener ways to work, doing the right thing, embracing diversity and engaging in communities. Community investments above and beyond the specific construction assignment contribute to local development.

Skanska also encourages both the industry and society in general to act sustainably. The company's ambition is to be an industry leader and an authority on sustainability.

Profit with Purpose

Financial targets 2016–2020

The financial targets for the 2016–2020 period have been reviewed. The relevance of the established targets and the target levels have been revised in order not only to reflect a changing market and competitive landscape, but also to reflect changes in Skanska's own business mix.

Skanska's business plan for the period 2016–2020 sets a number of targets. 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. Return on equity and on capital employed are measures of how well shareholder and lender capital are being used (capital efficiency), and are considered a fair measurement for the Group and the project development streams. Operating margin, which indicates profitability in the business after selling and administrative expenses, is an important measure of performance in the Construction business stream. The margins depend on the type of business being conducted and can also vary between different geographical markets.

Group

- Return on equity ≥18%
- Net operating financial assets/liabilities can be negative if opportunities arise

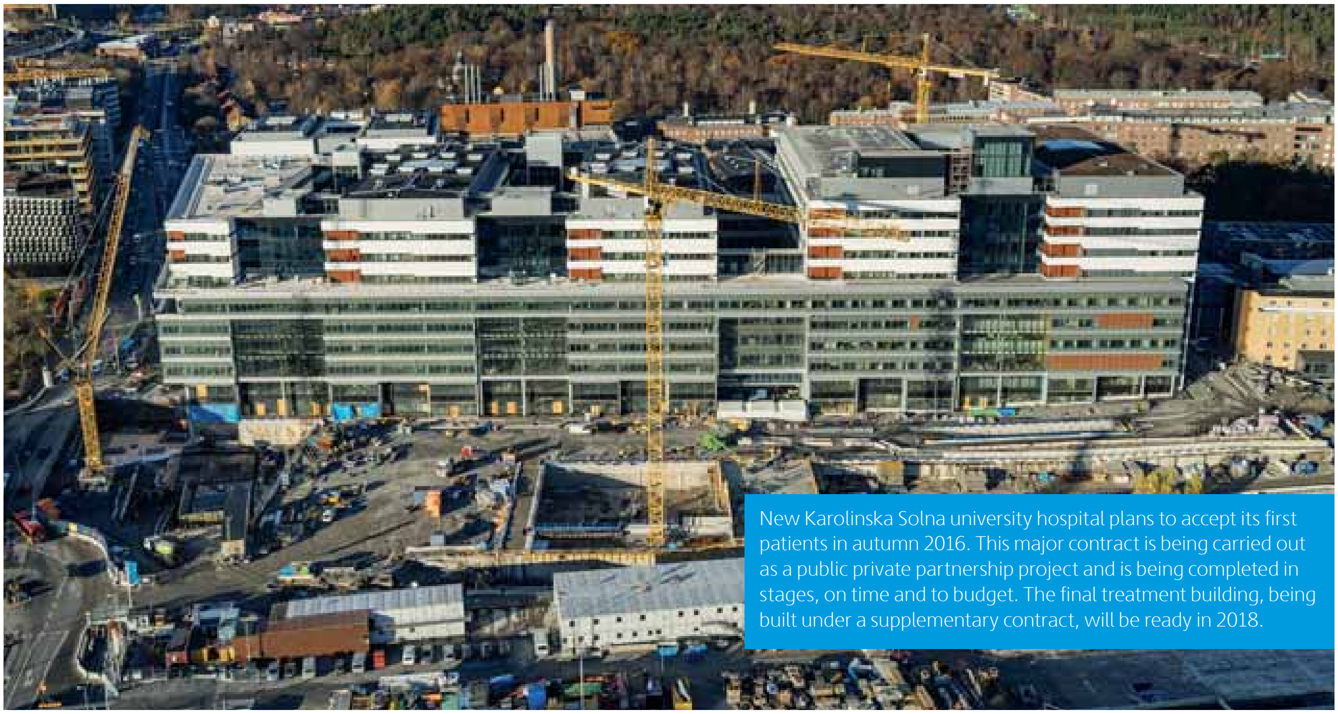
Construction

- Operating margin ≥3.5%

Project development operations

- Return on capital employed[1] ≥10%

1 Overall for Project Development. For definition see page 143.



New Karolinska Solna university hospital plans to accept its first patients in autumn 2016. This major contract is being carried out as a public private partnership project and is being completed in stages, on time and to budget. The final treatment building, being built under a supplementary contract, will be ready in 2018.

Nashville Arena

Nashville, USA, is often called Music City, and now there is yet another reason for that. A new open-air stage offers concerts with Nashville's skyline as the backdrop. Ascend Amphitheater, which seats 6,800 and is in the middle of the new Riverfront Park, was officially opened in summer 2015 by country music superstar Eric Church. When no concert is on, the park is open to the public free of charge. It has lawns, a flower garden, wi-fi, a dog park and a fitness circuit. The stage is powered by both geothermal and solar energy. There is also a tank that can hold hundreds of thousands of gallons of rain water. The aim is LEED Gold certification.

"I'm a fifth generation Nashvillian and am proud to see our company hit a grand slam with such an important icon in our city," says Joanie Hatch, Office Manager at Skanska in Nashville.

Great People

Committed employees who perform at a high level are key to success in a project-based business such as Skanska's. Employees with the right skills who share the company's values are therefore one of the focus areas in the new business plan.

Skanska aims to be the most attractive employer in its industry by offering a place to work with sound values, the chance to help build for a better society and good opportunities to develop. Leaders at Skanska play a central role in building a strong culture based on the Group's values and securing the right expertise in the short and long terms, as well as building high-performing teams. Skanska's leadership profile and clearly established targets create clear expectations for employees and teams. The employee ownership program, Seop, which has around 9,700 participants, creates participation and an understanding of creating value for shareholders.

Employees and leaders at Skanska are offered many different paths along which to develop, both through challenges in their daily work and through top-class training. At the Group level, senior managers are offered a global leadership development program run jointly with the renowned IMD Business School. For employees in the earlier stages of their careers there is Skanska Stretch, a global development and mobility program.

An organization fostering inclusion

Skanska's vision is increased diversity and a more inclusive corporate culture in which every employee is able to contribute and reach their full potential. Targeted recruitment, training, objectives and an open internal job market are tools used to develop the company. A greater degree of diversity reflects society, increases understanding of customers' needs, increases innovation and makes Skanska an attractive company to employees.

An ethical culture is critical

An ethical and transparent culture is key to Skanska's continued success. Recruiting employees who have strong values and help maintain a healthy, ethical corporate culture is therefore of top importance.

Increasing mobility

Increased mobility within Skanska is a way of leveraging employees' collective professional skills in order to offer customers innovative solutions, which provides competitive advantages. Knowledge sharing and collaboration are crucial if the Group is to win and execute large, complex projects.

Opportunities for employees to work in different countries and broaden their experience also create interesting career paths and development possibilities.

An injury-free environment

Skanska has a vision of zero work site accidents. To achieve this, improved processes and methods need to be combined with strong knowledge in the field and a caring culture. Skanska's goal is to be the industry leader in safety.

Ivette Vanas and Ricardo Gomez are two of Skanska's employees in the U.S.

Market Making

Skanska's aspiration is to be recognized as the preferred partner when it comes to creating solutions that meet customer needs. The aim is for more customers to recommend and choose Skanska. This requires more structured, proactive and more customer-oriented work throughout Skanska.

A close partnership between customer and supplier is of utmost importance for generating value in the long term. ABB, a global leader in power and automation technologies, is one of Skanska's important business partners; here Eva Kvist Östgren, ABB's head of sales for Sweden, and Magdalena Malewska, local divisional manager at ABB, talk about the partnership between the two companies at Skanska's global "Management Meeting 2015" in Stockholm.

"By listening and taking the initiative, Skanska can suggest solutions that respond to customer needs and contribute to their success."

Knowledge about the customers is a prerequisite for becoming a proactive market maker. It is about understanding their agendas, seeing their needs and challenges, and knowing what success means to them. Only then can added value be delivered.

Listening to the customer, taking the initiative and using Skanska's joint capabilities generates new business opportunities.

Early Contractor Involvement

Demand is increasing among our clients for help with designing functional and cost-saving solutions to meet their needs. Being brought in at an early stage of the project – for example, through Early Contractor Involvement (ECI) – will make Skanska better at helping its customers become successful in their core business.

Long-term partnerships with customers as well as with suppliers and sub-contractors are based on dialogue, trust and a shared vision.

Quality and innovative solutions

The customer should experience high-quality projects delivered on time with sound risk management and stable finances. Skanska has what it takes to deliver complex projects that require innovative, sustainable solutions.

Deeper collaboration with a clear focus on sustainability is becoming increasingly important to customers. Today, customers in both the public and the private sectors are already engaging with communities in various ways. By taking a longer and broader perspective that goes beyond the actual construction commitment, Skanska and its customers can build for a better society and improve the lives of many people.

Operational Excellence

Continuous improvement is required if Skanska is to strengthen its results and operational efficiency. This is true in all parts of the process – from risk assessment and tendering to planning and execution. Increased digitalization and automation as well as a careful review of resource consumption are important aspects of reducing implementation costs.

Effective systems and processes must be coupled with teams offering the right core competencies. New technology and digitalization will take on an increasingly significant role.

Continuous monitoring

Risk management is being further developed and implemented in the Business Units. Extended and continual risk monitoring throughout the project period, alongside improved planning and design in the preparatory phase, allows problems to be solved earlier, improvements to be made and project costs to be reduced. Increased Early Contractor Involvement with customers means that expertise in the design phase is becoming more and more important.

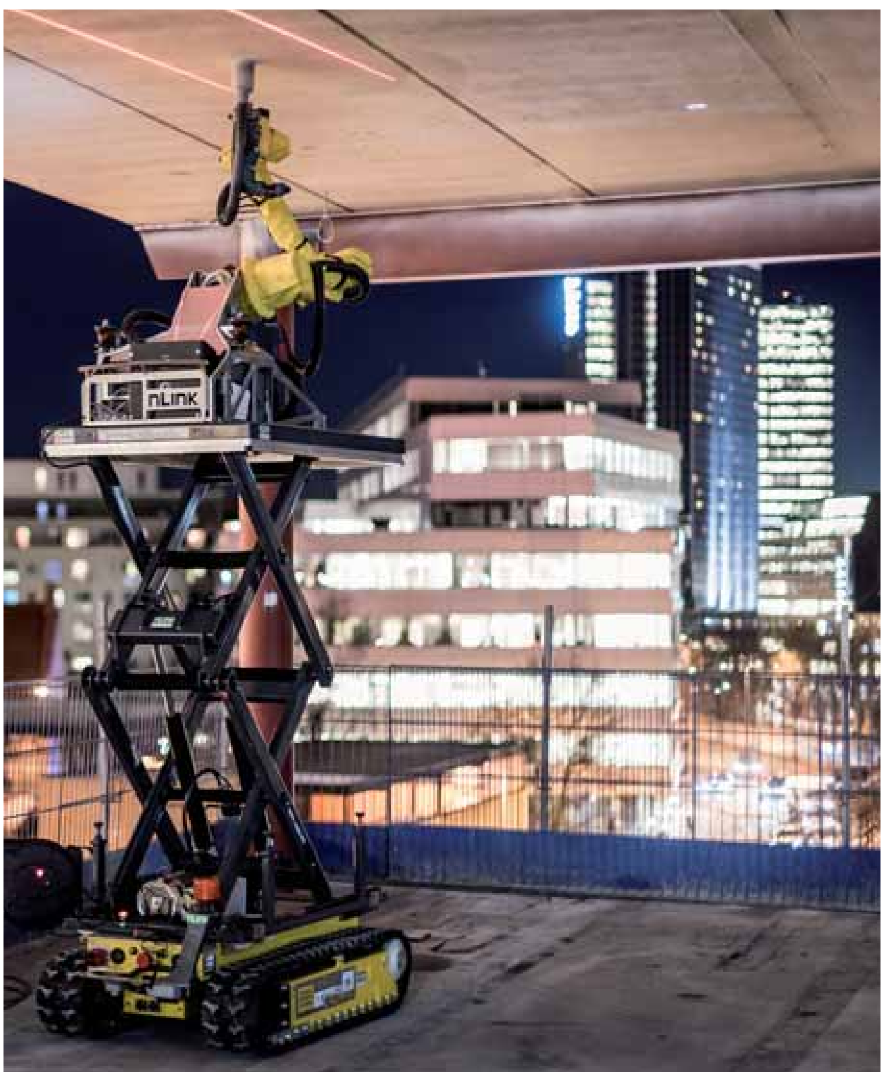
Improve efficiency

Improving operational efficiency also demands a more collaborative way of working between all the functions within Skanska – computerized workflows for sharing knowledge, skills and resources. More efficient construction requires technology and methods to be developed. Skanska intends to be a technology leader and therefore needs diversity and a more diversified skills profile in order to develop the sought after innovative solutions and new technology.

Increase innovation and productivity

Like innovations and technological development, smarter design and industrialized production will make work on the construction sites more efficient. Building Information Modeling (BIM) is becoming an increasingly important tool for encouraging innovation and increasing productivity. Construction robots, drones, 3D printing and other automation will make a growing contribution to improving construction process efficiency.

"By bringing the best of its skills and experience, and by investing in continuous improvement, Skanska can deliver the right solutions for its customers and the best returns for its shareholders."



Using robots like this one to do elevated work offers great opportunities for improving safety, quality and efficiency. This example is from Skanska Norway.

New jobs in a green setting

Skanska's workshops at Bentley Works in Doncaster, UK, is expanding its workforce by around 70 people. Young people are being offered apprenticeships that lead to employment upon completion. Bentley Works services and renovates foundation machinery.

"It's great here. I get to learn things that I could never learn at college or anywhere else," says Ryan King, who has just begun his apprenticeship as a fitter.

"It's good that we can give the youngsters work and a chance to take over," says Roger Shearman, sharing his 41 years' experience.

"We are in a strong expansion phase and it's stimulating to be able to offer jobs and training to so many people in an area with little employment," says Steve Joynson, Bentley Works Manager.

Bentley Works is one of Skanska's greenest projects. With its solar panels, airtight shell and generous daylight, it is self-sufficient in energy. Skanska Cementation specializes in foundations and is supplying made-to-measure steel parts to Skanska's projects CrossRail, the new fast rail link across London, and to the ESS research facility in Lund, Sweden.

Doncaster Council, Leeds University School of Building and local schools have all visited the site to learn about green construction.

Focus areas within Sustainability

Skanska's sustainability work focuses on Safety, Ethics, Green, Corporate Community Investment and Diversity and Inclusion. These are the areas where Skanska can influence the most. The 2016–2020 Skanska Business Plan – Profit with Purpose – sets out the direction in which Skanska is heading so that it can maintain its profitability and help build for a better society.

A global impact

Through its variety of projects and innovative, sustainable solutions, Skanska builds for a better society. Skanska will continue to push Safety, Ethics, Green, Corporate Community Investment, and Diversity and Inclusion. The company can have a positive influence through its core business and expertise. What Skanska does and how it is done helps to ensure a sustainable future for colleagues, customers and communities.

By acting together on sustainability, Skanska can learn from those Business Units that are furthest along the journey and exploit potential synergies, become even more competitive and share knowledge with colleagues in the Group.

A local feel

Skanska is a business of people and therefore investing in people is very important. Sustainability training is mandatory for all employees, since this is an important part of the Skanska leadership profiles. Sustainability is embedded throughout the business in systems and behaviors.

By harnessing the best people and ideas, Skanska continually improves and finds more sustainable ways to build for a better society.

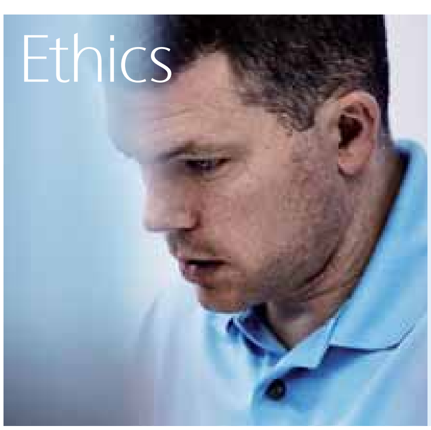
Further information on each of the sustainability areas can be found on page 59 and on www.skanska.com

Safety

Although construction remains one of the most hazardous industries in the home markets, Skanska believes that it is unacceptable that anyone is injured at Skanska's workplaces. Skanska has a framework of actions across the Group that are set out in the Safety Road Map. During 2015 there has been an increased emphasis on visible leadership, health and wellbeing as well as providing good opportunities to exchange knowledge and good practice across Skanska.

"During Safety Week 2015, Skanska joined with competitors and the supply chain to deliver safety activities."

Ethics



Sound ethical behavior forms the core of a strong Skanska. Therefore, the ambitions are to live the Group's values and be recognized as an ethical, value-driven company and a safe place to work. The Code of Conduct guides Skanska on its way to reaching this ambition. Employees complete ethics training and progress is measured. Additionally, Skanska has tools to help the Group build toward a strong ethical culture including the Ethics Scorecard, Ethics Plan and the Ethics Roadmap.

"Everyone Skanska employs must complete ethics training within three months, with follow-up every other year."

Green

Green building is attractive to clients, shareholders, employees and communities. Through the Journey to Deep Green™, Skanska goes beyond mere formal compliance. Targets encompassing energy, carbon, material selection, waste and water are set in accordance with the Skanska Color Palette™, a strategic tool for green business. Processes are continually improved through the ISO 14001. Cooperations with leading international organizations ensure that green construction is incorporated into regulations.

"More than two-thirds of order bookings in Skanska Sweden and Skanska UK are classified as Green, according to the Skanska Color Palette™."

Corporate Community Investment

Skanska is committed to being a responsible and active member of the community. Through community investment, the company can have a positive impact on its clients, employees, society in general and its business. Skanska's Corporate Community Investment Policy has a clear focus on education and stimulating local economic development, which are the areas the company can influence the most. The number of hours employees contribute to the local community during working hours is measured.

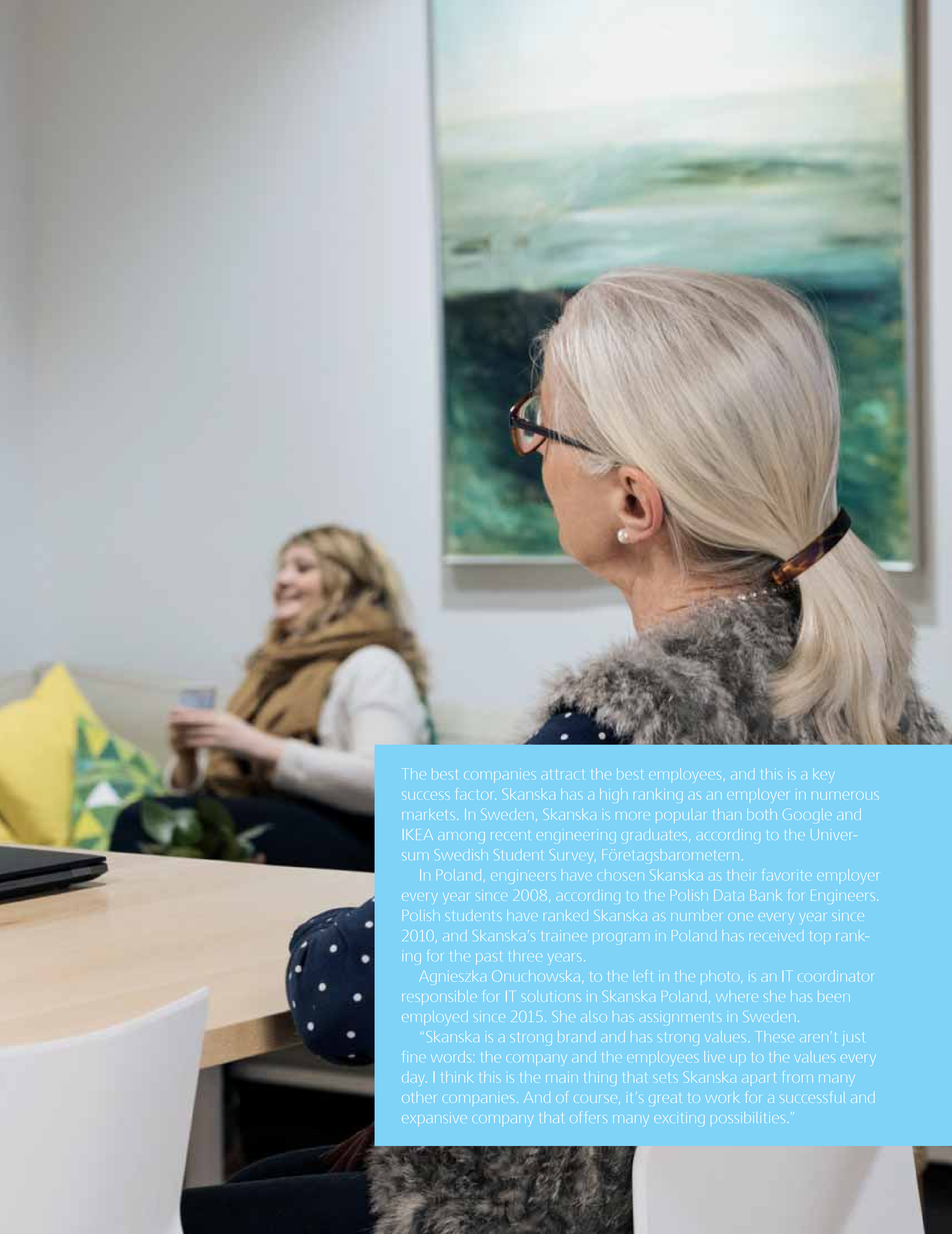
"The current measure for Corporate Community Investment is number of hours committed by employees to the local community during working hours."

Diversity and Inclusion

Initiatives to foster an inclusive workplace culture have intensified. The combination of diversity and inclusion allows relationships to be built with an increasingly diverse customer base; it also makes it easier to attract and retain talent from a larger talent pool, while a broader range of experience boosts innovation. A Diversity and Inclusion Change Journey Map has been launched to support the Business Units. D&I work is receiving increasing attention from society, while also adding to Skanska's expertise.

"Skanska UK organized a D&I conference that attracted 200 participants, consolidating its role as one of the industry leaders in this area."

Popular employer



The best companies attract the best employees, and this is a key success factor. Skanska has a high ranking as an employer in numerous markets. In Sweden, Skanska is more popular than both Google and IKEA among recent engineering graduates, according to the Universum Swedish Student Survey, Företagsbarometern.

In Poland, engineers have chosen Skanska as their favorite employer every year since 2008, according to the Polish Data Bank for Engineers. Polish students have ranked Skanska as number one every year since 2010, and Skanska's trainee program in Poland has received top ranking for the past three years.

Agnieszka Onuchowska, to the left in the photo, is an IT coordinator responsible for IT solutions in Skanska Poland, where she has been employed since 2015. She also has assignments in Sweden.

"Skanska is a strong brand and has strong values. These aren't just fine words: the company and the employees live up to the values every day. I think this is the main thing that sets Skanska apart from many other companies. And of course, it's great to work for a successful and expansive company that offers many exciting possibilities."

Share data

Skanska's Series B shares are listed on Nasdaq Stockholm, and the market capitalization on December 31, 2015, was SEK 67.7 billion (corresponding to USD 8.1 billion). The last price paid for Skanska Series B shares in 2015 was SEK 164.8 (corresponding to USD 19.63), and over the year the share price fell by 1.8 percent. The company has a number of funding programs.

- Skanska's Series B shares (SKA B) are listed on Nasdaq Stockholm
  Bloomberg ticker SKAB:SS
  Reuters quote SKAb.ST
- Skanska has a sponsored American Depositary Receipt program (Level I)
- in the U.S. that is traded under the code SKBSY.
- In February 2015, Skanska's share price reached a new record high of SEK 208.40 (corresponding to USD 24.94).
- 84,472 shareholders, the largest of which is Industrivärden.
- Market capitalization of SEK 67.7 billion (corresponding to USD 8.1 billion).
- In 2015, more than 1.9 million Skanska Series B shares were traded on average every day.
- The Board of Directors proposes a dividend of SEK 7.50 (corresponding to USD 0.89), an increase of SEK 0.75 (corresponding to USD 0.09).

In 2015, two Capital Market Days were held in Stockholm, one focusing on commercial property development and one in conjunction with the launch of the new business plan.

Around 15 analysts follow the company regularly. Under the "Skanska share" tab on Skanska's website for investors is a list of the analysts who follow Skanska, along with their current recommendations.

The stable underlying level of earnings in the Group is an effect of risk diversification across four business streams with operations in several geographical markets and segments. This has contributed to Skanska's increased or maintained dividend for more than ten years, as well as achieving a stable financial position that allows it to borrow at attractive rates.

Market development 2015

The Nasdaq Stockholm exchange rose substantially during the first quarter, followed by a weaker second quarter. The third quarter began positively, but prices fell in mid-August due to concerns about economic growth in China. The year ended positively with a total increase for 2015 of seven percent.

Dividend policy

Skanska's dividend policy is 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

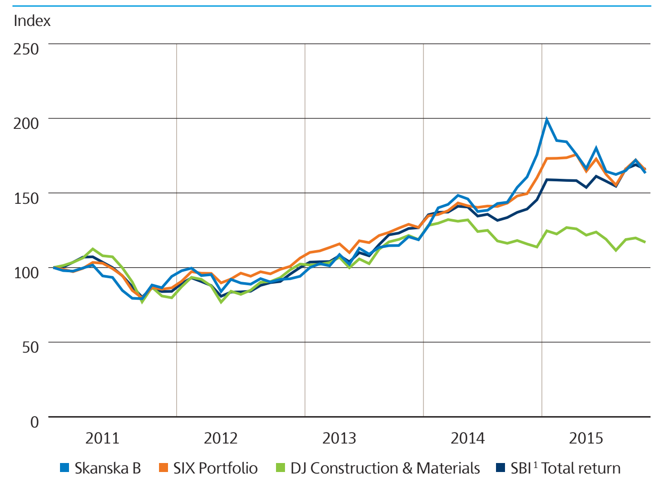
For the 2015 financial year, the Board's assessment is that the Group's financial position and circumstances in general warrant an increase in the dividend by

The largest shareholders in Skanska AB, ranked by voting power, December 31, 2015

Shareholders	% of votes	% of capital
Industrivärden AB	24.1	7.2
Lundbergs	12.1	4.3
Alecta	4.8	6.8
Skanska employees through Seop[1]	4.2	6.0
SEB Funds & Trygg Life Insurance	2.1	3.0
Swedbank Robur Funds	1.5	2.1
Norges Bank Investment Management	1.1	1.6
Carnegie Funds	1.1	1.6
AMF Insurance & Funds	0.9	1.4
Nordea Funds	0.9	1.3
10 largest shareholders in Skanska	52.8	35.2
Other shareholders in Skanska	47.2	64.8
Total	**100.0**	**100.0**
of which shareholders in Sweden	77.3	67.7
of which shareholders abroad	22.7	32.3

1 Not treated as a unified ownership group.
Source: Modular Finance Holdings

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's share price reached a new record high of SEK 208.40 (corresponding to USD 24.94) in February, 2015."

SEK 0.75 (corresponding to USD 0.09) per share, and proposes a dividend of SEK 7.50 (6.75) (corresponding to USD 0.89 [0.80]) per share. The proposal is equivalent to a dividend totaling USD 367 M (329).

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.

Ownership

The majority of Skanska shareholders are financial and institutional organizations in Sweden. The largest shareholder is Industrivärden AB, with voting power of 24.1 percent, followed by Lundbergs with voting power of 12.1 percent. The fourth largest shareholder in terms of voting power is Skanska employees through the Skanska employee ownership program (Seop). Foreign ownership reached a record high during the year of around 25 percent of voting power. Large foreign shareholders include Norges Bank Investment Management.

Funding

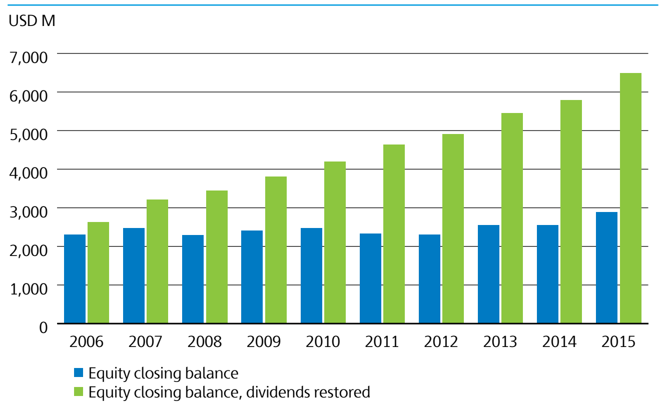
The market for corporate bonds in 2015 was characterized by higher credit margins and increased volatility, partly as a result of greater uncertainty in the market. Skanska's outstanding bonds were traded in line with comparable companies with the same credit rating. Skanska issued no new corporate bonds during the year. 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. At the end of the year, the central debt portfolio amounted to USD 654 M. The unutilized credit facilities of USD 654 M combined with the operating financial assets of USD 1.6 billion ensure the Group has sufficient financial capacity.

Skanska share history

	2015	2014	2013	2012	2011
Year-end market price, SEK	164.80	167.90	131.40	106.20	114.00
Corresponding to year-end market price, USD	19.63	21.54	20.33	16.30	16.54
Market capitalization, SEK bn	67.7	69.0	54.0	43.7	46.9
Corresponding to market capitalization, USD bn	8.07	8.8	8.4	6.7	6.8
Number of shares outstanding, million[1]	411.0	410.8	411.3	411.8	411.6
Highest share price during the year, SEK	208.40	170.00	131.60	125.20	137.30
Corresponding to highest share price during the year, USD	24.94	21.81	20.36	19.22	19.92
Lowest share price during the year, SEK	151.40	126.70	104.60	94.40	86.90
Corresponding to lowest share price during the year, USD	18.03	16.26	16.18	14.49	12.61
Yield, %	4.6[2]	4.0	4.8	5.6	5.3
Earnings per share[3], SEK	11.96	9.98	8.43	8.00	19.72
Dividend per share, SEK	7.50[4]	6.75	6.25	6.00	6.00
Dividend ratio[5], %	63	68	74	75	30

1 Number of shares outstanding at year-end.
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.

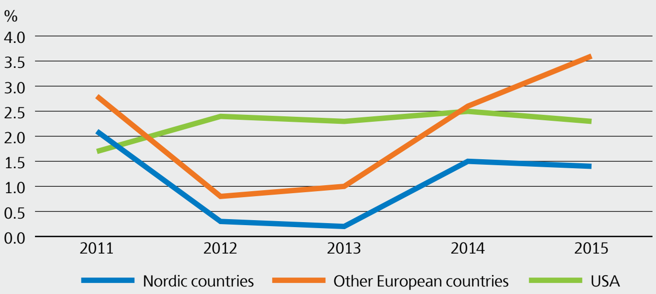
Growth in equity



Market overview

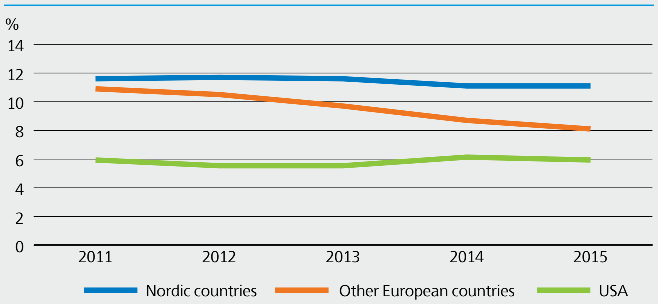
Skanska's ability to grow and create value in its home markets is affected by a number of external factors. Some of these variables – macroeconomic as well as more sector-specific – are presented below.

GDP growth in Skanska's home markets



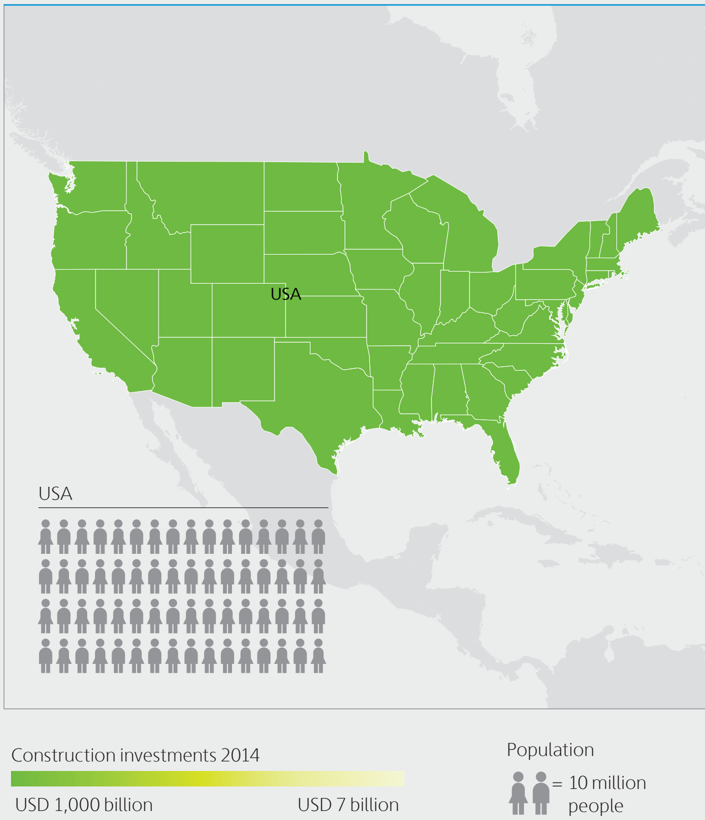
The economic recovery has been strongest in the Central European countries. The Finnish economy is still struggling and pushing down the Nordic average. The U.S. has not had the lows nor the highs of our other markets, but is more stable.

Construction investments in Skanska's home markets as a percentage of GDP

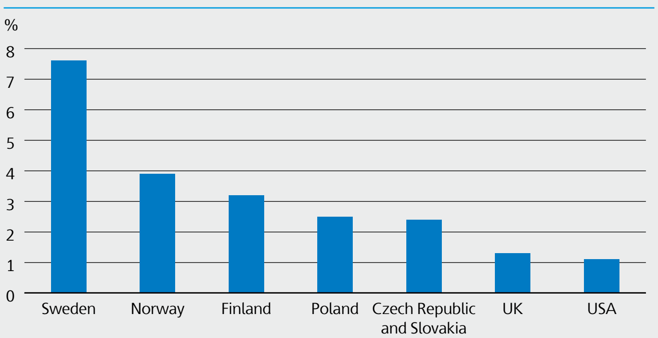


Led by Norway, the Nordics have the highest level of construction investments as a percentage of GDP in Skanska's markets. In the U.S., the share is much lower and is far below pre-crisis levels but increasing, while in Central Europe it has been decreasing.

Skanska's home markets

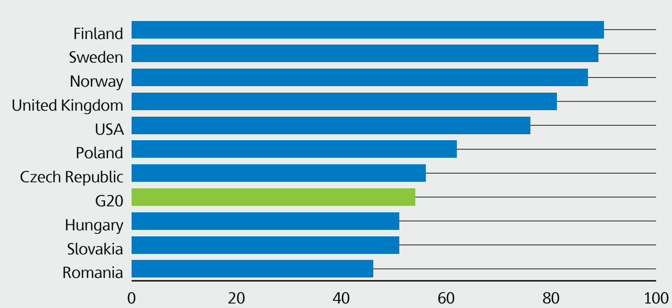


Market share, Skanska's Construction business stream

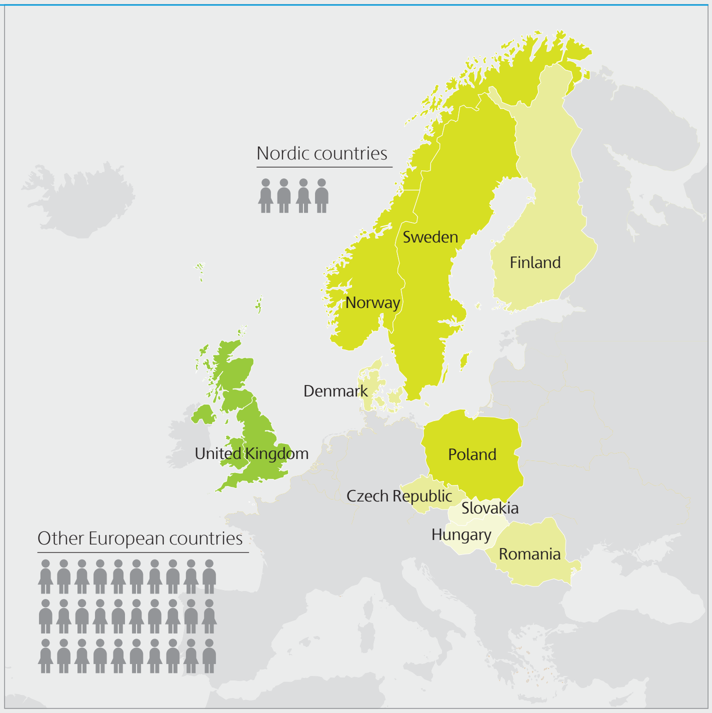


The market share in Sweden is significantly higher than the rest of Skanska's markets. Despite being one of the leading companies in the U.S. and the UK markets, the low market share is due to higher market fragmentation and competition.

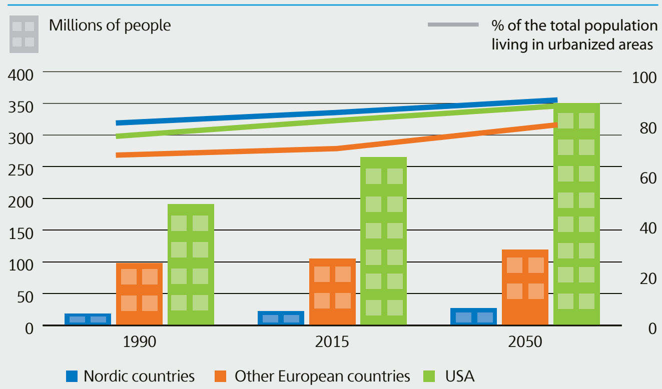
Transparency index



This is a corruption perceptions index that goes from 0–100. The closer a country is to 100 indicates it is less perceived as corrupt. The Central European countries are still struggling with corruption issues, while the situation in the Nordics is much better.

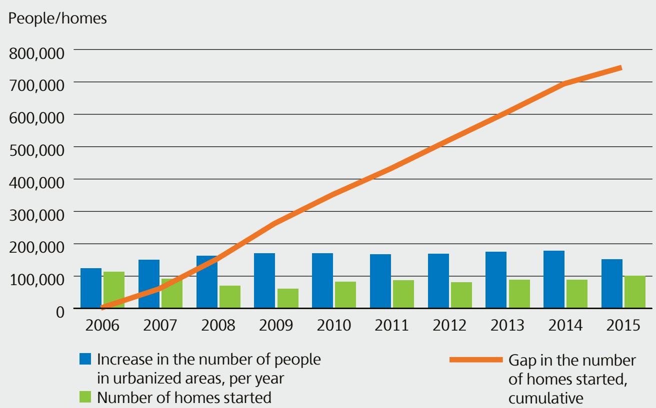


Urbanization in Skanska's home markets



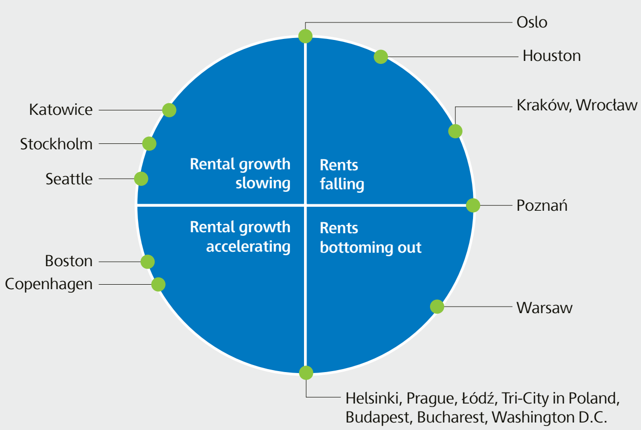
The urban population is increasing all over the world, with an average of 70 percent of the global population living in urban areas by 2050. All of Skanska's markets are above that average and have a higher degree of urban population.

Homes constructed in relation to urbanization growth in Sweden, Norway and Finland



For years, the number of homes started has not matched the number of people moving to urbanized areas. This has resulted in a large deficit in the supply of homes.

Property Clock



The Property Clock indicates where the respective market is in the property cycle. Skanska has a diversified portfolio of projects and land in different development phases in the cities listed above.

> "Around 35 states in the U.S. have a PPP legislation in place. Over the past ten years this figure has increased by around one state a year."

Sources: JLL, Central Statistics offices, SEB, HSBC, Citibank, Transparency International, UN Department of Economic and Social Affairs.

Business streams

Skanska's operations are in Construction, Residential Development, Commercial Property Development and Infrastructure Development. The Business Units within these streams collaborate in various ways, creating operational and financial synergies that generate increased value.

Construction

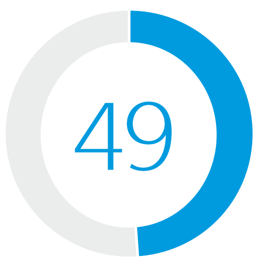
Revenue

share of Group, %[1]

SEK 140,648 M
USD 16,674 M
EUR 15,032 M

Operating income

share of Group, %[1]



SEK 3,874 M
USD 459 M
EUR 414 M

Market drivers and key trends

GDP growth
– Growth in the Construction business stream strongly correlates to growth in GDP.

Public investment
– Infrastructure investments are largely driven by the public sector.

Urbanization
– Urbanization brings an increasing need for infrastructure to be expanded, which increases demand for the construction business streams' skills and products in areas such as highways, bridges, mass transit and water treatment works.

Countries

Sweden
Norway
Finland
Poland
Czech Republic
Slovakia
UK
USA

Residential Development

Revenue

share of Group, %[1]

SEK 12,298 M
USD 1,458 M
EUR 1,314 M

Operating income

share of Group, %[1]

SEK 1,174 M
USD 139 M
EUR 125 M

1 Before Central and eliminations.

Market drivers and key trends

Household confidence indicator
– Potential customers' views on future pay raises, housing costs and borrowing opportunities affect decisions on whether to buy.

Urbanization
– More and more people are moving to cities, leading to increased demand for homes.

Shortage of housing
– Housing production has lagged behind population growth, resulting in an undersupply – more homes need to be built. This means greater demand for the business stream's expertise and products.

Countries

Sweden
Norway
Finland
Poland
Czech Republic

Commercial Property Development

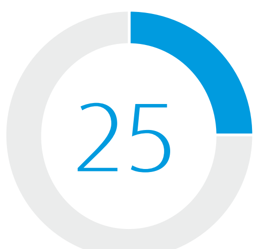
Revenue

share of Group, %[1]

SEK 9,034 M
USD 1,071 M
EUR 966 M

Operating income

share of Group, %[1]



SEK 1,947 M
USD 231 M
EUR 208 M

Market drivers and key trends

Economic growth

– Economic growth increases companies' recruitment needs, which drives activity in the leasing market.

Urbanization

– More people moving to cities increases demand for offices and logistics centers close to cities.

Cost-efficient location

– Energy-efficient, green premises in attractive areas are in demand and are contributing to relocation.

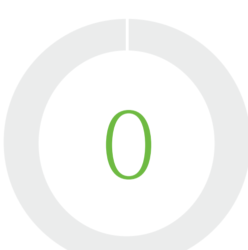
Countries

Sweden
Norway
Finland
Denmark
Poland
Czech Republic
UK
Hungary
Romania
USA

Infrastructure Development

Revenue

share of Group, %[1, 2]



SEK 106 M
USD 13 M
EUR 11 M

Operating income

share of Group, %[1]

SEK 863 M
USD 102 M
EUR 92 M

1 Before Central and eliminations.
2 Accounted for according to the equity method.

Market drivers and key trends

Urbanization

– Urbanization increases the need to expand infrastructure.

Lack of financing

– There is often insufficient public financing for the new and expanded infrastructure needed. Public private partnerships (PPP) allow such projects to be financed.

Life-cycle perspective

– Cost overruns in public projects increase interest in PPP solutions which have a life-cycle perspective in which resource-efficient, innovative and sustainable solutions are delivered on time and for a fixed total cost.

Countries

Sweden
Norway
Finland
Poland
UK
USA

Construction

Chris Kelly is one of the people in charge of the Skanska team constructing the Kosciuszko Bridge project in New York. K Bridge, as it is also called, is part of the Brooklyn-Queens Expressway between the two boroughs.

During his seven years at Skanska, Chris Kelly has helped improve the water supply and transportation in New York, working on projects such as the Catskill-Delaware Water Ultraviolet Disinfection Facility and the Second Avenue, PATH and Moynihan subway projects.

"It's always nice to build something that improves the lives of a lot of people. Soon everyone who does this journey will have a great new bridge," says Chris Kelly.

The USD 555 million construction contract includes a new 1.8 km long viaduct and a cable-stayed bridge. The 75-year-old bridge will be demolished when traffic is switched across to the new bridge. Bridges are one of Skanska's specialty segments, particularly in New York where Skanska has renovated several of the city's iconic bridges, including the Manhattan Bridge and the Brooklyn Bridge.

Well-functioning communities need workplaces, housing, transportation, schools, hospitals and supplies of energy and water. Construction – Skanska's largest business stream in terms of revenue – uses its collective expertise and resources to help develop communities.

Construction

Revenue rose during the year and order bookings were strong in all business units, except in the U.S. The results remained strong in Sweden, Finland and Poland, while writedowns in the U.S. negatively affected operating income.

Major events

Profitability remained strong in Sweden, Finland and Poland, and it improved in the Czech Republic. In Norway and the UK results were stable. Delays in certain projects, as well as the execution of projects won under tougher market conditions, resulted in a lower margin in the UK. The lower result in the Construction business stream is mainly attributable to writedowns in the U.S. Construction units amounting to USD 89 M, of which USD 63 M was in USA Civil and USD 26 M in USA Building. Most of the writedowns relate to six projects and are driven by cost increases for the projects, partly relating to design changes by clients. No revenue relating to design changes is recognized until an agreement has been reached with the client. In Latin America, all construction projects were concluded and most of the operations and maintenance units were divested.

Although order bookings were higher than revenue in most business units, overall they were 13 percent lower than revenue. An order cancellation in USA Building combined with a significant number of postponed orders in USA Building at the end of 2015 had a negative impact on order bookings. Order bookings in the UK, Sweden, Finland and the Czech Republic were higher than in 2014.

Market outlook 2016

The overall construction market outlook is positive. The Swedish market is strong, although the landscape is competitive. In Norway, the outlook for the infrastructure market remains positive but with significant competition in new bids. The non-residential market continues to weaken due to low oil prices, while the residential building market is relatively stable, with the exception of certain regions that are dependent on the energy sector. The overall market situation in Finland remains weak.

The commercial building market and the civil market remain strong in the UK and Poland. The markets in the Czech Republic and Slovakia are improving on the back of an improved economic outlook, political stability and infrastructure investment plans fueled by EU funding.

In the U.S., the market for large and complex civil construction projects remains good, although competition is intense. The U.S. building construction market is experiencing a positive development in the aviation, education, commercial buildings, life science and healthcare sectors.

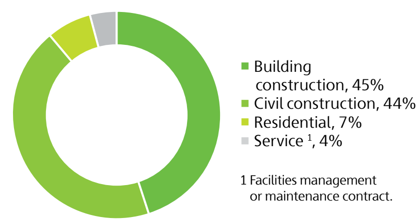
Construction

USD M	2015	2014	2013	2012	2011
Revenue	16,674	18,651	17,247	19,111	16,978
Operating income	459	653	596	513	534
Operating margin, %	2.8	3.5	3.3	2.8	3.0
Free working capital, USD bn	2.5	2.3	2.9	2.9	2.9
Operating cash flow[1]	807	432	533	363	473
Order bookings, USD bn	14.5	21.3	17.5	17.7	19.0
Order backlog, USD bn	18.8	21.9	20.8	22.5	22.6
Number of employees	42,193	42,397	40,854	55,132	51,119

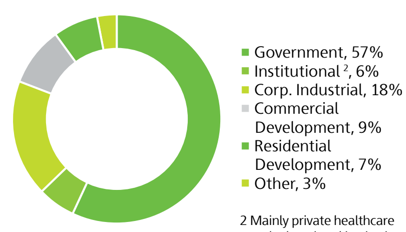
1 Before taxes, financing activities and dividends.

Breakdown order backlog, total USD 18.8 bn

Operations

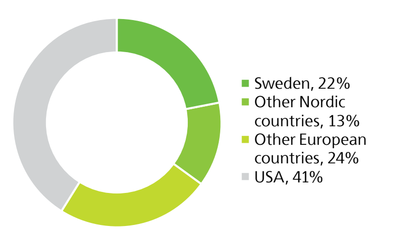


Customer structure



Breakdown revenue, total USD 16.6 bn

Geographic area



Targets and actions for Construction

The outlook for the construction sector is favorable, with good opportunities for controlled growth going forward. Increasingly tougher competition is putting margins under considerable pressure. Liquidity and substantial working capital are essential for investments and the ability to reach the targets in the business plan.

Construction will continue to grow in a controlled manner in units with a stable organization. Ensuring profitability through good execution and the right balance between compensation and risk-taking has the highest priority.

Home market strategy

The growth opportunities are within individual sectors, customer groups and delivery models in existing home markets. The intention is not to expand operations into new countries, as this involves significant risks. However, project opportunities in adjacent, well-known country markets may be evaluated if Skanska has the necessary expertise.

Construction margins are being adversely affected both by tougher competition and by price increases for goods and services in a strong market.

Higher level of early involvement

Early Contractor Involvement in projects is becoming increasingly common. This model, which involves intensified collaboration with customers and suppliers, suits Skanska's skills profile. It reduces overall project risk, making profits more predictable and cash flow more stable.

Continued focus on working capital

Free working capital in the Construction stream is essential if Skanska is to be able to increase its investments in project development, and thereby reach the targets in the strategic plan. The ability to generate working capital is therefore an important element when potential projects are assessed.

Internal Skanska collaboration – the way forward

To reach the strategic targets, operational efficiency and collaboration within Skanska must be enhanced. The Business Units will improve how they collaborate within tendering, risk management and project implementation. Tendering, execution and results can all be improved by exploiting the Group's expertise and resources optimally.

Targets and actions

- Controlled growth – stable organizations
- Early Contractor Involvement (ECI)
- Continued focus on working capital
- Zero loss making projects through enhanced risk management
- Operational efficiency
- Operating margin will average ≥3.5%

Selection of competitors

- Balfour Beatty
- Ferrovial
- Granite
- Grupo ACS
- Hochtief
- NCC
- PEAB
- Strabag
- Veidekke
- VINCI

Value creation 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 operations 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. 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, for which there is a balance between risk levels and expected margins. Skanska's ambition is to increase its share of negotiated contracts, in which clients value service, quality and reliability – in addition to price – when evaluating tenders. Skanska's clear focus on sustainable development – including Safety, Ethics, Green, Corporate Community Investment, and Diversity and Inclusion – is also a factor that strengthens Skanska's offering to the client.

Residential Development

Hanna and Paul Mac Innes live in a three-room apartment developed and built by Skanska in the Kviberg district of Gothenburg, Sweden. The couple's new home is close to the city, as well as to nature and culture.

"It's an area with a great mix of people. On our stairwell there are people of all ages, from 25 to 85. There's a great atmosphere and lots of us have gotten to know each other."

Hanna says the area and its housing encourage a sense of community.

"The building has a really great courtyard with trees, shrubs and benches. It's a natural place for people to meet, especially for families with young children."

Kviberg is a completely new district – close to downtown, but also with nature, sports and recreation nearby. And neighboring Gamlestan is the gateway to Gothenburg's cultural life.

The location and good transport links mean they can cycle downtown in just ten minutes, or just as quickly take either the bus or tram.

Skanska has built and sold 344 apartments in Kviberg since 2010. Skanska also has development rights for a further 200 or so apartments and townhouses up to 2021.

Modern families want new homes in residential areas that are close to services, recreational facilities and good transport links. Skanska's Residential Development business stream focuses on selected target groups and markets.

Residential Development

Residential Development had a strong 2015 characterized by improved profitability and capital efficiency. The strong result was mainly driven by a more favorable market and efficient project execution in Sweden. The Central European operations also contributed to the strong result.

Major events

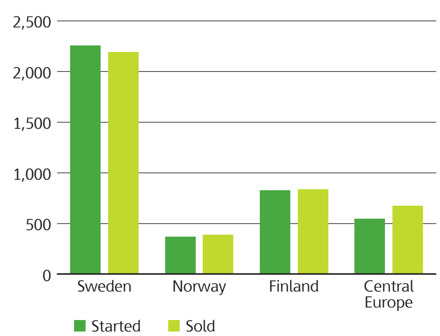
Profitability within Residential Development improved in 2015. The strong market in Sweden, with solid project execution, and good operations in Central Europe all helped improve the operating margin. In Norway and Finland, the focus during the year was on reducing the number of unsold completed homes, and at the end of the year, the Group had 237 (353) unsold completed homes. During the year, 4,000 (2,846) homes were started and 4,093 (3,274) were sold. Just over half of the homes started and sold are in Sweden.

BoKlok – a residential concept developed by Skanska and IKEA – had very good profitability in 2015, selling more than 1,000 homes.

Market outlook 2016

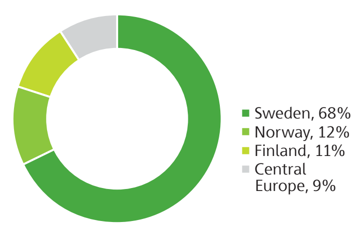
The Swedish residential market is still strong. The Norwegian market is relatively stable but is being negatively affected by low oil prices in certain regions that are dependent on the energy sector. The Finnish market remains weak. In Central Europe the market is improving, with increasing transaction volumes and slightly higher sales prices. Common to all home markets, except for Finland, is the challenge to acquire land due to long permitting processes and rising prices.

Homes started and sold



Distribution operating income, total USD 139 M

Geographic area

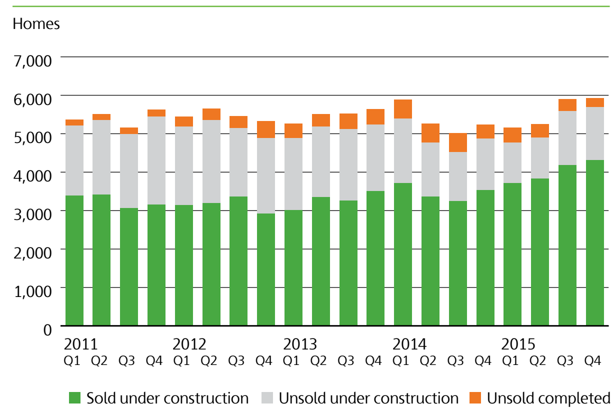


Residential Development

USD M	2015	2014	2013	2012	2011
Revenue	1,458	1,386	1,417	1,282	1,317
Operating income	139	99	88	–17	53
Operating margin, %	9,5	7.1	6.2	neg	4.0
Investments	–791	–996	–1,068	–1,150	–1,184
Divestments	1,023	1 296	1,225	1,189	878
Cash flow from operating activities[1]	179	265	68	–89	–395
Capital employed, USD bn	1.1	1.3	1.7	1.7	2.0
Return on capital employed, %[2]	14.2	7.1	7.4	0.4	3.5
Number of employees	389	396	419	419	532

1 Before taxes, financing activities and dividends.
2 See definition on page 143.

Homes under construction and unsold completed



Targets and actions for Residential Development

The Nordic residential market is stable and the market in Central Europe is improving. The business stream is focusing on improvements in capital efficiency and margins, on cost-effective design and on further growth for BoKlok.

Profitability in the Residential Development business stream is improving more and more, following the earlier restructuring. The targets for 2016–2020 primarily are for improved capital efficiency and higher margins, and also a certain increase in volume.

The profitability target of 10 percent operating margin and the return target of 10 percent return on capital employed remain.

Improve execution and performance

In the Nordic countries, the aim is to continue to strengthen the organization and to improve execution and performance. In Sweden, developing rental homes in cooperation with various municipalities will also provide increased access to land that can be acquired for project development – an example of how internal collaboration can generate new business opportunities.

Growth in Central Europe

In Central Europe, the aim is to increase volumes and invest in land to establish sustainable housing development operations in Warsaw and Prague.

When conditions are right – in other words, when there is a strong trend in the market and access to the right products, skills and resources – opportunities for new submarkets may also be considered. Performance and return must be satisfactory before considering expansion into new submarkets in existing countries.

Cost-effective design

To achieve the desired results, design-to-cost solutions are needed to reduce the cost of materials and to increase efficiency.

Continued strong demand for affordable homes is creating growth opportunities for BoKlok. This affordable homes concept is designed, developed and built by Skanska and jointly owned with IKEA. BoKlok is delivering strong profitability and a high return on capital employed, achieved through a rapid turnover of capital. The intention is to expand BoKlok into Norway and Finland.

Targets and actions

- Controlled growth
- Increased capital efficiency
- Establish Residential Development Europe in Warsaw
- Design to cost

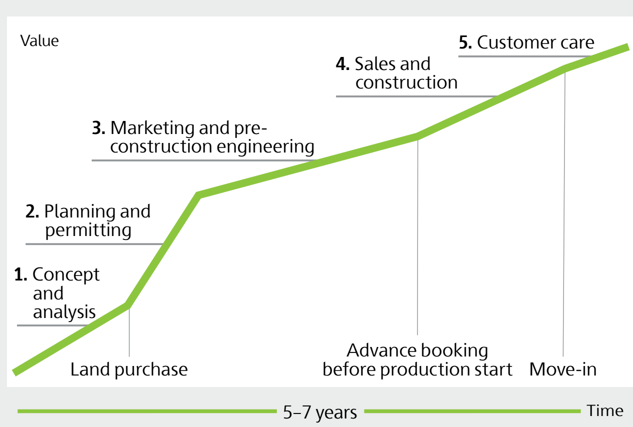
Selection of competitors

- Central Group
- DOM Development
- Finep
- JW Construction
- JM
- NCC
- PEAB
- YIT

Generating value in Residential Development

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 do they need and want?

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 groups.



Commercial Property Development

Skanska's Commercial Property Development business stream focuses on healthy, green and efficient offices and properties. Skanska initiates, develops, leases and divests properties that contribute to well-being and profitability for both customers and their employees.

Fashion lifestyle company Tommy Bahama was looking for more than a traditional office for its headquarters: it wanted a fresh, creative environment to stimulate its employees – something with a soul. The company found all of that at Skanska's 400 Fairview in Seattle, USA. Located in the vibrant, evolving South Lake Union neighborhood, the building is connected to the downtown core.

As one of the first tenants to choose 400 Fairview, Tommy Bahama now benefits from creative workspaces, as well as restaurants, cafes, markets and various retailers at street level that are open from morning until late in the evening. The 13-story, 30,000 sqm building is now filled with life and tenants. The financial services organization TIAA-CREF acquired a 90 percent share in the property for USD 237 M, while Skanska remains part-owner and partner, with responsibility for operating and managing the tenants of the building.

Commercial Property Development

The level of activity and profitability were high during the year, and operations in all geographies made a strong contribution. Gains from property divestments were the highest ever, and a new leasing record was set of 375,000 leased square meters.

Major events

The business stream had another strong year with gains from property sales of USD 304 M. 20 properties were started and 27 were sold.

The properties sold in the Nordic region included Park 49 in Gothenburg and several projects in Copenhagen.

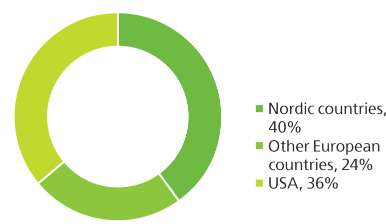
In the European segment, which consists of operations in the UK, Poland, the Czech Republic, Hungary and Romania, an office portfolio in Poland, a commercial property in Bristol and an office building in Romania were sold.

Skanska now has a well-established position in the U.S. In 2015, 90 percent of the property 400 Fairview in Seattle was sold in one of Skanska's largest sales ever, amounting to USD 237 M.

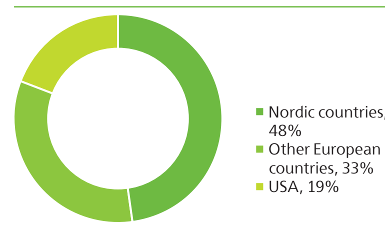
Market outlook 2016

Vacancy rates for office space in most of the Nordic and Central European cities where Skanska has operations are stable. Vacancy rates are low in Sweden in particular. Demand for office space is strong in Poland and continues to improve in other parts of Central Europe. In the U.S., demand from tenants continues to improve in Washington D.C., and remains strong in Boston and Seattle, while demand in Houston is somewhat weaker due to low oil prices. Modern properties with high-quality tenants are in demand from property investors, resulting in attractive valuations for these properties. In Sweden, there is very strong demand from investors in newly developed properties. Investor appetite remains strong in the other Nordic countries and in Central Europe as well, especially in the major cities. Investor appetite is also strong in the U.S. In all home markets, except for Finland, there is a challenge to acquire land due to long permitting processes and increasing prices.

Distribution capital employed, total USD 2.0 bn, geographic area



Distribution leasing, total 375,000 sqm, geographic area

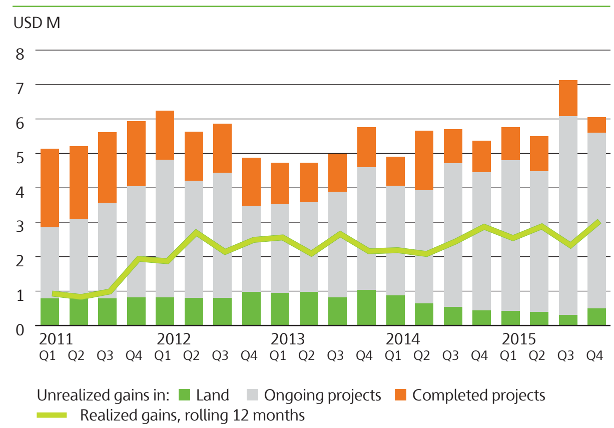


Commercial Property Development

USD M	2015	2014	2013	2012	2011
Revenue	1,071	1,483	953	996	867
Operating income	231	246	164	214	184
of which gain from divestments of properties[1]	304	288	217	250	195
Investments	–1,046	–998	–693	–950	–538
Divestments	1,175	1,194	1,067	609	575
Operating cash flow from business operations[2]	109	170	264	–343	22
Capital employed, SEK bn	2.0	1.9	2.1	2.1	1.6
Return on capital employed, %[3]	15.4	11.4	10.7	9.8	13.5
Number of employees	344	304	279	273	235

1 Additional gain included in eliminations was 23 40 17 16 21
2 Before taxes, financial activities and dividends.
3 See definition on page 143.

Unrealized and realized gains



Targets and actions for Commercial Property Development

The demand for modern commercial properties with high-quality tenants will continue to increase. Increased investments are creating new opportunities in Skanska's home markets. A focus on customers, cost efficiency and internal collaboration are key to success.

Larger investments and more projects
Over the past five years, this business stream has grown significantly in terms of invested capital, the number of ongoing projects and projects sold. At the end of 2015, Skanska had 44 ongoing projects, and the aim is for this growth to continue.

Growth in existing home markets
The business in Central Europe is benefiting from strong structural trends. Demand for bespoke and cost-effective premises is driven partly by international companies outsourcing business processes or establishing joint back office centers.

Skanska's high market share in Sweden limits its growth ambitions there, but room for growth exists in the businesses in Norway and Finland.

The U.S. business will continue to expand in its existing markets: Seattle, Washington D.C., Boston and Houston. Other cities are being evaluated and if the conditions are right, Skanska may expand into those. Multi-family properties are also part of the product mix.

Open for joint ventures
Joint ventures – projects in which Skanska shares the development with another party – may be started when these provide opportunities such as risk sharing, access to land or critical experience or skills.

Improved cost efficiency
Improved cost efficiency is important for competitive reasons, for margins in the Construction business stream and for increased development gains. A standardized platform for office buildings produced in Central Europe shows the potential for savings in both design and production phases.

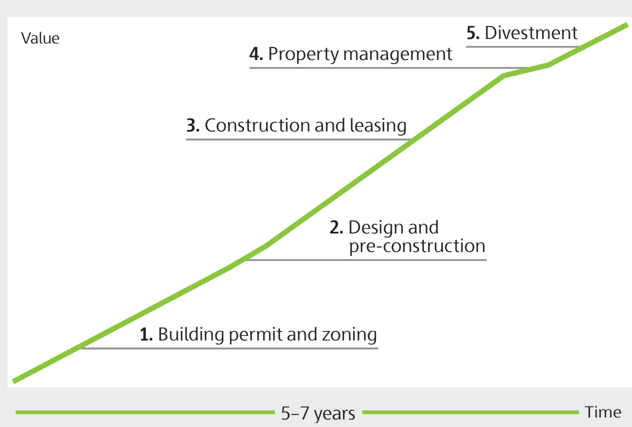
Targets and actions
- Increase investments
- Consider expansion in Central Europe and the U.S.
- Land bank focus
- Drive cost efficiency

Selection of competitors
- Boston Properties
- Diligentia
- Echo investment
- Ghelamco
- Hines
- Lemminkäinen
- NCC
- Trammell Crow
- Vasakronan

Value creation in Commercial Property Development

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

All acquisitions of land is preceded by macroeconomic and local market analysis. A major step in value creation is taken when the zoning plan is approved for undeveloped land. The design is based on previous experience and adjusted to local market demands aimed at creating appropriate premises for tenants and property investors as well as enabling an efficient construction execution. A successful leasing process usually begins in connection to the start of construction and most contracts are signed before completion. The construction projects are generally carried out by Skanska's construction units. Property management and work with clients can add further value to the property. All projects are developed with a sale as the ultimate goal, and this takes place when the value of each project has been maximized.



Infrastructure Development

This business stream produces sustainable solutions for essential infrastructure, such as highways, hospitals and schools. Skanska also uses its financial expertise to help realize these.

The traffic flow in Florida is being improved with the extension of Interstate 4 through Orlando. New road bridges and the relocation of cables are making room for new lanes on the 34 km stretch of road. This major PPP project is generating as many as 2,000 jobs. Hauling contractor Willie Fisher, to the left, whose company has twelve trucks, is one of many sub-contractors with a minority background who have been contracted.

"A project as big as this is a springboard for small business owners like us. It provides work and experience for six years, and good expansion opportunities as well," says Willie Fisher.

Skanska's Rodney Renix is responsible for sub-contractor firms owned by women and minorities.

"We are helping many small minority companies to get started with the new digital reporting," says Rodney Renix.

As part of its community investments, Skanska gives Christmas presents such as turkeys, toys and gift vouchers to local families in need.

Also, four elementary schools in the area have been given school equipment to help students get a good start in their education. More than 1,500 college students have visited the project to learn more about career paths in the construction industry.

"I-4 Ultimate is more than a project – it's also an opportunity to become a valued part of the community," says Rodney Renix.

Infrastructure Development

In 2015, two hospitals in the UK were sold and activity on the U.S. market remained at a high level, with two ongoing projects and Skanska being named the preferred bidder for the expansion of LaGuardia Airport in New York. The U.S. market is still Skanska's most attractive PPP market.

Major events

In 2015, Skanska sold its investment in the St. Bartholomew's Hospital and Royal London Hospital – both located in London – for USD 119 M. Skanska also reached financial close on the New Papworth Hospital in Cambridge, UK, for which the contract includes design, construction, financing, operation and maintenance. The construction contract amounts to around USD 213 M, and is part of the UK Construction unit's order bookings.

In the U.S., Skanska was named the preferred bidder in 2015 for the redevelopment and expansion of LaGuardia Airport's main terminal in New York. At financial close, which is expected to be in mid-2016, Skanska's share of the construction contract will be worth at least USD 2.3 billion. In this event, it would be included in the U.S. construction units' order bookings and would be the largest contract in Skanska's history.

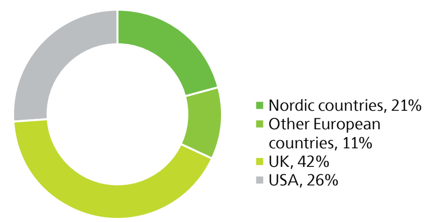
The underlying value of the portfolio rose by USD 73 M in 2015, and the unrealized development gain amounted to USD 202 M at the end of the year.

Market outlook 2016

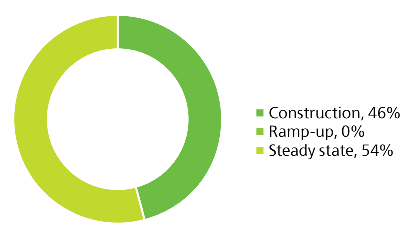
The potential for new public private partnerships (PPPs) continues to improve in the U.S., albeit with considerable competition. The market in Norway is showing signs of improvement. In the other markets, the outlook for new PPP projects remains weak.

Distribution of project portfolio, estimated gross value, total USD 726 M

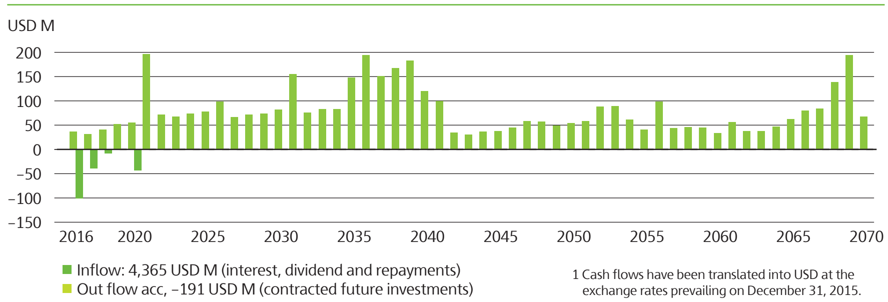
Geographic area



Phase



Estimated annual cashflow in Skanska Infrastructure Development's project portfolio December 31, 2015[1]



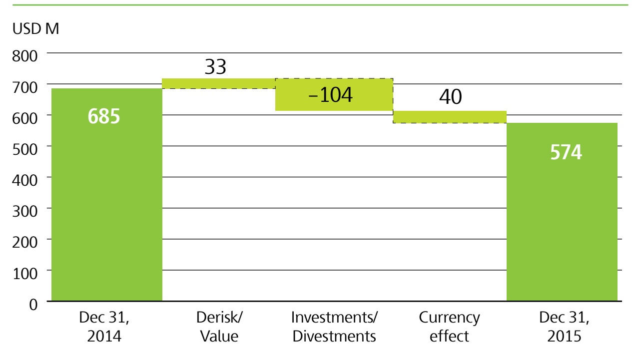
1 Cash flows have been translated into USD at the exchange rates prevailing on December 31, 2015.

Infrastructure Devlopment

USD M	2015	2014	2013	2012	2011
Revenue	13	24	13	36	44
Operating income	102	67	61	87	728
Investments	–28	–48	–11	–56	–152
Divestments	132	61	37	160	895
Operating cash flow from business operations[1]	149	–15	17	108	731
Capital employed, SEK bn	0.2	0.2	0.3	0.2	0.2
Return on capital employed, %[2]	12.6	17.0	17.5	38.2	13.0
Net present value, project portfolio, SEK bn	1	1	1	1	1
Employees	111	127	130	141	146

1 Before taxes, financial activities and dividends.
2 See definition on page 143.

Changes in net present value



Targets and actions for Infrastructure Development

Infrastructure Development is responsible for Skanska's project development within public private partnerships (PPP). For the period 2016–2020, most of the project opportunities are expected to be in the U.S. and in Norway. Increasing investments in PPP will also increase construction volumes.

Stretched public finances and decades of deferred investments and maintenance suggest that privately financed infrastructure solutions will increase in the U.S. A number of states where Skanska is active, such as Virginia, Florida, Texas, California, Colorado and Indiana, have opened up for PPP. A number of potential PPP projects will turn into bid opportunities during 2016–2020.

These projects require fewer equity investments, and will likely be oriented towards availability risks or mixed risks, rather than market risk. The total project volume won, expressed as project capital expenditure, is expected to increase significantly compared with the 2011–2015 period.

In Norway, the government has declared that PPP will be one form of procuring public infrastructure projects going forward. Initially for road projects, but in the future health care, hospital and school projects may also be considered.

The UK has been the key home market for Skanska Infrastructure Development for many years. The UK market has shrunk, but will continue to offer many exciting opportunities. While the Swedish market has no active PPP program, Skanska will continue to work proactively with stakeholders and politicians to establish one.

Targets and actions

- Maximize the value of existing portfolio
- Growth in the U.S.
- Develop presence in Norway and the UK
- Increase total profit

Selection of competitors

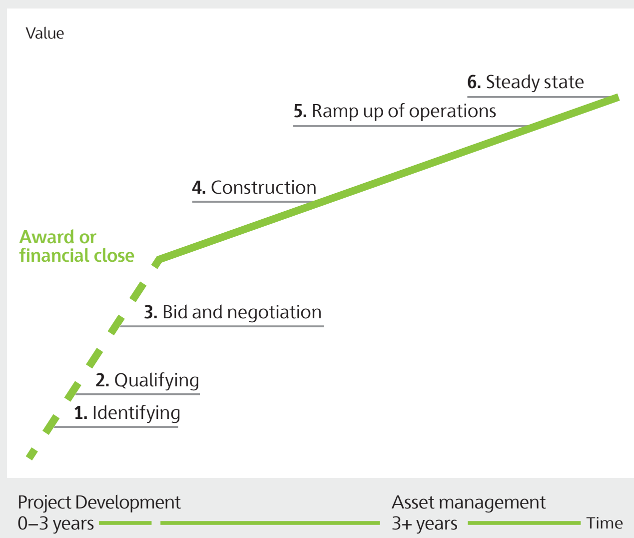
- Balfour Beatty
- Ferrovial
- Grupo ACS
- VINCI

Value creation in Infrastructure Development

Public private partnership is a form of public procurement in which 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 and highways. As the investment is partially or entirely 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.



UN assignment completed

The United Nations chose Skanska for the UN Capital Master Plan – a complete overhaul of the UN headquarters in New York City. Work began in 2007 and has resulted in both greener and safer facilities for UN.

The United Nations was formed after World War II, with its headquarters in New York City.

Construction began in 1949 and the official opening of the headquarters took place in 1952.

An international team of 12 of the most renowned architects of the time was responsible for the design.

Slattery, which has been part of Skanska since 1989, took part in the original construction project.

The UN area in eastern Manhattan has diplomatic status, its own security force and fire department, and a post office with its own stamps.

In 1961, the Dag Hammarskjöld Library was added. The UN buildings had not had a major renovation before, but after 60 years an upgrade was needed to improve the environment, security and communication.

At the beginning of the new millennium, a decision was made to carry out a total renovation – the UN Capital Master Plan. In 2007, following a bidding competition, Skanska was given overall responsibility for the renovation.

"There are numerous links between Sweden and the UN. Dag Hammarskjöld developed the organization as secretary-general. Sven Markelius was one of the architects who designed the headquarters, and we are proud that Skanska was selected to carry out the headquarters' recent major renovation."

Stefan Löfvén
Prime minister, Sweden

The five buildings – the Secretariat and Conference Buildings, the General Assembly, Dag Hammarskjöld Library and the South Annex, including the three story (five city blocks) underground structure – constitute a total of 242,000 sq m. Skanska also built temporary premises within the area.

All that was retained of the 39-story Secretariat Building was its steel and concrete skeleton. All installations and glass facades have been replaced, and the building now has its original blue-tinted glass again. The interior layout has been opened up.

Hazardous materials have been removed, energy efficiency improved, and energy and water usage reduced by about 50 percent. The Secretariat Building has achieved the level of the highest environmental certification – LEED Platinum – and the other buildings have achieved a level of LEED Gold.

Skanska's assignment included constructing a new data center and new security systems. Countless priceless works of art, designer furniture and interior details have been restored.

Skanska's international project team consisted of 426 people over the period of eight years. The work of the United Nations on the headquarters campus continued throughout the construction period.

At the grand reopening in 2014, Secretary-General Ban Ki-Moon said the following:

"It is a great honor to welcome you to this renovated General Assembly Hall... It has been restored, renewed and reinvented for the twenty-first century. I thank all of you for making it possible."

The renovated UN Headquarters was the subject of a book with a foreword by Sweden's Prime Minister Stefan Löfven. "There are numerous links between Sweden and the UN building in New York. Dag Hammarskjöld developed the organization during his eight years as secretary-general. Sven Markelius was one of the architects who designed the headquarters, and we are proud that the Swedish construction company Skanska was selected to carry out the headquarters' recent major renovation."

Facts

UN Capital Master Plan,
Renovation of the UN headquarters
Implementation 2007–2014
Total area 242,000 sqm
Construction contract USD 1.7 billion

History

1887 Construction company Skånska Cementgjuteriet is formed in Malmö and expands across Sweden.

1897 The first contract outside Sweden was for hollow concrete blocks for telephone cables in the UK.

1906 Founder R.F. Berg dies. He was a driving force in establishing the Swedish national telephony network and railway system. He also initiated Sweden's first employment service and brought in pensions for the Company's skilled workers and collective agreements between employers and unions.

1954 The Spinneriet district consisting of offices, stores and hotels in Malmö becomes the first of the Company's investments in Commercial Property Development

1956 The first overseas construction project in modern times builds silos in Iraq.

1960–2000 Power plants, irrigation plants, infrastructure, schools and hospitals are constructed in several developing countries such as Bangladesh, Hong Kong, India, Malaysia, Pakistan, Sri Lanka, Saudi Arabia, Libya, Colombia, Panama and Peru.

1964 Sales exceed SEK 1 billion (corresponding to USD 119 M) for the first time.

1965 AB Skånska Cementgjuteriet is registered on the A list of the Stockholm Stock Exchange.

1965–1974 Under the Million Program (Miljonprogrammet), Skanska constructs around 10,000 homes a year

1965 The Abu Simbel temple in Egypt is relocated.

1971–1978 The first projects in the U.S. – subway systems in New York and Washington D.C.

1972 The Al Rasheed luxury hotel in Baghdad is built.

1984 Name change to Skanska.

1989 The first company acquisition in the U.S. Slattery is followed by Karl Koch, Sordoni and others.

1993 Commercial Property Development operations are launched in Poland and the Czech Republic.

1994–2000 International expansion. Construction companies are acquired in Finland, UK, Norway, Poland, Czech Republic and Argentina. Revenue increases to USD 19.6 billion and the number of employees to around 80,000 (2001).

1996 BoKlok is launched in cooperation with IKEA.

1997 Environmental incident in Hallandsås. Marks the beginning of a process of environmental adaptation of all operations.

1998 Shares in the wholly-owned real estate company Drott are allocated among the shareholders. The book value is USD 1.2 billion.

2000 Öresund Bridge is officially opened.

2000 The first global construction company to be environmentally certified to ISO 14000.

2000–2008 Restructuring to increase profitability is started. Focus on selected home markets. Operations in Africa, Asia and Russia are divested.

2002 The Skanska Code of Conduct is introduced.

2004 The safety initiative Skanska Global Safety Week is introduced.

2005 Zero visions are introduced for workplace accidents, ethical breaches, environmental incidents, defects and losses.

2007–2014 The UN headquarters are renovated.

2008 Commercial Property Development operations are launched in the U.S.

2010 The New Karolinska Solna hospital is built under a public private partnership (PPP).

2011–2015 Business plan for profitable growth.

2011 PPP project Autopista Central in Chile is sold – profit after tax USD 533 M.

2011 Commercial Property Development operations are launched in Bucharest, Romania.

2012 Elizabeth River Tunnels project is the first PPP contract in the U.S.

2014 Entré Lindhagen, the new head office, is officially opened in Stockholm.

2014 An initiative to increase diversity and inclusion begins.

2015 Skanska share's price reaches a record high of SEK 208.40 (corresponding to USD 24.71) .

2015 The Skanska values are re-written – Care for Life, Act Ethically and Transparently, Be Better – Together, Commit to Customers.

2016–2020 New Profit with Purpose business plan. The goal is to create value for shareholders while contributing to a sustainable future for Skanska's people, customers and communities.

Skanska Financials 2015

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

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

Financial review 2015

The revenue decreased in USD and local currencies, while operating income decreased in USD and increased in local currencies compared to the previous year. Profitability in the Construction operations was stable in all units apart from the U.S. operations, which were affected by writedowns resulting from cost increases in the projects – in part a result of client design changes. The Swedish and Polish operations are reporting very good margins, and the Finnish and Czech operations also appear strong. Profitability in the UK operations was affected both by delays on certain projects and due to projects won under fierce competition with lower margins. Order bookings were strong in the Swedish, Finnish, Czech and UK operations. Order bookings in the U.S. operations were lower during the year, partly due to the cancellation of a large order and partly due to a larger number of orders continuing across the year-end. Operations in Latin America are being reported under Central, in view of the earlier decision to sell the operation and maintenance part of the business and to wind up the construction side of the business. Profitability in Residential Development improved, with less capital tied up than in the previous year. This is due to better project implementation, where the focus on cost-effective design has had an impact. Skanska has also been able to benefit from the very strong Swedish residential market. In Norway and Finland, work to reduce the number of unsold completed homes has continued. Commercial Property Development had a very active and profitable year, and in 2015 sold properties for USD 1.0 billion with capital gains of around USD 0.3 billion according to segment reporting. At the end of the year, Commercial Property Development had 44 ongoing projects. Infrastructure Development sold two hospitals in London, UK at the end of the year for a profit of USD 49.8 M. During the year, Skanska became the preferred bidder for the LaGuardia Gateway project in the U.S.; contract signing and final financing are expected to be completed in mid-2016. This is a result of the continued focus in Infrastructure Development on increasing the synergies in Skanska's business model, according to which capital generated in construction operations is invested in development operations, which in turn generates construction assignments and future development gains.

Construction

The market outlook for Construction is positive. The market for residential and commercial building and large civil construction projects in Sweden is strong, but with significant competition. In Norway, the market for large civil construction projects remains good, but with strong competition for new projects. Due to the low price of oil, the market for commercial construction in Norway is continuing to weaken, while the market for residential construction is relatively stable except in certain regions that are dependent on the energy sector. The market in Finland remains weak overall. The market for commercial building construction and civil construction projects is still strong in the UK and Poland. The markets in the Czech Republic and Slovakia are improving on the back of an improved economic outlook, political stability and planned investments in infrastructure driven by EU funding. In the U.S. infrastructure market, the market for large and complex civil construction projects remains good, although competition is intense. In building construction, development is favorable in the airports, life sciences, education, commercial buildings and healthcare segments.

Residential Development

The residential market in Sweden remains strong. The Norwegian market is relatively stable but has been negatively affected by low oil prices in certain regions that are dependent on the energy sector. The Finnish market remains weak. In Central Europe the market is improving, with increased transaction volumes and somewhat higher selling prices. What all the domestic markets – except Finland – have in common is difficulties in acquiring and developing land because of rising prices and long planning processes.

Commercial Property Development

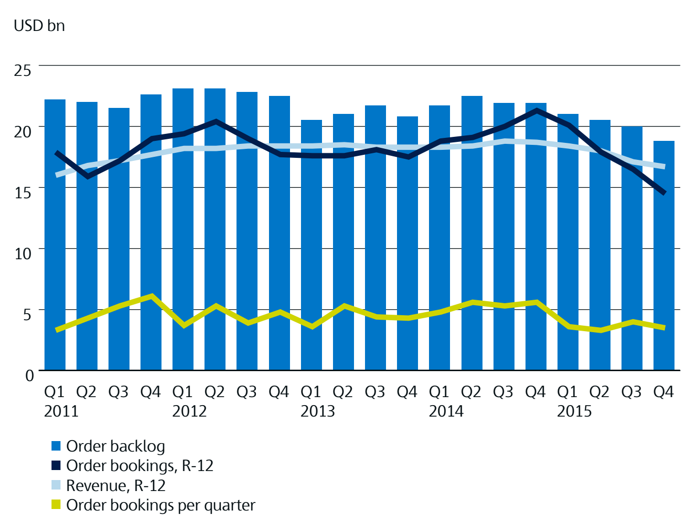
Vacancy rates for office space in the majority of the Nordic and Central European cities where Skanska has operations are relatively stable. The vacancy rate is low in Sweden in particular. Demand for office space is strong in Poland and improving in other parts of Central Europe. In the U.S., demand from tenants continues to improve in Washington D.C. and remains good in Boston and Seattle, while demand in Houston is somewhat weaker on the back of low oil prices. Modern properties with long-term tenants are in high demand among property investors, resulting in attractive valuations for these properties. In Sweden, there is still increased interest from investors in newly developed properties. Demand from investors also remains strong in the rest of the Nordic region and in Central Europe, particularly in the larger cities. Demand from investors in the U.S. is strong. What all the domestic markets – except Finland – have in common is the difficulty of acquiring and developing land because of rising prices and long planning processes.

Infrastructure Development

Conditions for new PPP (Public Private Partnership) 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 decreased by 32 percent compared with the previous year and amounted to USD 14.5 billion (21.3), a decrease of 23 percent in local currency. Order bookings in USD were 13 percent lower than revenue in 2015, in comparison with 2014 when order bookings were 14 percent higher than revenue.

Order bookings increased during the year in the operations in the UK, Sweden, Finland and the Czech Republic. A canceled USD 0.8 billion contract for Skanska USA Building and a larger number of orders getting postponed to 2016 had a negative effect on order bookings in 2015.

The contracts signed in 2015 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 a contract with Norwegian Public Roads Administration (Statens Vegvesen) to renovate the Granfoss tunnel in Oslo with an order value of around USD 73.5 M. Skanska Sweden also received a number of substantial orders, the largest being the construction of the southern connection of the Stockholm Bypass with an order value of around USD 0.2 billion. Skanska Sweden also received two orders from the City of Stockholm as part of the reconstruction of the Slussen area with a total order value of around USD 0.2 billion. Skanska Sweden signed a contract with ESS, European Spallation Source, to build the second phase of a world-class research facility in Lund, Sweden. The contract value is around USD 0.1 billion and the work will be carried out by Skanska Sweden (75 percent) in partnership with Skanska UK (25 percent). The construction project plan involves several stages and separate contracts will be signed at the beginning of each stage. Skanska Sweden also signed a contract with AMF Fastigheter AB for the renovation and reconstruction of a property that houses, among other things, Gallerian in Stockholm, with an order value of around USD 71 M. In Finland, Skanska signed a contract, together with Pöyry and Ramböll, with the Finnish Transport Agency for improvements to Highway 6 between Taavetti and Villmanstrand with an order value for Skanska of around USD 75 M.

Rest of Europe

Skanska UK received a number of substantial orders during the year, the largest of which was for the construction of a research and development center and corporate headquarters for AstraZeneca with an order value of around USD 0.4 billion. Skanska UK also won an order to construct the New Papworth Hospital in Cambridge. The construction contract amounted to around USD 0.2 billion and is in the form of a PPP where Skanska Infrastructure Development (Skanska ID) is one of the owners. In addition, in a joint venture with Balfour Beatty and MWH Treatment, a contract was signed with Thames Water to deliver significant improvements in the company's network over the coming five years. The value for Skanska UK in the first two years will be around USD 0.2 billion. In the Czech Republic, Skanska won a contract with the Czech transport authority for the construction of a new stretch of the D1 motorway with an order value of around USD 109.1 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 2015 was a contract with Competitive Power Ventures Holdings (CPV) to construct the new CPV Valley Energy Center in Wawayanda, New York. The contract is a joint venture with Burns & McDonnell and Ecco Enterprises, with an order value for Skanska of around USD 0.2 billion. Skanska USA Civil also won a contract with MTA, New York City Transit, for the rebuilding of three rail stations in Brooklyn, New York with an order value of around USD 79.4 M. In California, Skanska USA Civil won a contract as a joint venture with Teichert Company to improve State Route 58 near Hinkley, with Skanska's share of the order value amounting to around USD 75.9 M. Skanska is investing in a new office property in Boston, where Skanska USA Building will perform the construction work with a contract value of around USD 0.2 billion. Skanska USA Building signed a contract with its existing customer, Tahoma School District, to construct the new Tahoma High School and Regional Learning Center in Maple Valley, Washington with an order value of around USD 88.9 M. In addition, Skanska USA Building won a contract to build the Boeing Company's Commercial Airplane Decorative Paint Facility in Charleston, South Carolina, with an order value of around USD 86.5 M.

Order bookings and order backlog

Business Unit	Order bookings		Order backlog	
USD M	2015	2014	2015	2014
Sweden	3,911.0	4,627.5	3,739.9	3,820.5
Norway	1,565.8	2,058.2	1,223.1	1,281.3
Finland	854.5	866.3	755.3	717.1
Poland	1,108.2	1,445.9	577.8	704.8
Czech Republic	674.0	670.3	561.7	574.3
UK	2,282.2	2,757.0	3,300.1	3,369.3
USA Building	2,678.4	5,101.5	4,382.1	6,093.0
USA Civil	1,401.9	3,774.0	4,309.6	5,316.5
Total	**14,476.0**	**21,300.7**	**18,849.6**	**21,876.9**

Order backlog

The order backlog decreased by 13.8 percent, or 10 percent in local currencies, and at the end of the year amounted to USD 18.8 billion (21.9). The order backlog is equivalent to about 14 (15) months of production.

The North American, Nordic and other European operations accounted for 46, 30 and 24 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

USD M	2015	2014
Revenue by business stream according to segment reporting		
Construction	16,674.5	18,651.3
Residential Development	1,458.0	1,385.6
Commercial Property Development	1,071.0	1,482.7
Infrastructure Development	12.6	23.6
Central and eliminations	–847.8	–519.4
Total revenue according to segment reporting	**18,368.3**	**21,023.8**
Reconciliation with IFRS	–223.6	–247.0
Total revenue according to IFRS	**18,144.7**	**20,776.8**

Revenue according to segment reporting decreased by 12.6 percent to USD 18.4 billion (21.0). In local currencies, the revenue decrease was 2 percent. In the Construction business stream, revenue decreased in USD by 10.6 percent. USD 1.9 billion (2.2) of revenue in Construction, equivalent to 11 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 2015. 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 USD 1,458.0 M (1,385.6) in Residential Development revenue, USD 101.2 M (132.1) consists of revenue from joint ventures which has been included line by line according to the proportional method of accounting.

Operating income

USD M	2015	2014
Operating income by business stream according to segment reporting		
Construction	459.3	653.5
Residential Development	139.2	99.0
Commercial Property Development	230.8	246.4
Infrastructure Development	102.3	67.1
Central[1]	–159.6	–232.5
Eliminations	–6.0	2.3
Operating income according to segment reporting	**766.0**	**835.9**
Reconciliation with IFRS	–20.3	–51.8
Operating income according to IFRS	**745.7**	**784.1**

1 Including the Latin American operations.

Operating income according to segment reporting amounted to USD 766.0 M (835.9).

Impairment losses on current and non-current assets were charged to operating income in the amount of USD –12.1 M (–40.0).

Construction

In the Construction business stream, operating income decreased by 29.7 percent, amounting to USD 459.3 M (653.5). The operating margin also decreased compared to the previous year and amounted to 2.8 percent (3.5). The lower income is mainly due to writedowns of USD 88.9 M in the second and third quarters in the U.S. construction operations, of which USD 62.8 M was in Skanska USA Civil and USD 26.1 M in Skanska USA Building. The majority of the writedowns are attributable to six projects and are due to increased project costs, partly related to design changes by the client. Intensive discussions with the clients are continuing. No agreement has yet been reached on the outstanding costs of design changes, and these projects within USA Civil remain challenging. Profitability remained strong in Sweden, Finland and Poland, and improved in the Czech Republic, while operating income in Norway and the UK was stable. The lower margin in the UK is due to delays in certain projects and the execution of projects won against fierce competition. Operations in Latin America are being reported under Central, in view of the earlier decision to sell the operation and maintenance part of the business and to wind up the construction side of the business.

Residential Development

The operating income for Residential Development amounted to USD 139.2 M (99.0) and the operating margin for the business stream increased to 9.5 percent (7.1). All operations reported increased operating margins except for Norway, where the low oil prices had a negative impact in certain regions that are dependent on the energy sector. Impairment losses on current assets, mainly land in Residential Development, were charged to earnings in the amount of USD –2.3 M (–16.8).

Commercial Property Development

Operating income for the Commercial Property Development business stream amounted to USD 230.8 M (246.4). Properties were sold during the year for a value of USD 1,002.6 M (1,418.2), with capital gains amounting to USD 304.0 M (288.3).

Infrastructure Development

Operating income in Infrastructure Development amounted to USD 102.3 M (67.1). The operating income includes a capital gain of USD 49.8 M for the sale of two hospitals in London, UK. Moreover, during the comparative year, impairment losses of USD –28.0 M were recorded on wind power projects in Sweden.

Central

Central expenses, including businesses under winding down, amounted to USD –159.6 M (–232.5). During the year USD 35.6 M was recognized related to the closure of the operations in Latin America, compared with USD 116.0 M the previous year. With effect from 1 January 2013 the Latin American operations have been reported under Central, in view of the earlier decision to sell the operation and maintenance part of the business and to wind up the construction side of the business.

Eliminations of intra-Group profits

Eliminations/reversals of intra-Group profits amounted to USD –6.0 M (2.3). At the Group level, this included elimination of profits in the Construction business stream relating to property projects. Eliminations are reversed when the projects are divested.

Income according to IFRS

USD M	2015	2014
Revenue	18,144.7	20,776.8
Cost of sales	–16,498.1	–18,876.3
Gross income	**1,646.6**	**1,900.5**
Selling and administrative expenses	–1,051.5	–1,213.3
Income from joint ventures and associated companies	150.6	97.0
Operating income	**745.7**	**784.1**

Gross income was USD 1,646.6 M (1,900.5). Gross income includes income from operating activities, including gains on divestments in Residential Development and Commercial Property Development. Divestments of commercial properties resulted in a capital gain of USD 358.3 M (295.3). Selling and administrative expenses decreased to USD –1,051.5 M (–1,213.3) which is equivalent to 6 percent (6) of revenue. Operating income also includes impairment losses on project development operations and on property, plant and equipment totaling USD –10.2 M (–12.0).

Income from joint ventures and associated companies totaling USD 150.6 M (97.0) 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

USD M	2015	2014
Operating income	**745.7**	**784.1**
Interest income	10.4	19.9
Pension interest	–11.0	–10.0
Interest expense	–38.8	–57.0
Capitalized interest expense	23.0	29.7
Net interest income/expense	**–16.4**	**–17.4**
Change in fair value	–3.0	–8.4
Other financial items	–17.9	–14.8
Income after financial items	**708.5**	**743.5**

Financial items amounted to USD –37.2 M (–40.6).

Net interest declined to USD –16.4 M (–17.4). Interest income decreased to USD 10.4 M (19.9), mainly as a result of lower market interest rates. Interest expense fell to USD –38.8 M (–57.0), 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 related to the Latin American operations.

Capitalization of interest expense in Skanska's own ongoing projects decreased due to lower interest rates, particularly in the Swedish market, and amounted to USD 23.0 M (29.7).

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, increased to USD –11.0 M (–10.0). The change is primarily due to a lower expected return on plan assets, which is explained by the fact that the discount rate was lower at the beginning of the year than at the beginning of the previous year.

The change in market value of financial instruments amounted to USD –3.0 M (–8.4) and is mainly due to a positive change in fair value for interest-rate swap contracts.

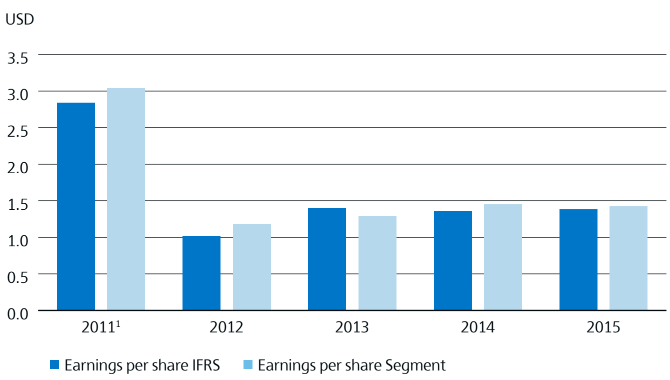
Other financial items amounted to USD –17.9 M (–14.8) and mainly consisted of exchange-rate effects and various fees for credit facilities and bank guarantees. This amount includes a non-recurring cost related to the early closure of a currency hedge.

Profit for the year

USD M	2015	2014
Income after financial items	708.5	743.5
Taxes	–140.5	–185.4
Profit for the year	**568.0**	**558.1**
Profit for the year attributable to		
Equity holders	566.7	557.1
Non-controlling interests	1.3	1.0
Earnings per share for the year, USD	1.38	1.36

After subtracting the year's tax expense of USD –140.5 M (–185.4), equivalent to a tax rate of 20 percent (25), profit for the year attributable to equity holders amounted to USD 566.7 M (557.1). The main reason for the lower effective tax rate in 2015 compared to 2014 is that a larger portion of the earnings is attributable to operations in Europe where taxes are significantly lower than in the U.S. Taxes paid for the year amounted to USD –95.3 M (–144.4). Earnings per share amounted to USD 1.38 (1.36).

Earnings per share



Comprehensive income for the year

USD M	2015	2014
Profit for the year	568.0	558.1
Other comprehensive income		
Items that will not be reclassified to the period's profit or loss		
Remeasurements of defined-benefit pension plans	93.1	–333.3
Tax on items that will not be reclassified to the period's profit or loss	–20.7	73.8
	72.3	**–259.5**
Items that have been or will be reclassified to the period's profit or loss		
Translation differences attributable to equity holders	–194.8	–438.6
Translation differences attributable to non-controlling interests	–0.4	0.9
Hedging of exchange-rate risk in operations outside Sweden	5.4	90.7
Effect on cash flow hedges	39.7	–119.3
Tax on items that have been or will be reclassified to the period's profit or loss	–1.7	3.3
	–151.8	**–463.0**
Other comprehensive income after tax	**–79.4**	**–722.5**
Comprehensive income for the year	488.5	–164.4
Total comprehensive income for the year attributable to		
Equity holders	487.6	–166.3
Non-controlling interests	0.9	1.9

Other comprehensive income after tax for the year amounted to USD –79.4 M (–722.5). The change in translation differences attributable to equity holders amounts to USD –194.8 M (–438.6). This item, which consists of the change in accumulated translation differences when translating the financial reports of operations outside Sweden, consists of negative translation differences in all currencies. About 25 percent of net investments outside Sweden were currency hedged in the first half, which resulted in a positive effect of USD 5.4 M (90.7) in other comprehensive income for the year. See Note 6. In the second half of the year the currency hedges in USD, NOK, PLN, EUR, GBP and CZK were gradually reduced.

Remeasurement of the net pension liability including social insurance contributions amounted to USD 93.1 M (–333.3). The positive effect is mainly explained by a higher discount rate for pension plans in Sweden. The effect is reduced to some extent by the actual return on plan assets being less than the expected return.

The effect of cash flow hedges amounted to USD 39.7 M (–119.3).

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 decreased during the year, which is explained by interest rate swaps maturing and being capitalized. The decrease was to some extent reduced by changes in market interest rates.

Total comprehensive income for the year amounted to USD 488.5 M (–164.4).

Investments/divestments

USD M	2015	2014
Operations – Investments		
Intangible assets	–46.5	–25.5
Property, plant and equipment	–176.1	–204.7
Assets in Infrastructure Development	–27.7	–47.5
Shares	–16.1	–44.9
Current-asset properties	–1,821.5	–1,955.0
of which Residential Development	–787.8	–996.2
of which Commercial Property Development	–1,033.7	–958.8
Operations – investments	**–2,087.9**	**–2,277.7**
Total investments	**–2,087.9**	**–2,277.7**
Operations – Divestments		
Intangible assets	0.0	0.1
Property, plant and equipment	75.4	103.8
Assets in Infrastructure Development	132.1	60.7
Shares	2.6	5.2
Current-asset properties	2,196.1	2,504.8
of which Residential Development	1,022.2	1,312.3
of which Commercial Property Development	1,173.9	1,192.5
Operations – divestments	**2,406.2**	**2,674.7**
Strategic Divestments		
Divestment of businesses	54.1	13.8
Strategic divestments	**54.1**	**13.8**
Total divestments	**2,460.2**	**2,688.5**
Total net divestments (+) / investments (–)	**372.4**	**410.8**
Depreciation/amortization, non-current assets	–187.2	–231.5

The Group's investments totaled USD –2,087.9 M (–2,277.7). Divestments amounted to USD 2,460.2 M (2,688.5) and the Group's net investments amounted to USD 372.4 M (410.8).

Investments in property, plant and equipment, which mainly consist of ongoing investments in operations, amounted to USD –176.1 M (–204.7). Divestments of property, plant and equipment amounted to USD 75.4 M (103.8).

Depreciation of property, plant and equipment amounted to USD –175.1 M (–220.9).

Net investments in current-asset properties amounted to USD 374.6 M (549.8). Projects were sold for USD 2.196.1 M (2,504.8), while investments amounted to USD –1,821.5 M (–1,955.0). In Residential Development investments in current-asset properties amounted to USD –787.8 M (–996.2), of which around USD –160.2 M (–104.7) was for land equivalent to 6,198 building rights. Completed homes were sold for USD 1,022.2 M (1,312.3). Net divestments in current-asset properties in Residential Development amounted to USD 234.4 M (316.2).

In Commercial Property Development investments in current-asset properties amounted to USD –1,033.7 M (–958.8), of which around USD –147.0M (–105.2) was for land, and the total investments amounted to USD –1,046.4 M (–998.1). Divestments of current-asset properties amounted to USD 1,173.9 M (1,192.5). Net divestments in current-asset properties in Commercial Property Development amounted to USD 140.3M (233.7). The investment volume in Commercial Property Development increased according to plan in 2015. Realized development gains remained at a high level in 2015.

Investments in the form of equity and subordinated loans in Infrastructure Development amounted to USD –27.7 M (–47.6) and divestments amounted to USD 132.1 M (60.7). Net divestments in Infrastructure Development were USD 104.3 M (13.2).

Divestment of businesses refers mainly to units in Latin America.

Consolidated operating cash flow

USD M	2015	2014
Cash flow from business operations	364.8	582.2
Change in working capital	392.7	–317.5
Net divestments(+)/investments(–)	318.3	397.1
Accrual adjustments	–8.1	9.3
Taxes paid in business operations	–114.5	–139.6
Cash flow from business operations including taxes paid	**953.2**	**531.4**
Net interest items and other financial items	–64.3	16.1
Taxes paid in financing activities	19.2	–4.8
Cash flow from financing activities	**–45.1**	**11.3**
Cash flow from operations	**908.1**	**542.7**
Strategic net divestments (+) / investments (–)	54.1	13.8
Dividend etc.[1]	–382.5	–425.5
Cash flow before change in interest-bearing receivables and liabilities	**579.7**	**131.0**
Change in interest-bearing receivables and liabilities	–265.0	68.9
CASH FLOW FOR THE YEAR	**314.8**	**199.9**
Cash and cash equivalents, January 1	1,168.5	1,129.7
Exchange rate differences in cash and cash equivalents	–73.0	–161.0
Cash and cash equivalents, December 31	**1,410.3**	**1,168.5**
1 Of which repurchases of shares	–49.3	–53.2

Cash flow for the year amounted to USD 314.8 M (199.9).

Cash flow from business operations amounted to USD 908.1 M (542.7). Net divestments in business operations decreased somewhat to USD 318.3 M (397.1). The change in working capital impacted cash flow positively and the change totaled USD 392.7 M (–317.5). Improved cash flow in the Construction business stream is the main reason for the improvement compared with last year.

Taxes paid in business operations amounted to USD –114.5 M (–139.6).

Change in interest-bearing receivables and liabilities amounted to USD –265.0 M (68.9).

Cash flow for the year of USD 314.8 M (199.9) combined with translation differences of USD –73.0 M (–161.0) increased cash and cash equivalents to USD 1,410.3 M (1,168.5).

Development projects sold but not occupied as of February 3, 2016 will have a positive effect on cash flow of around USD 0.3 billion in 2016.

Financing and liquidity

At year-end 2015, the Group had interest-bearing net receivables, including provisions, amounting to USD 752.4 M (89.6). The Group's unutilized credit facilities totaled USD 655.7 M (729.8) at year-end. Of these, USD 606.3 M was unutilized long-term credit maturing at the end of June 2019. Interest-bearing assets increased to USD 2,443.2 M (2,059.3). Of these, receivables in foreign currencies accounted for 89 percent (75). The average interest rate refixing period for all of the Group's interest-bearing assets was 0.1 (0.1) years and the interest rate amounted to 0.45 percent (0.42) at year-end.

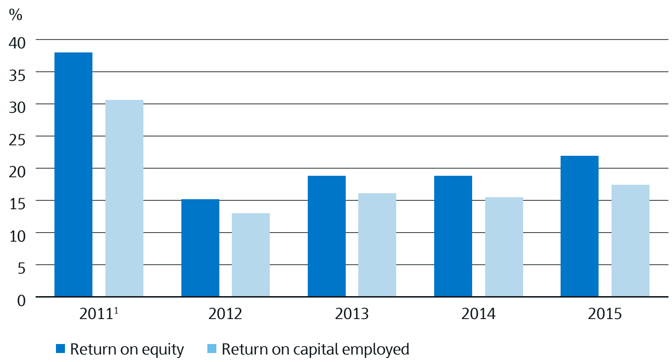
Change in interest-bearing net receivables/net debt

USD M	2015	2014
Interest-bearing net receivables/net debt, January 1	**89.6**	**150.4**
Cash flow from business operations	953.2	531.4
Cash flow from financing activities excluding changes in interest-bearing receivables/liabilities	–45.1	11.3
Cash flow from strategic investments	54.1	13.8
Dividend etc.[1]	–382.5	–425.5
Acquired/divested receivables/liabilities	14.2	1.0
Translation differences	28.3	86.6
Remeasurement of pension liability, net	72.1	–293.4
Other changes	–31.4	13.9
Interest-bearing net receivables/net debt, December 31	**752.4**	**89.6**
1 Of which repurchases of shares	–49.3	–53.2

The Group's interest-bearing liabilities and provisions decreased to USD 1,690.7 M (1,969.7), of which pension liabilities and provisions amounted to USD 477.6 M (601.8) and construction loans to housing associations to USD 448.0 M (412.0). The average interest rate refixing period for all interest-bearing liabilities was 1.2 (1.5) years, excluding pension liabilities but taking into account derivatives. The average maturity was 1.5 (2.3) years. Including unutilized credit facilities, the average maturity was 2.6 years.

The interest rate for all Group interest-bearing liabilities, excluding pension liabilities, amounted to 1.22 percent (2.10) at year-end. The percentage of loans in foreign currencies decreased to 21 percent (37).

The Group's total assets and liabilities/equity decreased by USD –0.3 billion and amounted to USD 11.6 billion (11.9). The effect of exchange rate fluctuations on total assets was USD –0.9 billion.



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 USD 2,864.2 M (2,724.2). Apart from comprehensive income for the year of USD 487.6 M, the change in equity is mainly explained by dividends of USD –329.0 M, repurchases of shares totaling USD –49.3 M, and share-based payments in connection with long-term employee ownership programs (Seop) totaling USD 30.7 M.

Return on equity increased to 21.6 percent (18.7).

Capital employed at year-end amounted to USD 4,574.0 M (4,716.2). Return on capital employed amounted to 17.2 percent (15.5).

Equity/assets and debt/equity ratio

The net debt/equity ratio amounted to –0.3 (0.0) and the equity/assets ratio to 24.8 percent (23.1).

Material risks and uncertainties

Construction and project development operations involve a considerable amount of risk management. Nearly every project is unique, with size, design and the environment varying for each new assignment. Construction and project development operations differ in this way from 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, and the degree of risk varies greatly depending on the contract type.

In the Construction business stream, 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 the Residential Development business stream, there are risks in all phases – from concept to completed project. External factors such as interest rates, customers' financial security and their willingness 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 small and more 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 and investors, Skanska constantly tracks demand for premises and completed projects.

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. 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. Significant ongoing litigation is described in Note 33 Assets pledged, contingent liabilities and contingent assets.

Corporate governance report

This Corporate governance report for 2015 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 as required by 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 according to 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 – the highest decision-making body – and are required to contain a number of mandatory 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 a shareholders' 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, and 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 (AGM) Skanska's shareholders decide on key issues, such as adoption of income statements and balance sheets, dividend to the shareholders, the composition of the Board of Directors, discharging the members of the Board and the President and CEO from liability, amendments to the Articles of Association, election of auditors and principles for 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 AGM. Well before notice of the meeting is issued, the Company's website provides information on how shareholders are to proceed in order to have items of business dealt with.

The 2015 Annual General Meeting

The Annual General Meeting was held on April 9, 2015 in Stockholm. At the AGM, a total of 996 shareholders were present in person or by proxy, representing about 58 percent of the total voting power in the Company. The AGM re-elected Stuart Graham, Johan Karlström, Fredrik Lundberg, Charlotte Strömberg, John Carrig and Nina Linander as members of the Board, and elected Pär Boman and Jayne McGivern as new members.

The AGM 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. Thirteen 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 AGM. The AGM re-elected KPMG as auditor.

Among other things, the AGM approved a dividend to the shareholders totaling SEK 6.75 (corresponding to USD 0.80) per share. Complete information about the 2015 Annual General Meeting and the minutes of the meeting are available on Skanska's website.

The 2016 Annual General Meeting

The next Annual General Meeting of Skanska AB will be held at 4:00 p.m. on April 6, 2016 Stockholm City Conference Center 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 2016 AGM.

The Nomination Committee

One of 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, ahead of each AGM, to allow each of the four largest shareholders in terms of voting power to appoint a representative to join the Chairman on the Nomination Committee. The Nomination Committee for the 2016 Annual General Meeting has the following composition: Helena Stjernholm, AB Industrivärden, Chairman of the Nomination Committee; Mats Guldbrand, L E Lundbergföretagen AB; Bo Selling, Alecta; Hans Ek, SEB Funds & SEB Trygg Life Insurance; and Stuart Graham, Chairman of the Board, Skanska AB.

Information has been provided on Skanska's website on how shareholders can e-mail proposals to the Nomination Committee. The Nomination Committee plans to publish its proposals no later than in the notice of the 2016 Annual General Meeting. These proposals and an explanatory statement will be available on Skanska's website.

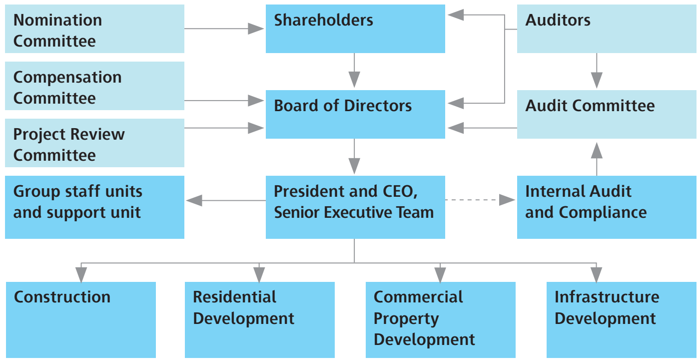
Nomination Committee 2015

Representatives on the Nomination Committee in preparation for the 2016 Annual General Meeting	Representing	December 31, 2015 % of voting power
Helena Stjernholm	AB Industrivärden	24.1
Mats Guldbrand	L E Lundbergföretagen AB	11.8
Bo Selling	Alecta	4.8
Hans Ek	SEB Funds & SEB Trygg life Insurance	2.1
Stuart Graham	Chairman of the Board, Skanska AB	–

The Board of Directors

The Board of Directors makes decisions concerning overall issues relating to the Parent Company and the Group, such as the Group's strategy, publication of interim and annual reports, major construction projects, investments and divestments, appointment of the President and CEO and the organizational structure of the Group.

Governance structure



The members and deputy members of the Board

Member	Position	Born, year	Nationality	Elected, year	Audit Committee	Compensation Committee	Project Review Committee	Independent in relation to the Company and SET	Independent in relation to major shareholders
Stuart Graham	Chairman	1946	USA	2009	■ Member	■ Chairman	■ Chairman	Yes	Yes
John Carrig	Member	1952	USA	2014	■ Member	■ Member	■ Member	Yes	Yes
Johan Karlström	President and CEO	1957	Sweden	2008			■ Member	No	Yes
Nina Linander	Member	1959	Sweden	2014	■ Member		■ Member	Yes	No
Fredrik Lundberg	Member	1951	Sweden	2011			■ Member	Yes	No
Charlotte Strömberg	Member	1959	Sweden	2010	■ Chairman	■ Member	■ Member	Yes	Yes
Pär Boman[1]	Member	1961	Sweden	2015	■ Member		■ Member	Yes	No
Jayne McGivern[1]	Member	1960	UK	2015			■ Member	Yes	Yes
Richard Hörstedt	Employee Representative	1963	Sweden	2007			■ Member	–	–
Roger Karlström	Employee Representative	1949	Sweden	2008				–	–
Gunnar Larsson	Employee Representative	1953	Sweden	2014				–	–
Pär-Olow Johansson	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 From April 5, 2015.

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 eight 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, see page 146.

Seven 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 independent in relation to the Company's largest shareholders. Only one Board member (the President and CEO) is actively involved in the management of the Company.

The work of the Board in 2015

The work of the Board of Directors follows an annual agenda established in the Board's Procedural Rules. In preparation for each Board meeting, the Board receives reports and documentation compiled according to established procedures. The purpose of these procedures is to ensure that, in advance of all Board meetings, the Board receives the relevant information and documentation on which to base decisions. All documentation is drafted in English.

In 2015 the Board held nine meetings including its statutory meeting. For the September 2015 meeting the Board members visited Skanska in the UK and met with the Skanska UK management team. They also visited the site of the Monument Building project in London.

The more important issues dealt with by the Board during the year included updating and monitoring the operations, writedowns on construction projects in the U.S., divestment of the Latin American operations, the Group's new business plan for 2016–2020, investigations in the Czech Republic and Brazil, succession planning, internal control and risk management. An important emphasis was safety and sustainability.

The Board's committees

In its Procedural Rules, the Board has specified the duties and decision-making powers delegated by the Board to its committees. All committees report orally to the Board at each meeting in accordance with the routines 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, and to monitor 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 conclusions of the Company's external auditors. The Company's external auditors are present at all Audit Committee meetings. At least once a year the Audit Committee meets the auditors without senior executives being present. The Committee consists of Charlotte Strömberg (Chairman), Stuart Graham, John Carrig, Nina Linander and Pär Boman. The Committee held eight meetings in 2015. Important matters addressed during the year included writedowns on construction projects in the U.S. and Skanska Latin America, revision of the Group's Financial Policy, appointment of auditors, investigations in the Czech Republic and Brazil, handling and ending larger disputes, risk management, compliance 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 the appointment of the President and CEO and other Senior Executive Team members, and on the salary and other remuneration 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 2015 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. The Committee submitted a proposal for the continuation of the Skanska Employee Ownership Program, Seop 4, for the period 2017–2019. The Committee consists of Stuart Graham (Chairman), John Carrig and Charlotte Strömberg. The committee held six meetings in 2015.

Project Review Committee

The Project Review Committee has the Board's mandate to make decisions on its behalf regarding individual projects within the Construction, Commercial Property Development and Residential Development business streams, investments and divestments within Infrastructure Development 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 Project Review Committee consists of Stuart Graham (Chairman), John Carrig, Johan Karlström, Fredrik Lundberg, Nina Linander, Charlotte Strömberg, Pär Boman, Jayne McGivern and Richard Hörstedt. The Committee held twelve meetings in 2015.

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 information as a basis for improving the Board's work processes. The evaluation is done partly through individual questionnaires and partly through discussions at Board meetings. It provides the Chairman of the Board with information on how the members of the Board perceive the effectiveness and collective competence of the Board as well as the need for changes. Evaluation of the work of the Chairman is led by a specially designated member. The Chairman is also evaluated by all the other members in a written questionnaire. The Chairman and the specially designated person inform the Nomination Committee of the evaluations at a committee meeting when the results from the questionnaire and the board discussion is presented.

Fees to the Board of Directors

Total fees to the Board members elected by the Annual General Meeting were approved by the 2015 AGM in the amount of USD 972,149.1

The Chairman of the Board received USD 231,181.8 in fees and other Board members received USD 77,060.6 each.

In accordance with a decision by the AGM, members elected by the AGM and serving on Board committees received an additional USD 11,855.5 for work on the Compensation Committee, USD 23,711.0 for work on the Project Review Committee and USD 14,819.3 for work on the Audit Committee per member and USD 17,783.2 was paid to the Audit committee chairman. For more detailed information, see Note 37, "Remuneration to senior executives and Board members."

Attendance at the Board and Committee meetings

	Board	Audit Committee	Compensation Committee	Project Review Committee
Number of meetings	**9**	**8**	**6**	**12**
Board member				
Stuart Graham	9	8	6	12
Johan Karlström	9			12
Fredrik Lundberg	9			12
Nina Linander	9	8		8[1]
John Carrig	9	8	5[1]	12
Charlotte Strömberg	9	8	6	8[1]
Pär Boman[1]	8	6		8
Jayne McGivern[1]	8			7
Gunnar Larsson	9			
Richard Hörstedt	9			12
Roger Karlström	8			
Gerardo Vergara	4			
Pär-Olov Johansson	9			
Thomas Larsson	9			

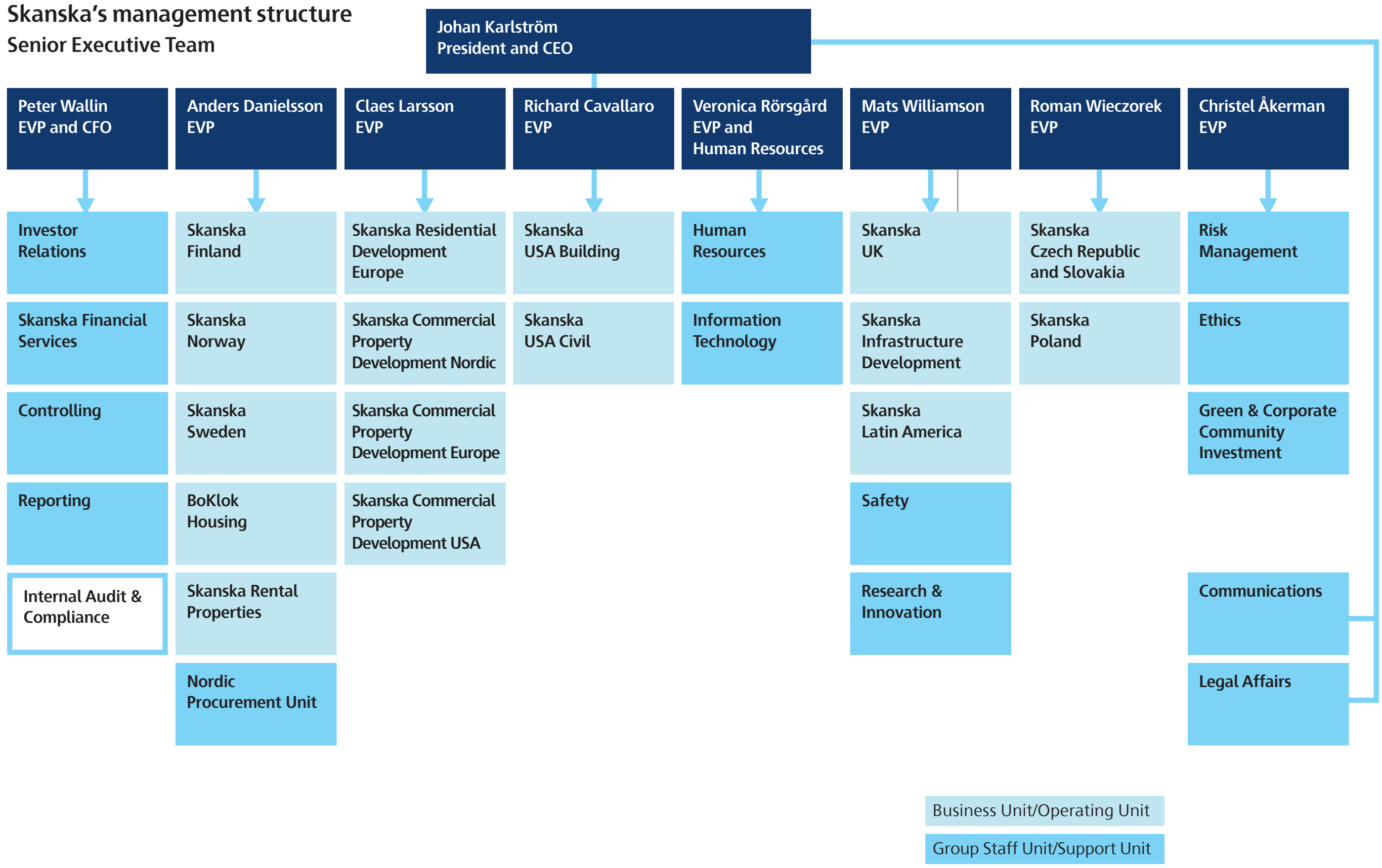
1 From April 9, 2015.

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 three times

Skanska's management structure

Senior Executive Team



a year. On these occasions, the auditors orally present their audit findings. At least once a year, the Board meets the auditors without senior executives being present.

Operational management and internal control

The President and CEO and the Senior Executive Team

The President and Chief Executive Officer (CEO) is responsible for day-to-day management and oversight of the Company'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 eight 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 members of the Senior Executive Team can be found on page 144. The President and CEO has no business dealings of any significance with Skanska AB or its Group companies.

Corporate departments and support unit

Corporate departments and the support unit, Skanska Financial Services AB, are based at the Group headquarters in Stockholm. The corporate departments and support unit assist the President and CEO and the Senior Executive Team on matters relating to corporate functions, coordination and oversight.

They also provide support to the business units. The head of each corporate department reports directly to a member of the Senior Executive Team. In addition, the head of the Internal Audit and Compliance unit reports directly to the Board by way of the Audit Committee. A presentation of the corporate departments and the support unit can be found on page 145.

The business units and their governance

The Skanska Group has a clearly decentralized structure characterized by 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 administrative departments and other resources in order to conduct its operations effectively.

Aside from day-to-day operations, the business units deal with matters such as their strategic development, and strategic investments and divestments. Proposals are prepared by the management team of each respective unit and 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 the business units consist of representatives from Skanska AB, individuals from other business units and the respective business unit's own management team. The Chairman 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 process. Depending, among other things, on the size, type and geographic location of projects, a structured risk management report may be required to be submitted to a higher 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 which items of business will be decided upon by the Board of Skanska AB, by the President and CEO/Senior Executive Team or at the business unit level. The thresholds for decision authority stipulated in the Procedural Rules are further broken down in the business units' own decision authority 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 2015 Annual General Meeting approved principles for salaries and other remuneration to senior executives. These principles, as well as the Board's proposal for new principles to be approved at the 2016 Annual General Meeting, are presented on page 64. Information about salaries and other remuneration to the President and CEO and 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 2015 Annual General Meeting re-elected the accounting firm KPMG AB as auditor of Skanska AB. The assignment is in effect until the 2016 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 auditors

USD M	2015	2014
Audit assignments	6.2	7.4
Tax advisory services	0.7	1.4
Other services	0.9	1.2
Total	**7.8**	**10.0**

Internal control

This description 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's 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 ensuring effective management of business risk. The Board has also adopted a number of fundamental rules of importance for internal control work. Examples of these are the Company's Risk Management Policy, Financial Policy and Code of Conduct. The Senior Executive Team reports regularly to the Board according to established procedures. The Audit Committee also presents reports on its work. The Senior Executive Team is responsible for the system of internal controls required to manage material operational risks. This includes providing instructions to people 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.

The company has subsequently ensured that the Group has rules in place to guarantee that these risks are managed.

The Senior Executive Team and the corporate departments are responsible for managing general risks relating to strategy, macroeconomics and regulatory frameworks, while the main tasks relating to operational risks and opportunities are carried out at the local level within the Business Units.

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 with respect to project type, location, implementation phase and client.

Skanska uses a Group-wide procedure for identifying and managing risks associated with construction contracts, projects and investments. A specialist unit, the Skanska Risk Team (SRT), examines and analyzes projects above a certain size. The proposals are then processed by Skanska Risk Team, which issues a recommendation. The final decision on tenders or investments is made by the SET Tender Board, a part of Skanska's Senior Executive Team, and in certain cases, by the Board of Directors.

Information and communication

Significant accounting principles, manuals and other documents of importance in financial reporting are updated and information on them communicated regularly to the relevant employees. There are several information channels to the Senior Executive Team and the Board of Directors for important information from employees. For its external communication, the Group has an Information Policy to ensure that the Company meets the existing criteria for providing the market with accurate information.

Monitoring

The Board of Directors continually evaluates the information provided 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 the shortcomings revealed in internal and external audits and to implement the proposed actions.

Internal Audit

The Internal Audit and Compliance unit is responsible for monitoring and evaluating risk management and internal control processes. This includes examining compliance with Skanska's principles. The unit reports directly to the Board of Directors by way of the 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 2015 the Internal Audit and Compliance unit focused on reviewing the risks identified in the business. These examinations were conducted for projects as well as business-critical processes and the corporate departments. In total around 120 audits were conducted during the year in all business units. There was a particular focus on the operations in the Czech Republic and Latin America. The audits were performed in accordance with a uniform audit method.

Other mandatory disclosures in compliance with Chapter 6, Section 6 of the Annual Accounts Act

Due to the requirements in Chapter 6, Section 6 of the Annual Accounts Act concerning certain mandatory disclosures in corporate governance reports, the following is disclosed:

- Of the Company's shareholders, AB Industrivärden and Lundbergs have a direct or indirect shareholding that represents at least one tenth of the voting power of all shares in the Company. On December 31, 2015, Industrivärden's holding amounted to 24.1 percent of the total voting power and Lundbergs to 12.1 percent of total voting power.
- There are no restrictions on the number of votes each shareholder may cast at an Annual General Meeting.
- The Articles of Association state that the appointment of Board members is to take place at the Company's Annual General Meeting. The Articles of Association contain no stipulations on dismissal of Board members or on amendments to the Articles of Association.
- The 2015 Annual General Meeting voted in favor of authorizing the Company's Board of Directors to decide on acquisitions of Skanska's Series B treasury shares through a regulated market on the following conditions:
  A. Skanska Series B shares may only be acquired on Nasdaq Stockholm.
  B. The authorization may be used on one or more occasions until the 2016 Annual General Meeting.
  C. A maximum of 4,500,000 Skanska Series B shares may be acquired to secure the allotment of shares to participants in the Skanska Employee Ownership Program, Seop 3 and for subsequent transfer on a regulated market to cover certain costs associated with Seop 3, primarily social insurance contributions.
  D. Skanska Series B shares on Nasdaq Stockholm may only be acquired at a price within the applicable price interval on Nasdaq Stockholm at any given time, meaning the interval between the highest purchase price and lowest selling price.

Focus areas within sustainability

Skanska's sustainability agenda consists of five pillars: Safety, Ethics, Green, Corporate Community Investment and Diversity & Inclusion. These pillars were identified as the sustainability areas Skanska has the greatest influence on, and the company aspires to be an industry leader in each of the areas. Skanska's 2020 Business Plan – Profit with Purpose – aims to create value for shareholders while also building for a better society. The five pillars embody Skanska's purpose and ensure that its sustainability efforts transcend the entire company.

Safety

Safety Performance

Despite the changes and improvements made in recent years there were five work related fatalities recorded during 2015 on Skanska worksites in Czech Republic, Norway and USA. One was the result of an accident that took place in July 2014. Skanska has taken significant actions to limit recurrence of similar accidents at other Skanska worksites.

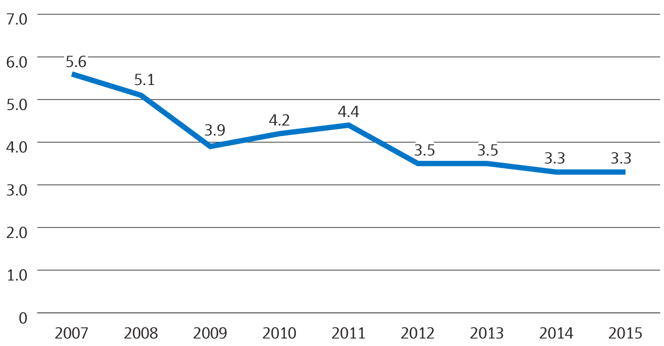
Skanska recognizes that the reduction of lost time accident rate has slowed showing Skanska globally since 2011 and has reached a plateau. The reasons for this plateau are many and varied and Skanska has worked to fully understand the reasons for this in each of its business units which has resulted in action plans for the 2016–2020 Business Plan.

For several years Skanska has recorded incidents with the potential to have resulted in fatalities that occur on its jobsites. This is part of improving the culture of reporting and transparency. These incidents are a useful source of information enabling the business to better understand the causes of accidents and adopt meaningful responses.

Developing Caring and engaged employees

Lost Time Accident Rate (LTAR) 2007–2015

Number of employee lost time accidents times 1,000,000 hours divided by total labor hours.
Inclusive of Skanska employees plus contractors working on Skanska jobsites.



The Injury Free Environment (IFE) program that began in Skanska's US Building business unit is now operating in four business units. Skanska Sweden began its IFE journey in 2015. This is a long term culture change program that engages all Skanska employees and employees of the supply chain partners to recognize how their decisions and behavior impacts the safety of their colleagues. It results in an attitude and behavior change to improve safety.

Becoming a Learning Organization

Learning from incidents and sharing knowledge across the company. These are two areas where Skanska has progressed towards being a learning organization in 2015.

In response to serious incidents on Skanska jobsites and elsewhere Skanska are working closely with manufacturers, plant rental companies and contractors to ensure that all mobile elevated work platforms (MEWPs) on Skanska jobsites are fitted with secondary guarding. This eliminates the potential crush injuries to operators. In addition Skanska is working with International Powered Access Federation (IPAF) on training managers in the selection, use and control of MEWPs.

Recognizing that there are many improvement opportunities Skanska set up expert working groups to develop best practice guidance. Skanska worksites receive thousands of material deliveries each day. Some of these are potentially hazardous putting at risk those off-loading the materials. One expert group is investigating best practice in the management and logistics of material deliveries to jobsites. Another common high risk operation for Skanska is working alongside live high speed traffic. The working group has made several recommendations on working practices to reduce and improve safety of the workforce including the development and use of the safety "halo", using LED lights on the helmet.

In 2015 Skanska made knowledge exchange easier when it launched its knowledge and discussion platforms. Here colleagues are able to ask questions or raise safety issues that can be responded to by any other Skanska employee. Topics range from falls from height to changing the culture of site supervisors. This is a great resource that Skanska will develop in the coming year. Other methods include webinars, which are a popular and effective. In 2015 they included presentations on Health and Well-being and the management and use of mobile elevated platforms. The program of Safety Peer Reviews continues with teams of senior managers and safety specialists visiting a business unit to review its activities and exchange good practice ideas.

Health and Well-being

Skanska wants it people to be fit for work and that their work does not impact their health and well-being in future years. Managing work related illness and supporting employees to be mentally and physically healthy in the long term is important. That is why Skanska increasingly manages health risks in the same way as safety by identifying the risks and putting in place controls to reduce the risks and negative impacts.

The Skanska global health and well-being 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.

Communication and sharing learning in health is critical and webinars on work related stress, psycho-social factors and the impact of traumatic events on employees in the workplace.

Safety Week

The theme for Safety week 2015 was pre-task planning. This has been identified as one process that can make a significant contribution to providing a safe work environment if carried out consistently and rigorously. In several Skanska home markets – Poland, USA and Finland - safety week has developed into an industry event with competitors , clients, suppliers and regulating authorities taking part.

Ethics

In 2015, the commitment to building a stronger ethical culture in Skanska intensified, driven by increased expectations from stakeholders, new legislative requirements, and lessons learned from recent allegations of ethical breaches. Skanska sees this as a positive trend for its business and society because responsible and sustainable behaviors promote strong communities and a healthy economy.

New Code of Conduct

The process to develop a new Code of Conduct was initiated at the end of 2014 under the supervision of an internal Task Force. The Task Force's work has included external benchmarking and trend analysis, internal interviews, and an extensive internal anchoring process with each Skanska Reporting Unit. It is anticipated that the new Skanska Code of Conduct will be launched in the second quarter of 2016.

Skanska also initiated a separate Task Force to address the risks associated with corruption, competition law, and payments to foreign countries. Using the results from a group-wide risk assessment, the Task Force developed a more robust process to conduct due diligence and monitoring of third parties, particularly joint venture partners and intermediaries. Skanska's competition law compliance manuals were updated and communicated as well. The work of this Task Force will supplement the development of the new Code of Conduct.

Ethics in the Business Units

In 2015, Skanska continued to work with the Ethics Plan to promote a more focused approach for working with Ethics in each Business Unit. As in 2014, each Business Unit prepared an Ethics Plan with Business Unit specific goals and action items to strengthen its ethical culture. These plans were reviewed by the Skanska AB Ethics Committee and as an addition peer reviewed throughout the year.

The Business Units, as in recent years, will continue to submit quarterly ethics reports to the Skanska AB Ethics Committee. These reports are summarized twice per year and submitted to the Audit Committee of Skanska AB Board.

Ethics Organization

Skanska's ethics organization was strengthened during 2015 with the addition of new Ethics Committees for the commercial development units and support functions. In some Business Units, such as Poland, Czech Republic, and others, the work of the Ethics Committees was refocused to meet the present and future needs of the Business Units.

The Global Ethics Network, with representatives from each Business Unit, had four meetings in 2015 to share best practices and increase competencies within ethics.

At the end of 2015, Skanska AB established a new position in the ethics function, Senior Vice President Ethics, to support the focus on ethics and compliance.

Anonymized cases spread knowledge

Skanska receives reports of alleged misconduct through several reporting channels including Human Resources, Legal, Ethics Organizations at the Business Unit and Group level, and the independently operated Code of Conduct Hotline system. In 2015 Skanska received 64 reports in the Hotline, compared to 54 reports in 2014 Some of these reports are anonymized and a description of the case and outcome are published on the intranet, OneSkanska. This provides employees with the opportunity to understand how the various reporting channels operate, the way reports of alleged misconduct are investigated, and what actions are taken when a violation of the Code of Conduct occurs.

Training is key to building an ethical culture

Training is a foundation of Skanska's ethical culture. It is a requirement that all Skanska employees are trained every second year in the Code of Conduct. The training requirement may be satisfied through either e-learning or instructor-led classes or a combination thereof. There are numerous examples where a Business Unit is using innovative and comprehensive methods.

At Skanska UK, online training for employees is supplemented by on-site instructor-led training sessions for groups. The online training includes multiple-choice questions about the Code of Conduct and the UK Bribery Act.

Skanska USA Civil conducts monthly ethics training for Skanska craft workers. A specific subject relevant to craft workers is discussed each month as a tool box talk. This provides an opportunity for craft to learn about the topic and provides an environment to raise questions.

In Commercial Development Nordic, ethical dilemma discussions are used as an effective way to maintain awareness about ethics. All staff and management meetings begin with an ethical question and discussion.

2020 Business Plan – driving an ethical culture with external parties and management commitment

As part of the new 2020 Business Plan, "Profit with Purpose", each Business Unit has developed targets and action plans in key focus areas. A common theme among the targets and actions established by the Business Units in the area of ethics was a more rigorous program for managing external parties and efforts to strengthen and communicate managerial commitment to ethics.

- Management of external parties including training of joint venture partners, due-diligence, and more robust pre-qualification/audits of the supply chain
- Management commitment including increased communications, dilemma discussions, and management training.

The connection between business and good ethics is confirmed in the Skanska Brand Survey where Ethics comes out as the most important area for clients selecting Skanska as supplier of construction services.

Green

Journey to Deep Green™

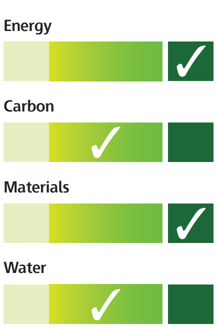
In 2015 Skanska continued its Journey to Deep Green™ delivering many Green and even Deep Green projects. The Journey to Deep Green™ embeds climate and resource considerations into Skanska´s business processes. All Skanska´s business units have Green and Deep Green targets supported by green implementation plans. Deep Green projects are future proof projects that surpass the performance defined by the highest levels of certification of many voluntary green rating systems. Skanska´s ambition is to scale-up Deep Green projects, delivering value to customers, shareholders and to the environment. Skanska´s journey focuses on 5 priority areas:

- in-use energy consumption,
- reduction of carbon emissions from operations and construction materials,
- reduction of construction waste,
- reduction of water use and
- improving material selection favoring more sustainable materials.

With more building projects achieving good in-use energy efficiency levels and with more civil projects understanding the link to material efficiency and cost, Skanska has seen an increased interest in the reduction of carbon emissions from operations and construction materials. Loss of biodiversity is quickly rising as a global concern, for which Skanska is defining a strategic response.

Deep Green explained: Solallén

Solallén is a residential neighborhood in Växjö, Sweden with 21 townhouses. The project is Sweden's first net zero energy neighborhood and Skanska's first ever net zero energy and Deep Green residential project.



Energy: the townhouses use 30 kWh/m^2; 50 percent less than the Swedish energy code. Geothermal heating systems provide under floor heating and a roof-mounted photovoltaic system ensure net zero-energy performance.

Carbon: An embodied carbon footprint was conducted.

Materials: Many of the materials fulfilled Svanen Nordic ecolabel and Swedish BASTA criteria; 99 percent of wood was certified, no phase-out substances according to the Swedish Chemicals Agency were used and. 98 percent of construction waste was diverted from landfill.

Water: The townhouses are designed to use 45 percent less water than typical newly built Swedish homes.

Environmental Management

In 2015 there were no reportable Environmental Incidents. ISO 14001 and Skanska´s Risk Management procedures are the primary means of ensuring effective environmental management. In 2000 Skanska became among the first global construction company to have all its businesses certified to ISO 14001. Skanska is planning gap analyses and peer reviews to support the transition to the new ISO 14001:2015 standard.

Disclosure

Skanska annually reports its carbon emissions to CDP. Through measurement Skanska is better placed to manage and reduce its carbon emissions. Skanska has been the highest ranked construction company in the CDP Nordic report from 2010 to 2014.

Direct (Scope 1) and indirect (Scope 2) greenhouse gas emissions

in tonnes CO2e

	2015[1]	2014[2]	2013	2012	2011	2010
Scope 1	330,758	367,791	386,154	354,518	341,869	305,986
Scope 2	49,207	60,494	51,305	50,981	67,886	110,866

1 The numbers are preliminary and are subject to change in conjunction with the CDP reporting.
2 The numbers for 2014 have been adjusted compared to the 2015 CDP report.

Carbon emissions from Skanska´s construction units are third party reviewed since 2014.

Global Leadership

Energy Efficient and Green Buildings	Life Cycle Building Assessment and Circular Economy
World Business Council for Sustainable Development (WBCSD) Energy Efficiency in Buildings project	Steering group of the "Resource Efficient Buildings" project led by European Commission
RenoValue project targeting integration of energy efficiency into building valuation	Co-chair of WBCSD project "Mainstreaming Life Cycle Assessment for Buildings and Materials"
World Green Building Council´s Places for People Campaign	Multistakeholder Advisory Committee of UNEP Sustainable Buildings and Construction (SBC) programme

For more information regarding Skanska's work within Green, please visit www.skanska.com. For information regarding external organizations and their work, please visit their respective organisations website.

Corporate Community Investment

Construction is largely a local activity and the projects that are won place Skanska in numerous communities through the employees and supply chain. The vision is to be a supportive, committed and responsible member of these communities. This requires well executed projects and where possible, a wider contribution to society. Skanska delivers thousands of projects annually and all have an impact on the local community. Globally Skanska has around 43,000 employees who are part of society and have an impact on society. The investment into the community is therefore an important part of Skanska's social agenda for sustainable development.

The Community Involvement Policy has been updated to reflect Skanska's intention of investment and local economic development.

Local Economic Development

As a long-term participant in local communities Skanska will foster Local Economic Development that

- improves the resilience of these communities to cope with safety, environmental, ethical, diversity and inclusion impacts
- enhances the life skills of individuals within these communities through apprenticeships and local employment where appropriate

An example of Skanska's community investment can be seen in Corso Court, Prague. Skanska Commercial Development invested in an area of town which was in need of rejuvenation. Skanska's presence has improved the local environment, provided job opportunities and given the local community an open amenity space with free wi-fi and use of the office restaurant.

Corso Court, Prague, Czech Republic.

In this case community investment has taken the form of the design of the building and infrastructure Skanska has constructed. This gives a long lasting legacy to the community.

Community investment can also occur during construction in the form of recruiting disadvantaged groups, using the time of Skanska employees and expertise through volunteering and education.

Skanska UK's 'Lend a hand' volunteer programme is part of its Corporate Community Investment strategy.

Education – Education will be supported under the broad headings where Skanska believes it has greatest influence: safety, green, ethics and diversity and inclusion. In addition technical education around construction will create employment and provide quality candidates into the future construction industry.

A network of people responsible for community-related issues has been formed across the Business Units and at the head office to drive the community investment culture and communicate best practices throughout the company. In 2014 an online reporting tool was established so reporting throughout the company is transparent. Reporting around time and materials has been recorded.

All community investment activities must comply with Skanska's Code of Conduct, Corporate Governance Rules, Financial Threshold Rules (cash and/or in-kind) and Disaster Relief Document.

Diversity and Inclusion

Since 2013 a global Diversity and Inclusion (D&I) vision has been in place stating that by 2020 Skanska is recognized as a leader in diversity and inclusion in all home markets, mirroring the diversity in society on all levels of the organization and Skanska's leaders are excellent in fostering an inclusive culture.

In 2015 the journey towards the vision continued. A Diversity and Inclusion Change Journey Map was implemented. The map tracks and inspire change efforts focusing on leading indicators in the areas of: 1) D&I commitment and awareness among leaders, 2) D&I specific change efforts, 3) D&I in existing organizational processes. All Business Units have used the Map for peer review discussions in D&I learning groups (groups consisting of 3–4 Inclusion Advocates and HR-experts from each Business Unit). It has also been used in the Business Units' board meetings when each respective Business Unit's D&I work have been reviewed.

Management commitment, Skanska Values and the Business Plan are the foundation of Skanska´s D&I strategy. All have been in focus during the year.

In terms of management commitment there has been increased focus on inclusive leadership skills among managers on all levels through various workshops across Skanska starting with an extensive workshop on Inclusive Leadership for the Senior Executive Team and all the Business Unit Presidents.

In terms of the business plan, there is a strong focus on Diversity and Inclusion in the upcoming global business plan for 2016–2020. As of this year D&I is one of Skanska's prioritized sustainability areas together with safety, ethics, green and corporate community investment.

Employees divided by Gender

	2015, %		2014, %	
Category	Men	Women	Men	Women
Skilled workers	98	2	98	2
White collar employees	72	28	73	27
Management positions	81	19	84	16
Senior executives	78	22	88	13
Skanska AB Board	79	21	88	13

In terms of the values, Skanska´s re-articulated values support Skanska's journey to become more diverse and inclusive.

The increased focus is paying off in terms of employee survey results and representation of women. In many Business Units there is a clear positive trend in terms of the four D&I questions in the employee survey, and the percentage of women employees have increased from 12 percent to 14 percent women during the last two years at a Group level.

Skanska's D&I work is also receiving increasing external attention and acknowledgement. Several Business Unit Presidents, Inclusion Advocates and members of Skanska's Senior Women Advisory Group have had external speaking engagement. There has been several articles on Skanska's D&I work in Swedish, as well as international, press. Skanska has been invited to write chronicles in different forums, including a guest blog for the well-known organization Catalyst (www.catalyst.org). In 2015 Skanska Sweden was selected as the Swedish candidate for the European Diversity Charter Award.

Human Resources

The average number of employees in 2015 was 48,470 (57,866), of whom 10,330 (10,503) were in Sweden. The substantial decrease is a result of the winding down and sale of the Latin American operations. 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 27 percent (23) of those eligible.

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 2015 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 Skanska Unlimited, a program aimed at increasing the exchange of expertise within the Group, continued in 2015. 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 to 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 satisfied 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 in each Business Unit. The Group works continuously to set new diversity targets for its Business Units, for example to 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 2016 the Board will propose to the Annual General Meeting that the current guidelines for salaries and other remuneration to senior executives remain unchanged.

The Board's proposal for salary and other remuneration to senior executives for approval by the 2016 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 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 of 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 ability 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 2015 for the shares in which employees had invested in 2012 and which they had retained for the three-year vesting period.

In 2015 Seop 3 continued, running for the period 2014–2016. 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)

USD M	Seop 2	Seop 3	Total for programs
Employee-related costs For share-award Programs[1]			
Investment years	2011–2013	2014–2016	
Total estimated cost for the programs[2]	114.6	60.5	175.1
Expensed at beginning of period	–95.1	–6.7	–101.8
Cost for the period	–14.7	–16.0	–30.7
Total expensed at end of period	–109.8	–22.7	–132.5
Remaining to be expensed	**4.8**	**37.8**	**42.6**
Of which expensed in:			
2016	4.8	19.3	24.1
2017 or later	0.0	18.5	18.5
Total	**4.8**	**37.8**	**42.6**
Share awards earned through December 2015			
Number of shares	2,333,334	1,158,476	3,491,810
Dilution through December 2015, %	0.54	0.27	0.82
Maximum dilution at end of programs, %	0.64	0.73	1.37
Share awards earned at end of programs			
Number of shares	7,240,981	3,034,676	10,275,657
Series B shares allotted	4,583,430	0	4,583,430
Total unallocated shares	**2,657,551**	**3,034,676**	**5,692,227**
Series B treasury shares			**8,866,223**

1 Excluding social insurance contributions.
2 For investments made up to end of 2015.

Repurchases of shares

In order to ensure allotment of shares to the participants in Skanska's share incentive programs, the 2015 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 Skanska Series B treasury shares.

During the year, Skanska repurchased a total of 2,340,000 shares at an average price of SEK 176.89 (corresponding to USD 21.0). The average price of all repurchased shares is SEK 121.02 (corresponding to USD 14.3).

Proposed dividend

The Board of Directors proposes a regular dividend of SEK 7.50 (6.75) (corresponding to USD 0.89 [0.80]per share. The proposal is equivalent to a regular dividend totaling USD 367.2 M (356.1). The Board proposes April 8 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 7.50 (corresponding to USD 0.89) per share.

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 24.8 percent (23.1). The proposed dividend does not jeopardize the investments that are considered necessary or investments to support the Group's continued development. 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

USD M	Note	2015	2014
Revenue	8, 9	18,144.7	20,776.8
Cost of sales	9	–16,498.1	–18,876.3
Gross income		**1,646.6**	**1,900.5**
Selling and administrative expenses	11	–1,051.5	–1,213.3
Income from joint ventures and associated companies	20	150.6	97.0
Operating income	10, 12, 13, 22, 36, 38, 40	**745.7**	**784.1**
Financial income		15.1	20.1
Financial expenses		–52.3	–60.7
Financial items	**14**	**–37.2**	**–40.6**
Income after financial items	**15**	**708.5**	**743.5**
Taxes	16	–140.5	–185.4
Profit for the year		**568.0**	**558.1**
Profit for the year attributable to			
Equity holders		566.7	557.1
Non-controlling interests		1.3	1.0
Earnings per share, USD	26, 44	1.38	1.36
Earnings per share after dilution, USD	26, 44	1.37	1.34

Consolidated statement of comprehensive income

USD M	2015	2014
Profit for the year	**568.0**	**558.1**
Other comprehensive income		
Items that will not be reclassified to profit or loss for the period		
Remeasurement of defined-benefit plans[1]	93.1	–333.3
Tax related to items that will not be reclassified to profit or loss for the period	–20.7	73.8
	72.3	**–259.5**
Items that have been or will be reclassified to profit or loss for the period		
Translation differences attributable to equity holders	–194.8	–438.6
Translation differences attributable to non-controlling interests	–0.4	0.9
Hedging of exchange rate risk in foreign operations	5.4	90.7
Effects of cash flow hedges[2]	39.7	–119.3
Tax related to items that have been or will be reclassified to profit or loss for the period	–1.7	3.3
	–151.8	**–463.0**
Other comprehensive income after tax	**–79.4**	**–722.5**
Total comprehensive income for the year	**488.5**	**–164.4**
Total comprehensive income for the year attributable to		
Equity holders	487.6	–166.3
Non-controlling interests	0.9	1.9
1 Effects of social insurance contributions including special employer's contribution are included	21.0	–39.9
2 Of which in joint ventures and associated companies	33.3	–108.4

See also Note 26.

Consolidated statement of financial position

USD M	Note	Dec 31, 2015	Dec 31, 2014
ASSETS			
Non-current assets			
Property, plant and equipment	17, 40	774.7	913.8
Goodwill	18	626.1	677.0
Other intangible assets	19	89.8	59.5
Investments in joint ventures and associated companies	20	339.7	335.9
Financial non-current assets	21	161.6	167.1
Deferred tax assets	16	164.9	157.2
Total non-current assets		**2,156.8**	**2,310.5**
Current assets			
Current-asset properties	22	3,218.5	3,350.9
Inventories	23	112.4	130.5
Financial current assets	21	892.9	749.2
Tax assets	16	82.3	119.2
Gross amount due from customers for contract work	9	678.0	702.1
Other operating receivables	24	3,082.3	3,373.1
Cash	25	1,410.3	1,168.5
Total current assets		**9,476.7**	**9,593.5**
TOTAL ASSETS	**32**	**11,633.5**	**11,904.0**
of which interest-bearing financial non-current assets	31	154.3	162.6
of which interest-bearing current assets	31	2,288.9	1,896.7
		2,443.2	**2,059.3**

Consolidated statement of financial position

USD M	Note	Dec 31, 2015	Dec 31, 2014
EQUITY	26		
Share capital		173.4	173.4
Paid-in capital		277.0	246.3
Reserves		–446.2	–294.8
Retained earnings		2,859.9	2,599.2
Equity attributable to equity holders		**2,864.2**	**2,724.2**
Non-controlling interests		19.1	22.3
TOTAL EQUITY		**2,883.3**	**2,746.5**
LIABILITIES			
Non-current liabilities			
Financial non-current liabilities	27	461.4	912.6
Pensions	28	472.8	597.3
Deferred tax liabilities	16	153.2	123.9
Total non-current liabilities		**1,087.4**	**1,633.8**
Current liabilities			
Financial current liabilities	27	780.8	524.3
Tax liabilities	16	66.7	64.7
Current provisions	29	766.1	770.5
Gross amount due to customers for contract work	9	1,884.5	1,866.3
Other operating liabilities	30	4,164.7	4,297.9
Total current liabilities		**7,662.9**	**7,523.7**
TOTAL LIABILITIES		**8,750.3**	**9,157.5**
TOTAL EQUITY AND LIABILITIES	32	**11,633.5**	**11,904.0**
of which interest-bearing financial liabilities	31	1,213.1	1,367.9
of which interest-bearing pensions and provisions	31	477.6	601.8
		1,690.7	**1,969.7**

Information about the Group’s pledged assets and contingent liabilities can be found in Note 33.

Consolidated statement of changes in equity

	Equity attributable to equity holders								
USD M	Share capital	Paid-in capital	Translation reserve	Cash flow hedge reserve	Retained earnings	Total	Non-controlling interests	Total equity
Equity, December 31, 2014	**173.4**	**208.0**	**350.2**	**–181.1**	**2,727.1**	**3,277.6**	**27.1**	**3,304.7**
Profit for the year					557.1	557.1	1.0	558.1
Other comprehensive income for the year			–347.9	–116.0	–259.5	–723.4	0.9	–722.5
Dividend to shareholders					–372.3	–372.3	–0.3	–372.6
Change in Group structure							–6.4	–6.4
Repurchase of 2,484,648 Series B shares					–53.2	–53.2		–53.2
Change in share-based payments for the year		38.3				38.3		38.3
Equity, December 31, 2014/ Equity, January 1, 2015	**173.4**	**246.3**	**2.3**	**–297.1**	**2,599.3**	**2,724.2**	**22.3**	**2,746.5**
Profit for the year					566.7	566.7	1.3	568.0
Other comprehensive income for the year			–189.4	38.0	72.3	–79.1	–0.4	–79.4
Dividend to shareholders					–329.0	–329.0	–4.1	–333.1
Repurchase of 2,340,000 Series B shares					–49.3	–49.3		–49.3
Change in share-based payments for the year		30.7				30.7		30.7
Equity, December 31, 2015	**173.4**	**277.0**	**–187.1**	**–259.1**	**2,860.0**	**2,864.2**	**19.1**	**2,883.3**

See also Note 26.

Consolidated cash flow statement

USD M	2015	2014
Operating activities		
Operating income	745.7	784.1
Adjustments for items not included in cash flow	–380.9	–201.9
Income tax paid	–106.3	–134.4
Cash flow from operating activities before change in working capital	**258.4**	**447.8**
Cash flow from change in working capital		
Investments in current-asset properties	–1,829.5	–1,950.2
Divestments of current-asset properties	2,196.1	2,509.3
Change in inventories and operating receivables	–38.6	–116.0
Change in operating liabilities	431.3	–201.5
Cash flow from change in working capital	**759.2**	**241.7**
Cash flow from operating activities	**1,017.7**	**689.4**
Investing activities		
Investments in intangible assets	–46.5	–25.5
Investments in property, plant and equipment	–176.1	–204.7
Investments in Infrastructure Development assets	–27.7	–47.5
Investments in shares	–16.1	–44.9
Increase in interest-bearing receivables, loans provided	–388.7	–35.5
Sale of operations	54.1	13.8
Divestments of intangible assets	0.0	0.1
Divestments of property, plant and equipment	75.4	103.8
Divestments of Infrastructure Development assets	132.1	60.7
Divestments of shares	2.6	5.2
Decrease in interest-bearing receivables, repayments of loans provided	235.0	213.4
Income tax paid	–8.2	–5.2
Cash flow from investing activities	**–164.2**	**33.6**
Financing activities		
Net interest items	–5.2	–7.4
Other financial items	–59.0	23.5
Borrowings	194.4	45.8
Repayment of debt	–305.6	–154.5
Dividend to shareholders	–329.0	–372.3
Shares repurchased	–49.3	–53.2
Dividend to non-controlling interests	–4.1	–0.3
Income tax paid	19.2	–4.8
Cash flow from financing activities	**–538.7**	**–523.2**
Cash flow for the year	**314.8**	**199.9**
Cash and cash equivalents, January 1	1,168.5	1,129.7
Translation differences in cash and cash equivalents	–73.0	–161.0
Cash and cash equivalents, December 31	**1,410.3**	**1,168.5**

Change in interest-bearing net receivables/liabilities

USD M	2015	2014
Interest-bearing net receivables/net liabilities, January 1	**89.6**	**150.4**
Cash flow from operating activities	1,017.7	689.4
Cash flow from investing activities excluding change in interest-bearing receivables	–10.4	–144.2
Cash flow from financing activities excluding change in interest-bearing liabilities	–427.5	–414.2
Change in pension liability	72.1	–293.4
Net receivable/net liability acquired/divested	14.2	1.0
Translation differences	28.3	86.6
Other	–31.4	13.9
Interest-bearing net receivables/net liabilities, December 31	**752.4**	**89.6**

See also Note 35.

Consolidated cash flow statement

Consolidated operating cash flow statement and change in interest-bearing net receivables/net liabilities

USD M	2015	2014
Construction		
Cash flow from business operations	650.4	883.4
Change in working capital	281.6	–330.9
Net divestments (+)/investments (–)	–125.4	–120.6
Cash flow adjustment[1]	0.0	0.0
Total Construction	**806.5**	**431.8**
Residential Development		
Cash flow from business operations	–63.5	–73.1
Change in working capital	10.4	38.6
Net divestments (+) / investments (–)	231.8	299.8
Cash flow adjustment[1]	0.2	0.0
Total Residential Development	**178.9**	**265.3**
Commercial Property Development		
Cash flow from business operations	–60.0	–40.7
Change in working capital	48.1	5.7
Net divestments (+) / investments (–)	129.0	196.0
Cash flow adjustment[1]	–8.4	9.3
Total Commercial Property Development	**108.7**	**170.2**
Infrastructure Development		
Cash flow from business operations	0.4	32.3
Change in working capital	44.5	–60.9
Net divestments (+) / investments (–)	104.3	13.2
Cash flow adjustment[1]	0.0	0.0
Total Infrastructure Development	**149.1**	**–15.4**
Central and eliminations		
Cash flow from business operations	–162.4	–219.8
Change in working capital	8.1	30.2
Net divestments (+) / investments (–)	–21.3	8.7
Cash flow adjustment[1]	0.1	0.0
Total central and eliminations	**–175.6**	**–180.9**
Total cash flow from business operations	364.8	582.2
Total change in working capital	392.7	–317.5
Net divestments (+) / investments (–)	318.3	397.1
Total cash flow adjustment[1]	–8.1	9.3
Total cash flow from business operations before taxes paid	**1,067.7**	**671.0**

USD M	2015	2014
Taxes paid in business operations	–114.5	–139.6
Cash flow from business operations including taxes paid	**953.2**	**531.4**
Net interest items and other net financial items	–64.3	16.1
Taxes paid in financing operations	19.2	–4.8
Cash flow from financing activities	**–45.1**	**11.3**
Cash flow from operations	**908.1**	**542.7**
Strategic net divestments (+) /investments (–)	54.1	13.8
Dividend etc.[2]	–382.5	–425.5
Cash flow before change in interest-bearing receivables and liabilities	**579.7**	**131.0**
Change in interest-bearing receivables and liabilities	–265.0	68.9
Cash flow for the year	**314.8**	**199.9**
Cash and cash equivalents, January 1	1,168.5	1,129.7
Translation differences in cash and cash equivalents	–73.0	–161.0
Cash and cash equivalents, December 31	**1,410.3**	**1,168.5**

1 Refers to payments made during the year in question related to divestments/investments in prior years, and unpaid divestments/investments related to the year in question.		
2 Of which repurchases of shares	–49.3	–53.2

See also Note 35.

Notes including accounting and valuation principles

Amounts in millions of Swedish kronor (SEK 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/net 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 1. 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 according to the 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. In addition, the Swedish Financial Reporting Board's Recommendation RFR 1, "Supplementary Rules for Consolidated Financial Statements" has been applied, as have the Statements of the Swedish Financial Reporting Board.

This financial report was approved for publication by the President and CEO on April 5, 2016. The statutory annual report will be adopted by the Annual Shareholders' Meeting on April 6, 2016.

Conditions when preparing the Group's financial reports

The functional currency of the Parent Company is Swedish crowns or kronor (SEK). The Annual Report of the Parent Company and the Group is prepared with SEK as the presentation currency. These financial statements were prepared with US dollars (USD) as the presentation currency. All amounts are rounded off to the nearest million with one decimal, unless otherwise stated.

Preparing the financial reports in compliance with IFRS requires management to make judgments and estimates, as well as assumptions that affect the application of the accounting principles and the recognized amounts of assets, liabilities, revenue and expenses. Actual outcomes may deviate 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 with 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 described below have been applied consistently for all periods that are presented in the Group's financial reports, unless otherwise indicated below. The accounting principles for the Group have been applied consistently in reporting and consolidation of the Parent Company, subsidiaries, associated companies and joint arrangements.

New standards and interpretations

With effect from January 1, 2015, the new interpretation IFRIC 21 Levies is being applied. A levy is defined as an outflow of resources imposed on entities by governments (including government agencies and similar bodies) in compliance with laws and regulations. IFRIC 21 states that the entire liability is to be recognized on the date it arises. The interpretation has not had any effect on the Group's financial reporting for 2015 as a whole, and has had only a marginal effect on the statement of financial position in the published interim reports in 2015 in that the property owner as of 1 January 2015 is the one required to pay Swedish property tax. There is no change in the income statement as the cost in interim reporting is taken over time in the same way as before.

Early adoption of new or revised IFRS and interpretations

There has been no early adoption of new or revised IFRS or interpretations.

New standards and amendments of standards that have not yet begun to be applied

Of future standards, IFRS 15 Revenue from Contracts with Customers and IFRS 16 Leases are the ones expected to have a material effect on Skanska. IFRS 15 mainly concerns how revenue from contracts with customers, excluding leases, are to be reported over time, and how payment from customers is to be measured. The standard will be applied with effect from January 1, 2018 and is expected to be adopted by the EU in 2016. The effect of the new standard on Skanska's revenue recognition is being examined.

IFRS 9 Financial Instruments will replace IAS 39 Financial Instruments: Recognition and Measurement, and will 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 expected to be marginal.

In January 2016, the IASB published the new standard IFRS 16 Leases, which, assuming it is adopted by the EU, will be applied with effect from January 1, 2019. In contrast to now, the standard means that, as lessee, Skanska must report operating leases as well as finance leases in the statement of financial position, unless the lease is short-term or of low value. The effect of the standard on Skanska's financial reporting has not yet been examined.

IAS 1 Presentation of Financial Statements

Income statement

Items 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, but are instead recognized on a net basis among operating expenses against the carrying amounts of the assets.

Items reported as cost of sales include: 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 used in construction and property management. Changes in the fair value of derivatives related to operations are recognized in profit or loss.

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 in selling and administration processes. Goodwill impairment losses are also reported as a selling and administrative expense.

Profit/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. The item "Financial expenses" includes 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. The operating cycle is the period from the signing of a contract until the company receives cash payment on the basis of a final inspection or delivery of goods (including properties). Since the Group executes 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 consist of 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 fluctuation 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 equivalents are reported as non-current assets. Cash and cash equivalents belonging to joint operations are cash and cash equivalents with restrictions if they are only permitted to be used to settle the joint operations' debts.

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 later than 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. Items recognized as current liabilities are liabilities that are either supposed to be paid within twelve months from the closing day or – in the case of business-related liabilities only – are expected to be paid within the operating cycle. Since the operating cycle is taken into account, no non-interest-bearing liabilities, such as 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 reaches an agreement to refinance the obligation long-term before the end of the reporting period. Information on liabilities is provided in Note 27 and Note 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 later than 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 cover the accounts of the Parent Company and the companies in which the Parent Company has a direct or indirect 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. If, on the acquisition date, a subsidiary meets the conditions to be classified as held for sale in accordance 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 is to be recognized at fair value. Non-controlling interests may be recognized as a negative amount if a partly-owned subsidiary is operating at a loss.

Acquired companies are consolidated from the quarter within which the acquisition takes place. 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 the consolidated financial statements are prepared.

Gains that arise from intra-Group transactions and that are unrealized from the standpoint of the Group on the closing day are eliminated in their entirety. Unrealized losses on intra-Group transactions are also eliminated in the same way as unrealized gains, to the extent that the loss does not correspond to an impairment loss.

Goodwill attributable to operations abroad is expressed in local currency. Translation to USD is in compliance with IAS 21.

IFRS 3 Business Combinations

This accounting standard deals with business combinations, which refers to mergers of separate entities or operations. If an acquisition does not relate to a business, which is normal when acquiring properties, IFRS 3 is not applied. In such cases, the acquisition 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 resulting from 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 involves regarding the acquisition as a transaction through which the Group indirectly acquires the assets of the subsidiary and assumes its liabilities and contingent liabilities. The cost of the acquisition recognized 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 acquiring holdings in a subsidiary and the net fair value of acquired assets and of the 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 based solely on the Group's stake in the acquired business.

Transaction costs relating to business combinations are expensed immediately. In case of step acquisitions, previous holdings are remeasured at fair value and recognized in profit or loss when a controlling interest is achieved. Contingent consideration is recognized on the acquisition date at fair value. If the contingent consideration amount changes in subsequent financial statements, the change is recognized in profit or loss.

Goodwill is carried at cost less accumulated impairment losses. Goodwill is allocated among cash-generating units and subject 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 profit or loss.

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 in remeasurement are recognized in profit or loss. Non-monetary assets and liabilities recognized at historic cost are translated at the exchange rate on the transaction date.

Functional currency is the currency of the primary economic environment where the companies in the Group conduct their business.

Financial statements of foreign operations

Assets and liabilities in foreign operations, including goodwill and other consolidated surpluses and deficits, are translated to USD at the exchange rate prevailing on the closing day. Revenue and expenses in a foreign operation are translated to USD at the average exchange rate. If a foreign operation is located in a country with hyperinflation, revenue and expenses are translated in a specific 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 are recognized under "Other comprehensive income." 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 USD. Any forward contract premium is accrued until maturity and is recognized as interest income or interest expense.

When divesting a foreign operation, the related accumulated translation differences and accumulated exchange rate differences from any currency hedges are recognized in the consolidated income statement.

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 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 also 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 (corresponding to USD 27 M) .

No depreciation or amortization of a non-current asset takes place 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.

It has been determined that the winding down of construction operations in Latin America decided upon in 2014 does not meet the criteria for accounting according to IFRS 5, since it has not been available for immediate sale. Depending on the circumstances, parts of the operations have been wound down either in the form of a divestment or completion of projects. At the end of 2015 some parts were still to be wound down.

IAS 28 Investments in Associates and Joint Ventures

Companies in which the Skanska Group exercises a significant but not a controlling influence, which is presumed to be the case when the Group's holding is between 20 and 50 percent of the voting power, are reported as associated companies. In addition, it is presumed that this ownership is one element of a long-term connection and that the holding will not be reported as a joint arrangement.

Associated companies are recognized according to the equity method, as are joint ventures. See IFRS 11 on joint ventures.

The equity method

From the date when Skanska gains a significant influence, holdings in associated companies and joint ventures are recognized according to the equity method. Any difference upon acquisition between the cost of the holding and Skanska's share of the 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. Under the equity method, the recognized carrying amount of the Group's interest in associated companies and joint ventures is equivalent to the Group's share of the associated company's share capital, as well as goodwill on consolidation 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 have been taken into account. The Group's share of the tax expense of an associated company or joint venture is included in "Taxes." Dividends received from an associated company or joint venture are deducted from 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 formation of a separate company is a joint operation. Contracting projects performed in cooperation 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 majority of the company's production is acquired by the co-owners, then the joint arrangement is often considered 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, 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.

The proportional method is applied for 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 Group's share of the 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 have been taken into account. The Group's share of a joint venture's tax expense 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 less than 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 means 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.

The original contract amount as well as additional work, claims for special compensation and incentive payments are recognized as project income, but normally only to the extent that the latter 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 an amount not yet invoiced 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 intended only for an individual project and significant start-up expenses are included to the extent they can be attributed to future activities as receivables from the customer and are included in the asset or liability amount as indicated in this paragraph, but 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 reporting periods may not be recognized as project expenses in later periods.

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.

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. Provisions must be made continuously during the course of the project and the estimated total provision amount must be included in the project's expected final expenses. For units with similar projects, the provision may made 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 obligations.

IAS 18 Revenue

Revenue other than project revenue is recognized in compliance with IAS 18. In the case of rental income, the revenue is divided evenly over the period of the lease. The total cost of benefits provided upon signing of a lease is recognized as a reduction in lease income on a straight-line basis over the lease period. Compensation for services performed that does not constitute 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 in absolute terms is significant.

Revenue is recognized only if it is probable that the economic benefits will flow to the Group. If uncertainty later arises with respect 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 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 compliance 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 is to 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 is to 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 involves the rendering of services or 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 as well as construction materials, it is an agreement for the sale of goods. Revenue is then recognized when, among other things, the company 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, the implications of IFRIC 15 are 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 individual home buyers. 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

Assets that are leased under a finance lease are recognized as assets. The obligation to make future lease payments is recognized as a non-current or current liability. The leased assets are depreciated during their respective useful lives. When making payments on a finance lease, the minimum lease payment is divided 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 under 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 for the 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 transactions. 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 if it is probable that the Group will derive future economic benefits from them and the cost of the assets can be reliably calculated. 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 used 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 property, plant and equipment produced by the Group. Impairment losses are applied in compliance with IAS 36.

The cost of self-constructed property, plant and equipment includes expenditures for materials and remuneration 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 derive future economic benefits from the asset and the cost can be reliably calculated. All other further expenditures are recognized as expenses in the period when they arise.

The decisive factor in determining when a further expenditure is added to cost is whether the expenditure is related to replacement of identified components, or parts thereof, 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 parts thereof, 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 may be 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 the 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 of 35 years, and non-weight-bearing parts of 15 years. In general, 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 different 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 criteria 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 benefits attributable to the asset will flow to the company and that the cost can be reliably calculated. It is especially worth noting that expenditures recognized in prior annual or interim reporting periods may not subsequently be recognized as an asset.

Research expenses are recognized in the income statement as 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 less 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. Acquired service agreements are amortized over their remaining contractual period (three to six years, where applicable), acquired customer contracts at the pace of completion and patents are amortized over a period of ten years. Investments in major computer systems are amortized over a maximum of seven years.

Further expenditures for capitalized intangible assets are recognized as an asset 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. 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 are measured 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 cost 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 assets that do not generate cash flows that 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. Operations that are not integrated into the Business Unit's other operations are exempted from the main rule. The same Business Unit may also contain a number of cash-generating units if it operates in more than one business stream.

In Construction, recoverable 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 subsequent 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 the 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 means the construction of current-asset properties and properties for the Group's own use (non-current-asset properties). Capitalization occurs when expenditures included in acquisition 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 have effectively been decided as of the closing day; this also includes adjustment of current tax 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 upon initial recognition of goodwill, the initial recognition of assets and liabilities that are not business combinations and which, on the transaction date, affect neither recognized profit nor taxable profit. Also not taken into account are temporary differences attributable to shares in subsidiaries and associated companies that are not expected to be reversed 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 it is likely that they will 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 encompassed 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 cost of 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. Property acquisitions through purchases of property-owning companies are recognized when the shares have been taken over by Skanska.

Current-asset properties are divided up between Commercial Property Development and Residential Development. They are also categorized as "Development properties," "Properties under construction" or "Completed properties." Note 22 provides information about these properties.

Before impairment loss, properties both completed and under construction are valued based on costs paid directly, 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 when the Group has a legal or informal 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 relating to warranty obligations according to construction contracts that involve 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 are not normally made until the date on which the materials are 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 holding 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 external 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 provides 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, claims for additional compensation from the customer are not uncommon. If the right to additional compensation is confirmed, this affects the valuation of the project when reporting according to 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 deviates 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 for post-employment benefits are discounted to present value. Discounts are 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 relate 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 to discount the pension obligations. Any differences compared to actual pension expense and actual return, as well as effects of changed assumptions, together constitute remeasurements and 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 profit or loss.

When there is a difference between how pension expense is determined in a legal entity and the Group, a provision or receivable is recognized for 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.

Deferred taxes and social insurance contributions on remeasurements 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 category or position 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 compensation settled with equity instruments, in compliance with IFRS 2. This means that the fair value is calculated on the basis of expected fulfillment of targets. This value is allocated over the respective vesting period. After the fair value is established, there is reappraisal during the remainder of the vesting period, except in the case of 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 in connection with 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 the 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 most of which is 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 different 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 reached. The number of shares for the respective program year 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 accordance with the accounting standard.

IAS 40 Investment Property

Skanska does not report any 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 carrying out business operations whose operating income is evaluated regularly by the highest executive 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 constitutes the Group's highest executive decision-making body.

The segment reporting method for Residential Development and Commercial Property Development deviates from IFRS on two points. In segment reporting, a divestment gain is recognized on the date that a binding sales contract is signed. Segment reporting accounts for all joint ventures within Residential Development using 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 is reported in the operating segment to which it relates.

In transactions between operating segments, prices are set on market terms.

Certain parts of the Group do not belong to any operating segment. These are reported in Note 4 under the heading "Central and eliminations." Continuing operations have been reported in Latin America following the 2014 decision to wind down construction operations there. Depending on the circumstances, the winding down has taken place either in the form of a divestment or completion of projects. At the end of 2015 there were some parts still to be wound down. Operating segment income 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, broken down as 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 are taken into account when the financial reports are prepared. Information is provided about other events that occur after the closing day and before the financial report is signed if the omission of such information would affect the ability of a reader to make an accurate assessment and a sound investment 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 are not financial instruments. Accrued income and expenses that are related to the business are not recognized as financial instruments. Thus, gross amounts due from (or to) customers for contract work are not included under financial instruments. Obligations for employee benefit plans in compliance with IAS 19, such as pension plans, are exempt from IAS 32 and are thus not recognized as financial instruments. Assets and liabilities that are not based on contracts, such as income taxes, are not 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. Categories exempt from application according to IAS 39 include holdings in subsidiaries, 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 that 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 are to 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 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 they are 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. Changes in the value of "assets at fair value through profit or loss" are recognized in the income statement, while changes in the value of "available-for-sale assets" are 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 can be reliably established. 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 report "Hedge-accounted derivatives" separately.

Skanska uses hedge accounting for cash flow hedging and hedging of net investment in a foreign operation. The effectiveness of hedging is assessed regularly, and hedge accounting is applied only to hedging deemed effective. If hedging is not deemed effective, the amount is adjusted for the hedging instrument.

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 on 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 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."

Embedded currency derivatives in commercial contracts expressed in a currency which is a foreign currency for both parties are measured at fair value, provided that the currency is not customary for this type of contract. Unrealized gains and losses when assessing the fair value of these embedded currency derivatives are recognized at fair value in the statement of financial position. Changes in fair value are recognized in operating income

Currency derivatives for hedging translation exposure are measured at fair value in the statement of financial position. Foreign currency loans for hedging translation exposure are measured at the closing day exchange rate. Due to the application of hedge accounting, exchange-rate differences after taking into account the 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 a financial instrument's 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 reporting period. These disclosures 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 obligations for employee benefit plans in compliance with IAS 19, such as pension plans. The disclosures that are provided thus include accrued interest income, deposits and accrued interest expense. Accrued income from customers for contract work is not a financial instrument.

The disclosures provided are supplemented by 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 the government designed to provide an economic benefit specific to one company or a category of companies that qualify based on certain criteria. Government grants are assistance from the government in the form of transfers of resources to a company in return for past or future compliance with certain conditions relating to its operations.

Government grants are recognized in the statement of financial position as prepaid income or reduction of an investment when there is reasonable assurance that the grants will be received and that the Group will meet the criteria associated with the grant.

Order bookings and order backlog

In contracting 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 subsidiaries 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 provides the estimated market value of Skanska's current-asset properties. For completed properties that include commercial space and for development properties, the market value has been partly calculated in cooperation with external appraisers.

Residential Development

In appraising properties in Residential Development, estimates of market value take 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, and there is thus also an exchange rate risk.

Estimated values have partly been calculated in cooperation with external appraisers and are stated in Note 20.

Note 2. 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 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 and 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 3. Note 3 Effects of changes in accounting principles

No changed accounting principles in 2015.

Note 4. 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 executed by the construction units where Skanska has construction operations.

Intra-Group pricing between operating segments occurs on market terms.

"Central" includes the cost of Group headquarters, earnings of central companies, construction operations in Romania and Denmark, and operations that are being wound down. Following the 2014 decision to wind down construction operations in Latin America, the continuing operations are reported centrally. Depending on the circumstances, the winding down took the form of either sales or completion of projects. At the end of 2015 certain parts of the operations had not yet been wound down.

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.

Note 4. Continued

2015	Construction	Residential Development	Commercial Property Development	Infrastructure Development	Total operating segments	Central	Elimina-tions	Total segments	Reconcili-ation with IFRSs	Total IFRS
External revenue	15,411.3	1,458.0	1,066.4	12.6	17,948.2	420.0	0.0	18,368.3	–223.6	18,144.7
Intra-Group revenue	1,263.2	0.0	4.6	0.0	1,267.8	118.0	–1,385.8	0.0	0.0	0.0
Total revenue	**16,674.5**	**1,458.0**	**1,071.0**	**12.6**	**19,216.1**	**538.0**	**–1,385.8**	**18,368.3**	**–223.6**	**18,144.7**
Cost of sales	–15,484.3	–1,253.6	–755.5	–27.7	–17,521.2	–544.8	1,379.7	–16,686.2	188.1	–16,498.1
Gross income	**1,190.2**	**204.4**	**315.5**	**–15.2**	**1,694.9**	**–6.8**	**–6.0**	**1,682.1**	**–35.4**	**1,646.6**
Selling and administrative expenses	–734.8	–65.2	–80.3	–18.5	–898.8	–152.8	0.0	–1,051.6	0.1	–1,051.5
Income from joint ventures and associated companies	3.9	0.0	–4.4	136.0	135.5	0.0	0.0	135.5	15.1	150.6
Operating income	**459.3**	**139.2**	**230.8**	**102.3**	**931.6**	**–159.6**	**–6.0**	**766.0**	**–20.3**	**745.7**
of which depreciation/amortization	–173.9	–0.2	–0.7	–0.6	–175.5	–11.7		–187.2		
of which impairment losses/reversal of impairment losses										
Goodwill					0.0			0.0		
Other assets	–1.3	–2.3	–8.5	0.0	–12.1			–12.1		
of which gains from commercial property divestments			304.0		304.0		22.5	326.5		
of which gains from infrastructure project divestments				49.8	49.8			49.8		
Employees	42,193	389	344	111	43,037	5,433		48,470		
Gross margin, %	7.1	14.0								
Selling and administrative expenses, %	–4.4	–4.5								
Operating margin, %	2.8	9.5								
Assets, of which										
Property, plant and equipment	752.8	2.7	1.8	1.8	759.1	15.6		774.7		
Intangible assets	641.1	46.3			687.4	28.5		715.9		
Investments in joint ventures and associated companies	23.2	25.0	66.0	228.2	342.5	0.4	–3.1	339.7		
Current-asset properties	1.3	1,248.3	2,019.0		3,268.6	–10.6	–39.5	3,218.5		
Capital employed	34.5	1,105.0	1,966.6	219.5	3,325.7	1,248.3		4,574.0		
Investments	–195.0	–791.4	–1,046.4	–27.7	–2,060.5	–27.4	0.0	–2,087.9		
Divestments	79.4	1,023.1	1,175.4	132.1	2,410.0	51.7	–1.4	2,460.2		
Net investments	**–115.6**	**231.8**	**129.0**	**104.3**	**349.5**	**24.3**	**–1.4**	**372.4**		
Reconciliation from segment reporting to IFRS										
Revenue according to segment reporting – binding agreement	16,674.5	1,458.0	1,071.0	12.6	19,216.1	538.0	–1,385.8	18,368.3		
Plus properties sold before the period		846.0	481.8		1,327.8	0.0		1,327.8		
Less properties not yet occupied by the buyer on closing day		–1,150.5	–303.6		–1,454.1			–1,454.1		
Proportional method for joint ventures		–101.2			–101.2		27.5	–73.7		
Exchange-rate differences		–18.0	–5.8		–23.8	0.2		–23.6		
Revenue according to IFRS – handover	**16,674.5**	**1,034.3**	**1,243.4**	**12.6**	**18,964.7**	**538.2**	**–1,358.3**	**18,144.7**		
Operating income according to segment reporting – binding agreement	459.3	139.2	230.8	102.3	931.6	–159.6	–6.0	766.0		
Plus properties sold before the period		129.2	84.9		214.1	0.0		214.1		
Less properties not yet occupied by the buyer on closing day		–175.5	–57.1		–232.6		–1.1	–233.7		
Adjustment, income from joint ventures and associated companies		–4.4	3.3		–1.1			–1.1		
New intra-Group profits							3.7	3.7		
Exchange-rate differences		–2.3	–1.1		–3.3	0.0		–3.3		
Operating income according to IFRS – handover	**459.3**	**86.3**	**260.8**	**102.3**	**908.7**	**–159.6**	**–3.4**	**745.7**		

Note 4. Continued

2014	Construction	Residential Development	Commercial Property Development	Infrastructure Development	Total operating segments	Central	Eliminations	Total segments	Reconciliation with IFRSs	Total IFRS
External revenue	17,259.2	1,384.5	1,470.4	23.6	20,137.8	886.0	0.0	21,023.8	–247.0	20,776.8
Intra-Group revenue	1,392.1	1.0	12.3	0.0	1,405.4	137.3	–1,542.7	0.0	0.0	0.0
Total revenue	**18,651.3**	**1,385.6**	**1,482.7**	**23.6**	**21,543.2**	**1,023.3**	**–1,542.7**	**21,023.8**	**–247.0**	**20,776.8**
Cost of sales	–17,162.6	–1,211.0	–1,165.1	–30.3	–19,568.9	–1,046.2	1,545.3	–19,069.8	193.5	–18,876.3
Gross income	**1,488.8**	**174.5**	**317.6**	**–6.7**	**1,974.2**	**–22.9**	**2.6**	**1,954.0**	**–53.5**	**1,900.5**
Selling and administrative expenses	–840.6	–75.5	–76.3	–18.6	–1,011.0	–202.4		–1,213.3	0.0	–1,213.3
Income from joint ventures and associated companies	5.4	0.0	5.1	92.3	102.8	–7.2	–0.3	95.2	1.7	97.0
Operating income	**653.5**	**99.0**	**246.4**	**67.1**	**1,066.1**	**–232.5**	**2.3**	**835.9**	**–51.8**	**784.1**
of which depreciation/amortization	–209.9	–0.4	–0.4	–0.4	–211.2	–20.3		–231.5		
of which impairment losses/reversal of impairment losses										
Goodwill	0.0				0.0			0.0		
Other assets	–1.4	–16.8	6.2	–28.0	–40.0	0.0		–40.0		
of which gains from commercial property divestments			288.3		288.3		40.4	328.8		
of which gains from infrastructure project divestments				18.4	18.4			18.4		
Employees	42,397	396	304	127	43,224	14,642		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	864.6	0.6	1.9	0.6	867.8	46.1		913.8		
Intangible assets	666.8	54.9		0.0	721.8	14.8		736.5		
Investments in joint ventures and associated companies	23.0	53.5	47.9	212.7	337.1	0.4	–1.5	335.9		
Current-asset properties	1.9	1,445.8	1,956.0		3,403.7	–12.7	–40.2	3,350.9		
Capital employed	87.6	1,331.9	1,924.0	245.1	3,588.6	1,127.6		4,716.2		
Investments	–213.5	–996.0	–998.1	–47.5	–2,255.2	–23.9	1.4	–2,277.7		
Divestments	106.5	1,295.8	1,194.1	60.7	2,657.2	33.9	–2.6	2,688.5		
Net investments	**–107.0**	**299.8**	**196.0**	**13.2**	**402.0**	**10.0**	**–1.2**	**410.8**		
Reconciliation from segment reporting to IFRS										
Revenue according to segment reporting – binding agreement	18,651.3	1,385.6	1,482.7	23.6	21,543.2	1,023.3	–1,542.7	21,023.8		
Plus properties sold before the period		1,098.5	348.3		1,446.9	5.7		1,452.5		
Less properties not yet occupied by the buyer on closing day		–1,034.5	–589.1		–1,623.6	0.0		–1,623.6		
Proportional method for joint ventures		–132.1			–132.1		23.8	–108.3		
Exchange-rate differences		15.5	16.7		32.2	0.1		32.3		
Revenue according to IFRS – handover	**18,651.3**	**1,333.1**	**1,258.6**	**23.6**	**21,266.6**	**1,029.1**	**–1,518.9**	**20,776.8**		
Operating income according to segment reporting – binding agreement	653.5	99.0	246.4	67.1	1,066.1	–232.5	2.3	835.9		
Plus properties sold before the period		134.8	78.6		213.4	0.6		214.0		
Less properties not yet occupied by the buyer on closing day		–158.0	–103.8		–261.8	0.0		–261.8		
Adjustment, income from joint ventures and associated companies		–2.3	–3.9		–6.2		0.0	–6.2		
New intra-Group profits							–3.5	–3.5		
Exchange-rate differences		2.2	3.8		5.9			5.9		
Operating income according to IFRS – handover	**653.5**	**75.7**	**221.1**	**67.1**	**1,017.3**	**–231.9**	**–1.2**	**784.2**		

Note 4. Continued

External revenue by geographical area

	Sweden		USA		Other areas		Total	
	2015	2014	2015	2014	2015	2014	2015	2014
Construction	3,219.2	3,757.9	6,458.7	6,790.5	5,760.8	6,734.7	15,438.8	17,283.0
Residential Development	574.8	534.2			459.5	797.9	1,034.3	1,332.1
Commercial Property Development	249.7	659.7	277.3	189.0	711.9	397.5	1,238.9	1,246.2
Infrastructure Development	1.9	1.9	2.5	13.2	8.2	8.6	12.6	23.6
Central and eliminations	0.0	20.1			420.2	871.7	420.2	891.8
Total operating segments	**4,045.6**	**4,973.8**	**6,738.5**	**6,992.7**	**7,360.6**	**8,810.2**	**18,144.7**	**20,776.8**

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	
	2015	2014	2015	2014	2015	2014	2015	2014
Sweden	239.1	282.4	63.6	48.1	78.0	67.2	1,199.4	1,161.2
USA	264.4	264.6	153.3	137.7	121.6	72.8	620.5	531.6
Other areas	271.2	366.8	499.0	550.7	140.1	195.9	1,398.6	1,658.0
	774.7	**913.8**	**715.9**	**736.5**	**339.7**	**335.9**	**3,218.5**	**3,350.9**

1 Of the “Other areas” item for intangible assets, USD 153.1 M (181.2) was from Norwegian operations and USD 212.5 M (226.2) from UK operations.

Note 5. 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” in Note 1. No operations were recognized as discontinued in 2015 or 2014.

At the end of 2015, there were no non-current assets that were recognized in compliance with IFRS 5 as current assets and specified as assets held for sale. Nor were there any such non-current assets in 2014.

Note 6. 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 receivables from and liabilities to customers for contract work are not recognized as financial instruments and the risk associated with these receivables and liabilities is thus not reported in this note.

Risks in partly-owned joint venture companies within Infrastructure Development are managed by each respective company. Skanska's aim is to ensure that financial risk management within these companies is equivalent to that which applies to the Group's wholly owned companies. Management of the interest-rate risk in financing activities 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, the 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 are associated with 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. To do this a common risk management model is used. The model does not involve avoidance of risk, but is instead aimed at identifying and managing risk.

Through the Group's Financial Policy, each year the Board of Directors establishes guidelines, objectives and limits for financial management and administration of financial risk within 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 is risk associated with interest-bearing assets, and customer credit risk, which is risk relating to trade accounts receivable.

Financial credit risk – risk in interest-bearing assets

Financial credit risk is the risk that the Group is exposed to in its relationships with financial counterparties in the case of deposits of surplus funds, bank account balances and investments in financial assets. Credit risk also arises when using derivative instruments and consists of the risk that a potential gain will not be realized in case the counterparty does not fulfill its part of the contract.

In order to reduce the credit risk related to derivatives, Skanska has signed standardized netting (ISDA) agreements with all financial counterparties with which it enters into derivative contracts.

Skanska must limit its exposure to financial counterparties by using banks and financial institutions assigned a satisfactory rating by Standard & Poor's, Moody's or Fitch. 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 amounts to USD 2,457.6 M. The average maturity of interest-bearing assets amounted to 0.1 (0.2) years as of December 31, 2015.

Customer credit risk – risk in trade accounts receivable

Customer credit risk is managed through Skanska Group's common procedures for identifying and managing risk: 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 geographical 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, 2015	Dec 31, 2014
Carrying amount	2,458.3	2,631.0
Impairment losses	127.6	130.4
Cost	**2,585.9**	**2,761.4**

Change in impairment losses, trade accounts receivable	2015	2014
January 1	130.4	114.9
Impairment loss/reversal of impairment loss for the year	12.3	41.2
Impairment losses settled	–4.5	–8.4
Exchange-rate differences	–10.6	–17.3
December 31	**127.6**	**130.4**

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.

	2015	2014
Due within 30 days	1.1	3.6
Due in over 30 days but within one year	0.7	46.7
Due after one year	1.5	23.1
Total	**3.3**	**73.4**

Holdings of less than 20 percent of voting power in a company are reported as shares. Their carrying amount is USD 7.3 M (4.5).

Shares are subject to changes in value. Impairment losses on shares total USD –1.4 M (–1.7), of which USD 0.0 M (0.0) during the year.

Liquidity and refinancing risk

Liquidity and financing risk is defined as the risk of Skanska not being able to meet its payment obligations due to lack of liquidity or due 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 is, if possible, to be used primarily 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.

In 2015 Skanska issued a total of USD 480.1 billion through the certificate program that will mature in two to four months. At the end of the year the amount outstanding was USD 107.2 M. During the final quarter two bilateral loans were repaid in the amount of USD 217.5 M.

Note 6. Continued

	Maturity	Currency	Limit	Nominal	Utilized
Market funding programs					
Commercial paper (CP) program, maturities 0–1 years		SEK/EUR	SEK 6,000 M	714.7	107.2
Medium Term Note (MTN) program, maturities 1–10 years		SEK/EUR	SEK 8,000 M	952.9	458.4
				1,667.6	**565.6**
Committed credit facilities					
Syndicated bank loan	2019	SEK/EUR/USD	EUR 555 M	606.4	0.0
Bilateral loan agreement	2020	EUR	EUR 60 M	65.5	65.5
Other credit facilities				49.4	1.0
				721.3	**66.5**

At year-end 2015, the Group's unutilized credit facilities totaled USD 654.8 M (729.8).

Liquidity reserve and maturity structure

The objective is to have a liquidity reserve of at least SEK 4 billion (corresponding to USD 0.5 billion available within one week in the form of cash liquidity or committed credit facilities. At year-end 2015, cash and cash equivalents and committed credit facilities amounted to about SEK 17 (15) billion (corresponding to USD 2.0 [1.9]) billion, of which about SEK 13 billion (corresponding to USD 1.5 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 deviate within a two to four year interval. On December 31, 2015 the average maturity of the borrowing portfolio was 2.6 years, if unutilized credit facilities are taken into account.

Including interest payments, the maturity structure of the Group's financial interest-bearing liabilities and derivatives related to borrowing is distributed over the next few 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	1,213.1	1,240.2	146.9	637.5	453.8	2.0
Derivatives: Currency forward contracts						
Inflow	–14.3	–1,137.7	–1,066.9	–69.6	–1.2	
Outflow	8.6	1,141.5	1,071.2	69.1	1.2	
Derivatives: Interest rate swaps						
Inflow	0.0	–1.1	–0.1	0.2	–1.2	
Outflow	20.6	21.7	3.1	6.9	11.7	
Total	**1,227.9**	**1,264.6**	**154.1**	**644.2**	**464.3**	**2.0**

The average maturity of interest-bearing liabilities amounted to 1.5 (2.3) years.

Other operating liabilities

Other operating liabilities that consist of financial instruments fall due for payment according to the table below.

Other operating liabilities	2015	2014
Due within 30 days	67.5	62.7
Due in over 30 days but within one year	18.5	51.2
Due after one year	0.6	0.0
Total	**86.6**	**113.9**

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-rate risk).

For the Group, exposure to fair value 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 fixed interest period of two years, with a mandate to deviate in +/–1 year. Change in fair value is measured on interest-bearing assets and liabilities including derivatives, partly by increasing the interest rate by one percentage point across all maturities and partly through a positive or negative change in the interest rate by half a percentage point. The change in fair value may not exceed SEK 150 M (corresponding to USD 17.9 M) for any of these interest rate scenarios measured as relative deviation against a comparative portfolio with a weighted average fixed interest 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, in the interest rate scenario above, be changed within the range of USD 8.1–12.7 M, assuming that the volume and fixing period is the same as of December 31, 2015.

Around USD 2.5–5.4 M of this would affect financial items and around USD 5.6–7.4 M would affect equity, through comprehensive income, if hedge accounting were to be applied. The relative interest-rate risk is USD 1.2–1.7 M lower than in a comparative portfolio with a risk of around USD 9.2–14.4 M and is attributable to the fact that the interest refixing period is two years.

The Group's cash flow risk must not exceed SEK 150 M (corresponding to USD 17.9 M) over a 12-month period in the event of an increase of one percentage point in market interest rates. Assuming the volume and fixed interest period are the same at year-end, an average increase in the market interest rate of one percentage point from the level at the end of the year would result in an estimated positive effect on the Group's financial items of around USD 13.0 M for 2016.

The deviation of cash flow risk, fair value interest-rate risk and the fixed interest period are all within the authorized limits for the Group.

The average fixed interest period for all of the Group's interest-bearing assets was 0.1 (0.1) years, taking derivatives into account. The interest rate for these was 0.45 (0.42) percent at year-end. Of the Group's total interest-bearing financial assets, 32 (36) percent carry fixed interest rates and 68 (64) percent variable interest rates.

The average fixed interest period for all interest-bearing liabilities, taking into account derivatives but excluding pension liabilities, was 1.2 (1.5) years. The interest rate for interest-bearing liabilities amounted to 1.22 (2.10) percent at year-end. Taking into account derivatives, the interest rate was 2.19 (2.34) percent. Of total interest-bearing financial liabilities, after taking into account derivatives, 61 (51) percent carry fixed interest rates and 39 (49) percent variable interest rates.

On December 31, 2015 there were outstanding interest-rate swap contracts amounting to USD 604.6 M (637.1), of which USD 0.0 M (18.3) has an amortizing structure. All of the contracts were entered into 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 gains or losses are recognized under "Other comprehensive income."

The fair value of these hedges totaled USD –15.2 M (–19.9) on December 31, 2015. The fair value of interest-rate swaps for which hedge accounting is not applied

Note 6. Continued

totaled USD –5.4 M (–6.0) on December 31, 2015. For these interest-rate swaps changes in fair value are recognized through profit or loss. 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 a 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 USD 6.0 M), with risk calculated as the effect on earnings of a five percentage-point shift in exchange rates. As of December 31, 2015 foreign-exchange rate risk accounted for USD 4.2 M (3.0) 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]	2016	2017	2018 and later
EUR	–88.3	–12.1	–15.5
PLN	–93.6	–0.9	
GBP	–27.0	–9.5	–3.2
CZK	–16.7	–4.9	
HUF	–14.0	0.0	
CHF	–13.2	0.0	
RON	–1.9	–0.9	
Other currencies	0.9		
Total equivalent value	**–253.7**	**–28.3**	**–18.7**

1 Flows in PLN, CZK, HUF and RON were mainly related to property development project expenses. Flows in EUR were mainly attributable to construction operations in Sweden, Poland and the UK. Flows in GBP are mainly attributable to the New Karolinska Hospital (NKS) and the construction of the European Spallation Source (ESS) research facility. The CHF flow is attributable to construction operations in the UK.

Skanska mainly uses hedge accounting to hedge expenses in currencies other than EUR in its European property development operations.

The fair value of these hedges totaled USD 0.8 M (–7.7) as of December 31, 2015. The hedges fulfill effectiveness requirements, which means that unrealized gains or losses are recognized under "Other comprehensive income." The fair value of currency hedges for which hedge accounting is not applied totaled USD –0.6 M (0.3) on December 31, 2015, including the fair value of embedded derivatives. Changes in fair value are recognized through profit or loss.

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

Skanska's policy stipulates that net investments in Commercial Property Development and Infrastructure Development operations are to be currency-hedged since the intention is to sell these assets over time. These hedges consist of forward currency contracts and foreign currency loans. The positive fair value of the forward currency contracts amounted to USD 1.4 M (13.5) and their negative fair value amounted to USD 0.0 M (21.6). The fair value of foreign currency loans amounted to USD 16.8 M (325.1).

Net investments in foreign currency subsidiaries are normally not hedged, unless the Board of Directors of Skanska AB decides otherwise. During the first half of the year, around 25 percent of the Group's equity were currency hedged (USD, EUR, CZK, NOK, PLN, and GBP). After a Board decision these hedges were gradually reduced during the second half of the year.

At year-end 2015, about 5 percent of equity was currency hedged. A change in the exchange rate where the Swedish krona falls/rises by 10 percent against other currencies would have an effect of USD +/–0.18 billion after taking hedges into account.

Hedging of net investments outside Sweden

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.

Hedging of net investments outside Sweden

	2015					2014				
Currency	Net investments	Hedges[1]	Hedged portion, %	Net investments[2]	Net investments, %[2]	Net investments	Hedges[1]	Hedged portion, %	Net investments[2]	Net investments, %[2]
USD	1,118.1	–82.0	7	1,036.2	36	1,024.7	–124.1	12	900.6	33
EUR	438.5	–57.1	13	381.4	13	788.3	–301.7	38	486.7	18
CZK	299.9	0.0	0	299.9	11	319.9	–135.5	42	184.4	7
NOK	394.3	0.0	0	394.3	14	463.5	–158.2	34	305.3	11
PLN	273.7	0.0	0	273.7	10	299.6	–67.7	23	231.9	9
GBP	190.9	–10.5	5	180.5	6	203.8	–73.5	36	130.2	5
Other foreign	88.9	0.0	0	88.9	3	124.1	–26.6	21	97.5	4
Total foreign currencies	**2,804.3**	**–149.5**	**5**	**2,654.8**	**93**	**3,223.8**	**–887.3**	**28**	**2,336.6**	**86**
SEK and eliminations				209.4	7				387.6	14
Total				**2,864.2**	**100**				**2,724.2**	**100**

1 Before subtracting tax portion.
2 After subtracting hedged portion.

Note 6. Continued

The significance of financial instruments for the group's financial position and income

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/loss	Hedge-accounted derivatives	Held-to-maturity investments	Available-for-sale assets	Loans and receivables	Total carrying amount
2015						
Financial instruments						
Interest-bearing assets and derivatives						
Financial assets[1]						
Financial investments at fair value	12.9	1.5				14.4
Financial investments at amortized cost			191.1			191.1
Financial interest-bearing receivables					841.8	841.8
	12.9	**1.5**	**191.1**	**0.0**	**841.8**	**1,047.3**
Current investments at fair value						0.0
Cash					1,410.3	1,410.3
	12.9	**1.5**	**191.1**	**0.0**	**2,252.1**	**2,457.6**
Trade accounts receivable[2]					**2,458.3**	**2,458.3**
Other operating receivables including shares						
Shares recognized as available-for-sale assets[3]				7.3		7.3
Other operating receivables[2, 4]					3.3	3.3
	0.0	**0.0**	**0.0**	**7.3**	**3.3**	**10.6**
Total financial instruments	**12.9**	**1.5**	**191.1**	**7.3**	**4,713.7**	**4,926.4**
2014						
Financial instruments						
Interest-bearing assets and derivatives						
Financial assets[1]						
Financial investments at fair value	7.6	13.5				21.0
Financial investments at amortized cost			176.8			176.8
Financial interest-bearing receivables					713.9	713.9
	7.6	**13.5**	**176.8**	**0.0**	**713.9**	**911.8**
Current investments at fair value						0.0
Cash					1,168.5	1,168.5
	7.6	**13.5**	**176.8**	**0.0**	**1,882.5**	**2,080.3**
Trade accounts receivable[2]					**2,631.0**	**2,631.0**
Other operating receivables including shares						
Shares recognized as available-for-sale assets[3]				4.5		4.5
Other operating receivables[2, 4]					73.4	73.4
	0.0	**0.0**	**0.0**	**4.5**	**73.4**	**77.9**
Total financial instruments	**7.6**	**13.5**	**176.8**	**4.5**	**4,586.9**	**4,789.2**

The difference between fair value and carrying amount for financial assets is marginal.

1 The carrying amount for financial assets excluding shares, totaling USD 1,047.3 M (911.8), is shown in Note 21 Financial assets.
2 Refer to Note 24 Other operating receivables.
3 The shares are recognized at cost. The reason for this is that it was determined 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, USD 3,082.3 M (3,373.1) was reported as other operating receivables. Refer to Note 24 Other operating receivables. Of this amount, trade accounts receivable accounted for USD 2,458.3 M (2,631.0). These were reported as financial instruments. The remaining amount is USD 624.0 M (742.0) and breaks down as USD 3.3 M (73.4) for financial instruments and USD 620.7 M (668.6) 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 6. Continued

Reconciliation with statement of financial position	Dec 31, 2015	Dec 31, 2014
Assets		
Financial instruments	4,926.4	4,789.2
Other assets		
Property, plant and equipment and intangible assets	1,490.6	1,650.3
Investments in joint ventures and associated companies	339.7	335.9
Tax assets	247.2	276.4
Current-asset properties	3,218.5	3,350.9
Inventories	112.4	130.5
Gross amount due from customers for contract work	678.0	702.1
Other operating receivables[1]	620.7	668.6
Total assets	**11,633.5**	**11,904.0**

1 In the consolidated statement of financial position, USD 3,082.3 M (3,373.1) was reported as other operating receivables. Refer to Note 24 Other operating receivables. Of this amount, trade accounts receivable accounted for USD 2,458.3 M (2,631.0). These were reported as financial instruments. The remaining amount is USD 624.0 M (742.0) and breaks down as USD 3.3 M (73.4) for financial instruments and USD 620.7 M (668.6) 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/loss	Hedge-accounted derivatives	At amortized cost	Total carrying amount
2015				
Financial instruments				
Interest-bearing liabilities and derivatives				
Financial liabilities[1]				
Financial liabilities at fair value	15.8	15.2		31.1
Financial liabilities at amortized cost			1,232.0	1,232.0
	15.8	**15.2**	**1,232.0**	**1,263.1**
Operating liabilities				
Trade accounts payable			1,793.0	1,793.0
Other operating liabilities[2]			86.6	86.6
	0.0	**0.0**	**1,879.6**	**1,879.6**
Total financial instruments	**15.8**	**15.2**	**3,111.6**	**3,142.7**
2014				
Financial instruments				
Interest-bearing liabilities and derivatives				
Financial liabilities[1]				
Financial liabilities at fair value	30.2	43.0		73.1
Financial liabilities at amortized cost			1,386.9	1,386.9
	30.2	**43.0**	**1,386.9**	**1,460.1**
Operating liabilities				
Trade accounts payable			2,108.7	2,108.7
Other operating liabilities[2]			113.9	113.9
	0.0	**0.0**	**2,222.6**	**2,222.6**
Total financial instruments	**30.2**	**43.0**	**3,609.5**	**3,682.7**

The fair value is USD 7.7 M (24.8) higher than the carrying amount for financial liabilities.

1 The carrying amount for financial liabilities totaling USD 1,263.1 M (1,460.1) is reported in the statement of financial position along with financial liabilities of USD 1,242.2 M (1,436.8) from Note 27 and contingent consideration of USD 20.8 M (23.2) from Note 29. Contingent consideration is included in financial liabilities measured at fair value at USD 1.9 M (4.2) and in financial liabilities measured at amortized cost at USD 18.9 M (19.0). During the year USD 2.6 M (1.0) of the contingent consideration was paid out, and USD 1.9 M (2.3) accrued as interest income.

2 Other financial operating liabilities, totaling USD 1,879.6 M (2,222.6), are reported in the statement of financial position together with trade accounts payable of USD 1,793.0 M (2,108.7) and other financial instruments of USD 86.6 M (113.9). The total item in the statement of financial position amounts to USD 4,164.7 M (4,297.9). Refer to Note 30. Accrued interest expense, 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 6. Continued

Reconciliation with statement of financial position	Dec 31, 2015	Dec 31, 2014
Equity and liabilities		
Financial instruments	3,142.7	3,682.7
Other liabilities		
Equity	2,883.3	2,746.5
Pensions	472.8	597.3
Tax liabilities	219.9	188.6
Provisions	745.3	747.3
Gross amount due to customers for contract work	1,884.5	1,866.3
Other operating liabilities[1]	2,285.1	2,075.3
Total equity and liabilities	**11,633.5**	**11,904.0**

1 Other financial operating liabilities, totaling USD 1,879.6 M (2,222.6), are reported in the statement of financial position together with trade accounts payable of USD 1,793.0 M (2,108.7) and other financial instruments of USD 86.6 M (113.9). The total item in the statement of financial position amounts to USD 4,164.7 M (4,297.9). Refer to Note 30. Accrued interest expense, 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.t.

Financial instruments – carrying amount	2015	2014
Assets at fair value	14.4	21.0
Assets at amortized cost	4,912.0	4,768.2
Total financial assets	**4,926.4**	**4,789.2**
Liabilities at fair value	29.2	73.1
Liabilities at amortized cost	3,113.5	3,609.5
Total financial liabilities	**3,142.7**	**3,682.7**

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 two of the hierarchy in IFRS 13. The difference between fair value and carrying amount is marginal.

Disclosures concerning offsetting of financial instruments	2015		2014	
	Financial assets	Financial liabilities	Financial assets	Financial liabilities
Gross amounts	4,926.4	3,142.7	4,789.2	3,682.7
Amounts offset	0.0	0.0	0.0	0.0
Recognized in balance sheet	**4,926.4**	**3,142.7**	**4,789.2**	**3,682.7**
Amounts covered by netting arrangements	–5.7	–5.7	–16.7	–16.7
Net amount after netting arrangements	**4,920.7**	**3,137.0**	**4,772.6**	**3,666.0**

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 2015 and 2014 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 2015 and 2014 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. The fair value of assets totaling USD 14.3 M (21.0) and liabilities totaling USD 29.2 M (68.9) have been calculated according to this level.

The fair value of financial instruments with option elements is calculated using the Black-Scholes model. As of December 31, 2015, Skanska had no instruments with option elements.

Skanska's liabilities for contingent considerations are measured according to level three. All other financial assets and liabilities are measured according to level two.

Note 6. Continued

Impact of financial instruments on the consolidated income statement, other comprehensive income and equity

Revenue and expenses from financial instruments recognized in the income statement	2015	2014
Recognized in operating income		
Interest income on loan receivables	0.6	0.9
Interest expenses on financial liabilities at cost	–0.1	–0.3
Cash-flow hedge removed from equity and recognized in the income statement	–61.2	–73.9
Total income and expenses in operating income	**–60.7**	**–73.4**
Recognized in financial items		
Interest income on financial assets at fair value through profit or loss[1]	2.6	5.1
Interest income on held-to-maturity investments	1.1	1.0
Interest income on loan receivables	2.0	5.4
Interest income on cash	4.7	8.4
Dividends	3.8	
Changes in market value of financial liabilities measured at fair value through profit or loss	0.8	0.3
Total income in financial items	**15.1**	**20.1**
Interest expenses on financial liabilities measured at fair value through profit or loss	–12.7	–10.4
Interest expenses on financial liabilities measured at amortized cost	–26.1	–46.5
Changes in market value of financial liabilities measured at fair value through profit or loss	–0.2	–7.0
Financial items from hedging of net investments in foreign subsidiaries[2]	–3.6	–1.7
Net exchange-rate differences	–11.4	–3.9
Expenses for borrowing programs	–3.3	–3.3
Bank-related expenses	–7.0	–7.5
Total expenses in financial items	**–64.3**	**–80.5**
Net income and expenses from financial instruments recognized in the income statement	**–109.9**	**–133.7**
of which interest income on financial assets not measured at fair value through profit or loss	8.4	15.7
of which interest expenses on financial liabilities not measured at fair value through profit or loss	–26.2	–46.8

1 The amount refers to USD 2,4 M (3,2) worth of positive interest rate differences in currency swaps for the Group's borrowing.
2 The amount is related to interest income/interest expenses totaling USD –3,6 M (–1,7) attributable to currency forward contracts.

Reconciliation with financial items	2015	2014
Total income from financial instruments in financial items	15.1	20.1
Total expenses from financial instruments in financial items	–64.3	–80.5
Net interest income on pensions	–11.0	–10.0
Other interest expenses	23.0	29.7
Total financial items	**–37.2**	**–40.6**

See also Note 14 Financial items.

Income and expenses from financial instruments recognized under other comprehensive income	2015	2014
Cash-flow hedges recognized directly in equity	–21.5	–193.2
Cash-flow hedge removed from equity and recognized in the income statement	61.2	73.9
Translation differences for the year	–194.8	–438.6
Less hedging on foreign-exchange rate risk in operations outside Sweden	5.4	90.7
Total	**–149.7**	**–467.2**
of which recognized in cash-flow hedge reserve	39.7	–119.3
of which recognized in translation reserve	–189.4	–347.9
	–149.7	**–467.2**

Collateral

The Group has provided collateral (assets pledged) in the form of financial receivables amounting to USD 158.2 M (166.0). Refer also to Note 33 Assets pledged, contingent liabilities and contingent assets. These assets may be utilized by customers 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 7. Business combinations

Business combinations (acquisitions of businesses) are reported in compliance with IFRS 3 Business Combinations. See "Accounting and valuation principles" in Note 1.

Acquisitions of Group companies/operations

No acquisitions were made in 2015 or 2014.

Note 8. Revenue

Projects within Skanska's contracting operations are reported in compliance with IAS 11 Construction Contracts. Refer to Note 9.

Revenue other than project revenue is recognized in compliance with IAS 18 Revenue. See "Accounting and valuation principles" in Note 1.

Revenue by business stream

	2015	2014
Construction	16,674.5	18,651.3
Residential Development	1,034.3	1,333.1
Commercial Property Development	1,243.4	1,258.6
Infrastructure Development	12.6	23.6
Other		
Central	538.2	1,029.1
Eliminations, see below	–1,358.3	–1,518.9
Total	**18,144.7**	**20,776.8**

Reported as eliminations

	2015	2014
Intra-Group construction for		
Construction	–84.3	–138.6
Residential Development	–420.3	–580.1
Commercial Property Development	–721.5	–675.5
Infrastructure Development[1]		
Intra-Group property divestments	–1.4	–2.6
Other	–130.8	–122.1
	–1,358.3	**–1,518.9**

1 Construction includes USD 716.7 M (941.5) in intra-Group construction for Infrastructure Development. Elimination does not occur since this revenue comprises invoices issued to joint ventures, which are recognized according to the equity method of accounting.

Revenue by category

	2015	2014
Construction contracts	14,953.1	16,924.2
Services	731.2	968.1
Sales of goods	192.8	319.1
Rental income	71.5	60.6
Property divestments	2,196.1	2,504.8
Total	**18,144.7**	**20,776.8**

As for other types of revenue, dividends and interest income are recognized in financial items. Refer to Note 14 Financial items.

Other items

Invoices issued to associated companies and joint ventures amounted to USD 756.5 M (976.3). For other related party transactions, refer to Note 39 Related party disclosures.

Note 9. Construction contracts

Construction contracts are recognized as revenue as projects progress to completion. See "Accounting and valuation principles" in Note 1.

For risks in ongoing assignments, refer to Note 2 Key estimates and judgments, and the Report of the Directors.

Information from the income statement

Revenue recognized during the year amounted to USD 14,953.1 M (16,924.2).

Information from the statement of financial position

Gross amount due from customers for contract work	Dec 31, 2015	Dec 31, 2014
Accrued revenue	14,191.2	13,385.1
Invoiced revenue	–13,513.2	–12,683.0
Total assets	**678.0**	**702.1**

Liabilities payable to customers for contract work	Dec 31, 2015	Dec 31, 2014
Invoiced revenue	31,604.2	35,269.6
Accrued revenue	–29,719.7	–33,403.3
Total liabilities	**1,884.5**	**1,866.3**

Accrued revenue in ongoing projects including recognized gains minus recognized loss provisions amounted to USD 43,910.9 M (46,788.5).

Advance payments received totaled USD 125.7 M (137.3).

Amounts retained by customers, which have been partly invoiced according to an established plan and which the customer is retaining in accordance with contractual terms until all the conditions specified in the contract are met, amounted to USD 540.2 M (530.4).

Note 10. Operating expenses by category of expense

In 2015, revenue decreased by USD –2,632.1 M to USD 18,144.7 M (20,776.8). Operating income decreased by USD –38.4 M to USD 745.7 M (784.1). Personnel expenses for the year amounted to USD –3,555.9 M (–4,176.5).

Other operating expenses adjusted for current-asset properties divested and income in joint ventures and associated companies amounted to USD –12,133.4 M (–13,607.9).

	2015	2014
Revenue	18,144.7	20,776.8
Personnel expenses[1]	–3,555.9	–4,176.5
Depreciation/amortization	–187.2	–231.5
Impairment losses	–12.1	–40.0
Carrying amount of current-asset properties divested	–1,661.0	–2,033.7
Income from joint ventures and associated companies	150.6	97.0
Other[2]	–12,133.4	–13,607.9
Total expenses	**–17,399.0**	**–19,992.7**
Operating income	**745.7**	**784.1**

1 Wages, salaries and other remuneration plus social insurance contributions, as well as non-monetary remuneration such as company car benefits and shares obtained under Seop are recognized as personnel expenses, according to Note 36 Personnel.
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" in Note 1.

Selling and administrative expenses	2015	2014
Construction	–734.8	–840.6
Residential Development	–65.2	–75.5
Commercial Property Development	–80.3	–76.3
Infrastructure Development	–18.5	–18.6
Central[1]	–152.7	–202.4
Total	**–1,051.5**	**–1,213.3**

1 Including eliminations.

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 "Accounting and valuation principles" in Note 1.

Depreciation and amortization are presented below by business stream.

For further information on depreciation and amortization, refer to 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
2015						
Intangible assets	–9.0				–3.1	–12.1
Property, plant and equipment						
Property	–11.3				–0.1	–11.4
Plant and equipment	–153.6	–0.2	–0.7	–0.6	–8.5	–163.7
Total	**–173.9**	**–0.2**	**–0.7**	**–0.6**	**–11.7**	**–187.2**
2014						
Intangible assets	–8.3				–2.3	–10.6
Property, plant and equipment						
Property	–10.4				–0.6	–11.0
Plant and equipment	–191.2	–0.4	–0.4	–0.4	–17.4	–209.9
Total	**–209.9**	**–0.4**	**–0.4**	**–0.4**	**–20.3**	**–231.5**

Note 13. Impairment losses/reversal of impairment losses

Impairment losses are recognized in compliance with IAS 36 Impairment of Assets. See "Accounting and valuation principles" in Note 1.

Impairment losses on current-asset properties are recognized in compliance with IAS 2 Inventories.

Impairment losses/reversal of impairment losses are presented below by business stream.

For further information on impairment losses/reversal of impairment losses, refer to Note 17 Property, plant and equipment, Note 18 Goodwill, Note 19 Intangible assets and Note 22 Current-asset properties/project development.

Impairment losses/reversal of impairment losses by asset class and business stream

	Construction	Residential Development	Commercial Property Development	Infrastructure Development	Central and eliminations	Total
2015						
Recognized in operating income						
Property, plant and equipment						
Property	–1.3					–1.3
Investments in joint ventures and associated companies			–1.9			–1.9
Current-asset properties						
Commercial Property Development			–6.6			–6.6
Residential Development		–2.3				–2.3
Total	**–1.3**	**–2.3**	**–8.5**	**0.0**	**0.0**	**–12.1**
2014						
Recognized in operating income						
Property, plant and equipment						
Property	–0.3					–0.3
Plant and equipment	–1.2					–1.2
Investments in joint ventures and associated companies				–28.0		–28.0
Current-asset properties						
Commercial Property Development			6.2			6.2
Residential Development		–16.8			0.0	–16.8
Total	**–1.4**	**–16.8**	**6.2**	**–28.0**	**0.0**	**–40.0**

Note 14. Financial items

	2015	2014
Financial income		
Interest income	10.4	19.9
Dividends	3.8	
Change in market value	0.8	0.3
	15.1	**20.1**
Financial expenses		
Interest expenses	–38.8	–57.0
Interest income on pensions	–11.0	–10.0
Capitalized interest expenses	23.0	29.7
Change in market value	–3.8	–8.7
Net exchange-rate differences	–11.4	–3.9
Other financial items	–10.3	–10.9
	–52.3	**–60.7**
Total	**–37.2**	**–40.6**

Disclosures on the portion of income and expenses in financial items that comes from financial instruments are presented in Note 6 Financial instruments and financial risk management.

Net interest items

Financial items amounted to USD –37.2 M (–40.6). Net interest items improved to USD –16.4 M (–17.4). Interest income decreased to USD 10.4 M (19.9), mainly due to lower market interest rates. Interest expenses before capitalized interest improved to USD –38.8 M (–57.0), which was mainly attributable to lower interest rates on construction loans in Sweden and a smaller proportion of loans in high interest-rate currencies. During the year, Skanska capitalized interest expenses of USD 23.0 M (29.7) in ongoing projects for its own account.

Interest income was received at an average interest rate of 0.53 (0.67) percent. Interest expenses, excluding interest on pension liability, were paid at an average interest rate of 1.65 percent (2.44) during the year. Taking into account derivatives, the average interest rate was 2.32 (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, 2015, based on the outcome in 2014, increased to USD –11.0 M (–10.0). See also Note 28 Pensions.

The Group had net interest items of USD 0.5 M (0.6) that were recognized in operating income. See "Accounting and valuation principles" in Note 1.

Change in market value

The change in market value amounted to USD –3.0 M (–8.4) and the decrease is mainly due to an improvement in the market value of interest-rate swap contracts.

Other financial items

Other financial items totaled USD –10.3 M (–10.9) and mainly consisted of various financial fees.

Note 15. Borrowing costs

Borrowing costs relating to investments that require a substantial period for completion are capitalized. See "Accounting and valuation principles" in Note 1.

In 2015, borrowing costs were capitalized at an interest rate of around 1.5 (2.0) percent.

	Capitalized interest during the year		Total accumulated capitalized interest included in cost	
	2015	2014	2015	2014
Current-asset properties	23.0	29.7	27.9	24.3
Total	**23.0**	**29.7**	**27.9**	**24.3**

Note 16. Income taxes

Income taxes are reported in compliance with IAS 12 Income Taxes. See "Accounting and valuation principles" in Note 1.

Tax expenses

	2015	2014
Current taxes	–118.9	–116.7
Deferred tax assets/expenses from change in temporary differences	1.1	–16.2
Deferred tax expenses from change in loss carryforwards	–14.2	–36.2
Taxes in joint ventures	–8.4	–16.2
Total	**–140.5**	**–185.4**

Tax items recognized under other comprehensive income

	2015	2014
Deferred taxes attributable to cash-flow hedges	–1.8	3.3
Deferred taxes attributable to pensions	–20.7	73.8
Total	**–22.5**	**77.1**

There was no deferred tax attributable to the category "available-for-sale financial assets."

Relation between taxes calculated after aggregating nominal tax rates and recognized taxes

The Group's recognized tax rate amounted to 20 (25) percent.

The Group's aggregated nominal tax rate was estimated at 23 (26) percent.

The average nominal tax rate in Skanska's home markets in Europe amounted to about 21 (21) 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 23 (26) percent and recognized taxes of 20 (25) percent is explained in the table below.

	2015	2014
Income after financial items	708.5	743.5
Tax according to aggregation of nominal tax rates, 23 (26) percent	–162.9	–193.2
Tax effect of:		
Property divestments[1]	41.8	56.7
Divestments of infrastructure projects	10.1	0.0
Other	–29.5	–48.9
Recognized tax expenses	**–140.5**	**–185.4**

1 In a number of the markets where Skanska operates, the sale of real estate projects via the divestment of companies is tax-free.

Income taxes paid in 2015 amounted to USD –95.3 M (–144.4).

Income taxes paid can vary greatly from year to year for the countries where the Group operates. Income taxes are often calculated based on different principles to those that apply to the preparation of the Group's income statement. If the final income tax is less than the amount provisionally withdrawn in previous years, income taxes paid for the year may be substantially reduced.

Note 16. Continued

The table below shows a breakdown by country of income taxes paid:

Country	2015	Country	2014
Sweden	56.9	USA	91.0
USA	19.1	Poland	34.4
Finland	12.1	Finland	12.6
Peru	5.7	UK	6.2
Norway	5.2	Chile	3.2
Other	–3.7	Other	–3.0
	95.3		**144.4**

Tax assets and tax liabilities

	Dec 31, 2015	Dec 31, 2014
Tax assets	82.3	119.2
Tax liabilities	66.7	64.7
Net tax assets (+), tax liabilities (–)	**15.6**	**54.5**

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 paid.

Deferred tax assets and deferred tax liabilities

	Dec 31, 2015	Dec 31, 2014
Deferred tax assets according to the statement of financial position	164.9	157.2
Deferred tax liabilities according to the statement of financial position	153.2	123.9
Net deferred tax assets (+), deferred tax liabilities (–)	**11.7**	**33.2**

	Dec 31, 2015	Dec 31, 2014
Deferred tax assets for loss carryforwards	12.0	29.3
Deferred tax assets for other assets	53.2	60.3
Deferred tax assets for provisions for pensions	108.4	132.4
Deferred tax assets for ongoing projects	43.0	34.1
Other deferred tax assets	161.0	167.2
Total before net accounting	**377.7**	**423.3**
Net accounting of offsettable deferred tax assets/liabilities	–212.9	–266.1
Deferred tax assets according to the statement of financial position	**164.9**	**157.2**

	Dec 31, 2015	Dec 31, 2014
Deferred tax liabilities for non-current assets	47.1	51.1
Deferred tax liabilities for ongoing projects	180.8	220.3
Deferred tax liabilities for other current assets	15.1	15.9
Other deferred tax liabilities	123.0	102.8
Total before net accounting	**366.0**	**390.1**
Net accounting of offsettable deferred tax assets/liabilities	–212.9	–266.1
Deferred tax liabilities according to the statement of financial position	**153.2**	**123.9**

Change in net deferred tax assets (+), liabilities (–)

	2015	2014
Net deferred tax assets, January 1	33.2	8.8
Divestments of companies	14.5	
Recognized under other comprehensive income	–22.5	77.1
Deferred tax expenses	–13.2	–52.5
Reclassifications		–5.7
Exchange-rate differences	–0.3	5.4
Net deferred tax assets, December 31	**11.7**	**33.2**

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 deviate 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 tax-deductible 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 for ongoing projects are taxed on a cash basis.

Deferred tax liabilities for 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 deviate 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 USD 0.0 M (0.0). In Sweden and a number of other countries, divestments of holdings in limited companies are tax-exempt under certain circumstances. Temporary differences thus do not normally exist for shareholdings by the Group's companies in these countries.

Temporary differences and loss carryforwards that are not recognized as deferred tax assets

	Dec 31, 2015	Dec 31, 2014
Loss carryforwards that expire within one year		1.7
Loss carryforwards that expire in more than one year but within three years	0.7	
Loss carryforwards that expire in more than three years	194.5	160.6
Total	**195.2**	**162.3**

Skanska has loss carryforwards in a number of countries. In some of these countries, Skanska currently has no operations or only limited operations. In certain countries, current earnings generation is at a level such 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 all 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 "Accounting and valuation principles" in Note 1.

Office buildings and other buildings used in the Group's operations 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

	2015	2014
Property	218.8	255.3
Plant and equipment	545.8	646.4
Property, plant and equipment under construction	10.1	12.1
Total	**774.7**	**913.8**

Depreciation of property, plant and equipment by asset class and function

	Cost of sales		Selling and administration		Total	
	2015	2014	2015	2014	2015	2014
Property	–6.9	–7.8	–4.5	–3.2	–11.4	–11.0
Plant and equipment	–147.0	–191.2	–16.7	–18.7	–163.7	–209.9
Total	**–153.9**	**–199.0**	**–21.2**	**–21.9**	**–175.1**	**–220.9**

Impairment losses/reversal of impairment losses on property, plant and equipment

In 2015, gross impairment losses in the amount of USD –1.3 M (–1.4) were recognized. The impairment losses in the comparative year were applied in the Czech Republic and Slovakia.

All impairment losses/reversal of impairment losses were recognized under "Cost of sales."

	Property		Plant and equipment		Total	
Impairment losses/reversal of impairment losses	**2015**	**2014**	**2015**	**2014**	**2015**	**2014**
Impairment losses	–1.3	–0.3		–1.2	–1.3	–1.4
Reversal of impairment losses					0.0	0.0
Total	**–1.3**	**–0.3**	**0.0**	**–1.2**	**–1.3**	**–1.4**

Amount of impairment losses/reversal of impairment losses based on	2015	2014	2015	2014	2015	2014
Fair value less selling expenses/costs of disposal	–1.3				–1.3	0.0
Value in use		–0.3		–1.2	0.0	–1.4
Total	**–1.3**	**–0.3**	**0.0**	**–1.2**	**–1.3**	**–1.4**

Information about cost, accumulated amortization and accumulated impairment losses

	Property		Plant and equipment		Property, plant and equipment under construction	
	2015	2014	2015	2014	2015	2014
Accumulated cost						
January 1	457.7	528.3	2,665.3	3,047.2	12.1	5.1
Investments	8.7	7.4	158.0	178.2	11.5	19.1
Acquisitions of companies				–0.7		
Divestments	–23.1	–18.3	–131.2	–161.9	0.0	–10.1
Reclassifications	2.7	1.3	10.1	0.9	–12.1	
Exchange-rate differences for the year	–30.2	–61.0	–198.1	–398.2	–1.3	–2.0
	415.7	**457.7**	**2,504.0**	**2,665.3**	**10.1**	**12.1**
Accumulated impairment losses						
January 1	–166.8	–180.8	–1,995.5	–2,178.1		
Divestments	2.4	0.0	69.4	96.1		
Reclassifications		0.0		–2.0		
Impairment losses/reversal of impairment losses for the year	–11.4	–11.0	–163.7	–219.9		
Exchange-rate differences for the year	12.7	25.0	153.1	298.5		
	–163.1	**–166.8**	**–1,936.8**	**–1,995.5**		
Accumulated impairment losses						
January 1	–35.5	–41.5	–23.4	–27.8		
Divestments	0.1	0.0	0.0	1.0		
Reclassifications		0.0				
Impairment losses/reversal of impairment losses for the year	–1.3	–0.3	0.0	–1.2		
Exchange-rate differences for the year	2.9	6.2	1.9	4.6		
	–33.8	**–35.5**	**–21.4**	**–23.4**		
Carrying amount, December 31	**218.8**	**255.3**	**545.8**	**646.4**	**10.1**	**12.1**
Carrying amount, January 1	255.3	306.0	646.4	841.2	12.1	5.1

Other items

Information about capitalized interest is presented in Note 15 Borrowing costs. For information on finance leases, refer to Note 40 Leases. Skanska has obligations to acquire property, plant and equipment in the amount of USD 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 2015 or 2014.

Note 18. Goodwill

Goodwill is recognized in compliance with IFRS 3 Business Combinations. See "Accounting and valuation principles" in Note 1.For key judgments, refer to Note 2.

Goodwill amounted to USD 626.1 M (677.0). In 2015, goodwill decreased by USD 50.9 M, mainly due to exchange-rate differences. During the comparative year, goodwill decreased by USD –73.1 M.

Goodwill amounts by cash-generating units

	2015	2014	change during the year	of which exchange-rate differences
Sweden	13.7	14.9	–1.2	–1.2
Norway	153.1	181.2	–28.1	–28.1
Finland	49.0	54.5	–5.6	–5.6
Poland	5.4	5.9	–0.5	–0.5
Czech Republic/Slovakia	61.1	66.3	–5.2	–5.2
UK	209.5	219.8	–10.3	–10.3
USA Building	40.5	40.5	0.0	0.0
USA Civil	93.8	93.8	0.0	0.0
Total	**626.1**	**677.0**	**–50.9**	**–50.9**

The goodwill recoverable amount is based exclusively on value in use. The amounts of goodwill together with other non-current assets, current-asset properties and net working capital are tested annually.

Expected cash flows are based on forecasts of the development of the construction investments in each submarket in the countries where the Group has operations. The forecasts are based on the units' two-year forecasts and the five-year business plan established. Future macroeconomic development and changes in interest rates are also important variables.

The growth rate used to extrapolate cash-flow forecasts beyond the period covered by the 10-year forecasts is the normal growth rate for the industry in each respective country.

Each Business 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 anticipated development over the next three-year period.

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	Norway	Finland	Czech Republic	UK	USA Civil
Recoverable value, 100	100	100	100	100	100
Carrying amount[1]	22	28	n.a	0	n.a
Interest rate, percent (WACC), before taxes	9	9	9	9	11
Interest rate, percent (WACC), after taxes	7	7	7	7	7
Expected growth, %	0	0	2	2	2
Interest rate, percent (WACC), previous year (before taxes)	8	8	8	8	10
Expected growth, %, previous year	0	0	3	3	3
Carrying amount in relation to recoverable amount, 100 in case of increase in interest rate by					
+ 1 percentage point	28	32	n.a	0	n.a
+ 5 percentage points[2]	48	55	n.a	1	n.a

1 For Skanska's operations in the Czech Republic and U.S., the carrying amount was negative due to a negative working capital that exceeds the value of non-current assets.

2 Value > 100 indicates that the recoverable amount is less than the carrying amount and an impairment loss needs to be recognized.

Goodwill impairment losses

In 2015 no impairment losses were recognized within the Group. Nor was any goodwill impairment loss recognized during the comparative year.

Note 19. Intangible assets

Intangible assets are recognized in compliance with IAS 38 Intangible Assets. See "Accounting and valuation principles" in Note 1.

Intangible assets and useful life applied

	Dec 31, 2015	Dec 31, 2014	Useful life applied
Intangible assets, internally generated	41.6	6.8	3–7 years
Intangible assets, externally acquired	48.2	52.7	3–10 years
Total	**89.8**	**59.5**	

Internally generated intangible assets consist of business systems.

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.

Business systems are amortized over three to seven 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	2015	2014
Cost of sales	–6.4	–5.8
Selling and administration	–5.7	–4.8
Total	**–12.1**	**–10.6**

Impairment losses/reversal of impairment losses on other intangible assets

In 2015 and 2014, there were no impairment losses/reversal of impairment losses on other intangible assets.

Information about cost, accumulated amortization and accumulated impairment losses

	Intangible assets, externally acquired		Intangible assets, internally generated[1]	
	2015	2014	2015	2014
Accumulated cost				
January 1	170.1	169.2	8.0	4.0
Other investments	22.8	21.3	23.4	5.2
Divestments	0.1	–1.4		
Reclassifications	–15.6	0.0	15.6	
Exchange-rate differences for the year	–9.8	–18.9	–0.4	–1.3
	167.6	**170.1**	**46.6**	**8.0**
Accumulated amortization				
January 1	–110.6	–115.1	–1.2	–0.6
Divestments	0.2	1.4		
Depreciation for the year	–8.7	–9.9	–3.4	–0.7
Reclassifications	0.5	0.0	–0.5	
Exchange-rate differences for the year	5.6	12.9	0.1	0.2
	–112.9	**–110.6**	**–5.0**	**–1.2**
Accumulated impairment losses				
January 1	–6.8	–4.0	0.0	0.0
Exchange-rate differences for the year	0.4	–2.8		
	–6.4	**–6.8**	**0.0**	**0.0**
Carrying amount, December 31	**48.2**	**52.7**	**41.6**	**6.8**
Carrying amount, January 1	52.7	51.4	6.8	3.4

1 Internally generated intangible assets consist of business systems.

Other items

Information about capitalized interest is presented in Note 15 Borrowing costs.

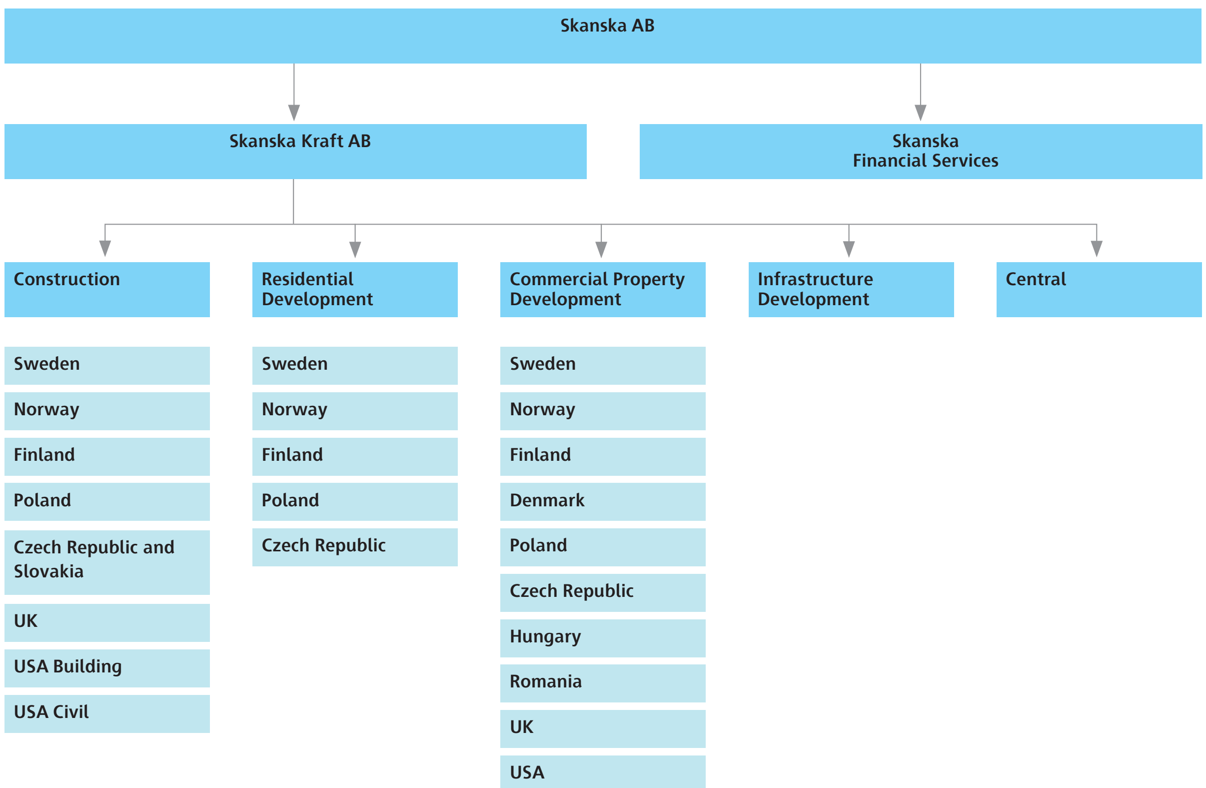
Direct research and development expenses amounted to USD 24.9 M (29.9).

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.

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 the 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.

	2015	2014
Share of income in joint ventures according to the equity method[1]	100.8	111.0
Share of income in associated companies according to the equity method[1]	0.2	0.0
Divestments of joint ventures	51.5	13.9
Impairment losses in joint ventures	–1.9	–28.0
Total	**150.6**	**97.0**

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 USD –8.4 M (–16.2) and its share of associated companies' taxes amounts to USD 0.0 M (0.0). See also Note 16 Income taxes.

The carrying amount according to the statement of financial position and the change that occurred can be seen in the following table:

	2015			2014		
	Joint ventures	Associated companies	Total	Joint ventures	Associated companies	Total
January 1	333.5	2.4	335.9	420.0	2.9	422.9
New acquisitions	53.8		53.8	92.5		92.5
Divestments	–82.8		–82.8	–47.5		–47.5
Reclassifications	–4.6	–0.2	–4.8	15.4		15.4
Exchange-rate differences for the year	–20.1		–20.1	–38.1	–0.5	–38.6
The year's provision/reversal for intra-Group profit on contracting work	–1.3		–1.3	0.0		0.0
Changes in fair value of derivatives	33.3		33.3	–108.4		–108.4
Impairment losses for the year	–1.9		–1.9	–28.0		–28.0
The year's change in share of income in joint ventures and associated companies after subtracting dividends received	27.5		27.5	27.7		27.7
Carrying amount, December 31	**337.5**	**2.3**	**339.7**	**333.5**	**2.4**	**335.9**

Joint ventures

Joint ventures are reported in compliance with IFRS 11 Interests in Joint Ventures. See "Accounting and valuation principles" in Note 1.

The Group has holdings in joint ventures with a carrying amount of USD 337.5 M (333.5).

Infrastructure Development includes carrying amounts in joint ventures totaling USD 228.2 M (212.7).

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, 2015	Dec 31, 2014
Joint ventures in Infrastructure Development						
Bristol LEP Ltd[1]	Education	UK	80	80	1.0	1.0
Capital Hospitals (Holdings) Ltd[2]	Healthcare	UK	38	38	–	72.1
Connect Plus Holdings Ltd	Highway	UK	40	40	37.6	4.0
Elizabeth River Crossings LLC	Highway/tunnel	USA	50	50	0.0	0.0
Elizabeth River Crossings Holdco LLC	Highway/tunnel	USA	50	50	66.9	45.6
Essex LEP Ltd[1]	Education	UK	70	70	1.7	1.8
Gdansk Transport Company S.A	Highway	Poland	30	30	49.3	59.3
I-4 Mobility Partners Holdco LLC	Highway	USA	50	50	0.0	0.0
Mullbergs Vindpark AB	Wind power	Sweden	50	50	11.4	11.9
NPH Healthcare (Holdings) Limited shares	Healthcare	UK	50	50	0.0	-
Sjisjka Vind AB	Wind power	Sweden	50	50	0.0	0.0
Swedish Hospital Partners Holding AB	Healthcare	Sweden	50	50	44.7	8.3
Other					15.6	8.7
Total joint ventures in Infrastructure Development					**228.2**	**212.7**
AB Sydsten	Construction	Sweden	50	50	11.4	11.4
Alley 111 Owner LLC	Commercial Property Development	USA	20	20	7.0	7.1
SKPR 1350 Boylston LP	Commercial Property Development	USA	50	50	11.4	–
SKPR Watermark Seaport Operating Company LLC	Commercial Property Development	USA	50	50	20.2	20.3
Sundtkvartalet Holding AS	Commercial Property Development	Norway	50	50	10.4	12.4
T-C/SK 400 Fairview Holding LLC	Commercial Property Development	USA	10	10	14.7	–
Tiedemannsbyen DA	Residential Development	Norway	50	50	12.6	15.3
Västermalms Strand Holding AB	Residential Development	Sweden	50	50	0.0	18.2
Other joint ventures					21.4	36.1
Total joint ventures, Group					**337.5**	**333.5**

1 For the companies Bristol LEP Ltd and Èssex LEP Ltd there are shareholder agreements with the co-owners stating, among other things, that key issues such as budgets and investments must be decided jointly; Skanska has assessed that this means Skanska does not have a controlling interest, despite having a high percentage of the capital and voting rights.
2 Holding divested in 2015. See also Note 39.

Estimated value of shares and participations in joint ventures in Infrastructure Development

USD billion	Dec 31, 2015	Dec 31, 2014
Present value of cash flow from projects	0.7	0.8
Present value of remaining investments	–0.2	–0.2
Present value of projects	**0.6**	**0.7**
Carrying amount before cash-flow hedging	–0.4	–0.4
Unrealized development gain	**0.2**	**0.3**
Cash-flow hedges	0.2	0.2
Effect on unrealized equity[1]	**0.4**	**0.5**

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.

	I4 Ultimate	Capital Hospitals (Holdings) Ltd	Connect Plus Holdings Ltd	Elizabeth River Crossings Holdings LLC	Gdansk Transport Company S.A.	Papworth Hospital	Swedish Hospital Partners Holdings AB	Other joint ventures	All joint ventures, total
Income statement	**2015**	**2015**	**2015**	**2015**	**2015**	**2015**	**2015**	**2015**	**2015**
Revenue	446.7	99.6	214.7	351.8	49.0	64.4	262.6	155.0	1,643.6
Depreciation/amortization				–4.3				–2.8	–7.1
Other operating expenses	–444.5	–96.1	–185.9	–304.6	–32.2	–61.9	–258.3	–133.8	–1,517.4
Operating income	**2.3**	**3.4**	**28.8**	**42.9**	**16.7**	**2.5**	**4.3**	**18.3**	**119.1**
Interest income		84.5	178.7		97.1		70.1	0.4	430.7
Interest expenses	–2.5	–68.3	–128.0		–68.4	–1.8	–46.1	–3.3	–318.4
Financial items	2.8	1.2	0.0			–0.4		–7.2	–3.6
Income after financial items[1]	**2.6**	**20.9**	**79.4**	**42.9**	**45.4**	**0.4**	**28.2**	**8.1**	**227.9**
Taxes		–1.9	–8.8		–8.8	–1.0	–3.8	0.8	–22.5
Profit for the year	2.6	19.0	70.7	42.9	36.6	–0.6	24.4	9.8	205.3
Total comprehensive income for the year	**2.6**	**19.0**	**70.7**	**42.9**	**36.6**	**–0.6**	**24.4**	**9.8**	**205.3**
Statement of financial position									
Non-current assets	452.3		1,780.6	1,017.0	466.6	85.9	901.8	725.6	5,429.8
Current assets			213.2	36.0	60.9		52.6	266.2	628.9
Cash	25.3			150.8	21.0		11.6	39.8	248.4
Total assets	**477.5**	**0.0**	**1,993.9**	**1,203.8**	**548.4**	**85.9**	**966.0**	**1,031.6**	**6,307.1**
Equity attributable to equity holders[2]	–9.9		94.2	133.9	164.3	–1.4	89.3	522.3	992.7
Financial non-current liabilities	444.5		1,899.6	1,069.9	329.0	83.7	872.6	327.3	5,026.7
Other long-term liabilities								63.6	63.6
Financial current liabilities								56.9	56.9
Other current liabilities	42.9				55.1	3.6	4.0	61.5	167.1
Total equity and liabilities	**477.5**	**0.0**	**1,993.9**	**1,203.8**	**548.4**	**85.9**	**966.0**	**1,031.6**	**6,307.1**
Skanska received the following dividend[3]		5.7	13.3		12.8			33.2	65.0

1 The amount includes impairment losses in the consolidated accounts.
2 Equity includes subordinated loans from the owners.
3 Dividend include interest paid on the subordinated loans.

	I4 Ultimate	Capital Hospitals (Holdings) Ltd	Connect Plus Holdings Ltd	Elizabeth River Crossings Holdings LLC	Gdansk Transport Company S.A.	Papworth Hospital	Swedish Hospital Partners Holdings AB	Other joint ventures	All joint ventures, total
Reconciliation with participations in joint ventures	**2015**	**2015**	**2015**	**2015**	**2015**	**2015**	**2015**	**2015**	**2015**
Equity attributable to the investors in joint ventures	–9.9		94.2	133.9	164.3	–1.4	89.3	522.3	992.7
Less equity attributable to investors other than Skanska	4.9		–56.5	–66.9	–115.0	0.7	–44.7	–374.7	–652.3
Skanska's portion of equity in joint ventures, adjusted for surplus value and goodwill	**–5.0**	**0.0**	**37.7**	**66.9**	**49.3**	**–0.7**	**44.7**	**147.6**	**340.4**
+Losses that are recognized as provisions	5.0					0.7		7.4	13.1
– Impairment losses								–1.9	–1.9
+ Elimination of intra-Group profit								–14.2	–14.2
Carrying amount of participations	**0.0**	**0.0**	**37.7**	**66.9**	**49.3**	**0.0**	**44.7**	**138.9**	**337.5**

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.

	I4 Ultimate	Capital Hospitals (Holdings) Ltd	Connect Plus Holdings Ltd	Elizabeth River Crossings Holdings LLC	Gdansk Transport Company S.A.	Papworth Hospital	Swedish Hospital Partners Holdings AB	Other joint ventures	All joint ventures, total
Income statement	**2014**	**2014**	**2014**	**2014**	**2014**	**2014**	**2014**	**2014**	**2014**
Revenue		196.0	243.2	398.6	59.9		368.2	257.7	1,523.7
Depreciation/amortization				–1.4				–18.3	–19.7
Other operating expenses		–192.5	–209.9	–331.7	–42.0		–363.6	–198.3	–1,338.0
Operating income	**0.0**	**3.5**	**33.3**	**65.5**	**17.8**	**0.0**	**4.6**	**41.2**	**166.0**
Interest income		120.0	190.6		142.1		66.4	1.2	520.3
Interest expenses		–96.1	–137.7		–101.0		–43.2	–89.7	–467.8
Financial items		–1.9	–9.7	–3.5	10.1			2.2	–2.8
Income after financial items[1]	**0.0**	**25.5**	**76.5**	**62.0**	**69.0**	**0.0**	**27.8**	**–45.2**	**215.7**
Taxes		–2.6	–10.1		–12.0		–3.5	–11.6	–39.9
Profit for the year	0.0	22.9	66.4	62.0	57.0	0.0	24.4	–56.8	175.8
Total comprehensive income for the year	**0.0**	**22.9**	**66.4**	**62.0**	**57.0**	**0.0**	**24.4**	**–56.8**	**175.8**
Statement of financial position									
Non-current assets		1,869.5	1,875.7	745.5	1,956.4		753.2	502.2	7,702.4
Current assets		165.4		13.1	1.7		53.9	252.5	486.6
Cash		122.8	234.8	346.7	114.6		5.9	81.6	906.4
Total assets	**0.0**	**2,157.7**	**2,110.5**	**1,105.3**	**2,072.6**	**0.0**	**813.0**	**836.3**	**9,095.4**
Equity attributable to equity holders[2]		189.6	10.0	91.1	197.6		16.7	264.8	769.9
Financial non-current liabilities		1,968.1	2,061.6	970.0	1,745.4		760.4	456.5	7,962.0
Other long-term liabilities				1.5				10.0	11.5
Financial current liabilities								27.5	27.5
Other current liabilities			38.9	42.6	129.6		35.9	77.5	324.5
Total equity and liabilities	**0.0**	**2,157.7**	**2,110.5**	**1,105.3**	**2,072.6**	**0.0**	**813.0**	**836.3**	**9,095.4**
Skanska received the following dividend[3]		5.5	32.3		18.7			10.4	67.0

1 The amount includes impairment losses in the consolidated accounts.
2 Equity includes subordinated loans from the owners.
3 Dividend include interest paid on the subordinated loans.

	I4 Ultimate	Capital Hospitals (Holdings) Ltd	Connect Plus Holdings Ltd	Elizabeth River Crossings Holdings LLC	Gdansk Transport Company S.A.	Papworth Hospital	Swedish Hospital Partners Holdings AB	Other joint ventures	All joint ventures, total
Reconciliation with participations in joint ventures	**2014**	**2014**	**2014**	**2014**	**2014**	**2014**	**2014**	**2014**	**2014**
Equity attributable to the investors in joint ventures	0.0	189.6	10.0	91.1	197.6	0.0	16.7	264.8	769.9
Less equity attributable to investors other than Skanska	0.0	–109.1	–5.6	–42.3	–128.4	0.0	–7.7	–122.9	–448.2
Skanska's portion of equity in joint ventures, adjusted for surplus value and goodwill	**0.0**	**80.5**	**4.4**	**48.8**	**69.2**	**0.0**	**8.9**	**141.9**	**321.7**
+Losses that are recognized as provisions								9.2	9.2
+ Elimination of intra-Group profit								2.6	2.6
Carrying amount of participations	**0.0**	**80.5**	**4.4**	**48.8**	**69.2**	**0.0**	**8.9**	**153.7**	**333.5**

Note 20B. Continued

Assets pledged

Shares in joint ventures pledged as collateral for loans and other obligations amount to USD 25.3 M (29.6).

Other items

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. According to agreements with the banks, the ability to access to bank account funds from these joint ventures is restricted.

Skanska's portion of the total investment obligations of partly owned joint ventures amounted to USD 423.2 M (555.3), of which Skanska has remaining obligations to invest USD 191.2 M (228.4) 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 USD 225.1 M (155.4).

Associated companies

Associated companies are reported in compliance with IAS 28 Investments in Associates. See "Accounting and valuation principles" in Note 1.

The carrying amount of associated companies is USD 2.3 M (2.4).

Information on the Group's share of revenue, income, assets, liabilities and equity in associated companies

	2015	2014
Revenue	2.8	1.9
Earnings	0.0	0.0
Assets	**3.0**	**3.0**
Equity[1]	2.3	2.4
Liabilities	0.7	0.5
	3.0	**3.0**

1 Reconciliation between equity and carrying amount of holdings, in accordance with the equity method of accounting.

	2015	2014
Equity in associated companies	2.3	2.4
Adjustment for losses not recognized	0.0	0.0
Carrying amount	**2.3**	**2.4**

Other items

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. Most of the joint operations for which a separate company has been formed are found 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
DPR Skanska	R&D facility	USA	50	50
Skanska Granit Lane	Highway/bridge	USA	40	40
Skanska Keiwit ECCO	Highway/bridge	USA	45	45
Skanska MAPP	University hospital	USA	90	90
Skanska-Rado Expo 2	Light rail line	USA	70	70
Skanska Shimmick Herzog	Public transit	USA	45	45
SKW Constructors	Highway tunnel	USA	45	45
Skanska Tully	Hydroelectric power	USA	80	80
Skanska Railworks	Public transit	USA	75	75

There are around 150 other small joint operations in the above countries as well as 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, 2015	Dec 31, 2014
Financial investments		
Financial assets at fair value through profit or loss		
Derivatives	0.0	0.0
Hedge-accounted derivatives	0.1	0.0
Financial assets available for sale[1]	7.3	4.5
	7.4	**4.5**
Financial receivables, interest-bearing		
Receivables from joint ventures	29.4	60.7
Restricted cash	91.0	72.5
Net assets in funded pension plans	27.3	26.7
Other interest-bearing receivables	6.6	2.7
	154.3	**162.6**
Total	**161.6**	**167.1**
of which interest-bearing financial non-current assets	154.3	162.6
of which non-interest-bearing financial non-current assets	7.4	4.5

Financial current assets	Dec 31, 2015	Dec 31, 2014
Financial investments		
Financial assets at fair value through profit or loss		
Derivatives	12.9	7.6
Hedge-accounted derivatives	1.4	13.5
Held-to-maturity investments	191.1	176.8
	205.4	**197.9**
Financial receivables, interest-bearing		
Restricted cash	643.6	497.0
Receivables from joint ventures	16.9	19.6
Other interest-bearing receivables	27.0	34.8
	687.5	**551.4**
Total	**892.9**	**749.2**
of which interest-bearing financial current assets	878.6	728.2
of which non-interest-bearing financial current assets	14.3	21.0
Total carrying amount, financial assets	**1,054.5**	**916.3**
of which financial assets excluding shares	1,047.3	911.8

1 Includes USD 7.3 M (4.5) in shares carried at cost.
In 2015, shareholdings were affected by impairment losses of USD 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" in Note 1.

The allocation of items in the statement of financial position among the various business streams is presented below.

Business stream	Dec 31, 2015	Dec 31, 2014
Commercial Property Development	1,983.3	1,919.0
Residential Development	1,235.2	1,431.8
Total	**3,218.5**	**3,350.9**

For a further description of the respective business streams, refer to Note 4 Operating segments.

Completed properties, properties under construction and development properties are all reported as current-asset properties.

Impairment losses/reversal 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 is a 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 impairment losses totaling USD 0.0 M (14.5) were reversed during the year.

	Impairment losses		Reversal of impairment losses		Total	
	2015	2014	2015	2014	2015	2014
Commercial Property Development	–6.6	–7.4	0.0	13.6	–6.6	–6.2
Residential Development	–2.3	–17.7	0.0	0.9	–2.3	–16.8
Total	**–8.9**	**–25.1**	**0.0**	**14.5**	**–8.9**	**–10.6**

Carrying amount

	Completed properties		Properties under construction		Development properties		Current-asset properties	
	Dec 31, 2015	Dec 31, 2014	Dec 31, 2015	Dec 31, 2014	Dec 31, 2015	Dec 31, 2014	Dec 31, 2015	Dec 31, 2014
Commercial Property Development	267.2	396.4	950.5	674.8	765.5	847.9	1,983.3	1,919.0
Residential Development	111.3	164.9	515.6	609.2	608.3	657.7	1,235.2	1,431.8
Total	**378.4**	**561.2**	**1,466.2**	**1,284.0**	**1,373.9**	**1,505.6**	**3,218.5**	**3,350.9**

	Commercial Property Development		Residential Development		Central		Total current-asset properties	
	2015	2014	2015	2014	2015	2014	2015	2014
Carrying amount								
January 1	1,919.0	2,119.2	1,431.8	1,741.3	0.0	123.7	3,350.9	3,984.3
Investments	1,033.7	958.8	787.8	994.2	0.0	2.0	1,821.5	1,955.0
Carrying amount, properties divested	–815.7	–897.2	–845.3	–1,122.4	0.0	–14.1	–1,661.0	–2,033.7
Impairment losses/reversal of impairment losses	–6.6	6.2	–2.3	–16.8			–8.9	–10.6
The year's provision for intra-Group profits in contracting work	–29.3	–35.1	–4.3	–5.1			–33.6	–40.2
Reclassifications	20.6	–4.6	1.7	99.3	0.0	–103.9	22.3	–9.3
Exchange-rate differences for the year	–138.5	–228.3	–134.3	–258.6	0.0	–7.8	–272.8	–494.7
December 31	**1,983.3**	**1,919.0**	**1,235.2**	**1,431.8**	**0.0**	**0.0**	**3,218.5**	**3,350.9**

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, 2015	Dec 31, 2014	Dec 31, 2015	Dec 31, 2014	Dec 31, 2015	Dec 31, 2014
Commercial Property Development	1,969.6	1,871.6	13.7	47.5	1,983.3	1,919.0
Residential Development	1,233.8	1,423.4	1.4	8.5	1,235.2	1,431.8
Total	**3,203.3**	**3,294.9**	**15.1**	**55.9**	**3,218.5**	**3,350.9**

Note 22. Continued

Difference between fair value and carrying amount for current-asset properties

	Surplus value	Surplus value
USD billion	Dec 31, 2015	Dec 31, 2014
Commercial Property Development		
Completed projects	0.05	0.09
Undeveloped land and development properties	0.05	0.04
Ongoing projects[1]	0.57	0.49
	0.67	**0.63**
Residential Development		
Undeveloped land and development properties	0.12	0.13
Total	**0.79**	**0.76**

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 USD 0.0 M (0.0). Refer to Note 33 Assets pledged, contingent liabilities and contingent assets.

Other items

Information about capitalized interest is presented in Note 15 Borrowing costs. Skanska has committed itself to investing USD 125.4 M (105.3) in current-asset properties.

Note 23. Inventories etc.

Inventories are reported in compliance with IAS 2 Inventories. See "Accounting and valuation principles" in Note 1.

	Dec 31, 2015	Dec 31, 2014
Raw materials and supplies	48.7	55.9
Products being manufactured	6.6	13.1
Finished products and merchandise	57.2	61.5
Total	**112.4**	**130.5**

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, 2015	Dec 31, 2014
Trade accounts receivable from joint ventures	19.4	31.9
Other trade accounts receivable	2,438.9	2,599.1
Other operating receivables	366.9	388.1
Prepaid costs and accrued income	257.2	353.9
Total	**3,082.3**	**3,373.1**
Of which financial instruments reported in Note 6 Financial instruments and financial risk management.		
Trade accounts receivable	2,458.3	2,631.0
Other operating receivables including accrued interest income	3.3	73.4
	2,461.6	**2,704.4**
Of which non-financial instruments	620.7	668.6

Note 25. Cash

"Cash" consists of cash and available funds at banks and equivalent credit institutions. Cash totaled USD 1,410.3 M (1,168.5). The Group had no cash equivalents on the closing day, or on the previous year's 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 account for about 1 percent of total equity.

Equity changed during the year as follows.

	2015	2014
January 1	**2,746.5**	**3,304.7**
of which non-controlling interests	22.3	27.1
Total comprehensive income for the year		
Profit for the year attributable to		
Equity holders	566.7	557.1
Non-controlling interests	1.3	1.0
Other comprehensive income		
Items that will not be reclassified to profit or loss for the period		
Remeasurement of defined-benefit plans[1]	93.1	–333.3
Tax related to items that will not be reclassified to profit or loss for the period	–20.8	73.8
Total	**72.3**	**–259.5**
Items that have been or will be reclassified to profit or loss for the period		
Translation differences attributable to equity holders[2]	–194.8	–438.6
Translation differences attributable to non-controlling interests	–0.4	0.9
Hedging of exchange-rate risk in foreign operations[2]	5.4	90.7
Effect of cash flow hedges[3]	39.7	–119.3
Tax related to items that have been or will be reclassified to profit or loss	–1.7	3.3
Total	**–151.8**	**–463.0**
Total other comprehensive income after tax	**–79.5**	**–722.5**
Total comprehensive income for the year	**488.5**	**–164.4**
of which attributable to equity holders	487.6	–166.3
of which attributable to non-controlling interests	0.9	1.9
Other changes in equity not included in total comprehensive income for the year		
Dividend to equity holders	–329.0	–372.3
Dividend to non-controlling interests	–4.1	–0.3
Change in Group structure	0.0	–6.4
Effect of share-based payments	30.7	38.3
Shares repurchased	–49.3	–53.2
Total	**–351.8**	**–393.9**
Equity, December 31	**2,883.3**	**2,746.5**
of which non-controlling interests	19.1	22.3

1 Remeasurement of defined-benefit pension plans, USD 93.1 M (–333.3), including tax, USD –20.8 M (73.8), totaling USD 72.3 M (–259.5), constitute 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, USD –194.8 M (–438.6), plus hedging of exchange rate risk in foreign operations, USD 5.4 M (90.7), totaling USD –189.4 M (–347.9), constitute the Group's change in translation reserve.

3 Effect on cash-flow hedges USD 39.7 M (–119.3), together with taxes USD –1.7 M (3.3), totaling USD 38.0 M (–116.0) constitutes change in the Group's cash-flow hedge reserve.

Equity attributable to equity holders is allocated as follows:

	Dec 31, 2015	Dec 31, 2014
Share capital	173.4	173.4
Paid-in capital	277.0	246.3
Reserves	–446.2	–294.8
Retained earnings	2,860.0	2,599.2
Total	**2,864.2**	**2,724.2**

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 in 2015 and 2014 was attributable to share-based payments and amounted to USD 30.7 M (38.3).

Reserves	2015	2014
Translation reserve	–187.1	2.3
Cash-flow hedge reserve	–259.1	–297.1
Total	**–446.2**	**–294.8**

Reconciliation of reserves	2015	2014
Translation reserve		
January 1	2.3	350.2
Translation differences for the year	–194.8	–438.6
Less hedging on foreign-exchange rate risk in operations outside Sweden	5.4	90.7
December 31	**–187.1**	**2.3**
Cash-flow hedge reserve		
January 1	–297.1	–181.1
Cash-flow hedges recognized in other comprehensive income:		
Hedges for the year	–21.5	–193.2
Transferred to the income statement	61.2	73.9
Taxes attributable to hedging for the year	–1.7	3.3
December 31	**–259.1**	**–297.1**
Total reserves	**–446.2**	**–294.8**

Translation reserve

The translation reserve consists of accumulated translation differences from the translation of financial reports for foreign operations. The translation reserve includes exchange-rate differences that have arisen when hedging net investments in foreign operations. The translation reserve was reset at zero upon the transition to IFRS on January 1, 2004. Translation differences for the year amount to USD –194.8 M (–438.6) and consist of negative translation differences for USD against all currencies in which the Group does business.

(For currency abbreviations, refer to Note 34 Foreign-exchange rates and effect of changes in foreign exchange rates.)

In 2015, the translation reserve was affected by exchange rate differences of USD 5.4 M (90.7) due to currency hedging. The Group has currency hedges against net investments mainly in USD and EUR. The accumulated translation reserve totaled USD –187.1 M (2.3).

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 in 2015 amounted to USD 38.0 M (–116.0), and the closing balance of the reserve totaled USD –259.1 M (–297.1).

Note 26. Continued

Retained earnings

Retained earnings include the profit for the year plus undistributed Group profits earned in prior years. The Parent Company's 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

In 2015, equity was affected by remeasurement of defined-benefit plans in the amount of USD 72.3 M (–259.5) after taking into account social insurance contributions and taxes. The change due to remeasurement of pension obligations in 2015 was USD –87.8 M (–404.3) and was attributable to the net result of changed assumptions and experience-based adjustments. Remeasurement of plan assets during the year amounted to USD –15.8 M (110.9) which is mainly due to return on interest-bearing securities in 2015 not reaching the expected level. See also Note 28 Pensions.

	2015	2014
Remeasurement of pension liabilities	87.8	–404.3
Difference between expected and actual return on plan assets	–15.8	110.9
Social insurance contributions including special payroll tax	21.0	–39.9
Taxes	–20.7	73.8
Total	**72.3**	**–259.5**

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 means that fair value is calculated on the basis of estimated fulfillment of established financial targets during a measurement period. After the end 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 7.50 (6.75) (corresponding to USD 0.89 [0.80])per share for the 2015 financial year. The proposed dividend for 2015 amounts to USD 367.2 M (329.0). 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 6, 2016.

Shares

Information on the number of shares as well as earnings and equity per share is presented in the table below.

	2015	2014
Number of shares at year-end	419,903,072	419,903,072
of which Series A shares	19,859,200	19,901,355
of which Series B shares	400,043,872	400,001,717
Average price, repurchased shares, SEK	121.02	113.81
Corresponding to USD	14.35	16.50
of which repurchased during the year	2,340,000	2,484,648
Number of Series B treasury shares, December 31	8,866,223	9,113,814
Number of shares outstanding, December 31	411,036,849	410,789,258
Average number of shares outstanding	411,059,056	411,088,591
Average number of shares outstanding after dilution	414,445,854	415,286,339
Average dilution, percent	0.82	1.01
Earnings per share, USD	1.38	1.36
Earnings per share after dilution, USD	1.37	1.34
Equity per share, USD	6.98	6.64

Change in number of shares	2015	2014
Number on January 1	410,789,258	411,278,067
Number of Series B shares repurchased	–2,340,000	–2,484,648
Number of shares transferred to employees	2,587,591	1,995,839
Number on December 31	**411,036,849**	**410,789,258**

Dilution effect

In the employee ownership programs introduced in 2011 and 2014 the number of potential ordinary shares is calculated during the measurement period based on the estimated number of shares that will be issued upon 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 calculated in this way 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 around USD 175.1 M, allocated over three years, corresponding to 10,275,657 shares. The maximum dilution at the close of the vesting period is estimated at 1.37 percent. In 2015 the cost of both programs amounted to USD 30.7 M, excluding social insurance contributions. Share awards earned but not yet allocated by the end of 2015 totaled 3,491,810 shares. The dilution effect up to and including 2015 totaled 0.82 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.

The Board has determined that the Group's equity is at a reasonable level based on what Skanska's financial position and the market circumstances require.

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 therefore recognized as current liabilities regardless of their maturity date.

For information on financial risks and financial policies, refer to Note 6 Financial instruments and financial risk management.

Financial non-current liabilities	Dec 31, 2015	Dec 31, 2014
Financial liabilities at fair value through profit or loss		
Derivatives	5.4	6.0
Hedge-accounted derivatives	15.2	19.9
Other financial liabilities		
Liabilities to credit institutions	145.1	323.9
Other liabilities	295.8	562.8
Total	**461.4**	**912.6**
of which interest-bearing financial non-current liabilities	440.8	886.6
of which non-interest-bearing financial non-current liabilities	20.6	25.9
Financial current liabilities		
Financial liabilities at fair value through profit or loss		
Derivatives	8.6	20.0
Hedge-accounted derivatives	0.0	23.0
Other financial liabilities		
Construction loans to cooperative housing associations	448.0	412.0
Liabilities to credit institutions	34.9	25.1
Commercial papers		
Other liabilities	289.3	44.1
Total	**780.8**	**524.3**
of which interest-bearing financial current liabilities	772.2	481.3
of which non-interest-bearing financial current liabilities	8.6	43.0
Total carrying amount for financial liabilities	**1,242.2**	**1,436.8**

Note 28. Pensions

Pension provisions are recognized in accordance with IAS 19 Employee Benefits. See "Accounting and valuation principles" in Note 1.

Pension liability according to the statement of financial position

According to the statement of financial position, interest-bearing pension liabilities amounted to USD 472.8 M (597.3) and interest-bearing pension receivables amounted to USD 27.3 M (26.7). The net amount of interest-bearing pension liabilities and interest-bearing pension receivables was USD 445.5 M (570.6).

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 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. The difference is therefore recognized as a liability in the statement of financial position. The plan assets in Norway exceed the pension obligations. The difference is therefore recognized as a receivable. The ceiling rule which, 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 USD 2,340.1 M (2,537.0). The decreased pension obligation is due mainly to remeasurements of pension obligations as a result of higher discount rates for pension plans in Sweden. The remeasurements are included in other comprehensive income and for 2015 amount to net USD –87.8 M (404.3). The reduction in pension obligations is due to the fact that the costs of vested pensions and interest expenses exceed pensions paid.

Plan assets amounted to USD 1,894.6 M (1,966.4). The value of plan assets decreased. Paid-in funds and actual returns on plan assets exceeded benefit paid but exchange rate differences had a negative effect on plan asset. The result of remeasurements of plan assets via other comprehensive income in 2015 was USD –15.8 M (110.9), which is mainly due to interest-bearing securities in 2015 not reaching the estimated level.

The return on plan assets recognized in the income statement amounted to USD 59.8 M (82.8), while the actual return amounted to USD 44.0 M (193.7). The lower return was mainly attributable to pension plans in the UK. The plan assets mainly consist of 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 (370,000) 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 once a year. Pension commitments are calculated by independent actuaries. The company has prepared policy documents for the 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 who 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

Note 28. Continued

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 end of 2015, the collective consolidated level of defined-benefit plans in Alecta totaled 153 percent (143). The collective consolidated level consists of assets as a percentage of actuarial obligations.

Within Skanska Norway, the largest defined-benefit pension plan is the Skanska Norge Pensionskassa pension fund. This plan covers almost all Skanska employees 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

	2015	2014
Pension obligations, funded plans, present value, December 31	2,340.1	2,537.0
Plan assets, fair value, December 31	–1,894.6	–1,966.4
Net pension liability according to the statement of financial position	**445.5**	**570.6**

Pension obligations and plan assets by country

	Sweden	Norway	UK	Total
2015				
Pension obligations	885.7	408.3	1,046.1	2,340.1
Plan assets	–487.7	–435.6	–971.4	–1,894.6
Net pension liability according to the statement of financial position	**398.1**	**–27.3**	**74.7**	**445.5**
2014				
Pension obligations	1,028.5	457.0	1,051.4	2,537.0
Plan assets	–509.7	–483.7	–973.0	–1,966.4
Net pension liability according to the statement of financial position	**518.9**	**–26.7**	**78.4**	**570.6**

Interest-bearing pension liability, net

	2015	2014
Net pension liability, January 1	570.6	448.6
Pension expenses	94.7	90.0
Benefits paid by employers	–26.9	–35.4
Funds contributed by employers	–82.5	–68.9
Remeasurements[1]	–72.1	293.4
Curtailments and settlements	–1.5	–60.7
Exchange-rate differences	–36.8	–96.4
Net pension liability according to the statement of financial position	**445.5**	**570.6**

1 See also Note 26, which shows the tax portion and social insurance contributions recognized in comprehensive income.

Pension obligations

	2015	2014
January 1	2,537.0	2,458.7
Pensions earned during the year	84.9	81.0
Interest on obligations	70.8	92.8
Benefits paid by employers	–26.9	–35.4
Benefits paid from plan assets	–39.4	–46.2
Remeasurements:		
– Actuarial gains (–), losses (+) changed financial assumptions	–104.0	382.1
– Actuarial gains (–), losses (+) changed demographic assumptions		–3.0
– Experience-based changes	16.1	25.2
Curtailments and settlements[1]	–1.5	–60.7
Exchange-rate differences	–196.9	–357.5
Pension obligations, present value	**2,340.1**	**2,537.0**

1 For 2015 this relates to reductions in Sweden and Norway. For 2014 it relates to Skanska's management of ITP 1 in Sweden.

Distribution of pension obligations and average duration by country

	Sweden	Norway	UK
2015			
Active members' portion of obligations	36%	58%	44%
Dormant pension rights	23%	4%	29%
Pensioners' portion of obligations	41%	38%	27%
Weighted average duration	18 years	20 years	23 years
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 years	20 years	22 years

Note 28. Continued

Plan assets

	2015	2014
January 1	1,966.4	2,010.1
Estimated return on plan assets	59.8	82.8
Funds contributed by employers	82.5	68.9
Funds contributed by employees	1.2	1.0
Benefits paid	–39.4	–46.2
Difference between actual return and estimated return	–15.8	110.9
Exchange-rate differences	–160.1	–261.1
Plan assets, fair value	**1,894.6**	**1,966.4**

Amounts contributed are expected to total about USD 60.0 M in 2016.

Plan assets and return by country

	Sweden	Norway	UK
2015			
Shares	24%	35%	30%
Interest-bearing securities	32%	43%	32%
Alternative investments	44%	22%	38%
Estimated return	2.25%	2.75%	3.75%
Actual return	1.90%	2.90%	2.40%
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%

Total plan assets by asset class

Equities and mutual funds	2015	2014
Swedish equities and mutual funds	38.2	54.5
Norwegian equities and mutual funds	53.5	64.5
UK equities and mutual funds	156.9	160.9
Global mutual funds	312.3	349.9
Total equities and mutual funds	**560.9**	**629.9**
Interest-bearing securities		
Swedish bonds	114.6	129.6
Norwegian bonds	95.2	118.0
UK bonds	310.2	396.0
Bonds in other countries	135.9	151.0
Total interest-bearing securities	**655.8**	**794.6**
Alternative investments:		
Hedge funds	121.7	110.9
Property investments	165.6	136.1
Infrastructure projects	192.7	100.3
Other	197.8	194.5
Total alternative investments	**677.9**	**541.9**
Total plan assets	**1,894.6**	**1,966.4**

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 flows. About 80 percent of total plan assets have a quoted price on an active market.

Actuarial assumptions

	Sweden	Norway	UK
2015			
Financial assumptions			
Discount rate, January 1	2.25%	2.75%	3.75%
Discount rate, December 31	3.00%	2.75%	3.75%
Estimated return on plan assets for the year	2.25%	2.75%	3.75%
Expected pay increase, December 31	3.00%	2.50%	3.50%
Expected inflation, December 31	1.50%	1.50%	3.00%
Demographic assumptions			
Life expectancy after age 65, men	23 years	21 years	24 years
Life expectancy after age 65, women	25 years	24 years	25 years
Life expectancy table	PRI	K2013	S1
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 years	21 years	24 years
Life expectancy after age 65, women	25 years	24 years	25 years
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, 2015	885.7	408.3	1,046.1	2,340.1
Discount rate increase of 0.25%	–40	–20	–60	–120
Discount rate decrease of 0.25%	40	20	60	120
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	45	90
Decrease of 0.25% in expected inflation	–30	–15	–45	–90
Life expectancy increase of 1 year	30	20	25	75

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, 2015	487.7	435.6	971.4	1,894.6
Return increase of 5%	25	20	50	95
Return decrease of 5%	–25	–20	–50	–95

1 If actual return increases by 5 percent in relation to estimated return, the gain on remeasurement is expected to amount to around USD 95 M. If actual return decreases by 5 percent in relation to estimated return, the loss on remeasurement is expected to amount to around USD 95 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

	2015	2014
Defined-benefit pensions earned during the year	–84.9	–81.0
Less: Funds contributed by employees	1.2	1.0
Interest on obligations	–70.8	–92.8
Estimated return on plan assets	59.8	82.8
Curtailments and settlements	1.5	0.0
Pension expenses, defined-benefit plans	**–93.2**	**–90.0**
Pension expenses, defined-contribution plans	–187.2	–189.3
Social insurance contributions, defined-benefit and defined-contribution plans[1]	–16.4	–15.8
Total pension expenses	**–296.7**	**–295.1**

1 Refers to special payroll tax in Sweden and employer fee in Norway.

Allocation of pension expenses in the income statement

	2015	2014
Cost of sales	–225.6	–221.6
Selling and administrative expenses	–60.1	–63.5
Financial items	–11.0	–10.0
Total pension expenses	**–296.7**	**–295.1**

Note 29. Provisions

Provisions are reported in compliance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets. See "Accounting and valuation principles" in 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, 2015	Dec 31, 2014
Current provisions		
Interest-bearing	4.9	4.5
Non-interest-bearing	761.3	766.0
Total	**766.1**	**770.5**

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	
	2015	2014	2015	2014	2015	2014	2015	2014
January 1	152.0	139.0	316.5	296.7	301.9	289.5	770.5	725.1
Divestments					–1.2		–1.2	0.0
Provisions for the year	66.0	100.3	103.5	98.9	182.6	96.7	352.1	295.9
Provisions utilized	–40.7	–65.2	–42.6	–59.0	–75.3	–72.9	–158.5	–197.1
Unutilized amounts that were reversed, change in value	–32.6	–24.5	–36.6	–37.1	–44.6	–16.4	–113.8	–78.0
Exchange-rate differences	–14.3	3.8	–24.8	13.5	–22.1	3.7	–61.2	21.1
Reclassifications	–1.3	–1.3	3.0	3.6	–23.5	1.3	–21.8	3.6
December 31	**129.2**	**152.0**	**319.0**	**316.5**	**317.9**	**301.9**	**766.1**	**770.5**

Specification of "Other provisions"

	2015	2014
Provisions for restructuring measures	50.1	8.2
Employee-related provisions	39.4	84.4
Environmental obligations	14.1	13.3
Provision for social insurance contributions on pensions	73.5	91.5
Contingent considerations[1]	20.8	23.2
Provision for commitments in joint ventures	13.1	9.2
Other provisions	106.8	72.0
Total	**317.9**	**301.9**

1 Of which USD 1.9 M (4.2) is from acquisitions of operations and USD 18.9 M (19.0) from acquisitions of current-asset properties. These are reported as financial instruments. Refer to 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 2015 was mainly related to Construction.

Provisions for legal disputes refer to provisions in the Construction business stream for projects that have been completed. Provisions for restructuring measures mainly include items related to the discontinuation of operations in Latin America.

Employee-related provisions included such items as the cost of profit-sharing, certain bonus programs and other obligations to employees. Provisions for environmental obligations include the costs of restoring gravel pits to their natural state in Swedish operations.

Note 30. Other operating liabilities

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, 2015	Dec 31, 2014
Trade accounts payable	1,793.0	2,108.7
Other operating liabilities to joint ventures	0.0	0.1
Other operating liabilities[1]	726.7	888.2
Accrued expenses and prepaid income	1,645.0	1,301.0
Total	**4,164.7**	**4,297.9**
Of which financial instruments reported in Note 6 Financial instruments and financial risk management		
Trade accounts payable	1,793.0	2,108.7
Other operating liabilities including accrued interest expenses	86.6	113.9
	1,879.6	**2,222.6**
Of which non-financial instruments	2,285.1	2,075.3

1 "Other operating liabilities" includes USD 63.4 M (40.5) for checks issued but not yet cashed in the U.S. See "Accounting and valuation principles" in Note 1.

Note 31. Specification of interest-bearing net receivables/net debt per asset and liability

The following table shows the breakdown of financial current and non-current assets as well as liabilities between interest-bearing and non-interest-bearing items.

	Dec 31, 2015			Dec 31, 2014		
	Interest-bearing	Non-interest-bearing	Total	Interest-bearing	Non-interest-bearing	Total
ASSETS						
Non-current assets						
Property, plant and equipment		774.7	774.7		913.8	913.8
Goodwill		626.1	626.1		677.0	677.0
Other intangible assets		89.8	89.8		59.5	59.5
Investments in joint ventures and associated companies		339.7	339.7		335.9	335.9
Financial non-current assets	154.3	7.4	161.6	162.6	4.5	167.1
Deferred tax assets		164.9	164.9		157.2	157.2
Total non-current assets	**154.3**	**2,002.5**	**2,156.8**	**162.6**	**2,147.9**	**2,310.5**
Current assets						
Current-asset properties		3,218.5	3,218.5		3,350.9	3,350.9
Inventories		112.4	112.4		130.5	130.5
Financial current assets	878.6	14.3	892.9	728.2	21.0	749.2
Tax assets		82.3	82.3		119.2	119.2
Gross amount due from customers for contract work		678.0	678.0		702.1	702.1
Other operating receivables		3,082.3	3,082.3		3,373.1	3,373.1
Cash	1,410.3		1,410.3	1,168.5		1,168.5
Total current assets	**2,288.9**	**7,187.8**	**9,476.7**	**1,896.7**	**7,696.8**	**9,593.5**
TOTAL ASSETS	**2,443.2**	**9,190.4**	**11,633.5**	**2,059.3**	**9,844.7**	**11,904.0**
LIABILITIES						
Non-current liabilities						
Financial non-current liabilities	440.8	20.6	461.4	886.6	25.9	912.6
Pensions	472.8		472.8	597.3		597.3
Deferred tax liabilities		153.2	153.2		123.9	123.9
Total non-current liabilities	**913.6**	**173.8**	**1,087.4**	**1,483.9**	**149.9**	**1,633.8**
Current liabilities						
Financial current liabilities	772.2	8.6	780.8	481.3	43.0	524.3
Tax liabilities		66.7	66.7		64.7	64.7
Current provisions	4.9	761.3	766.1	4.5	766.0	770.5
Liabilities payable to customers for contract work		1,884.5	1,884.5		1,866.3	1,866.3
Other operating liabilities		4,164.7	4,164.7		4,297.9	4,297.9
Total current liabilities	**777.1**	**6,885.8**	**7,662.9**	**485.8**	**7,037.9**	**7,523.7**
TOTAL LIABILITIES	**1,690.7**	**7,059.5**	**8,750.3**	**1,969.7**	**7,187.8**	**9,157.5**
Total equity			**2,883.3**			**2,746.5**
EQUITY AND LIABILITIES			**11,633.5**			**11,904.0**
Interest-bearing net receivables/net debt	752.4			89.6		

Note 32. Expected recovery periods of assets and liabilities

Amounts expected to be recovered	Dec 31, 2015 Within 12 months	Dec 31, 2015 12 months or longer	Dec 31, 2015 Total	Dec 31, 2014 Within 12 months	Dec 31, 2014 12 months or longer	Dec 31, 2014 Total
ASSETS						
Non-current assets						
Property, plant and equipment[1]	188.2	586.5	774.7	205.3	708.5	913.8
Goodwill[1]		626.1	626.1		677.0	677.0
Other intangible assets[1]	11.9	77.9	89.8	9.0	50.6	59.5
Investments in joint ventures and associated companies[2]		339.7	339.7		335.9	335.9
Financial non-current assets		161.6	161.6		167.1	167.1
Deferred tax assets[3]		164.9	164.9		157.2	157.2
Total non-current assets	**200.1**	**1,956.7**	**2,156.8**	**214.3**	**2,096.2**	**2,310.5**
Current assets						
Current-asset properties[4]	1,667.6	1,550.9	3,218.5	1,668.1	1,682.8	3,350.9
Inventories	44.3	68.1	112.4	63.3	67.2	130.5
Financial current assets	892.9		892.9	749.2		749.2
Tax assets	82.3		82.3	119.2		119.2
Receivables from customers for contract work[5]	594.7	83.3	678.0	661.4	40.7	702.1
Other operating receivables[5]	2,896.9	185.5	3,082.3	3,106.4	266.6	3,373.1
Cash	1,410.3		1,410.3	1,168.5		1,168.5
Total current assets	**7,589.0**	**1,887.7**	**9,476.7**	**7,536.2**	**2,057.4**	**9,593.5**
TOTAL ASSETS	**7,789.1**	**3,844.4**	**11,633.5**	**7,750.4**	**4,153.6**	**11,904.0**
LIABILITIES						
Non-current liabilities						
Financial non-current liabilities	5.2	456.2	461.4	14.4	898.2	912.6
Pensions[6]	31.4	441.3	472.8	33.0	564.3	597.3
Deferred tax liabilities		153.2	153.2		123.9	123.9
Total non-current liabilities	**36.7**	**1,050.7**	**1,087.4**	**47.3**	**1,586.5**	**1,633.8**
Current liabilities						
Financial current liabilities	591.8	189.0	780.8	483.1	41.2	524.3
Tax liabilities	66.7		66.7	64.7		64.7
Current provisions	329.0	437.1	766.1	362.7	407.8	770.5
Liabilities payable to customers for contract work	1,562.8	321.7	1,884.5	1,532.8	333.5	1,866.3
Other operating liabilities	4,091.3	73.4	4,164.7	4,193.1	104.8	4,297.9
Total current liabilities	**6,641.6**	**1,021.3**	**7,662.9**	**6,636.4**	**887.3**	**7,523.7**
TOTAL LIABILITIES	**6,678.3**	**2,072.0**	**8,750.3**	**6,683.8**	**2,473.7**	**9,157.5**
Total equity			**2,883.3**			**2,746.5**
EQUITY AND LIABILITIES			**11,633.5**			**11,904.0**

1 In case of amounts expected to be recovered within 12 months, the expected annual depreciation/amortization has been recognized.
2 The breakdown cannot be estimated.
3 Deferred tax assets are expected to be recovered in their entirety in more than 12 months' time.
4 Recovery of current-asset properties within one year is based on a historical assessment from the past three years.
5 Current receivables that fall due in more than 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

	2015	2014
Mortgages, current-asset properties	50.3	0.5
Shares and participations	25.3	29.6
Receivables	158.2	166.0
Total	**233.7**	**196.2**

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	
	2015	2014	2015	2014	2015	2014
Own obligations						
Liabilities to credit institutions	49.8		4.2	4.2	54.0	4.2
Other liabilities	0.5	0.5	154.0	161.8	154.5	162.3
Total own obligations	**50.3**	**0.5**	**158.2**	**166.0**	**208.4**	**166.5**
Other obligations			25.3	29.6	25.3	29.6
Total	**50.3**	**0.5**	**183.4**	**195.7**	**233.7**	**196.2**

Assets pledged for other liabilities, USD 0.2 billion (0.2), relate 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" in Note 1.

	2015	2014
Contingent liabilities related to joint construction operations	5,130.6	5,217.3
Contingent liabilities related to other joint operations	2.9	2.4
Contingent liabilities related to joint ventures	225.1	155.4
Other contingent liabilities	147.6	36.8
Total	**5,506.2**	**5,411.9**

The Group's contingent liabilities related to contracting work executed jointly with other contractors totaled USD 5.1 billion (5.2). 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 Residential Development, Commercial Property Development and Infrastructure Development business streams.

In the Group's other contingent liabilities, just over USD 0.1 billion (0.0) related mainly to obligations attributable to residential projects.

In November 2013, Helsinki District Court in Finland ruled on a case regarding claims for damages relating to the asphalt cartel. The claim for damages from the Finnish government was dismissed, while some of the local authority claims were allowed. Under the court ruling the defendants must jointly pay damages equivalent to a total of around USD 38 M. The local authorities' claims against Skanska were equivalent to around USD 14 M, of which Skanska Asfaltti Oy was ordered to pay an amount equivalent to around USD 3 M excluding interest and legal costs. The ruling has been appealed with the Court of Appeal in Helsinki. A number of local authorities have since brought actions for damages against Skanska Asfaltti Oy.

A ruling by the Office for the Protection of Competition in the Czech Republic in December 2015 imposed fines on a number of companies that had submitted tenders for a road project in 2007. The project was won by a joint venture which did not included Skanska. Skanska's fine was around USD 24 M. Skanska has contested the Czech authority's allegations and has asked for the decision to be reconsidered.

The authorities in Brazil are investigating accusations made against Skanska Brazil regarding an ongoing investigation of Petrobras. No claims have been filed against Skanska.

From time to time, disputes arise with customers about contractual terms related to both ongoing and completed projects. Their outcomes are often difficult to predict. 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" in Note 1.

Not 34. Foreign-exchange rates and effect of changes in foreign-exchange rates

Exchange rates are dealt with in compliance with IAS 21 The Effects of Changes in Foreign Exchange Rates. See “Accounting and valuation principles” in Note 1.

		Average exchange rate			Change, percent	
Currency	Country	2015	2014	2013	2014–2015	2013–2014
ARS	Argentina	0.109	0.123	0.184	–11	–33
BRL	Brazil	0.305	0.423	0.466	–28	–9
CZK	Czech Republic	0.041	0.048	0.051	–15	–6
DKK	Denmark	0.149	0.177	0.178	–16	0
EUR	EU	1.109	1.322	1.328	–16	0
GBP	UK	1.528	1.642	1.564	–7	5
NOK	Norway	0.124	0.157	0.170	–21	–8
PLN	Poland	0.265	0.316	0.317	–16	0
SEK	Sweden	0.119	0.145	0.153	–18	–6

		Closing day exchange rate			Change, percent	
Currency	Country	2015	2014	2013	2014–2015	2013–2014
ARS	Argentina	0.077	0.117	0.154	–34	–24
BRL	Brazil	0.258	0.376	0.429	–31	–13
CZK	Czech Republic	0.040	0.044	0.050	–8	–13
DKK	Denmark	0.146	0.163	0.184	–10	–11
EUR	EU	1.092	1.216	1.376	–10	–12
GBP	UK	1.481	1.553	1.647	–5	–6
NOK	Norway	0.114	0.135	0.164	–16	–18
PLN	Poland	0.257	0.282	0.332	–9	–15
SEK	Sweden	0.119	0.128	0.155	–7	–17

Income statement

In 2015 the average exchange rate of the USD against the Group’s other currencies strengthened against all currencies in the countries where the Group operates.

Revenue was negatively affected in the amount of USD –2,088.4 M due to exchange rate differences. Adjusted for currency rate effects, revenue decreased by 3 percent.

Exchange-rate effect by currency

2015	SEK	EUR	GBP	NOK	CZK	PLN	Other	Total
Revenue	–807.8	–275.9	–162.7	–407.2	–124.4	–227.8	–82.6	–2 088,4
Operating income	–63.6	–26.2	–4.8	–16.1	–3.4	–10.1	6.6	–117,6
Income after financial items	–70.0	–24.6	–4.8	–18.2	–3.3	–10.3	8.0	–123,2
Profit for the year	–56.8	–23.6	–4.3	–13.9	–1.6	–7.7	9.1	–98,8

2014	SEK	EUR	GBP	NOK	CZK	PLN	Other	Total
Revenue	–267.7	–6.6	108.3	–175.9	–47.7	–4.5	–238.8	–632,9
Operating income	–19.4	–0.4	3.2	–6.9	–0.4	–0.2	14.0	–10,1
Income after financial items	–19.7	–0.4	3.4	–7.6	–0.4	–0.2	16.1	–8,8
Profit for the year	–18.5	–0.3	3.0	–5.4	0.2	–0.2	17.4	–3,8

Note 34. Continued

Consolidated statement of financial position by currency

Consolidated total assets decreased by USD 0.3 billion, from USD 11.9 billion to USD 11.6 billion. Changes in foreign-exchange rates had a positive impact of USD –0.9 billion. Closing day exchange rate of the USD strengthened against all of the Group's currencies.

Dec. 31, 2015, USD billion	USD	GBP	EUR	NOK	CZK	PLN	DKK	Other foreign currencies[1]	Hedge loans[2]	SEK	Total
Assets											
Property, plant and equipment	0.26	0.02	0.05	0.10	0.06	0.04		0.01		0.24	0.77
Intangible assets	0.15	0.21	0.06	0.15	0.06	0.01				0.06	0.71
Shares and participations	0.12	0.06	0.05	0.04	0.01			0.00		0.07	0.35
Interest-bearing receivables	1.93	0.44	0.29	0.36	0.24	0.30	0.00	–2.64	–0.12	0.25	1.04
Current-asset properties	0.62	0.11	0.80	0.23	0.11	0.07	0.08	0.01		1.19	3.22
Non-interest-bearing receivables	1.83	0.55	0.21	0.35	0.13	0.26	0.01	0.06		0.74	4.15
Cash and cash equivalents	0.35	0.00	0.04	0.01	0.01	0.10		0.04		0.87	1.41
Total	**5.26**	**1.39**	**1.49**	**1.23**	**0.62**	**0.77**	**0.10**	**–2.53**	**–0.12**	**3.42**	**11.64**
Equity and liabilities											
Equity attributable to equity holders[3]	1.12	0.19	0.44	0.39	0.30	0.27	0.06	0.02	–0.14	0.21	2.87
Non-controlling interests					0.01						0.01
Interest-bearing liabilities	1.45	0.36	0.49	0.18		0.10	0.00	–2.66	0.02	1.75	1.69
Non-interest-bearing liabilities	2.69	0.85	0.56	0.66	0.31	0.40	0.04	0.11		1.45	7.06
Total	**5.26**	**1.39**	**1.49**	**1.23**	**0.62**	**0.77**	**0.10**	**–2.53**	**–0.12**	**3.42**	**11.64**

Dec. 31, 2014, USD billion	USD	GBP	EUR	NOK	CZK	PLN	DKK	Other foreign currencies[1]	Hedge loans[2]	SEK	Total
Assets											
Property, plant and equipment	0.27	0.03	0.05	0.13	0.08	0.05		0.03		0.28	0.91
Intangible assets	0.14	0.23	0.06	0.18	0.06	0.01				0.04	0.73
Shares and participations	0.08	0.09	0.06	0.04	0.01			–0.01		0.06	0.33
Interest-bearing receivables	1.64	0.36	0.30	0.38	0.19	0.42	0.01	–2.49	–0.62	0.69	0.90
Current-asset properties	0.53	0.08	0.99	0.31	0.08	0.08	0.12	0.03		1.15	3.35
Non-interest-bearing receivables	1.73	0.46	0.30	0.50	0.23	0.31	0.01	0.21		0.77	4.52
Cash and cash equivalents	0.28	0.00	0.01	0.01	0.01	0.05		0.03		0.77	1.17
Total	**4.67**	**1.24**	**1.77**	**1.55**	**0.67**	**0.92**	**0.14**	**–2.22**	**–0.62**	**3.77**	**11.91**
Equity and liabilities											
Equity attributable to equity holders[3]	1.03	0.21	0.78	0.46	0.32	0.30	0.04	0.09	–0.89	0.38	2.72
Non-controlling interests					0.01						0.01
Interest-bearing liabilities	1.17	0.32	0.47	0.30		0.10	0.08	–2.60	0.27	1.87	1.98
Non-interest-bearing liabilities	2.48	0.72	0.51	0.80	0.33	0.53	0.03	0.30		1.51	7.20
Total	**4.67**	**1.24**	**1.77**	**1.55**	**0.67**	**0.92**	**0.14**	**–2.22**	**–0.62**	**3.77**	**11.91**

1 Including elimination of intra-Group receivables and liabilities.
2 Amount refers to hedges before deductions for tax. Net investments abroad are currency-hedged to a certain extent through foreign currency loans and forward currency contracts. See also Note 6. Hedging of net investments through foreign currency loans in EUR and GBP amounts to USD 0.02 billion (0.27). Hedging of net investments through foreign currency contracts amounts to USD 0.12 billion (0.62), which breaks down as USD 0.08 (0.12), EUR 0.04 (0.04), CZK 0.00 (0.14), PLN 0.00 (0.07), NOK 0.00 (0.16), GBP 0.00 (0.06), and CLP 0.00 (0.03).
3 The respective currencies are calculated including goodwill on consolidation and the net amount of Group surpluses after subtracting deferred taxes.

Effect on the Group of change in USD against other currencies

The following sensitivity analysis, based on the 2015 income statement and statement of financial position shows the sensitivity of the Group to a unilateral 10-percent change in the USD against all currencies, (+ indicates a weakening of the USD, – indicates a strengthening of the USD).

USD billion	+/– 10%
Revenue	+/– 1.10
Operating income	+/– 0.06
Equity	+/– 0.18
Net receivables/liabilities	+/– 0.04

Other items

For information on the change in the translation reserve in equity, refer to 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

	2015	2014
Depreciation/amortization and impairment losses/reversals of impairment losses	199.3	271.5
Income from divestments of non-current assets and current-asset properties	–562.9	–489.7
Income after financial items from joint ventures and associated companies	–100.9	–111.0
Dividends from joint ventures and associated companies	65.0	67.0
Provision for the year, intra-Group profits on contracting work	34.9	40.4
Pensions recognized as expenses but not related to payments	82.2	80.0
Pensions paid	–66.3	–81.6
Cost of Seop	30.7	38.3
Gain on joint ventures divested	–51.8	–15.5
Other items that have not affected cash flow from operating activities	–11.0	–1.3
Total	**–380.9**	**–201.9**

Taxes paid

Taxes paid are divided into operating activities, investing activities and financing activities.

Total taxes paid for the Group during the year amounted to USD –95.3 M (–144.4).

Information about interest and dividends

	2015	2014
Interest income received during the year	10.4	28.3
Interest payments made during the year	–51.9	–56.2
Dividend received during the year	68.8	67.0

Cash and cash equivalents

Cash and cash equivalents in the cash-flow statement consist of cash and short-term investments. The definition of cash in the statement of financial position can be found in "Accounting and valuation principles" in Note 1.

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.

	2015	2014
Cash	1,410.3	1,168.5
Total	**1,410.3**	**1,168.5**

Other items

At year-end, the Group's unutilized credit facilities amounted to USD 654.8 M (729.8).

Information about assets and liabilities in divested Group companies/businesses

	2015	2014
Assets		
Tangible assets	–34.3	
Interest-bearing assets	5.6	
Non-interest-bearing assets	–125.1	
Total	**–153.8**	**0.0**
Liabilities		
Interest-bearing liabilities	–8.7	
Non-interest-bearing liabilities	–115.5	
Total	**–124.7**	**0.0**
Consideration	56.8	
Cash and cash equivalents in divested companies	–2.7	
Effect on cash and cash equivalents, divestment	**54.1**	**0.0**

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 these. 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

	2015	2014
Cash flow from business operations including taxes paid according to operating cash flow	953.2	531.4
Less net investments in property, plant and equipment and intangible assets	56.3	152.8
Less tax payments on property, plant and equipment and intangible assets divested and divestment of assets in Infrastructure Development	8.2	5.2
Cash flow from operating activities	**1,017.7**	**689.4**
Cash flow from strategic investments according to operating cash flow	54.1	13.8
Net investments in property, plant and equipment and intangible assets	–56.3	–152.8
Increase and decrease in interest-bearing receivables	–153.8	177.9
Taxes paid on property, plant and equipment and intangible assets divested and assets in Infrastructure Development	–8.2	–5.2
Cash flow from investing activities	**–164.2**	**33.6**
Cash flow from financing activities according to operating cash flow statement, including changes in interest-bearing receivables and liabilities	–310.0	80.2
Increase and decrease in interest-bearing liabilities	153.8	–177.9
Dividend etc.[1]	–382.5	–425.5
Cash flow from financing activities	**–538.7**	**–523.2**
Cash flow for the year	**314.8**	**199.9**
1 Of which repurchases of shares	–49.3	–53.2

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.

	2015	2014
Net investments in operating activities	366.6	559.1
Net investments in investing activities	–2.3	–139.0
	364.3	**420.1**
Less accrual adjustments, cash-flow effect of investments	8.1	–9.3
Total net investments	**372.4**	**410.8**

The consolidated operating cash flow statement recognizes net investments divided into net investments in operations and strategic net investments as follows.

Investments/divestments

	2015	2014
Operations – investments		
Intangible assets	–46.5	–25.5
Property, plant and equipment	–176.1	–204.7
Assets in Infrastructure Development	–27.7	–47.5
Shares	–16.1	–44.9
Current-asset properties	–1,821.5	–1,955.0
of which Residential Development	–787.8	–996.2
of which Commercial Property Development	–1,033.7	–958.8
	–2,087.9	**–2,277.7**
Operations – divestments		
Intangible assets	0.0	0.1
Property, plant and equipment	75.4	103.8
Assets in Infrastructure Development	132.1	60.7
Shares	2.6	5.2
Current-asset properties	2,196.1	2,504.8
of which Residential Development	1,022.2	1,312.3
of which Commercial Property Development	1,173.9	1,192.5
	2,406.2	**2,674.7**
Net investments in operations	318.3	397.1
Strategic divestments		
Divestments of businesses	54.1	13.8
Net strategic divestments	**54.1**	**13.8**
Total net divestments (+) / investments (–)	**372.4**	**410.8**

Note 36. Personnel

Wages, salaries, other remuneration and social insurance contributions

	2015	2014
Wages, salaries and other remuneration		
Board members, Presidents, Executive Vice Presidents and other executive team members[1]	60.9	74.1
of which variable remuneration	22.2	27.7
Other employees	2,734.8	3,231.7
Total wages, salary and other remuneration	**2,795.8**	**3,305.7**
Social insurance contributions	698.3	741.6
of which pension expenses	285.7	285.1

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, USD 7.1 M (7.2) 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" in Note 1.

	2015	of whom men	%	of whom women	%	2014	of whom men	%	of whom women	%
Sweden	10,330	8,964	87	1,366	13	10,503	9,138	87	1,365	13
Norway	4,053	3,642	90	411	10	4,315	3,935	91	380	9
Denmark	17	10	59	7	41	18	12	67	6	33
Finland	2,031	1,742	86	289	14	2,231	1,957	88	274	12
UK	5,434	4,273	79	1,161	21	5,200	4,194	81	1,006	19
Poland	7,009	5,561	79	1,448	21	6,497	5,291	81	1,206	19
Czech Republic	3,180	2,708	85	472	15	3,403	2,899	85	504	15
Slovakia	745	638	86	107	14	708	608	86	100	14
USA	10,169	8,856	87	1,313	13	10,251	8,987	88	1,264	12
Argentina	9	6	67	3	33	4,336	4,175	96	161	4
Brazil	1,485	1,386	93	99	7	4,512	4,243	94	269	6
Chile	29	25	86	4	14	1,524	1,473	97	51	3
Peru	3,157	2,980	94	177	6	3,423	3,231	94	192	6
Other countries	822	775	94	47	6	945	893	94	52	6
Total	**48,470**	**41,566**	**86**	**6,904**	**14**	**57,866**	**51,036**	**88**	**6,830**	**12**

Number of employees at Dec 31, 2015 were 43,122 (55,354).

Men and women on Boards of Directors and in executive teams on closing day

	2015	of whom men	of whom women	2014	of whom men	of whom women
Number of Board members	183	86%	14%	229	87%	13%
Number of Presidents and members of executive teams in Business Units	180	83%	17%	201	83%	17%

Other items

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 eight Executive Vice Presidents. The Team consisted of a total of nine persons at the end of 2015.

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 2015, the Compensation Committee consisted of Stuart Graham, Chairman of the Board, Charlotte Strömberg, Board member, and John Carrig, 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 2015 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 outstanding 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 is to be payable in cash and/or shares and 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 outcome in relation to established targets and 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 are to 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 will 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.

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 2015 cash-based variable remuneration.

Financial targets for variable salary elements 2015

	Measure of earnings	Starting Point	Outperform	Outcome	Percentage fulfilled[2]
Group	Income after financial items, segment, SEK bn[1]	4.6	6.2	6.2	100%
	Corresponding to USD	0.55	0.73	0.73	100%
Construction[3]	Operating income, SEK bn	4.1	5.4	3.9	33%
	Corresponding to USD	0.48	0.64	0.46	33%
	Skanska Value Added, SEK bn	4.4	5.6	4.3	47%
	Corresponding to USD	0.52	0.66	0.51	47%
Residential Development[4]	Operating income, SEK bn	0.5	0.7	1.2	73%
	Corresponding to USD	0.07	0.09	0.14	73%
	Return on capital employed, %	7	9	16	91%
Commercial Property Development	Operating income, SEK bn	0.6	1.0	1.9	92%
	Corresponding to USD	0.07	0.12	0.23	92%
	Return on capital employed, %[5]	7	11	16	95%
	Leasing, thousands of sq m	167	351	324	79%
Infrastructure Development	Operating income, SEK bn	0.5	0.6	0.9	100%
	Corresponding to USD	0.05	0.07	0.10	100%
	Project development, %[6]	0	100	91	91%

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) The percentage fulfilled is based on outcomes in each Business Unit, which are weighed together.
3) The target Skanska Value Added (SVA) corresponds to operating profit less the cost of capital employed. Cost of capital refers to the estimated cost of borrowed capital and equity before tax.
4) BoKlok and the Residential Development units in Poland, the Czech Republic and Slovakia are also measured according to the number of sold units. Rental Properties are also measured according to the number of units started.
5) Including unrealized development gains and changes in market value. Covers the Nordic, Europe and U.S. Business Units for Commercial Property Development.
6) Includes targets for project development in Europe and America, as well as asset management and divestments.

Note 37. Continued

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 80 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 2016.

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 above. 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 100 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 the final outcome after a follow-up of operations during the first quarter of 2016.

Pension benefits

The retirement age for members of the Senior Executive Team is 62 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 USD 52,000 in 2015) 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 55. 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 2015: USD 138,000) and 32.5 percent for portions of salary between 20 and 30 base amounts (in 2015: USD 207,000). For portions of salary exceeding 30 base amounts, this ITP 2 group is covered by a supplementary pension entitlement, with a premium of 20 percent.

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.

Remuneration and benefits recognized as expenses in 2015

Directors' fees

The 2015 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 USD 972,100 including a special appropriation for committee work. See the table below.

USD thousand	Director's fee	Audit Committee	Compensation Committee	Project Review Committee	Total
Chairman of the Board					
Stuart Graham	231.2	14.8	11.9	23.7	281.6
Other Board members					
John Carrig	77.1	14.8	11.9	23.7	127.4
Nina Linander	77.1	14.8	0.0	23.7	115.6
Fredrik Lundberg	77.1	0.0	0.0	23.7	100.8
Charlotte Strömberg	77.1	17.8	11.9	23.7	130.4
Pär Boman	77.1	14.8	0.0	23.7	115.6
Jayne McGivern	77.1	0.0	0.0	23.7	100.8
Board of Directors	**693.5**	**77.1**	**35.6**	**166.0**	**972.1**

Chairman of the Board

During the 2015 financial year, the Chairman of the Board, Stuart Graham, received a director's fee totaling USD 281,600 of which USD 50,400 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.

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

USD thousand	Annual salary	Variable remuneration[1]	Allocated value of employee ownership programs[2]	Other remuneration and benefits	Pension expense	Total
President and CEO						
Johan Karlström	1,422.7	1,422.7	777.4	8.5	711.3	4,342.5
Other SET members (8 persons)	4,648.5	3,144.7	2,061.8	104.3	1,424.6	11,383.9
Total	**6,071.2**	**4,567.3**	**2,839.2**	**112.8**	**2,135.9**	**15,726.4**

1 Variable remuneration related to the 2015 financial year is preliminary and will be finally fixed and disbursed after a follow-up of the outcome in the first quarter of 2016. The amounts included under the heading, "Variable remuneration" in the above table refer to the 2015 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 2015, at the share price on December 30, 2015 (SEK 164.8, corresponding to USD 19.6). The Senior Executive Team will receive an estimated 6,055 matching shares and 139,264 performance shares. The Board will decide the final outcome after a follow-up of operations during the first quarter of 2016. 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 2012 financial year. After a three-year vesting period as part of the previous employee ownership program, Seop 2, the President and CEO received 27,638 shares equivalent to USD 542,600 in 2015, related to shares allotted for the financial year 2012. During 2015, as part of Seop 2, the other members of the Senior Executive Team – after a three-year vesting period – received 70,627 Series B Skanska shares, equivalent to USD 1,386,400, related to shares allotted for the financial year 2012.

President and CEO

During 2015, the President and CEO, Johan Karlström, received a fixed salary of USD 1,422,700 plus an estimated variable salary element of USD 1,422,700 based on financial targets with a 100 percent fulfillment level. Variable remuneration may total a maximum of 100 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 2016. The preliminary outcome was equivalent to 100 percent of fixed annual salary. Disbursement normally occurs in 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 6,631 Series B Skanska shares during 2015, which resulted in an allocation of 1,658 matching shares equivalent to USD 32,500. An estimated 38,130 performance shares may be allocated, at a value of USD 748,500 since the Outperform targets were preliminarily 100-percent fulfilled. The stated value refers to the share price on December 30, 2015 (SEK 164.8 corresponding to USD 19.6). The final allocation of performance shares will be established by the Board after a follow-up of operations during the first quarter of 2016.

The President and CEO will be eligible for a pension from age 62 at the earliest. Annual pension provisions will total 50 percent of fixed annual salary. The cost during 2015 totaled USD 711,300.

Other members of the Senior Executive Team

During 2015, one new person joined the Senior Executive Team. Other members of the Senior Executive Team totaled eight individuals at the end of 2015.

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 17,588 Series B Skanska shares were purchased by the other members of the Senior Executive Team during 2015 under the Seop 3 program, which resulted in 4,397 matching shares, equivalent to USD 86,400. An estimated 101,134 performance shares may be allocated, at a value of USD 1,985,300 , since the Outperform targets were preliminarily 100-percent fulfilled. The stated value refers to the share price on December 30, 2015 (SEK 164.8 corresponding to USD 19.6). Variable remuneration and the outcome of performance shares for 2015 are preliminary, and the final outcome will be established after a follow-up of operations during the first quarter of 2016. Disbursement of the cash-based variable remuneration normally occurs in May of the year following the performance year.

All above-mentioned remuneration and benefits were charged to Skanska AB, except for USD 3,263,100 paid to other members of the Senior Executive Team, which was charged to other Group companies.

Pension obligations to current and former senior executives

In 2015, outstanding pension obligations to Presidents and CEOs, including former Presidents and CEOs, amounted to USD 21,471,500. Outstanding obligations to other current and former members of the Senior Executive Team amounted to USD 13,346,600.

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 USD 25–78 M, related to fulfillment of the financial "Seop-specific Outperform targets" at the Group level. The first cost ceiling is

Note 37. Continued

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 2015 for each business stream.

Financial targets for the employee ownership program, Seop 3, 2015[1]

	Measure of earnings	Starting Point	Outperform	Outcome	Percentage fulfilled[2]
Group	Earnings per share, segment, SEK[3]	10.3	11.2	12.0	100%
	Corresponding to USD	1.22	1.33	1.42	100%
Construction	Operating income, SEK bn	5.1	5.5	3.9	28%
	Corresponding to USD	0.60	0.65	0.46	28%
Residential Development[4]	Operating income, SEK bn	0.7	0.8	1.2	66%
	Corresponding to USD	0.08	0.10	0.14	66%
Commercial Property Development	Operating income, SEK bn	0.8	1.0	1.9	92%
	Corresponding to USD	0.09	0.12	0.23	92%
	Leasing, thousands of sq m	167	351	324	79%
Infrastructure Development	Operating income, SEK bn	0.6	0.6	0.9	100%
	Corresponding to USD	0.07	0.08	0.10	100%
	Project development, %	0	100	91	91%

1 For further information, see the table "Financial targets for variable salary components" in Note 37 on page 127.
2 Percentage fulfilled is based on outcomes in the respective Business Units, which are weighed together.
3 Profit for the period attributable to shareholders, divided by the average number of outstanding shares during the year.
4 The units for housing development in Poland, Czech Republic and Slovakia, as well as BoKlok are also measured based on return on capital employed. The rental apartments measurement includes the number of units started.

adjusted in accordance with the Consumer Price Index, with 2013 as the base. In the Skanska Group, a total of around 27 percent of permanent employees participated in Seop 3 during 2015.

Excluding social insurance contributions, the cost of Seop 3 is estimated at about USD 60.5 M , of which the cost for 2015 amounts to around USD 16.0 M. The remaining cost of Seop 3 up to and including 2019 is estimated at about USD 37.8 M.

The dilution effect through 2015 in respect of Seop 3 for the 2015 program is estimated at 1,158,476 shares or 0.27 percent of the number of Skanska Series B shares outstanding. Maximum dilution for the program in 2015 is projected at 3,034,676 shares or 0.73 percent.

The number of issued shares will not change. Instead the matching and performance shares will be distributed from repurchased shares. The repurchasing will be evenly distributed over time. Thus there will be practically no dilution effect.

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 2014 and 2015. This relates to shares that were earned during 2011 and 2012, 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 USD 114.6 M of which USD 95.1 M was recognized previously in 2011 to 2014, while the cost for 2015 amounts to around USD 14.7 M. The remaining cost of Seop 2 up to and including 2016 is estimated at about USD 4.8 M.

The dilution effect through 2015 for Seop 2 is estimated at 2,333,334 shares or 0.54 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 2,657,551 shares or 0.64 percent.

Local incentive programs

Salaries and other remuneration are established based on 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 based on financial targets achieved.

Note 38. Fees and other remuneration to auditors

	2015	2014
KPMG		
Audit assignments	6.2	7.4
Tax advisory services	0.7	1.4
Other services	0.9	1.2
Total	**7.8**	**10.0**

"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 control.

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	2015	2014
Sales to joint ventures	756.5	976.3
Purchases from joint ventures	7.6	1.3
Dividends from joint ventures	65.0	67.0
Receivables from joint ventures	65.8	112.3
Liabilities to joint ventures	0.0	0.1
Contingent liabilities for joint ventures	225.1	155.4

Transactions with associated companies	2015	2014
Purchases from associated companies	0.0	0.0
Receivables from associated companies	0.0	4.0
Liabilities to associated companies	0.0	0.0

The L E Lundbergföretagen AB group has assigned Skanska to undertake two construction contracts for a total contract amount of USD 91.5 M (65.4).

Skanska's pension fund directly owns 370,000 (370,000) Series B shares in Skanska. There is also an insignificant percentage of indirectly owned shares via investments in various mutual funds.

In 2015, Skanska sold its holding in Capital Hospitals (Holdings) Ltd to Skanska Trean Allmän Pensionsstiftelse (Skanska's Swedish pension fund), Skanska Norge Konsernpensjonskasse and Skanska Construction Services Trustee Ltd (Skanska UK's pension fund) for USD 122.2 M.

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 business stream.

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	2015	2014
Property, plant and equipment		
Property	0.0	1.3
Plant and equipment	35.4	38.4
Total	**35.4**	**39.6**
Acquisition cost	126.0	135.8
Depreciation for the year	–9.9	–9.9
Accumulated depreciation, January 1	–80.8	–86.2
Carrying amount	**35.4**	**39.6**

Variable fees for finance leases included in 2015 income amounted to USD 0.0 M (0.0).

No property leased to Skanska has been subleased to others.

Future minimum lease payments and their present value can be seen in the following table.

	Future minimum lease payments		Present value of future minimum lease payments	
Expenses, due date	**2015**	**2014**	**2015**	**2014**
Within one year	–13.0	–13.9	–12.0	–12.7
Later than one year but within five years	–22.2	–28.6	–20.4	–24.5
Later than five years	0.0	0.0	0.0	0.0
Total	**–35.1**	**–42.5**	**–32.4**	**–37.2**
Reconciliation, future minimum lease payments and their present value			**2015**	**2014**
Future minimum lease payments			–35.1	–42.5
Less interest charges			2.7	5.3
Present value of future minimum lease payments			**–32.4**	**–37.2**

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 2015 totaled USD –65.7 M (–50.2), of which USD –60.7 M (–44.8) relates to minimum lease payments and USD –5.0 M (–5.4) to variable payments. The Group had USD 1.3 M (1.4) in lease 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	2015	2014
Within one year	–64.4	–34.3
Later than one year but within five years	–157.3	–84.9
Later than five years	–130.7	–117.7
Total	**–352.5**	**–236.9**

Of this amount, USD 1.4 M (1.8) 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. Refer to Note 4 Operating segments.

Lease income for Commercial Property Development in 2015 amounted to USD 61.1 M (63.3).

The Group’s variable lease income related to operating leases amounted to USD 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	2015	2014
Within one year	11.1	21.2
Later than one year but within five years	8.1	106.1
Later than five years	36.8	79.4
Total	**56.0**	**206.7**

Carrying amount for current-asset properties in Commercial Property Development amounted to USD 1,983.3 M (1,919.0).

Note 41. Events after the reporting period

On January 19 Skanska signed a ten-year lease with Linnaeus University in Kalmar, Sweden, which involves a construction contract of around USD 0.1 billion. Skanska also received an order for the reconstruction and extension of other structures in the university area with an order value of around USD 60 M. The construction contract will be included in order books for Skanska Sweden in the first quarter of 2016.

On January 28 Skanska signed a contract with the General Directorate for National Roads and Highways in Poland for the expansion of Highway 8. The contract is worth PLN 335 M, around USD 89 M and is included in Skanska Poland’s order bookings for the first quarter of 2016.

On February 2, Skanska signed a contract with ARK Group to build the Irving Music Factory in Texas, USA. The contract is worth around USD 94 M and is included in order bookings for Skanska USA Building for the first quarter of 2016.

Note 42. Consolidated quarterly results

	2015				2014			
In compliance with IFRS	**Q4**	**Q3**	**Q2**	**Q1**	**Q4**	**Q3**	**Q2**	**Q1**
Order bookings	**3,520.7**	**3,995.9**	**3,332.4**	**3,627.0**	**5,556.1**	**5,337.9**	**5,609.1**	**4,797.6**
Profit/loss								
Revenue	5,052.9	4,290.4	4,803.6	3,997.8	5,395.1	5,793.6	5,296.4	4,291.7
Cost of sales	–4,469.7	–3,991.6	–4,362.4	–3,674.4	–4,866.0	–5,249.3	–4,832.9	–3,928.1
Gross income	**583.2**	**298.8**	**441.1**	**323.4**	**529.0**	**544.3**	**463.5**	**363.6**
Selling and administrative expenses	–281.0	–236.7	–276.5	–257.4	–314.1	–279.2	–324.0	–296.0
Income from joint ventures and associated companies	67.1	28.3	26.6	28.5	16.5	25.7	26.1	28.6
Operating income	**369.4**	**90.4**	**191.3**	**94.6**	**231.5**	**290.8**	**165.6**	**96.2**
Interest income	1.3	3.8	2.1	3.2	5.5	3.5	3.9	7.0
Interest expenses	1.6	–9.3	–11.8	–7.3	–9.4	–9.5	–9.1	–9.3
Change in market value	0.5	–1.5	–0.6	–1.3	–1.7	–1.8	–2.4	–2.5
Other financial items	3.5	–7.8	–1.1	–12.5	–6.5	–2.0	–2.4	–3.9
Financial items	**6.9**	**–14.9**	**–11.4**	**–17.9**	**–12.1**	**–9.8**	**–10.0**	**–8.7**
Income after financial items	**376.2**	**75.6**	**179.9**	**76.8**	**219.4**	**281.0**	**155.6**	**87.5**
Taxes	–70.8	–10.6	–40.6	–18.5	–49.4	–75.3	–38.8	–22.0
Profit for the period	**305.4**	**65.0**	**139.3**	**58.3**	**170.0**	**205.7**	**116.9**	**65.6**
Profit for the period attributable to								
Equity holders	304.8	64.7	139.0	58.2	169.9	205.5	116.3	65.4
Non-controlling interests	0.6	0.4	0.2	0.1	0.1	0.1	0.6	0.2
Order backlog	18,849.6	19,980.6	20,482.5	20,955.1	21,876.9	21,937.4	22,485.8	21,747.9
Capital employed	4,574.0	4,329.8	4,408.3	4,334.8	4,716.2	5,052.5	5,182.6	5,481.8
Interest-bearing net receivables/net debt	752.4	–402.6	–474.2	–153.6	89.6	–581.6	–784.7	–405.8
Debt/equity ratio	0.3	0.2	0.2	0.1	0.0	0.2	0.3	0.1
Return on capital employed, %	17.2	13.7	17.4	16.1	15.5	14.8	13.6	13.9
Cash flow								
Cash flow from operating activities	1,028.6	89.8	123.4	–224.1	709.2	318.4	112.4	–450.5
Cash flow from investing activities	117.6	–115.1	–62.9	–103.9	171.0	–65.0	–87.7	15.3
Cash flow from financing activities	–63.5	–56.1	–284.2	–134.9	–240.2	–28.9	–277.4	23.4
Cash flow for the year	**1,082.8**	**–81.4**	**–223.7**	**–462.9**	**640.0**	**224.4**	**–252.7**	**–411.9**

Note 42. Continued

Business streams

	2015				2014			
In compliance with IFRS	**Q4**	**Q3**	**Q2**	**Q1**	**Q4**	**Q3**	**Q2**	**Q1**
Order bookings								
Construction	3,520.7	3,995.9	3,332.4	3,627.0	5,556.1	5,337.9	5,609.1	4,797.6
Total	**3,520.7**	**3,995.9**	**3,332.4**	**3,627.0**	**5,556.1**	**5,337.9**	**5,609.1**	**4,797.6**
Revenue								
Construction	4,470.4	4,217.7	4,304.5	3,681.9	4,923.6	5,113.9	4,709.7	3,904.2
Residential Development	206.9	170.0	372.5	284.8	392.0	254.5	427.7	258.9
Commercial Property Development	761.6	124.5	239.5	117.8	250.0	586.6	225.7	196.3
Infrastructure Development	3.4	2.7	2.6	3.8	3.6	14.7	2.7	2.6
Central and eliminations	–389.5	–224.4	–115.6	–90.5	–174.1	–176.1	–69.4	–70.2
Total	**5,052.9**	**4,290.4**	**4,803.6**	**3,997.8**	**5,395.1**	**5,793.6**	**5,296.4**	**4,291.7**
Operating income								
Construction	165.0	92.9	126.8	74.6	195.4	202.1	164.0	92.0
Residential Development	7.9	8.1	44.3	26.0	32.8	–2.0	38.8	6.0
Commercial Property Development	186.5	16.2	42.8	15.4	34.9	115.1	46.8	24.3
Infrastructure Development	54.2	18.1	11.7	18.3	13.0	24.3	14.5	15.3
Central	–46.1	–41.7	–33.7	–38.1	–42.7	–51.2	–102.2	–35.9
Eliminations	1.9	–3.2	–0.6	–1.6	–1.9	2.6	3.7	–5.6
Total	**369.4**	**90.4**	**191.3**	**94.6**	**231.5**	**290.8**	**165.6**	**96.2**

Note 43. Five-year Group financial summary

Income statements, in compliance with IFRS[1]

	2015	2014	2013	2012	2011
Revenue	18,144.7	20,776.8	20,965.2	19,100.7	18,286.5
Cost of sales	–16,498.1	–18,876.3	–19,057.6	–17,393.5	–16,542.4
Gross income	**1,646.6**	**1,900.5**	**1,907.6**	**1,707.2**	**1,744.0**
Selling and administrative expenses	–1,051.5	–1,213.3	–1,179.0	–1,256.3	–1,209.5
Income from joint ventures and associated companies	150.6	97.0	124.8	142.5	761.1
Operating income	**745.7**	**784.1**	**853.4**	**593.3**	**1,295.7**
Financial items	–37.2	–40.6	–37.0	–34.6	1.8
Income after financial items	**708.5**	**743.5**	**816.4**	**558.8**	**1,297.6**
Taxes	–140.5	–185.4	–238.1	–136.3	–127.8
Profit for the year	**568.0**	**558.1**	**578.4**	**422.5**	**1,169.7**
Profit for the year attributable to					
Equity holders	566.7	557.1	577.9	421.3	1,168.8
Non-controlling interests	1.3	1.0	0.5	1.2	0.9
Other comprehensive income					
Items that will not be reclassified to profit or loss for the period					
Remeasurement of defined-benefit pension plans	93.1	–333.3	111.0	–19.2	–478.4
Tax related to items that will not be reclassified to profit or loss for the period	–20.7	73.8	–28.1	–13.1	124.9
	72.3	**–259.5**	**82.9**	**–32.3**	**–353.5**
Items that have been or will be reclassified to profit or loss for the period					
Translation differences attributable to equity holders	–194.8	–438.6	–35.5	147.2	–109.9
Translation differences attributable to non-controlling interests	–0.4	0.9	–1.4	–0.6	–0.2
Hedging of exchange rate risk in foreign operations	5.4	90.7	5.9	–32.0	27.0
Effects of cash flow hedges	39.7	–119.3	80.7	–6.2	–204.2
Tax related to items that have been or will be reclassified to profit or loss for the period	–1.7	3.3	2.6	–0.1	8.8
	–151.8	–463.0	**52.4**	**108.3**	**–278.5**
Other comprehensive income after tax	**–79.5**	**–722.5**	**135.2**	**76.0**	**–632.0**
Total comprehensive income for the year	**488.5**	**–164.4**	**713.6**	**498.4**	**537.8**
Total comprehensive income for the year attributable to					
Equity holders	487.6	–166.3	714.5	497.8	537.0
Non-controlling interests	0.9	1.9	–0.9	0.6	0.8
Cash flow					
Cash flow from operating activities	1,017.7	689.4	959.6	–13.4	37.7
Cash flow from investing activities	–164.2	34.5	–222.1	–176.2	141.4
Cash flow from financing activities	–538.7	–524.0	–497.0	276.4	–375.5
Cash flow for the year	**314.8**	**199.9**	**240.5**	**86.8**	**–196.4**

1 Comparative figures for 2011–2012 have not been adjusted for the effects of IFRS 10 and IFRS 11.

Note 43. Continued

Income statements, in compliance with segment reporting[1]

	2015	2014	2013	2012	2011
Revenue					
Construction	16,674.5	18,651.3	18,279.6	18,385.9	17,707.1
Residential Development	1,458.0	1,385.6	1,417.3	1,282.0	1,316.8
Commercial Property Development	1,071.0	1,482.7	952.6	995.6	867.5
Infrastructure Development	12.6	23.6	13.4	35.7	44.0
Central and eliminations	–847.8	–519.4	280.4	–1,217.4	–1,063.8
Group	**18,368.3**	**21,023.8**	**20,943.2**	**19,481.8**	**18,871.7**
Operating income					
Construction	459.3	653.5	595.5	513.0	534.0
Residential Development	139.2	99.0	88.0	–16.8	53.1
Commercial Property Development	230.8	246.4	163.9	213.8	184.2
Infrastructure Development	102.3	67.1	61.5	86.8	727.9
Central	–159.6	–232.5	–112.4	–106.8	–107.7
Eliminations	–6.0	2.3	–7.1	–10.0	8.0
Operating income	**766.0**	**835.9**	**789.6**	**680.0**	**1,399.5**
Financial items	**–37.1**	**–42.5**	**–37.0**	**–34.6**	**1.8**
Income after financial items	**728.9**	**793.4**	**752.6**	**645.5**	**1,401.4**
Taxes	–144.5	–197.9	–219.5	–157.4	–149.4
Profit for the year	**584.4**	**595.5**	**533.1**	**488.0**	**1,252.0**
Earnings per share, segment, USD	1.42	1.45	1.29	1.18	3.04
Earnings per share after dilution, segment, USD	1.41	1.43	1.29	1.18	3.02

1 Comparative figures for 2011–2012 have not been adjusted for the effects of IFRS 10 and IFRS 11.

Note 43. Continued

Statements of financial position[1]

	Dec 31, 2015	Dec 31, 2014	Dec 31, 2013	Jan 1, 2013	Dec 31, 2012	Dec 31, 2011
ASSETS						
Non-current assets						
Property, plant and equipment	774.7	913.8	1,152.3	1,218.4	1,218.4	1,018.3
Goodwill	626.1	677.0	750.1	749.3	749.3	727.2
Intangible assets	89.8	59.5	53.5	28.5	28.5	22.9
Investments in joint ventures and associated companies	339.7	335.9	422.9	296.4	371.0	366.5
Financial non-current assets[2, 4]	161.6	167.1	292.7	282.7	282.7	305.9
Deferred tax assets	164.9	157.2	163.8	192.6	192.6	242.5
Total non-current assets	**2,156.8**	**2,310.5**	**2,835.2**	**2,768.1**	**2,842.7**	**2,683.3**
Current assets						
Current-asset properties[3]	3,218.5	3,350.9	3,984.3	4,239.6	4,129.5	3,396.8
Inventories	112.4	130.5	146.0	165.6	165.6	147.1
Financial current assets[4]	892.9	749.2	921.2	896.1	896.1	923.0
Tax assets	82.3	119.2	152.2	87.3	87.2	63.3
Gross amount due from customers for contract work	678.0	702.1	964.0	919.6	919.6	741.1
Other operating receivables	3,082.3	3,373.1	3,438.2	3,608.6	3,617.0	3,284.7
Cash	1,410.3	1,168.5	1,129.7	891.3	885.6	770.3
Total current assets	**9,476.7**	**9,593.5**	**10,735.5**	**10,808.1**	**10,700.7**	**9,326.3**
TOTAL ASSETS	**11,633.5**	**11,904.0**	**13,570.8**	**13,576.2**	**13,543.4**	**12,009.6**
of which interest-bearing	2,443.2	2,059.3	2,319.8	2,033.6	2,027.9	1,960.2
EQUITY						
Equity attributable to equity holders	2,864.2	2,724.2	3,277.6	2,946.7	2,946.7	2,817.0
Non-controlling interests	19.1	22.3	27.1	28.3	23.9	24.5
Total equity	**2,883.3**	**2,746.5**	**3,304.7**	**2,975.0**	**2,970.6**	**2,841.4**
LIABILITIES						
Non-current liabilities						
Financial non-current liabilities[4]	461.4	912.6	1,014.1	741.1	739.8	193.7
Pensions	472.8	597.3	527.6	628.2	628.2	545.1
Deferred tax liabilities	153.2	123.9	155.0	87.8	87.8	134.5
Non-current provisions	0.0	0.0	0.3	1.8	1.8	2.5
Total non-current liabilities	**1,087.4**	**1,633.8**	**1,697.1**	**1,458.9**	**1,457.7**	**875.8**
Current liabilities						
Financial current liabilities[4]	780.8	524.3	637.0	984.5	964.4	807.2
Tax liabilities	66.7	64.7	96.2	36.8	36.8	38.2
Current provisions	766.1	770.5	873.8	923.4	923.4	860.4
Gross amount due to customers for contract work	1,884.5	1,866.3	2,322.3	2,420.3	2,419.0	2,441.5
Other operating liabilities	4,164.7	4,297.9	4,639.7	4,777.3	4,771.5	4,145.1
Total current liabilities	**7,662.9**	**7,523.7**	**8,569.0**	**9,142.3**	**9,115.1**	**8,292.4**
TOTAL EQUITY AND LIABILITIES	**11,633.5**	**11,904.0**	**13,570.8**	**13,576.2**	**13,543.4**	**12,009.6**
of whom interest-bearing	1,690.7	1,969.7	2,169.5	2,342.7	2,321.4	1,535.3
1 Comparative figures for 2011–2012 have not been adjusted for the effects of IFRS 10 and IFRS 11.						
2 Of which shares	7.3	4.5	4.9	7.7	7.7	5.5
3 Current-asset properties Commercial Property Development	1,983.3	1,919.0	2,119.2	2,161.3	2,161.3	1,605.6
Residential Development	1,235.2	1,431.8	1,741.3	1,804.5	1,745.2	1,791.2
Central	0.0	0.0	123.7	273.8	223.0	
Total	**3,218.5**	**3,350.9**	**3,984.3**	**4,239.6**	**4,129.5**	**3,396.8**
4 Items related to non-interest-bearing unrealized changes in the value of derivatives/securities are included as follows.						
Financial non-current assets	0.1	0.0	0.9			
Financial current assets	14.3	21.0	17.8	28.9	28.9	33.4
Financial non-current liabilities	20.6	25.9	7.6	7.5	7.5	0.3
Financial current liabilities	8.6	43.0	8.5	13.5	13.5	19.9

Note 43. Continued

Financial ratios[1, 5]

	Dec 31, 2015	Dec 31, 2014	Dec 31, 2013	Jan 1, 2013	Dec 31, 2012	Dec 31, 2011
Order bookings[6]	14,476.0	21,300.7	17,528.7		17,732.0	19,033.9
Order backlog[6]	18,849.6	21,876.9	20,832.5		22,514.4	22,591.1
Average number of employees	48,470	57,858	57,105.0		56,618.0	52,557.0
Regular dividend per share, SEK[7]	7.50	6.75	6.25		6.00	6.00
Corresponding to USD	0.89	0.80	0.91		0.92	0.89
Earnings per share, USD	1.38	1.36	1.40		1.02	2.84
Earnings per share after dilution, USD	1.37	1.34	1.40		1.02	2.82
Operating financial assets	1,645.9	1,072.2	1,039.2		700.4	1,380.4
Capital employed	4,574.0	4,716.2	5,474.2	5,317.7	5,291.9	4,376.7
Interest-bearing net receivables /net debt	752.4	89.6	150.4	–309.1	–293.5	425.0
Equity per share, USD	6.98	6.64	7.96		7.15	6.84
Equity/assets ratio, %	23.1	23.1	24.4		21.9	23.7
Debt/equity ratio	–0.3	0.0	0.0		0.1	–0.1
Interest cover	57.9	59.5	40.5		29.2	–325.7
Return on equity, %	21.6	18.7	18.9		15.0	38.5
Return on capital employed, %	17.2	15.5	16.1		12.9	31.0
Return on equity, segments, %	22.3	20.0	17.4		17.4	41.2
Consolidated return on capital employed in project development units, segments, %	14.7	10.4	10.1		8.7	8.9
Operating margin, %	4.1	3.8	4.1		3.1	7.1
Operating margin, Construction, %	2.8	3.5	3.3		2.8	3.0
Cash flow per share, USD	1.41	0.32	0.76		–1.70	–1.51
Number of shares at year-end	419,903,072	419,903,072	419,903,072		419,903,072	419,903,072
of which Series A shares	19,859,200	19,901,355	19,923,597		19,947,643	19,975,523
of which Series B shares	400,043,872	400,001,717	399,979,475		399,955,429	399,927,549
Average price, repurchased shares	121.02	113.81	107.85		105.53	104.79
Corresponding average price, repurchased shares, USD	14.35	16.50	16.55		15.58	16.14
Number of repurchased Series B shares	2,340,000	2,484,648	2,392,580		2,417,000	1,800,000
Number of Series B treasury shares, December 31	8,866,223	9,113,814	8,625,005		8,066,894	8,323,103
Number of shares outstanding, December 31	411,036,849	410,789,258	411,278,067		411,836,178	411,579,969
Average number of shares outstanding	411,059,056	411,088,591	411,721,772		412,035,381	411,824,469
Average number of shares outstanding after dilution	414,445,854	415,286,339	413,426,939		413,529,383	414,568,384
Average dilution, percent	0.82	1.01	0.41		0.36	0.66

1 Comparative figures for 2011–2012 have not been adjusted for the effects of IFRS 10 and IFRS 11.
5 For definitions, refer to Note 44.
6 Refers to Construction.
7 Proposed by the Board of Directors: Regular dividend of SEK 7.50 per share (corresponding to USD 0.89).

Note 44. Definitions

Average capital employed	Calculated on the basis of five measuring points: half of capital employed on January 1 plus capital employed at the end of the first, second and third quarters plus half of capital employed at year-end, divided by four.
Average visible equity	Calculated on the basis of five measurement points: half of equity attributable to equity holders on January 1 plus equity attributable to equity holders at the end of the first, second and third quarters plus half of equity attributable to equity holders at year-end, divided by four.
Capital employed in business streams, markets and Business Units/reporting units	Total assets less 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.
Cash flow per share	Cash flow before change in interest-bearing receivables and liabilities divided by the average number of shares outstanding.
Comprehensive income	Change in equity not attributable to transactions with owners.
Consolidated capital employed	Total assets minus non-interest-bearing liabilities.
Consolidated operating cash flow	In the consolidated operating cash flow statement, which includes taxes paid, investments are recognized both in cash flow from business operations and in cash flow from strategic investments. See also Note 35.
Consolidated return on capital employed	Operating income plus financial income as a percentage of average capital employed.
Consolidated return on capital employed in project development units, segments	Operating income, financial income minus interest income from Skanska's treasury unit (internal bank) and other financial items as a percentage of average capital employed. For the Residential Development and Commercial Property Development segments, capitalized interest expense is removed from operating income so that the return reflects the return before mortgages. For Commercial Property Development and Infrastructure Development, the profit is adjusted so that the change in value of projects in progress is added and the difference between the market value and selling price for the year is added.
Debt/equity ratio	Interest-bearing net liabilities divided by visible equity including non-controlling interests.
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.
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.
Interest-bearing net receivables/net debt	Interest-bearing assets minus interest-bearing liabilities.
Interest cover	Operating income and financial income plus depreciation/amortization divided by net interest items.
Negative/free working capital	Non-interest-bearing receivables less non-interest-bearing liabilities excluding taxes.
Operating cash flow	Cash flow from operations before taxes and before financial activities. See also Note 35.
Operating financial assets/liabilities net	Interest-bearing net receivables/liabilities excluding construction loans to cooperative housing associations and interest-bearing pension liabilities.
Order backlog	Contracting assignments: The difference between order bookings for the period and accrued revenue (accrued project costs plus accrued project income adjusted for loss provisions) plus order backlog at the beginning of the period. Services: The difference between order bookings and accrued revenue plus order backlog.
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.
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.
Return on equity	Profit attributable to equity holders as a percentage of average visible equity attributable to equity holders.
Return on capital employed, business streams, markets and business/reporting units	Operating income, financial income minus interest income from Skanska's treasury unit (internal bank) and other financial items as a percentage of average capital employed. For the Residential Development and Commercial Property Development segments, capitalized interest expense is removed from operating income so that the return reflects the return before mortgages.

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 5, 2016

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 66–139, which comprise the statement of financial position at December 31, 2015, 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, 2015, 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 5, 2016

KPMG AB

George Pettersson
Authorized Public Accountant

The Hallandsås tunnels

The Hallandsås tunnels are ready for traffic. Freight, intercity and local trains can now travel through Sweden's longest rail tunnels instead of winding their way across the ridge. The trains run more frequently and they are longer and heavier. The West Coast Line is an important link between Oslo and Copenhagen, and further into Europe.

This has been a long journey. The entire project was close to being stopped in 1997 by a water leak that contained the sealant Rhoca-Gil. Skanska did not shirk its responsibility, as it invested substantial resources in saving the environment, the project and trust in the Company. This environmental incident was the starting point in the Company's focus on sustainability.

Skanska's Robert Sturk, who has a PhD in soil and rock mechanics from the Royal Institute of Technology (KTH), summarizes the situation:

"It is possible to build tunnels that are sealed and that meet strict environmental standards even in difficult rock formations. This is a lesson that everyone working with tunnels can learn from."

"But it takes commitment and good collaboration between all parties to handle such complex projects. Naturally it's also important to choose the right methods based on difficult geology."

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 – Communication	Executive Vice President Responsible for Business Units – Skanska USA Building – Skanska USA Civil	Executive Vice President Responsible for Business Units – Skanska Finland – Skanska Norway – Skanska Sweden – BoKlok Housing – Skanska Rental Properties Responsible for Group staff units/support unit – Nordic Procurement Unit	Executive Vice President Responsible for Business Units – Skanska Commercial Property Development Nordic, Europe and USA – Skanska Residential Development Europe
Born	1957	1961	1966	1965
Joined Skanska in	1983–95, 2001	1996	1991	1990
Shareholding in Skanska, December 31, 2015	320,104 B-shares	43,637 B-shares	63,176 B-shares	111,893 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 – New York Building Congress, Chairman	–	– Handelsbanken's regional bank board of directors, western Sweden, Board member
Education	– M.Sc. Engineering, Royal Institute of Technology, Stockholm – Advanced Management Program, Harvard, Boston MA, USA	– BEME – Mechanical Engineering, CCNY	– M.Sc. Engineering, Royal Institute of Technology, Stockholm – Advanced Management Program, Harvard, Boston MA, USA	– M.Sc. Engineering, Chalmers University of Technology, Gothenburg – MBA, Chalmers University of Technology 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 USA	– President, Skanska Norway – President, Skanska Sweden	– President, Skanska Fastigheter Göteborg – President, Skanska Commercial Property Development Nordic

Presidents of Business Units

Krzysztof Andrulewicz	Skanska Poland
Michael Cobelli	Skanska USA Civil
William Flemming	Skanska USA Building
Shawn Hurley[1]	Skanska Commercial Property Development USA
Katarzyna Zawodna[1]	Skanska Commercial Property 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

1 From January 1, 2016

Veronica Rörsgård	**Peter Wallin**	**Roman Wieczorek**	**Mats Williamson**	**Christel Åkerman**
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 –Reporting –Internal Audit and Compliance – Investor Relations	Executive Vice President Responsible for Business Units – Skanska Czech Republic and Slovakia – Skanska Poland	Executive Vice President Responsible for Business Units – Skanska UK – Skanska Latin America – Skanska Infrastructure Development Responsible for Group staff units/support unit: – Safety – Research & Innovation	Executive Vice President Responsible for Group staff units/support unit – Risk Management – Ethics – Green & Corporate Community Investment
1974	1967	1957	1958	1965
2009	2000	1998	1981–87, 1989	1994
29,023 B-shares	50,791 B-shares	113,993 B-shares	147,665 B-shares	7,270 B-shares
– Aditro AB, 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, U.S.A	– LL.M, University of Lund
– International Account Manager, IBM – Managing Director, Propell – Managing Director, Alumni Sweden	–Equities Manager/Analyst, Trygg Hansa/SEB – Equities Analyst, Hagströmer & Qviberg – Senior Vice President, Investor Relations, Skanska AB – CFO, Skanska Infrastructure Development – CFO, Skanska Sweden	– Division Manager, Skanska Poland – President, Skanska Poland	– Project Director, Skanska - Öresund Bridge – President, Skanska International Projects – President, Skanska Sweden – President, Skanska UK	– Legal counsel at Lindahl, business law firm – Various commercial management roles on Skanska projects in Colombia, Latvia, Lithuania, Sweden, Malta and Poland – Head of Legal department in Skanska Poland – Ethics, Skanska AB – Senior Vice President Risk Management, Skanska AB

President of Support Unit

Therese Tegner	Skanska Financial Services

Senior Vice Presidents, Group Staff Units

George Fadool	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
Jennifer Clark	Green & Corporate Community Investment
André Löfgren[1]	Investor Relations
Veronica Rörsgård	Human Resources
Mark Lemon	Risk Management

1 As of February 17, 2016

Board of Directors

	Stuart E. Graham	Pär Boman	John Carrig	Johan Karlström
Position	Chairman	Board member	Board member	Board member
Born	USA, 1946	Sweden, 1961	USA, 1952	Sweden, 1957
Elected	2009	2015	2014	2008
Shareholding in Skanska, December 31, 2015	99,135 B shares	1,000 B shares	8,000 B shares	320,104 B shares
Other Board assignments	– Talen Energy Corporation, Chairman – Harsco Corporation, Board member – Brand Energy and Infrastructure Services, Board member	– Svenska Handelsbanken, Chairman – Industrivärden, Vice Chairman – SCA, Chairman	– Forum Energy Technologies Inc. – TRC Companies Inc. – WPX Energy Inc. – Alley Theatre in Houston – The British American Foundation of Texas – United Way of Greater Houston – Jones Graduate School of Business, Rice University	– Sandvik AB, Board member – Stockholm Chamber of Commerce, Board member
Education	– Bachelor of Science in Economics, USA – Honorary Doctorate, Czech Technical University	– Degree in engineering and in economics – Dr. (Econ.) h.c.	– Law Degree, Temple University, Philadelphia – Advanced degree in Tax Law, New York University School of Law	– M.Sc. Engineering, Royal Institute of Technology Stockholm – Advanced Management Program, Harvard, Boston MA, USA
Work experience	– President, Sordoni Construction Company, USA – President, Sordoni Skanska, USA – President, Skanska USA Civil – President, Skanska (USA) Inc., USA – Executive Vice President, Skanska AB – President, Skanska AB 2002–2008	– President and Group Chief Executive, Handelsbanken	– 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
Dependency relationship in accordance with Code of Corporate Governance	– 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	– 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

Richard Hörstedt
Helsingborg, born 1963
Byggnads, 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
2,946 B-shares

Roger Karlström
Härnösand,born 1949
SEKO, appointed 2008
Board member

Shareholding in Skanska
1,614 B-shares

Replaced by Lennart Karlsson as of January 1, 2016

Nina Linander	Fredrik Lundberg	Jayne McGivern	Charlotte Strömberg
Board member	Board member	Board member	Board member
Sweden, 1959	Sweden, 1951	United Kingdom, 1960	Sweden, 1959
2014	2011	2015	2010
3,000 B shares own 2,600 B shares related persons	6,032,000 A-shares and 10,550,000 B-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	0 shares	3,900 B shares own 900 B shares related person
– TeliaSonera AB, Board member – Awapatent AB, Board member – Specialfastigheter Sverige AB, Vice chairman – AB Industrivärden, Board member – Castellum AB, Board member	– AB Industrivärden, Chairman – Holmen AB, Chairman – Hufvudstaden, Chairman –Indutrade AB, Chairman –Svenska Handelsbanken, Vice Chairman – L E Lundbergföretagen AB, Board member	– Chair, DIO (formerly Defence Estates), Ministry of Defence – London Legacy Development Company	– Bonnier Holding AB, Board member – Intrum Justitia AB, Boardmember – Castellum AB, Chairman – Karolinska Institute, Board member – Ratos AB (publ), Board member – Rezidor Hotel Group (publ), Board member – The Swedish Securities Council, Board member
– MBA, IMEDE, Switzerland – Master of Science in Business and Economics, Stockholm School of Economics	– M.Sc. Engineering, Royal Institute of Technology, Stockholm – MBA, Stockholm School of Economics – Dr. (Econ.) h.c., Stockholm School of Economics – Dr. (Eng.) h.c., Linköping University	– Harrogate Ladies College – Fellow of the Royal Institution of Chartered Surveyors	– MBA, Stockholm School of Economics
– Vattenfall AB – AB Electrolux – Stanton Chase International AB	– President and CEO, L E Lundbergföretagen AB	– Red Grouse Properties – Multiplex plc (Europe), Chief Executive Officer – Anschutz Entertainment Group, Managing Director UK – MWB Group Holdings plc, Group Development Director – Redrow plc, Divisional Managing Director	– Senior Project and Account Manager, Alfred Berg, ABN AMRO, Stockholm – Head of Investment Banking, Carnegie Investment Bank – President, Jones Lang LaSalle Norden
– 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

Gunnar Larsson
Kalix, born 1953
Asfalt och Betong Norr
Ledarna, appointed 2014
Board member

Shareholding in Skanska
3,060 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
446 B-shares

Assignment resigned February 5, 2016.

Auditors
KPMG AB
Auditor in charge since 2009:
George Pettersson, Stockholm, born 1964, Authorized Public Accountant.

Major orders, investments and divestments

Orders

January

Skanska constructs office building with parking house in Norway, for NOK 295 M, about SEK 320 M.

Skanska improves highway in California, USA, for USD 93 M, about SEK 640 M.

February

Skanska delivers infrastructure improvement program in the UK, worth GBP 100 M, about SEK 1.3 billion.

Skanska to be construction partner for R&D center and corporate HQ for Astra Zeneca, UK, for GBP 300 M, about SEK 3.7 billion.

March

Skanska reconstructs parts of the Urban Escape district in Stockholm, Sweden, for about SEK 600 M.

April

Skanska books additional order of SEK 480 M for ongoing project in New York City, USA.

Skanska signs contract for rehabilitation of three train stations in Brooklyn, USA, worth SEK 670 M.

Skanska renews maintenance contract in Argentina, worth SEK 1.2 billion.

Skanska constructs commercial property in Jessheim, Norway, for NOK 316 M, about SEK 340 M.

May

Skanska builds second stage of advanced research facility in Lund, Sweden, for SEK 1.2 billion.

June

Skanska constructs educational facilities in Trondheim, Norway, for NOK 280 M, about SEK 300 M.

Skanska builds helicopter hangar in Sweden for SEK 310 M.

Skanska builds highway in Czech Republic for CZK 2.7 billion, about SEK 920 M.

Skanska builds schools in Fairfield, Ohio, for USD 46 M, about SEK 390 M.

Skanska renovates and expands Tampa International Airport in Florida, USA, for USD 60 M, about SEK 500 M.

July

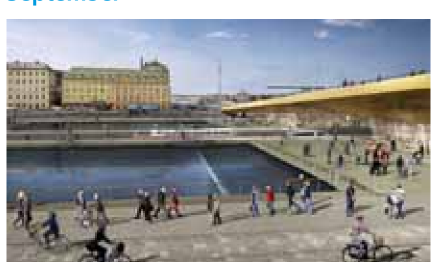
Skanska expands hospital in New York, USA, for USD 61 M, about SEK 510 M.

Skanska builds Boeing paint facility in South Carolina, USA, for USD 87 M, about SEK 730 M.

Skanska builds power plant in New York, USA, for USD 255 M, about SEK 2.1 billion.

Skanska constructs tunnel in Stockholm Bypass, Sweden, for SEK 1.3 billion.

September



Skanska reconstructs the Slussen area in Stockholm, Sweden, for SEK 2 billion.

Skanska renovates tunnel in Oslo, Norway, for NOK 580 M, about SEK 620 M.

Skanska to build the new Tahoma High School in Maple Valley, USA, worth USD 89 M, about SEK 750 M.

September, cont.

Skanska to improve highway in Finland, worth EUR 67 M, about SEK 630 M.

Skanska to build hotel and office in Stockholm, Sweden, for SEK 440 M.

October

Skanska to build tunnel in Norway, for NOK 435 M, about SEK 460 M.

Skanska to build the new Alderwood Middle School in Lynnwood, USA, worth USD 39 M, about SEK 330 M.

Skanska to expand New York City Ferry Service Program, worth USD 45 M, about SEK 380 M.

Skanska to build research facility in New York City, USA, worth USD 68 M, about SEK 570 M.

Skanska to build 392 rental apartments in Norrköping, Sweden, for about SEK 560 M.

Skanska to build office in Norway, for NOK 340 M, about SEK 360 M.

November

Skanska to build commercial building in Norway for NOK 390 M, about SEK 410 M.

Skanska constructs interchanges south of Stockholm, Sweden, for SEK 300 M.

Skanska to modernize railway station in Czech Republic for CZK 1.0 billion, about SEK 340 M.

Skanska builds hotel in Portland, USA, for USD 56 M, about SEK 470 M.

December

Skanska builds rental apartments for Uppsalahem in Uppsala, Sweden, for SEK 300 M.

Skanska builds rental apartments in Helsingborg, Sweden, for SEK 350 M.

Skanska signs contract for USD 63 M, about SEK 530 M, for ongoing project in New York City, USA

Skanska rebuilds pulp mill for SCA in Timrå, Sweden, for SEK 360 M.

Investments

July

Skanska invests USD 281 M, about SEK 2.4 billion, in new office building in Boston, USA.

Skanska invests USD 116 M, about SEK 970 M, in new office building in Washington, DC, USA.

October

Skanska invests USD 26 M, about SEK 220 M, in multi-family tower in Boston, USA.

Skanska invests USD 126 M, about SEK 1.1 billion, in new office building in Washington, D.C., USA.

November

Skanska invests EUR 35 M, about SEK 330 M, in office project in Wrocław, Poland.

Skanska invests EUR 55 M, about SEK 510 M, in phase I of office project in Warsaw, Poland.

Divestments

January

Skanska sells commercial projects in Copenhagen, Denmark, for DKK 550 M, about SEK 670 M.

April

Skanska sells office property in Malmö, Sweden, for SEK 330 M.

June

Skanska sells commercial development in Bristol, UK, for GBP 33 M, about SEK 420 M.

Skanska sells the office property Park49 in Gothenburg, Sweden, for SEK 418 M.

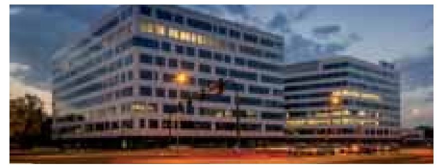
July

Skanska sells residential project in Copenhagen, Denmark, for DKK 1 billion, about SEK 285 M.

September

Skanska sells office project in Poznan, Poland, for EUR 38 M, about SEK 320 M.

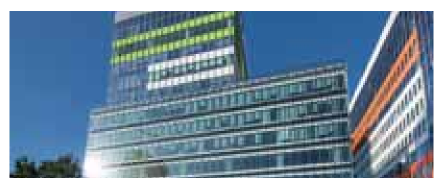
October



Skanska sells office portfolio in Poland, for EUR 160 M, about SEK 1.5 billion.

November

Skanska sells office building in the Czech Republic, for EUR 55 M, about SEK 520 M.



Skanska sells office building in Romania for EUR 47 M, about SEK 440 M.

December

Skanska has sold its investment in the hospitals St Bartholomew's Hospital and the Royal London Hospital, both in London, UK, for GBP 80 M, about SEK 1 billion

Skanska divests a 90 percent interest in its 400 Fairview project for USD 237 million, about SEK 2.0 billion, to TIAA-CREF, a leading financial services organization.

Annual General Meeting

The Annual General Meeting of Skanska AB (publ) will be held at 4:00 p.m. CET on Wednesday, April 6, 2016 at Stockholm City Conference Center, Barnhusgatan 12-14, 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 Thursday, March 31, 2016 and must notify Skanska by March 31, 2016, 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 Thursday, March 31, 2016 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 dividend of SEK 7.50 (6.75) (corresponding to USD 0.89 [0.80]) per share for the 2015 financial year. The dividend is equivalent to a total dividend of USD 367 M (329). The Board proposes April 8 as the record date for the dividend. Provided that the Meeting approves this proposal, the dividend is expected to be distributed by Euroclear AB on April 13, 2016.

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 12, 2016

Six Month Report
July 22, 2016

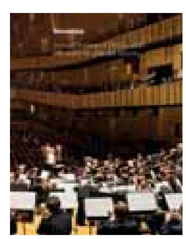
Nine Month Report
October 28, 2016

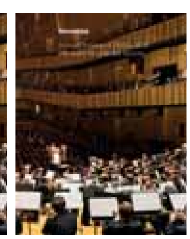
Year-end Report
February 3, 2017

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, as well as Annual Reviews in USD and EUR.





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www.twitter.com/skanskagroup

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www.skanska.com

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