

Skanska AB Annual Report 1987



Comments on the English version of Skanska's Annual Report

For the convenience of readers who may not be familiar with Swedish accounting and reporting practices, this English-language version of Skanska's Annual Report contains additional explanatory comments on page 34. Otherwise the presentation of financial and other information is the same as in the Swedish version, except that certain detailed statistics on employees in Sweden and on Group stockholdings – required by the Swedish authorities but of little interest to foreign readers – have been omitted.

The following international currency codes have been used:

SEK	Swedish kronor
BEC	Belgian francs (commercial)
CAD	Canadian dollars
DEM	West German marks
DKK	Danish kroner
ESB	Spanish pesetas
FRF	French francs
GBP	British pounds sterling
HKD	Hong Kong dollars
NGN	Nigerian nairas
NLG	Dutch guilders
NOK	Norwegian kroner
PTE	Portugese escudos
SAR	Saudi Arabian riyals
USD	United States dollars
YRI	Yemeni riyals

The abbreviation M after a currency code and amount means millions, while 000 means thousands. Figures in parentheses after 1987 amounts refer to the corresponding 1986 amounts. Sveriges Riksbank is Sweden's central bank. All places mentioned are in Sweden unless otherwise specified.

During 1987 the average exchange rate for Swedish kronor to U.S. dollars was SEK 6.33 = USD 1. The year-end rate was SEK 5.86.

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Skanska 1987

Group Financial Highlights

Contracting operations were once again profitable.

There was a sharp rise in capital spending on investment properties initiated during the period.

Purchase of Göteborgshem, a Gothenburg municipal housing company, was completed and its merger with Skanska took place.

Winning an architectural competition gave Skanska a major office project in the London Docklands redevelopment area.

JM Byggnads och Fastighets AB, a Swedish construction and real estate company, became a subsidiary as of May 27, 1987.

Adjusted earnings per share were twice their 1986 level.

Forecast for 1988: Consolidated income before extraordinary items will be about the same size as in 1987.

Amounts in SEK M unless otherwise stated	1987	1986
Revenues	19,631	16,103
Of which, construction abroad	2,262	2,632
As percentage of revenues	12	16
Income before allocations and taxes	1,645	1,050
Of which, Contracting operations etc	524	-12
Sale of investment and development properties	374	161
Development properties	-31	-
Property management	411	290
Financial management	439	455
Extraordinary items	141	152
Income from JM before acquisition and minority interest in income	-213	4
Investment and development properties (book value)	8,366	4,248
Total assets	24,685	19,296
Dividend per share, SEK	3.50 ^{*)}	3.00
Adjusted earnings per share, SEK	16.40	7.55
Adjusted earnings per share after extraordinary items, SEK	19.50	9.25
Return on shareholders' equity, %	20.5	11.2
Return on capital employed, %	20.8	16.2
Equity/assets ratio, %	24.5	23.2
Number of employees in Sweden	22,879	19,846
Abroad	6,539	7,781
Total	29,418	27,627

^{*)} Proposed by the Board of Directors.

For definitions of financial ratios, see page 35.

During 1987 Skanska observed its 100th anniversary. This provided us with a natural reason to disseminate information about what we can do, what we want and what we stand for. Between May and October, our Anniversary Train rolled through Sweden, visiting 90 cities and towns — from Gällivare in the Arctic north to Trelleborg at the southern tip of the country.

Some 65,000 people saw our exhibition aboard this train. It traced the evolution and major changes that our Company and the world around it have undergone during these past 100 years. It also showed that Skanska has become the leading construction company in Sweden by developing new methods and techniques. This in turn has led to the emergence of industrial companies and specialized firms that complement Skanska's Swedish contracting operations, as well as large-scale contracting operations abroad and the creation of sizable real estate holdings.

On the day of our 1987 annual meeting of shareholders, a symposium entitled "The Future is Here: Perspectives on People, Methods and Markets" was held. The symposium provided evidence that Skanska will continue its vigorous promotion of technological development. In recent years, our resources for this purpose have increased sharply. Our objective is to maintain our specialized knowledge of every stage of the construction process and of all the product categories in which the building trade is divided. During 1987 a decision was made to distribute our development reserve funds equally between R&D and training of our personnel — training that will gain greater importance beginning on October 1, 1988 when people formerly employed for specific projects become more closely affiliated with the Company through new forms of employment.

Hope for changes in residential construction rules

In connection with the agreement between labor and employer organizations on more permanent forms of employment in the construction industry, the Government declared its willingness to review a number of the existing rules that apply to residential construction in Sweden. The opportunity to acquire land and build dwellings as investment properties — combined with some reduction in the red tape that surrounds the residential



Lars-Ove Håkansson, President and Group Chief Executive.

construction process — could create opportunities for better product development as well as better-planned and therefore less expensive production.

During 1987 the construction industry enjoyed favorable economic conditions. Building investments rose by about 4 percent and outlays for building maintenance by 1 percent. Nor is any slowdown expected during 1988 and 1989.

The increase in the costs of subcontracted services and building materials surpassed the rate of inflation in 1987, due to heavy demand. In addition, the construction industry experienced troublesome wage drift. The good construction market nevertheless resulted in an improved price situation, making it possible to raise the margins on newly signed orders to a level more closely corresponding to the profitability requirements we have established for our domestic contracting operations. Skanska has maintained an unchanged 20 percent share of the portion of the Swedish construction market open to contracting companies.

Strategic planning for Swedish contracting operations

During 1987 we completed the process of strategic planning in our Swedish contracting operations that we began

during 1985 and 1986. Among other things, this entailed:

- Further concentration on the basic operations of each respective part of the organization. In some cases this has meant discontinuing extraneous and less profitable operations.
- A continued vigorous commitment to technological development in each production sector.
- Expansion of our quality assurance programs so that they now encompass all employees and all stages of the construction process.
- A greater commitment to personnel development in general and management development in particular.

Skanska has a large market share in Sweden. To be able to maintain this while also achieving good economic results, we must be capable of submitting better proposals and better price bids than our competitors. In this respect, we made good progress during 1987. Concentration and specialization helped us to reduce substantially the proportion of contracts that resulted in losses. At the same time, we have noted a growing interest from our clients in using our services during early stages of the construction process. As a result, directly negotiated contracts and package deals represent a growing proportion of our work.

This has also meant that Skanska is involved in a large number of future-oriented projects such as Arlanda Stad at Stockholm International Airport, the Barkarby residential and commercial development northwest of Stockholm, the Eurostop highway service centers, plans for light rail service between Stockholm's northern suburbs and the proposed Osterleden ring road/tunnel around the capital. The acquisition of the municipal housing company AB Göteborgshem, with 4,300 residential units in great need of repairs and modernization, will entail a major design-construct task, which our Gothenburg regional district will carry out over a 10-year period. Heavy demand for housing in Gothenburg and the opportunity to take advantage of the loss deductions included in the acquisition make this a very attractive proposition for our Company.

Skanska the largest shareholder in JM

The purchase during 1987 and 1988 of those shares in JM Byggnads och Fastighets AB that were previously held by the investment company AB Industrivärden, the insurance company Försäkrings AB Skandia and the news-

paper company Tidnings AB Marieberg have made us the largest shareholder in JM by far. JM has very good real estate holdings and the potential for adding further properties in good locations, but earnings from its contracting operations are comparatively weak. The company possesses good technological expertise, however, and JM should be able to improve its earnings to a more acceptable level in 1988 by means of continued restructuring measures.

Specialized companies

The Skanska Group's industrial and specialized companies, which supplement its Swedish contracting operations, achieved very good earnings due to the good construction market and because several of them are leaders in their respective fields. Market conditions for these companies seem likely to remain favorable during 1988.

During 1987 Skanska sold its plumbing, heating and ventilation companies Aqvaduktor AB and AB Johan Sjöström to Calor-Celsius, a corporation in which Skanska now owns a 25 percent stake. Calor-Celsius has annual sales of SEK 2,700 M, mainly in plumbing, heating, ventilation and industrial piping installation. The net worth of Calor-Celsius rose during 1987, but the company showed a loss. Vigorous steps were taken during 1988 to improve its earnings.

Competitive disadvantages for Swedish project exports

Skanska made substantial provisions in its 1986 accounts for expected losses on international contracts signed in prior years. The financial outcome of the projects completed during 1987 indicates that these provisions were of appropriate size. At the same time, some major civil engineering projects that were completed showed very good earnings. Order influx in Skanska's international operations was weak during 1987. This was primarily due to a decline in the number of international projects and a deterioration in the ability of potential clients to pay for projects. New assignments were nevertheless obtained in Panama and Tanzania. Preparatory work is underway for a Scandinavian Airlines System (SAS) hotel in Beijing, China, in which we will own a 25 percent share, provided the project goes forward as planned. During 1987 Skanska gained publicity by winning an architectural competition for a large commercial and office space project on the border-

line between the City of London and the London Docklands redevelopment area. Our project know-how paid off in this case.

Compared with other countries, Swedish project exports have competitive disadvantages in terms of credit periods, credit costs and incentives for risk-taking. There has been a growing demand for so-called mixed credits by many countries that have difficulty meeting payments. In Sweden, these credits are administered by the Agency for International Technical and Economic Cooperation (BITS). The BITS credit system contains excessively complex rules to be effectively applied to today's project exports, and in comparative international terms they are too development aid-oriented. It is thus impossible, for example, to obtain a preliminary ruling. Furthermore, the decision-making process is slow and competitive bidding is a prerequisite for BITS credits.

Sweden must make it possible to employ these credits to a greater extent as a means of competition. This is a prerequisite if the Swedish construction industry is to compete on equal terms with its counterparts abroad.

During 1987 Canadian Foundation Co. Ltd., in which Skanska was half-owner, merged with Banister Continental Ltd. Skanska is now one of three large owners of the latter company, with a 15 percent share.

In the United States, our steel structure specialist Karl Koch Erecting Company, with sales of USD 40 M, had another successful year.

Continued expansion in real estate

Our real estate operations show continued favorable growth and good, rising earnings. During 1987 projects costing about SEK 750 M were completed. The occupancy rate in completed projects is about 98 percent. During both 1988 and 1989, properties costing more than SEK 1 billion will be completed.

The market value of our real estate holdings again rose sharply. There are, however, clear tendencies toward market saturation in many places. Assuming low inflation during the next few years, only a decline in interest rates could justify continued price increases on real estate. As part of this year's annual report, we are presenting a list that includes most of our real estate holdings as background to facilitate comparisons with other property-owning companies.

In the long term, Skanska anticipates a gradual divestment of properties equivalent in value to a portion of the properties added each year to our real estate holdings. As part of this process, during 1987 preparations were undertaken to spin off AB Drott, a company with real estate holdings in Skåne (Sweden's southernmost province) worth about SEK 1 billion. The gradual divestment of shares in Drott has been deemed more advantageous to Skanska than the sale of individual properties.

During 1987 we sold our stake in the real estate company Fastighets AB Stockholms Badhus in connection with a purchase offer by the Skandia insurance group. A substantial rise in the value of the company's property holdings during our two-year shareholding period resulted in a large capital gain from this transaction. Most of Skanska's other large shareholdings not specifically commented upon here developed nicely during 1987.

Favorable long-term growth

During the past few years, Skanska has undergone extensive restructuring. Many opportunities for improvements remain, but the Group as a whole has essentially achieved a satisfactory level of profitability. We have good reason to look forward to favorable long-term growth.

The centennial year of 1987 was a successful year for Skanska. In my judgment, 1988 has the potential to be yet another good business year for us.



The Board of Directors and the President of Skanska Aktiebolag herewith present their report on the Company's operations during 1987.

The economic situation

During the first half of 1987, international economic conditions weakened somewhat. Most of the downturn was recovered during the rest of the year, however. In Sweden, growth in demand occurred primarily in private consumption. The Gross Domestic Product (GDP) grew by an estimated 2.8 percent. The rate of inflation climbed in most industrialized countries. In Sweden, the consumer price index in December 1987 was 5.2 percent higher than one year earlier, a comparatively rapid rise from an international perspective.

Construction investments in Sweden rose by 4 percent compared with 1986. The main reason was sharply higher residential construction. According to preliminary figures, the number of housing starts was about 38,100 units, an increase of more than 30 percent over 1986. Construction investments by the business sector also increased during 1987, while public-sector building showed a substantial decline. During most of the year there were restrictions on initiating the construction of office and commercial buildings, due to the labor shortage.

As during 1986, international markets were characterized by stiff competition and low price levels. In many places, unstable currency exchange rates, clients' difficulties in meeting payments and a lack of political stability were obstacles to potential new orders.

On several occasions during 1987, unstable foreign exchange and stock markets resulted in abrupt changes in Swedish market interest rates. Yet the difference between the year's highest and lowest interest levels on five-year government bonds was nevertheless only slightly above one percent. The corresponding figures during the past few years have been substantially higher. Short-term interest rates peaked around the end of March and then remained relatively unchanged at a lower level during the second half. The official discount rate was an unchanged 7.5 percent throughout the year.

Invoiced sales and earnings

The Group

During 1987 the Skanska Group's consolidated invoiced sales (including all rental revenues but excluding real estate sales) rose to SEK 19,631 M (16,103). The newly consolidated construction and real estate company JM Byggnads och Fastighets AB and its subsidiaries accounted for SEK 2,439 M of this increase. The increase excluding JM was thus about 7 percent.

The Swedish market accounted for SEK 17,369 M (13,471) of the Skanska Group's total invoiced sales, a 29 percent advance. Invoiced sales outside Sweden fell by about 14 percent to SEK 2,262 M (2,632). All these amounts include the shares of Group companies in construction operations carried out in consortia with other companies.

The year's contracts credited to income totaled SEK 18,206 M (16,303). Invoicing on contracts credited to income fell to 100 percent (108) of invoiced sales during the year. As in prior years, the year's administrative expenses for construction operations were charged to income.

Income after depreciation on contracting operations etc. improved sharply to SEK 524 M (-12). There were sizable improvements in earnings both in the Parent Company and most major Group companies. Comments on the Parent Company's earnings are provided in the next section.

Parent Company

The year's invoiced sales (including rental revenues) by the Parent Company and those subsidiaries which operate on a commission basis for it increased to SEK 12,826 M (12,399). Swedish invoiced sales accounted for SEK 11,914 M (11,070) of this, while sales outside Sweden were only SEK 912 M (1,329). The Company's share of revenues from building activities carried out in consortia with other companies accounted for SEK 1,431 M (1,522) of total invoiced sales. The Parent Company's purchases from other Group companies totaled SEK 266 M, while sales to such companies reached SEK 746 M.

The year's operating income after depreciation improved to SEK 334 M (-59). Invoicing for contracts credited to income remained high, amounting to 104 percent (111) of

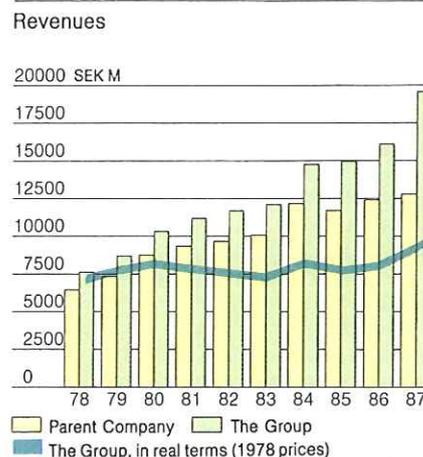
invoiced sales. Earnings in 1986 were adversely affected by the fact that the Company's international operations showed poor earnings on some completed contracts and the fact that extensive provisions were required for possible losses on continuing projects. During 1987, operations outside Sweden were not hurt by any similar problems, resulting in a clear improvement in earnings. Operations in Sweden showed a continued improvement in profits. The Company's target of achieving earnings of 2 percent of incurred costs was realized by many contracting units.

Order bookings from the Swedish market continued to grow. In current prices, the volume of new contracts during the year was about 18 percent higher than in 1986. There were only a few major orders in international operations during 1987. By year-end, the order backlog was higher than at the close of 1986, amounting to SEK 9.0 billion (7.7). Foreign orders accounted for a mere 9 percent (14) of this.

JM Byggnads och Fastighets AB

At the end of May 1987, JM became a subsidiary of Skanska by means of additional share purchases. This was because Skanska's shareholding in JM reached 54.5 percent of the voting power. In terms of capital stock, however, Skanska's stake was only 42.4 percent. The income statement and balance sheet of the JM group have been included in their entirety in the corresponding Skanska Group accounts. After this, the necessary adjustments for Skanska's period of ownership and proportion of equity, were made under the headings "Earnings in JM before acquisition" and "Minority interest."

During 1987, JM's invoiced sales



including rental revenues rose to SEK 2,668 M (2,157). Of this amount, sale of investment properties accounted for SEK 229 M (96) and rental revenues for SEK 281 M (274).

The operating income of the JM group after depreciation but before financial items amounted to SEK 244.2 M (96.6), of which SEK 158.3 M (25.3) arose from the sale of investment properties. Contracting operations contributed SEK 12.9 M (10.3) and property management SEK 80.7 M (68.5). Earnings from development properties totaled SEK -7.7 M (-7.5).

Other contracting companies

Aggregate revenues of this category of companies increased to SEK 2,148 M (1,792). Invoicing on contracts credited to income amounted to 94 percent (104) of this amount. Operating income after depreciation improved sharply to SEK 93 M (1). The following paragraphs contain brief comments on some of the larger companies. A more detailed report can be found on pages 51-52.

Revenues of Ohlsson & Skarne AB continued to climb sharply during 1987, reaching SEK 825 M (634). The volume credited to income more than doubled to SEK 709 M (307), and operating income after depreciation was thus SEK 13.6 M (0.2).

Revenues of the Danish subsidiary C G Jensen A/S declined to SEK 576 M (580). Contracts credited to income totaled only SEK 439 M. Operating income after depreciation was SEK 2.7 M (1.1).

The Industriventilation (IV) group's revenues fell to SEK 339 M (341), and operating income after depreciation was SEK 6.7 M (7.8). Most of the year's operations were reported in the accounts of IV Svenska AB.

In Norway, the subsidiary Skanska A/S sharply increased its revenues to SEK 316 M (162). The company's operating income after depreciation was SEK 7.0 M (4.0).

Industrial companies etc.

Some of the Group companies that carried out operations outside the contracting and real estate fields achieved a good increase in revenues. For this category as a whole, 1987 invoiced sales rose to SEK 1,101 M (950). Operating income after depreciation also improved, amounting to SEK 97 M (81).

The Myresjö group's revenues climbed more than 20 percent to SEK 799 M (652). The group's operating income after depreciation more than doubled to SEK 74.2 M (35.8). SektionsByggarna AB showed a minor increase in revenues, which reached SEK 126 M (121). Operating income after depreciation was SEK 10.8 M (9.6). Revenues of Boxholms Såg AB rose to SEK 125 M (119). The depressed market situation contributed to continued unsatisfactory earnings, SEK -9.9 M (-7.1).

Förvaltnings AB Albus earned a net profit of more than SEK 28 M on its trading in shares and options during 1987. Its operating income was only SEK 20,000, however, after the company had written down its inventory of shares according to the lowest value principle.

Reports on some of the larger companies' operations can be found on pages 52-53.

Property management companies

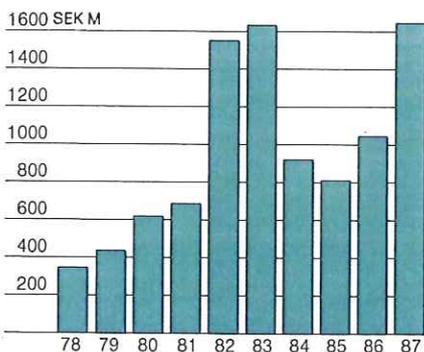
The Group's rental revenues from investment properties - excluding JM - exceeded SEK 1 billion for the first time, reaching SEK 1,061 M

(962). Operating income on investment properties after depreciation and interest on outside funds rose to SEK 332 M (290). If JM is included, the Group's rental revenues amounted to SEK 1,335 M and operating income was SEK 411 M. As in prior years, real estate tax - which amounted to SEK 68 M for investment properties - was not charged to operating income but was reported as a tax. Financial information on properties owned by partnerships and limited partnerships in which the Group's stake is 50 percent or less is reported separately in the income statement effective from 1987. Additional data on property management is provided on pages 24-25. Certain information on large properties in the Skanska Group's real estate holdings is also provided on pages 26-29.

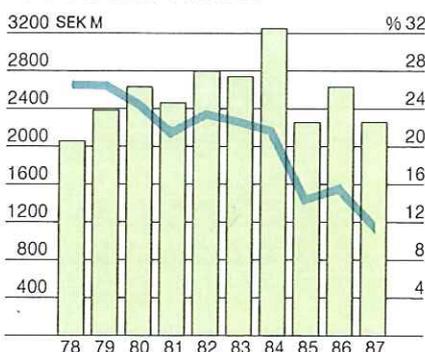
Sale of investment and development properties

During 1987 the sale of investment and development properties owned by the Group brought in a total of SEK 638 M. Investment properties accounted for SEK 522 M, undeveloped land and development properties for the remaining amount. The largest single items were a property in the Stockholm suburb of Solna that JM sold to the National Board of Public Building under an exchange agreement and the real estate subsidiary Fastighets AB Vellonia's share of the former Carlton Hotel (now converted to offices) in downtown Stockholm. Other real estate holdings sold by Group companies included an industrial property in Vallentuna, a Stockholm suburb, and a hotel in Alvdalen, north central Sweden.

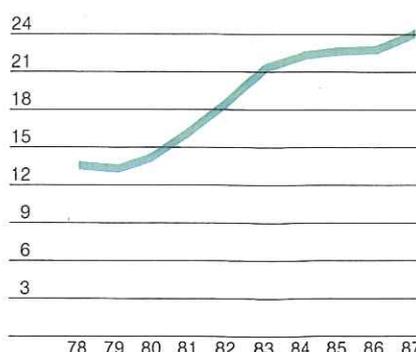
The Group:
Income before allocations and taxes



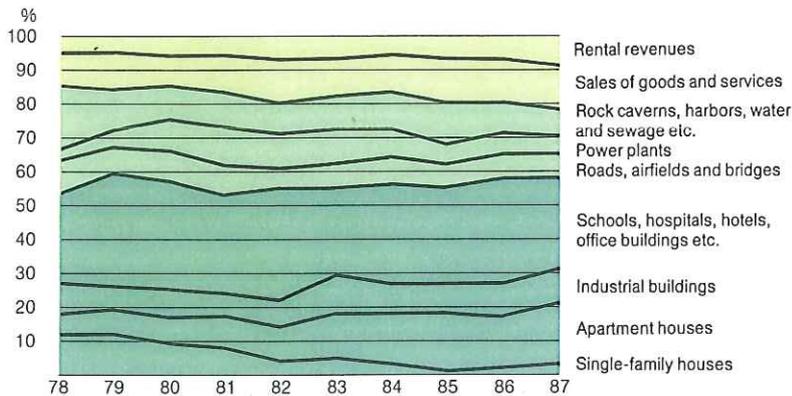
The Group:
Revenues outside Sweden



The Group: Equity/assets ratio, %



The Group: Revenues by product categories



In addition, the Skanska real estate subsidiary Fastighets AB Sulcus sold its participations in the limited partnership KB Väla Centrum, AB Björka Gård & Co. Since the early 1970s, this company has owned and managed a shopping center outside Helsingborg, southern Sweden. Given the nature of this holding, the profit – a capital gain of SEK 37 M – was reported as a sale of investment and development properties. The sale did not affect the amounts stated in the previous paragraph.

The Group's investment properties are mainly owned by companies which are classified as operating companies from a tax standpoint. This means that income from sales of real estate are seldom taxed according to capital gains rules.

Financial items

The Group's financial assets are managed mainly by the Parent Company, whose surplus in net financial items dropped to SEK 480 M (520). The Group's surplus in net financial items also declined from its level of the preceding year to SEK 439 M (455). The combined volume of liquid assets and short-term investments were somewhat lower than in 1986. Although market interest rates also fell from their 1986 levels, the decline in interest revenues was on a modest scale. The liquidity account in the Riksbank contained an average of about SEK 215 M during the year, earning fixed interest of 7 percent.

The Group received dividends from non-Group companies totaling SEK 188 M (175). Of this amount, SEK 125 M (125) came from companies classified as long-term investments. Their dividends are exempt from taxation.

Extraordinary items

The sale of shares from the long-term portfolio yielded capital gains of SEK 368 M, with the sale of shares in the real estate company Fastighets AB Stockholms Badhus accounting for SEK 337 M. Due to the nature of this holding, the item was reported as extraordinary revenue, even though the purchase and sale of listed shares are otherwise a natural element of the Group's financial management.

The 1986 Report of the Directors mentioned the purchase of the shares in the Gothenburg municipal housing company AB Göteborgshem. At the end of 1987 this company became part of Skanska through a merger. The resulting merger loss – SEK 246 M – is reported as an extraordinary expense in the 1987 accounts.

Income before allocations and taxes

Consolidated income before allocations and taxes rose to SEK 1,645 M (1,050). The Interim Report published during the fall stated that income was expected to reach about SEK 1,700 M. At that time, it was not possible to foresee that the merger mentioned in the preceding paragraph could be implemented during 1987. As indicated, a merger loss of SEK 246 M was charged to this income before allocations and taxes. At the same time, the transaction will result in significantly lower tax expenses for the Parent Company during the financial years 1987 and 1988.

Profitability

Visible pretax return on capital employed rose to 20.8 percent (16.2).

Return on shareholders' equity after full taxes was also higher than in 1986, reaching 20.5 percent (11.2). The increase in the market value of the Group's stock portfolio and real estate holdings was not included in these figures.

Personnel

The employment situation in the construction industry improved greatly during 1987.

In Sweden as a whole, the average unemployment rate among building workers was 4.5 percent (6.2). There were significant regional differences, but employment in all counties was higher than in 1986. There was a shortage of labor in a number of regions. This resulted in higher wage drift in the industry during 1987.

The average number of employees in the Parent Company (including companies working on a commission basis for it) declined by more than 2,300 during 1987. Most of these – about 1,900 people – were employees abroad. In Sweden the decline was more than 400 people, most of them blue-collar workers in building construction operations.

The Group as a whole recorded an increase of nearly 1,800 people. The JM group accounted for 3,066 employees, and some subsidiaries with operations outside Sweden reported personnel increases as well. An account of the number of employees and the size of payrolls is provided on page 36, Note 1.

In September 1987 Skanska reached agreement with its employee unions affiliated with the predominantly blue-collar Swedish Trade Union Confederation (LO) on how the Company's government-mandated development reserve should be spent. Until May 1991, SEK 24 M will be spent for research and development and an equal amount for training purposes. The training funds have been distributed among the Company's various regional districts, and their final use will be decided at district level.

During 1987 the Federation of Swedish Building Employers and the Swedish Building Workers' Union negotiated on changes in the forms of employment applicable to construction workers. An agreement was reached in connection with their collective bargaining talks early in 1988 that beginning on October 1, 1988, employment until further notice would become the norm in the construction industry, as in other sectors.

At this stage, it is difficult to foresee the impact of this reform on the Company and the building trade. Steps have been taken in the Company to adapt personnel planning and wage and salary procedures to this change in employment conditions.

Capital expenditures

Group companies

During 1987 the size of the Skanska Group changed because a number of agreements were reached on the purchase and sale of operating companies.

Last year's Report of the Directors mentioned the agreement signed on December 15, 1986 with AB Handus, a subsidiary of the investment company AB Industrivärden, on the sale of this company's entire shareholding in JM to Skanska. These shares were equivalent to 32.4 percent of the capital stock and 49.7 percent of the voting power in JM. By acquiring 425,670 additional Series B shares, Skanska increased its stake to 42.4 percent of capital stock and 54.5 percent of voting power by late May 1987. This made JM part of the Skanska Group. After that, the Parent Company bought no further JM shares during the financial year.

Skanska initiated another sizable acquisition during 1986. It thus reached agreement on the purchase of all shares in the municipal housing company AB Göteborgshem during December. They were transferred to Skanska in February 1987, but the final implementation of the transaction was conditional upon a decision concerning certain tax issues on which a preliminary ruling had been requested from the National Tax Board. This ruling, which the agency issued early in November 1987, answered all questions in such a way that the agreement could be carried out. The County Tax Authority in Malmö later appealed the decision to the Supreme Administrative Court.

At the end of December, AB Göteborgshem was merged with Skanska. This gave Skanska a substantial addition to its real estate holdings plus the right to take advantage of unutilized loss deductions of more than SEK 1,300 M. In March 1988 the Supreme Administrative Court confirmed Skanska's right to utilize these deductions in the future.

During 1987 the Group took over some 20 operating companies in addition to those already mentioned. Nearly half of these were connected to the acquisition of the shares in AB

Svenska Rivteknik early in the year. These companies work in areas related to the repair, conversion and extension sector. They complement the operations carried out for many years by Stabilator AB, a foundation engineering subsidiary of Skanska. Among the other firms added to the Group was Trinity Tower Property Company Ltd., London. The shares in this newly established company, which will own and manage the Group's Docklands project in London, are 90 percent owned by Skanska.

In December 1987 Skanska acquired all shares in a company formerly listed on the Stockholm Stock Exchange, Kebo AB. It has no operations today but owns an industrial property that will probably be converted and extended during 1988.

In February 1988 Skanska's Board of Directors decided to approve a proposal to increase the capital stock of a wholly owned subsidiary whose name has now been changed to AB Drott, while also issuing a convertible debenture loan for this company. Part of these two securities issues would be offered to the investment companies Protorp Förvaltnings AB and Investment AB Oresund. Because Skanska is relinquishing its subscription right to the convertible debenture loan in favor of the employees of the Group, they are being offered the opportunity to become part-owners of Drott. Since the fall of 1987 the latter company has owned real estate in Skåne, with a market value of about SEK 1 billion. Further information is provided on page 47.

During March 1988, agreement was reached on acquisition of the newspaper company Tidnings AB Marieberg's entire holding in JM, amounting to 165,000 Series A shares and 772,000 Series B shares. One condition for this purchase was that an extra shareholders' meeting of Skanska would approve a special issue of 400,000 new Series A Skanska shares to Marieberg at a subscription price of SEK 340 each. In addition, Skanska would pay SEK 465 M in cash. After an extra shareholders' meeting of Skanska approved this proposal, its stake in JM amounted to 64.6 percent of the capital stock and 82.3 percent of the voting power.

Investment and development properties

During 1987 the Group completed SEK 755 M (211) worth of invest-

ment properties for its own account. The year's major sales were commented upon earlier under the heading "Sale of investment and development properties."

The year-end book value of all investment and development properties amounted to SEK 8,366 M (4,248). Completed investment properties accounted for SEK 5,948 M (2,960) of this, development properties for SEK 1,030 M (716) and properties with construction in progress for SEK 1,388 M (572). During 1987, construction began on several large properties for the Group's own account, thereby contributing to the sharp increase in the last-mentioned figure.

In April 1988, British authorities granted permits for construction of six office buildings totaling about 77,000 m² (830,000 sq ft) in the London Docklands area. Ground-breaking is expected to take place in June, and the production cost of the whole project has been estimated at SEK 2.5 billion.

Shares and participations

During 1987 there were a number of changes in the Group's portfolio of shares and participations, which are booked as fixed assets. As in 1986, purchases were on a smaller scale than sales. Purchases — including participation in new issues — amounted to SEK 402 M (386), while sales brought in SEK 842 M (623). The book value of shares sold amounted to SEK 437 M (471).

Skanska increased its portfolio of listed shares by means of minor acquisitions of shares in Active i Malmö AB and FFNS-Gruppen AB. Among companies previously represented in the portfolio, Skanska acquired additional shares of AB Custos and AB Industrivärden (investment companies), Sandvik AB (cemented carbide and steel) and Investment AB Oresund.

The purchase offer for shares in the real estate company Stockholms Badhus mentioned already in last year's Report of the Directors was accepted by Skanska. Most of these shares were sold during the late spring, while a smaller number were sold in September.

During 1987 the Group also bought shares in a number of unlisted companies. They included 9 percent of the shares in Calor-Celsius AB, a plumbing, heating, ventilation and industrial piping company. In January 1988 Skanska exercised an option to acquire an additional 16 percent of

the company's total shares. Early in 1987 Skanska also subscribed for 25 percent of the capital stock in the newly established company SFL Svensk Fastighetsleasing AB, which specializes in corporate real estate purchases and lease-backs. Because an additional partner has bought into the company, Skanska's stake is currently 20 percent.

For a number of years Skanska owned 48 percent of the shares in the construction company Canadian Foundation Co. Ltd. During 1987 it merged with another Canadian building firm, Banister Continental Ltd. After making limited supplementary purchases, Skanska's stake in the latter company amounts to 15 percent.

Förvaltnings AB Albus carries out share trading as a business, and its securities holdings were thus reported as current assets. In keeping with the lower value principle, these securities were booked at SEK 104 M at the beginning of 1987 and SEK 145 M at year-end.

The Group's total portfolio of securities listed on the Stockholm Stock Exchange had a year-end book value of SEK 3,276 M (3,365). At the same time, its market value amounted to SEK 6,967 M (7,323). On April 15, 1988 the difference between the securities portfolio's book value and market value amounted to SEK 4,640 M. Skanska's shareholding in its subsidiary JM and in Graningeverkens AB, a forest product and hydroelectric power company, were not included in these amounts.

Early in March 1988 Skanska sold its entire shareholding in the real estate company Bohus Fastighets AB to AB Catena.

Machinery and equipment

The Group's total purchases of machinery and equipment increased to SEK 410 M (391). The Parent Company accounted for SEK 275 M (291) of this. The Company's general investment reserve was utilized for the purchase of machinery and equipment costing SEK 8 M, intended for use in regional development areas designated by the Swedish government. During 1987, machinery and equipment with a book value of SEK 42 M (45) were sold.

Fixed-asset properties

Real estate intended for use in a company's operations is booked as fixed-asset properties. In the 1987 balance sheet, such properties are booked at

SEK 735 M (753). Depreciation during the year totaled SEK 29 M (26). At the close of 1987 there were also properties under construction booked at SEK 7 M (2). The acquisition of JM added SEK 68 M worth of properties to the Group's holdings. Real estate purchases and new production added SEK 30 M (344) worth of properties. Among these investments was the Parent Company's construction of an office and storage building at its concrete product factory in Sundsvall and the erection of an office and warehouse building by AB Bålsta Värme & Sanitet, a heating and plumbing company. Real estate with a book value of SEK 25 M (4) was sold during the year. Finally, real estate with a book value of SEK 60 M was reclassified as investment and development properties.

Changes in the Parent Company's Board and organization

At the 1987 annual meeting of shareholders, Per Lindblad resigned from the Board. Kjell Brändström was elected as his successor. During the summer, the white-collar unions in the Company appointed Ulf Andersson as a new deputy member of the Board, succeeding Ernst Saalo.

At a Board meeting in December, Lars-Ove Håkansson, President of the Company, was appointed Group Chief Executive.

Shareholders' equity

An extra meeting of shareholders on March 4, 1987 approved an offer to AB Handus to subscribe for 808,500 Series A shares in Skanska, thereby making an exception from the right of priority to existing shareholders. The new issue, which occurred at a subscription price of SEK 215 per share, was registered on March 30, 1987. This increased the shareholders' equity of Skanska by SEK 8,085,000 to SEK 625,016,600 and added SEK 165,742,500 to the legal reserve.

As part of the celebration of the Company's 100th anniversary, the annual meeting of shareholders in June 1987 decided to undertake an additional special issue of shares. Employees of the Group who had reached a minimum of approximately 2 1/2 years of employment, according to certain rules, were invited to subscribe for five shares each at a price of SEK 12 per share. The offer was made to more than 13,500 people, of which 11,985 accepted it by subscribing for a total of 59,925 shares. The

issue was registered during November 1987, and Skanska's capital stock at the close of 1987 thus amounted to SEK 625,615,850, distributed among 62,561,585 shares. All shares are entitled to dividends for the financial year 1987.

As mentioned earlier, under an agreement signed in March 1988, Skanska acquired all of Tidnings AB Marieberg's shares in JM on the condition that an extra meeting of Skanska shareholders approved a special issue of 400,000 new Series A shares to Marieberg. The extra shareholders' meeting, which took place on April 26, approved the Board's proposal to issue the specified number of Series A shares and thereby make an exception from the right of priority to existing shareholders. The subscription price was set at SEK 340 M. The shares entitle their holder to a dividend for the financial year 1987. After registration, the capital stock of Skanska will thus increase by SEK 4,000,000 to SEK 629,615,850 and SEK 132,000,000 will be added to the legal reserve. The number of shares entitled to dividends for the financial year 1987 thus amounts to 62,961,585.

Forecast

The good market conditions for the construction industry in Sweden are expected to continue during 1988. Current demand for housing will probably result in additional increases in residential construction. In the international market, however, an increase in demand can hardly be anticipated.

Given this background, income from contracting operations is expected to be at about the same level as in 1987. The same applies to the Group's industrial operations. Earnings from property management are expected to improve somewhat, mainly as the result of additional new projects. Sales of investment and development properties, however, are not likely to be on the same scale as in 1987. Skanska's surplus on net financial items is strongly dependent on the trend of market interest rates. Provided that interest levels are unchanged, the decline in interest revenues due to lower liquidity during the first half of 1988 should be offset by higher dividends from the stock portfolio.

Under the above-mentioned conditions, consolidated income before extraordinary items can be expected to be of about the same size as in 1987.

Celebration examines Skanska's past, present and future

In order to reach out during the Company's centennial year to our many employees, customers and everyone else we work with in Sweden, we chose a peripatetic solution – a Skanska Exhibition Train. During a 131-day period, it visited 90 cities and towns, from Trelleborg in the extreme south to Gällivare in the Arctic north (Photo 1).

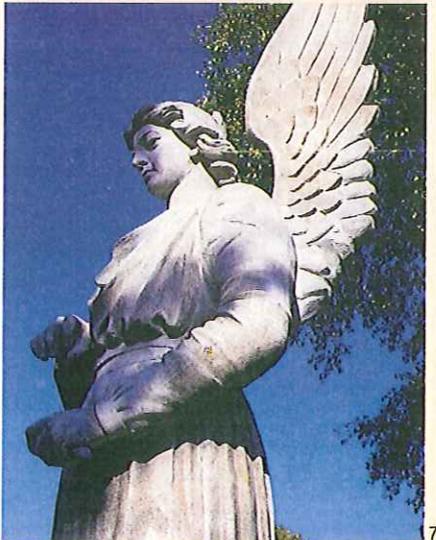
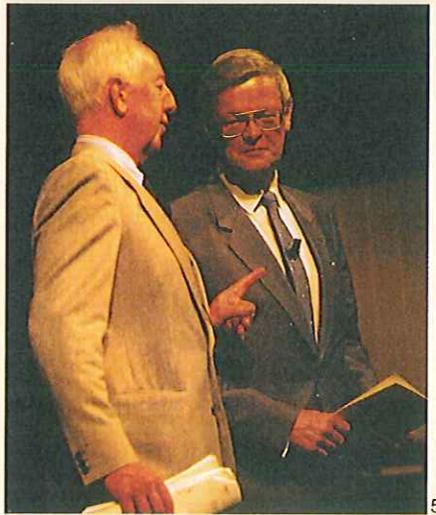
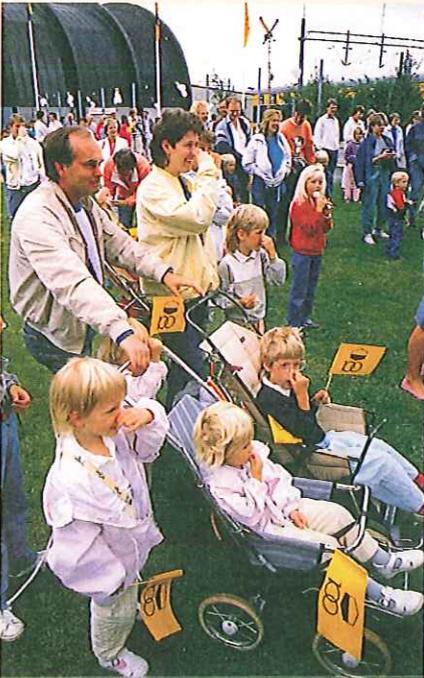
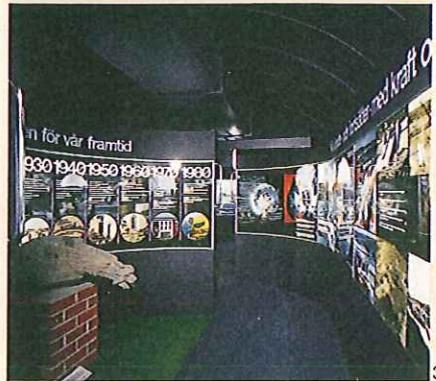
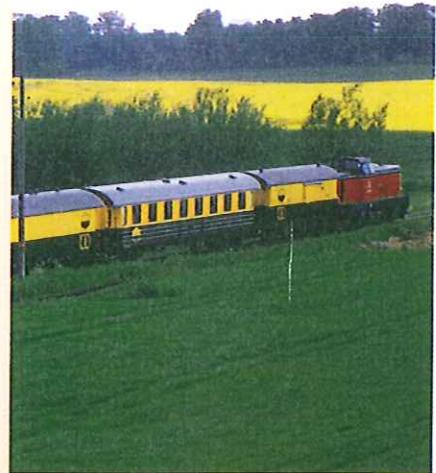
The train included three specially equipped exhibition cars. Two of them showed the evolution of Skanska's operations in different fields, from the beginnings in 1887 until the present day, with some emphasis on projects undertaken in recent years. The third car was future-oriented and included a number of exciting displays (Photo 3).

The rolling exhibition was opened in a number of county seats by the appropriate County Governor (Photo 2 is from Växjö). Marching bands entertained the guests as they gathered. In many places where the capacity of the train was insufficient, Skanska Group employees were invited to parties held next to the train (Photo 4), but always in combination with a visit to the exhibition. When time permitted, the general public was also invited to view the exhibition.

On June 3, the annual shareholders' meeting was held in Malmö amidst centennial celebrations that included a lot of music. The morning was devoted to "The Future is Here," a discourse about people, methods and markets among six Skanska veterans headed by the President, and moderated by Dr. Bengt Feldreich, seen here with Skanska's technical manager (photo 5).

After the annual meeting in the afternoon, it was time for the celebrants to honor the 100-year-old Company itself, represented by the Chairman of the Board and the President (Photo 6). Other centennial activities included books, advertisements and films.

In 1888 a concrete sculpture portraying the Archangel Michael was cast at the Malmö factory of the Company – then known as Skånska Cementgjuteriet (Scanian Pre-Cast Concrete Inc.) – as a decoration for Uppsala Cathedral. Toward the end of Skanska's centennial year, this 4-meter (13-ft) high sculpture was returned to the city of its birth following an adventurous 99-year life. The restored archangel now stands guard over the middle cemetery of St. Paul's (Photo 7).



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Southern regional district's market position is stable

The Southern regional district has a comparatively strong market position. Competition in the region requires a high level of alertness and ability to adapt to every change. The supply of contracting work increased somewhat during 1987, and activity was high. Small and medium-sized projects still dominate.



Sven-Eric Hersvall
Regional manager

Regional office, Malmö

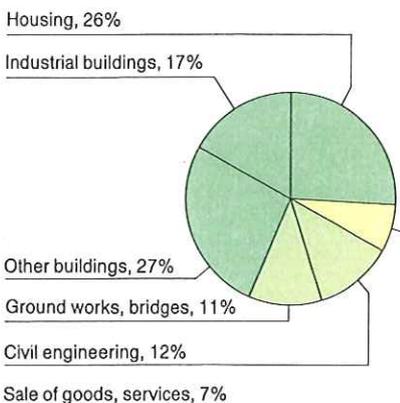


Divisional and local offices:

Dalby
Eslöv
Fosie
Helsingborg
Hässleholm
Kivik
Kristianstad
Lund
Trelleborg
Ängelholm
Önnestad

SEK M	1987	1986
Revenues	1,762	1,830
Order bookings	1,647	1,447
Order backlog, Dec. 31	1,300	1,200
Employees (full-time equivalent)	2,756	2,933

Revenues by production segments, 1987



In 1987 the Southern regional district's organization was characterized by continued adaptation to market conditions. The improvement of administrative efficiency received high priority. At the same time, the district began cautious expansion and development work in the fields of production and technology.

During 1987 what had previously been the district's technical division was reorganized into an independent subsidiary, Skanska Konsulter AB (SKA). This company began operations on July 1, and heavy demand for its services has given it a good start. Investments in state-of-the-art computer equipment, especially in the CAD field, were approved.

During the year, the district adapted well to Skanska's new business segment structure, and cooperation among the segments worked smoothly.

Housing construction began to take off after a shaky start that was attributable to insufficient lending limits. This applied particularly to apartment houses in Malmö, Helsingborg and Lund, but also two-story single family homes. Large volume is expected in 1988 as well.

In contrast, repair, conversion and extension work was adversely affected by restrictions that were imposed as a result of tendencies toward overheating in the construction market. A certain shortage of labor has led to troublesome wage increases.

During 1987 a large distribution center was built in Malmö for Ica Eol, one of the region's biggest convenience goods companies. Major housing projects included one covering a four-block area in downtown Malmö. Part of Malmö's Caroli City complex was successfully converted into the 240-room SAS Royal Hotel.

An economic studies center, financed by a Crafoord Foundation grant, was completed at the University of Lund during 1987. The district is constructing a laboratory building in Lund as part of the pharmaceutical company AB Draco's continued expansion, along with a number of large residential projects for the municipal real estate company and housing units on land owned by Skanska.

The building construction division in Helsingborg had a very high level of activity throughout 1987 as well as in early 1988. Among its projects were completion of the public library in nearby Ängelholm, with its

unusual architectural qualities. Major order bookings include an extension of the Ikea furniture emporium at Väla, worth SEK 60 M.

Residential construction also accounted for much of the work done in 1987 by the building construction division in Kristianstad. Given the large geographic area it covers, the division operates in a highly varied market. Projects completed included the conversion of the old savings bank building, with its magnificent façade, into the Hotel Christian 4.

The road and civil engineering divisions were characterized by lively activity and higher revenues. Thanks to mild conditions in the late autumn, by year-end the district's paving crews were able to make up time lost during May-October, when poor weather made their job difficult.

In 1987 the road division completed a large investment in an ultramodern rock crushing and asphalt-making plant in Önnestad, outside Kristianstad. Its capacity is 250 metric tons per hour. Given this new unit and its other asphalt plants, the Southern region is well equipped to respond to the growing demand for high-quality paved surfaces.

In 1987 the Swedish National Railways (SJ) awarded the civil engineering division a contract worth SEK 125 M to build a technically demanding railroad tunnel under downtown Helsingborg. The division has Skanska's collective resources to fall back on in completing this task.

The Southern regional district's subsidiaries Skanska Komponent, Skånska Makadam, Skånska Ställnings AB and Stenbergs El all had a fine year and reported good earnings. During 1987, AB Joh Sjöström was sold to Calor-Celsius.

The storage facility and workshop in Fosie, which serves all of southern Sweden, had a record-breaking year both in terms of volume and earnings.

Personnel development work was expanded. The district intends to continue giving this area high priority during 1988, along with its quality assurance program. It will intensify its efforts to become involved in construction projects at an earlier stage. It also intends to become more active in developing new projects in cooperation with Skanska's property management units in southern Sweden.



This complex construction job for the Port of Malmö – a car and train ferry berth – was completed in a short period.

Spike Top, a new type of all-weather pavement from the Southern district's road division, installed on a running track in Gothenburg.

The old Kristianstad savings bank building, with its magnificent façade, was renovated and converted into the Hotel Christian 4.

Southeastern regional district has high capacity utilization

During 1987 the new Southeastern regional district built up its administrative structure and carried out a broad review of the entire organization. The construction market was very good during the year, as was the work load. High capacity utilization and a labor shortage characterized the situation in large parts of the region.



Tommy Sernelin
Regional manager

Regional office, Växjö

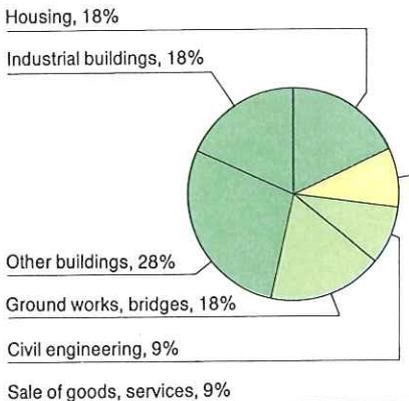


Divisional and local offices:

- Gislaved
- Halmstad
- Jönköping
- Kalmar
- Karlshamn
- Karlskrona
- Ljungby
- Nässjö
- Oskarshamn
- Ronneby
- Varberg
- Visby
- Västervik

SEK M	1987	1986
Revenues	1,429	1,373
Order bookings	1,424	1,136
Order backlog, Dec. 31	830	700
Employees (full-time equivalent)	2,017	1,951

Revenues by production segments, 1987



The above-mentioned organizational review affected most divisions and led to streamlining and adaptation to market needs. Two new divisional managers and several new contract managers were appointed. The technical division was transferred to Skanska Konsulter AB. More specialists will be added to the production administration group.

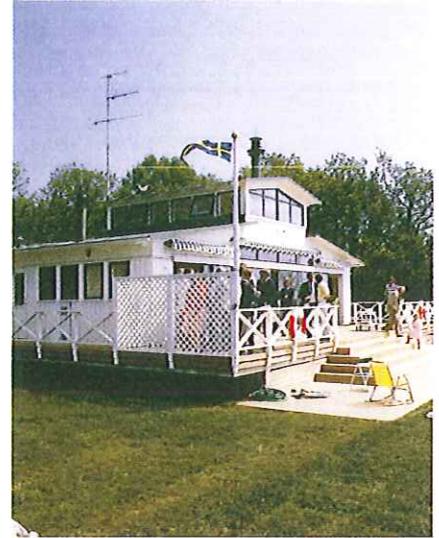
As an efficiency-raising measure the operations of two subsidiaries were discontinued. At the beginning of 1988, the road division in Jönköping joined the district.

Order bookings in 1987 increased sharply, due to robust general economic conditions. They were about 30 percent higher than in 1986. Both the building construction and road divisions held their own in competition, defending and in some cases increasing their already high market shares. Toward year-end, however, a scarcity of resources — particularly a labor shortage — had an inhibiting effect.

Residential construction took place on a sizable scale during 1987. In some parts of the district, however, there were clear difficulties in keeping production costs at levels acceptable for government housing loans.

The Southeastern regional district landed three large orders during the year: About SEK 100 M worth of maintenance and environmental protection investments by the Södra Skogsägarna forest product company at its Mörrum mill, some SEK 200 M in work for a consortium constructing a medical wing at the Kalmar General Hospital, and a design-construct contract worth about SEK 250 M for Ica Eol's largest distribution center, which is being built in Växjö.

Major projects during 1987 included the renovation of housing units in the Oxnehaga area of Jönköping, which were also given an attractive outdoor setting; participation in the consortium that is building a large new hospital in Jönköping, scheduled for completion in 1988; prefabricated dwellings in the Kvarnholmen neighborhood of Kalmar featuring special amenities for pensioners; portions of the Växjö central hospital; the Ljungberga nursing home in Ljungby; a new building for defense contractor Telub in Växjö and a new section of the main west coast railroad line at Halmstad.



The bathhouse at the Solliden royal summer palace on the Baltic isle of Öland was a 40th birthday present to King Carl XVI Gustaf from Sweden's business community. Skanska built it as a turnkey assignment.

Investments in fixed assets and equipment were made during 1987. On the Baltic island of Gotland, the district's old asphalt plant was replaced by a new one, which was ready in time for the paving season. Operating experience from the first year was very good.

The Råppe plant in Växjö is being upgraded to increase its capacity and enable it to produce better-quality asphalt. Finally, the road and civil engineering division in Kronoberg county has bought remixing equipment for asphalt pavements and will perform remixing work throughout Sweden.

The need to recruit young new employees directly from upper secondary schools and university-level institutions is underscored by the high average age of Southern region employees. The district is thus stepping up its recruitment efforts.

Intensive on-the-job training and management development programs are underway. Quality assurance and working environment training enjoy priority. These programs will continue and will also be offered to blue-collar workers. Funds from Skanska's development reserve will be utilized for training such workers in construction technology, production technology, mechanics and quality assurance.



Sweden's main west coast railway line was expanded in Halland province, including three bridges which Skanska also designed.

New residential units, which blend well into the sensitive architectural milieu of central Kalmar, were a design-construct assignment.

Gothenburg regional district greatly improved its profitability

The work load in the Gothenburg regional district was good, and profitability greatly improved. During 1987, operations were consolidated and basic operations were emphasized. Throughout the district, there was a focus on improving quality and purchasing practices, on career planning discussions and training.



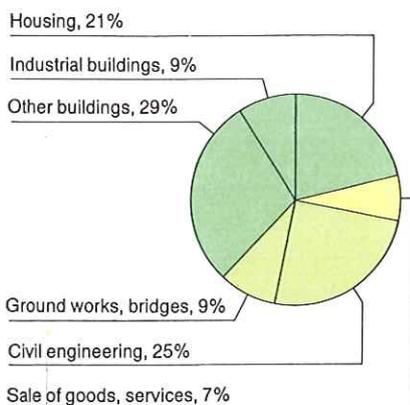
Per Westlund
Regional manager

Regional office, Gothenburg



SEK M	1987	1986
Revenues	2,277	2,150
Order bookings	2,246	1,749
Order backlog, Dec. 31	1,500	1,550
Employees (full-time equivalent)	3,098	3,345

Revenues by production segments, 1987



During 1987 there was a large supply of work in the regional district's construction market. Order bookings were larger than in 1986. Many contracts were directly negotiated. The overheated market for building workers resulted in troublesome wage drift. The district also occasionally had to turn down assignments due to labor shortages.

Housing construction accounts for an increasingly large part of production. Throughout its territory, the district worked on numerous medium-sized residential contracts involving new construction as well as repairs, conversions and extensions. The low-rise housing units in Alingsås are worth mentioning. In some places, however, the district had difficulty starting planned projects, due to lending regulations and unresolved planning issues.

On the shore of the Göta River in Gothenburg, very complex foundation engineering work for Skanska's own Lilla Bommen office building project took place during 1987. This work attracted great interest among outside experts as well. Early in 1988 the regional district began erecting this new office complex, which will contain more than 30,000 sq m (320,000 sq ft) of rentable space in a 22-story tower and a low-rise wing. Work on the adjacent IBM offices was underway during 1987. The new postal terminal in downtown Gothenburg went into service. On the north shore of the Göta River, in the old shipyard area, the district received some contracting assignments from Eriksbergs Förvaltnings AB. The district also erected an administration building for Volvo Transport in Gothenburg and completed the related ground works.

Tornhuset, a private housing alternative for older people that opened during the late fall of 1986, received a special prize from the Per and Alma Olsson Fund for Good Architecture.

The district has reviewed the repair, conversion and extension needs in the 4,300 apartments that Skanska acquired just after the end of 1986 by purchasing the municipal housing company Göteborgshem. It made plans to perform this work during the coming eight years and carried out detailed preparations for renovating the first 500-600 units.

The task of construction management and monitoring at Volvo's new car plant at Uddevalla, north of

Gothenburg, continued throughout the year. In Skaraborg County a nursing home, church and parish hall were completed.

The market for road and ground works was good. This is still the regional district's strongest sector, with a market share of about 30 percent. Construction of the Ostra Leden highway segment in Skövde continued and will be completed in 1988. The district also completed many assignments that improved the outdoor environment in residential areas.

The civil engineering division recovered from the slowdown of the past few years. Among its most interesting jobs was to implement its own alternative for a 500 meter (1,600 ft) long gas pipeline across the Göta River at its mouth.

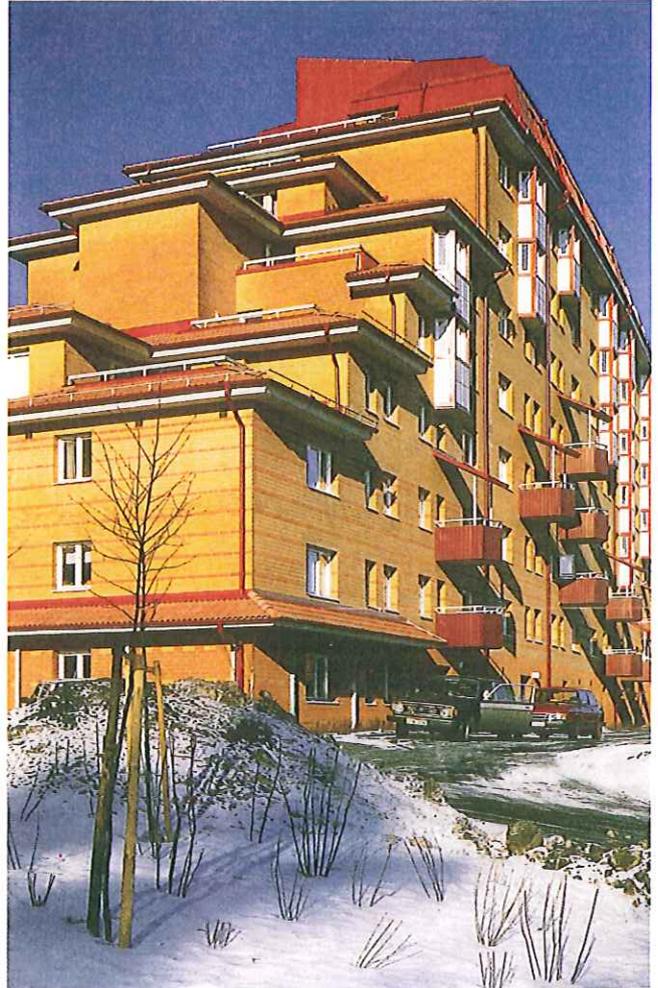
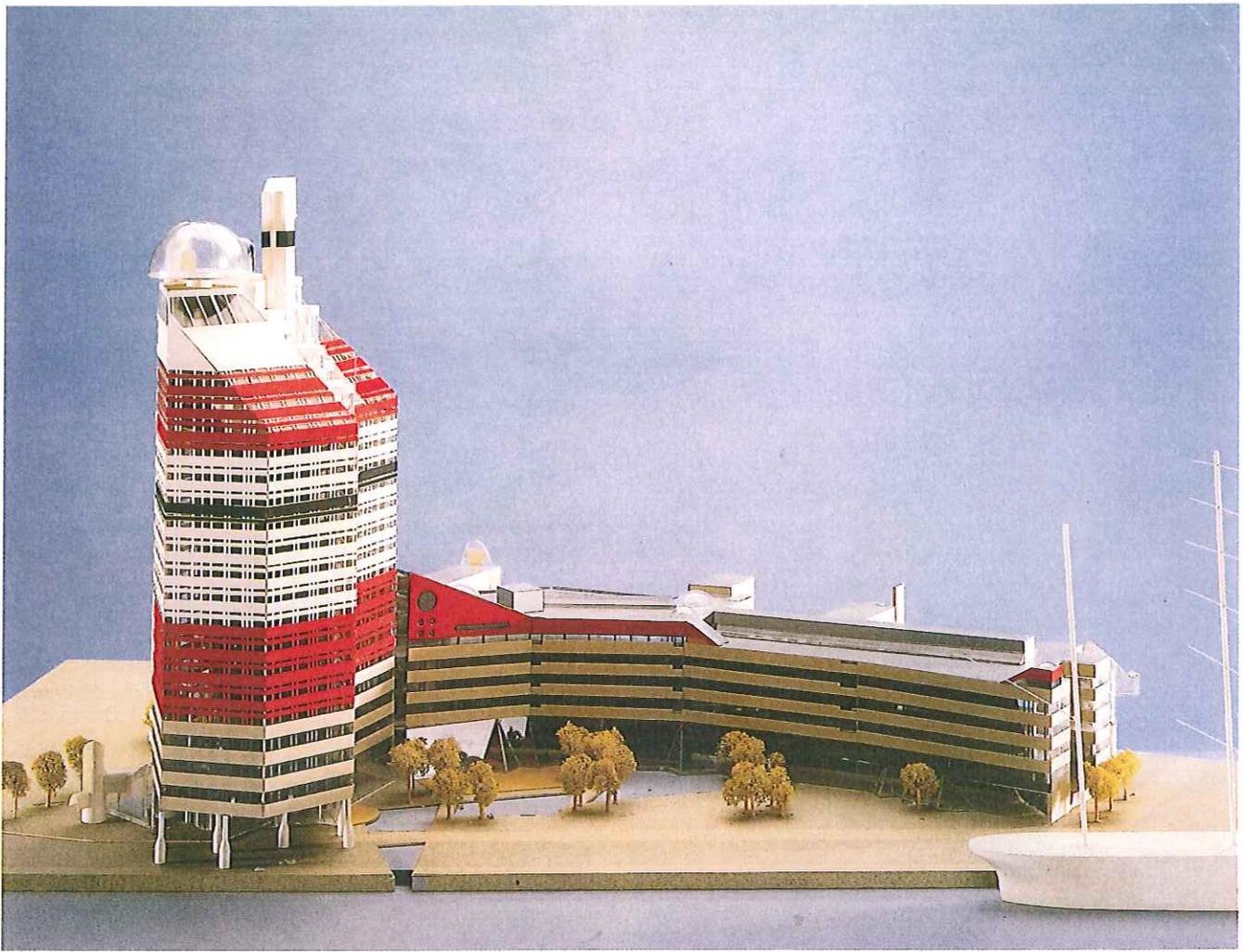
The district's organization was trimmed down. The design division is intact, but the administrative portion of the technical division was moved out into the field.

The subsidiary Aqveduktor AB was sold to Calor-Celsius. The subsidiary IMS was discontinued. But Näsviskens Energi AB, which manufactures wood chip combustion units, was acquired. This acquisition is part of the district's preparations to respond to demand for alternative energy systems.

The subsidiary Gråbo Bygg had a good year, with large-scale production of prefabricated bathrooms that are sold all over Sweden as well as in Norway. For many years, it has also manufactured building-site offices for Skanska and other companies. Temporary housing pavilions represented a larger share of sales in 1987.

Recruitment of employees at all levels of construction operations was difficult during 1987. For this reason, during 1987 the district marketed itself more actively among young people just completing their education — including new graduates of Chalmers University of Technology in Gothenburg.

On-the-job training received great attention. The district produced a video for training of planners and a course tailored for the needs of building site managers. It is also helping produce Skanska's nationwide training package for blue-collar workers.



Skanska began to build its Lilla Bommen office complex in Gothenburg, designed by architect Ralph Erskine.

Nohab's car museum in Trollhättan looks different after the Gothenburg district renovated it on a package-deal basis.

The district renovated a run-down residential area in Gothenburg on a design-construct basis.

Stockholm regional district's operations focus on future-oriented projects



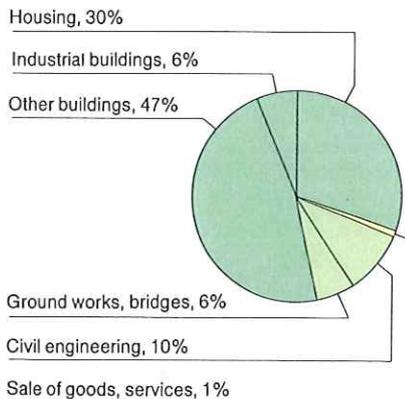
Bert Lilja
Regional manager

Regional office, Stockholm/Danderyd



SEK M	1987	1986
Revenues	2,564	2,579
Order bookings	3,604	2,903
Order backlog, Dec. 31	2,450	2,100
Employees (full-time equivalent)	2,647	2,730

Revenues by production segments, 1987



The Stockholm district works in Sweden's most expansive region. Future-oriented projects therefore play a major part in its operations. During 1987 its operations were influenced by a shortage of resources and by the public sector's desire to increase residential construction. Restrictions on the granting of permits for non-residential construction will cause problems in the long term.

The district is deeply involved in housing construction in the Stockholm region, which is taking off now after a sluggish start. Examples of current projects are neighborhoods in Sundbyberg, Stockholm, Sollentuna, Tyresö and Huddinge. In Järfälla, Skanska is working with the municipal government and HSB (Sweden's largest cooperative housing organization) to plan a development on the site of the former Barkarby military airfield, integrating workplaces and about 3,000 dwellings.

The district is also very active in renovating and upgrading neighborhoods built during the government's "million dwelling" construction program of 1965-1975. The Stockholm district's largest work site today, the Brandbergen residential area in Haninge, is a joint Skanska-JM project of this type.

In 1987, the new Stockholm Klara postal terminal next to the Central Station was finished. This signified the successful completion of one of the largest and most complex building projects in the Stockholm district's history. Work began on the conversion of such landmark buildings as the Berns nightclub, the Sturegallerian mall and the Centralbadet public baths for new purposes. Skanska also started construction of several projects for its own account.

Two of the future-oriented projects in which the regional district is involved are now ready for groundbreaking: Arlanda Stad at Stockholm International Airport and Eurostop, a new chain of highway service centers. Other major future-oriented projects are Haningstrand, an archipelago community with workplaces, housing, service facilities and unique recreational opportunities; Blekholmstorget, with office space and housing in the heart of Stockholm; and the latest project: Ulvsundastaden, a proposal for residential construction during the 1990s at Bromma Field, the site of Stockholm's main domestic airport until 1983.

The Stockholm region has major traffic problems. The regional district is helping to devise various proposals to solve them. One of these is a streetcar line which would link residential and workplace areas in the northern part of Greater Stockholm, as well as tying together three branches of the existing subway system and two commuter train routes.

The task of promoting the Österleden ring road/tunnel proposal together with several other companies also continues.

The civil engineering division is participating in the Klarastrand project. During 1987 the spans of the Ekolsund Bridge near Uppsala were anchored in place, and another bridge was completed. The division is heavily involved in various energy projects such as construction of a coal-fired district heating plant in Stockholm harbor, conversion of rock caverns for oil stockpiling into hot water storage facilities in Oxelösund and construction of a peat storage facility, a cupola-like steel structure with a diameter of 120 meters (394 ft).

As a rule, the road division carries out ground works for the district's construction jobs. It also performs such jobs at other major building sites. At Stockholm International Airport, the district's road builders are almost continuously busy. Their most recent assignment was to complete an aircraft taxiway.

The technical division successfully performed many specialized assignments, such as the design portion of our design-construct jobs: the coal-fired district heating plant, the peat storage facility and a trial installation for gas storage. The division is also involved in design work on Skanska's proposal for a bridge/tunnel across Denmark's Great Belt waterway and in the Company's continuous development work in computer-aided design (CAD).

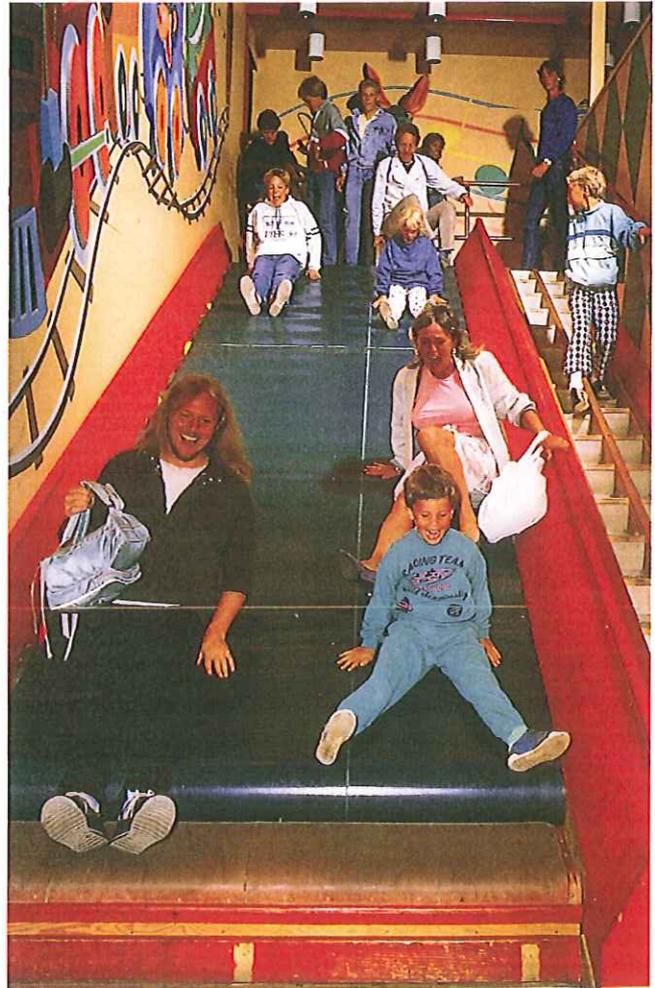
The district's organization underwent minor changes. A new production administration unit was formed, and a quality assurance manager for the whole district was appointed. Quality control issues received close attention in 1987 and still do. The district's aim is to create a deep, broad-based quality consciousness among its employees.

Great emphasis was placed on the Company's new management development program. As previously, there are continuous courses for young engineers. During 1988 the district also expects to begin training of blue-collar workers with the help of funds from Skanska's development reserve.

The electrical contracting subsidiary Stenbergs El is developing nicely and is a good supplement to the district's other operations. The degree of service at the storage and workshop facilities in Upplands Väsby is increasing.



Office premises carefully adapted to tenant requirements in Kistafjord, western Stockholm.



The real estate company Fastighets AB Hufvudstaden's office building in downtown Stockholm was completely renovated.

When the Fun House at Stockholm's amusement park burned down, a new one was built to resemble the old one as much as possible.

Central Sweden regional district successful with many small and medium-sized projects

The Central Sweden district's strategy of becoming involved in projects at an early stage was successful in a market where there is a good supply of potential assignments everywhere. The volume of orders at year-end was nearly SEK 300 M larger than at the close of 1986. Revenues increased by nearly SEK 300 M during 1987, with an unchanged white-collar staff.



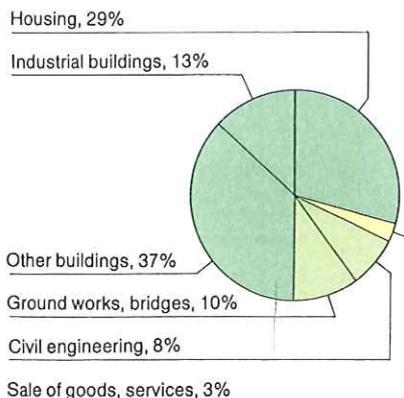
Göran Larsson
Regional manager

Regional office: Stockholm/Danderyd



SEK M	1987	1986
Revenues	2,048	1,766
Order bookings	2,304	1,969
Order backlog, Dec. 31	1,370	1,100
Employees (full-time equivalent)	2,415	2,335

Revenues by production segments, 1987



Most projects in the region are small and medium-sized. This makes it particularly important to be involved in projects at an early stage. This is how to achieve the lead time required for good planning and full preparation of assignments before ground-breaking.

The regional district was adversely affected by a shortage of skilled workers, who have largely been attracted to major Swedish cities and to Norway. This shortage, in turn, resulted in troublesome wage drift.

Housing construction is an essential market for the district. Because certain lending standards were loosened, it became possible to begin building some large housing projects.

For example, 120 apartments are being built on a design-construct basis for the nationwide cooperative housing organization HSB on our last downtown lot in Norrköping, and 80 units are under construction in Falun. In downtown Uppsala, 65 apartments are being built for sale to independent housing cooperatives, and in Nyköping 42 apartments are being completed for Riksborgen, another nationwide housing cooperative organization. The design of the latter units is a refinement of concepts introduced a few years ago at the Bo 85 housing exhibition. Three design-construct contracts with a municipal housing company in Linköping will result in construction of 440 new apartments.

Major repair, conversion and extension of 1,400 apartments in the Vallby area of Västerås according to the regional district's own proposal will be completed in 1988. Upgrading of 800 units in Romberga, Enköping, is fully underway. The district has been involved in the renovation of Konvaljens Center in Oxelösund, built in the 1960s, since the rough sketch stage. What used to be 204 apartments, half of them unrented, will now be turned into 64 attractive (and already rented) apartments, managed by the municipal housing company. Also underway are a complete renovation of Riksborgen's 220 centrally located apartments in Karlstad and of 86 apartments in Säffle.

Among the district's industrial projects are three design-construct industrial buildings for the Municipality of Arjäng and the construction of manufacturing and warehousing space in partnership with Svensk

Fastighetsleasing AB in Västerås. In 1987 the district began an extension of BOBs Industrier in Kumla and started work on a large automotive service unit in Eskilstuna for Catena, a Tibro furniture emporium in Örebro and a turnkey assignment for Nygeverken in Nyköping which includes responsibility for everything from the factory layout to the installation of machinery.

In the Glunten research park in Uppsala, the renovation of 14,000 m² (150,000 sq ft) of existing premises was completed and the first tenants are moving in. In Karlstad, a 20,000 m² (215,000 sq ft) commercial/office building and parking facility, partly owned by Skanska, went into service during 1987.

For the first time, the district planned and erected a school from the first rough sketch to the finished building: the upper secondary school in Gimo. In Värmland province, the year's projects included rebuilding the churches at Ransäter and Munkfors, which had burned down.

The road division had a good year.

Work began at about 350 new construction sites, and revenues rose to approximately SEK 500 M. Among the many new projects were a new airfield in Hagfors, an extension of the runway at Norrköping airfield, runway repairs at the F16 Air Force base in Uppsala and various channels, overflow dams etc. for Ljusfors Kraft, a power company in Skärblacka. Throughout its territory, the district carried out renovation work for environmental protection purposes.

The district built the new Nyköping water sports stadium and guest harbor on a package-deal basis. This marina facility is the first of its kind in Sweden. It is the venue of both international competitions and Swedish championships in canoeing.

A concrete-mixing station with an annual capacity of 60,000 m³ was built next to the gravel pit and asphalt plant in Bålsta.

A lively program of training courses took place in the Central Sweden district during 1987. Its main themes were production and quality assurance matters. Funds from Skanska's development reserve are being spent on training in concrete engineering, blueprint-reading and other fields of immediate relevance at building sites.



Stöten Centrum, located in the skiing resort of Sälen, includes shops, a restaurant and a hotel. The contract was directly negotiated.

Nyköping's water sports stadium, with its 1,500 m (nearly 5,000 ft) long floating concrete jetty and guest harbor, was inaugurated in 1987.

Norrand regional district provides advanced services on package-deal basis



Lennart Daleke
Regional manager

Regional office, Sundsvall

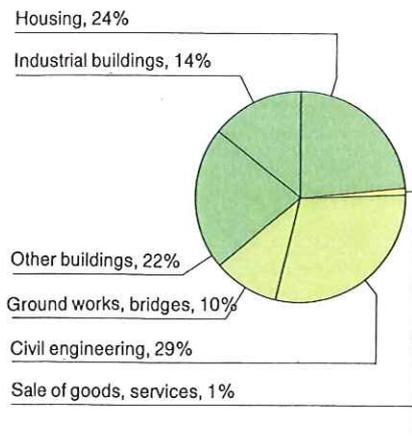


Divisional and local offices:

- Gävle
- Kramfors
- Ljusdal
- Luleå
- Piteå
- Sandviken
- Skellefteå
- Sollefteå
- Söderhamn
- Umeå
- Örnsköldsvik
- Östersund

SEK M	1987	1986
Revenues	1,294	1,278
Order bookings	1,434	1,340
Order backlog, Dec. 31	760	700
Employees (full-time equivalent)	1,644	1,809

Revenues by production segments, 1987



Skanska's Norrand district is the largest and most versatile construction company in the region, which includes more than half of Sweden. Its resources cover everything from housing, offices, administrative centers and other buildings to construction for light and heavy industry, hydroelectric power stations, rock caverns and road and paving jobs. It offers clients increasingly advanced technical services on a package-deal basis.

In 1987 the construction market in the Norrand regional district, covering Sweden's thinly populated five northernmost counties, was rather lively. In places there was even some overheating and rapid wage drift. Residential construction increased, offsetting the slowdown in industrial construction. The road and civil engineering sector had a largely normal volume of work, but the Swedish Parliament's 10-year highway package — which pays SEK 50 M per county per year to bring the road network in so-called "forested" counties up to European standards — began to be noticeable in the form of more bridge-building assignments.

The Norrand construction market is expected to remain favorable in 1988. Small and medium-sized projects dominate. Major individual projects such as a new highway across the delta of the Indal River — the so-called Delta Road — are becoming available for bidding this spring. According to the National Road Administration the Delta Road project entails an investment of about SEK 140 M.

To support Östersund and Åre in their campaign to attract the 1994 Winter Olympic Games, the Norrand regional district has become one of the official sponsors of their bid. The decision as to the venue of the Winter Games will be made during the Summer Olympiad in Seoul, Korea, during September 1988. If the Winter Games were awarded to Östersund and Åre, this would result in a major upswing for the construction market in Jämtland province because of the need to build various sports arenas.

The increase in housing construction during 1987 was reflected in the district's operations. Among major orders for residential projects are 120 apartments in Skellefteå for Riksbyggen and 112 units in Umeå for a local housing foundation.

Major housing repair, conversion and extension projects are handled mainly by the building construction divisions in Norrbotten, Västernorrland and Gävleborg counties. For example, the renovation of 83 apartments in Luleå continued throughout 1987, as did work on 397 apartments in Sandviken, a design-construct deal for HSB worth SEK 90 M. During 1987 the district finished a design-construct assignment to reno-

vate 186 apartments in Hofors.

Among the other building construction projects within the district during 1987 were a vacation cottage development in Åre, offices for the State Power Board in Umeå, new construction and renovation at the Expolaris hotel and conference center in Skellefteå, new construction for the Esrange satellite tracking station in Kiruna and industrial construction for the MoDo forest products group in Husum.

The Road and Civil Engineering Division performed extensive, technically advanced repairs to the Alnö Bridge in 1987, in cooperation with Skanska's foundation engineering company Stabilator and the technical division in Danderyd. It also completed one section of double-tracking between Ånge and Bräcke for the National Railways. It began building a bridge in Sundsvall as part of a consortium and started wharf repairs in Härnösand and Söderhamn.

During 1987 the hydroelectric power plant division completed the Gideå power station, worth SEK 80 M, and began the Stennäs power station in the Gideälven River. Construction of the 3 km (2 mi) long Storsjö Tunnel between Lake Storsjön and the Indalsälven River for a local water regulation company is underway. This project, worth SEK 70 M, is one of the district's largest. Meanwhile the M 85 tunneling project for the LKAB iron company's Vitåfors mine in Malmberget continued throughout 1987 and is still underway. This consortium project is Sweden's largest underground construction effort today.

The district's organization was updated in 1987, among other things through the establishment of "comprehensive" construction divisions in Luleå and Östersund — meaning that both building and road construction were placed under a single divisional manager. This reorganization was followed at year-end by the appointment of several new project managers.

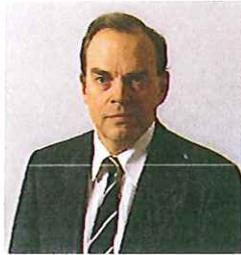
As for personnel matters, the district gave priority to career planning discussions and development/training within all personnel categories, but especially new managers. The district also made a strong commitment to the introduction of quality assurance through self-monitoring and coordination of purchases.



The Ultima Plus house, with its sophisticated energy recovery system, was developed by Skanska and shown at the Bo 87 housing exhibition in Umeå.

Kymmen, located in Värmland province, is the first hydroelectric power station to be owned by Skanska itself. It began to deliver electricity to Uddeholm Kraft AB in 1987.

Smaller demand and stiff competition in international market



Manager: Mats Dahlbom

SEK M	1987	1986
Parent Company order bookings	197	656
Order backlog, Dec. 31, including foreign subsidiaries	1,300	1,700
Swedish employees (full-time equivalent)	334	575



In 1987 the Group was active in about 30 countries and territories outside Sweden. Foreign revenues totaled SEK 2,262 M.

Country	Reve- nues SEK M	Number of em- ployees
Algeria	8	6
Botswana	23	474
China	24	2
Colombia	4	1
Denmark	369	445
Finland	12	
France	105	250
Great Britain	27	24
Greenland	66	45
Hong Kong	76	186
Indonesia	240	1,067
Ivory Coast	8	20
Kenya	61	432
Lesotho	5	87
Libya	87	432
Netherlands	21	20
Nigeria	60	217
Norway	333	292
Peru	51	456
Poland	12	4
Portugal	11	18
Saudi Arabia	185	451
Spain	46	153
Sri Lanka	149	804
Tanzania	147	578
United States	91	40
West Germany	38	20
Others	3	15
Total	2,262	6,539

The Skanska unit known as International Contracting Operations now works through two international divisions, one in Stockholm and the other in Gothenburg/Malmö, as well as through four major subsidiaries abroad: C G Jensen A/S in Denmark, Skanska A/S in Norway, Marion SA/Sepeco SA in France and Skanska Baugesellschaft mbH in West Germany. The Skanska Group also has operations in the United States.

Competition in the international contracting market remains stiff. Since 1980 this market has more than halved in size, while the number of qualified contractors has increased. In addition, many countries have payment difficulties, and the oil-producing countries are seeing sharp reductions in their oil income. Finally, protectionist tendencies are becoming increasingly strong.

In this tough market situation, subsidized financing from public authorities is of growing importance. Contracting operations abroad are highly dependent on government export credits and export guarantee systems.

The project exports in which Skanska engages mainly relate to hydroelectric power projects, underground construction assignments and other civil engineering work, plus the construction of hotels and tourist facilities.

Civil engineering projects generally involve the expansion of energy supply systems and infrastructure in developing countries. The availability of export credits is often an important prerequisite for such assignments.

Building construction work mostly takes place in more developed countries under market conditions. In these commercial projects, it is increasingly necessary for the contractor to become a part-owner or offer financial packages.

Both types of operations require substantial input from skilled project engineers, contract lawyers and financial experts, but especially from project managers who can see opportunities in the market and are able to create projects. Several years of preparation are normal.

A number of projects that have been in the preparatory stages moved forward. Some contracting assignments abroad were added to Skanska's order backlog in 1987, among them a hydroelectric power dam in Panama and upgrading of the harbor in Dar es Salaam, Tanzania. Skanska is continuing its efforts to move toward ground-breaking for a Scandinavian Airlines (SAS) hotel in Beijing, China.

The large, technically demanding hydroelectric power project in Mrica, Indonesia, is continuing as planned. The first generating unit at the power station may go into service somewhat earlier than estimated, because construction work is proceeding well.

Skanska is now well established in the Hong Kong market, where it has a representative office. As planned, work is continuing on the Tonkin Street culvert project, Area 6 of the Tai Po land development project and the Route 5 motorway.

The waste water tunnel from two sewage treatment plants under the Pacific Ocean near Sydney, Australia, which Skanska built in a consortium with an Australian construction company was completed in March 1988.

In Sri Lanka the intake tunnel at the Kotmale power plant is being lined with steel, a task that is expected to be completed during the first half of 1988. The restoration of the Kantalai Dam in Sri Lanka was finished around the end of 1987. The bridge-building project at Kalutara, south of Colombo, was halted during most of 1987 while awaiting financing, but it has now been resumed.

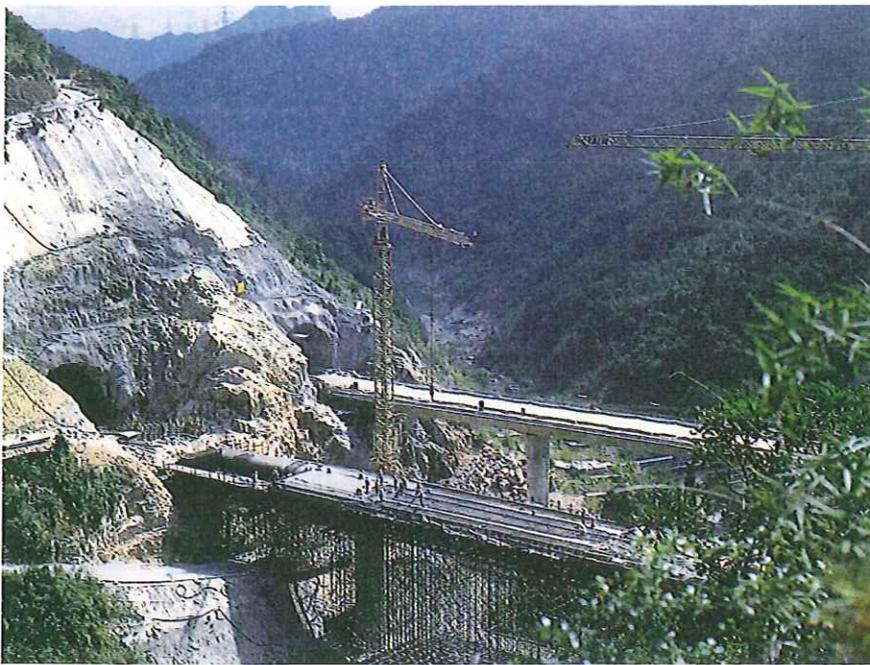
After 11 years of construction, the big Majes irrigation project in southern Peru was completed. In the late fall of 1987, a solution was also reached on the financing problems of the Carhuaquero power plant in northern Peru, and work there resumed. Raise boring was performed at the Guavio hydroelectric power project in Colombia.

In Spain, a large underground power plant installation is being built at Saucelle, near the border with Portugal. An expansion of the Gran Vista tourist facility on the Mediterranean coast is also underway. A total of 470 single family houses will be built there, of which 250 have already been sold.

Skanska worked all year in Nigeria on a telecommunications network project in partnership with Sweden's Ericsson Group — an order totaling SEK 600 M. In Libya, Skanska is continuing to wind down its operations.

C G Jensen A/S in Denmark is Skanska's largest foreign subsidiary. Its 1987 revenues were DKK 586 M.

The construction market in Denmark was difficult throughout 1987 due to various interventions by Parliament. Among major orders received by CGJ was Ballerup Station Center, totaling DKK 84 M. Operations in Tanzania, where CGJ has been established since 1974, remain successful.



In Hong Kong, tunneling work for the technically interesting Route 5 motorway project was completed early in 1988.

Skanska A/S, with headquarters in Oslo, Norway, reported 1987 revenues of NOK 340 M. The company has grown rapidly since 1983, when Skanska bought what was then the 25-year-old Norsted A/S in Halden, which had NOK 25 M in annual revenues.

The company constructs all types of buildings. The market was generally satisfactory in 1987 and Skanska A/S reported good order bookings.

Marion SA and Sepco SA in France reported revenues totaling FRF 104 M in 1987. Marion erected grain elevators, parking garages, factory outbuildings, sewage plants, highway bridges, etc. It constructed an 83-unit apartment building in le Cannet for its own account.

Sepco, a slipforming specialist, participated as a subcontractor in the construction of more than 20 grain elevators, water towers etc.

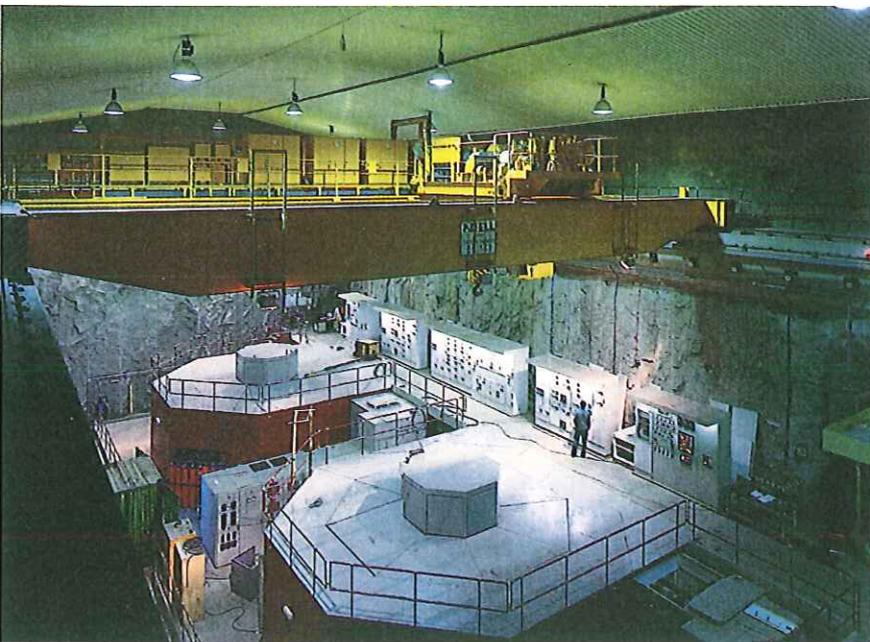
Skanska Baugesellschaft mbH – Skanska Bau – has mainly assumed the task of construction management and property management for hotels in West Germany and Austria. See “Real Estate operations”

On behalf of Scandic, a Swedish hotel chain, Skanska Bau will also completely renovate the Savoy Hotel in Frankfurt, as it has already done with the Hotel Bredene in Essen. The company will also build a hotel worth DEM 27 M in Dortmund on a design-construct basis for S-E-Banken/Scandic.

Skanska in the United States

Skanska (U.S.A.) Inc., which was established in 1971, is a wholly owned subsidiary of Skanska International AB. Its revenues were USD 14.9 M in 1987. It works in New York, Boston and Atlanta in the fields of property management and development, construction management and underground construction. The first two areas are discussed under “Real estate operations”. Two underground water-supply projects are underway in New York.

Since 1981 the Skanska Group has had an associated company in New Jersey, Karl Koch Erecting Co. Its annual revenues are USD 40 M. Its operations focus on repairing many of New York’s 2,098 steel bridges and 110 km (68 mi) of subway viaducts.



The Kiambere power station in Kenya was built in consortium with our former associated company, Canadian Foundation.

The Queensboro Bridge in New York City is being repaired by Skanska’s associated company Karl Koch at a cost of USD 59 M.

Skanska is building over SEK 3 billion worth of properties in Sweden for its own account

Skanska, one of Sweden's largest private real estate owners, is currently building more than SEK 3 billion worth of properties in Sweden. In addition, it is engaged in SEK 2.5 billion worth of construction in the London Docklands redevelopment area and in a number of hotel projects in Central Europe. In the United States, it has landholdings for sale and as sites for construction of its own buildings.



Manager: Bo G Boestad



Deputy manager and international real estate manager: Walter Bengtsson

In Sweden, real estate operations take place through three regional real estate departments as well as a development property department in Stockholm and an international real estate department. The subsidiary Skanska Fastighetsservice AB is in charge of practical property maintenance.

About 90 percent of the Group's real estate holdings were built using its own resources. Most of them date from the past 10-15 years. Skanska collects about 50 percent of its rents in Greater Stockholm, where office buildings dominate its holdings. It also has major real estate holdings in such cities as Malmö, Helsingborg and Gothenburg.

Aside from a few properties in southern Sweden, new additions to Group holdings consist of office properties. The occupancy rate in existing properties and the leasing rate in those still under construction are very high.

Shortly after the close of 1986, Skanska acquired the municipal housing company Göteborgshem, including 4,300 apartments. During 1987 the operations of this company were closely integrated with the real estate department in Gothenburg.

During 1987, Skanska's purchases included: the offices of the Götaverken shipyard company in Gothenburg, which will be renovated; a city block in central Stockholm; land for a building being planned in the Stockholm suburb of Haninge, and a city block in each of two other suburbs, Upplands Väsby and Huddinge. Total construction will be about 40,000 m² (430,000 sq ft). Skanska also bought a site in the outlying Stockholm district of Spånga, where

12,000 m² (130,000 sq ft) of floor space may be built.

Nearly one third of Skanska's property holdings in Skåne were sold to a new real estate company in the Skanska Group, AB Drott.

In Gothenburg, Skanska sold three apartment houses, which include a total of 350 units. Skanska also sold its share of the former Carlton Hotel properties in Stockholm (now office space).

During 1987, Skanska completed a shopping center in Malmö. It also finished a combined residential and commercial building in Varberg and a commercial and office building on the main square in Halmstad.

The conversion and extension of a city block in Helsingborg into a total of 10,000 m² (over 100,000 sq ft) of offices, shops and apartments, will be completed in the summer of 1988.

In Gothenburg, during 1987 Skanska completed a conversion project at the National Swedish Union of Clerical Employees building. The University of Gothenburg is the new tenant. The Chalmers Technology Park consortium project in Gothenburg was also finished. The restoration of the Gulin building in Skövde following a fire in January 1987 is now underway.

In the Stockholm area, Haninge Centrum with its shops and offices was completed, as was the conversion and extension of a property in downtown Stockholm. During 1988 a total of 123,800 m² (over 1,330,000 sq ft) of office space will be ready for occupancy in Haninge as well as in Solna, Danderyd and Stockholm. During 1987 the municipal library in Mora, Dalarna province, moved into a con-

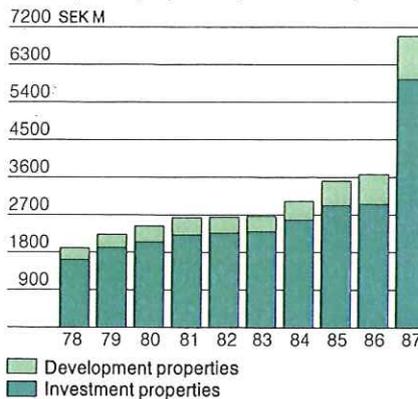
SEK M	1987	1986
Book value of investment and development properties ^{*)}	5,648	4,248
Of which, outside Sweden	606	289
Rental revenues	1,061	962
Employees (full-time equivalent) at real estate departments	108	105
Employees (full-time equivalent) at Skanska Fastighetsservice AB	223	227

Real estate operations in figures

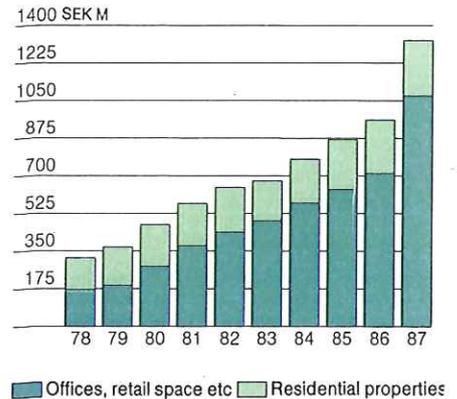
- As of December 31, 1987, the book value of Skanska's investment and development properties, excluding construction in progress, was SEK 4,450 M (3,676). Development properties accounted for SEK 799 M (716) of this.
- The book value of construction in progress was SEK 1,198 M (572).
- Pretax income from property management was SEK 339 M (290).
- At year-end, unrented premises in properties completed as of that date were equivalent to a lost income of 1.5 percent of total rental revenues.
- SEK 2,801 M (2,529) worth of loans were secured on real estate holdings, or 77 percent of their book value.
- The average interest rate on borrowed funds was 7.8 percent (9.8).
- The Group's investment and development properties have been written down by SEK 479 M beyond ordinary depreciation. This is reported as an untaxed reserve in the consolidated balance sheet.
- Investment properties are depreciated at the maximum annual amounts permitted by tax law.

^{*)} Except in the diagrams, JM's real estate is not included in the presentation on pages 24-25.

The Group: Investment and development properties (book values)



The Group: Investment properties, rentals





A commercial and residential property in downtown Varberg owned by Sulcus, a Skanska real estate subsidiary.

verted and extended building. A hotel with some 50 rooms also went into service in Mora.

In May 1987, Skanska began construction of its Lilla Bommen office building in Gothenburg. It will have about 30,000 m² (320,000 sq ft) of leaseable space. Skanska's own offices will occupy approximately 8,000 m². In Munkedal, north of Gothenburg, Skanska began to build a municipal center with about 4,000 m² of space, which will be leased to the local government.

A building site in the Docklands area of central London was acquired in the fall of 1987. It will be used for construction of office and commercial buildings, recreational facilities and housing, as well as underground parking. The offices will be divided among six buildings, with the tallest being 15 stories high. The approximately 100 apartments will be sold; they will be located in 5-8 story buildings.

Construction of the project, which is expected to cost around SEK 2.5 billion, is scheduled to begin during the summer of 1988. Several of Skanska's subsidiaries will be involved. The office portion of the project will be completed in 1990 and the entire project by 1991.

In the United States, Skanska has both investment properties and land for sale.

Near the United Nations in Manhattan, New York City, Skanska owns a development lot where a new 10,000 m² (107,000 sq ft) building can be constructed. An agreement has been negotiated with SSRS Holding AB, under which Skanska will sell the building site and manage the construction of a 150-room hotel.

In Central Europe, Skanska cooperates with Scandic Hotel AB. During November 1987, Skanska began construction in Ettlingen outside Karlsruhe, West Germany, of the third Central European hotel it has planned and will own, and which Scandic will manage under a long-term lease. In Bremen, planning is underway for a 250-room hotel on the same terms, with ground-breaking to take place during 1988. The 380-room hotel in Vienna, Austria, that Skanska began in 1986 will be completed during the summer of 1988.



An office and handicrafts building whose tenants also include a hotel and a Folkets Hus community center, in Haninge, Stockholm.

Skanska owns half of this office building in Atlanta, Georgia, USA, which was completed in 1987.

The Skanska Group's investment properties

Amounts in SEK M

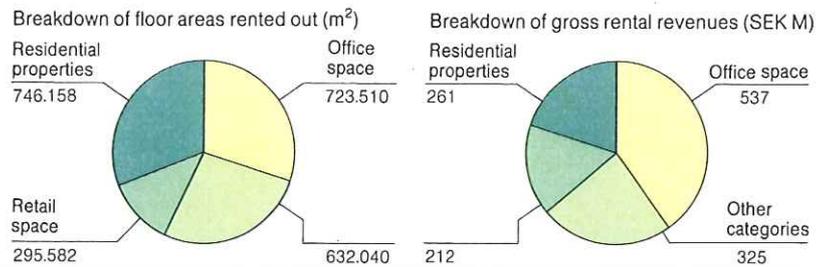
County, municipality, block/property designation	Year built/ renovated	Residential property	Rentable space, m ²			Book value	Rental revenues	Site lease- hold	Property-owning company
			Retail space	Office space	Other categories				
STOCKHOLM COUNTY									
Botkyrka									
Trädgårdsmästaren 14	1978			4,637	1,445	12	3		AB Mälarhus
Danderyd									
Kraftiedningen 1-5	1961	15,877		171	250	10	6		Fast AB Vellonia
Nyponet 2, 3	1969	4,502	422	2,316	519	7	4		Fast AB Vellonia
Släden 4	1976		2,296		1,261	8	3		Fast bol Eneby C KB
Haninge									
Söderbymalm 3:380 etc. *)	1987		20,092	7,471	4,567	170	16		Fast AB Vellonia
Söderbymalm 3:462	1983			26,136	10,141	86	24		Fast AB Vellonia
Järfälla									
Jakobsberg 2:2583	1982			17,504	6,495	78	27		AB Mälarhus
Jakobsberg 2:1907	1981			698	4,510	19	6		AB Mälarhus
Viksjö 3:402	1977		5,433	632	2,686	19	8		Fast bol Viksjö C KB
Lidingö									
Herkules 1	1958	9,182		205	215	6	3		Fast AB Vellonia
Juno nr 2, 3	1960	18,637	452	75	578	12	7		Fast AB Vellonia
Omberg 1 etc.	1951	12,548			700	5	4		Fast AB Vellonia
Sobeln 1	1958	7,643			146	4	3		Fast AB Vellonia
Torsviggen 2 etc.	1946	20,970	570	1,260	1,418	39	9		Fast AB Vellonia
Nacka									
Sicklaön 355:1	1980				4,013	8	3		AB Mälarhus
Sicklaön 142:1, 143:1	1957	10,215	135	85	215	5	3		Fast AB Vellonia
Sicklaön 354:1	1979		2,525	5,358	10,931	54	17		AB Mälarhus
Nynäshamn									
Alkotten 2	1984			1,891	2,041	18	4		AB Mälarhus
Sigtuna									
Benstocken 1:5	1984				14,000	45	12	T	Arlanda Flygshotell KB
Solna									
Apelsinen 5	1972			12,359	8,511	18	15		Fast AB Apelsinen
Nöten 5	1986		125	27,357	2,250	143	32		AB Mälarhus
Puman 1	1972			2,086		3	2		AB Mälarhus
Stockholm									
Dreven 1	1972		2,088		1,506	4	3		AB Mälarhus
Elektra 19, 20	1955	68		6,607	4,730	5	8	T	AB Hexabar Vit
Färöarna 3	1986			22,383		103	24	T	Fast bol Färöarna HB
Geten 25, 26	1965	8,440		1,425	4,984	14	8		Fast AB Vellonia
Grävlingen 12	1977		3,367	18,268	3,357	47	42	T	AB Annexgrävlingen
Gångaren 11 *)	1987				16,700	71	12	T	AB Mälarhus
Görväln 2	1963			838	5,785	2	5	T	Fast AB Vellonia
Helgafjäll 1, 2, 4	1979			28,879	7,999	76	31	T	Fast AB Vellonia
Konsolen 1	1984	4,077				21	2	T	Fast AB Vellonia
Lagern 11 *)	1987		553	10,177		72	7		Fast AB Vellonia
Nybodahegmet 5	1968			17,342	15,348	15	25	T	Fast AB Vellonia
Prästgårdsängen 3	1986			4,575	663	36	6	T	AB Mälarhus
Silvieberg 2, 3	1963	17,139	268	2,911	287	13	9	T	Fast AB Vellonia
Stjärnfallet 20	1968	2,550		173	1,392	5	2		AB Mälarhus
Sorsätra 1	1972			22,060	10,110	27	17	T	Fast AB Vellonia
Svärdlängen 6	1946	5,566	266		20	2	2	T	Fast AB Vellonia
Trädlärkan 8, 9, 10	1910	110		2,288		21	4		Fast AB Vellonia
Valnöten 8	1930	325	499	1,463	634	3	3		Fast AB Vellonia
Vattentornet 3	1986	2,994			98	20	2		AB Mälarhus
Vinkelhaken 12	1870	457	317	807	40	10	2		AB Mälarhus
Älgen 24	1964	2,951		5,162	838	15	8		Fast AB Vellonia
Sundbyberg									
Godset 4	1977		2,325	18,675	4,494	42	20	T	AB Mälarhus
Kronan 1	1981		408	14,733	8,825	49	24	T	AB Mälarhus
Råsten 3	1972				8,479	7	4		Fast AB Ragnar Wikstén
Sprängaren 8	1970			6,385	5,529	5	8		Fast AB Sprängaren
Täby									
Marknaden 5	1975		2,717	10,674	758	19	12		Fast bol Täbymarknaden KB
Upplands Väsby									
Vatthagen 1:109	1976		3,627	96	921	6	3		AB Mälarhus

Amounts in SEK M

County, municipality, block/property designation	Year built/ renovated	Rentable space, m ²				Book value	Rental revenues	Site lease- hold	Property-owning company
		Residential property	Retail space	Office space	Other categories				
UPPSALA COUNTY									
Enköping									
Centrum 29:5	1983	320	42	55	4,716	11	3	Oldviks Byggnads AB	
Uppsala									
Kungsängen 7:6	1961	4,551				5	2	Fast AB Vellonia	
Luthagen 66:5	1966	4,564				5	2	Fast AB Vellonia	
SÖDERMANLAND COUNTY									
Eskilstuna									
Vapensmeden 19	1985			5,586		15	4	AB Mälarhus	
ÖSTERGÖTLAND COUNTY									
Linköping									
Druvan 22	1963	2,544	3,356	4,291	737	7	6	Fast AB Sulcus	
JÖNKÖPING COUNTY									
Värnamo									
Gillet 1	1974	1,700		3,516		6	2	Fast AB Betongblandaren	
KRONBERG COUNTY									
Ljungby									
Björklunden 10	1982		2,218	2,697		15	6	Fast AB Sulcus	
KALMAR COUNTY									
Kalmar									
Korpen 18	1976			3,820		4	3	Fast AB Sulcus	
Korpen 20	1979			6,184		16	5	Fast AB Sulcus	
Lärlingen 5	1960		478	4,073		2	3	Fast AB Sulcus	
Oskarshamn									
Orion 2	1981		458	1,226	7	6	2	Fast AB Sulcus	
BLEKINGE COUNTY									
Karlskrona									
Dahlberg 37	1970	1,869	122	1,158	478	3	2	Fast AB Sulcus	
Urmakaren 74	1970			2,840		2	2	Fast AB Sulcus	
Ronneby									
Lars 7	1961	2,713	1,821	185	337	2	2	Fast AB Sulcus	
KRISTIANSTAD COUNTY									
Kristianstad									
Bajonetten 4	1980			2,585		8	2	Fast AB Sulcus	
Bajonetten 5	1980	2,193		2,947		21	3	Fast AB Sulcus	
Fältmarskalken 3	1984	2,453	2,118	109	228	22	3	Fast AB Sulcus	
Ängelholm									
Tegelbruket 1, 2 and 9	1969	11,551	288			8	4	Fast AB Sulcus	
Örnen 15 and 28	1975	1,083	2,408	2,065		7	3	Fast AB Sulcus	
MALMÖHUS COUNTY									
Helsingborg									
Fiskaren 40-41, Delfinen 17	1984	3,418	1,605	1,188	378	34	5	Fast AB Sulcus	
Getingen 11, 12, 16 and 18	1981	10,013	461	79	238	39	4	Fast AB Sulcus	
Lund									
Flintan 3	1985				5,979	13	2	Fast AB Sulcus	
Malmö									
Erik Menved 34	1973	4,812	3,774	19,128	906	35	20	Fast AB Sulcus	
Fasanen 5	1977			12,591		22	8	Fast AB Sulcus	
Frans Suell 8	1979			4,376		5	2	Fast AB Sulcus	
Fretten 11 och 13	1979	13,365	673		108	24	5	Fast AB Sulcus	
Gamen 15	1981			4,472		15	4	Fast AB Sulcus	
Hamnen 22:2	1972				7,194	5	4	T Fast AB Sulcus	
Humle 24	1981	5,272				19	2	Fast AB Sulcus	
Hålsjön 2, Svansjön 3 and 4	1975	60,981	2,833	1,409	1,060	52	25	Fast AB Sulcus	
Höken 56 and 57	1984	8,782				44	3	Fast AB Sulcus	
Jerusalem 70	1980	3,978	376	561	848	15	3	Fast AB Sulcus	
Lybeck 6	1964	5,065	17,806	5,061	650	28	14	Fast AB Sulcus	
Möllebacken 23	1983	10,058			358	47	4	Fast AB Sulcus	
Nötskrikan 17	1983	5,148	649			24	2	Fast AB Sulcus	
Rolf 19	1961	2,688	7,133	75		5	5	Fast AB Sulcus	
S:t Jörgen 11	1964		4,283		14,124	23	12	Fast AB Sulcus	
Spinneriet 8	1957	96	11,007	10,610	7,922	11	18	T Fast AB Sulcus	
Stralsund 33	1974	13,048	174	359		14	5	Fast AB Sulcus	
Ängslätt 1*)	1987		2,041			10	2	Fast AB Sulcus	

Amounts in SEK M

County, municipality, block/property designation	Year built/ renovated	Rentable space, m ²				Book value	Rental revenues	Site lease- hold	Property-owning company
		Residential property	Retail space	Office space	Other categories				
HALLAND COUNTY									
Falkenberg									
Äpplet 8 and 9	1978	4,124	547		1,490	12	3	Fast AB Sulcus	
Halmstad									
Giganten 1 and 7	1963	5,287	5,890	86	127	9	6	Fast AB Sulcus	
Hertig Knut 10, 13 and 19	1985	3,260	3,318	553	100	31	6	Fast AB Sulcus	
Varberg									
Hattmakaren 12*)	1987	2,598	2,109			26	2	Fast AB Sulcus	
GOTHENBURG AND BOHUS COUNTY									
Gothenburg									
Biskopsgården 7:1-3, 830:842-843, Kyrkbyn 147:1	1967	42,933	470		1,197	28	15	T Fast AB Betongblandaren	
Hjällsnäs 8:30	1970		1,873	144	896	2	2	Fast AB Betongblandaren	
Inom Vallgraven 4:5	1906			3,169	500	5	2	Fast AB Betongblandaren	
Inom Vallgraven 8:18	1974		5,513	2,682	1,119	28	8	Byggn AB Klensmeden & Co KB	
Inom Vallgraven 9:13	1967		4,168	1,721	2,027	16	16	Fast AB Betongblandaren	
Uddevalla									
Hvitfeldt 22	1980		97	10,352		26	8	Fast bol Hvitfeldt HB	
ÄLVSBORG COUNTY									
Alingsås									
Jägaren 8 and 12	1968	1,863	1,503		1,480	4	2	Fast AB Betongblandaren	
Storken 5, 6 & 11	1983	632	2,392	473	365	9	3	Fast AB Betongblandaren	
Borås									
Halleberg 1-13	1970	59,895			961	44	20	Byggmäst i Borås Bost AB	
Kyllared 1:101, 1:126	1979				7,000	8	5	Fast AB Betongblandaren	
Stg 6570 "Evedal"	1965		777	212	19,911	14	4	Fast AB Betongblandaren	
Ventilen 1	1975				7,075	10	3	Fast AB Betongblandaren	
Trollhättan									
Oden 8	1976		11,319			17	9	Fast AB Betongblandaren	
SKARABORG COUNTY									
Lidköping									
Vagnen 2, 5 & 6	1972	30,112	593			19	9	Fast AB Betongblandaren	
Skara									
Biskopen 67	1972	6,668			203	8	2	Fast AB Betongblandaren	
Töreboda									
Månglaren 6	1983	350	1,630	62	1,471	6	2	Fast AB Betongblandaren	
VÄRMLAND COUNTY									
Arvika									
Greven 6	1971	5,471		1,637		5	3	Byggn AB T Zetterqvist	
Karlstad									
Glasberget 23-24	1970	11,159				8	4	AB Mälarhus	
Sä 3541 CDE	1974	4,814	167	135	622	6	2	AB Mälarhus	
ÖREBRO COUNTY									
Örebro									
Vindhjulet 3	1977			17,503		13	9	AB Mälarhus	
KOPPARBERG COUNTY									
Borlänge									
Släggan 1	1984			1,074	5,098	4	2	AB Mälarhus	
Städet 9	1984				10,550	8	3	AB Mälarhus	
Falun									
Prästtågten 20	1977				5,346	9	4	AB Mälarhus	
Mora									
Hjälten 19*)	1987		33		4,194	16	3	AB Mälarhus	
GÄVLEBORG COUNTY									
Gävle									
Söder 38:5	1985	1,320	928		765	15	2	Fast AB Ragnar Wikstén	
VÄSTERNORRLAND COUNTY									
Härnösand									
Kopparslagaren 28	1986		2,232	1,462		14	2	Fast AB Ragnar Wikstén	
Köpmannen 9	1974	48	680	4,810		7	3	AB Mälarhus	



Amounts in SEK M

County, municipality, block/property designation	Year built/ renovated	Rentable space, m ²				Book value	Rental revenues	Site lease- hold	Property-owning company
		Residential property	Retail space	Office space	Other categories				
Sollefteå									
Tjärnen 1-3	1984	11,156			70	12	4		Fast AB Ragnar Wikstén
Timrå									
Östrand 3:1	1982				11,376	45	8		AB Mälarhus
Örnsköldsvik									
Kina 4-5	1980		1,230	5,157	10	17	5		AB Mälarhus
JÄMTLAND COUNTY									
Östersund									
Hyacinten 10 etc.	1976	17,115				22	6		Fast AB Östman & Norell
Traktören 8	1973	2,235	2,472		719	6	3		AB Mälarhus
NORRBOTTEN COUNTY									
Piteå									
Pitholm 1:40-41	1974	12,349			195	7	4		Fast AB Ragnar Wikstén
Stora Örnén 17	1972	116	26	1,018	1,787	3	2		Fast AB Ragnar Wikstén
Älvsbyn									
Plogen 12 and 14	1965	4,028	1,250	189	413	3	2		Fast AB Ragnar Wikstén
Properties with rental revenues below SEK 2 M		41,032	13,536	27,421	22,177	278	52		
Properties outside Sweden*)			2,426	20,856	23,203	245	12		
Properties belonging to Drott*)		134,704	30,194	16,078	44,831	379	81**)		
Properties belonging to JM*)		16,373	83,600	162,291	221,786	2,297	274		
Properties belonging to SektionsByggarna				35,017	5,826	80	22		
Less intra-Group rents	-	-	-	-	-	-	-17		
Total Group investment properties		746,158	295,582	723,510	632,040	5,948	1,335		

*) The above list includes properties with a book value of SEK 843 M as of December 31, 1987 which were added during the year by means of purchases and Skanska's own production. Rental revenues for these properties totaled about SEK 50 M, and operating income – before depreciation, interest payments and real estate tax – was about SEK 10 M. Similarly, total rental revenues included SEK 3 M from properties that were sold during 1987. Operating income from these properties was about SEK 1 M.

***) AB Drott acquired these properties from Fastighets AB Sulcus as of November 1, 1987. The rents specified are for 1987 as a whole, however. More detailed information about AB Drott's real estate holdings will be provided in a prospectus to be issued during 1988.

Investment properties in partly owned
partnerships and limited partnerships
(Skanska Group's stake)

STOCKHOLM COUNTY									
Stockholm									
Skalholt 1 (50 %)	1985		500	19,950	800	79	19	T	Fast AB Skalholt KB
Tryckeriet 13 etc. (50 %)	1965			25,555		32	18	T	Byggn AB Tryckeriet & Co
MALMÖHUS COUNTY									
Helsingborg									
Danmark 29 (50 %)	1970	950	1,786	2,903		6	3		Fast bolaget Södergatan nr 39 Fast AB Sulcus & Co
GOTHENBURG AND BOHUS COUNTY									
Gothenburg									
Lorensberg 45:19 (50 %)	1971		516	1,606	1,238	5	3		AB Kåholmen & Co KB
ÄLVSBORG COUNTY									
Trollhättan									
Nohab 1 (50 %)	1970				39,008	28	12		Nohab Ind Fast & Co KB
Properties with rental revenues below SEK 2 M		1,654	1,374	95	451	16	2		
Total investment properties in partly owned companies		2,604	4,176	50,109	41,497	166	57		

Financial strength allows freedom of action



Manager: Gunnar Carleson

Skanska works in an industry where only limited capital is required for investments in buildings and machinery intended for the Company's own contracting operations. If a contracting company's assignments are profitable, it therefore accumulates good liquidity relatively soon.

During the 1960s, Skanska invested its surplus liquidity in such real assets as undeveloped land and investment properties of its own. Some major acquisitions of companies with close ties to the Company's contracting business also occurred during this period. The rapid growth and dramatically improved profitability of Skanska's international operations during the 1970s required fresh approaches to financial management — particularly in view of the fact that bank interest rates were generally lower than the rate of inflation.

Investments in shares

Takeover attempts aimed at Industri AB Euroc, which at the time was the largest shareholder in Skanska, led to the formation in 1974 of AB Opus and Protorp Förvaltnings AB, two investment companies later listed on the Stockholm Stock Exchange. Skanska's shares in these companies were gradually supplemented by other holdings of a long-term, strategic nature. Today the Group's stock portfolio is dominated by shares in four industrial companies — Euroc, Graningeverken, Sandvik and SKF — and in three investment companies — Custos, Opus and Protorp. Skanska's dividends on its shares in the industrial companies are tax-exempt.

Among the reasons why the value of the stock portfolio turned out favorably during 1987 was that no major share purchases occurred during the first nine months of the year. The subsequent stock market crash consequently did not have the same impact as in companies where shares were bought at high initial prices.

During 1987, Skanska's stock portfolio rose in value by 3 percent, while the General Index maintained by the business weekly Affärsvärlden fell by 8 percent. During the period 1985–1987, the portfolio grew in value 21 percent faster than this index. Skanska's unofficially quoted shares in Graningeverken, a forest product and hydroelectric power company, were not included. According to unofficial price quotations, the value of a share in Graningeverken rose by a full 40 percent during 1987.

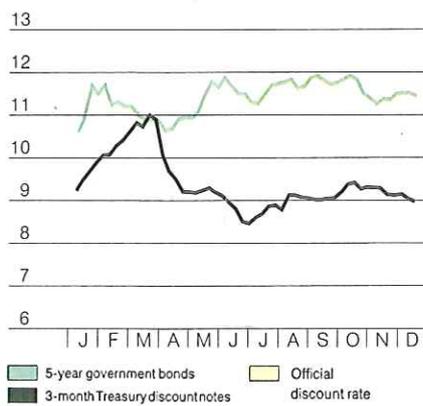
Skanska admittedly purchased a substantial number of JM shares during the first half, but because its holdings reached such a volume that JM was consolidated into the Skanska Group, these JM shares are not reported as part of Skanska's stock portfolio.

Money market investments

The contracting business requires relatively good preparedness to make payments. There are major seasonal fluctuations in liquidity, and Skanska is often asked to help its clients finance their projects. Debt instruments that can be sold quickly without seriously disrupting the price situation — such as the Swedish government's Treasury discount notes and Treasury notes — usually yield the lowest interest. Higher interest is generally available on loans against promissory notes, since there is little or no opportunity to withdraw from such an investment. The Company's strategy has thus been to have a small portion of its available funds invested in highly liquid securities and to combine a large volume and a uniform distribution of maturity dates in its non-liquid investment sector, in order to generate both high yield and relatively good liquidity.

During 1987 financial futures and options, which only recently made their debut in Sweden, received a lot of media attention. As earlier, Skanska utilized these instruments to a limited extent both in the stock market and the money market. The financial outcome was favorable. Proposed changes in taxation may have serious adverse effects on future opportunities to utilize these financial instruments.

Market interest rates and official discount rate, 1987, %



Foreign exchange matters

The Skanska Group's international operations — mainly contracting work and property management — make it necessary to take foreign exchange matters into account. The Group has always sought to limit the currency risks associated with its Swedish-based contracting operations. One way of doing this has been to utilize negotiations with clients and careful purchasing practices in an attempt to establish a balance between payments received and disbursed in a given currency. When this has not been feasible, various types of loans and forward contracts have been utilized to minimize exposure to fluctuations between different currencies. Such a policy limits both exchange losses and exchange gains.

The aggregate volume of loans in foreign currencies at year-end 1987 was equivalent to SEK 227 M. Nearly half of this amount consisted of loans that Skanska was compelled to raise abroad under Sweden's then-existing exchange controls, in order to finance the purchase of companies and help foreign subsidiaries to obtain necessary funds. In addition, it includes nearly SEK 100 M in short-term borrowing under a Euro Commercial Paper Program established early in 1987. The maximum amount that Skanska may borrow under this program is USD 75 M.

Investment properties outside Sweden are owned by Group companies abroad. Their financing has mainly been arranged through long-term borrowing in the domestic currency of each respective company. Early in 1986, the Skanska Baugesellschaft group in West Germany borrowed DEM 86 M. This sum was intended, among other things, for the hotel construction projects in Koblenz and Vienna. Late in 1987, negotiations also began on a loan agreement totaling GBP 240 M to finance Skanska's Docklands project in London. An agreement is expected to be signed during the spring of 1988, with Skanska's subsidiary Trinity Tower Property Co. Ltd. as the borrower, but with certain surety commitments by Skanska. Under current practices, only limited exchange differences can arise in the financial statements, because these loans are being used for investments in real assets within the same currency areas.

Consolidated income statement

Amounts in SEK M		1987	1986
Contracting operations etc.	Invoiced sales for the year	18,130	15,141
	Plus amount invoiced but not credited to income as of Jan. 1	17,444	17,677
	Less amount invoiced but not credited to income as of Dec. 31	-17,368	-16,515
		76	1,162
	Invoiced sales on contracts credited to income during the year, factory operations etc.	18,206	16,303
	Production costs for contracts credited to income, factory operations etc. plus the year's administrative expenses	-17,313	-16,022
	Income from contracting operations etc. before depreciation	893	281
	Depreciation	-369	-293
	Income from contracting operations etc. after depreciation	524	-12
	Sales of investment and development properties	Sales revenues	675
Book value		-301	-89
		898	161
Development properties	Rental revenues for the year	166	-
	Operating and administrative costs	-129	-
	Depreciation	-14	-
	Interest expenses	-45	-
		-22	-
	Income from partly owned partnerships and limited partnerships	-9	-31
		867	149
Property management	Rental revenues for the year	1,335	962
	Operating and administrative expenses	-460	-341
	Depreciation	-140	-103
	Interest expenses	-331	-228
		404	290
	Income from partly owned partnerships and limited partnerships	7	411
	Operating income after depreciation	1,278	439
Financial items	Dividends on shares and participations	188	175
	Interest revenues	516	527
	Interest expenses	-281	-251
	Exchange difference on loans	18	5
	Other financial items	-2	9
	Income after financial items	1,717	894
Extraordinary items	Gain on sale of fixed-asset properties	19	-
	Gain on sale of shares	368	152
	Merger loss	-246	-
	Income after extraordinary items	1,858	1,046
	Income in JM before acquisition	-77	-
	Minority interest	-136	4
	Income before allocations and taxes	1,645	1,050
Allocations	Writedown of shares and participations	-4	-3
	Inventory reserve	-12	-6
	Payroll reserve	-28	-25
	Reserve for uncompleted contracts	51	-187
	Reserve for investment and development properties	-106	-14
	Extra depreciation	70	-278
	Fire reserve	-13	-
	Investment reserves	8	332
	Development reserve	3	-31
	Income before taxes	1,614	869
Taxes		-410	-384
Net profit for the year		1,204	485

Consolidated balance sheet

Assets Amounts in SEK M		1987	1986
Current assets	Bank balances	1,258	1,414
	Shares and participations	134	104
	Bonds	350	188
	Accounts receivable	2,813	2,247
	Prepaid expenses and accrued revenues	184	87
	Current assets held by consortia	1,014	790
	Other receivables	3,035	3,160
	Inventories	413	406
		9,201	8,396
Investment and development properties	Investment properties	5,948	2,960
	Investment and development properties under construction	1,388	572
	Development properties	1,030	716
		8,366	4,248
Restricted accounts in Sveriges Riksbank	For special investment reserve	55	4
	For general investment reserve	72	91
	For development reserve	56	56
		183	151
Fixed assets	Shares and participations	4,016	4,040
	Notes receivable	565	415
	Goodwill	176	—
	Extraction rights	10	12
	Ships	1	4
	Machinery and equipment	1,077	916
	Advance payments on fixed assets	18	29
	Buildings	369	384
	Buildings under construction	7	2
	Hydroelectric power plants	224	229
	Land and other real estate	142	140
	Timberland	330	330
		6,935	6,501
Total assets		24,685	19,296
Assets pledged	Real estate mortgages	5,087	3,198
	Chattel mortgages	47	45
	Shares and other securities	97	25
	Bank assets	10	13
Contingent liabilities	Sureties	747	780
	Guarantees	177	129

Liabilities and shareholders' equity Amounts in SEK M		1987		1986	
Current liabilities	Accounts payable	1,684		1,295	
	Tax liability	324		286	
	Accrued expenses and prepaid revenues	1,899		1,529	
	Current liabilities of consortia	541		500	
	Other current liabilities	1,881	6,329	1,110	4,720
Uncompleted contracts	Invoiced sales from beginning of contracts	17,368		16,515	
	Accumulated expenses from beginning of contracts	-14,075	3,293	-13,082	3,433
Loans on investment and development properties	Building credits	48		70	
	Mortgage loans	3,761		2,520	
	Other liabilities	648	4,457	108	2,698
Long-term liabilities	Building credits	36		15	
	Mortgage loans	124		36	
	Other liabilities	714		677	
	Deferred tax liability	165		44	
	Provision for pensions	1,009	2,048	813	1,585
Minority interests	In untaxed reserves	267		-	
	In shareholders' equity	221	488	9	9
Untaxed reserves	Inventory reserve	138		126	
	Payroll reserve	543		515	
	Reserve for uncompleted contracts	2,689		2,740	
	Reserve for investment and development properties	481		375	
	Accumulated extra depreciation				
	Ships	1		4	
	Machinery and equipment	415		472	
	Fixed-asset properties	339		350	
	Investment and development properties	1		-	
	Fire reserve	13		-	
	General investment reserve	90		98	
	Development reserve	53	4,763	56	4,736
Shareholders' equity	Restricted equity				
	Capital stock			617	
	Restricted reserves	547		379	
Unrestricted equity	Unrestricted reserves	930		634	
	Net profit for the year	1,204	3,307	485	2,115
	Total liabilities and shareholders' equity		24,685		19,296

Comments to the financial statements

Accounting principles

Swedish law and practice

The form and content of Swedish annual reports are governed by the Swedish Companies Act and the Accounting Law, both of which went into effect in 1977. The Swedish Institute of Authorized Public Accountants (FAR) has also issued a series of authoritative opinions on the presentation of financial information by Swedish companies.

Tax legislation has also exercised a powerful influence on how Swedish companies report their earnings; these laws require companies to record in their books and financial statements the allocations of pretax income required for the company to be able to take advantage of the substantial tax incentives available to most corporate taxpayers.

In broad terms the pretax income reported by a Swedish company does not differ significantly from its taxable income, but it may materially differ from earnings determined on the basis of generally accepted accounting practices in many other countries. The major areas in which Swedish accounting principles uniquely differ from those broadly accepted in English-speaking countries are outlined below.

Differences from accounting principles in English-speaking countries

All companies

Deferred tax accounting is not generally practiced. The gross amounts of tax incentives (such as unrequired inventory and reserves for work in progress — roughly comparable to stock relief in Great Britain — and accelerated depreciation on existing assets as well as advance accelerated depreciation on assets yet to be acquired) have to be reported as specific allocations in the income statement and as separate items in the balance sheet in order for companies to make use of these incentives.

Equity accounting for investments in associated companies (owned 50 percent or less) is not required and is uncommon.

Extraordinary items are not as strictly defined as in the United States. Leasing arrangements do not have to be disclosed to the same extent as in certain other countries.

As a rule of thumb, Swedish financial statements can be adjusted to reflect U.S. accounting principles by adding to their reported net income 48 percent of the year's transfers to untaxed reserves and by adding to shareholders' equity 48 percent of untaxed reserves in the balance sheet. Of these items, 52 percent represents deferred taxes.

The construction industry

Swedish companies engaged in long-term construction or installation contracts normally apply the completed contract method for revenue recognition purposes rather than the percentage-of-completion method. This approach is governed both by the tax rules which permit revenue recognition to take place no later than one year after the final inspection of a completed project and by the traditional preference for conservative accounting. Companies applying the completed contract method do not disclose what their revenues would have been under the percentage-of-completion method.

Effective from 1983 the tax rules were changed to require revenue recognition of cost-plus contracts as and when the related invoicing takes place.

Construction companies classify their holdings of real estate under two categories:

Real estate used for the company's own business purposes, such as office premises, warehouses and depots, is classified as fixed assets and is subject to the usual Swedish rules (recording at original cost, with depreciation on a straight-line economic lifetime basis, plus tax-deductible accelerated allowances).

Real estate held for all other purposes is treated as a semi-current asset and is subject to special tax allowance rules somewhere between those applying to inventories (where a tax-deductible reserve of 50 percent of cost is allowed, reduced to 35

percent when the payroll reserve option is also used) and the less generous rules governing real estate proper. As a result, construction companies classify properties of their own construction held for long-term leasing purposes and properties acquired for development purposes (which may or may not be intended as long-term investments) under the single heading "Investment and development properties".

Tax assessment values

All real estate in Sweden is assessed by the tax authorities at roughly five-year intervals. In general, assessed values do not exceed two thirds of current market values.

Accounting and valuation principles adopted by Skanska

Revenue recognition

Total invoiced sales for the year are recognized as revenues, as is the practice among Swedish construction companies. Also included in revenues is the Company's share in invoiced sales pertaining to construction operations carried out together with other contracting companies in consortium form.

Revenues also include rental revenues, which are reported separately in the consolidated income statement.

Revenues do not include revenues from the sale of investment and development properties during the year, which are reported in the consolidated income statement.

Invoicing for the portion of production consisting of goods (finished concrete, concrete products, asphalt compounds etc.) follows the customary practice in other industries.

In Skanska's dominant field of activity, contracting operations, revenues consist of sales that were invoiced during the year on the basis of agreed invoicing plans. These may be tied either to stages of construction or to time schedules. This gives the Company a better idea of the production volume in a given year than if only the volume of contracts credited to income during the year were stated. Revenues do not include offices, factories, hydro-electric power plants etc. built for the Company's own operations.

Income

Income is calculated on the basis of contracts completed during the year = contracts credited to income.

Interest on pension liability

Interest on Pension Registration Institute (PRI) liability was set at 11.0 percent, in keeping with a recommendation by the Swedish Institute of Authorized Public Accountants and PRI. The rest of the year's PRI provision comprised an operating expense.

Untaxed reserves

Valuation of inventories, provisions for guarantee risks and reserves for uncompleted contracts by construction companies are governed by the Municipal Tax Act and by National Tax Board regulations issued on January 20, 1983.

The reserve entitlement for inventories of materials and goods may not exceed 50 percent of the value of inventories. If an allocation is made to a payroll reserve, the entitlement is limited to 35 percent of this value.

In addition, a 15 percent allocation may be made to a reserve for a company's own real estate which comprises an inventory asset (investment and development properties) provided that no funds are set aside for a payroll reserve, and a 10 percent allocation is permitted if funds are set aside for this purpose.

As the Group has elected to allocate funds for 1987 to a payroll reserve (in which the allocation may not exceed 20 percent of direct payroll expenses), the inventory reserve is limited to 35

percent of the value of inventories and the allocation to the reserve for investment and development properties is limited to 10 percent of the total acquisition cost of the properties. Both construction companies and companies which deal in real estate are entitled to make allocations to reserves for investment and development properties.

The maximum provision for guarantee risks is 1 percent of the invoiced amount for contracts on which the guarantee period has not expired at year-end. The year's change in the provision is charged to operating income, and the provision itself is included among current liabilities in the balance sheet.

The provision for loss risks on uncompleted contracts may not exceed 15 percent of direct construction expenses incurred. The writedown entitlement should be viewed against the background of the difficulty of assessing the risks often connected with uncompleted contracts. In cases where a loss is expected on a given uncompleted contract, according to the customary practice the entire expected loss is charged against the year's income. This may not exceed the 15 percent provision entitlement. Cost-plus contracting assignments are not normally entitled to this provision.

Reserves for indirect costs are included under the heading "Reserve for uncompleted contracts".

Real estate

The Group's real estate holdings which are used in its own business, for example properties for its own offices, warehouses, factories and gravel pits, are reported as fixed assets. Other real estate is reported under the heading "Investment and development properties". This is divided into "Investment properties", "Investment and development properties under construction" and "Development properties".

The Group's holdings of real estate completed for its own account are booked as "Investment properties". Income from these operations is reported in the income statement as "Property management". "Investment and development properties under construction" include all construction both of properties intended for the Group's own account and properties intended to be sold after completion.

The Group's holdings of undeveloped land and redevelopment properties are booked as "development properties". Expenses – i.e. uncapitalized outlays – and income attributable both to "Investment and development properties under construction" and "Development properties" are reported in the income statement under the heading "Development properties".

Properties constructed by the Group have been booked at values broadly based on the standards applied by rent-setting authorities and government loan agencies. Properties not valued according to these standards have been valued with reference to their rental revenue and market value. When properties remain in the Group's ownership, provision is made for any internal profits – the difference between valuation and the construction company's production expenses – and the Group's operating income is thus not affected by such surpluses. Annual depreciation on the value thus determined has been carried out according to guidelines established by the tax authorities.

Investments in undeveloped land and redevelopment properties are booked at their acquisition cost plus other expenses incurred in cases where special exceptions have not been considered justified. Annual interest expenses have not, however, been added to value but have instead been charged against income in each respective year.

Uncompleted contracts

The balance sheet states the net amount of invoiced sales and expenses incurred. This amount is affected by the pace of invoicing for both outgoing and incoming bills. This pace does not always coincide with the percentage of completion. The amount is

also affected by the profitability of uncompleted contracts. See also the second paragraph under the heading "Valuation principles".

Figures for invoiced sales and expenses incurred also include the Group's share in contracts carried out by consortia.

Principles of consolidation

The consolidated financial statements have been drawn up using the purchase accounting method.

In the consolidated financial statements, the income statements and balance sheets of foreign subsidiaries have been translated at year-end rates, except that shareholders' equity has been translated at the rate prevailing on the investment date. Translation differences have been included among "Other current liabilities".

Valuation principles

Current assets have been valued according to the lower value principle, i.e. their value may not exceed market value or acquisition cost, whichever is lower. Foreign receivables have been stated at the exchange rate on the accounting date or at year-end, whichever is lower, and liabilities have been stated at the higher of these rates.

Direct expenses and indirect work site expenses are counted as expenses incurred on uncompleted contracts. Estimated losses on uncompleted contracts have been subtracted from expenses.

Depreciation has been charged against operating income (using a declining balance method in the case of certain large machinery). Depreciation on the excess value of Group assets has also been made, using the following annual rates: Goodwill (equivalent to amortization in U.S.) 10 percent, ships 10 percent, machinery and equipment 10–20 percent, buildings 1–7 percent and land improvements 3.75 percent.

The rate of book depreciation on machinery and equipment has generally been 20 percent of acquisition cost for the past five years. In certain Group companies, the main rule in the Municipal Tax Act has been used instead. Buildings comprising investment and development properties have been written off at the highest annual percentage rate permitted for tax purposes.

Definition of financial ratios

The following definitions are in keeping with a recommendation by the Industry and Commerce Stock Exchange Committee.

Adjusted earnings per share

Income after financial items minus minority interest in income and full taxes, divided by the number of shares outstanding at year-end 1987. The merger loss booked in the 1987 income statement also adversely affected adjusted earnings per share before extraordinary items, even though the expense was booked as an extraordinary item.

Adjusted earnings per share after extraordinary items

Income before allocations and taxes minus minority interest in income and full taxes, divided by the number of shares outstanding at year-end 1987.

Return on shareholders' equity

Income after financial items minus minority interest in income and full taxes, as a percentage of average adjusted shareholders' equity, i.e. reported shareholders' equity plus 48 percent of reported untaxed reserves excluding the minority share in these.

Return on capital employed

Income after financial items plus interest expenses and exchange differences, as a percentage of average total assets minus operating liabilities. Operating liabilities are defined as current liabilities except for short-term loans, the balance of uncompleted contracts and deferred tax liability in untaxed reserves.

Equity/assets ratio

Reported shareholders' equity plus 50 percent of reported untaxed reserves as a percentage of total assets.

Notes to the consolidated financial statements

Amounts in SEK M if not otherwise specified.

Note 1. Personnel

Average number of employees, wages, salaries and remuneration.	1987	Group 1986	Parent Company	
			1987	1986
Average number of employees				
Sweden	22,879	19,846	16,507	16,916
Abroad	6,539 ^{*)}	7,781	3,977	5,901
Total	29,418	27,627	20,484	22,817
Wages, salaries and remuneration				
Sweden				
Boards of Directors and Presidents	13.9	11.9	3.9	4.4
Of which, bonuses	(3.4)	(3.2)	(1.9)	(1.0)
Other employees	2,957.1	2,353.3	2,131.8	2,011.6
Abroad	2,971.0	2,365.2	2,135.7	2,016.0
Boards of Directors and Presidents	3.1	1.7	-	-
Other employees	394.9	432.9	165.7	238.3
Grand total	3,369.0	2,799.8	2,301.4	2,254.3
Social welfare contributions and pensions				
Sweden	1,303	1,025	919	872

The average number of employees in Sweden was calculated by taking total hours worked and dividing by a standard working year of 1,600 hours.

The complete legally required specification of personnel is attached to the annual report documents submitted to the Swedish Patent and Registration Office. This specification can be obtained from Marketing Communications, Skanska AB, S-182 25 Danderyd, Sweden.

^{*)} See the list on page 22.

Note 2. Depreciation

	Depreciation		Extra depreciation		Book depreciation for year ^{*)}	
	1987	1986	1987	1986	1987	1986
Goodwill ^{*)}	13	3	-	-	13	3
Extraction rights	1	-	-	-	1	-
Ships	3	4	-3	-4	0	0
Machinery and equipment	323	260	-57	34	266	294
Fixed-asset properties incl. hydroelectric power plants	29	26	-11	248	18	274
Investment and development properties	154	103	1	-	155	103
Total depreciation	523	396	-70	278	453	674

^{*)} Including depreciation against reserves.

^{*)} Of this, SEK 12 M consists of 10% annual depreciation of goodwill arising in connection with the acquisition of JM.

Note 3. Development properties

Effective from 1987, the Group reports financial data on its development properties and investment and development properties under construction. See the comments to the financial statements, page 34.

The year's income, SEK -31 M, corresponded to a 1986 figure of SEK -9 M. The latter amount was included in the 1986 financial data on contracting operations.

Note 4. Property management. Operating and administrative expenses

The national real estate tax introduced in 1985, which in 1987 totaled SEK 79 M (47) for investment and development properties, is reported under the heading "Taxes". This tax, based on assessed value, applies among other things to all apartment house units. Among exempted real estate are development and industrial properties.

Note 5. Exchange differences on loans

Exchange differences on loans refer to the difference between realized exchange gains arising through forward cover and unrealized losses due to revaluations of foreign loans.

Note 6. Investment reserves

	1987	1986
Special investment reserve		
Withdrawal	2	103
General investment reserve		
Allocation	-11	-10
Withdrawal	17	239
Change during the year	6	229
Change according to income statement	8	332

Note 7. Taxes

	1987	1986
Corporate income tax	167	270
Profit sharing tax	162	65
Real estate tax	81	49
	410	384

Note 8. Shares (current assets)

List of shareholdings of Group companies comprising trading inventory assets as of December 31, 1987.

Shares listed on the Stockholm Stock Exchange	Number	Par value SEK 000	Market value SEK 000	Book value SEK 000
AGA, Series B	34,500	863	4,554	4,554
Asea, Series A	30,000	1,500	8,340	8,340
Asea, Series B	23,200	1,160	6,844	6,844
British Petroleum	42,000	114	332	332
Catena	40,000	800	3,600	3,600
Custos, Series B	23,000	575	3,496	3,496
Edebe	42,000	210	1,722	1,722
Electrolux, Series B	35,000	875	6,755	6,755
Ericsson, Series B	80,000	4,000	12,320	12,320
Euroc, Series A	31,000	1,550	8,370	7,037
Handelsbanken	45,000	450	4,275	4,275
Hufvudstaden, Series A	12,600	315	4,977	4,962
Hufvudstaden, Series B	6,000	150	2,370	2,370
JM Bygg	13,700	274	8,288	8,244
Pharmacia, Series B	48,000	480	5,424	5,424
Protorp	75,500	3,775	18,875	16,478
Sandblom & Stohne	30,000	300	2,040	2,040
Sandvik, Series A	23,000	575	3,312	3,312
S-E-Banken, Series A	80,000	800	9,760	9,760
Skandia	33,000	165	4,554	4,554
SKF, Series B	17,000	850	3,910	3,910
Stora	5,000	125	1,385	1,385

	Number	Par value SEK 000	Market value SEK 000	Book value SEK 000
Volvo, Series B	34,500	862	8,970	8,970
Åkermans	15,000	375	1,545	1,545
Öresund	8,000	400	1,880	1,880
Total			137,898	134,109

Note 9. Current assets held by consortia

This amount represents the Group's share of all assets held by consortia (except for expenses incurred that are included under the heading "Uncompleted contracts"). Liabilities (except for invoicing) are similarly shown under the heading "Current liabilities of consortia."

Note 10. Other receivables (current assets)

This heading refers primarily to short-term investments in the form of promissory notes and commercial paper issued by corporations and finance companies.

Note 11. Property, plant and equipment

	Acquisition price for remaining assets		Accumulated depreciation	
	1987	1986	1987	1986
a) Acquisition price and accumulated depreciation				
Ships (dredgers, barges)	117	117	116	113
Machinery and equipment	3,006	2,651	1,929	1,735
Buildings (fixed-asset properties)	571	573	202	189
Hydroelectric power plants	230	229	6	-
b) Assessed values	1987	1986		
Investment and development properties				
Buildings	3,292	2,088		
Land and other real estate	735	484		
Fixed-asset properties				
Buildings, incl. power plants	430	434		
Land and other real estate	151	139		
Timberland	250	244		

Note 12. Development properties

The book value of development properties as of December 31, 1986, SEK 716 M, was reported in the 1986 financial statements together with investment properties under the joint heading "Investment and development properties."

Note 13. Shares and participations (fixed assets)

Portfolio as of December 31, 1987;

Swedish companies Shares etc. listed on Stockholm Stock Exchange	Number	% stake	Par value SEK 000	Market value SEK 000	Book value SEK 000
Active	340,000	3	3,400	14,876	14,618
Betongindustri	2,000	<1	40	550	200
Bohus	173,588	7	1,736	41,661	10,242
Catena	2,205,000	11	44,100	198,450	79,144
Catena conv. debentures	1,062,426		169,988	305,979	178,488
Custos, Series A	8,778,000	19	219,450	1,448,370	1,002,471
Custos, Series B	650,000	1	16,250	98,800	57,383
Edebe	152,625	8	763	6,105	9,921
Euroc	3,052,500	26	152,625	787,545	180,400
FFNS Gruppen	4,000	<1	20	540	302
Handelsbanken	1,400	<1	14	132	20
Hexagon	1,440	<1	36	166	118
Industrivärden	584,500	2	11,690	99,365	77,448

	Number	% stake	Par value SEK 000	Market value SEK 000	Book value SEK 000
Industrivärden conv. participatory notes	97,110		11,168	14,366	14,366
Klövern	368,036	4	7,361	66,246	29,760
Opus	910,000	27	45,500	564,200	74,100
Opus, conv. debentures	18,788		5,636	38,046	5,649
Piren	258,333	6	6,458	67,167	15,500
Protorp	2,125,000	21	106,250	531,250	94,593
Roslags Energi	1,320	<1	33	205	33
Sandvik	11,109,000	21	277,725	1,588,688	743,730
SKF, Series A	3,110,000	12	155,500	715,300	338,070
SKF, Series B	450,600	1	22,530	92,847	57,528
Öresund	632,639	16	31,632	148,670	157,578
				6,829,524	3,141,662

Other shares	Number	% stake	Par value SEK 000	Book value SEK 000
ABV Rock Group AB	1,500	50	150	548
Atrium Fastighets AB	250,000	20	25,000	30,650
BGB i Malmö AB	9,482	13	948	1,219
Blekinge Invest AB	500	1	50	55
Bothnia Invest AB	1,000	1	100	100
Branäs Fritidscenter AB	15,000	8	1,500	1,500
Byggnads AB Tryckeriet	600	50	60	60
Calor-Celsius AB	45,000	9	4,500	15,453
Contorta AB	500	<1	50	50
Dala Tillväxt AB	1,000	2	100	100
FV Fastighetsvärden AB	25,000	50	2,500	2,642
Fastighets AB Luxor	1,000	50	100	100
Fastighets AB Sibos	5,000	50	500	500
Fastighetssystem AB	978	21	122	1,473
Förvaltnings AB Öreköp	250	50	250	250
Graningeverkens AB	255,718	29	127,859	638,223
H-Invest AB	500	<1	50	50
Halmstads Byggmästares Gemensamma Byggnads AB	112	41	56	55
AB Helsingborgs Byggbetong	240	33	240	1,085
AB Hälsingborgs Byggelement	350	50	350	757
Ideon AB	3,500	18	3,500	4,242
Jönköpings Betong AB	1,000	50	100	100
AB Kalmar Betongindustri	160	10	80	40
Makadam AB Lapillus	126	50	126	126
Medeon AB	1,200	33	120	195
Nohab Industri- fastigheter AB	20,000	50	1,000	1,000
AB Norr-Retur	1,800	25	180	180
Näringslivets Utbildnings AB	170	7	170	0
AB Pålarbeten	500	50	50	5
AB Ramlösa Brunns- anläggning	625	50	62	75
Råsjö Torv AB	22,280	22	2,228	6,923
SFL Svensk Fastighets- leasing AB	200	20	20,000	25,000
AB Staven	10,000	33	1,000	1,142
AB Sydsten	60,000	40	3,000	3,880
Såbi AB	1,800	1	180	90
Udevalla Invest AB	50,000	5	5,000	5,000
Videum Fastighets AB	1,000	25	1,000	1,010
Wihlborg & Son AB	12,400	<1	248	2,015
Väst-Pålar AB	1,750	50	175	250
Bostadsföreningen Borgens		50		7,121
Miscellaneous shares and participations*)				34,835
				788,099

Foreign companies	Number stake	%	Par value, in 000 of respective currency	Book value SEK 000
Banister Continental Ltd, Canada	888,613	15	CAD 5,209	55,867
Beaconsfield Ltd, Bermuda	10,000	24	USD 100	1,080
Borggren, Dickson Construction Inc, United States	49,000	49	USD 49	392
CAC International N.V., Belgium	2,800	50	BEC 700	104
Entreprenørservice A/S, Norway	2,500	50	NOK 2,500	2,374
Grove Equity Inc, United States	24	48	USD 33	193
Karl Koch Erecting Co., Inc., United States	49	49	USD 132	23,000
Sihkska A/S, Denmark	150	50	DKK 150	138
Skanska Hispania SA, Spain	500	50	ESB 5,000	257
A/S Skanska-Lekven, Norway	50	50	NOK 250	232
Skanska West Africa Ltd, Nigeria	160,000	40	NGN 160	267
VSL Norge A/S, Norway	140	35	NOK 140	146
Yemen Construction & Development Co., North Yemen	3,000	3	YER 3,000	0
Miscellaneous shares and participations*)				1,732
				85,782
Total				4,015,543

*) Includes shareholdings under SEK 50,000 and participation units in partnerships, limited partnerships, etc. Complete data on participation units of SEK 50,000 and above can be obtained on request from the Company.

Note 14. Assets pledged

Pledged bank deposits constitute collateral for contracting commitments.

Note 15. Other current liabilities

As of December 31, 1987, other current liabilities consisted of SEK 76 M in the current portion of long-term liabilities, SEK 861 M in other interest-bearing liabilities and SEK 944 M in non-interest-bearing liabilities.

Note 16. Provision for pensions

	The year's provision	Liability as of December 31, 1987
PRI liability	196	984
Other pension commitments	—	25
	196	1,009

Note 17. Minority interest in untaxed reserves

Minority interest in untaxed reserves, SEK 267 M, is distributed as follows:

Inventory reserve	2
Payroll reserve	39
Reserve for uncompleted contracts	61
Reserve for investment and development properties	138
Extra depreciation	
Machinery and equipment	16
Fixed-asset properties	6
Special investment reserve	3
Development reserve	2
	267

Note 18. Change in shareholders' equity

	Capital stock	Restricted reserves	Unrestricted reserves
Opening balance, Jan. 1, 1987	617	379	1,119
New share issues	9	167	
Transferred to restricted reserves		1	-1
Dividend			-188
Closing balance, Dec. 31, 1987	626	547	930

Note 19. Capital stock

See note 13 to the Parent Company balance sheet.

Parent Company income statement

Amounts in SEK M		1987	1986
Contracting operations etc.	Invoiced sales for the year	12,724	12,399
	Plus amount invoiced but not credited to income as of Jan. 1	14,854	16,230
	Less amount invoiced but not credited to income as of Dec. 31	-14,343	-14,854
	Invoiced sales on contracts credited to income during the year, factory operations etc.	13,235	13,775
	Production costs for contracts credited to income, factory operations etc. plus the year's administrative expenses	-12,665	-13,667
	Income from contracting operations etc. before depreciation	570	108
	Depreciation	-249	-218
	Income from contracting operations etc. after depreciation	321	-110
	Sale of investment and development properties	-	51
	Development properties and property management	13	-
Operating income after depreciation		334	- 59
Financial items	Dividends on shares and participations in subsidiaries	54	63
	in other companies	174	167
	Interest revenues	518	590
	Interest expenses	-277	-294
	Exchange difference on loans	15	- 6
	Other financial items	- 4	-
	Income after financial items	480	520
Extraordinary items	Gain on sale of fixed-assets properties	4	-
	Gain on sale of shares	359	136
	Shareholder contribution	- 7	- 1
	Merger loss	-246	-
Income before allocations and taxes	110	135	
Allocations	Group contributions	195	- 60
	Writedown of shares and participations in subsidiaries	- 11	- 5
	in other companies	- 4	- 1
	Inventory reserve	11	2
	Payroll reserve	- 5	- 7
	Reserve for uncompleted contracts	116	- 59
	Reserve for investment and development properties	- 35	-
	Extra depreciation	66	-254
	Investment reserves	8	311
	Income before taxes	341	- 73
Taxes		1,265	523
		-200	-125
Net profit for the year		1,065	398

Parent Company balance sheet

Assets Amounts in SEK M		1987	1986
Current assets	Bank balances	756	905
	Bonds	180	114
	Accounts receivable	1,709	1,779
	Prepaid expenses and accrued revenues	40	40
	Current assets held by consortia Note 5	818	702
	Other receivables Note 6	2,635	2,749
	Inventories	201	232
		6,339	6,521
Investment and development properties	Development properties Note 8	345	—
Restricted accounts in Sveriges Riksbank	For special investment reserve	—	2
	For general investment reserve	49	70
	For development reserve	39	39
		88	111
Fixed assets	Shares and participations in subsidiaries	1,561	590
	Shares and participations in other companies	3,969	3,999
	Receivables from subsidiaries	2,046	1,694
	Other receivables Note 7	138	305
	Extraction rights	9	10
	Ships Note 8	1	4
	Machinery and equipment Note 8	734	719
	Own machinery being manufactured	4	—
	Advance payments on fixed assets	—	16
	Buildings Note 8	140	142
	Buildings under construction	1	1
	Hydroelectric power plants	224	229
	Land and other real estate Note 8	83	85
		8,910	7,794
Total assets		15,682	14,426
Assets pledged	Real estate mortgages	239	98
	Bank assets Note 9	4	12
	Shares	1	—
Contingent liabilities	Sureties for subsidiaries	576	761
	Other sureties	524	773
	Other guarantees	92	86

Liabilities and shareholders' equity Amounts in SEK M

		1987	1986		
Current liabilities	Accounts payable	1,075		962	
	Tax liability	193		62	
	Accrued expenses and prepaid revenues	1,188		1,148	
	Current liabilities of consortia	460		474	
	Other current liabilities	1,156	4,072	805	3,451
Uncompleted contracts	Invoiced sales from beginning of contracts	14,343		14,854	
	Accumulated expenses from beginning of contracts	-11,449	2,894	-11,709	3,145
Loans on investment and development properties	Mortgage loans		138		-
Long-term liabilities	Liabilities to subsidiaries	1,051		1,239	
	Mortgage loans	37		51	
	Other liabilities	333		335	
	Provision for pensions	780	2,201	720	2,345
Untaxed reserves	Inventory reserve	71		81	
	Payroll reserve	456		451	
	Reserve for uncompleted contracts	2,490		2,607	
	Reserve for investment and development properties	35		-	
	Accumulated extra depreciation				
	Ships	1		4	
	Machinery and equipment	341		398	
	Fixed-asset properties	275		282	
	General investment reserve	60		68	
	Development reserve	40	3,769	39	3,930
Shareholders' equity	Restricted equity				
	Capital stock	626		617	
	Legal reserve	290		123	
Unrestricted equity	Retained earnings	627		417	
	Net profit for the year	1,065	2,608	398	1,555
	Total liabilities and shareholders' equity		15,682		14,426

List of Group companies

	Par value of shares SEK M	Book value of shares SEK M		Par value of shares SEK M	Book value of shares SEK M
Swedish companies					
<i>Contracting and industrial operations</i>					
AB Borätt (42%)	0.4	0.4			
Boxholms Säg AB	17.5	21.0			
Bröderna Nordins Byggnads AB	0.6	0.1			
Byggnads AB Polar (42%)	0.1	2.9			
Combiglas AB	0.8	1.7			
Engdahl Stålteknik AB	1.0	0.1			
Industriventilation Svenska AB	0.2	15.0			
JM Byggnads och Fastighets AB (42%)	36.1	938.2			
JM Rock AB (42%)	0.1	0.1			
Kallax Betong & Grus AB (42%)	2.0	6.1			
Lundby System AB	2.4	3.0			
Magnusson & Gran Byggnads AB	0.1	0.1			
Myresjö AB	25.0	31.5			
Myresjöhus AB	20.0	4.2			
AB Norrbottens Cementgjuteri	3.0	4.5			
Ohlsson & Skarne AB	5.0	5.0			
AB Projektgaranti (42%)	0.1	0.1			
AB Jan Ralling	1.0	1.0			
Saxtorps Trading AB	0.1	1.7			
AB Schakt & Transport	1.0	1.0			
SektionsByggarna AB	1.2	10.0			
Sentab, Svenska Entreprenad AB	12.0	12.0			
Skanska International AB	50.0	50.0			
Skanska Konsulter AB	2.0	2.0			
Skånska Makadam AB	1.8	2.2			
Stabilator AB	0.1	0.1			
Sundsvalls Grus & Betong AB	1.0	2.8			
Svenska Rivteknik AB	0.5	7.2			
Ole Timblads Målerifirma AB (42%)	0.5	12.7			
AB Tryckrör	5.4	3.9			
Östlunds Byggnads AB (42%)	0.5	0.7			
Other subsidiaries	8.1	11.8			
Elimination of sub-subsidiaries		-35.1			
		1,118.0			
<i>Property management</i>					
AB Annexgrävlingen	1.0	5.4			
Fastighets AB Apelsinen	0.2	9.3			
Fastighets AB Betongblandaren	1.0	1.0			
Fastighets AB Falsterboväng	7.0	7.0			
Fastighets AB Gredelby (42%)	2.0	7.0			
Fastighets AB Gårda Lejon (42%)	5.0	18.7			
Fastighets AB Sulcus	5.0	5.0			
Fastighets AB Vellonia	16.0	16.0			
Fastighets AB R Wikstén	3.0	3.0			
Fastighets AB Östman & Norell	1.7	1.7			
AB Hem på landet (42%)	6.1	24.6			
JM Industrifastigheter AB (42%)	42.0	269.3			
AB Mälarhus	1.0	1.0			
Other subsidiaries	4.1	7.7			
Elimination of sub-subsidiaries		-334.3			
		42.4			
<i>Other operations</i>					
Förvaltnings AB Albus (Share dealing)			50.0		65.0
Bark & Warburgs AB (Forestry)			6.2		46.7
Boxholms Skogar AB (Forestry)			125.0		150.0
Datatechnology Datech AB (Consulting)			0.5		0.5
AB Drott (Investment)			150.0		95.3
AB Gusums Skogar (Forestry)			4.0		19.5
SCEM AB (Construction management)			0.3		2.2
Örmo Skogar AB (Forestry)			2.3		35.2
Other subsidiaries			1.7		2.2
Elimination of sub-subsidiaries					-66.2
					350.4
Foreign companies					
Fundament A/S, Norway (42%)			NOK	1.0	0.8
Fundamento Sociedade de Construcoes Lda, Portugal (42%)			PTE	142.5	8.5
Grundstücksgesellschaft Albergo mbH, West Germany			DEM	0.1	0.2
Grundstücksgesellschaft Atlantis mbH, West Germany			DEM	0.1	0.2
Grundstücksgesellschaft PRADO mbH, West Germany			DEM	7.0	25.6
Grundstücksgesellschaft RHEMO mbH, West Germany			DEM	3.0	11.0
C G Jensen A/S, Denmark			DKK	20.0	0.7
JM U S A Inc, United States (42%)			USD	0.1	0.8
JM Construction S A, Belgium (42%)			BEC	2.5	0.4
Linnéa B V, Netherlands (60%)			NLG	0.8	2.4
Marion S A, France			FRF	7.0	0
Myresjö Hausbau GmbH, West Germany			DEM	1.0	1.2
Myresjö Nederland BV, Netherlands			NLG	0.3	0.2
Myresjöhus Norge A/S, Norway			NOK	0.4	0.4
Myresjö UK Ltd, Great Britain			GBP	0.1	0.2
A/S Nefa, Norway			GBP	0.1	0
Scanbau GmbH, West Germany			DEM	0.8	2.7
Scanopar SA, France			FRF	2.0	8.8
Sektionsbausystem Oresjö GmbH, West Germany			DEM	0.1	0.1
Sepco SA, France			FRF	5.0	3.5
Skanska A/S, Norway			NOK	5.0	4.8
Skanska Baugesellschaft mbH, West Germany			DEM	10.0	31.4
Skanska Nederland BV, Netherlands			NLG	0.1	0.2
Skanska Saudi Arabia, Saudi Arabia (60%)			SAR	6.0	0
Skanska (U.S.A) Inc., United States			USD	5.7	26.1
Trinity Tower Property Co. Ltd, Great Britain			GBP	0.9	9.4
Elimination of sub-subsidiaries					-89.8
					49.8
Total Parent Company holdings					1.560.6

Notes to the Parent Company financial statements

Accounting principles

The accounting principles of the Parent Company are the same as those applied to the Group (see pp. 34 ff).

Notes Amounts in SEK M unless otherwise specified

Note 1. Depreciation

	Depreciation		Extra depreciation		Book depreciation for year ^{*)}	
	1987	1986	1987	1986	1987	1986
Ships	3	4	-3	-4	0	0
Machinery and equipment	229	204	-56	32	173	236
Fixed-asset properties incl. hydroelectric power plants	17	10	-7	226	10	236
Total depreciation	249	218	-66	254	183	472

^{*)} Including depreciation against reserves.

Note 2. Development properties and property management

Revenues and expenses attributable to investment and development properties under construction, undeveloped land and redevelopment properties are reported under the heading "Development properties". Revenues and expenses attributable to the management of completed investment properties are reported under the heading "Property management". See also "Comments and notes to the Group financial statements", pp. 34 ff.

The year's income consists of	Development properties	Property management
Rental revenues	102	-
Operating and administrative expenses	-64	-
Depreciation	-5	-
Interest expenses	-20	-
	13	-
Income from partly owned partnerships and limited partnerships	-9	9
	4	9

Note 3. Investment reserves

	1987	1986
Special investment reserve		
Withdrawal	-	97
General investment reserve		
Withdrawal	8	214
Change during the year according to income statement	8	311

Note 4. Taxes

	1987	1986
Corporate income tax	61	112
Profit sharing tax	130	9
Real estate tax	9	4
	200	125

Note 5. Current assets held by consortia

This represents the Parent Company's share of all assets held by consortia (except for expenses incurred that are included under the heading "Uncompleted contracts"). Liabilities (except for invoicing) are similarly shown under the heading "Current liabilities of consortia".

Note 6. Other receivables (current assets)

This heading refers primarily to short-term investments in the form of promissory notes and commercial paper issued by corporations and finance companies.

Note 7. Other receivables (fixed assets)

On the basis of an exemption in accordance with Chapter 12, Section 8 of the Swedish Companies Act, loans in the amount of SEK 533,000 have been granted to employees who are also members of Boards of Directors of Group companies.

Note 8. Property, plant and equipment

a) Acquisition price and accumulated depreciation	Acquisition price for remaining assets		Accumulated depreciation	
	1987	1986	1987	1986
Ships (dredgers, barges)	114	117	113	113
Machinery and equipment	2,154	2,146	1,420	1,427
Buildings	267	261	127	119
Hydroelectric power plants	230	229	6	-
b) Assessed values	1987	1986		
Investment and development properties				
Buildings	182	-		
Land and other real estate	52	-		
Fixed-asset properties				
Buildings, incl. power plants	232	226		
Land and other real estate	76	67		

Note 9. Assets pledged

Pledged bank deposits constitute collateral for contracting commitments.

Note 10. Other current liabilities

As of December 31, 1987, other current liabilities consisted of SEK 70 M in the current portion of long-term liabilities, SEK 745 M in other interest-bearing liabilities and SEK 341 M in non-interest-bearing liabilities.

Note 11. Provision for pensions

	The year's provision	Liability as of December 31, 1987
PRI liability	60	760
Other pension commitments	-	20
	60	780

Note 12. Change in shareholders' equity

	Capital stock	Legal reserve	Retained earnings
Opening balance, Jan. 1, 1987	617	123	815
New share issues	9	167	
Dividend			-188
Closing balance, Dec. 31, 1987	626	290	627

Note 13. Capital stock

4,168,430 Series A shares (10 votes apiece), each with a par value of SEK 10
 58,393,155 Series B shares (1 vote apiece), each with a par value of SEK 10
 62,561,585

Statements of changes in financial position

Amounts in SEK M		GROUP		PARENT COMPANY	
		1987	1986	1987	1986
Funds supplied	Funds supplied from operations credited to income (see below)	1,726	1,013	1,196	590
	Increase in long-term liabilities	2,701	520	—	180
	New share issue	176	—	176	—
		<u>4,603</u>	<u>1,533</u>	<u>1,372</u>	<u>770</u>
Funds applied	Dividend	188	154	188	154
	Increase in long-term receivables	150	126	185	337
	Decrease in long-term liabilities	—	—	6	—
	Net change in investment and development properties	4,272	570	350	—
	Investments in shares and participations	— 20	— 84	956	— 71
	Investments in other fixed assets	677	510	239	352
	<u>5,267</u>	<u>1,276</u>	<u>1,924</u>	<u>772</u>	
Change in working capital		— 664	257	— 552	— 2
Specification of change in working capital	Change in balance of uncompleted contracts	140	— 131	251	— 79
	Increase/Decrease in inventories	7	2	— 31	— 5
	Increase in trading inventory of shares	30	10	—	—
	Increase/Decrease in current receivables	924	1,017	— 2	871
	Increase in current liabilities	— 1,609	— 499	— 621	— 498
	Decrease in bank balances	— 156	— 142	— 149	— 291
Total change		<u>— 664</u>	<u>257</u>	<u>— 552</u>	<u>— 2</u>
Breakdown of item "Funds supplied from operations credited to income"	Income before allocations and taxes	1,858	1,046	924	596
	Income in JM before acquisition	— 77	—	—	—
	Minority share in income	— 136	4	—	—
	Depreciation	523	396	254	218
	Taxes	— 410	— 384	— 200	— 125
	Deposit in/Withdrawal from restricted account in Sveriges Riksbank	— 32	— 49	23	— 39
	Group contributions	—	—	195	— 60
	<u>1,726</u>	<u>1,013</u>	<u>1,196</u>	<u>590</u>	

Proposed allocation of earnings

The Board of Directors and the President propose that the net profit for 1987, SEK 1,065,489,874, plus the retained earnings of SEK 627,408,590 carried forward from the preceding year, making a total of SEK 1,692,898,464, be allocated as follows:

A dividend to the shareholders of SEK 3.50 per share	220,365,547.50
To be carried forward	1,472,532,916.50
	<hr/> SEK 1,692,898,464.00

Malmö, Sweden, April 26, 1988

	Bengt Haak	
Sten Lindh	Assar Ericsson	Lena Ekman
Sven Johansson	Lennart Johansson	Carl-Olof Ternryd
Stig Herner	Percy Barnevik	Lars-Ove Håkansson President
	Kjell Brändström	

Auditors' Report for Skanska AB

We have examined the Annual Report, the consolidated financial statements, the accounts and the management by the Board of Directors and the President during 1987. Our examination has been carried out in accordance with generally accepted auditing practices.

Parent Company

The Annual Report has been prepared in conformity with the Swedish Companies Act.

We recommend that the annual meeting of shareholders adopt the income statement and balance sheet, distribute the earnings in accordance with the proposal in the Report of the Directors and discharge the members of the Board and the President from personal responsibility for their administration during 1987.

Group

The consolidated financial statements have been prepared in conformity with the Swedish Companies Act.

We recommend that the annual meeting adopt the consolidated income statement and balance sheet.

Danderyd, Sweden, April 28, 1988

Bo Fridman
Authorized Public Accountant

Erik Hultén
Authorized Public Accountant

Data on Skanska shares

At year-end 1987 the market price of a Skanska share on the Stockholm Stock Exchange was SEK 271. This meant that its value had increased by SEK 24 since year-end 1986, despite the Exchange's "Black Monday" in October 1987, when share prices generally fell by 1/3. In that situation, Skanska shares showed their strength and held their value better than most companies' shares in the general stock market crash.

Skanska has been on the "A list" of the Stockholm Stock Exchange since 1965. At the time of its introduction, the Company's capital stock was SEK 32 M. This was raised to SEK 35.4 M in 1967 when it acquired Byggnadsfirman Ohlsson & Skarne.

During the past 20 years, Skanska's capital stock has been increased by means of eight stock dividends (bonus issues) and five issues of new shares. During 1987, two issues of new shares were approved. One was a special issue of 808,500 Series A shares to AB Handus, a wholly owned subsidiary of Industrivärden, which was carried out in connection with the acquisition of Industrivärden's 330,000 Series A shares in JM Byggnads och Fastighets AB during the spring of 1987. The other was a special issue to employees with at least 2.5 years of service in the Group, which was carried out in the fall of 1987 to mark the Company's 100th anniversary. In April 1988, an additional new issue of shares was approved, this time 400,000 Series A shares issued to Tidnings AB Marieberg in connection with the acquisition of Marieberg's 165,000 Series A shares and 772,000 Series B shares in JM.

In March 1988, Skanska's capital stock amounted to SEK 625.6 M. This capital stock is divided into Series A and Series B shares. All have a par value of SEK 10. Their voting power differs, however. Series A shares carry 10 votes apiece, whereas Series B shares carry one vote apiece. Both A and B shares are issued as restricted and unrestricted (free) shares. Restricted shares may not be acquired by foreign citizens or companies.

Only B shares are listed on the Stockholm Stock Exchange. Skanska shares are not quoted on any stock exchange outside Sweden. There are some variations between the prices quoted for Skanska Series B restricted and Skanska Series B free shares. For natural reasons, the volume of trading in free shares is substantially lower than trading in restricted shares.

On April 15, 1988, the market price of a Skanska share was SEK 350 and the Company's total market capitalization was about SEK 22 billion.

Provided that the annual meeting of shareholders approves the dividend proposed by the Board of Directors, the average annual growth in dividends during the ten-year

period 1978-1987 will amount to 22 percent.

In March 1988 the total number of shareholders in Skanska was 46,000. In addition, some tens of thousands of people are indirect shareholders through mutual funds. During 1986 10,634,725 Skanska shares changed hands — an average of about 42,000 shares per trading day.

Shares by categories

	Number of shares	% of voting power	% of capital stock
A restricted	3,503,150	35.0	5.6
A free	665,280	6.7	1.1
B restricted	48,370,395	48.3	77.3
B free	10,022,760	10.0	16.0
Total	62,561,585	100.0	100.0

Changes in capital stock since Skanska's introduction on Stockholm Stock Exchange in 1965

Year	Stock dividend SEK M	New share issue SEK M	Par value of capital stock SEK M
1965			32.0
1967	—	3.4	35.4
1969	2:5	—	49.5
1973	1:3	—	66.0
1975	1:3	22.0	89.7
1977	1:2	44.9	134.6
1979	1:2	67.3	204.3
1981	2:3	136.2	340.5
1982	1:5	68.1	411.3
1983	1:2	205.6	616.9
1984	5:1 split	—	616.9
1987	—	8.7	625.6

Shareholdings by size

March 1988			
Number of shares held	Number of shareholders	% of all shareholders	% of capital stock
1— 500	39,227	85.3	6.7
501— 1,000	3,309	7.2	4.1
1,001— 2,000	1,718	3.7	4.0
2,001— 5,000	1,089	2.4	5.4
5,001— 10,000	321	0.7	3.7
10,001— 20,000	159	0.3	3.7
20,001— 50,000	82	0.2	4.1
50,001— 100,000	35	0.1	4.0
100,001—	60	0.1	64.3
	46,000	100.0	100.0

Employees' shareholdings

Almost one out of two Group employees is a Skanska shareholder. This is a very large proportion, compared with many other companies listed on the Stockholm Stock Exchange.

The largest increases in the number of employee shareholders have occurred as a result of special issues of new shares to employees in 1975, 1979, 1982 and 1987.

Today a person who took advantage of all four special issues owns a total of 410 shares, following stock dividends and the 5:1 split carried out in 1984. Their market value was about SEK 138,000 as of April 1, 1988. The costs per employee have consisted of a cash contribution of SEK 2,060 plus taxes on the salary-related benefit, which was about SEK 7,900.

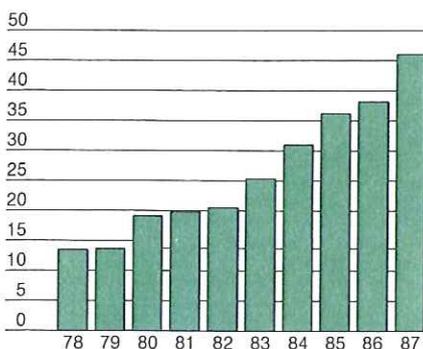
The largest shareholders in Skanska

March 1988	% of voting power	% of capital stock
Protorp Förvaltnings AB	11.8	12.6
AB Opus	10.5	8.2
AB Handus	8.1	1.3
Skandinaviska Enskilda Banken Pension Fund	4.7	0.7
AB Custos	4.3	1.6
Svenska Handelsbanken Pension Fund	4.1	0.7
AB Malmogia	3.8	0.6
Swedish National Pension Insurance Fund, Fourth Fund Board	2.2	3.1
Försäkringsbolaget SPP	1.9	3.0
Sparbankernas Aktiesparfond	1.7	2.7
Trygg Hansa Group	1.6	2.6
Skandia Group	1.6	2.5
White-collar employees' consortium for Skanska shares	1.1	1.1
Folksam Group	1.0	1.6
Investment AB Cardo	0.9	1.4
Skandinaviska Enskilda Banken Share Savings Fund	0.8	1.3
PKbanken Share Savings Fund	0.7	1.1
WASA Group	0.6	1.0
	61.4	47.1
Other shareholders	38.6	52.9
	100.0	100.0

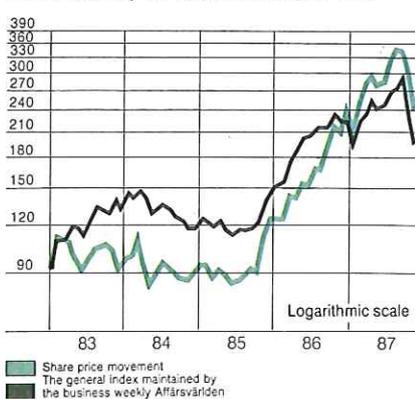
Changes in ownership

Between March 1987 and March 1988, AB Opus reduced its shareholding in Skanska from 14.2 percent to 10.5 percent of voting power. AB Custos acquired shares with 4.3 percent of total voting power. Otherwise only minor changes have occurred. At year-end 1987 the employee share investment funds, which are managed by the Swedish government, owned 1,388,772 Series B shares, which represent 1.4 percent of voting power.

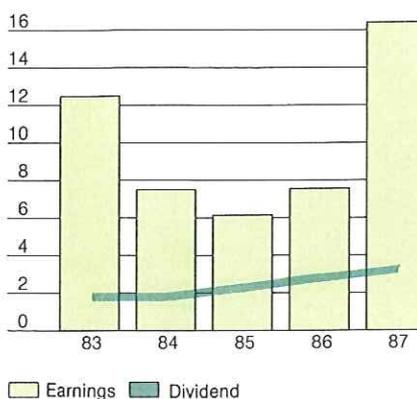
Number of shareholders, thousands



Share price movement after adjusting for stock dividends, SEK



Earnings and dividend per share, SEK



Information on AB Drott

In 1988 and 1989 Skanska is producing about SEK 1 billion worth of real estate for its own account per year. The sale of completed properties is a natural element of the Group's operations.

During 1987 part of the Group's real estate holdings in Skåne, were sold by Fastighets AB Sulcus to another wholly owned Skanska subsidiary, AB Drott.

In February 1988 Skanska's Board of Directors approved a proposal to the effect

- that ownership in Drott should be broadened by means of a new share issue partly aimed at Protorp Förvaltnings AB and Investment AB Oresund, as well as for Sulcus while awaiting sale of these shares to an outside buyer,
- that Drott should raise a convertible debenture loan, with the shareholders enjoying a priority right of subscription,
- and that certain employees of the Skanska Group should be allowed to take over Skanska's priority right of subscription for the convertible debenture loan.

The matter will be submitted to Skanska's annual meeting on June 1, 1988 for the approval of the shareholders.

The establishment of Drott creates a real estate company in Skåne with strong regional roots. This will help generate new business opportunities for Drott and create the prerequisites for active and efficient property management. The new issue of shares is part of a plan for the expansion of Drott which will be advantageous for

Skanska, being the company's largest owner, and for Drott itself.

Drott's real estate holdings have been appraised by Ljungquists Fastighetsvärderingar AB. Their market value is estimated at just over SEK 1 billion, with 1988 rental revenues estimated at SEK 95 M. Their acquisition cost to Drott was SEK 454 M. Total rental revenues are evenly divided between commercial space and residential units. Most of the properties are located in Malmö, Helsingborg and Lund.

For tax purposes, the real estate holdings are current assets. This means that Drott is entitled to yearly depreciation and to a 10 percent write-down. When they are sold, capital gains taxation rules do not apply. The difference between the sales price and the acquisition value, after subtracting the depreciation allowed for tax purposes, is thus subject to taxation.

In setting the issuing price of Drott shares, particular attention has been paid to net worth. This has been based on the equity of the company plus the excess value represented by the difference between the estimated market value of its properties and their book value. Deferred tax of 25 percent has been deducted from the excess value. In this way the price per share has been fixed at SEK 601, and this has been accepted by Protorp and Oresund as the subscription price.

The new issue, in which the Skanska Group is also subscribing, is supplying SEK 180.3 M in cash to Drott. According to the proposal for the convertible debenture loan, this loan will total SEK 175 M and entitle

its holders to convert their debentures into 250,000 Series B shares no later than February 28, 1992 at a price of SEK 700 per share. The new share issue and the convertible debenture loan will give Drott good liquidity and a good equity/assets ratio. This will create opportunities for further expansion of its real estate holdings.

It is proposed that Skanska employees be allowed to take over the Group's priority right to subscribe for the convertible debenture loan. The reason is that Skanska, like many other companies, considers it valuable to be able to offer its employees the opportunity to purchase convertible debentures — in this case in a subsidiary, however.

At first, Drott will be a subsidiary of Skanska. The Skanska Group will hold 86 percent of the capital stock and 78.4 percent of the voting power. The intention is to introduce Drott on the stock market within a few years. In connection with this step, Skanska's share of the voting power will be reduced to less than 50 percent. Drott will thereby cease to be a subsidiary of Skanska. After a brief transitional period during 1988, Drott's corporate management and its property operations will be separated from Skanska's.

The dilution of each Skanska share due to the special issue of new shares and the transfer of Skanska's priority right to subscribe for Drott's convertible debenture loan is negligible.

The settlement date for the new share issue will be June 30, 1988, and the subscription period for the convertible debenture loan will be in September 1988.

Five-year Group financial summary

Amounts in SEK M		1987	1986	1985	1984	1983
Income statements	Income after depreciation					
	Contracting operations etc.	524	-12	52	191	762
	Sale of investment and development properties	374	161	54	25	66
	Development properties	-31	-	-	-	-
	Property management	411	290	230	224	171
	Financial items	439	455	478	454	534
	Income before extraordinary items	1,717	894	814	894	1,533
	Extraordinary items	141	152	- 3	25	100
	Income in JM before acquisition	- 77	-	-	-	-
	Minority interest in income	-136	4	5	- 8	- 3
	Income before allocations and taxes	1,645	1,050	816	911	1,630
	Allocations	- 31	-181	-226	-366	-932
	Taxes	-410	-384	-332	-247	-330
	Net profit for the year	1,204	485	258	298	368
	Balance sheets	Bank balances	1,258	1,414	1,556	2,302
Current receivables		7,530	6,576	5,549	5,941	5,930
Inventories		413	406	404	417	547
Investment and development properties		8,366	4,248	3,781	3,220	2,853
Shares and participations (fixed assets)		4,016	4,040	4,127	3,041	2,480
Long-term receivables		924	566	391	498	369
Ships, machinery, equipment etc.		1,106	961	883	812	771
Fixed-asset properties		1,072	1,085	947	760	380
Current liabilities		6,329	4,720	4,221	3,847	3,953
Uncompleted contracts (balance)		3,293	3,433	3,302	3,675	3,186
Long-term liabilities		6,993	4,292	3,772	3,484	3,190
Untaxed reserves		4,763	4,736	4,558	4,335	3,973
Shareholders' equity		3,307	2,115	1,785	1,650	1,475
Total assets		24,685	19,296	17,638	16,991	15,777
Revenues		19,631	16,103	14,957	14,765	12,159
Number of employees	29,418	27,627	28,234	29,436	27,699	
Financial ratios	Dividend per share, SEK	3.50 ^{*)}	3.00	2.46	1.97	1.97
	Adjusted earnings per share, SEK	16.40	7.44	5.91	7.39	12.32
	Adjusted earnings per share after extraordinary items, SEK	19.50	9.12	5.86	7.59	13.01
	Return on shareholders' equity, %	20.5	11.2	9.5	13.1	25.5
	Return on capital employed, %	20.8	16.2	17.1	18.9	30.3
	Equity/assets ratio, %	24.5	23.2	23.0	22.5	21.9

^{*)} Proposed by the Board of Directors.

Dividend and adjusted earnings per share have been calculated on the basis of the number of shares outstanding on December 31, 1987.

JM Byggnads och Fastighets AB

Late in May 1987, JM Byggnads och Fastighets AB became a partly owned subsidiary of Skanska. After acquiring the JM shares held by Tidnings AB Marieberg in April 1988, Skanska now holds 64.6 percent of the capital stock and 62.3 percent of the voting power. JM is engaged in both construction and property management in virtually all parts of Sweden, with an emphasis on Greater Stockholm and central and western Sweden.



Sven Larsson
President

SEK M	1987	1986
Revenues	2,668	2,157
Order bookings	3,278	2,350
Order backlog, Dec. 31	2,780	1,873
Employees (full-time equivalent)	3,066	2,826

Income from construction operations during 1987 was not satisfactory, due among other things to a few large lossmaking projects. But because of a continued favorable trend in real estate operations and one large real estate transaction, income more than doubled to SEK 250 M. JM's revenues rose by more than SEK 500 M to SEK 2,668 M. Order bookings and year-end order backlog were both nearly SEK 1 billion higher than in 1986. Three fourths of the year-end order backlog consisted of residential properties. The company had an equity/assets ratio of 18 percent.

At the end of 1987, JM carried out a major property transaction that strongly affected its income for the year. It exchanged an office complex in the Stockholm suburb of Solna for four well-located properties with good potential for added value in Stockholm, Solna and Linköping. This transaction increased JM's visible annual income by more than SEK 150 M.

During 1987, production in JM's construction operations rose in current prices by 16 percent to SEK 2,371 M. Of this production, residential properties accounted for 56 percent, industrial and civil engineering work for 19 percent and other building construction for 25 percent. Although the margins on new orders improved somewhat, JM did not fulfill the profitability targets that had been established. Income from construction work including net financial items was SEK 19 M in 1987, against SEK 16 M the preceding year.

Operations outside Sweden were limited, accounting for 2 percent of production. In Norway, production

ceased and operations focused on construction management through a newly established half-owned company, Projektgaranti A/S. Production in the United States was cut back. In Portugal, efforts focused on the planning of the Estoril project, with ground-breaking scheduled for early in 1988.

AB Borätt, in which JM is the majority owner, expanded rapidly in 1987. This company builds residential properties for cooperative housing associations throughout Sweden. By putting savings into the mutual fund known as JM/Handelsbankens Sparbofond, older people can qualify for dwellings in newly constructed residential units operated by cooperative housing associations. During 1987, such residential projects were completed in the Stockholm suburb of Täby and in central Uppsala.

The market value of JM's investment properties rose markedly during 1987. Changes in the company's real estate holdings occurred both through construction for its own account — an investment of SEK 311 M — and through the above-mentioned exchange agreement. At year-end, JM was constructing properties with a total production cost of more than SEK 500 M for its own account,

mostly office and retailing space in good locations.

The year-end book value of JM's real estate was SEK 1,797 M. Its estimated market value is more than twice as high. The increase in the value of the company's property holdings was strongest in the Stockholm region, but the industrial properties belonging to JM Industrifastigheter in the Malmö region also climbed in value.

Total rentable space was 484,000 m² (over 5,200,000 sq ft) at the close of 1987. The occupancy level remained very good. Rental revenues amounted to SEK 274 M. Greater Stockholm accounted for 70 percent of these revenues.

Construction projects that were completed for JM's own account during 1987 included office space in Danderyd and in Sollentuna (both suburbs of Stockholm), and offices in central Gävle. JM also completed two apartment houses in Stockholm as part of plans for higher housing density and urban renewal.

Current construction for JM's own account includes office and commercial properties in downtown Stockholm. JM is also constructing office buildings in downtown Gothenburg and in Uppsala.



JM renovated a 17th century building on Kornhamnstorg square in Stockholm's Old Town for its own account.

Skanska Prefab

SEK M	1987	1986
Revenues ^{*)}	747	640
Employees (full-time equivalent)	1,053	1,003

^{*)} Including intra-Group sales



President: Bertil Kjellin

Skanska Prefab sells, manufactures and assembles prefabricated concrete products for buildings and ground installations. Production takes place at some 15 factories throughout Sweden. The firm operates on a commission basis for the Parent Company.

Products for buildings include beams, columns, wall elements, cellular floors, stairways, garbage chutes and roofing tiles. They are made at seven factories in all parts Sweden.

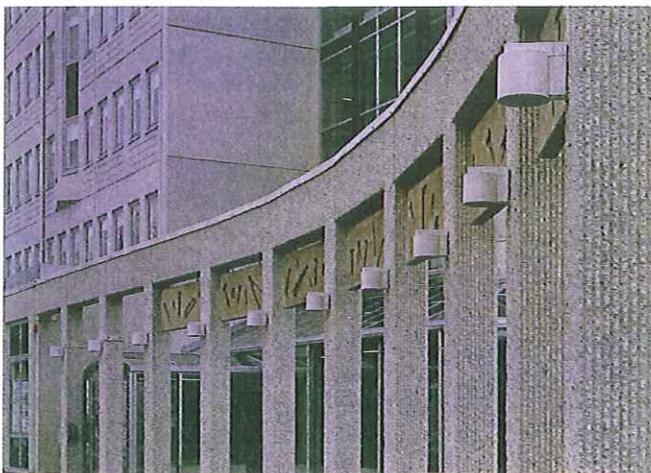
During 1987, major deliveries of building elements went to stage I of the new Volvo car factory in Uddevalla, to the Nacka Forum shopping complex near Stockholm, to a factory building for the forest product company Nymölla, to a mixing plant for rubber and plastics manufacturer Gislaved and to Teli's printed circuit board factory in Timrå.

Products for ground installations are manufactured at ten different factories. They make piping for fresh and waste water lines, electric power and pumping stations, tunnels, supporting walls, curbstones, paving blocks, bridges and bomb shelters.

During 1987, major deliveries included ground installation products for a county hospital in Vänersborg, 6 km (nearly 4 mi) of platform edges for the Swedish National Railways, paving blocks for a Luleå city park, waste water piping for the Ostra Leden highway project in Skövde and fresh water piping for the Sydsvatten water company's Stafanstorps-Lund pipeline.

Capacity utilization was high at all factories. Around the end of 1987, several of them installed CAD equipment for production of design drawings.

Skanska Prefab carried out an ambitious training program.



Skanska Prefab planned, designed, manufactured and assembled Luna AB's new office building in Alingsås.

Stabilator

SEK M	1987	1986
Revenues ^{*)}	366	313
Employees (full-time equivalent)	499	467

^{*)} Including intra-Group sales



President: Björn Emt

Stabilator had a successful year in 1987. A specialist in foundation and reinforcement engineering, Stabilator operates on a commission basis for the Parent Company. Its operations in Sweden increased by 20 percent. Earnings are satisfactory. To market its specialties better and to improve its service throughout the country, Stabilator changed its organizational structure during the year.

Quality is a governing concept for all Stabilator employees. The company took steps to improve its quality assurance systems. All white-collar employees received further training in management, information and communications.

In 1987 Stabilator performed more than 2,500 assignments. They varied in size from a few thousand kronor to SEK 40 M. Major jobs included grouting and shotcreting at a power station, reinforcement of building foundations near a rail tunnel being built in Helsingborg, repair and reinforcement of the Alnö Bridge in Sundsvall, repair of residential balconies and façades and renovation of piping at a forest product company's factory area.

Operations abroad fell to 20 percent of revenues. During 1987 China remained Stabilator's largest foreign customer for machinery and technology transfer. The company gained major new customers in Great Britain and Portugal.

In 1987 Stabilator took over Svenska Rivteknik AB, a nationwide firm specializing in demolition work, foundation engineering, industrial redevelopment and repair, conversion and extension work. Its annual revenues are about SEK 90 M. Stabilator's subsidiary Internordisk Spännarmering has done prestressing assignments for many years on Norwegian oil drilling platforms through a joint venture company.



In Stockholm, Stabilator reinforced the foundation of Berns Salonger, also laying a foundation for an extension to this mid-19th century restaurant and conference building.

Ohlsson & Skarne

Industriventilation

SEK M	1987	1986
Revenues	825	634
Employees (full-time equivalent)	790	747



President: Per-Arne Lindqvist

SEK M	1987	1986
Revenues	339	341
Employees (full-time equivalent)	367	366



President: Per Wickman

Ohlsson & Skarne is one of Skanska's largest operating companies. In principle it works only in the Stockholm area, where it erects residential, office, commercial and industrial buildings — mainly employing concrete elements — and carries out conversion and repair jobs. Operations continued to expand in 1987. The work load at the company's own element factory in Märsta was good.

Construction of a hotel on a new platform directly above the Söderleden highway at Slussen in central Stockholm began during 1987. The hotel will be completed in 1988 for occupation in January 1989. The upgrading of the Solna Centrum shopping center continued. So did work on a design-construct contract for about 400 apartments in the Agnesberg area of Solna. The renovation of the suburban Haninge Centrum shopping center and office complex continued. In Haninge, Swedish Telecom (Televerket) placed one of Europe's largest computer centers in operation during 1987. During the year, tenants also moved in stages into a major conversion and extension project being completed by Ohlsson & Skarne in downtown Stockholm.

The work load at Ohlsson & Skarne was extremely high in 1987, and all production groups were under heavy strain. The high level of construction work in the Stockholm region occasionally caused problems.

CAD routines for the production planning programs that Ohlsson & Skarne uses in the manufacture of concrete elements were updated, and the company bought its own computer system.

In order to increase employee knowledge and strengthen the company's competitiveness, a number of training projects were started.



Stage I of Jarlberg in suburban Nacka with 530 apartments will be completed in 1988. Construction of 750 units in stage II was started.

Industriventilation (IV) develops, produces, delivers and maintains systems designed to give real estate owners and tenants a good indoor climate in an optimal fashion.

The company, which has been part of the Skanska Group since 1981, has offices in 25 locations around Sweden and has a well-developed organization for contracting, product sales and after-sales service. In Växjö and Kalmar it manufactures products and systems such as the Heat-bank tubular heat exchanger, exhaust air and coolant heat pumps, fans and the ISAC energy storage system.

IV works continuously to devise new products and systems through R&D work and by being attentive to market requirements. It can offer three different package solutions for residences: FVP-Split, FVP-Compact and the FTX system. The aim of IV's systems development is to take advantage of natural laws and achieve low maintenance costs by using simple functional solutions. IV's after-sales service organization has the overall expertise to provide well-managed, carefully devised maintenance programs.

Among the projects IV implemented in 1987 was a large-scale renovation task at the KabiVitrum pharmaceutical company in Stockholm. Current projects include assignments for the Lilla Bommen office complex in Gothenburg. IV is ordering and managing the installation of the heating, water, sanitation, cooling and electrical systems at Skanska's Docklands project in London — a contract worth about SEK 330 M. The actual installation work will be performed by British firms.

During 1988 IV will intensify its marketing and informational efforts, personnel training and product and systems development.



IV's information center in Växjö is a new feature of the company's marketing efforts. Some 1,100 people visited the center in 1987.

Engdahl Stålteknik

SEK M	1987	1986
Revenues	121	92
Employees (full-time equivalent)	168	148



President: Leif Stridh

Engdahl Stålteknik AB, Skanska's specialized company in the steel building field, changed its name from AB Olle Engdahls Plåt & Smide in 1987.

The company has experienced strong growth in recent years. It has changed from a conventional sheet metal and forging firm into a company specializing in technologically advanced sole contractor assignments in the steel building field, including the manufacture and installation of façades and roofs.

During 1987 Engdahl has built up its own planning resources to be able to offer complete design-construct packages. One aspect of this development is systems that combine steel and concrete or steel, aluminum and glass in the same structure — the company's Mobi and Glasbyggarna Systems. Engdahl is the leading company in Sweden for supplying complete frames and cladding for office buildings, shopping centers and industrial structures.

Examples of ongoing projects:

- A complete frame with beams and a glass façade for Skanska's 22-story office building in Gothenburg.
- The glass superstructure for Solna Centrum, including the steel frame, aluminum/glass structure and auxiliary equipment.
- A complete frame, including trolley runways, façades and sheet metal roof and insulation for a new molding hall at Volvo's Olofström Works.

The company works mainly in major cities and at large industrial complexes in Sweden, but it also does assignments abroad. Its offices and workshops are located in Kalmar and Malmö.



Engdahl built the glass superstructure for Solna Centrum shopping center and supplied the steel frame and auxiliary equipment.

The Myresjö group

SEK M	1987	1986
Revenues	799	650
Employees (full-time equivalent)	970	898



President: Ants Suurkuusk

All production companies in the Myresjö group work in the building material industry. Aside from Myresjöhus AB (ready-to-assemble wooden houses), the group includes Myresjöfönster AB (windows etc.), Combiglas AB (insulating panes) and Myresjökök AB (kitchens). The parent company is Myresjö AB, based in Myresjö, Småland Province.

During 1987 the Myresjö group acquired the remaining 40 percent of the Dutch company Linnea BV in Schagen, in which it had held a majority stake since 1986. Its production consists of wooden curtain walls incorporating carpentry work from the group's two window factories.

The Myresjö group showed very favorable growth in 1987. As construction increased, the volume of deliveries from all the companies in the group climbed, resulting in high capacity utilization.

The group's invoiced sales were 23 percent higher than in 1986. At the same time, income before allocations and taxes nearly doubled from SEK 41 M to SEK 80 M. Exports accounted for SEK 50 M of revenues.

Capital expenditures in 1987 totaled about SEK 30 M, which was completely consistent with the group's investment plan. The purpose of capital spending in recent years has been to adapt the Myresjö group's production to a changing order structure and to respond to customer demands for greater flexibility and short delivery times.

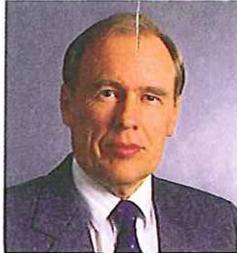
One large, decisive technical step is that computer technology can now be used throughout the manufacturing process itself, not just for design work. Today Myresjöhus is regarded as the clear leader in the CAD/CAM field within Sweden's ready-to-assemble single family home industry.



This two-story house, containing four apartments, was one of Myresjö's three demonstration buildings at the Bo 87 housing exhibition in Umeå.

SektionsByggarna

SEK M	1987	1986
Revenues	126	121
Employees (full-time equivalent)	143	139



President: Sixten Wallin

The operations of SektionsByggarna are permeated by three concepts: design-construct contracts, speed, quality. As a result, the company has a large group of repeat customers.

SektionsByggarna has been part of the Skanska Group since 1980. It plans and constructs office, hotel, health care, social welfare and school buildings in sections. These are manufactured at its factory in Anneberg outside Nässjö. This type of construction entails major savings in time compared with other building methods, because the foundation and the superstructure can be built simultaneously. It also means that most of the construction and installation work takes place at the factory under continuous supervision.

During 1987 SektionsByggarna divided up its marketing and planning units into two parts: one for permanent buildings which are sold under the SektionsByggarna name and the other for temporary, movable buildings under the Flexator name.

Development of permanent buildings is characterized by an effort to achieve a suitable combination of good architecture and the economic advantages of the construction method.

The market for movable buildings increased strongly during 1987. Most are rented out, either for long or short periods.

Forestry and sawmill companies

SEK M	1987	1986
Revenues	183	175
Employees (full-time equivalent)	205	216



President: Mauritz Bom

This group consists of four forestry companies and a sawmill in southern Sweden: Boxholms Skogar, Bark & Warburg, Ormo Skogar, Gusum Skogar and Boxholms Såg. They all operate independently, but they have a joint management. Together they own 53,000 hectares (over 137,000 acres) of land, making Skanska one of southern Sweden's largest timberland owners.

In 1987 the group reported 60 percent higher income, due mainly to higher raw material prices and greater efficiency.

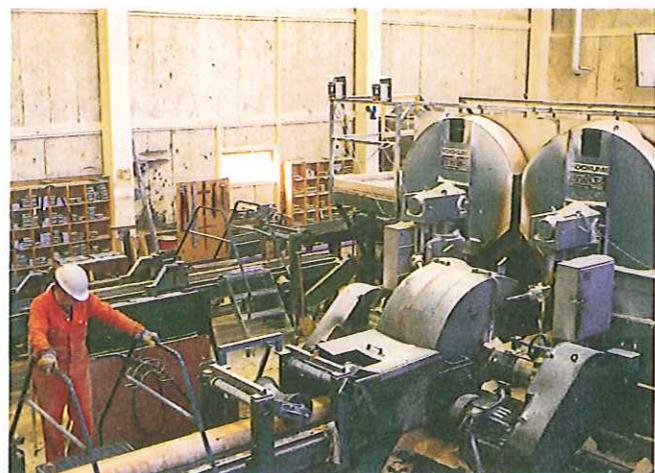
Demand and prices for forest products were stable during the year. Felling, which is highly mechanized, was unchanged at 185,000 m³.

Boxholms Såg has an annual capacity of 100,000 m³ of sawn timber. The first half of 1987 was characterized by continued weak demand and a low price level for sawn timber. A restructuring of the Swedish sawmill industry was among factors that improved demand during the latter part of 1987, however. Boxholms Såg placed a chamber dryer in service during the year to dry wood for use in carpentry.

A new finishing department – an investment of about SEK 20 M – will go into use during 1988. In 1987 Boxholms Såg exported SEK 78 M worth of products. Its largest export markets are Great Britain and West Germany.



The conference hotel next to Engsholm Manor at Mörkö, near Södertälje, is a high-quality permanent building.



Boxholms Såg has an annual capacity of 100,000 m³ of sawn timber. More than a million logs are sawn each year.

Board of Directors

Sten Lindh

Assar Ericsson

Bengt Haak

Lena Ekman



Bengt Haak

Stockholm, born 1925. Chairman. Elected to the Board in 1971. President of Skanska AB, 1977-81. Group Chief Executive, 1981-83. Chairman of the Board since 1983. Holdings in Skanska AB: 5 Series B shares.

Sten Lindh

London, born 1922. Elected to the Board in 1969. Former Ambassador. Holdings in Skanska AB: 161 Series B shares.

Assar Ericsson

Kyrkhult, born 1932. Elected to the Board in 1973. Concrete worker, employee representative (Swedish Trade Union Confederation, LO). Holdings in Skanska AB: 180 Series B shares.

Lena Ekman

Lidingö, born 1931. Elected to the Board in 1979. Judge, Stockholm District Court.



Sven Johansson

Lennart Johansson

Sven Johansson

Lund, born 1923. Elected to the Board in 1979. Professor of nuclear physics, Lund Institute of Technology.

Lennart Johansson

Gothenburg, born 1921. Elected to the Board in 1982. Dr. Eng., Chairman of AB SKF.

Stig Herner

Carl-Olof Ternryd

Kjell Brändström

Lars-Ove Håkansson

Percy Barnevik



Carl-Olof Ternryd

Stockholm, born 1928.
Elected to the Board in 1982. Dr.
Eng., Director General of the Swedish
Defense Materiel Administration.

Stig Herner

Gothenburg, born 1932.
Elected to the Board in 1985.
Engineer, employee representative
(Federation of Salaried Employees in
Industry and Services, PTK). Holdings
in Skanska AB: 2,750 Series B
shares.

Lars-Ove Håkansson

Djursholm, born 1937.
Elected to the Board in 1985. President
of Skanska AB since 1986. President
and Group Chief Executive
since 1987. Holdings in Skanska AB:
2,720 shares, including 2,320 Series B.

Percy Barnevik

Zurich, born 1941.
Elected to the Board in 1986. President
and Chief Executive Officer of
ABB Asea Brown Boveri Ltd.

Kjell Brändström

Danderyd, born 1931.
Elected to the Board in 1987. President
of AB Industrivärden.



Ulf Andersson

Christer Olausson

Deputy Board Members

Christer Olausson

Karlshamn, born 1938.
Elected as Deputy Board Member in
1973. Carpenter, employee representative
(LO).

Ulf Andersson

Täby, born 1929.
Elected as Deputy Board Member in
1987. Office worker, employee representative
(PTK). Holdings in
Skanska AB: 200 shares, including
100 Series B.

Auditors

Bo Fridman

Stockholm.
Authorized Public Accountant

Erik Hultén

Malmö.
Authorized Public Accountant

Deputy Auditors

Bernhard Öhrn

Stockholm.
Authorized Public Accountant

Mats Göransson

Malmö.
Authorized Public Accountant

Group Management and business segments

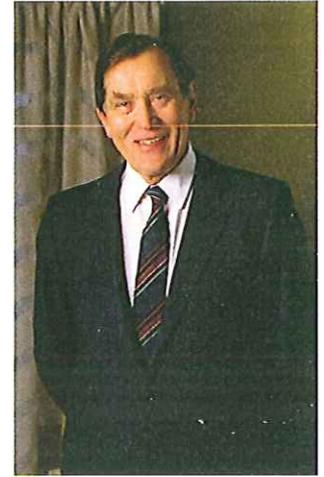
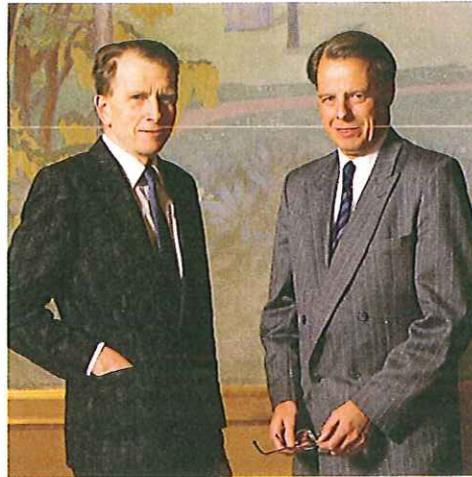
Göran Lidström

Lars-Ove Håkansson

Gunnar Carleson

Håkan Carlsson

Lennart Larsson



President and Group Chief Executive
Lars-Ove Håkansson

Executive Vice President and Deputy to the President
Göran Lidström

Senior Vice Presidents
Gunnar Carleson, *economy and finance*
Håkan Carlsson, *Group legal matters*
Curt Hunhammar, *technology*
Lennart Larsson, *industrial companies*
Olle Lindberg, *personnel*



Curt Hunhammar

Olle Lindberg

Since 1986 Skanska's operations have been divided into six business segments:

Swedish contracting operations, divided into six regional districts and a number of contracting subsidiaries.

Industrial companies and other specialized firms that supplement Swedish contracting operations, among them the Myresjö group, SektionsByggarna and the forestry companies.

International contracting operations, administered on a project basis through two international divisions in Sweden, supplemented by about 10 subsidiaries abroad – C G Jensen A/S, Denmark; Skanska A/S, Norway; Skanska Baugesellschaft mbH, West Germany; Marion SA and Sepco SA, France; etc.

Operations in North America, through such companies as the subsidiary Skanska (U.S.A.) Inc. and the associated company Karl Koch Erecting Co. Inc.

Real estate operations, through a number of subsidiaries such as Sulcus, Betongblandaren, Mälarhus and Vellonia, which are administered by three regional departments, the development property department in Stockholm and the international real estate department. Skanska Fastighetservice, a subsidiary, handles maintenance.

Financial operations mainly involve money market investments and the management of the Parent Company's long-term stock portfolio. Short-term investments are handled by the subsidiary Förvaltnings AB Albus.

Managers of business segments

Swedish contracting operations

Sven-Eric Hersvall
Southern region

Tommy Sernelin
Southeastern region

Per Westlund
Gothenburg region

Bert Lilja
Stockholm region

Göran Larsson
Central Sweden region

Lennart Daleke
Norrland region

International contracting operations

Mats Dahlbom

Real estate operations in Sweden

Bo G Boestad

Financial operations

Gunnar Carlsson

Presidents of major subsidiaries

Sven Larsson
JM Byggnads och Fastighets AB

Bertil Kjellin
Skanska Prefab AB

Per-Arne Lindqvist
Ohlsson & Skarne AB

Björn Emt
Stabilator AB

Per Wickman
Industriventilation group

Leif Stridh
Engdahl Stålteknik AB

Ants Suurkuusk
Myresjö group

Sixten Wallin
SektionsByggarna AB

Mauritz Bom
Forestry and sawmill companies

Lennart Pajmert
C G Jensen A/S, Denmark

Per Kristian Olsen
Skanska A/S, Norway

Manfred Viering
*Skanska Baugesellschaft mbH,
West Germany*

Göran Wallberg
Marion SA and Sepco SA, France

Other members of Group management

Walter Bengtsson
*Manager, international real estate;
Assistant Manager, real estate operations
in Sweden*

Olle Bännmark
*Marketing Manager, international con-
tracting operations*

Axel Samuelsson
*Production development and special proj-
ects, international contracting operations*

Per-Gunnar Svensson
Assistant Manager, Stockholm region

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