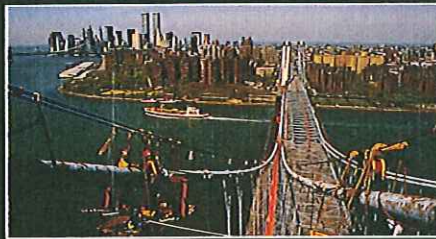
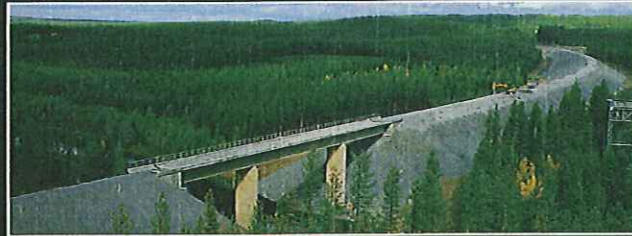


# Skanska AB

## Annual Report 1992





## Contents

2	Comments by the President and Group Chief Executive
4	Report of the Directors
9	Accounting and valuation principles
11	Consolidated and Parent Company income statements
12	Consolidated and Parent Company balance sheets
14	Notes to the consolidated financial statements
17	Notes to the Parent Company financial statements
20	Statements of changes in financial position
21	Proposed allocation of earnings
21	Auditors' Report
22	Data on Skanska shares
24	Board of Directors, Auditors, Group Management and heads of Group staff units
26	Organizational structure
27	3T presentation, Contents of 1992 Group review
28	Swedish Construction
29	Regional construction companies
34	Technical and Industrial Companies
40	International Operations
46	Properties
50	Skanska's overall real estate operations
51	Finance
52	JM Byggnads och Fastighets AB
54	Six-year Group financial summary
55	Some ongoing international projects
56	Addresses
	Comments on the English version of Skanska's Annual Report
	Skanska in brief
	Financial information from Skanska



# Skanska 1992



**D**espite broad political support for much-needed infrastructural projects, their start-ups were delayed. But Skanska and the National Road Administration began a project on the E4 highway south of Ny-

köping aimed at eliminating a major bottleneck in Sweden's freeway network. Skanska is also providing a seven-year serviceability guarantee.

**F**or Technical and Industrial Companies, the sharp downturn in construction was partly offset by increased cooperation with other Skanska Group business areas, for example in the Kusfors project (including a new rail route and a bridge over the Skellefteälven river), the Jakobsbergs Centrum shopping center north of Stockholm and the Björksåtra residential area of Växjö.



**Think Total Time**

**D**uring 1992 a growing number of Skanska employees became involved in a far-reaching process of change known as 3T – Think Total Time. 3T is a new way of thinking and building aimed at achieving more efficient production, employee motivation and lower costs.

**S**kanska is expanding its role in international construction. During 1992 the Group opened new offices in Berlin and Tallinn, while marketing its services more intensively in the Middle East, Africa, America and Asia.



**D**espite the recession and shaky financial markets, the Properties business area reported higher operating income. Skanska's reputation as a reliable, stable landlord meanwhile became a more important competitive advantage. For example, this was the main reason why Telia Research AB chose Skanska as its landlord.

**T**he Riksbank's drastic increase in its overnight interest rate to 500 percent, plus unauthorized currency speculation by a Skanska employee, severely affected earnings. The Finance business area's structure and routines were reviewed to prevent a repetition.

Group financial highlights		
SEK M	1992	1991
Revenues	31,883	34,697
Of which, construction abroad	4,622	4,458
Operating income before writedowns	2,473	3,119
Writedowns	-4,329	-1,467
Net profit/loss for the year	-3,145	728
Dividend per share, SEK	1.50 *	3.25
Net profit/loss per share, SEK	-25.00	5.80
Net profit/loss per share after full conversion, SEK	-23.90	6.05

\* Proposed by the Board of Directors

## Comments by the President and Group Chief Executive

*Skanska reported a 1992 loss of SEK 3,145 M after property writedowns and extraordinary expenses in the Finance business area. Despite weak construction and real estate markets, the Group's contracting and property management operations both generated satisfactory earnings, due among other things to their early adjustment of resources and active efforts to improve efficiency.*

### Weaker financial position

Skanska's financial position, which has historically been very strong, has weakened in recent years. The Group invested heavily in Swedish real estate during the late 1980s. In the past few years it also entered property markets abroad, especially in Norway, England and Germany. It financed a large proportion of this real estate expansion with borrowed funds. At year-end 1992, Skanska's net financial liabilities totaled SEK 11.6 billion.

As property values have plummeted both in Sweden and abroad, the once-sizable surplus values of Skanska's properties have become smaller.

### Strong position

Despite declining markets in all of Skanska's business areas and its

large involvement in the real estate sector, the Group is in a strong position and has good prospects for the future.

Skanska remains a financially stable company. In addition to its visible shareholders' equity, there are surplus values in its property holdings and stock portfolio. Skanska is also well equipped to withstand a continued decline in the real estate market and higher vacancy levels due to its stable portfolio of tenant leases.

In response to the continuing fall in construction volume, Skanska has implemented an adjustment of resources largely commensurate with the total decline in volume. It has also undertaken restructuring measures in operations that have high fixed costs and has shut down factories.

The Group has successfully pursued the task of strengthening its competitiveness by disseminating the 3T concept: Think Total Time. During 1992 this far-reaching process of change yielded clear results in the form of shorter project times, improved quality and greater cost-effectiveness.

The Skanska Group continues to enjoy a good market share in its various business areas. Its Swedish construction operations have a market-leading position, as do

many of its industrial companies. During 1992 Skanska's real estate operations also provided evidence of stamina in a weak market.

### Challenges and investments

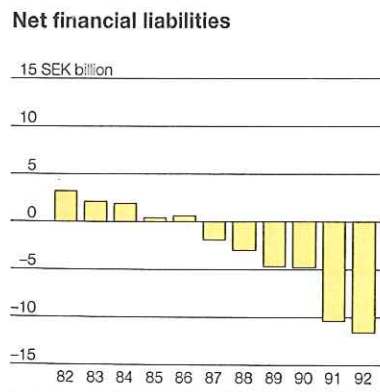
Skanska is well-positioned for the future, but the radical changes occurring in all its markets will require extensive actions and investments.

Skanska's leading position in the Swedish construction market must be further strengthened. One way of doing this is by deliberately emphasizing road and civil engineering work. This segment of the construction market will grow during the next few years, due to increased infrastructural expenditures, and will thus represent a larger proportion of Skanska's operations. However, there is still considerable political uncertainty as to the scale and timing of infrastructural investments.

A continued commitment to 3T is one of Skanska's most important tools in a very weak market. Skanska must become the most efficient construction company in terms of time, cost and quality as a result of this ongoing reform process. It must lead the way in creating an efficient construction sector in Sweden.

Skanska must make further adjustments in its Swedish construction resources, however, at the same time as it is undertaking major investments. A 40-50 percent overall decline in the construction market from the 1990 peak is probable.

Real estate operations will continue to be among Skanska's core businesses but must adapt to a







completely changed market. The Group will take steps to reduce its financial exposure, for example through selective property divestments. Skanska must also make a concerted effort to become more client-oriented and adjust to new market conditions.

On the basis of Skanska's international experience, operations abroad must expand and thereby assume a larger role in the Group. This will be done through project-based assignments such as road and civil engineering contracts, but also by establishing a local presence in a number of selected markets of particular interest. Continued investments in markets of historic importance to Skanska and in the United States will enjoy high priority. The emergence of a more closely integrated Europe with new procurement rules will also bring new opportunities. A higher level of ambition

in Skanska's internationalization is becoming even more essential than before, in light of the weak market situation in Sweden.

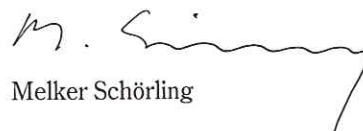
The operations of the technical and industrial companies are of great strategic importance to the Group and must be pursued further. Prefabricated construction of various types is an example of a field likely to have major future potential, and one where continued development work will occur.

#### **Future perspective**

The Swedish construction and real estate markets will show continued weakness during 1993 and probably for several years after that. Because of our early adjustment of resources, far-reaching internal efficiency-raising program, strong initial market position and financial staying power, we expect to emerge from this crisis with a stronger

position in Sweden than when we entered it. We are also prepared to participate in the restructuring of our industry.

At the same time, we will strengthen our international operations and take advantage of new opportunities for expansion in Europe. We will also aim at financial consolidation through greater concentration of our real estate holdings and stock portfolio.

  
Melker Schörling



## Report of the Directors

The Board of Directors and the President of Skanska AB herewith present their report on the Company's operations during 1992.

### Organizational structure

The organizational structure of the Group – with a Group Management, Group staff units and five business areas – was unchanged during 1992. On September 29, 1992, the then Chairman of the Board relinquished his position. See also under the heading "Changes in the Parent Company's Board and management" on page 9.

During 1992 the companies in the Swedish Construction business area – except Ohlsson & Skarne AB – plus Skanska Maskin AB operated on a commission basis for Skanska AB. Effective from 1993, these companies also report their operations in separate accounts. See the Group organizational chart on page 26.

### Extraordinary loss in financial operations

As mentioned in the Interim Report for January–August, during the summer Skanska suffered an extraordinary loss in its Finance business area. Speculation – which was concealed through the manipulation of reports – caused exchange losses of SEK 518 M in the subsidiary Skanska Kapitalförvaltning AB. This amount is reported in the following financial accounts as an extraordinary expense. The incident was reported to the police, and as a result government prosecutors filed charges against the then President of the subsidiary. A number of steps have been taken to establish safeguards against a repetition.

### Writedowns in the Group's property holdings

In 1991, property writedowns of SEK 1,151 M were charged against earnings. In spite of this, Skanska's

forecast for 1992 stated that further property writedowns could not be ruled out. Unfortunately the forecast came true on this point. Real estate markets both in Sweden and abroad continued to weaken during 1992. Additional property writedowns of SEK 4,329 M were therefore carried out in the 1992 accounts.

Of the total writedown amount, more than SEK 1.5 billion was related to additional writedowns on the Group's two properties in London, England, and its Oslo City property in Norway. This means that taken together, these properties are now assessed at about 50 percent of their acquisition price excluding interest.

In Sweden the largest writedowns – more than SEK 1 billion in all – were on the property holdings of its subsidiary JM and of Eurostop (a highway service center limited partnership) and on a number of recently completed or still ongoing projects, of which the largest writedown was for the Klara Strand office project in downtown Stockholm. Finally, SEK 800 M has been allocated for writedowns of a number of recently started or still unstarted projects abroad. This amount represents estimated loss risks due to obligations undertaken. Some are loss risks in connection with the discontinuation of certain projects, while others are due to estimated deficits in the market value of projects that will be completed, compared with acquisition cost.

The valuation principles for investment and development properties are discussed on page 10. The table below shows how the writedowns were distributed.

### Invoiced sales, order situation and operating income

**The Group.** During 1992 the Skanska Group's consolidated invoiced sales fell to SEK 31,883 M (34,697) or by 8 percent (–10) on a current price basis. Invoiced sales outside Sweden rose to SEK 4,622 M (4,458), or 14 percent (13) of total invoicing. Invoiced sales on contracts credited to income rose to 97 percent (96).

The Group's operating income fell to SEK –1,856 M

#### Writedowns in the Group

Business area, SEK M	Development properties		Investment properties		Total	
	1992	1991	1992	1991	1992	1991
Properties Sweden <sup>1</sup>	911	360	271	121	1,182	481
International Properties	72	564	1,551	–	1,623	564
International projects	800	–	–	–	800	–
JM <sup>2</sup>	20	–	105	102	125	102
JM, surplus value in Group	–	–	573	–	573	–
Other business areas	21	–	5	4	26	4
Total	1,824	924	2,505	227	4,329	1,151

1) These amounts include SEK 175 M (63) attributable to minority interests in Eurostop.

2) These amounts include SEK 43 M (35) attributable to minority interests in JM.



(1,652) after the effect of SEK 4,329 M (1,467) in write-downs on properties and shares. The earnings margin on construction and industrial operations – before depreciation and interest – fell to 2.6 percent (4.8).

The Group's order backlog at the close of 1992 totaled SEK 21.7 billion (26.5), down 18 percent on a year earlier. Markets outside Sweden accounted for 34 percent (30) of the total backlog.

**JM Byggnads och Fastighets AB.** Skanska's shareholding in JM was unchanged during 1992. The shareholding was written down in the Parent Company accounts by SEK 338 M to SEK 88 per share, which is equivalent to the estimated net asset value after subtracting deferred taxes on the surplus value of properties. The remaining Group goodwill of SEK 120 M was entirely written off. JM's invoiced sales, order situation and earnings are shown in the table on page 6 and the presentation on page 52.

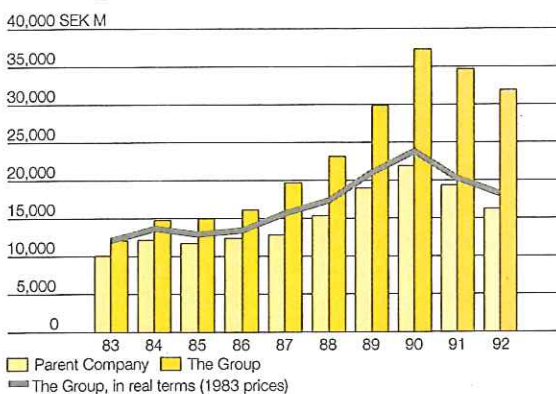
**Swedish Construction.** Revenues of this business area fell to SEK 17,453 M (19,614), or by 11 percent (-12). Invoicing for contracts credited to income rose to 95 percent (87). Reported income before interest items was SEK 615 M (711), which meant an earnings margin of 3.7 percent (4.2).

The year-end order backlog was nearly SEK 10 billion (13). A more detailed presentation of this business area is found on page 28.

**Technical and Industrial Companies.** Revenues declined by 28 percent (-7) to SEK 4,407 M (6,084). Invoicing for contracts credited to income fell to SEK 4,866 M (6,570). Operating income after depreciation was negative, SEK -147 M, compared with SEK 287 M the preceding year. The largest decline affected the Myresjö group, whose operating income fell more than SEK 300 M to SEK -220 M (98) after substantial restructuring costs. Order backlog at year-end fell to SEK 1.9 billion (2.6). See also the presentation on page 34.

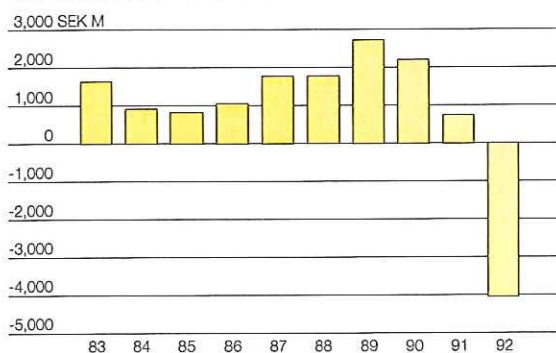
**International Construction.** Of the Group's total invoicing outside Sweden, including rental revenues, the International Construction business area accounted for 84 percent (81) or SEK 3,884 M (3,625). Most of this, SEK 3,315 M (2,975), came from C G Jensen A/S in Denmark and Skanska (USA) Inc. in the United States. Swedish-based project operations reported revenues of SEK 550 M (637), mainly in the Uri hydroelectric project in India and the Fortuna hydroelectric project in Panama. Earnings from contracting operations in the United States remained good. No major projects were credited to income within Swedish-based operations. Earnings of this business

#### The Group: Revenues



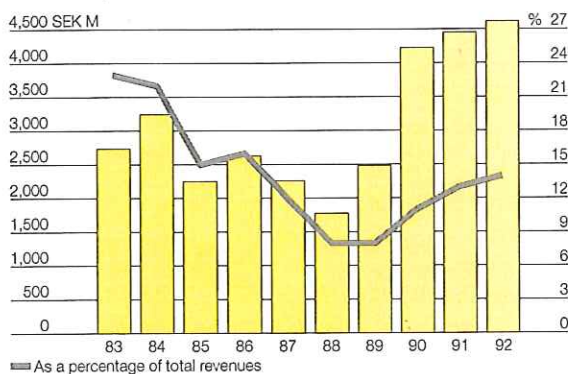
Revenues fell for the second consecutive year, but somewhat less than in 1991: by 8 percent, compared with 10 percent.

#### The Group: Income before taxes



Income was negative for the first time since the Company's shares were floated on the Stockholm Stock Exchange in 1965.

#### The Group: Revenues outside Sweden



Revenues from outside Sweden – in both absolute and relative terms – continued to rise.



area were largely unchanged at SEK 205 M (206). The year-end order backlog was more than SEK 7 billion (7.7). Additional comments are provided on page 40.

**Properties.** The Properties business area also includes properties abroad, except that properties in Denmark and the U.S. are reported under the International Construction business area. JM's properties are reported together with JM's other operations. In March 1993 Mats Mared, former President of Skanska Syd AB, was appointed head of the Properties business area.

Rental revenues increased to SEK 2,888 M (2,648) in 1992. Properties in Sweden accounted for SEK 2,645 M (2,458) of this and properties abroad for SEK 243 M (190). The vacancy level in Swedish investment properties totaled about 7 percent (5) of the available space.

Outside Sweden, the office building in Budapest and a number of investment properties in Austria and Germany showed satisfactory earnings. In Oslo, the leasing situation improved but earnings were negative and there is great uncertainty about the future leasing situation. In London about 90 percent of the available space in the Group's two properties remained unleased. The Group decided to sell its Luxembourg project and to discontinue a number of planned projects in Germany.

The income of the Properties business area before writedowns and interest items was SEK 1,353 M (1,379). Additional comments on property operations are found on pages 46-50.

**Invoiced sales and earnings.** The table below presents Group revenues, invoiced sales on contracts credited to income and operating income after depreciation, distributed among the Group's business areas. Comparative figures from 1991 have been adjusted to reflect the accounting principles currently in force.

### Sales of investment and development properties

During 1992 divestments totaled SEK 295 M (383) and yielded capital gains of SEK 69 M (141). Most of these sales, SEK 190 M, consisted of undeveloped land and other development properties in Sweden. Sales of investment and development properties abroad totaled SEK 68 M (45).

### Financial items

Most of the Group's financial assets are managed by Skanska Kapitalförvaltning AB and Skanska Finance B.V.

Invoiced sales and earnings	Revenues incl. rents		Invoiced sales on contracts credited to income (excl. rents)		Operating income after depreciation	
	1992	1991	1992	1991	1992	1991
Business area, SEK M						
Swedish Construction	17,453	19,614	16,663	17,147	615	711
Technical and Industrial Companies	4,407	6,084	4,866	6,570	-147	287
International Construction	3,884	3,625	3,923	3,411	205	206
Properties	2,888	2,648	-	-	1,353	1,379
JM	5,077	5,668	4,599	5,605	610	549
Other operations, elimination of intra-Group transactions	-1,826	-2,942	-2,672	-2,560	-163 <sup>1)</sup>	-13
Total revenues/operating income before writedowns	31,883	34,697	27,379	30,173	2,473	3,119
Finance business area					-648	342
Other financial items					-1,027	-1,256
Income before writedowns and extraordinary items					798	2,205
Writedowns					-4,329	-1,467
Extraordinary expense					-518	0
Income before taxes					-4,049	738
Taxes and minority interests					904	-10
Net profit/loss for the year					-3,145	728

1) The 1992 amount includes a writeoff of SEK 120 M for goodwill in the consolidated accounts related to JM.



Last autumn's Interim Report described developments related to the sizable money market portfolio which Skanska Kapitalförvaltning built up during the first half of 1992. About half this portfolio was financed by short-term borrowing. Because of sharp increases in short-term interest rates – culminating in mid-September, when the Riksbank overnight rate was 500 percent for four days – the Group incurred extremely large financing costs. During October, the externally financed portfolio was discontinued. Realized losses in the portfolio plus financing costs together created a loss of SEK 872 M, which is included among the Group's interest expenses.

The Group's net financial items for 1992 totaled SEK -1,675 M (-914). Aside from the nonrecurring item just mentioned, negative financial items shrank somewhat. The Group's smaller volume of real estate investments has largely been financed internally, and new borrowing has thus only been incurred on a limited scale.

The Group's dividend revenues from outside companies reached SEK 353 M (371). Of these revenues, SEK 222 M (233) came from companies classified as long-term investments. In such cases, their dividends are exempt from taxation. Of "Other financial items" totaling SEK -162 M, SEK 125 M consisted of a deficit in partly owned limited partnership companies mainly engaged in leasing aircraft.

## Profitability ratios and equity/assets ratio

During 1992 return on shareholders' equity was negative (1991: 6.9 percent). Return on capital employed was 0.6 percent (11.2). Equity/assets ratio – without regard to surplus values of properties and shares – fell to 16.9 percent (22.6). The debt/equity ratio deteriorated to 2.7 (1.9) due to the decline in shareholders' equity.

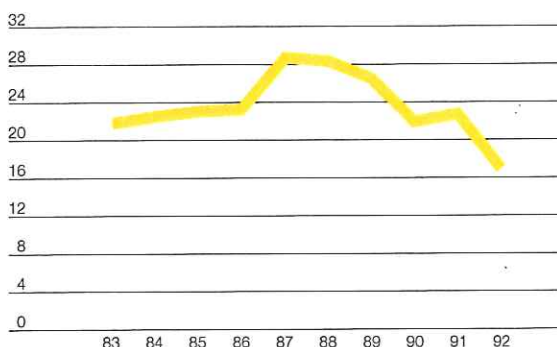
Financial ratios, definitions etc. for the past six years are reported on page 54.

## Personnel

For the second consecutive year, employment fell in the Swedish construction market. Unemployment among construction workers rose to about 25 percent. White collar employees and supervisors were also affected by continued personnel cutbacks in companies and the resulting increase in jobless figures.

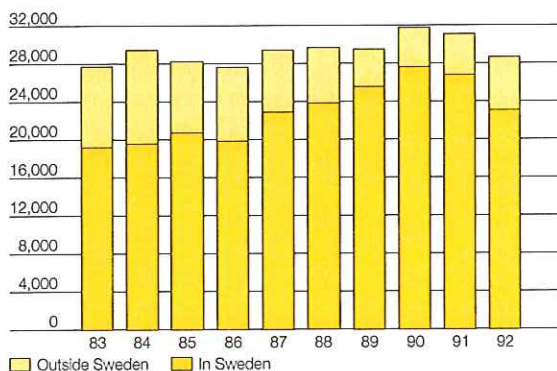
The reduction in the work force in most of the business areas of the Skanska Group continued during 1992. The average number of employees in the Group fell to 28,646 (31,077). This included an average of 5,580 (4,289) employees abroad.

The Group: Equity/assets ratio, %



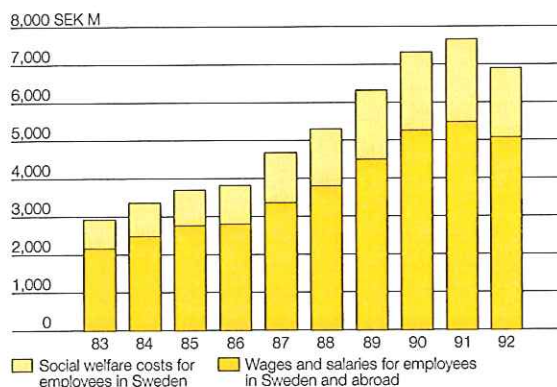
Visible shareholders' equity declined more than total assets, causing the visible equity/assets ratio to fall.

The Group: Number of employees



The number of employees fell by 14 percent (-3) in Sweden but rose by 30 percent (+4) abroad.

The Group: Wages, salaries and social welfare costs



Wages, salaries and legally mandated employer contributions for pensions and other social benefits (social welfare costs) fell by 12 percent in Sweden but rose by 15 percent abroad.



An account of the average number of employees and the size of payrolls is provided in Note 4 to the consolidated financial statements.

The Group's management and executive development programs were implemented on the same scale as in prior years. Other training resources were concentrated on adapting the organization and course programs to the results from the 3T project. During the next few years, the Group will implement in-house training programs on a large scale in order to introduce the 3T concept on a broad front among its employees.

### Capital expenditures

**Group companies.** During 1992 the Skanska Group added a few operating companies by purchasing shares from outside parties. The Group increased its holding in the real estate subsidiary Drott by purchasing an additional 77,518 shares. The Company redeemed its convertible debenture loan of SEK 150.5 M during the year. As in 1991, Skanska increased the capital stock of certain real estate-owning companies outside Sweden, for example Marktune Ltd. in London and Skanska Norge A.S. in Norway. During the year a total of SEK 1,027 M was invested in shares and participations in Group companies.

**Investment and development properties.** The Group's capital spending for construction and renovation of investment properties reached SEK 2.0 billion (3.0) during 1992, including SEK 1.8 billion (2.6) in Sweden.

During 1992 newly constructed buildings worth SEK 5,824 M (3,032) were booked as investment properties. Of these, SEK 1,687 M (3,012) were in Sweden.

The purchase of land during 1991 in connection with the Siemens Nixdorf office property in Berlin was cancelled during the autumn of 1992, which meant that the purchase price was repaid. Other divestments were described above under the heading "Sales of investment and development properties."

At year-end, the book value of all investment and development properties amounted to SEK 22,095 M (23,249). Completed investment properties accounted for SEK 16,907 M (13,331) of this, development properties SEK 2,204 M (2,012) and investment and development properties under construction SEK 2,984 M (7,906).

**Shares and participations.** The Group's portfolio of shares and participations classified as long-term in character and therefore booked as fixed assets became smaller during 1992. Purchases totaled SEK 338

M (636), while sales amounted to SEK 720 M (239). The book value of shares sold was SEK 625 M (175).

Skanska expanded its portfolio of listed shares by making purchases totaling SEK 235 M. In terms of value, the largest item was 1,610,000 Series A and 495,000 Series B shares in the investment company Custos. The Group also added to its previous holdings in such companies as Sandvik, SKF and Euroc, all Swedish-based industrial groups.

Listed shares totaling SEK 683 M were divested. They included Skanska's entire holdings in Investment AB Öresund and Seco Tools AB. The Group also sold about 220,000 more Series B shares in Sandvik than it bought during the year. The outcome of these sales – a capital gain of SEK 78 M – is reported under the heading "Financial items."

In mid-October Skanska and Volvo announced that they intended to present a public tender offer to the shareholders in AB Custos and Protorp Förvaltnings AB, a holding company. The first-mentioned offer was not implemented. In the case of Protorp, however, as a result of the offer by early 1993 Skanska and Volvo had purchased so many shares that, together with Euroc, the companies now control 99.9 percent of all shares.

In connection with the distribution of assets in the employee investment funds following the 1991 election of a new nonsocialist government that had declared its intention to abolish these funds, the Group received more than 2.8 million shares in their successor holding companies and risk capital companies. Most of Skanska's shares in the latter companies were sold in the market during 1993.

At year-end no Group company was engaged in trading of listed shares, and no shares were thus reported as current assets. The Group's total portfolio of listed securities had a book value of SEK 4,960 M (4,832) at the close of 1992. The market value of this portfolio was SEK 9,359 M (8,977) on the same date. No major transactions have been carried out during 1993. As of March 19, 1993 the difference between the market value – SEK 10,873 M – and the book value of the portfolio was SEK 5,765 M. Skanska's holdings in its subsidiary JM are not included in these amounts.

**Machinery and equipment.** The Group's purchases of machinery and equipment intended for use in its operations decreased to SEK 247 M (491). The Parent Company accounted for SEK 46 M (145) of this. Machinery and equipment with a book value of SEK 283 M (56) were sold by the Group.

**Fixed-asset properties.** Real estate used or intended for use in a company's own operations has been booked as fixed-asset properties. Most of these items consist

## Accounting and valuation principles

of office buildings, industrial properties, hydroelectric power plants and timberland. In the 1992 balance sheet, such properties were booked at a residual value of SEK 1,447 M (1,396), following depreciation of SEK 62 M (40). In addition, there were properties under construction booked at SEK 14 M (66).

During the year fixed-asset properties increased by SEK 137 M (91) by means of new construction and purchases.

Fixed-asset properties with a book value of SEK 4 M (9) were divested.

### Changes in the Parent Company's Board and management

In connection with the 1992 Annual Meeting of Shareholders, Sten Lindh resigned as a regular Board member. He was succeeded by Lars Öberg.

On September 29 Lars-Ove Håkansson relinquished his positions as the Chairman of the Board and as Group Chief Executive. On the same day the former Vice Chairman, Percy Barnevik, was appointed the new Chairman of the Board. On November 18, it was announced that the Board had appointed Melker Schörling the new Group Chief Executive and President of Skanska AB. He assumed these positions at the beginning of 1993, at which time his predecessor as President, Sven-Eric Hersvall, resigned from this position.

During the first half of 1992 there were also some changes in the Board representatives appointed by employee unions. The number of union-appointed regular and deputy members was increased to three apiece. Ivan Karlsson was appointed as a new regular member and Göran Karlsson as a new deputy member. Ulf Andersson, a deputy member, was succeeded by Eva Elofsson. During the summer Alf Eker, a regular member, also resigned and was succeeded at the beginning of 1993 by Bengt Järrestedt, formerly a deputy member. Folmer Knudsen was appointed as a new deputy member.

### Shareholders' equity

According to the consolidated balance sheet, the shareholders' equity of the Group amounts to SEK 7,269 M (10,658), of which SEK 5,760 M (6,733) is restricted equity and SEK 1,509 M (3,925) is unrestricted equity. Due to changes in principles of consolidation and in particular the withdrawal of reserves for indirect costs in the Parent Company, SEK 1,257 M was transferred from restricted to unrestricted equity. Proposed appropriations to restricted equity total SEK 11 M (1).

### Changes in principles

#### *Consolidated financial statements*

In drawing up the consolidated (i.e. Group) financial statements, Skanska has applied Recommendation No. 1 of the Swedish Financial Accounting Standards Council. In conformity with this, untaxed reserves in individual companies have been apportioned between deferred tax liability and restricted equity in the consolidated balance sheet. The corresponding adjustment has been made in the consolidated income statement, with the change in untaxed reserves being eliminated and the change in deferred tax instead affecting the year's earnings. The value of accumulated losses for tax purposes has been subtracted from deferred tax liabilities.

Aside from the removal of untaxed reserves, the new accounting rules mean that deferred tax liabilities on consolidated surplus values are reported openly as a long-term liability, instead of on a net basis against the asset item, and that deferred tax claims are taken into account when eliminating intra-Group gains.

In adjusting the financial statements according to the transitional rules of the recommendation, no deferred tax claims related to intra-Group gains from before 1992 have been booked. In addition, deferred tax liabilities on consolidated surplus values from pre-1992 acquisitions have only been included if such tax liabilities were taken into account in the acquisition analysis.

#### *Short-term investments*

To provide a better picture of the Group's liquidity, short-term investments in such marketable securities as Treasury discount notes, commercial paper and bonds have been gathered under the new balance sheet item "Short-term investments." These assets were previously reported under "Bonds" and "Other receivables" among current assets.

#### *Real estate tax*

Effective from 1992, real estate tax is reported as an operating cost and not as a tax cost.

#### *Interest subsidies*

Interest subsidies on government-guaranteed residential mortgage loans are included in reported rental revenues. Before 1992 they were offset against interest expenses.

#### *Statement of changes in financial position*

The statement of changes in financial position has been reorganized to better show how liquid assets have been affected by: 1) funds generated by operations, 2) investments in and sales of fixed assets and investment and development properties, 3) borrowing and 4) dividends paid.

#### *Comparative figures*

Comparative figures for 1991 have been adjusted to conform with these new principles.

### Principles of consolidation

The consolidated financial statements have been drawn up using the purchase accounting method. All partly owned Group companies except Uri Civil Contractor AB and Uri Supply Company AB have been consolidated on a gross basis, after which an adjustment for Skanska's share of equity has been made in the item "Minority interest." Uri – owned 60 percent by Skanska and 40 percent by the Swedish construction company NCC – has been treated as a consortium, which means that only Skanska's share of revenues, earnings etc. is included in the consolidated financial statements.

### Associated companies and consortia

The Group's share of the earnings of associated companies – defined as companies in which Skanska's share of voting power is 50 percent or less – which are organized as partnerships or limited partnerships is included in the income statement. However, in the case of Skanska's holding in associated companies



which are organized as corporations, this form of reporting (equity method) is not used. The Group's holdings in associated companies that are not held for capital investment purposes are of such a nature that reporting according to the equity method would only affect the Group's earnings to a limited extent.

The Group's share of the assets, liabilities and earnings of consortia and joint ventures – which are organized as partnerships – are included in Skanska's financial statements. See also Note 14 to the balance sheet.

#### Foreign subsidiaries

The principles for the translation of the financial statements of foreign subsidiaries comply with the recommendations of the Swedish Institute of Authorized Public Accountants (FAR). In the consolidated financial statements, their income statements have been included at the average exchange rate for the year and their balance sheets at the year-end exchange rate (current method). The change in initial shareholders' equity due to the shift in exchange rate from prior years is reported as a translation difference in a note under "Shareholders' equity." In cases where a loan corresponding to the investment has been taken out for hedging purposes, the translation difference has been offset against the exchange rate adjustment in the loan.

#### Deferred taxes

Deferred taxes on untaxed reserves have been estimated at 30 percent in Swedish-based companies. Deferred taxes attributable to the acquired surplus value of assets has been booked at a rate of 25-30 percent. In cases where there has been a deficit value, deferred tax claims have been offset against deferred tax liabilities. No deferred taxes are calculated on goodwill and negative goodwill.

In the corresponding calculations for subsidiaries outside Sweden, the applicable tax rate in each country has been used.

The value of accumulated losses, i.e. 30 percent of the loss for tax purposes, has been subtracted from deferred tax liabilities. The change during the year is reported in the income statement and the accumulated value is included in consolidated restricted equity.

#### Revenues

Total outside invoiced sales for the year are recognized as revenues. This includes the Group's share in invoiced sales related to construction operations carried out together with other contracting companies in consortium form and includes outside rental revenues as well.

Also included in revenues are intra-Group invoiced sales by construction companies to property-owning companies related to the construction of investment and development properties. A note to the consolidated financial statement specifies the size of this invoicing.

Consistent with this, the sales value of investment and development properties sold is not included among revenues. Nor do revenues include other intra-Group invoicing, i.e. invoicing related to the production of goods and services, fixed-asset properties (office buildings, factories, power plants etc.) or internal rental revenues.

#### Income

Income is calculated on the basis of contracts completed during the year = contracts credited to income. As a rule, crediting to income occurs in the year when the final financial settlement with the client is reached. In cases where a loss is expected to occur on a given uncompleted project, however, the entire expected loss is charged to the year's earnings. Income on cost-plus contracts is normally reported as and when the related invoicing takes place.

#### Depreciation

Depreciation has been charged against operating income, which entails annual depreciation by a certain percentage of acquisition cost until residual value is zero. The following annual rates have been used: goodwill 10 percent, ships 10 percent, machinery and equipment 10-20 percent, buildings 1-7 percent and land improvements 3.75-5 percent. In the case of certain machinery, a declining balance method has been used. Gravel pits and stone quarries are depreciated as and when materials are removed. Timberland is depreciated using felling deductions in conformity with the Municipal Tax Act. Depreciation of the consolidated surplus value of assets has also occurred. Since such acquisitions generally involve assets that have already been placed in service, the depreciation rate is often higher than stated above.

Book depreciation on machinery and equipment has been carried out in conformity with tax law. Extra depreciation is reported in the Parent Company financial statements as an allocation. Buildings (except in JM and Drott) have been written off at the highest annual percentage rate permitted by tax law, both for depreciation and accounting purposes.

#### Interest on pension liability

Interest on Pension Registration Institute (PRI) liability was set at 8.1 percent (12.5) in keeping with a recommendation by FAR and PRI. The rest of the year's PRI provision comprised an operating expense.

#### Current assets

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.

Concerning valuation of investment and development properties, see below under "Real estate" and "Property writedowns."

#### Receivables and liabilities in foreign currencies

Receivables and liabilities in foreign currencies have been valued at the exchange rate prevailing on the balance sheet date or the exchange rate according to forward contracts. In certain cases, an exchange rate adjustment in the consolidated accounts connected with this has been offset against a translation difference in shareholders' equity. See above under the heading "Foreign subsidiaries." An amount equivalent to unrealized gains on long-term transactions has been allocated in the Parent Company accounts to a foreign exchange reserve under the heading "Untaxed reserves."

#### Real estate

The Group's real estate holdings which are used in its own business, for example properties for its own offices, factories, timberland and hydroelectric power plants, 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. uncanceled 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."

To permit as correct a comparison as possible between income from property management and the value of completed investment properties, completed properties are normally not reclassified from "Investment and development properties" under construction" to "Investment properties" until January 1 of the year after the year of completion. Properties constructed by the Group and booked during the year as real estate completed for its own account have been valued in the consolidated accounts at incurred costs plus a fair proportion of indirect costs, 5-8 percent. Provision is thus made for any intra-Group profits resulting from building contracts between construction and property management companies.

Interest expenses during the construction period are not capitalized, but are booked as expenses in each respective year. In the case of properties owned by JM, however, such interest expenses are capitalized.

Investments in undeveloped land and redevelopment properties are booked at their acquisition costs 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 been charged against income in each respective year.

#### Property writedowns

The Group's investment and development properties as well as shares and participations in property management companies have been written down if actual value is estimated as less than book value (individual appraisal at the lower of cost or market value). As a yardstick in estimating actual value in today's market situation, Skanska has used a net operating income of 8 percent for properties in Stockholm and 10 percent elsewhere in Sweden. In certain cases in the partly owned Group companies JM and Drott, however, the estimate has been based on independent appraisals as well as internal appraisals using other principles. The value of international properties has been estimated on the basis of the prevailing level of return required in each respective market. Special attention has been paid to the occupancy situation. In connection with the closure of factories, fixed-asset properties have also been written down if their estimated real value is below book value.

#### Shares (fixed assets)

The Group's holdings of listed shares have been treated according to the portfolio method. In those cases where the market price has been below book value, writedowns have been omitted by viewing the entire holding as one unit. In the Parent Company accounts, the shareholding in the subsidiary JM has been valued at estimated net asset value.

#### Uncompleted contracts

In the balance sheet, "Uncompleted contracts" have been valued at costs incurred at the work site. Estimated losses which were instead charged to the year's operating income have been subtracted from this.

#### Guarantee risks

Expenses attributable to guarantee obligations have been charged to operating income. In addition – also as an operating expense – provision has been made for future guarantee costs at the highest amount that is deductible for tax purposes. The guarantee reserve is included among "Other current liabilities."

# Income statements

SEK M		Group		Parent Company	
		1992	1991	1992	1991
Contracting operations etc.	Invoiced sales for the year	28,258	31,438	16,227	19,356
	Plus amount invoiced but not credited to income as of Jan. 1	31,194	29,929	22,202	19,937
	Minus amount invoiced but not credited to income as of Dec. 31	- 32,073	- 31,194	- 22,381	- 22,193
	Invoiced sales on contracts credited to income during the year, factory operations etc.	27,379	30,173	16,048	17,100
	Production and administrative expenses	- 25,993	- 28,095	- 15,149	- 15,864
		1,386	2,078	899	1,236
	Depreciation	- 678	- 625	- 235	- 285
		708	1,453	664	951
	Writedowns	—	- 316	- 1,970	- 1,201
	Income from contracting operations etc.	708	1,137	- 1,306	- 250
Sales of investment and development properties	Sales revenues	295	383		
	Book value	- 226	- 242		
		69	141		
		777	1,278		
Development properties					
	Rental revenues for the year	299	462		
	Operating and administrative expenses	- 304	- 306		
	Depreciation	- 57	- 72		
	Income from partly owned partnerships and limited partnerships	- 58	- 2		
		- 120	82		
	Writedowns	- 1,824	- 924		
		- 1,944	- 842		
		- 1,167	436		
Property management					
	Rental revenues for the year	3,326	2,797		
	Operating and administrative expenses	- 1,161	- 1,083		
	Depreciation	- 418	- 313		
	Income from partly owned partnerships and limited partnerships	69	42		
		1,816	1,443		
	Writedowns	- 2,505	- 227		
		- 689	1,216		
Operating income after depreciation		- 1,856	1,652	- 1,306	- 250
Financial items	Dividends on shares and participations in subsidiaries			519	526
	Dividends on shares and participations in other companies	353	371	350	362
	Interest revenues	1,603	1,484	2,020	2,311
	Interest expenses	- 3,515	- 2,485	- 1,891	- 2,339
	Exchange differences on loans	- 49	- 85	- 241	- 72
	Gain on sale of shares and participations	95	64	78	59
	Other financial items	- 162	- 263	- 13	- 12
		- 1,675	- 914	822	835
Income after financial items		- 3,531	738	- 484	585
Extraordinary expense		- 518	—	—	—
	Allocations			254	- 199
Income before taxes		- 4,049	738	- 230	386
Income taxes		- 229	- 121	- 37	87
	Deferred taxes	994	92		
Income after taxes		- 3,284	709	- 267	473
Minority interest		139	19		
Net profit/loss for the year		- 3,145	728	- 267	473



## Balance sheets

Assets SEK M		Group		Parent Company	
		1992	1991	1992	1991
Current assets	Bank balances _____	1,554	1,597	286	269
	Short-term investments _____	3,491	4,943	606	2
	Shares and participations _____	—	146	—	—
	Accounts receivable _____	4,052	4,131	2,166	2,251
	Prepaid expenses and accrued revenues _____	623	611	88	39
	Current assets held by consortia _____ Note 14	634	329	257	256
	Tax claim _____	184	112	203	215
	Other receivables _____	2,718	2,582	150	276
	Inventories _____	328	424	42	128
		<b>13,584</b>	<b>14,875</b>	<b>3,798</b>	<b>3,436</b>
Investment and development properties	Investment properties _____ Note 15	16,907	13,331		
	Investment and development properties under construction _____ Note 16	2,984	7,906		
	Development properties _____	2,204	2,012		
		<b>22,095</b>	<b>23,249</b>		
Restricted accounts in Sveriges Riksbank	For special investment reserve _____	7	11		
	For development reserve _____	—	1		
		<b>7</b>	<b>12</b>		
Fixed assets	Shares and participations in subsidiaries _____ Note 17			5,477	6,797
	Shares and participations in other companies _____ Note 17	5,711	6,269	5,178	5,669
	Receivables from subsidiaries _____			10,854	13,214
	Other receivables _____	1,172	1,590	80	87
	Goodwill _____ Note 18	62	199	—	—
	Extraction rights _____	16	18	5	5
	Ships _____ Note 16	35	42	—	—
	Machinery and equipment _____ Note 16	1,347	1,616	504	703
	Own machinery being manufactured _____	—	1	—	—
	Advance payments on fixed assets _____	11	4	9	—
	Buildings _____ Note 16	627	539	183	189
	Buildings under construction _____	14	66	2	2
	Hydroelectric power plants _____ Note 16	336	351	195	201
	Land and other real estate _____ Note 16	169	173	79	83
	Timberland _____ Note 16	315	333	—	—
		<b>9,815</b>	<b>11,201</b>	<b>22,566</b>	<b>26,950</b>
<b>Total assets</b>		<b>45,501</b>	<b>49,337</b>	<b>26,364</b>	<b>30,386</b>
Assets pledged	Real estate mortgages _____	8,860	8,872	11	7
	Chattel mortgages _____	49	169	—	—
	Short-term investments and other securities _____	1,386	728	630	2
	Bank assets _____	—	1	—	1
Contingent liabilities	Sureties for subsidiaries _____			4,390	1,624
	Other sureties _____	3,745	4,245	1,994	3,055
	Obligations to purchase unsold participations in cooperative housing associations formed by both the Parent Company and other Group Companies _____				

Liabilities and shareholders' equity SEK M		Group		Parent Company	
		1992	1991	1992	1991
Current liabilities	Accounts payable	2,413	2,876	1,042	1,511
	Accrued expenses and prepaid revenues	4,621	3,633	1,779	1,993
	Current liabilities of consortia	400	399	236	230
	Other liabilities	3,835	6,827	1,819	4,132
		<b>11,269</b>	<b>13,735</b>	<b>4,876</b>	<b>7,866</b>
Uncompleted contracts	Invoiced sales from beginning of contracts	32,073	31,194	22,381	22,193
	Accumulated expenses from beginning of contracts	- 25,381	- 24,860	- 18,049	- 17,949
		<b>6,692</b>	<b>6,334</b>	<b>4,332</b>	<b>4,244</b>
Loans on investment and development properties	Building credits	184	119		
	Mortgage loans	7,525	6,349		
	Other liabilities	779	817		
		<b>8,488</b>	<b>7,285</b>		
Long-term liabilities	Liabilities to subsidiaries			4,013	3,782
	Mortgage loans	39	42	—	1
	Other liabilities	7,161	5,632	5,754	4,511
	Provision for pensions	1,752	1,660	1,326	1,288
	Convertible debenture loans	917	917	845	845
	Deferred tax liability	1,499	2,582		
		<b>11,368</b>	<b>10,833</b>	<b>11,938</b>	<b>10,427</b>
Minority interests		415	492		
Untaxed reserves				1,174	3,129
Shareholders' equity					
	Restricted equity				
	Capital stock	1,259	1,259	1,259	1,259
	Restricted reserves/Legal reserve	4,501	5,474	483	483
	Unrestricted equity				
	Unrestricted reserves/Retained earnings	4,654	3,197	2,569	2,505
	Net profit/loss for the year	- 3,145	728	- 267	473
		<b>7,269</b>	<b>10,658</b>	<b>4,044</b>	<b>4,720</b>
<b>Total liabilities and shareholders' equity</b>		<b>45,501</b>	<b>49,337</b>	<b>26,364</b>	<b>30,386</b>



# Notes to the consolidated financial statements

For notes to the Parent Company financial statements, see page 17.

Amounts in SEK M unless otherwise specified

## 1 Adjusted comparative figures

Due to the changes in the accounting principles for real estate tax, short-term investments and other items (see the accounting and valuation principles, page 9), comparative figures for 1991 have been adjusted to conform with the 1992 principles.

## 2 Invoiced sales for the year

Invoiced sales for the year include SEK 1,990 M (2,322) in intra-Group invoicing that was capitalized in investment and development properties. See "Revenues" under the accounting and valuation principles, page 10.

Note 3 refers only to the Parent Company

## 4 Personnel

Average number of employees and wages, salaries and remuneration

	Group		Parent Company	
	1992	1991	1992	1991
Average number of employees				
Sweden	23,066	26,788	13,884	17,374
Abroad	5,580	4,289	82	785
	28,646	31,077	13,966	18,159
Of which, women	2,149	2,504	797	1,146

### Wages, salaries and remuneration

#### Sweden

Boards of Directors and Presidents	26.6	31.6	3.1	7.8
Of which, bonuses	(5.0)	(10.6)	(0.6)	(5.2)
Other employees	4,395.8	4,874.3	2,564.6	3,077.0
	4,422.4	4,905.9	2,567.7	3,084.8

#### Abroad

Boards of Directors and Presidents	11.4	11.5	—	—
Other employees	640.0	553.2	4.2	16.2
	5,073.8	5,470.6	2,571.9	3,101.0

### Social welfare contributions and pensions

Sweden	1,821.9	2,194.5	1,028.5	1,326.0
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The average number of employees in Sweden was calculated by taking total hours worked and dividing by a standard working year of 1,550 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 Group Public Affairs, Skanska AB, S-182 25 Danderyd, Sweden.

## 5 Depreciation

	Depreciation	
	1992	1991
Goodwill 1)	145	45
Extraction rights	4	5
Ships	7	7
Machinery and equipment	460	528
Fixed-asset properties including hydroelectric power plants and timberland	62	40
Investment and development properties	475	385
	1,153	1,010

1) As for depreciation on goodwill, see Note 18.

## 6 Writedowns

Under the heading "Writedowns" on page 4, the Report of the Directors provides an account of the distribution of writedowns among the various business areas.

## 7 Development properties and Property management

Revenues and expenses attributable both to investment and development properties under construction and to raw land and redevelopment properties are reported under the heading "Development properties." Revenues and

expenses attributable to the management of finished investment properties are reported under the heading "Property management." See "Properties" in the accounting and valuation principles, page 10.

## 8 Rental revenues

Effective from 1992, reported rental revenues include interest subsidies received for government-guaranteed residential mortgage loans, which totaled SEK 195 M (141) for 1992, of which SEK 164 M (116) was related to investment properties and SEK 31 M (25) to buildings under construction and development properties.

## 9 Operating and administrative expenses

Effective from 1992, the national real estate tax, which totaled SEK 251 M (242), for investment and development properties, is reported under "Operating and administrative expenses." Of this, SEK 225 M (218) was attributable to investment properties and SEK 26 M (24) to buildings under construction and development properties.

## 10 Extraordinary expense

This item refers to a loss by the subsidiary Skanska Kapitalförvaltning AB on currency speculation. See the comments in the Report of the Directors, page 4.

Note 11 refers only to the Parent Company

## 12 Income taxes

	1992	1991
Income taxes	- 229	- 185
Profit sharing tax	—	8
Distribution tax	—	56
	- 229	- 121

After conducting an audit, the local tax authority appealed the 1988 tax assessment. Because of this, a provision has been made for possible additional taxes totaling SEK 43 M, based on claims primarily related to periodization issues, which have been deemed to entail some risk of a higher tax assessment. No allocation has been made, however, for tax claims of about SEK 450 M – mainly related to the question of a merger loss – which has not been adjudged to involve any risk of a change in tax assessment.

During 1988–1990 the Skanska Group, through partly owned companies, purchased participations in aircraft, including both Swedish-made SAAB 340B turboprops and other aircraft. The tax authorities questioned the depreciation deductions related to most of these transactions. After appeals of the verdicts of the County Administrative Court, two of these cases are being adjudicated by the Administrative Court of Appeal and are expected to be decided during 1993. The verdicts of the County Administrative Court have resulted in less than SEK 2 M in additional taxes, which are included in 1992 tax expenses. The other cases are currently being adjudicated in the County Administrative Court and are not expected to be decided by the highest appeal court until 1–2 years from now. On the basis of a comprehensive analysis following consultations with the other co-owners and with outside tax experts, the risk of higher tax assessments is believed to be small. Thus no provision for higher taxes has been made as a result of the authorities' claim. The tax saving on the deductions questioned by the authorities totals about SEK 700 M for the income years 1988–90.

## 13 Minority interest in income

	1992	1991
Interest in income after financial items	- 130	34
Interest in taxes	- 9	- 53
Interest in income after taxes	- 139	- 19

Because the 1992 minority interest in income is thus negative, its effect on earnings in the consolidated income statement is positive.

## 14 Current assets held by consortia/Current liabilities of consortia

This amount represents the Group's share of 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."



## 15 Investment and development properties

Regarding the definition of "Investment and development properties," see "Real estate" in the accounting and valuation principles, page 10.

## 16 Property, plant and equipment

### a) Acquisition price and accumulated depreciation

	Acquisition price for remaining assets		Accumulated assets		Book value under Assets in balance sheet	
	1992	1991	1992	1991	1992	1991
Ships (dregers, barges) _____	142	143	107	101	35	42
Machinery and equipment _____	4,351	4,322	3,004	2,706	1,347	1,616
Buildings (fixed-asset property) _____	952	825	325	286	627	539
Hydroelectric power plants _____	390	391	54	40	336	351

### b) Assessed values

	1992	1991
Investment and development properties		
Buildings _____	7,386	6,775
Land and other real estate _____	2,364	1,913
Fixed-asset properties		
Buildings, incl. power plant _____	635	634
Land and other real estate _____	221	229
Timberland _____	658	240

## 17 The Group's holdings of shares and participations (fixed assets)

Portfolio as of December 31, 1992

### Swedish companies

Listed shares, convertible debentures and convertible participatory notes

	Number	% stake	Par value SEK 000	Market value SEK 000	Book value SEK 000
Active AB _____	360,000	3	3,600	1,440	15,427
Investment AB Cardo _____	900,000	6	45,000	277,200	200,134
AB Catena _____	5,604,763	18	112,095	106,490	257,631
AB Custos, Series A _____	11,028,458	24	275,711	551,423	1,290,038
AB Custos, Series B _____	1,161,714	2	29,043	58,086	86,737
Euroc AB _____	11,069,150	32	276,729	442,766	498,057
FFNS Gruppen AB _____	8,000	<1	40	224	302
AB Geveko _____	852,134	21	21,303	46,867	68,910
Grängeverken AB _____	6,435,225	29	128,705	1,254,869	647,222
AB Industrivärden _____	780,928	2	15,619	99,986	102,700
AB Industrivärden KVB _____	374,387		43,055	44,926	71,636
Klövern Förvaltnings AB _____	1,472,144	3	14,721	8,833	29,760
AB Piren _____	1,003,352	5	10,034	2,508	15,050
Protorp Förvaltnings AB _____	2,740,644	27	137,032	545,388	308,932
Sandvik AB _____	11,689,100	21	292,228	4,850,261	963,968
AB SKF, Series A _____	12,440,000	11	155,500	970,320	340,443
AB SKF, Series B _____	1,309,800	1	16,373	96,270	57,859
Trygg-Hansa Holding AB _____	13,790	<1	138	896	2,613
Wihlborg & Son AB _____	17,000	<1	340	196	2,946
				9,358,949	4,960,365

### Other holdings

	Number	% stake	Par value SEK 000	Book value SEK 000
KB Air Preca (limited partnership) _____	1/3	33	40,141	16,703
Alsike Fastighets AB _____	240	24	240	240
Arlanda Stad KB _____		50	1,000	1,000
Atle Förvaltnings AB _____	147,093	<1	1,471	0
HB Betongrörsteknik (partnership) _____	1	50	50	50
BGB Intressenter i Malmö AB _____	117,468	13	1,175	0
Biobränsleteknik i Arvidsjaur AB _____	1,000	25	100	100
Bodträskå Kraft KB _____	1	50	60	60
Bure Förvaltnings AB _____	1,745,284	3	17,453	4,658
Byggnads AB Tryckeriet _____	600	50	60	60
Byggnads AB Tryckeriet & Co KB _____	1	50	45	2,810
Cedersdal Fastigheter AB _____	250,000	50	25,000	25,000
Cinders Byggbetong AB, in bankruptcy _____	240	33	240	0
AB Dala Asfalt & Co KB _____	5	50	250	250
HB Duvslaget _____		20	0	80
HB Energibyggarna _____		50	250	250

	Number	% stake	Par value SEK 000	Book value SEK 000
KB Eskilstorp, AB Jörlandaån & Co _____	15	33	150	150
FASAB Fastighetssystem AB _____	10,548	39	1,319	4,304
Fastighets AB Ladusvalan _____	599,700	21	29,985	0
Fastighets AB Ladusvalan, convertible debentures _____	505,528		63,191	0
Fastighets AB Luxor _____	1,000	50	100	100
Fastighets AB Skalholt KB _____		50	50	50
Fastighets AB Sulcus _____	500	50	50	315
Fastighets AB Viggen, in bankruptcy _____	3,530	35	353	0
Fastighetsbolaget Falköpings City HB _____	10	50	100	100
Fastighetsbolaget Formen AB _____	495	10	495	15,835
Fastighetsbolaget Glunten KB _____	200	50	1,200	1,200
Fastighetsbolaget Hälsan KB _____	10	50	500	500
Fastighetsbolaget Skavsta KB _____	10	50	500	500
Fastighetspartner NF AB _____	384,550	19	38,455	93,743
Fastighetspartner NF AB, convertible debentures _____	50,000		25,000	25,000
Fineri Nr 5 KB _____	75	75	20,186	17,784
HB Forserumsten _____	1	50	900	900
Funktionsglas i Alstermo AB _____	1,000	14	200	200
Fyllebro Exploatering KB _____	2	40	100	100
Ekonomiska föreningen Giganten (cooperative) _____	136	40	109	0
Glasberga Fastighets AB _____	1,000	25	100	100
AB Gotlandsbeläggningar & Co KB _____		33	50	50
Grisslingehöjden KB _____		25	750	750
H-Invest AB _____	500	<1	50	50
Halmstads BGB AB _____	112	41	56	55
AB Helsingborgs Byggelement _____	350	50	350	757
HB Helsingborgsfastigheter _____	1	33	100	100
HIDEF Kapital AB _____	173,815	2	1,738	324
Härryda Kross AB _____	130	50	650	650
Högbo Bruks Utbildningscentrum AB _____	100	17	100	402
Högbo Utbildningsfastighet HB _____		29	500	667
Högmora Exploaterings AB _____	2,000	50	200	200
Ideon AB _____	5,250	18	5,250	3,871
Jönköpings Betong AB _____	1,000	50	50	100
AB Kalmar Betongindustri _____	320	10	160	40
Kalmar Familjebad AB _____	100	50	50	50
Kalmar Familjebad KB _____	600,000	50	239	239
KapN AB _____	83,736	<1	837	1,109
AB Karlskoga Köpcentrum _____	180	45	400	5,820
HB Karlstads-Duvan _____	98	25	0	980
Kåholmen AB & Co KB _____	1	50	100	100
KB Lidingö Centrum _____	1	24	200	200
Lidingö Centrumgruppen HB _____		14	61	61
Makadam AB Lapillus _____	126	50	126	126
AB Malmöfastigheter _____	36	50	360	49,587
Malmöhus-Invest AB _____	295,005	3	2,950	573
Masmobergets Exploaterings AB _____	2,000	50	200	200
Medeon AB _____	61,200	33	6,120	0
Mega-Carrier KB _____	330	33	54,123	0
Mega-Flight KB _____		50	82,513	40,599
KB Metro-Flyg _____	330	33	46,521	10,465
AB Mälarmark _____	100	50	100	127
Mälärtraktens Kraftdistribution AB _____	780	1	39	195
AB Mölndalskatten & Co KB _____	5	50	50	50
Nohab Industrifastigheter AB _____	20,000	50	1,000	1,000
Nohab Industrifastigheter AB & Co KB _____		50	4,000	4,000
KB Novum _____		50	500	500
KB Nya Knutpunkten 4,5 _____		25	750	0
Nyköping Airport Dev KB _____	10	33	50	50
Närkes Kross- & Asfaltprodukter KB _____	10	50	500	500
Partnerinvesteringar i Göteborg AB _____	135,972	1	1,360	56
Polaris Aircraft Leasing KB _____		99	142,658	0
AB Produra Venture Capital _____	132,240	1	1,322	46
AB Ramlösa Brunnsläggning _____	625	50	63	75
HB Rydebäckens Gård _____	1/2	50	150	150



	Number	% stake	Currency if other than SEK	Par value 000	Book value SEK 000
Råsjö Torv AB	26,236	24		2,624	7,953
KB Skinnefjäll	10	50		500	500
HB Solrosen	1	50		3,125	3,125
KB Spiran		50		100	0
AB Staven	10,000	33		1,000	1,142
Stockholms Fondbörs AB	4,301	<1		516	516
STR-Garanti AB	15	6		150	300
STR-Service AB	15	6		150	300
HB Stämpeln 1	52	50			31,529
AB Svenska Dagbladet Holding	18,900	<1		189	189
Swedish Aircraft FOUR KB	100	100		58,641	64,574
Swedish Aircraft TWO KB	50	50		45,587	43,136
Swedish Construction					
Management KB	50	50		50	50
AB Sydsten	120,000	40		6,000	3,880
SÅBI AB	4,850	<1		425	435
Södertälje Åkeri AB	1,080	<1		108	112
Sörmlands Asfalt- & Krossprodukter KB	10	50		500	500
Trinova AB	500	4		50	50
Uddevalla Invest AB, in bankruptcy	50,000	4		5,000	0
Ullna Golf AB	3,500	1		350	505
AB Uppsalaflug & Co KB	10	50		500	500
KB Vasatorpsfastigheter	500	50		500	500
Ven Cap AB	160,536	2		1,605	745
Vestasfalt KB	19	50		475	475
Videum Fastighets AB	2,500	25		2,500	0
Vikans Kross AB & Co KB	10	50		300	300
Åkerigrus KB		50		100	100
ÖS-Företagsby KB	725	50		725	725
Österleden AB	125	25		63	63
Brf Borgens (coop. housing association) apts. no 2, 3	1	48		7,121	7,121
Miscellaneous shares and participations*)					46,961
					553,302
<b>Foreign companies</b>					
Banister Continental Ltd, Canada	1,355,116	23	CAD	5,209	78,005
Beaconsfield Ltd., Bermuda	10,000	24	USD	100	1,290
Dansk Betonelementfabrik A/S, Denmark	750	50	DKK	7,500	6,817
Deyhle + Viering, Germany	1	50	DEM	600	2,642
Fisketorvet Ambe, Denmark	1	5	DKK	1,231	1,231
Frankfurt Properties Investment BV, Netherlands	13,000	50	NLG	13,000	50,700
Grove Equity Inc, United States	24	48	USD	33	233
Oy Herrfors, Finland	1	<1	FIM	0	215
Mount Hope Limited Partnership, United States		3	USD	1,088	0
Rasmussen & Stisager A/S, Denmark	10	50	DKK	10,000	14,801
Skanska Property Investment 3 BV & Co OHG, Netherlands		50	NLG	7,888	30,764
Swedish American Chamber of Commerce, United States	1	3	USD	50	353
Symbron A/S, Denmark	1	<1	DKK	100	0
Soenderjyds Erhvervsinvestering KS, Denmark	9	<1	DKK	158	150
Vasa Läns Telefon AB, Finland	12	<1	FIM	44	73
VSL Norge A.S., Norway	180	45	NOK	140	331
Brf Kolmikulma, (coop. housing assn.), Finland			FIM	0	9,266
Miscellaneous shares and participations*)					73
					196,944
Total					5,710,611

\* Complete data can be obtained on request from the Company by writing to Group Public Affairs, Skanska AB, S-182 25 Danderyd, Sweden.

## 18 Goodwill

	Income statement <sup>1)</sup>		Balance sheet	
	1992	1991	1992	1991
Goodwill: JM <sup>2)</sup>	120	22	—	120
Goodwill: Slattery <sup>3)</sup>	4	9	27	28
Other goodwill	21	14	35	51
According to Income statement/ Balance sheet	145	45	62	199

<sup>1)</sup> Goodwill is normally depreciated by 10 percent annually. In connection with cutbacks in certain operations, depreciation faster than 10 percent annual has been used.

<sup>2)</sup> Due to estimated net asset value, goodwill in JM was depreciated in its entirety.

<sup>3)</sup> In the 1991 financial statements, Skanska adjusted to a depreciation period of 10 years.

## 19 Other current liabilities

As of December 31, 1992, other current liabilities consisted of SEK 47 M (74) in the current portion of long-term liabilities, SEK 2,191 M (5,623) in other interest-bearing liabilities and SEK 1,597 M (1,130) in non-interest-bearing liabilities.

## 20 Provision for pensions

	1992	1991
PRI liability	1,729	1,611
Other pension commitments	23	49
	1,752	1,660

## 21 Convertible debenture loans

	Skanska	JM
Amount (total SEK 917 M)	784	133
Maturity	1989-94	1989-94
Convertible beginning in	1991	1991
Conversion price	235 SEK	197 SEK
Maximum dilution of capital stock	2.6%	3.1%
Maximum dilution of voting power	1.6%	1.5%

With regard to Skanska's convertible debenture loan, see also Note 21 to the Parent Company financial statements.

## 22 Deferred tax liability

In the consolidated financial statements, 30 percent of the Parent Company's deficit for tax purposes was booked as a deferred tax claim. This amount, SEK 261 M, was later offset against deferred tax liabilities. The change during 1992, SEK 224 M, is included in the income statement under the heading "Deferred taxes."

**Note 23 refers only to the Parent Company**

## 24 Change in shareholders' equity

	Capital stock	Restricted reserves	Unrestricted reserves for the year	Net profit
At year-end 1991	1,259	5,593	3,078	691
Effect of changed consolidation principles	—	- 119	119	37
Adjusted opening balance, 1992	1,259	5,474	3,197	728
Transfer of net profit for 1991			728	-728
Dividend			- 409	
Translation difference		165		
Transfer between restricted and unrestricted equity		- 1,138	1,138	
Loss for 1992				- 3,145
At year-end 1992	1,259	4,501	4,654	-3,145

**Note 25 refers only to the Parent Company**

# Notes to the Parent Company financial statements

For notes to the consolidated financial statements, see page 14.

Amounts in SEK M unless otherwise specified

## 1 Adjusted comparative figures

Due to the changes in the accounting principles for real estate tax and other items (see the accounting and valuation principles, page 9), comparative figures for 1991 have been adjusted to comply with the 1992 principles.

## 2 Invoiced sales for the year

This amount includes SEK 1,071 M (1,913) in sales to subsidiaries. The Parent Company's purchases from subsidiaries totaled SEK 1,250 M (1,024).

## 3 Invoiced sales not credited to income

The difference between the closing balance on December 31, 1991 and the opening balance on January 1, 1992 is attributable to operations transferred from subsidiaries.

## 4 Personnel

See Note 4 to the consolidated financial statements, page 14.

## 5 Depreciation

	Depreciation		Extra Depreciation		Book depreciation for year*	
	1992	1991	1992	1991	1992	1991
Machinery and equipment	213	269	- 18	- 46	195	223
Fixed-asset properties incl. hydroelectric power plant	22	16	- 9	- 2	13	14
Total depreciation	235	285	- 27	- 48	208	237

\* Including depreciation against reserves.

## 6 Writedowns

Writedowns of shares in

	1992	1991
a) property management subsidiaries	1,492	898
b) other companies	478	303
	1,970	1,201

Notes 7, 8, 9 and 10 refer only to the consolidated financial statements

## 11 Allocations

	1992	1991
Group contributions and stockholders' contributions <sup>1)</sup>	- 1,701	- 398
Inventory reserve	0	50
Payroll reserve	0	448
Reserve for indirect expenses	1,401	- 114
Reserve for uncompleted contracts	0	989
Reserve for investment and development properties	0	19
Extra depreciation (Note 5)	27	48
General investment reserve	0	7
Development reserve	0	12
Deferred amount for inventory reserve etc.	64	- 753
Tax equalization reserve	474	- 474
Foreign exchange reserve	- 11	- 33
	254	- 199

<sup>1)</sup> Of this amount, SEK -33 M (-18) refers to stockholders' contributions.

## 12 Income taxes

	1992	1991
Income taxes	- 37	23
Profit sharing tax	0	8
Distribution tax	0	56
	- 37	87

The year's tax expense of SEK 37 M refers to foreign taxes paid. In the Parent Company, the deficit for tax purposes is estimated at SEK 870 M. In the consolidated financial statements, 30 percent of this, SEK 261 M, has been booked as a deferred tax claim. See also Note 22 to the consolidated financial statements.

Note 13 refers only to the consolidated financial statements

## 14 Current assets held by consortia/Current liabilities of consortia

This amount represents the Company's share of 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 15 refers only to the consolidated financial statements

## 16 Property, plant and equipment

a) Acquisition price and accumulated depreciation

	Acquisition price for remaining assets		Accumulated depreciation	
	1992	1991	1992	1991
Ships (dregers, barges)	71	71	71	71
Machinery and equipment	2,150	2,325	1,646	1,622
Buildings	352	345	169	156
Hydroelectric power plant	230	230	35	29

b) Assessed values

	1992	1991
Fixed-asset properties		
Buildings, incl. power plant	334	331
Land and other real estate	128	130

## 17 The Parent Company's holdings of shares and participations

Subsidiaries <sup>1)</sup>	Number	% stake (if <100)	Par value 000	Book value SEK 000
<i>Listed on the Stockholm Stock Exchange</i>				
JM Byggnads och Fastighets AB <sup>2)</sup>	13,750,100	65	55,000	1,210,000
<i>Other subsidiaries</i>				
AB Drott*	847,096	73	8,471	97,358
AB Fakiren	3,000,000		150,000	95,288
AB Gadus	10,000		1,000	1,000
AB Hexabar Gul	2,000		200	200
AB Hexabar Ljusgrå, in liquidation	1,000		100	100
AB Hexabar Ljusröd, in liquidation	1,000		100	100
Hofors Kraft KB			3	3
Kolbäckens Kraft KB			3	3
Myresjö AB	650,000		65,000	71,500
AB Mälarhus	10,000		1,000	1,000

\*Together with Skanska Fastigheter Syd 83%



	Number	% stake (if <100)	Currency (if other than SEK)	Par value 000	Book value SEK 000
Ohlsson & Skarne AB	50,000			5,000	5,048
AB Perukmakaren	250,000			25,000	1,000
Reinhold Bygg Stockholm AB	750			75	79
Röinge-Grus AB, in liquidation	500			50	50
SCG Byggnads AB	500			50	50
Sektionsbyggarna AB	12,000			1,200	10,000
Skanska Allemansfond					
Förvaltnings AB	500			250	250
Skanska Entreprenad AB	4,000			1,000	1,072
Skanska Export AB	500			50	253
Skanska Fastigheter Nord AB	30,000			3,000	3,000
Skanska Fastigheter Norge AB	500			50	73
Skanska Fastigheter					
Stockholm AB	160,000			16,000	16,000
Skanska Fastigheter Syd AB	50,000			5,000	5,000
Skanska Fastigheter Väst AB	10,000			1,000	1,000
Skanska Fastighetsservice AB	20,000			2,000	2,000
Skanska Förvaltnings AB	500			50	50
Skanska Holding AB	500			50	50
Skanska Installation AB	20,000			2,000	2,050
Skanska International Building AB	500,000			50,000	50,000
Skanska International					
Civil Engineering AB	24,000			12,000	12,000
Skanska Invest AB, in liquidation	50			50	200
Skanska Kapitalförvaltning AB	500,000			50,000	65,000
Skanska Kraft AB	500			50	60
Skanska Maskin AB	100			120	120
Skanska Mellansverige AB	10,000			1,000	1,000
Skanska Norrland AB	2,000			1,000	1,033
Skanska Prefab AB	30,000			3,000	4,500
Skanska Service AB	500			50	50
Skanska Staber AB	2,500			150	150
Skanska Stockholm AB	1,000			1,000	990
Skanska Stålteknik AB	10,000			1,000	50
Skanska Syd AB	10,000			1,000	784
Skanska Sydöst AB	10,000			1,000	1,134
Skanska Teknik AB	20,000			2,000	2,000
Skanska Turbo AB	500			50	52
Skanska Väst AB	10,000			1,000	1,008
Stabilator AB	20,000			2,000	2,000
AB Svenska Aktier	500			50	50
AB Tryckrör	54,000			5,400	3,900
C G Jensen A/S, Denmark	382		DKK	23,000	675
Devoncourt Holdings Unltd, Ireland	41,000,000		GBP	41,000	442,083
Marktune Ltd., Great Britain	53,500,000		GBP	53,500	167,000
SCEM Reinsurance SA, Luxembourg	500		LUF	50,000	8,214
Skanska Baugesellschaft mbH, Germany participation			DEM	10,000	31,428
Skanska Finance BV, Netherlands	3,600		NLG	3,600	2,000,963
Skanska Investment BV, Netherlands	49		NLG	25,000	248,658
Skanska Norge A.S., Norway	635,000		NOK	635,000	0
Skanska (USA) Inc, United States	15,856		USD	26,582	142,887
Trinity Tower Property Co Ltd., Great Britain	206,500,000		GBP	206,500	765,000
Parent Company's total holdings in subsidiaries:					5,476,566

	Number	% stake (if <100)	Currency (if other than SEK)	Par value 000	Book value SEK 000
<b>Non-group companies</b>					
<i>Listed on the Stockholm Stock Exchange</i>					
Active AB	360,000	3		3,600	15,427
Investment AB Cardo	900,000	6		45,000	200,134
AB Catena	5,604,763	18		112,095	257,631
AB Custos, Series A	11,028,458	24		275,711	1,290,038
AB Custos, Series B	1,161,714	2		29,043	86,737
Euroc AB	11,069,150	32		276,729	498,057
FFNS Gruppen AB	8,000	<1		40	302
AB Geveko	852,134	21		21,303	68,910
Graningeverkens AB	6,435,225	29		128,705	647,222
AB Industrivärden	780,928	2		15,619	102,700
AB Industrivärden KVB	374,387			43,055	71,636
Klövern Förvaltnings AB	1,472,144	3		14,721	29,760
AB Piren	970,000	5		9,700	14,550
Protorp Förvaltnings AB	2,740,644	27		137,032	308,932
Sandvik AB	11,689,100	21		292,228	964,462
AB SKF, Series A	12,440,000	11		155,500	347,186
AB SKF, Series B	1,309,800	1		16,373	62,911
Trygg-Hansa Holding AB	13,395	<1		134	2,529
Wihlborg & Son AB	17,000	<1		340	2,946
Parent Company's holdings of listed shares and convertibles (excl. JM):					4,972,070
<i>Others</i>					
Atle Förvaltnings AB	147,093	<1		1,471	0
Produktionsbyrå Black & Yellow AB	250	50		25	25
Banister Continental Ltd, Canada	1,355,116	23	CAD	5,209	78,005
BGB Intressenter i Malmö AB	117,468	13		1,175	0
Bure Förvaltnings AB	1,512,377	3		15,124	0
Cinders Byggbetong AB, in bankruptcy	240	33		240	0
Fastighets AB Ladusvalan	599,700	21		29,985	0
Fastighets AB Ladusvalan, convertible debentures	505,528			63,191	0
Fastighetspartner NF AB	384,550	19		38,455	93,743
Fastighetspartner NF AB, convertible debentures	50,000			25,000	25,000
HIDEF Kapital AB	157,592	2		1,576	0
KapN AB	28,273	<1		283	0
Malmöhus-Invest AB	266,372	3		2,664	0
Partnerinvesteringar i Göteborg AB	133,181	1		1,332	0
AB Produra Venture Capital	129,928	1		1,299	0
Råsjö Torv AB	25,204	23		2,520	7,638
Stockholms Fondbörs AB	3,914	<1		470	470
Uddevalle Invest AB, in bankruptcy	50,000	4		5,000	0
Ullna Golf AB	3,500	1		350	505
Ven Cap AB	123,275	1		1,233	0
Österleden AB	125	25		63	63
Miscellaneous shares and participations					528
Total other holdings in non-Group companies:					205,977
Parent Company's total holdings in non-Group companies:					5,178,047

1) List of certain indirectly owned property management and operating companies, some of which operate on a commission basis for another Group company:

	Number	% stake (if <100)	Currency if other than SEK	Par value 000	Book value SEK 000
Annedals Elektriska AB	500			50	60
Arlanda Flyghotell KB				100	100
Baltic Pipe AB	1,800	60		180	180
Bark & Warburgs AB	6,200			6,200	46,716
Berlin Teleport Kommunikations- zentrum GmbH, Germany			DEM	50	184
Boxholms Skogar AB	1,250,000			125,000	149,990
Boxholms Såg AB	175,000			17,500	20,990
Combigas AB	50,000			5,000	1,700
Copenhagen Property Investment BV, Netherlands	32	80	NLG	32	76,395
Drott Investment BV, Netherlands	40		NLG	40	95,782
East-West Prop. Dev. Share Co., Hungary	1,465	73	DEM	14,650	62,358
Eurostop KB	2,925	60		3,050	6,930
Fastighets AB Davidshall	75,000			7,500	127,500
Fastighets AB Överkikaren	500			50	47
Fastighetsbolaget Färöarna HB				100	100
Fastighetsbolaget Utiken KB				50	6,528
Fisketorvet A/S, Denmark	300		DKK	300	114,516
Flexator AB	500			900	500
Galleriafastigheter AB	10,000			1,000	231,800
Grus & Betong i Norrland AB	10,000			1,000	2,825
AB Gusum Skogar	80,000			4,000	19,500
Himlinge Maskinstation AB	500			50	3,232
Industriventilation Produkt AB	3,600			360	6,100
Industriventilation Svenska AB	2,000			200	11,958
Internordisk Spännarmöring AB	500			50	50
JoBo Trä AB	24,000			2,400	7,896
Joh Jonsson Rör AB	500			50	20,553
Karl Koch Erecting Co Inc., United States	90	90	USD	13,160	81,461
LBI Luftbehandling AB	600			60	4,568
Lundqvist & Söner Muddrings AB	20,000			2,000	23,189
Myresjöfönster AB	40,000			20,000	150
Myresjöhus AB	200,000			20,000	4,200
Nordiska Trähus AB	20,000			2,000	45,000
Oslo City Administrasjon A.S., Norway	10,000		NOK	10,000	2,325
Pålgruppen AB	500			50	50
AB Jan Ralling	1,000			1,000	1,000
RMS Resmastsystem AB	65,000			6,500	4,407
Scandinavian Center i Malmö AB	2,000			2,000	2,179
Skandinavien Development Inc., United States	875	88	USD	14,834	91,821
Skanska Data AB	5,000			500	500
Skanska Property Investment 4 BV, Netherlands	101		NLG	28,492	91,959
Skanska Trading AB	1,000			100	670
Skanska Raise Boring AB	1,200			120	144
Skanska Stålteknik Mekan AB	500			50	12,500
Slattery Associates Inc., United States	500		USD	5,000	30,950
Sordoni/Skanska Construction Co Inc., United States	100		USD	3,750	21,375
Stenbergs EI i Stockholm AB	800			50	50
Stenbergs Elektriska AB	2,000			200	200
Svenska Rivteknik AB	5,000			500	6,418
AB Tanto	150,000			15,000	104,470
Uri Civil Contractor AB	300	60		30	0
Örmo Skogar AB	45,000			2,250	35,175

2) The market value of the Company's shareholding in JM Byggnads och Fastighets AB was just over SEK 660 M, calculated on the basis of the market price for Series A shares, SEK 52, and Series B shares, SEK 47, established by the Tax Administration and the Stockholm Stock Exchange. Skanska's holding consists of 2,475,000 Series A shares and 11,275,100 Series B shares. In the 1992 financial statements, this holding has been written down by SEK 338 M to the estimated net asset value, SEK 88 per share.

**Note 18 refers only to the consolidated financial statements**

## 19 Other current liabilities

As of December 31, 1992, other current liabilities consisted of SEK 33 M (40) in the current portion of long-term liabilities, SEK 948 M (3,556) in other interest-bearing liabilities and SEK 838 M (536) in non-interest-bearing liabilities.

## 20 Provision for pensions

	1992	1991
PRI liability	1,306	1,269
Other pension commitments	20	19
	1,326	1,288

## 21 Convertible debenture loan

The proceeds of the convertible debenture loan were received on February 17, 1989. The loan falls due for payment on February 28, 1994. Conversion to Skanska shares may take place from February 18, 1991 until February 15, 1994. The conversion price is SEK 235 per share after taking into account the 1:1 stock dividend in 1991. No conversions had occurred as of December 31, 1992. See also Note 21 to the consolidated financial statements.

The capital discount of SEK 61 M – calculated on the basis of the difference between the 9.5 percent convertible debenture loan interest rate at the close of the subscription period on December 23, 1988 and the Company's alternative loan interest rate, estimated at 11.5 percent – was credited in the 1988 accounts to the legal reserve as a capital contribution.

This asset is being depreciated successively during the life of the loan, with SEK 14 M (12) being charged against financial items in 1992.

**Note 22 refers only to the consolidated financial statements**

## 23 Untaxed reserves

	Value according to 1991 balance sheet	Allocations in 1992	Value according to 1992 balance sheet
Reserve for indirect expenses	1,401	- 1,401	0
Accumulated extra depreciation:			
Machinery and equipment	218	- 18	200
Fixed-asset properties	250	- 9	241
Deferred amount	753	- 64	689
Tax equalization reserve	474	- 474	0
Foreign exchange reserve	33	11	44
	3,129	1,955	1,174

## 24 Change in shareholders' equity

	Capital stock	Legal reserve	Retained earnings
Opening balance, Jan. 1, 1992	1,259	483	2,978
Dividend			- 409
	1,259	483	2,569

## 25 Capital stock

9,136,860 Series A shares (10 votes apiece), each with a par value of SEK 10  
116,786,310 Series B shares (1 vote apiece), each with a par value of SEK 10  
125,923,170



## Statements of changes in financial position, 1988–1992

SEK M	Group						Parent Company	
	1992	1991	1990	1989	1988	5-yr total	1992	1991
Income before taxes and minority interest	- 4,049	738	2,201	2,718	1,777	3,385	- 484	585
Reversal of depreciation and writedowns	5,482	2,477	1,045	725	634	10,363	2,205	1,486
Elimination of gain on sale of investment and development properties, shares and participations	- 164	- 205	- 100	- 932	- 228	- 1,629	- 78	- 59
Group contributions	—	—	—	—	—	—	- 1,701	- 398
Tax paid (-)/tax refund (+)	- 229	- 121	- 572	- 633	- 294	- 1,849	- 37	87
Cash flow before change in working capital and investments (A)	1,040	2,889	2,574	1,878	1,889	10,270	- 95	1,701
Decrease (+)/increase (-) in inventories and interest-free receivables	- 350	1,245	- 2,014	- 371	- 1,385	- 2,875	259	35
Increase (+)/decrease (-) in balance of uncompleted contracts	358	- 762	2,130	1,341	332	3,399	88	- 661
Increase (+)/decrease (-) in interest-free liabilities	514	- 1,426	2,315	1,575	594	3,572	- 224	- 564
Change in working capital (B)	522	- 943	2,431	2,545	- 459	4,096	123	- 1,190
Cash flow before investments (A+B)	1,562	1,946	5,005	4,423	1,430	14,366	28	511
Investments in investment and development properties	- 2,969	- 5,622	- 5,799	- 4,022	- 3,266	- 21,678	—	—
Investments in shares and participations	- 338	- 636	- 580	- 1,289	- 821	- 3,664	- 915	- 3,050
Net investments in other fixed assets excluding receivables	- 268	- 481	- 921	- 1,178	- 432	- 3,280	- 29	- 75
Divestments in investment and development properties	295	383	570	474	599	2,321	0	0
Divestments in shares and participations	720	239	16	945	133	2,053	683	159
Net investments (C)	- 2,560	- 6,117	- 6,714	- 5,070	- 3,787	- 24,248	- 261	- 2,966
Cash flow after investments (A+B+C)	- 998	- 4,171	- 1,709	- 647	- 2,357	- 9,882	- 233	- 2,455
Dividend paid (incl. dividend to minority in JM)	- 428	- 413	- 347	- 280	- 233	- 1,701	- 409	- 394
Withdrawal from restricted account	5	46	25	35	65	176	0	16
Borrowing (+) minus lending (-), net basis	- 220	699	6,482	3,728	2,022	12,711	1,263	1,841
New issue of securities, capital discount	—	—	—	—	204	204	—	—
Change in liquid assets	- 1,641	- 3,839	4,451	2,836	- 299	1,508	621	- 992
Specification of change in liquid assets:								
Increase (+)/decrease (-) in cash and bank balances	- 43	- 1,083	264	805	353	296	17	- 471
Increase (+)/decrease (-) in short-term investments	- 1,598	- 2,756	4,187	2,031	- 652	1,212	604	- 521
	- 1,641	- 3,839	4,451	2,836	- 299	1,508	621	- 992
Level of self-financing (cash flow before investments divided by total net investments)	61%	32%	75%	87%	38%	59%	11%	17%

## Proposed allocation of earnings

The Board of Directors and the President propose that the net loss for 1992, SEK 267,267,255, plus the retained earnings of SEK 2,568,401,721 carried forward from the preceding year, making a total of SEK 2,301,134,466, be allocated as follows:

A dividend to shareholders	
of SEK 1.50 per share _____	188,884,755
To be carried forward _____	2,112,249,711
	<u>SEK 2,301,134,466</u>

Danderyd, Sweden, March 24, 1993

Percy Barnevik

Sven Johansson

Carl-Olof Ternryd

Stig Herner

Carl-Erik Feinsilber

Anders Sjöberg

Gudrun Norberg

Lars Öberg

Ivan Karlsson

Bengt Järrestedt

Melker Schörling  
President

## 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 1992. Our examination has been carried out in accordance with generally accepted auditing standards.

### 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 of Directors and the President from personal liability for their administration during 1992.

### 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 2, 1993

Bo Fridman  
Authorized Public Accountant

Anders Scherman  
Authorized Public Accountant



## Data on Skanska shares

*Skanska's Board of Directors has proposed a dividend of SEK 1.50 per share for 1992. This means that SEK 188.9 M would be paid to shareholders.*

Skanska shares have been quoted on the Stockholm Stock Exchange's A-list since 1965. At the time of flotation, Skanska's capital stock was SEK 32 M. Since then, capital stock has been increased by means of nine stock dividends and seven targeted special issues of new shares.

In March 1993, Skanska's capital stock amounted to SEK 1,259.2 M. This is divided into Series A and Series B shares, all with a par value of SEK 10. Series A shares carry 10 votes apiece, whereas Series B shares carry one vote apiece.

Only Series B shares are listed on the Stockholm Stock Exchange. Skanska shares are not quoted on any stock exchange outside Sweden.

On December 31, 1992, the market price of a Skanska Series B share was SEK 82. On March 31, 1993, the market price was SEK 98 and the Company's total market capitalization including Series A shares was about SEK 12.3 billion.

In February 1993 the total number of shareholders in Skanska was 55,714 (54,694). In addition, tens of thousands of people are indirect shareholders through mutual funds. 20,380,143 Series B shares were traded during 1992. This means that an average of 81,200 shares changed owners each trading day.

Due to a change in legislation, effective from January 1, 1993 all shares are free (unrestricted) and can thus be freely purchased by non-Swedish persons.

Many Skanska Group employees own Skanska shares as a result of special issues of new shares to employees in 1975, 1979, 1982 and 1987.

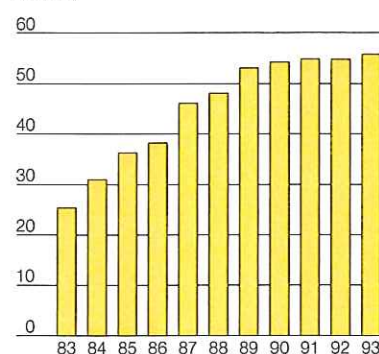
### Convertible debenture issue to personnel

In the autumn of 1988, employees of the Company and its Swedish subsidiaries (except for JM, whose employees received an offer of their own) were invited to subscribe for convertible debentures issued by Skanska. The total amount distributed was SEK 844.5 M.

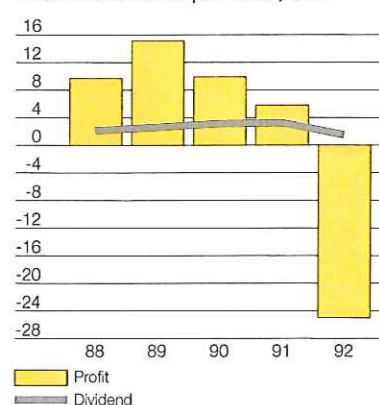
Since January 2, 1991, this convertible debenture loan has been quoted on the Stockholm Stock Exchange. The conversion price is SEK 235 after taking into account the 1991 1:1 stock dividend. No conversions had occurred as of December 31, 1992.

The final date for conversion to shares is February 15, 1994. The loan falls due for repayment on February 28, 1994.

Number of shareholders in thousands  
February



Profit and dividend per share, SEK



### Per-share data, SEK

	1992	1991	1990	1989	1988	1987
Net profit/loss	-25.00	5.80	9.90	15.15	9.70	9.75
Net profit/loss after full conversion	-23.90	6.05	10.10	15.00	9.45	9.75
Dividend (for 1992: proposed by the Board)	1.50	3.25	3.13	2.63	2.13	1.76
Dividend as a percentage of net profit	neg.	56	32	17	22	18
Market price, December 31	82	135	141	271	212	135
Yield, percent	1.8	2.4	2.2	1.0	1.0	1.3
Price/earnings ratio	neg.	23	14	18	22	14

### Definitions

Net profit per share	Net profit for the year divided by the adjusted number of shares
Net profit per share after full conversion	Net profit for the year plus interest expenses (after taxes) for the conversion loan, divided by the adjusted number of shares after full conversion.
Yield	Dividend as a percentage of market price on December 31.
Price/earnings ratio	Market price on December 31 divided by net profit per share.

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

Year	Stock dividend	New share issue	Par value of capital stock
	SEK M	SEK M	SEK M
1965			32.0
1967	—	3.4	35.4
1969	2:5 14.1	—	49.5
1973	1:3 16.5	—	66.0
1975	1:3 22.0	1.7	89.7
1977	1:2 44.9	—	134.6
1979	1:2 67.3	2.4	204.3
1981	2:3 136.2	—	340.5
1982	1:5 68.1	2.7	411.3
1983	1:2 205.6	—	616.9
1984	split 5:1	—	616.9
1987	—	8.7	625.6
1988	—	4.0	629.6
1991	1:1 629.6	—	1,259.2

### Shares by categories

	Number of shares	% of voting power	% of capital stock
A, free	9,136,860	43.9	7.3
B, free	116,786,310	56.1	92.7
Total	125,923,170	100.0	100.0

### The largest shareholders in Skanska AB

According to the Swedish Securities Register Center (VPC), the largest shareholders and their percentage of total votes and shares in February 1993 were (>0.9% of voting power):

Shareholders	% of voting power	% of capital stock
AB Custos (investment company)	20.2	8.0
AB Industrivärden (investment company)	13.9	3.2
Protorp Förvaltnings AB (holding company)	11.0	12.5
Sparbankerna mutual funds	9.5	15.7
Trygg-Hansa-SPP Group (insurance)	4.6	7.5
Svenska Handelsbanken pension fund	4.2	0.8
Swedish National Pension Insurance Fund, Fourth Fund board	3.6	5.4
Fond 92-94 (successor to employee investment fund)	1.3	2.2
Skandinaviska Enskilda Banken mutual funds	1.0	1.6
Total	69.3	56.9
Other shareholders	30.7	43.1
About 56,000 shareholders	100.0	100.0

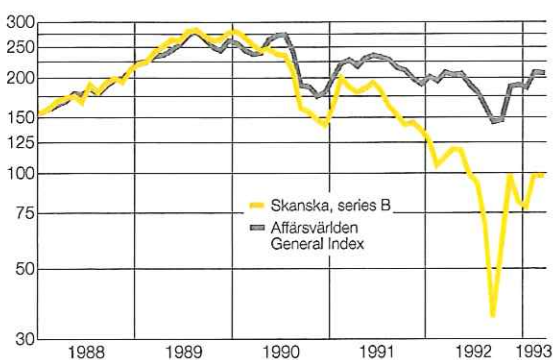
### Shareholdings by size

February 1993

Number of shares held	Number of share-holders	% of all share-holders	Total number of shares held	% of capital stock
1- 500	43,942	78.9	5,930,540	4.7
501- 1,000	6,026	10.8	4,628,925	3.7
1,001- 2,000	2,991	5.4	4,623,762	3.7
2,001- 5,000	1,737	3.1	5,527,004	4.4
5,001- 10,000	562	1.0	4,033,880	3.2
10,001- 20,000	212	0.4	3,087,390	2.5
20,001- 50,000	123	0.2	4,097,959	3.3
50,001-100,000	41	0.1	2,881,837	2.3
100,001-	80	0.1	91,111,873	72.2
Total	55,714	100.0	125,923,170	100.0

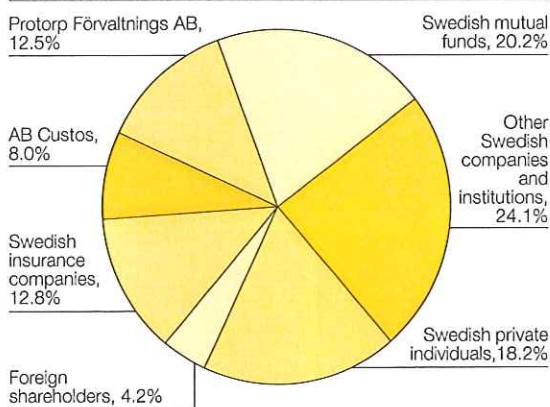
### Share price movement

1988-Feb. 1993, diluted for stock dividends. Logarithmic scale.



### Skanska's shareholders

Percentage of capital stock

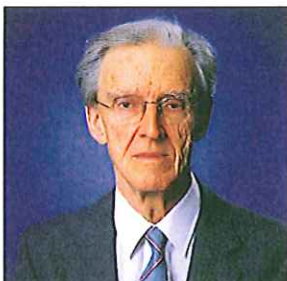




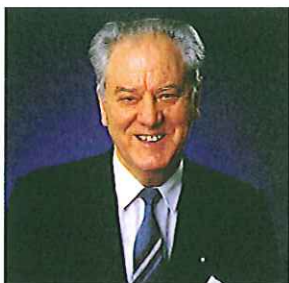
## Board of Directors



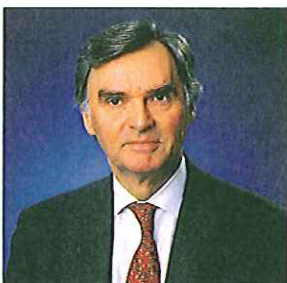
Percy Barnevik



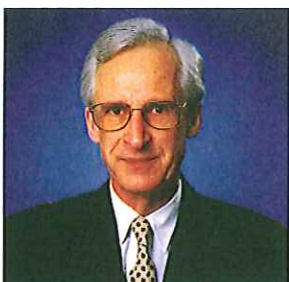
Sven Johansson



Carl-Olof Ternryd



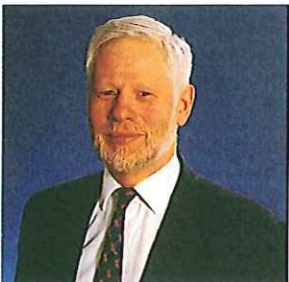
Carl-Erik Feinsilber



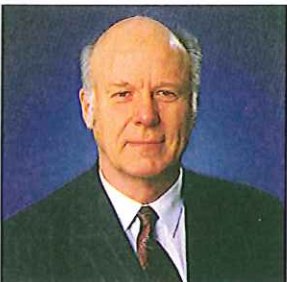
Anders Sjöberg



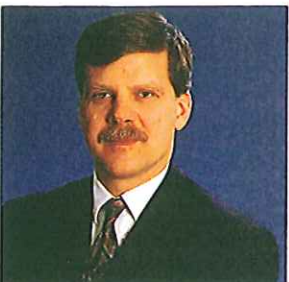
Gudrun Norberg



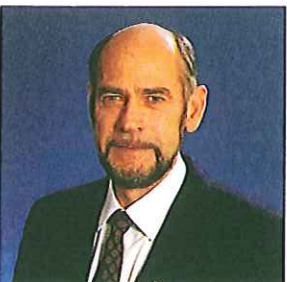
Lars Öberg



Stig Herner



Bengt Järrestedt



Ivan Karlsson

### *Members and deputy member elected by the Annual Meeting of Shareholders*

#### **Percy Barnevik**

Zurich, Switzerland, born 1941. Chairman. Elected in 1986. President and Chief Executive Officer of ABB Asea Brown Boveri Ltd. Other directorships: Sandvik AB (Chairman), Investor AB, E.I. du Pont de Nemours & Co. Holdings in Skanska: 40,000 Series B shares.

#### **Sven Johansson**

Lund, born 1923. Elected in 1979. Professor emeritus, Lund University.

#### **Carl-Olof Ternryd**

Stockholm, born 1928. Elected in 1982. Dr Eng., professor at Royal Institute of Technology. Other directorships: Association of Swedish Automobile Manufacturers and Wholesalers (Chairman), Institute of Management.

#### **Carl-Erik Feinsilber**

Lidingö, born 1931. Elected in 1990. President and CEO of AB Industrivärden. Other directorships: AGA AB (Deputy Chairman), Ericsson, Svenska Handelsbanken, SCA.

#### **Anders Sjöberg**

Kungälv, born 1935. Elected in 1990. Professor, President of Chalmers University of Technology. Other directorships: AB SKF, Svenska Handelsbanken, Western Region.

#### **Gudrun Norberg**

Glanshammar, born 1938. Elected in 1990. Member of Parliament (Liberal Party) since 1985. Other positions: Industry Committee of Parliament, Defense Committee (deputy member), Föreningsbanken Örebro (Vice Chairman), Swedish Telecom (Televerket).

#### **Lars Öberg**

Bromma, born 1936. Elected in 1992. President, AB Custos. Other directorships: Fastighetsaktiebolaget Hufvudstaden (Chairman), Sandblom & Stohne AB (Chairman), FFNS-Gruppen AB, Skandinaviska Enskilda Banken, SCA.

#### **Sven-Eric Hersvall**

Malmö, born 1931. Elected in 1991. Deputy member. President of Skanska AB 1991-92. Other directorships: Euroc AB, Ideon AB. Holdings in Skanska: 3,340 Series B shares and 340 convertible debentures.

### *Members and deputy members appointed by employee unions*

#### **Stig Herner**

Gothenburg, born 1932. Swedish Association of Supervisors (SALF). Board member since 1985. Engineer.

#### **Bengt Järrestedt**

Spånga, born 1946. Swedish Building Workers' Union. Board member since 1991. Wood worker.

#### **Ivan Karlsson**

Uddevalla, born 1937. National Union of State Employees. Board member since 1992. Rock worker.

#### **Eva Elofsson**

Vetlanda, born 1950. The Swedish Union of Clerical and Technical Employees in Industry (SIF). Deputy member since 1992. Secretary.

#### **Göran Karlsson**

Kalmar, born 1943. Swedish Factory Workers' Union. Deputy member since 1992. Plumber.

#### **Folmer Knudsen**

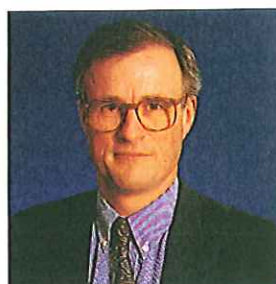
Eslöv, born 1942. Swedish Building Workers' Union. Deputy member since 1992. Wood worker.



## Auditors



Bo Fridman



Anders Scherman

**Bo Fridman**  
Stockholm,  
Authorized Public  
Accountant

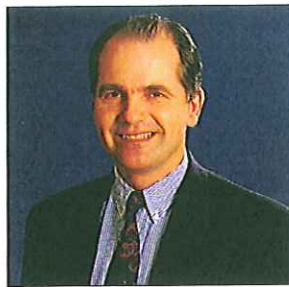
**Anders Scherman**  
Malmö,  
Authorized Public  
Accountant

*Deputy auditors:*

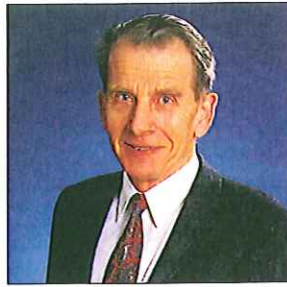
**Bernhard Öhrn**  
Stockholm,  
Authorized Public  
Accountant.

**Christer Ljungsten**  
Malmö,  
Authorized Public  
Accountant

## Group Management and heads of Group staff units



Melker Schörling



Gunnar Carleson

**Melker Schörling**  
President and Group  
Chief Executive

**Gunnar Carleson**  
Executive Vice President,  
Finance

**Håkan Carlsson**  
Executive Vice President,  
Legal Affairs, Secretary of  
the Board



Håkan Carlsson



Mats Mared

**Mats Mared**  
Executive Vice President,  
Properties

**Per Westlund**  
Executive Vice President,  
Road and Civil Engineer-  
ing Operations

**Sven-Eric Hersvall**  
Senior Vice President,  
Swedish Construction



Per Westlund



Sven-Eric Hersvall

**Tommy Sernelin**  
Senior Vice President,  
Technical and Industrial  
Companies

**Lars Wiklander**  
Senior Vice President,  
International Operations,  
Administration

**Lennart Hallberg**  
Senior Vice President,  
Public Affairs

**Anders Herslow**  
Senior Vice President,  
Economy



Tommy Sernelin



Lars Wiklander



Lennart Hallberg



Anders Herslow



## Organizational structure

### President and Group Chief Executive:

Melker Schörling

### Other members of Group Management:

Gunnar Carleson, Executive Vice President, Finance

Håkan Carlsson, Executive Vice President, Legal Affairs

Mats Mared, Executive Vice President, Properties

Per Westlund, Executive Vice President, Road and Civil Engineering Operations

Sven-Eric Hersvall, Senior Vice President, Swedish Construction

Tommy Sernelin, Senior Vice President, Technical and Industrial Companies

Lars Wiklander, Senior Vice President, International Operations

- The organizational structure of the Skanska Group is characterized by strong decentralization and management by objectives. This means that the various subsidiaries enjoy great operative freedom within established limits and have clear responsibility as profit centers. Groupwide service units are kept small and efficient.
- Effective from April 1, 1993, operations at the former International Properties unit were reorganized in such a way that the properties in England and Norway became part of the Properties business area, while other properties and projects abroad were placed within the International Operations business area. This organizational change did not affect the reporting of 1992 earnings.

## Skanska

### Swedish Construction

- Skanska Syd AB
- Skanska Syddöst AB
- Skanska Väst AB
- Skanska Stockholm AB
- Skanska Mellansverige AB
- Skanska Norrland AB
- Ohlsson & Skarne AB

### Technical and Industrial Companies

- Skanska Teknik AB
- Skanska Maskin AB
- Skanska Installation AB
- Skanska Prefab AB
- Skanska Stålteknik AB
- Stabilator AB
- Myresjö AB
- SektionsByggarna AB

### International Operations

- Skanska International Building AB
- Skanska International Civil Engineering AB
- CG Jensen A/S
- Skanska Baugesellschaft mbH
- Skanska Bau Berlin GmbH
- Skanska Investment B.V.

### Skanska (USA) Inc.

- Karl Koch Erecting Co. Inc.
- Slattery Associates Inc.
- Sordoni Skanska Construction Co.
- Skanska Property Development

### Properties

- Skanska Fastigheter Syd AB
- Skanska Fastigheter Väst AB
- Skanska Fastigheter Stockholm AB
- Skanska Fastigheter Nord AB
- Skanska Fastighets-service AB
- AB Drott (83%)
- Eurostop KB (60%)
- Skanska London Branch
- Skanska Norge A.S.

### Finance

- Skanska Kapitalförvaltning AB
- SCEM Reinsurance S.A.

### Group staff units:

*Administration.* Lars Wiklander, Senior Vice President

*Economy.* Anders Herslow, Senior Vice President

*Finance.* Gunnar Carleson, Executive Vice President

*Public Affairs.* Lennart Hallberg, Senior Vice President

*Legal Affairs.* Håkan Carlsson, Executive Vice President

### Assistants to the President:

Ingrid Nilsson, Danderyd

Inger Dahlgren, Malmö

The corporate identity number of Skanska AB is 556000-4615



**Think Total Time**

# A new way of thinking and building

Skanska is implementing the biggest, most far-reaching reform project in the history of the Group: 3T.

The introduction of 3T signifies a new way of thinking and working. Time becomes the focus. Time is the only non-renewable resource.

He who wins time also wins quality and lower costs. This is demonstrated by experience from American and Japanese industry, among others. Skanska is now introducing time as a control mechanism in the construction industry.

The task of implementing this change affects the entire construction process – from concept to delivery of the final product. Methods as well as materials must be chosen with an eye toward reducing elapsed time.

Working with time as a control mechanism means always looking for the fastest way toward one's goal. It also means raising quality, since all tasks must be performed properly from the start.

By utilizing time more efficiently, thus raising quality and lowering costs, Skanska is equipping itself for a rapidly changing market.

The purpose of 3T is to create the greatest possible value-added for the

client, thereby enhancing Skanska's competitiveness. 3T is our tool. The goal of the Swedish Construction business area is to shorten average production time by one third before 1995 and to turn over projects to the client with zero defects in the final inspection. Equally aggressive goals have also been set by the other business areas.

The shift to 3T will be visible at all levels throughout the Skanska Group. An extensive training program will support this process.

Skanska's consultants, suppliers and subcontractors will also be affected by these efforts to bring change.

3T has been developed internally at Skanska over a two-year period. Results from a number of construction projects have already demonstrated that Skanska is on the right path. This has laid the groundwork for a broad introduction of the new concept targeted to the outside market.

3T is a continuous process. It signifies steady improvements and a transformation of our working methods that is still only just beginning.

## Group review

28	Swedish Construction
29	Regional construction companies
34	Technical and Industrial Companies
40	International Operations
46	Properties
50	Skanska's overall real estate operations
51	Finance
52	JM Byggnads och Fastighets AB
54	Six-year Group financial summary
55	Some ongoing international projects
56	Addresses
	Comments on the English version of Skanska's Annual Report
	Skanska in brief
	Financial information from Skanska



## Swedish Construction

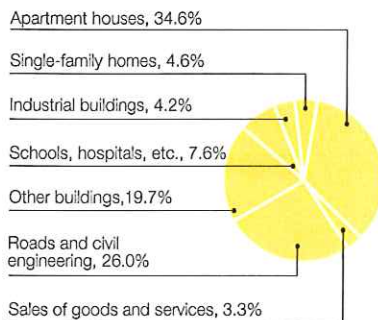
*Revenues and earnings were adversely affected by the sharp downturn in practically all sectors of Swedish construction during 1992. This decline is continuing during 1993, especially in housing construction. There is also a risk that already-approved infrastructural projects may be delayed.*

Sven-Eric Hersvall,  
Swedish Construction  
Per Westlund, Road and Civil  
Engineering Operations

### Swedish Construction in brief

SEK M	1992	1991
Revenues	17,453	19,614
Order bookings	14,381	15,519
Order backlog, Dec. 31	9,895	12,845
Average number of employees	13,927	16,439

### Operations by production areas, 1992



### Swedish Construction operates through six regional companies plus Ohlsson & Skarne AB



Skanska is well equipped for coming infrastructural investments in Sweden. New technology and new road-paving products are continuously being developed.

Recession, rapidly deteriorating economic conditions and crises in the banking, finance and real estate sectors led to a sharp downturn for the construction industry in 1992. At year-end, unemployment in the building trade totaled 25 percent.

Revenues of Skanska's construction operations in Sweden fell 11 percent during 1992 compared with 1991. Skanska's share of the market open to contractors was largely unchanged, with local variations.

During 1992 the number of employees in construction operations was about 14,000. Of these, one third worked in the road and civil engineering sector, which is expected to account for a larger share of operations in the future.

The year's earnings margin on contracts credited to income, 3.7 percent, represented a slight decline

from 1991 but was still satisfactory. The 1993 margin is expected to be in the same range, due to the time lag in construction operations. The year's operating income was also satisfactory and on the same level as earnings on contracts credited to income.

### Order situation

Compared with 1991, the decline in order bookings was modest. One reason was that numerous housing projects were started late in 1992 while it was still possible to take advantage of the old financing and loan rules. Not all these projects are expected to be completed, however. Total housing starts in Sweden during 1992 numbered 53,831, down from 57,400 in 1991. A sharp slide in housing construction is expected, due among other things to new rules that reduce housing subsidies. New housing construction may drop to one fifth the volume of the late 1980s. Unfortunately this downturn cannot be offset by increases in other areas.

During 1992 Swedish industry invested less in buildings for the third consecutive year. There was also a downturn in other building construction, including commercial space and construction for central and local governments.



Skanska is well equipped for coming infrastructural investments in Sweden. New technology and new road-paving products are continuously being developed.



### Infrastructure

There is broad political support for increased spending on roads and railroads. Numerous projects have been formally approved. Actual construction began only on a limited scale in 1992, however, due to lengthy processing before the contracting stage. In many cases, not all required approvals have been received. The growth of infrastructural construction is expected to have a major impact only in 1994 and 1995.

Ample and growing resources are available in the building trade as ground works and site development for residential, industrial and other projects become scarcer. An increase in road and railroad construction can at best only offset the decline in these market segments. In other words, infrastructural projects will not offset the dramatic decline in housing construction.

### Technical development

In the infrastructural field, Skanska is investing more heavily in technical development and undertaking expanded obligations, including serviceability guarantees. One such project is the 18 km (11 mi) of freeway being built on the E4 European highway south of Nyköping by Skanska Mellansverige AB together with the National Road Administration. Project completion time is half that of traditional tender contracts and there is a seven-year serviceability guarantee. An assignment, where the contractor accepts greater responsibility, makes it possible to cut production times substantially by shift work and concurrent planning and construction.

Even including the projected rise in infrastructural investments, construction activity in Sweden will fall below the levels of the mid-1980s. Increased renovation of buildings would reduce unemployment and provide a much-needed injection for the construction industry.



Skanska Syd built Malmö's new track and field arena, Atleticum, on a design-construct basis, with Skanska Teknik as the design engineer. The hall is 6,000 sq m (65,000 sq ft) in size and accommodates 2,500 spectators.



### Skanska Syd AB

Per-Ingemar Persson,  
President  
(effective April 1, 1993)

SEK M	1992	1991
Revenues	2,626	3,109
Order bookings	2,071	2,739
Order backlog, Dec. 31	1,138	1,680
Average number of employees	2,408	2,953

**S** Skanska Syd's market continued to shrink in 1992. To improve its future prospects, the company implemented a major reorganization, especially in the Malmö-Lund area, trimming the number of production departments from eleven to seven. Personnel cutbacks continued.

Skanska Syd maintained its 20-25 percent market share in various product segments, but lower demand meant falling revenues and order bookings. Earnings remained at about the 1991 level.

A number of large projects were completed during the year, including 126 apartments at Bellevue Park and the new Hansacompagniet store in Malmö. Order bookings were good in the road and civil engineering field.

The company began paving 15 km (9 mi) of concrete freeway on the E6 outside Falkenberg, a contract worth more than SEK 80 M being performed in consortium with the German company Hochtief.

The company is also upgrading 9 km of roadway between Lund and Gårdstånga to freeway standard. It won the order in stiff competition through a differentiated bidding procedure, where Skanska's schedules and traffic re-routing plans were crucial to the National Road Administration's choice of contractor. The project employs the 3T concept, including tough time and quality goals. Compared with the original tender documents, Skanska Syd is achieving 38 percent faster production time and more than a 50 percent reduction in traffic disruption.

The planned groundbreaking for the Öresund bridge between Sweden and Denmark is moving closer, and prequalification of contractors has begun. Skanska Syd is well prepared and has the resources to participate in both the actual bridge construction and in the connecting road and railroad work. The new bridge will have a very positive impact on the construction and real estate market in the region.





## Skanska Sydöst AB

Lars Löwhagen,  
President

SEK M	1992	1991
Revenues	2,124	2,405
Order bookings	1,600	2,445
Order backlog, Dec. 31	1,000	1,566
Average number of employees	2,145	2,441

The market open to Skanska Sydöst's building division and its road and civil engineering division deteriorated sharply in 1992, but the company managed to increase its market share. As earlier, the work of the building divisions was dominated by new housing construction.

There was less road and civil engineering work for industrial companies and municipalities in 1992, but this decline was offset to some extent by infrastructural investments. One interesting assignment was widening the E22 highway in Blekinge province for the National Road Administration. It is a design-construct project and Skanska Sydöst has issued a four-year serviceability guarantee.

During 1992 clean-up of Väckjösjön was completed. This involved re-



Skanska Väst does repairs, renovations and extensions of many schools. Renovation of the Bjurslätt School in the Hisingen district of Gothenburg was completed very quickly, thanks to the 3T concept.

moving contaminated sediment layers, using a specially equipped dredger. Tests now show that the lake is safe for swimming. Dredging began at another lake, Stora Bergundsjön, and the project is scheduled for completion in 1995/1996.

Revenues declined by 12 percent from 1991. The labor force was adjusted in stages to the lower volume of work. Earnings for 1992 were good considering the difficult market situation. Order bookings fell 35 percent. The year-end backlog contained projects that will continue for much shorter periods than in prior years.



## Skanska Väst AB

Christer Wannheden,  
President

SEK M	1992	1991
Revenues	3,188	3,599
Order bookings	2,558	3,173
Order backlog, Dec. 31	1,526	2,147
Average number of employees	2,516	2,795

During 1992 the downturn in the construction market in western Sweden was not as severe as expected. Skanska Väst had prepared itself well by trimming its work force and thus maintained high resource utilization. However, western Sweden was especially hard hit by the misfortunes of the financial service and real estate markets, which included many large bankruptcies. Public sector appropriations for infrastructural projects did not lead to any increase in production volume during 1992.

Despite much smaller volume and unsatisfactory price levels, Skanska Väst reported continued good earnings. The company completed no fewer than 1,800 dwellings, spread through most of the 52 municipalities in its territory. Major projects included 283 apartments in Gothen-



Skanska Sydöst, in cooperation with Skanska Prefab and Myresjöhus, created the attractive Björksåtra residential area in Växjö, which mixes apartment houses and single-family homes.



burg and 297 apartments in Härryda.

The company completed a number of school construction and renovation assignments. It began an even larger number of school-related projects. The prizewinning Artisten dramatic arts and music college building was inaugurated, and construction of the new Gothenburg Opera is proceeding as planned.

Road and civil engineering work was down nearly 30 percent during 1992, mainly because there were fewer ground work and site development assignments in connection with housing construction.

Ongoing road projects in Gothenburg, including the Järnbrott and Kobbegård freeway interchanges, are being completed in shifts to enable authorities to open them to traffic earlier.

The 3T process began to yield visible results in the form of shorter project times, lower costs and higher quality. Several of the company's projects were turned over to clients with no defects in the final inspection.

its market share by 2-5 percent in all product areas. Operations showed continued good earnings in 1992.

To maintain high resource utilization and stay competitive in a market with increasingly depressed prices, the work force was reduced by about 20 percent. The company implemented vigorous cost-cutting and a forward-looking program to create deeper understanding and support at all levels for the 3T concept.

During 1992 the big Skandinaviska Enskilda Banken office complex at Rissne was completed. Several large projects that began in 1990 continued into 1993. They include SkyCity at Stockholm-Arlanda Airport, the Dagens Nyheter/Expressen newspaper printing plant in Akalla, the Jakobsbergs Centrum suburban mall complex and Klara Strand, an office project in downtown Stockholm.

The two largest projects with groundbreaking in 1992 were construction of 20,000 sq m (over 210,000 sq ft) of new offices in the Klara district of central Stockholm and some 250 apartments in Norra Hammarbyhamnen, a former industrial area. Also worth mentioning are renovation and extension of Swedish Employers' Confederation headquarters and the Svenska Dagbladet newspaper building and the renovation of the downtown PUB department store.

There was a shortage of infrastructural projects again in 1992. The road and civil engineering market declined by about 40 percent and will fall further in 1993 unless already approved road and railroad extensions begin during the spring and summer.



#### Skanska Stockholm AB

Göran Larsson,  
President

SEK M	1992 <sup>1)</sup>	1991
Revenues	4,112	4,432
Order bookings	2,613	2,315
Order backlog, Dec. 31	2,851	4,350
Average number of employees	2,578	2,962

<sup>1)</sup> Figures include Reinhold Bygg Stockholm AB, a sister company.

**T**he Stockholm construction market deteriorated dramatically in 1992. Revenues of Skanska Stockholm fell by about 10 percent and year-end order bookings were below projected 1993 revenues. Despite this downturn, the company increased



Skanska Stockholm renovated and extended Jakobsbergs Centrum on a design-construct basis, with several other Group companies as suppliers and subcontractors. The atrium-covered plaza, stores, 7,000 sq m (75,000 sq ft) of offices and 90 apartments went into service in March 1993.





### Skanska Mellansverige AB

Lennart Daleke,  
President

SEK M	1992	1991
Revenues	2,867	3,219
Order bookings	3,002	2,865
Order backlog, Dec. 31	1,963	1,787
Average number of employees	2,348	2,746

The central Sweden construction market continued to weaken during 1992, but not as severely as expected. The market was mainly characterized by sharply declining prices and costs.

The company's revenues fell somewhat, while order bookings rose compared with 1991. The size of the year-end backlog indicates that 1993 revenues will be largely unchanged. Efficiency-raising programs during 1992 helped improve profitability in construction work somewhat compared with the preceding year.

Among major order bookings were new headquarters in Södertälje for the Astra pharmaceutical company and renovation of 740 apartments for a municipal housing company in Eskilstuna. The current freeway project on the E4 south of Nyköping is also a reference project for a number of large road construction tenders in central Sweden.

In 1992 Skanska Mellansverige completed the Eurostop highway service center near Stockholm-Arlanda Airport, its largest construction assignment to date. The facility was inaugurated in October and got off to a successful start, with heavy customer traffic.

The company's winning design in the Housing Ministry's Construction Challenge competition – 80 space-efficient low-cost housing units in



Skanska Mellansverige is building 18 km (11 mi) of freeway on the E4 between Nyköping and Norrköping together with the National Road Administration. By assuming greater responsibilities as contractor, including a seven-year serviceability guarantee, the company is significantly cutting construction time.

Borlänge – has been very well received by its tenants. Many municipalities will soon build similar projects.

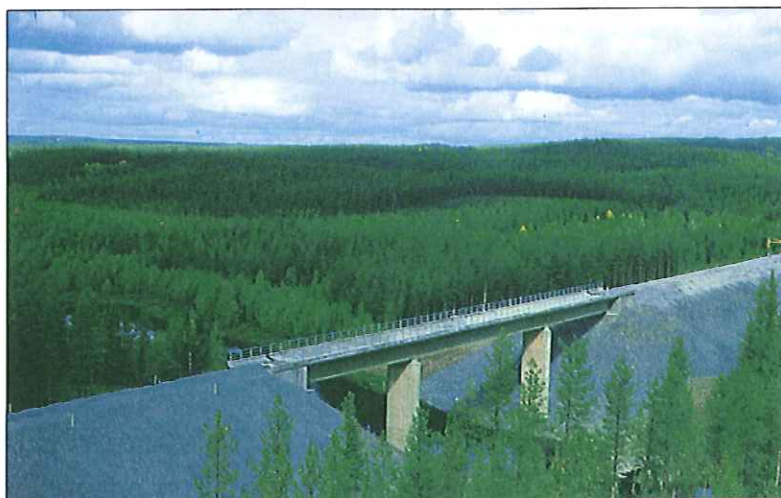
During 1993 a larger supply of road and civil engineering projects is expected, while the building construction market will shrink further. If Skanska Mellansverige maintains its market share, this means lower order bookings during 1993 and thus lower revenues in 1994.



### Skanska Norrland AB

Johan Karlström,  
President  
(since January 1, 1993)

SEK M	1992	1991
Revenues	1,589	1,999
Order bookings	1,623	1,491
Order backlog, Dec. 31	873	797
Average number of employees	1,512	1,885



Skanska Norrland is responsible for extensive ground works for the Kusfors project, with 7 km (4 mi) of new track including a 462 m (1,516 ft) railroad bridge over the Skellefteälven river. Several Skanska companies are participating in the project.



The full impact of the recession hit the operations of Skanska Norrland during 1992. Basic industries in northern Sweden are curtailing capital spending, construction of vacation facilities in the mountains is at a standstill, and the housing market is weaker. The company intends to offset the decline in these sectors mainly with infrastructural investments along the Gulf of Bothnia coast and a larger number of renovation assignments in the real estate sector.

Skanska Norrland reported relatively good order bookings in 1992 compared to the overall market. Invoicing fell 20 percent, requiring a corresponding cut in production resources and the work force. Earnings fell compared with prior years, but at the close of 1992 the order situation was better than a year earlier. The company thus expects unchanged revenues in 1993.

During 1992 the company started or completed a number of large and medium-sized projects. They included housing in Härnösand, Umeå, Luleå and Boden, Skanska Norrland's own new regional office in Sundsvall, and two projects for military authorities: a technical services building in Sollefteå and a staff restaurant in Umeå.

Road and civil engineering division projects included bridges in Gävle, Hammerdal and Kusfors and the first phase of E4 highway renovation at the Ångermanälven river. Late in 1992 the division also received a contract to participate in construction of a new pelletizing and concentration plant for the LKAB iron mine at Kiruna.

Skanska Norrland is cautiously optimistic about its future outlook. It completed the personnel training program begun earlier, which has resulted in greater efficiency, stronger motivation and improved quality. Training will continue, enabling the company to maintain an efficient, competitive organization.



## Ohlsson & Skarne AB

Per-Arne Lindqvist,  
President

SEK M	1992	1991
Revenues	947	851
Order bookings	917	472
Order backlog, Dec. 31	544	518
Average number of employees	567	657

The market downturn continued during 1992. New housing construction in the Stockholm area, which has been Ohlsson & Skarne's main specialty, declined sharply but was partly offset by a larger share of residential renovation and extension work.

Additional personnel cutbacks became necessary to maintain high resource utilization, while costs were trimmed at all levels. The 3T process was initiated throughout the company.

Order bookings were satisfactory. Revenues were somewhat higher in 1992 than the year before, and earnings were good because of high invoicing on contracts credited to income.

During 1992 the Fatburen residential project in the Södra Station area, including the "Bofill Bow" apartment house, was completed, as was the new postal sorting station in Huddinge. Ongoing projects include building a superstructure above the Söderleden highway, renovating the former Norstedts printing plant on the isle of Riddarholmen and renovating the old merchant marine officers' academy in the Södermalm district of Stockholm.

The downturn in the housing market is expected to continue. But thanks to good resource adjustment and a strong commitment to efficiency-raising measures, the company expects to maintain its market share during 1993.



Ohlsson & Skarne is repairing and renovating the old Norstedts book printing plant and offices on the isle of Riddarholmen in Stockholm. The three 18th and 19th century buildings, now owned by the National Swedish Pension Fund, will become first-class office space.



## Technical and Industrial Companies

*Skanska's Technical and Industrial Companies are specialized and work mainly in the Swedish construction market. Revenues declined sharply during 1992 and the business area could not maintain its earlier good earnings level. The market continues to shrink, requiring further adjustment measures. Efforts are underway to continue expanding the role of exports.*

### Technical development

Skanska is continuing to invest in technical development. During 1992 a new organization was established for the purpose of further strengthening, coordinating and clarifying the objectives of development efforts that involve several Group companies.

As previously, areas of development include technical skills, construction technology, production methods and products. The main emphasis is on housing construction, infrastructure and production management systems.

Development of the Construction Challenge, Skanska's concept for

more inexpensive housing, is continuing. A new housing system known as S93 has been adapted to residential financing rules that go into effect in 1993. Similar adaptation is underway in new types of houses being developed by Skanska's single-family home construction companies. A housing program for the elderly has been developed in response to heavier demand.

Infrastructural development programs are focusing on new technology and products for paving asphalt and concrete roadways and for bridge building. Of particular interest is a new cold-asphalt paving technique which simplifies the manufacture of

Tommy Sernelin,  
Technical and Industrial Companies

### Technical and Industrial Companies in brief

SEK M	1992	1991
Revenues	4,407	6,084
Income after depreciation	-147	287
Writedowns	-20	-4
Order bookings	3,705	5,026
Order backlog, Dec. 31	1,892	2,560
Average number of employees	5,473	6,281

asphalt, improves the working environment and saves time. In the bridge construction field, new types of long-span bridges are being studied.

### Market

The construction market continued to shrink during 1992. There was a sharper downturn in demand than the year before. To offset lost volume in Sweden to some extent, the business area increased its marketing efforts mainly in eastern Germany and Poland.

### Vigorous measures

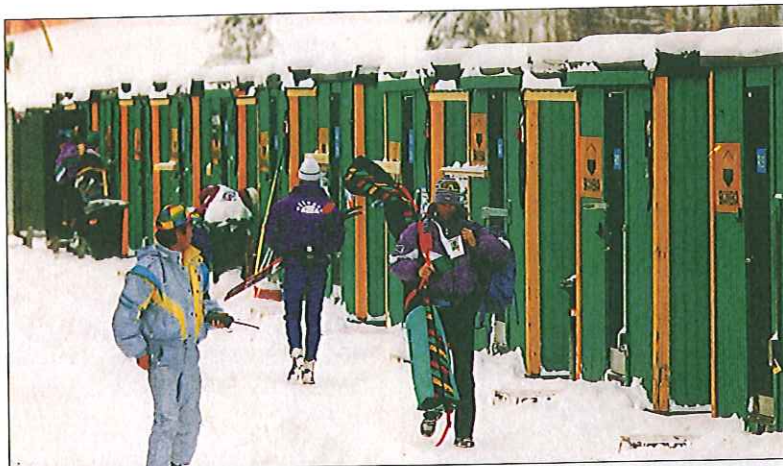
The rapidly shrinking volume of construction work required vigorous adjustment measures. When the potential for resource adjustment through personnel cutbacks has been exhausted, restructuring measures and closures of production units will be needed.

Investments in 3T yielded results in the form of shorter throughput times, faster inventory turnover, lower tied-up capital and improved quality. During 1993 additional improvements are expected as a result of the 3T process. There is greater emphasis on cooperation between Skanska Group companies to take advantage of the available specialist skills and resources and thereby increase competitiveness and optimize Group earnings.



In Denmark's Great Belt project, design work for the West Bridge superstructure, roadway and railroad beams was managed by Skanska Teknik. Sweden's King Carl XVI Gustaf (at center of photo) visited the site during the spring of 1992.





Skanska Maskin supplied these sheds for the world skiing championships in Falun, Sweden. They came in handy as a place for contestants to wax their skis.



#### Skanska Teknik AB

Nils Rune Andreasson,  
President

Planning and technological specialist operations in the construction, real estate and civil engineering fields. Divisions in Stockholm, Gothenburg and Malmö, office in Växjö.

Subsidiary: Skanska Data AB

SEK M	1992	1991
Revenues	203	208
Income after depreciation	2	-3
Average number of employees	340	382
Headquarters in Malmö		

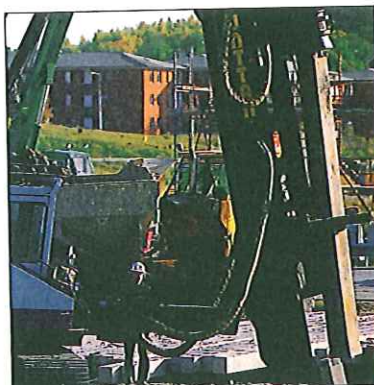
**B**y adapting its capacity to weakening market demand, Skanska Teknik maintained full resource utilization during 1992. Infrastructural projects represented a larger proportion of its work load, while building construction assignments fell sharply. There was extremely stiff price competition.

During 1992 Skanska Teknik was involved in several advanced projects in the Group. A whole new concept was developed for an underground petroleum storage facility in Zimbabwe. On behalf of Myresjö-

hus, Skanska Teknik is designing and building a biofuel-fired thermal power station. The company also took part in planning work for the Group's office and residential projects around Europe.

The Skanterra System, developed by Skanska Teknik for modern residential buildings that feature low energy consumption, was successfully demonstrated. Energy savings were confirmed in tests conducted by the Lund Institute of Technology at the recently completed Skanterra apartment houses in Hässleholm.

The subsidiary Skanska Data is responsible for the Group's joint computer systems and carries out assignments both in Sweden and abroad.



Skanska Teknik is responsible for bridge structures and foundation reinforcements in a traffic interchange renovation in Gothenburg.



#### Skanska Maskin AB

Curt Isacsson,  
President

Rentals to Group and non-Group companies of construction machinery, cranes, sheds etc., sales of protective equipment, machine components, cabling etc. Manufacture and maintenance of specialized machinery etc.

Depots and factories in some twenty locations in Sweden.

SEK M	1992	1991
Revenues	366	426
Operating earnings	9	32
Average number of employees	428	508
Headquarters in Danderyd		

**R**entals of construction machinery were hard hit by the decline in construction volume during 1992. Independent rental firms experienced a larger downturn than machinery companies that belong to construction groups. There were numerous bankruptcies in the industry. Skanska Maskin's volume fell less than the industry as a whole, however. Thanks to loyal customers within the Group, the company increased its share of Skanska's overall construction machinery rentals. Stiff competition led to lower intra-Group prices, however, and revenues thus fell more than volume. Non-Group invoicing fell by 10 percent, mainly due to lower machinery production. Two local depots were closed.

Personnel reductions are continuing as the expected work load declines. The company is intensifying its cost-cutting efforts and reviewing its procedures to raise efficiency.

Capital spending during 1992 totaled SEK 9 M. Investments are being maintained so that Skanska Maskin can continue to supply contracting companies with products that meet high standards.





### Skanska Installation AB

Stig Lewenhagen,  
President

Design, installation and servicing operations in the electrical, plumbing and ventilation fields through regional electrical and plumbing companies plus IV Svenska AB, LBI Luft-behandling AB and IV Produkt AB.

SEK M	1992	1991
Revenues	858	889
Income after depreciation	21 <sup>1)</sup>	24 <sup>2)</sup>
Order, backlog, Dec. 31	401	404
Average number of employees	992	1,020
Headquarters in Danderyd		

1) Excl. restructuring expenses of SEK 28 M in ventilation companies.  
2) Incl. SEK 6 M in extraordinary writedown of goodwill.

**T**he downturn in the construction market affected all units within Skanska Installation. Ventilation companies were most severely affected, since the type of construction project that requires large ventilation systems showed the largest decline. Personnel cutbacks and organizational changes became necessary, and large extraordinary expenses were therefore charged to earnings in the ventilation sector.

Electrical and plumbing companies required only minor cutbacks during 1992 and reported satisfactory earnings. During the year Joh. Jonsson Rör AB, a plumbing contractor working mainly in Greater Stockholm, was acquired.

Order bookings fell by 11 percent. Large electrical installation orders came from an office project in Stockholm, the Gothenburg Opera and Hansacompagniet in Malmö. Large plumbing installation assignments included residential projects in Uppsala and Stockholm as well as a renovation project involving 705 apartments in Eskilstuna.



IV Produkt manufactures ventilation units for classrooms, complete with electrical and automation systems.

Major ventilation orders included the Ericsson Business Communication factory in Karlskrona and the Nydala Heights residential area of Umeå.

In 1992 Skanska Installation received contracts for coordinated planning and installation of electrical, plumbing and ventilation systems, for example at the Agneteberg School in Arvika.

To offset the market downturn in Sweden, intensified sales efforts are underway in other countries.



### Skanska Prefab AB

Bertil Kjellin, President

Planning, manufacture, shipping and assembly of prefabricated concrete products from 17 factories in Sweden. Subsidiaries: Jan Ralling AB, rental of mobile cranes, forklifts and trucks as well as contracting work in the heavy lifting field. Skanska Trading AB, trading operations involving machinery plus sales and rentals of modular offices etc.

SEK M	1992	1991
Revenues	950	1,361
Income after depreciation	56	50
Order backlog, Dec. 31	226	350
Average number of employees	1,115	1,373
Headquarters in Malmö		

**S**ales volume fell sharply in both the building element and ground installation business areas of Skanska Prefab.

In the first area, the volume of prefabricated elements for residential, industrial, government and office buildings, as well as for bridges, declined by 30 percent.

The ground installation business



Skanska Prefab's new bridge-building system enables the National Rail Administration to replace level crossings with overpasses while minimizing disruptions in train traffic. This overpass is at Malshult, between Osby and Hässleholm in southern Sweden.



area, including products for water and sewage systems as well as pavings, reported a 20 percent decline in volume.

Skanska Prefab adjusted its resources to this lower volume by discontinuing production at the Mjölby and Oskarshamn factories and cutting back sharply at Sjövik, Uppåkra, Kalmar and Ettebro. The Ettebro factory now specializes in the production of pump stations, which are sold throughout Sweden.

The company's involvement in the 3T process led to improved working methods, lower inventory volume and shorter throughput times. Concentrated marketing efforts in the housing, bridge, pump station and pavings sectors led to comparatively good order bookings.

Major deliveries during 1992 included 2,500 sq m (27,000 sq ft) of pavings for a neighborhood of single-family homes in Stenungsund and 5 km (3 mi) of water piping for the E4 freeway at Nyköping. At the end of 1992 Skanska Prefab received a large order for structural components related to projects at the Middle Pier in Copenhagen harbor, Denmark.

Capital spending during the year totaled SEK 10 M.

In 1993 the market will be difficult, with volume probably falling at least 20 percent. Additional resource adjustments will be needed to maintain earnings.

The subsidiary Jan Ralling adjusted its capacity to lower market volume. In eastern Germany, the company established a crane rental depot and is also offering its expertise in heavy lifting assignments.

The subsidiary Skanska Trading reported depressed earning margins on pavilions and used construction machinery. The company received an order for a municipal retirement home in Landskrona. Through aggressive marketing, especially in the export field, the company expects to maintain its sales level during 1993.



### Skanska Stålteknik AB

Leif Stridh, President

Planning, manufacture and assembly of complete steel frames, façades and roofs for office buildings, factories and sports arenas as well as bridges and energy installations.

The group includes Skanska Stålteknik Mekan AB and Engdahl UK Ltd., Great Britain.

SEK M	1992	1991
Revenues	213	301
Income after depreciation	10	16
Order backlog, Dec. 31	85	103
Average number of employees	222	280
Headquarters in Kalmar		

The market for factory and office building frames continued to decline sharply during 1992, resulting in a major downturn in order bookings and revenues. The company implemented an extensive action program to adjust its work force and overhead to the new market situation, thereby achieving full resource

utilization and satisfactory earnings.

Vigorous marketing efforts were aimed at the infrastructural field. The company received a number of steel bridge orders, for example the railroad bridge over the Skellefteälv river at Kusfors and a highway bridge in Askersund. A prefabricated bridge system was developed in partnership with Skanska Prefab.

Development of Mekan construction systems, including frames for high-rise buildings, resulted in a number of residential orders.

Other interesting projects were a complete greenhouse frame and glass surfaces for the Bergianska botanical garden, metal and glass façades for a shopping center at Medborgarplatsen, both in Stockholm, and renovation of a steel mill at Oxelösunds Järnverk.

During 1993 Skanska Stålteknik intensified its 3T efforts by continuing to developing prefabricated construction systems, devising alternative solutions at an early stage of projects and streamlining production. Further marketing efforts are focusing on the infrastructure field and international projects, especially in Germany.



Skanska Stålteknik was responsible for the metal and glass façade of a new shopping center at Medborgarplatsen in Stockholm.





### Stabilator AB

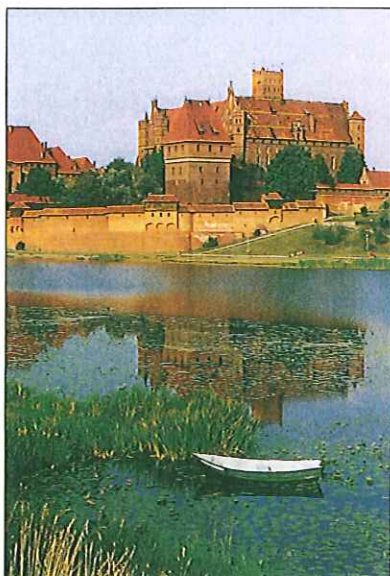
Björn Emt, President

Specialized operations focusing on foundation and reinforcement engineering, demolition and renovation.

The group includes Rivteknik Svenska AB, Hålmeter AB, Nordvac AB, Internordisk Spännarmering AB and Pålgruppen AB.

SEK M	1992	1991
Revenues	557	555
Income after depreciation	-41	20
Order backlog, Dec. 31	284	331
Average number of employees	703	778
Headquarters in Danderyd		

The continued downturn in the construction market and the delay in planned infrastructure projects made additional personnel reductions necessary at the Stabilator group. The group strengthened its market position, which resulted in largely unchanged revenues. Earnings were unsatisfactory, however.



Stabilator developed a special technique to reinforce the foundation of Malbork, a medieval castle in Poland.

To some extent, road, railroad and bridge construction projects will require new foundation engineering techniques. Pålgruppen has therefore initiated development work on lime/cement column methods that are expected to be in heavier demand.

Operations abroad showed a continued favorable trend. For example, Stabilator did foundation reinforcement work under a portion of Malbork, a medieval castle in Poland, using a new technique developed in-house. The customer was satisfied and gave the company an order for a further phase of the project.

Internordisk Spännarmering received another prestressing order for offshore oil platforms in Norway. Operations there are handled by a partly owned Norwegian company, which has a full work load until the end of 1994.

The market is expected to continue deteriorating during 1993, but ongoing 3T work and increased client focus will strengthen the company's competitiveness. Further adjustment of resources should not be ruled out, however.



### Myresjö AB

Ants Suurkuusk, President

Manufacture of ready-to-assemble homes, curtain walls, windows, insulating panes, cabinet fittings and sawn timber.

Subsidiaries: Myresjöhus AB, Myresjöhus i Finland AB, Nordiska Trähus AB, Myresjöfönster AB, Myresjökök AB, Combiglas AB, Myresjö Nederland B.V., Myresjö Trä AB and Boxholms Skogar AB.

SEK M	1992	1991
Revenues	1,057	2,114
Income after depreciation	-203	98
Writedowns	-17	0
Order backlog, Dec. 31	886	1,337
Average number of employees	1,504	1,709
Headquarters in Myresjö		

The companies in the Myresjö group, whose products are primarily sold in the Swedish housing production market, suffered severely from the downturn in residential construction during 1992.

The company's earnings margins were under heavy pressure, and together with the decline in volume this resulted in negative group operating income. Writedowns of development properties, felling deductions and allocations to a reserve for pre-approved 1993 cutbacks were charged against 1992 earnings. Despite a high level of invoicing on contracts credited to income and substantial withdrawals from reserves for ongoing projects, reported earnings showed a sizable loss.

During the year, steps were taken to adjust personnel resources and overhead to the continued decline in construction volume. The labor force was reduced by 12 percent. It will also be cut substantially during 1993 as a result of actions already





Myresjöhus' new Kloka Hus (Smart House) product range includes this roomy home with 3 m (almost 10 ft) ceilings but with small outside dimensions.

approved and implemented. Capital spending for machinery and equipment totaled SEK 71 M.

The group's three sawmills – Myresjö Såg AB, Boxholms Såg AB and Jobo Trä AB – with a total capacity of 200,000 cubic meters per year, were combined into a subgroup, with Myresjö Trä AB as its parent company.

During 1992 the Myresjö group redoubled its efforts to increase export volume. The group decided to establish its own sales office in Berlin to market its products to the German single-family home market.

In December it received a large order for houses that will be used at the 1994 Winter Olympics in Lillehammer, Norway. They will be delivered in 1993.

Housing construction in Sweden is expected to decline further during 1993, necessitating continued structural adjustment in various subsectors. The Myresjö group is projecting a 25 percent decrease in total revenues, while earnings will improve greatly because of the measures it has undertaken and because its work with the 3T concept will result in improved competitiveness.



SektionsByggarna delivered a turnkey office building in sections to Scanbeton Industrie GmbH in Rostock, Germany.



### SektionsByggarna AB

Sixten Wallin, President

This group includes the production companies Flexator AB (movable buildings), Gråbo Bygg AB (work sheds), Komponex AB (barracks and construction components) and Värme & Sanitet i Smålands Anneberg AB (plumbing).

SEK M	1992	1991
Revenues	203	230
Income after depreciation	17	34
Writedowns	-3	-4
Order backlog, Dec. 31	10	35
Average number of employees	169	231
Headquarters in Anneberg		

Order bookings continued to decline somewhat compared with 1991, when the big market downturn occurred. Especially hard hit was production of work sheds. Operating income deteriorated. In response to the downturn, the organization was cut back sharply. A decision was made to close the work shed factory in Gråbo temporarily. Following these measures, capacity is equivalent to prevailing demand.

Sales of some of the company's products increased. For example, more than 80 movable classrooms were delivered to Swedish municipalities. Deliveries of temporary buildings to house retail stores also increased. Rental operations performed well during the year, and rental revenues totaled SEK 47 M. A larger percentage of the buildings manufactured by the company were rented out rather than sold.

Continued low demand is expected in the domestic market during 1993. The establishment of a sales office in Berlin is expected to increase the company's chances of orders from the German market.



## International Operations

*Skanska is redoubling its efforts in the international construction market as activity diminishes in its domestic market. Although international competition is stiff, Skanska has good potential for expansion. Long experience, efficient project management and creative problem-solving are among its strengths.*

Greater internationalization is a key element of Skanska's long-term strategy. The goal is to restore operations abroad to at least 25 percent of Group revenues, the level of the early 1980s.

Skanska's international operations focus on construction throughout the world and specially selected real estate projects in Europe and the United States. These operations are run both on a project basis from its Swedish units and via local companies established in such countries as Denmark, Germany and the U.S.

Project operations are divided into civil engineering and building construction projects, due to their different construction techniques, financing solutions and client categories. Skanska's subsidiaries in the Technical and Industrial Companies business area also work abroad in their respective specialties.

Competitive conditions for an inter-

national contractor like Skanska vary considerably from one country to another. Countries often have different business cycles. Skanska therefore gives high priority to countries where it can be competitive at a given time.

Skanska's international operations benefit the Swedish business sector. First, Skanska utilizes products and services from many Swedish companies in its international projects, creating exports and thus employment in Sweden. Second, Skanska's technical skills base expands faster because of its participation in international projects, and this is useful to the Swedish construction industry.

Construction project exports involve large-scale technology transfer, which can contribute to the rapid development of well-functioning construction industries in the former Eastern bloc and elsewhere.

### Lars Wiklander, International Operations International Construction, excl. Skanska (USA) Inc., in brief

SEK M	1992	1991
Revenues	1,358	1,170
Order bookings	1,071	1,719
Order backlog, Dec. 31	2,691	3,199
Average number of employees	3,997	2,886

It is thus important to ensure the financing of vital construction projects by making competitive export credit guarantees available to these countries.

Because of the shrinking construction market in Sweden, Skanska's international operations can increase their capacity by taking advantage of the Company's experienced project managers and specialists. The delay in the European Economic Area (EEA) treaty means that Swedish labor cannot be used in certain European Community (EC) markets during 1993, however.

### Markets

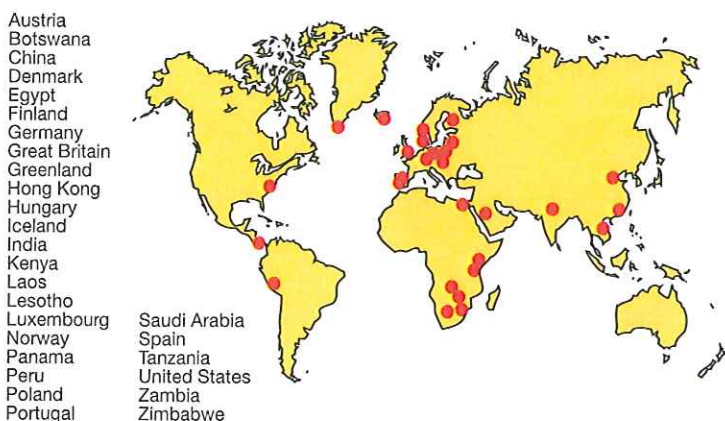
During 1992 Skanska invested in establishing a greater presence in the countries around the Baltic Sea. It opened offices in such cities as Berlin, Germany, and Tallinn, Estonia. Project discussions are underway in Latvia and Lithuania as well as in Poland.

The West Bridge over Denmark's Great Belt waterway, which Skanska is helping to build through its Danish subsidiary C G Jensen with support from Skanska Väst, will be completed during 1993. The next major challenge for the Company's bridge builders will be the Öresund Bridge and tunnel between Sweden and Denmark.

In the United States, Skanska continued to expand its construction operations on the Eastern seaboard.

New opportunities are opening for Skanska in the Middle East, where there are signs of increased construction activity in several countries. Skanska

During 1992 Skanska worked in 28 countries and territories outside Sweden





Skanska has long experience in this market. During 1992 Skanska increased its activities in selected countries in the expansive Far Eastern market.

Despite continued weak economic growth in Africa and Latin America, Skanska consolidated its position in countries where the company has previously worked.

#### Continued stiff competition

In the future, stiff competition can be expected in all markets. This is also true of the former Eastern bloc, where many construction companies are fighting for the few available projects with complete financing in place. In developing countries there is increasing competition from local contractors.

The international construction market nevertheless offers great potential for a company like Skanska, whose competitive advantages consist of long experience in international projects, efficient project management and creative design proposals. For the client, this means short project completion time, solutions that offer good value for money and high quality. The Group's ongoing 3T process will further strengthen its competitiveness.



**Skanska International Civil Engineering AB, Danderyd**

Per Hofvander, President

Road and civil engineering operations outside Scandinavia and the United States.

**S**Skanska International Civil Engineering focuses mainly on road and civil engineering assignments outside Scandinavia, mainly large projects that include advanced technology which may lead to contracts that encompass design, planning, construction and sometimes opera-

tion. Skanska also possesses the expertise required to resolve financing issues, an increasingly important aspect of project assignments in developing countries.

The company's revenues and order bookings increased sharply in 1992. Reported earnings were satisfactory, despite some decline from their good 1991 level. During 1992 projects in Africa, Europe and elsewhere were credited to income.

During 1992 there were certain disruptions in construction at the big Uri hydroelectric power project in northwestern India, including floods. The mobilization phase at the site was largely completed. Work began on permanent works.

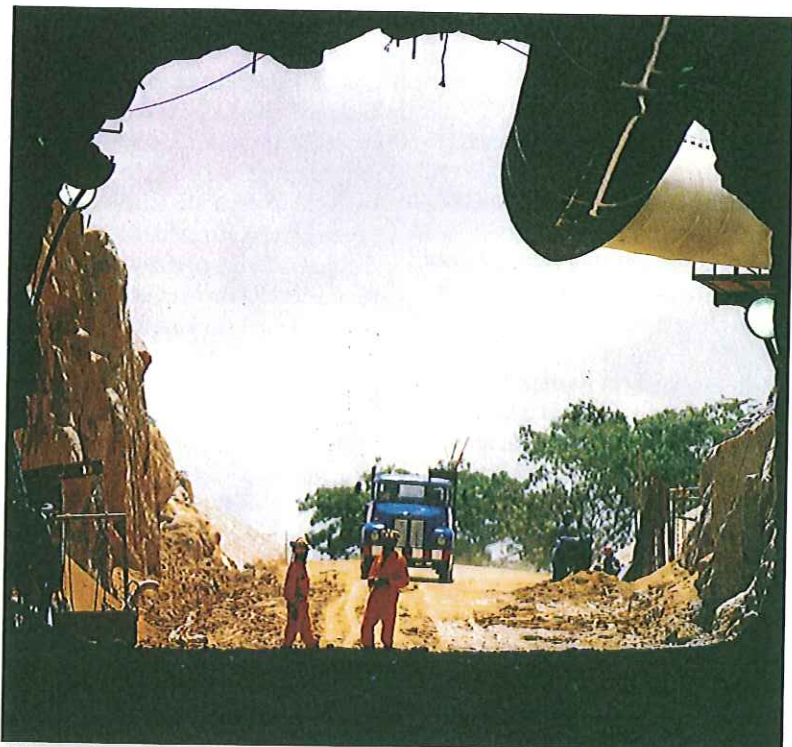
In Zimbabwe, work began on a petroleum storage project. Dam projects in Panama and Lesotho continued as planned. In Kenya, the company received a United Nations assignment to be responsible for water

supply and shipments to Somali refugees, as well as road construction related to their refugee camps.

The company's road project in Laos continued. Skanska was awarded an expanded contract early in 1993. Raise boring was performed in Sweden, Finland and Portugal. Work on a highway tunnel in Iceland proceeded as planned.

Skanska's dredging activities were transferred to Skanska International Civil Engineering on January 1, 1993 and are now carried out by a new subsidiary operating under the name of Skanska Dredging AB. From the same date, Lundby System AB – specialists in pipe jacking – also became part of the company.

Despite stiff competition in the international market, Skanska International Civil Engineering has major opportunities for continued positive growth during 1993.



Skanska International Civil Engineering is building a large Skanska-designed rock cavern for petroleum storage in Zimbabwe after being awarded the contract in international competition. The facility is scheduled for completion in 1995.





Under a construction management contract, Skanska International Building will be responsible for turnkey delivery of a 500-bed hospital in Taif, Saudi Arabia, an enlarged version of hospitals the company built in Jeddah (photo) and Bishah during the 1980s.



**Skanska International Building AB, Malmö**

Folke Eneroth, President

Building construction and project management outside Scandinavia and the United States.

**D**uring 1992 the international construction market was further depressed by growing financial instability and difficult transition processes affecting the former Eastern bloc. Skanska's many years of marketing work, especially in Eastern Europe, paid off when it received a land allocation in Warsaw, Poland, in international competition. Skanska and the urban district of Wola have now established a joint venture company which will continue the planning work for a proposed shopping and office complex in central Warsaw.

Marketing efforts intensified in the Middle East. A number of attractive projects were discussed in Saudi Arabia and other countries. As a result, early in 1993 the company signed a construction management

contract for a 500-bed turnkey hospital in Saudi Arabia.

The small management assignments the company is performing in Egypt and Austria continued as planned. However, the management assignment for the new Scandinavian Airlines System (SAS) hotel in Beijing, China, was discontinued, and Skanska sold its stake. A planned residential project in Istanbul, Turkey, was suspended after the client decided to re-evaluate its whole development concept.

Despite fewer opportunities for arranging project financing, the company believes there is good potential for expanding its market share, especially in the familiar export markets of the former Eastern bloc countries and in the Middle East. It has begun recruitment of young graduate engineers in particular, thereby enlarging its resources for the future.

Skanska International Building is engaged in the Hungarian real estate market. The East West Business Center property has a strong position in the Budapest office market and good prospects to maintain a good return on investment. The first full year of

operations after completion was 1992. The entire property is leased out and is showing good earnings.

A number of newly constructed buildings were added to the office market in Budapest during 1992. Demand for office space remained heavy. Rents, which had previously been rising, leveled off during the second half of the year.



**C G Jensen A/S, Denmark**

Lennart Pajmert, President

Construction and real estate operations in Denmark, contracting operations in Greenland and Tanzania.

**T**he Danish construction market remained weak during 1992, but C G Jensen increased its revenues compared with 1991 and was active in a number of projects in Denmark, Greenland and Tanzania.

Its work in Denmark included housing, an industrial building and a shopping center on the Jutland peninsula, completion of the Scandi-



navian Trade Building near Copenhagen, renovation of residential properties in the Danish capital and groundbreaking for the Midtermolen (Middle Pier) expansion in Copenhagen harbor.

In Greenland the company performed harbor work and in Tanzania it renovated a hospital. C G Jensen also did wharf work in Mecklenburg-Vorpommern, eastern Germany.

There are prospects for improvement in the Danish market during 1993, including plans to start major central and local government infrastructural projects. Some of these are related to the coming Öresund bridge and tunnel connection to Sweden.

The Danish real estate market remained weak during 1992, with no immediate improvement expected in 1993. During the spring, however, Denmark's relationship to the EC is expected to become clearer. Together with an expected lowering of interest rates, this may fuel new optimism in the market.

The Rungsted Bytorv retail and housing development was completed in 1992. The start of the Midtermolen expansion in Copenhagen harbor marked the beginning of C G Jensen's own office and real estate projects in the area. At the same time, the company's development properties in Denmark are being appraised.



C G Jensen has repaired and extended the Bank of Tanzania building in Dar es Salaam.



#### **Skanska Baugesellschaft mbH, Germany**

Manfred Viering,  
President

Project and construction management, real estate development and management, design-construct assignments.



#### **Skanska Bau Berlin GmbH, Germany**

Claes Gustafson,  
President

Construction operations.

**T**he construction market in western Germany grew strongly during 1992 – more than 5 percent in real terms – due to favorable economic conditions and revived housing construction.

Skanska Baugesellschaft mainly worked with project development for major properties in Hamburg, Berlin and Munich. The company continued project management for a new IBM/Skanska office and training building in Essen. It also completed an office and residential project in central Hamburg on a design-construct basis.

During 1992 a contracting company was established in Berlin. It will focus on eastern Germany, where

there is extensive need for environmental projects, housing renovation, infrastructural projects etc.

Over the next few years, construction is expected to stagnate in western Germany. Vigorous efforts to stimulate housing construction are not expected to fully offset the current downturn in public sector investments and commercial real estate.

The construction industry will, however, be helped by demand from the new eastern German states in all sectors, from infrastructural investments to housing. The industry may also benefit from lower interest rates and the government's economic stimulation programs for eastern Germany, including Berlin.



#### **Skanska Investment, Malmö**

Walter Bengtsson,  
Chairman

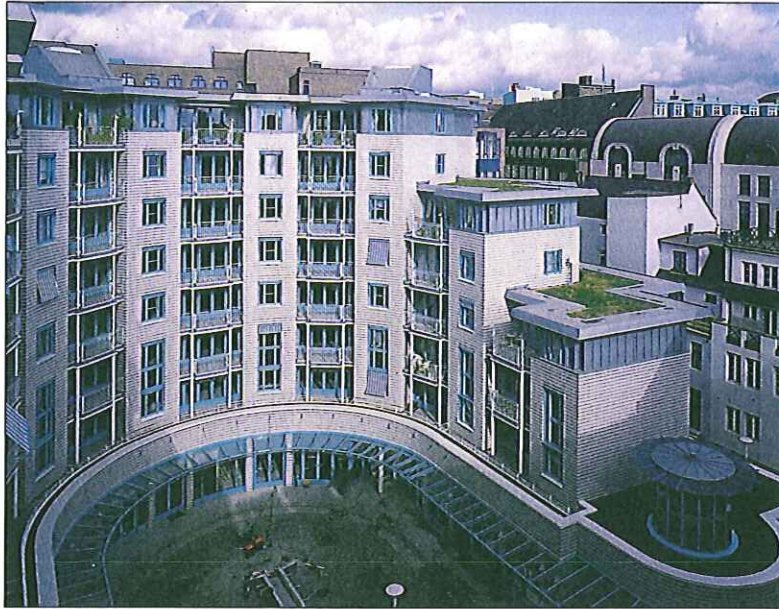
Real estate operations in certain countries of Europe.

**S**kanska Investment's business concept is to develop and upgrade financially sound properties, based on good locations and high quality, for the Group's own account or for sale.



Skanska Bau continued its construction management assignment for the office building in Essen (western Germany) that Skanska and IBM are constructing on a 50/50 ownership basis.





Skanska Investment's ABC-Strasse property in central Hamburg contains about 11,000 sq m (118,000 sq ft) of apartments, offices and stores. The apartments are located in a semicircular building.

Its operations include the management, improvement and development of commercial buildings, with an emphasis on Germany.

Aside from renting out space in existing properties, during 1992 the company concentrated on pursuing projects that it had initiated earlier. No new projects were added.

In Germany the real estate market began to show signs of weakening late in 1992. The investment climate cooled because of the country's high interest rate policy. Earlier overoptimism about the Berlin market gave way to more realistic expectations. The problems of eastern Germany remain, and the reconstruction process will require major resources for many years to come.

The ABC-Strasse project in central Hamburg, including offices, apartments and stores, was completed during 1992. All the offices and most stores and apartments were rented out by year-end.

The construction of the office building in Essen, a joint venture with IBM, proceeded as planned.

Completion is scheduled for October 1993. IBM will occupy 65 percent of the space.

In Frankfurt the Europa-Haus project, which is half-owned by Skanska, has received approval of a draft land use plan that would authorize construction of about 100,000 sq m (1.1 million sq ft) of space.

Planning of two office projects, NDR in Hamburg and Neusser Strasse in Munich, is continuing.

During the fall, Skanska Investment reached an agreement with Siemens Nixdorf not to complete the purchase of that company's property in Berlin-Wedding, because conditions specified in the purchase contract had not been fulfilled.

Skanska Investment also decided during the fall that it would not carry out the Kirchberg urban development project in Luxembourg with its own investment funds. The task of finding other investors is underway in consultation with Luxembourg authorities.



### Skanska (USA) Inc., U.S.A.

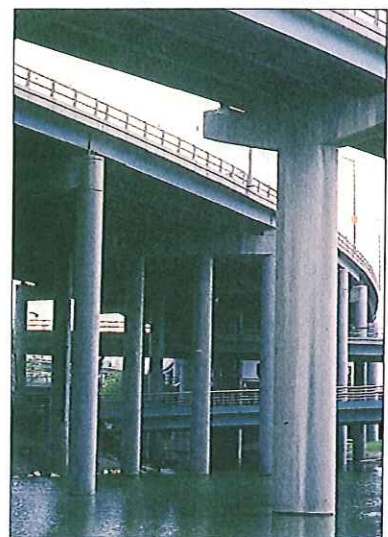
Claes Björk, President

Skanska (USA) Inc., Greenwich, CT, holding company and property management; Karl Koch Erecting Co. Inc., Carteret, NJ, steel structures; Slattery Associates Inc., Whitestone, NY, heavy civil engineering projects; Sordoni Skanska Construction Co., Parsippany, NJ, project and construction management.

SEK M	1992	1991
Revenues	2,526	2,453
Order bookings	2,427	2,009
Order backlog, Dec. 31	4,406	4,505
Average number of employees	1,263	1,178

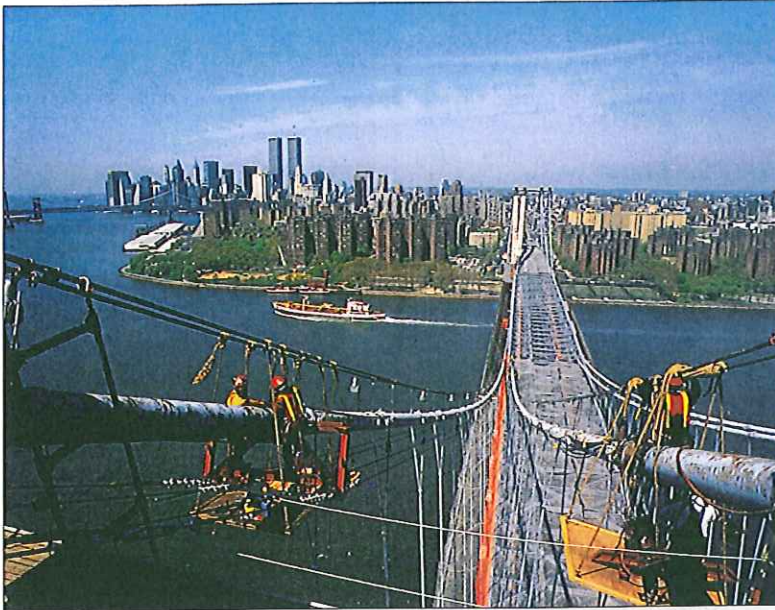
The revenues and earnings of Skanska USA improved further during 1992. The company's strongest business areas were infrastructure repairs in New York and projects for the pharmaceutical industry in New Jersey.

Because of its market diversification Skanska USA benefited from higher public spending for infrastructural repairs, water supply and



Slattery Associates is doing extensive repairs on one of New York's most heavily trafficked freeways, the Van Wyck Expressway.





One of Karl Koch's current assignments is to repair the 89-year-old Williamsburg Bridge over the East River between Brooklyn and Manhattan.

pollution control projects as well as from educational and health care investments. The upturn in the American economy and low interest rates also stimulated its single-family home sales.

The office market in the United States remains soft, with extensive unleased space. But there is continued demand for built-to-suit office buildings.

**Slattery Associates** and its subsidiaries received USD 154 M worth of orders during 1992. These included a shaft to New York City's third water tunnel and a project worth USD 67 M for sludge storage facilities at five city sewage treatment plants. The year-end order backlog totaled USD 237 M. Among the major projects completed during 1992 was a 110,000 sq m (1.2 million sq ft) park built on the roof of the North River Sewage Treatment Plant in New York City.

**Karl Koch Erecting Co.** maintained its strong market position in bridge repairs in the New York area.

Revenues totaled USD 75 M in 1992. Projects begun during the year included a repair contract worth USD 73 M for the Williamsburg Bridge in New York City.

After the bombing underneath the World Trade Center in New York during February 1993, Karl Koch immediately received an assignment to repair and reinforce the damaged steel beams, while Slattery was retained to perform extensive concrete work. When the twin skyscrapers were built starting in the late 1960s, Karl Koch was responsible for steel structures and Slattery for the foundation work.

**Sordoni Skanska Construction Co.** continued its success through innovative management techniques and outstanding performance. An assignment worth USD 100 M to manage construction of facilities for the pharmaceutical company Bristol Myers Squibb was completed in only 18 months. New contracts include a 45,000 sq m (480,000 sq ft) headquarters building and a 1,200 car underground garage for American Home Products, another major pharmaceutical company. The project time has been estimated at 17 months.

The real estate market brightened somewhat during 1992, although it remained weak for office buildings. By year-end, Platinum Tower in Atlanta was almost fully leased and the four office properties in Seattle were completely occupied. Sales of single-family homes in Sharon and Foxboro, south of Boston, increased dramatically during 1992.



The U.S. real estate market improved in 1992, with higher single-family home sales.



Sordoni Skanska is the project manager responsible for the new headquarters of American Home Products in New Jersey. The contracted project period is only 17 months.



## Properties

*Despite a sharply deteriorating market, with rising vacancy rates for both commercial space and residential properties, the Properties business area increased its operating income. Skanska's competitive advantages as a landlord with a reputation for economic soundness and stability becomes more important in a weak market situation.*

### The market

The problems of the Swedish real estate market continued during 1992. The deep general recession, far-reaching financial crisis and oversupply of office and business properties coincided with major structural changes in the real estate industry. Many real estate companies disappeared, while a number of new market participants emerged.

Swedish government property holdings totaling 4 million sq m (43 million sq ft) were gathered in a company which will play a major role in the market. Most commercial banks and credit institutions established their own real estate companies or units to manage foreclosed properties. Within a year or so, these companies are expected to have accumulated sizable property holdings.

Current conditions are expected

to persist for several years, since these companies have only limited prospects of divesting properties to improve their financial position. To avoid even further market pressure, the financial rules governing these companies must be clarified. All market participants must be ensured a level playing field in terms of competition.

During 1992 the growing surplus of commercial space continued to depress market rents. The Stockholm, Gothenburg and Malmö regions suffered the largest declines in rent. In the prevailing recession, many companies are cutting back their resources. This means they need less space and that real estate companies can expect higher vacancy levels. In all three major urban regions, vacancies for office space were about 10 percent at the close of 1992. Given continued low growth in the Swed-

Mats Mared (effective April 1, 1993),  
Properties

### Investment properties in Sweden

SEK M	1992	1991
Book values	8,130	7,024
Rental revenues, of which interest subsidies	2,366 118	2,146 89
Operating net*	1,666	1,455
Rentable space (000 sq m)	2,397	2,254

\* Operating net Rental revenues minus normal operating expenses and real estate tax. Administrative expenses are not included.

ish economy, these historically high levels will continue.

In the housing market, the number of vacant apartments is continuing to rise. The three major urban regions reported large supplies of unsold and unrented apartments. Because the construction financing system for new apartment houses was scheduled to become less favorable starting in 1993, many residential projects were started during 1992 despite the weak market. This will probably mean a further increase in the number of vacant apartments during 1993 and 1994.

Activity in the real estate market remained slow. Residential properties without government interest subsidies attracted the greatest interest among investors. Aside from transfers of properties to bank-owned real estate companies after their owners suspended payments or filed for bankruptcy, few commercial properties changed hands during the year.

Among crucial factors in the Swedish property market over the next few years – besides the international economic situation – will be the supply of risk capital, GDP growth, the trend of real interest rates and the actions of the new real estate companies.

### Organizational change

Effective from April 1, 1993, the properties in England and Norway are in-



After an extensive renovation of the former NK building in Malmö, Hansacompaniet was inaugurated in the fall of 1992. The new department store offers customers a rich selection, specialist knowledge and service in a stimulating environment.



cluded in the Properties business area. The figures in this section, however, refer only to properties in Sweden.

### Operations in 1992

Swedish operations take place in four regional property management companies: Skanska Fastigheter Stockholm, Syd, Väst and Nord. All personnel in the regional companies are employed by Skanska Fastighets-service AB. The total number of employees in 1992 was 430 (412).

The Properties business area is well equipped to face the difficulties that the real estate industry must overcome during the next few years. A small number of projects were started during 1992. In all of them, the occupancy level was guaranteed before construction began. Skanska concentrated its resources on existing property holdings. It trimmed operating and maintenance expenses by means of efficiency-raising measures which did not adversely affect the level of service to tenants.

Because of relatively long-term leases and a large number of new tenants, it proved possible to keep vacancies at an acceptable level.

For many of these new tenants, Skanska's competitive advantages were crucial factors in their choice of landlord. Economic soundness and stability, a broad selection of properties and flexible, optimal solutions to tenants' space requirements are highly valued in the prevailing market situation. Another important competitive advantage for Properties is its close cooperation with Skanska's construction companies, which saves time and money and encourages greater exchange of ideas about existing and future projects.

### Earnings

#### Investment properties

Rental revenues from the business area's investment properties in Sweden rose by 10 percent to SEK 2,366 M (2,146). Adjusted for changes in property holdings during 1992,



#### Skanska Fastigheter Stockholm

Mats Wäppling, President

Management territory:

Commercial properties (except shopping centers) in Stockholm County.

Book values	SEK 3,066 M
Rental revenues	SEK 912 M
incl. interest subsidies	SEK 2 M
Operating net	SEK 716 M
Rentable space	618,000 sq m
incl. residential	6,000 sq m



#### Skanska Fastigheter Syd

Sten Gustavsson, President  
(until April 30, 1993)

Management territory: Southern and southeastern Sweden.

Book values	SEK 1,365 M
Rental revenues	SEK 440 M
incl. interest subsidies	SEK 53 M
Operating net	SEK 321 M
Rentable space	546,000 sq m
incl. residential	230,000 sq m

the rent increase excluding interest subsidies was 4 percent. Net operating income for investment properties – rents minus operating costs, maintenance, ground rents, real estate tax and overhead – rose by 19 percent to SEK 1,541 M (1,291). Net operating income amounted to 19 percent of the year-end book value of investment properties.

The Group's share of earnings in partnerships and limited partnerships where Skanska's stake totals 50 percent or less was SEK 57 M (46).

#### Development properties

Rental revenues for development properties was SEK 270 M (306) and operating income was SEK 1 M (102). Earnings from partly owned partnerships and limited partnerships was SEK -10 M (-2).



#### Skanska Fastigheter Väst

Kent Jönsson, President

Management territory:

Western Sweden.

Book values	SEK 1,004 M
Rental revenues	SEK 287 M
incl. interest subsidies	SEK 21 M
Operating net	SEK 187 M
Rentable space	333,000 sq m
incl. residential	159,000 sq m



#### Skanska Fastigheter Nord

Olof Johansson, President

Management territory: Northern and central Sweden plus shopping centers and housing in Stockholm.

Book values	SEK 1,460 M
Rental revenues	SEK 462 M
incl. interest subsidies	SEK 26 M
Operating net	SEK 286 M
Rentable space	551,000 sq m
incl. residential	254,000 sq m

#### Occupancy rate

The occupancy rate in Swedish investment properties amounted to 93 percent (95) as of December 31, 1992.

#### Writedowns

Writedowns of property values were again necessary during 1992. Despite discussions in the market about property appraisals, which in many cases have caused real estate companies to change their valuation principles, Skanska applied the same principles in 1992 as in 1991. It conducted a thorough review, property by property, in which book value – or in the case of properties under construction, estimated book value on completion – was compared with estimated market value. A property's estimated value is based on a yield of 8 percent in Stockholm



and 10 percent in the rest of Sweden. Similar conservative valuation principles were applied to property holdings outside Sweden. During 1992 writedowns totaling SEK 261 M (121) were made in investment properties and writedowns of SEK 753 M (360) in development properties.

It should be pointed out that in estimating the value of its properties, Skanska thus does not apply the portfolio principle. Instead it treats each property individually. The total operating net of Skanska's Swedish properties indicates substantial surplus value.

### AB Drott

Göran Lidström, President

Subsidiary of Skanska AB (83 percent stake). Management territory: mainly Skåne, Sweden's southernmost province.

Book values	SEK	875 M
Rental revenues	SEK	208 M
incl. interest subsidies	SEK	16 M
Operating net	SEK	123 M
Rentable space	304,000 sq m	
incl. residential	177,000 sq m	
Average number of employees		52

### Eurostop KB

Max Broman, Chairman

A limited partnership owned 60 percent by the Skanska Group and 40 percent by the pension insurance companies SPP and AMF-p. Operations consist of shopping and service centers on heavily trafficked highways.

Book values	SEK	378 M
Rental revenues	SEK	57 M
incl. interest subsidies	SEK	— M
Operating net	SEK	33 M
Rentable space	45,000 sq m	
incl. residential	— sq m	
Average number of employees		24

### Project operations

During 1992 real estate projects with a book value of SEK 1,506 M (1,428) were completed. Their projected 1993 rental revenues, including interest subsidies, are about SEK 194 M.

At year-end there were projects under construction with an estimated book value of SEK 1,356 M (2,485) upon completion. The remaining investment volume in these projects is SEK 720 M (1,049).

### AB Drott (83%)

Drott's rental revenues rose by 9 percent to SEK 208 M (190) during 1992. Net operating income rose by 21 percent to SEK 115 M (95).

### Eurostop KB (60%)

During 1992 the Eurostop highway service center in Arlanda was inaugurated. Together with the Halmstad, Jönköping and Örebro centers, rental revenues are projected at approximately SEK 90 M during 1993. No new centers are planned over the next few years.

### Changes in Swedish real estate holdings

Properties with a book value of SEK 1,056 M on January 1, 1993 were completed during 1992.

Company Property designation	Category*	Projected full 1993 rent, SEK M	Projected 1993 interest subsidies, SEK M
<b>Skanska Fastigheter Syd</b>			
Gränholmen 4, phase 2, Helsingborg	1	1.8	2.8
Höken 2, new construction, Borgholm	3, 4	0.9	
Kilen 19, Lund	1, 2, 3	8.6	2.2
Läroverket 4, Ängelholm	4	1.0	
Sirius 2, Malmö	3	4.4	
Stenbock 1, Växjö	1, 2, 4	2.0	1.7
Trädan 29, Växjö	1, 4	4.1	1.4
Våduren 3, 9, 11, Lund	3	1.1	
<b>Skanska Fastigheter Väst</b>			
Blåsvädersgatan, Gothenburg	1	12.0	11.5
Ellös Middle School, Orust	4	4.0	
Friskvaderstorget, Gothenburg	1, 2, 3, 4	11.0	9.3
<b>Skanska Fastigheter Nord</b>			
Borgaren 11, Sundsvall	2	6.6	
Bålsta 1:543, Håbo	2, 3	0.9	
Hild 12, new construction, Umeå	1	4.5	0.1
Hjälmen 1, Norrtälje	3, 4	0.5	
Luthagen 80:1 (Klockarängen), phase 2, Uppsala	1	3.4	3.0
Strömsbro 1, Karlskoga	4	0.7	
Ånge 30:5 (Ånge Centralhus), Ånge	3	0.7	
<b>Eurostop</b>			
Eurostop, Arlanda **	2, 3, 4	48.6	
Total		116.8	32.0

Properties in partly owned partnerships and limited partnerships with a book value of SEK 450 M on January 1, 1993 were completed during 1992. (Reported figures refer to Skanska's stake.)

Medicinaren 19, phases 1 and 2 (50%), Huddinge***	2, 3, 4	29.4	
Hälsan 2 (50%), Jönköping	3	0.7	
Sicklaön 386:1 (50%), Nacka	1	3.2	1.0
Glunten, phase 2 (50%), Uppsala	3	11.3	
Total		44.6	1.0

\* 1 Residential, 2 Retail space, 3 Office space, 4 Other categories.

\*\* Refers to 100 percent. Skanska's stake in Eurostop is 60 percent. \*\*\* Phase 1 was completed during 1990.

## England

The real estate market in London remained very weak. At year-end the vacancy level was about 20 percent in the City, equivalent to 1.3 million sq m (14 million sq ft). Demand for office space is expected to be low during 1993 as well.

During 1992 most office space at the Thomas More Square property and the centrally located 55 King William Street property remained unleased. Marketing was intensified.

## Norway

The office rental market in Oslo was characterized by continued oversupply and little demand, but there are indications that the market may have bottomed out.

Despite the weak market, the amount of unoccupied office space in the Oslo City commercial and office center was halved. The center's office occupancy level is thus better than the rest of the market. The task of leasing out the remaining space has top priority.

In contrast, the center's retail space occupancy level was completely satisfactory. During 1992 a revitalization of the shopping center was carried out in order to consolidate and strengthen its market position. At the same time, retail tenants were moved to new spaces to satisfy customer wishes better.

Taken as a whole, the Oslo City property showed improved earnings in 1992 compared with the preceding year.

Current construction of properties for Skanska's own account, with a projected book value of SEK 1,243 M upon completion.

Company Property designation	Projected month of completion	Rentable space, sq m				Projected full annual rent, SEK M	Projected interest subsidies, SEK M
		Resi- dential	Retail space	Office space categories	Other		
Skanska Fastigheter Stockholm							
Myren 1, Huddinge	March 1993			950	5,460	7.6	
Blekholmen 1 (Klara Strand), Stockholm	May 1993		2,061	23,067	9,089	60.0	
Skanska Fastigheter Syd							
Trädan 18, Växjö	March 1993	3,026			1,201	6.3	1.5
Storskarven, Bunkflostrand	June 1993	442				0.4	0.4
Garaget 1, Höganäs	March 1994	7,066				6.5	5.9
Potatisåker, Malmö	June 1996	13,800				16.6	10.3
Skanska Fastigheter Väst							
Lilla Berget, Gothenburg	September 1993	1,550		7,500		13.5	1.0
Köpmanen 3, Bengtsfors	December 1993	1,399		882		1.8	1.0
Pennygängen, Gothenburg*	December 1994	54,518				36.2	1.2
Blidvädersgatan, Gothenburg*	December 1994	21,924				16.0	1.1
Höstvädersgatan, Gothenburg*	December 1994	20,540				13.4	0.5
Skanska Fastigheter Nord							
Primusköket 9 and 10, Stockholm	March 1993	2,706				3.0	2.1
Pinjen 1, Boden	April 1993	1,752				1.4	1.6
Klotet 1, Sandviken	August 1993	2,353	447			2.4	2.7
Total		131,076	2,508	32,399	15,750	185.1	29.3

\* Refers to upgrading of development property.

Current construction of properties for Skanska's own account in partly owned partnerships and limited partnerships, with a projected book value of SEK 113 M upon completion. (Reported figures refer to Skanska's stake.)

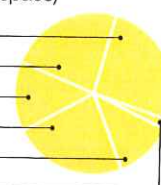
Spiran (50 %), Härnösand	January 1993		2,485		4.0	
Skinnefjäll (50%), Härryda	September 1993	4,000		1,000	5.2	3.2
Hälsan 1 (50%), Jönköping	February 1994			5,850	3.0	
<b>Total</b>		<b>4,000</b>	<b>2,485</b>	<b>6,850</b>	<b>12.2</b>	<b>3.2</b>

## Investment properties in Sweden

Rentable space, 1992, total 2,397,000 sq m (25.8 million sq ft)

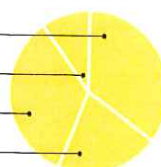
Breakdown by real estate company  
(000 sq m, % of total space)

Stockholm 618 (26%)  
Syd 546 (23%)  
Väst 333 (14%)  
Nord 551 (23%)  
Drott 304 (12%)  
Eurostop 45 (2%)



Breakdown by type of space

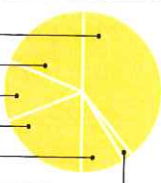
Residential 826 (35%)  
Retail space 248 (10%)  
Office space 818 (34%)  
Other categories 505 (21%)



Rental revenues, 1992, total SEK 2,366 M, of which interest subsidies SEK 118 M.

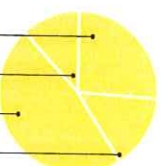
Breakdown by real estate company

Stockholm 912 (39%)  
Syd 440 (19%)  
Väst 287 (12%)  
Nord 462 (19%)  
Drott 208 (9%)  
Eurostop 57 (2%)



Breakdown by type of space

Residential 622 (26%)  
Retail space 289 (12%)  
Office space 1,105 (47%)  
Other categories 350 (15%)



## Expiration year of leases in force at year-end 1992

Investment properties	Percentage of total rental revenues, %
1993	9
1994	10
1995	12
1996	11
1997 and later	31
Residential (no expiration dates)	24
Parking facilities	3
<b>Total</b>	<b>100</b>



## Skanska's overall real estate operations

During 1992 real estate operations were reported in the following units of the Skanska Group.

- Properties business area – Sweden and most properties abroad
- International Construction business area – properties in Denmark and the United States
- Technical and Industrial Companies business area – SektionsByggarna AB
- JM Byggnads och Fastighets AB

Real estate operations are reported in the Group's income statements and balance sheets as follows:

SEK M	Book values		Rental revenues		Operating net <sup>1)</sup>		In % of book values	
	1992	1991	1992	1991	1992	1991	1992	1991
Investment properties	16,907	13,331	3,326	2,797	2,165	1,714	12.8	12.9
Investments and development properties under construction	2,984	7,906	299	462	-5	156	—	—
Development properties	2,204	2,012						
Total	22,095	23,249	3,625 <sup>2)</sup>	3,259				

1) Including administrative expenses and real estate tax.

2) Including SEK M 195 (141) in interest subsidies. See also Note 8 to the consolidated income statement.

Total change in book values compared with the preceding year can be distributed as follows:

SEK billion	1992	1991
New construction and renovation	2.0	3.0
Purchases of buildings and land	1.1	2.5
Depreciation according to the income statement <sup>1)</sup>	-0.5	-0.4
Writedowns according to the income statement <sup>2)</sup>	-3.3	-0.9
Book value of properties sold	-0.2	-0.2
Cancellation of purchases	-0.7	—
Exchange differences etc.	0.4	0.1
Total	-1.2	4.1

1) Investment properties are depreciated at the maximum annual amounts permitted by tax law. In JM, however, they are depreciated by an average of 0.8 percent (1.1) per year.

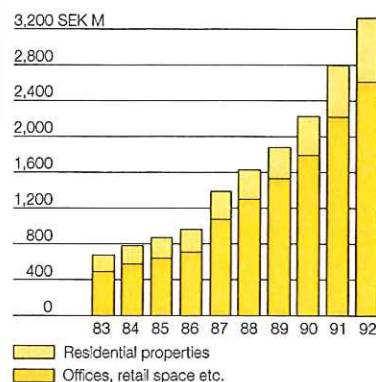
2) Of the year's writedowns in real estate operations, SEK 4.3 billion (1.2), SEK 3.3 billion (0.9) refers to properties which are reported in the consolidated balance sheet. The remaining writedown amount, SEK 1.0 billion (0.3), refers to contractual commitments and shares and participations in associated companies.

### Overview of the Skanska Group's investment properties

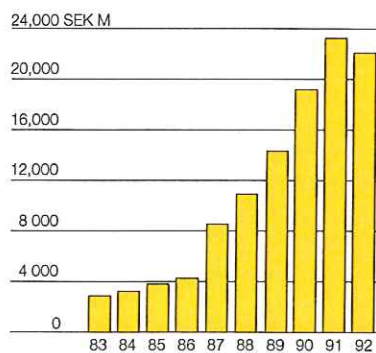
	Rentable space, 000 sq m				Book value, Dec. 31, 1992, SEK M	1992 rental revenues SEK M
	Residential properties	Retail space	Office space	Other categories		
Properties in Sweden	826	248	818	505	8,130	2,366
Outside Sweden	1	28	206	59	3,509	301
JM <sup>1)</sup>	71	97	243	214	5,088	641
SektionsByggarna	0	0	41	12	136	47
Group adjustments	0	0	6	0	44	-29
Total	898	373	1,314	790	16,907	3,326

1) Figures adjusted to Skanska's accounting principles.

### The Group: Investment properties, rents



### The Group: Investment and development properties. Book values.



### Cash flow, Group investment properties

SEK M	1992	1991
Rental revenues	3,162	2,683
Interest subsidies	164	116
	3,326	2,797
Operating and administrative expenses	-936	-865
Real estate tax	-225	-218
Net cash flow (operating net)	2,165	1,714

Operating net figures were equivalent to 12.8 % and 12.9 %, respectively, of the book value of all investment properties.

*During 1992 operations took place in three legal entities: Skanska Kapitalförvaltning AB, Skanska Finance B.V. in the Netherlands (plus its branch office in Zurich) and SCEM Reinsurance S.A. in Luxembourg.*

Gunnar Carleson, Finance



### **Skanska Kapitalförvaltning AB, Danderyd**

Ulf Norrman, President  
(since September 1992)

Management of liquid assets in Sweden, trading in securities and foreign currencies and assistance in arranging outside borrowing.

In addition, effective from the spring of 1993: Coordination of liquid assets abroad, participation in financing of contracting and real estate projects.



### **SCEM Reinsurance S.A., Luxembourg**

Thomas Alm, Manager

Reinsurance on certain portions of the Group's insurance program.

### **Skanska Kapitalförvaltning AB**

On a number of occasions during 1992, the international currency system came under heavy pressures, resulting in speculation against several important European currencies. The Swedish krona was subjected to such speculation in mid-September. By raising its overnight rate to 500 percent, the Riksbank temporarily fought off this threat. Two months later, however, a new attack on the krona forced the Riksbank to unpeg it from the European Currency Unit and allow it to float. Its value fell. The interest rate turbulence in mid-September, plus heavy exposure to short-term rates and the losses attributable to the unauthorized foreign exchange speculation discovered a few weeks earlier, had a very per-

ceptible impact on the company. Both events are described in the Report of the Directors (pp 4 and 7).

Total 1992 operating income was SEK -1,425 M. This loss was mainly covered by a Group contribution from the Parent Company.

The organizational structure and certain procedures have been changed to avoid a repetition of the abnormal events of 1992. In addition, a review of limits and policies has been undertaken. During 1993 operations have proceeded according to plans.

### **Skanska Finance B.V.**

During 1992 Skanska Finance had six employees and total assets equivalent to SEK 3,970 M. Shareholders' equity totaled SEK 2,240 M. About 87 percent of its lending went to Group and associated companies outside Sweden. Due to heavy foreign exchange losses when translating the company's assets and liabilities to Swedish kronor, the company showed an operating loss of SEK 58 M.

Because these losses are largely eliminated in the consolidated financial statements, the company's contribution to consolidated earnings can be estimated at SEK 151 M. During 1993 a decision was made to transfer the operations of Skanska Finance to Skanska Kapitalförvaltning.

### **SCEM Reinsurance S.A.**

SCEM is a captive insurance company with capital stock of LUF 50 M, equivalent to SEK 10 M. The company reinsures selected portions of Skanska's Swedish and foreign insurance program. The trend of insurance claims remained favorable

during 1992, which resulted in improved earnings.

### **Skanska's long-term stock portfolio**

The Group's listed shares are mainly owned by Skanska AB. The portfolio is dominated by a few large blocks of shares of a long-term, strategic nature. Because decisions on changes in these holdings are normally made by the Group Chief Executive or by Skanska's Board of Directors, earnings are not reported within the Finance business area. The portfolio is nevertheless connected with the Group's activities in the financial field, and a brief account is justified.

The Group laid the groundwork for its long-term stock portfolio in the mid-1970s. Most current holdings were purchased during 1981-1983. In recent years, additional net purchases of listed shares have been limited.

At the close of 1992, the total value of the portfolio (excluding the subsidiary JM) was about SEK 9.4 billion. Its book value - i.e. purchase price - was SEK 5.0 billion.

Despite major price movements during 1992, on the last day of the year the Affärsvärlden General Index stood at only 0.5 percentage points above its level at the beginning of 1992. Practically all of Skanska's shareholders lost value during the year. The poorest performers were some of the real estate companies, along with Catena and Custos. Sandvik, by far the largest holding, rose by 21 percent during 1992, however. Overall, Skanska's portfolio declined by 3.8 percent - excluding JM - after eliminating the year's purchases and sales.

Viewed in a longer perspective, Skanska's portfolio has performed better than the Affärsvärlden General Index during five of the past eight years. Its year-end value was about SEK 1,400 M higher than if its value had followed the changes in the General Index during 1985-1992.



## JM Byggnads och Fastighets AB

*The economic slowdown reduced construction volume, but low inflation and another winter with favorable weather meant continued good margins. Earnings from construction operations declined as volume fell, while property management earnings improved.*

During 1992 the construction market was characterized by weaker order bookings, lower prices and a smaller work load. Despite the downturn in demand, JM maintained the earnings margin of its construction operations relatively well by adjusting construction resources and by taking advantage of falling material prices.

Because of lower volume, earnings from construction operations were somewhat below their 1991 level. Real estate management operations, however, showed higher volume and a rising surplus before financial items.

### Construction operations

JM's construction operations fell in volume by more than 20 percent. During the first half of the year, demand for housing was at a relatively high

level, especially in the Stockholm, Gothenburg and Malmö areas, where JM has its strongest markets.

Adjustment of construction resources to a lower volume continued. At year-end 1992 the number of employees was 2,505 (3,363), down by 858.

### More affordable housing

The costs of new housing construction leveled off during 1992 due to falling material prices and more efficient construction. JM's efforts to lower residential costs by developing a freer type of construction (known as Fribygg) have been well-received by the market. The company has cut production costs significantly by means of simplifications and certain departures from building code requirements. A total of about 1,400 apartments



Sweden's first apartment house adapted especially for people with allergies was built in the new Söderberga Gård neighborhood of Bromma in Stockholm.



Sven Larsson,  
President

SEK M	1992	1991
Revenues*	5,077	5,668
Earnings*	610	549
Order bookings	3,711	3,809
Order backlog, Dec. 31	2,851	3,356
Average number of employees	2,860	3,580

\* These amounts have been recalculated according to the accounting principles of the Skanska Group. The figures in the text are taken from JM's annual report.

incorporating these principles have been built in Uppsala, Tyresö, Södertälje, Värmdö and Stockholm.

Other examples of fresh thinking in the housing field are the development work of JM's subsidiaries Seniorgården AB and AB Borätt. Together with local retired people's organizations, JM has established some fifteen cooperative housing associations with 300 apartments, which are sold to people aged 55 or older.

AB Borätt, which works in the cooperative housing field, showed continued good growth. At year-end it had 500 cooperative dwellings under construction.

In the future, JM expects the bulk of its housing production to continue to be on behalf of cooperative housing associations, either affiliated with the existing nationwide organizations or established by JM.

### Earnings

Overall income from construction operations, excluding net interest items, was SEK 219 M (261). Invoicing on contracts credited to income was SEK 4,096 M (4,595), reaching an unchanged 112 percent.

The profitability of construction operations fell somewhat during 1992. The earnings margin for in-





Täby Centrum was completed in its entirety during 1992. Total rentable space is 63,600 sq m (685,000 sq ft). Stores, banks etc. occupy a total of 43,000 sq m (463,000 sq ft). Täby Centrum has a growing number of visitors, estimated at 6 million per year.

voicing on contracts credited to income was 5.4 percent (5.7).

#### Property management

Rental revenues climbed to SEK 658 M (550) because of newly added space and rent increases. Operating income after real estate tax but before interest expenses was SEK 377 M (291).

The occupancy situation deteriorated somewhat during 1992. Of a total of 680,000 sq m (7.32 million sq ft) of rentable space, about 8 percent was vacant at year-end. About half the unoccupied space consisted of industrial properties.

New production of properties for JM's own account continued at a declining pace. In the prevailing weak market situation JM is focusing mainly on increasing the occupancy level at its existing properties by adapting space to tenant requirements and through active marketing. Properties that are not compatible with JM's long-term holdings will be divested.

#### Market values of properties

The estimated long-term market value

of investment properties declined during 1992. Most of JM's properties were produced under its own auspices and transferred to its own account at net construction cost. Estimated long-term market values therefore generally exceed book values. For a few new properties, estimated market values are below acquisition costs. In cases where these negative differences in value are expected to continue during the foreseeable future, a writedown is made. Writedowns in 1992 totaled SEK 125 M.

Even in a recession, there is demand for commercial space and housing in good locations if the price is right. JM owns land suitable for a large volume of attractive future projects. Construction will not begin, however, until a sizable proportion of these projects have been rented out or sold in advance.

JM assigns a higher priority to quality, liquidity and profitability than to volume. In this way, JM expects to be able to maintain a substantial positive cash flow both in its construction and property management operations.

#### Investment properties

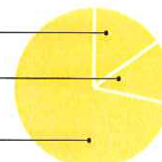
Rental revenues, SEK 658 M

Breakdown by type of space

Residential 15%

Industrial 13%

Office and retail space 72%

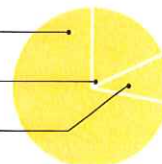


Geographic breakdown

Greater Stockholm 72%

Gothenburg and Malmö areas 18%

Other domestic markets 10%



For additional information on JM, the company's Swedish-language annual report can be ordered from:

JM Byggnads och Fastighets AB  
Box 27319  
S-102 54 Stockholm, Sweden  
Telephone +46 8-782 87 00  
Fax +46 8-661 71 24



## Six-year Group financial summary\*

SEK M unless otherwise specified

		1992	1991	1990	1989	1988	1987
Income statements	Income after depreciation						
	Contracting operations etc. _____	708	1,137	1,637	809	820	532
	Sale of investment and development properties _____	69	141	95	136	122	374
	Development properties _____	- 1,944	- 842	- 23	- 13	16	7
	Property management _____	- 689	1,216	897	951	829	725
	Financial items _____	- 1,675	- 914	- 405	835	- 10	133
	Income after financial items _____	- 3,531	738	2,201	2,718	1,777	1,771
	Extraordinary expense _____	- 518	—	—	—	—	—
	Taxes _____	765	- 29	- 836	- 708	- 484	- 336
	Minority interest in income _____	139	19	- 117	- 105	- 69	- 213
	Net profit/loss for the year _____	- 3,145	728	1,248	1,905	1,224	1,222
Balance sheets	Bank balances and short-term investments _____	5,045	6,686	10,525	6,074	3,238	3,537
	Current receivables _____	8,218	7,777	8,988	7,053	6,756	5,434
	Inventories _____	328	424	504	450	411	413
	Investment and development properties _____	22,095	23,249	19,173	14,311	10,911	8,533
	Shares and participations (fixed assets) _____	5,711	6,269	6,343	5,865	4,804	4,016
	Long-term receivables _____	1,250	1,807	1,877	1,043	930	751
	Machinery and equipment etc. _____	1,393	1,663	1,769	1,505	1,165	1,096
	Fixed-asset properties _____	1,461	1,462	1,450	1,359	1,029	1,072
	Current liabilities _____	11,269	13,735	15,386	8,633	6,551	6,329
	Uncompleted contracts (balance) _____	6,692	6,334	7,096	4,966	3,625	3,293
	Long-term liabilities _____	20,271	18,610	17,655	14,570	11,171	8,589
	Shareholders' equity _____	7,269	10,658	10,492	9,491	7,897	6,641
	Total assets _____	45,501	49,337	50,629	37,660	29,244	24,852
	Revenues incl. rents _____	31,883	34,697	37,291	29,868	23,145	19,683
	Average number of employees _____	28,646	31,077	31,746	29,494	29,670	29,418
Financial ratios	Dividend per share, SEK _____	1.50 <sup>1)</sup>	3.25	3.13	2.63	2.13	1.76
	Net profit per share, SEK _____	- 25.00	5.80	9.90	15.15	9.70	9.75
	Net profit per share after full conversion, SEK _____	- 23.90	6.05	10.10	15.00	9.45	9.75
	Return on shareholders' equity, percent _____	neg.	6.9	12.5	21.9	16.8	20.2
	Return on capital employed, percent _____	0.6	11.2	15.7	19.0	16.0	20.1
	Equity/ assets ratio, percent _____	16.9	22.6	21.9	26.4	28.2	28.7
	Debt/equity ratio _____	2.7	1.9	1.8	1.3	1.1	1.0
	Interest cover _____	0.1	1.3	2.1	3.4	3.3	3.6

1) Proposed by the Board of Directors.

\* Skanska's ambition is to extend this overview one year at a time to cover 10 years.

### Definitions of financial ratios

The following definitions conform with a recommendation by the Swedish Society of Financial Analysts.

#### Net profit per share

Net profit/loss for the year divided by the adjusted number of shares.

#### Net profit per share after full conversion

Net profit/loss for the year plus interest expenses (after taxes) for the convertible loan, divided by the adjusted number of shares after full conversion.

#### Return on shareholders' equity

Income excluding extraordinary items, as a percentage of average shareholders' equity.

#### Return on capital employed

Income after financial items plus financial expenses, as a percentage of average capital employed.

#### Equity/assets ratio

Shareholders' equity including minority interest, as a percentage of total assets.

#### Debt/equity ratio

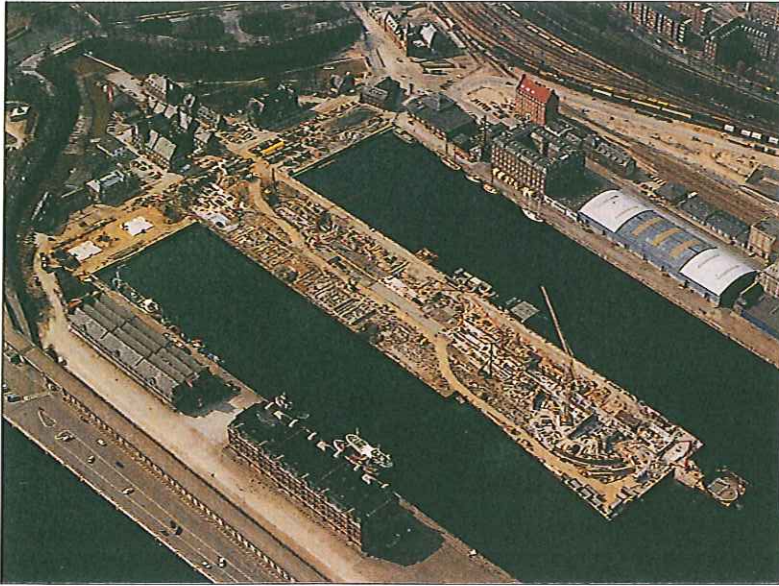
Interest-bearing liabilities divided by shareholders' equity including minority interest.

#### Interest cover

Income after financial items plus financial expenses, divided by financial expenses.



## Some ongoing international projects



In the spring of 1992, Denmark's C G Jensen began expanding the Midtermol (Middle Pier) in Copenhagen harbor into a whole new neighborhood. The ground area of the Pier has been enlarged by 6,500 sq m to 35,000 sq m (377,000 sq ft). Office and apartment buildings totaling approx. 50,000 sq m (538,000 sq ft) are now being constructed there. Everything will be finished by the end of 1994.



Skanska is rebuilding the Fortuna hydroelectric power dam in Panama, increasing its height from 60 to 100 m (328 ft). Total construction time is 31 months, but the build-up of water behind the dam will begin after 27 months, i.e. at the end of 1993.



In Iceland, Skanska is participating in a project to construct nearly 9 km (5 mi) of tunnels, which will finally give northwestern Iceland year-round highway connections with the rest of the country.



The Uri hydroelectric power project now underway in Kashmir, northwestern India, is being run by Uri Civil Contractor AB, which is 60 percent owned by Skanska. The consortium's extensive tasks include constructing an underground power plant, an intake structure, a sedimentation basin and 17 km (11 mi) of tunnels.



## Group offices

### Skanska AB

S-182 25 Danderyd  
Telephone: +46 8-753 80 00  
Fax: +46 8-755 71 26

### Skanska AB

S-211 02 Malmö  
Telephone: +46 40-14 40 00  
Fax: +46 40-11 43 03

## Swedish Construction

### Skanska Syd AB

S-211 02 Malmö  
Telephone: +46 40-14 40 00  
Fax: +46 40-11 43 03

### Skanska Sydöst AB

Box 1219  
S-351 12 Växjö  
Telephone: +46 470-990 00  
Fax: +46 470-283 24

### Skanska Väst AB

S-405 18 Gothenburg  
Telephone: +46 31-771 10 00  
Fax: +46 31-15 06 30

### Skanska Stockholm AB

S-182 25 Danderyd  
Telephone: +46 8-753 80 00  
Fax: +46 8-755 71 26

### Skanska Mellansverige AB

S-182 25 Danderyd  
Telephone: +46 8-753 80 00  
Fax: +46 8-753 65 63

### Skanska Norrland AB

S-851 78 Sundsvall  
Telephone: +46 60-19 50 00  
Fax: +46 60-19 50 99

### Ohlsson & Skarne AB

Box 1535  
S-171 29 Solna  
Telephone: +46 8-627 30 00  
Fax: +46 8-627 31 90

## Technical and Industrial Companies

### Skanska Teknik AB

S-211 02 Malmö  
Telephone: +46 40-14 45 00  
Fax: +46 40-23 70 47

### Skanska Maskin AB

S-182 25 Danderyd  
Telephone: +46 8-753 80 00  
Fax: +46 8-755 63 17

### Skanska Installation AB

S-182 25 Danderyd  
Telephone: +46 8-753 81 00  
Fax: +46 8-622 62 08

### Skanska Prefab AB

S-211 02 Malmö  
Telephone: +46 40-14 40 00  
Fax: +46 40-97 71 15

### Skanska Stålteknik AB

Box 803  
S-391 28 Kalmar  
Telephone: +46 480-220 60  
Fax: +46 480-241 33

### Stabilator AB

S-182 25 Danderyd  
Telephone: +46 8-753 02 40  
Fax: +46 8-753 47 90

### Myresjö AB

S-574 85 Vetlanda  
Telephone: +46 383-960 00  
Fax: +46 383-914 44

### SektionsByggarna AB

Box 1001  
S-570 23 Anneberg  
Telephone: +46 380-502 10  
Fax: +46 380-506 07

## International Operations

### Skanska International Civil Engineering AB

S-182 25 Danderyd  
Telephone: +46 8-753 80 00  
Fax: +46 8-753 46 13

### Skanska International Building AB

S-211 02 Malmö  
Telephone: +46 40-14 40 00  
Fax: +46 40-11 82 16

### Skanska Investment

S-211 02 Malmö  
Telephone: +46 40-14 40 00  
Fax: +46 40-97 17 31

### C G Jensen A/S

Baltorpevej 154  
DK-2750 Ballerup, Denmark  
Telephone: +45-44-68 20 00  
Fax: +45-44-68 12 01

### Skanska Baugesell- schaft mbH

Alsterufer 34  
D-2000 Hamburg 36, Germany  
Telephone: +49-40-44 78 74  
Fax: +49-40-45 48 53

### Skanska Bau Berlin GmbH

Friedrichstrasse 95  
O-1086 Berlin, Germany  
Telephone: +49-30-2096 2980  
Fax: +49-30-2096 2990

### Skanska (USA) Inc

60 Arch Street  
Greenwich, Ct 06830, U.S.A.  
Telephone: +1-203-629 8840  
Fax: +1-203-869 4313

## Properties

### Skanska Fastigheter Stockholm AB

S-182 25 Danderyd  
Telephone: +46 8-753 86 00  
Fax: +46 8-622 61 04

### Skanska Fastigheter Syd AB

S-211 02 Malmö  
Telephone: +46 40-14 40 00  
Fax: +46 40-23 49 21

### Skanska Fastigheter Väst AB

S-405 18 Gothenburg  
Telephone: +46 31-71 10 00  
Fax: +46 31-15 83 05

### Skanska Fastigheter Nord AB

S-182 25 Danderyd  
Telephone: +46 8-753 86 00  
Fax: +46 8-622 61 04

### AB Drott

Box 517  
S-201 25 Malmö  
Telephone: +46 40-30 11 60  
Fax: +46 40-30 15 62

### Eurostop KB

Box 901  
S-195 86 Arlanda Stad  
Telephone: +46 595 110 11  
Fax: +46 595 110 12

### Skanska London Branch

23 Thomas More Street  
London E1 9YY, England  
Telephone: +44-71-702 9131  
Fax: +44-71-702 4412

### Skanska Norge A.S.

Postboks 704-Sentrum  
N-0106 Oslo, Norway  
Telephone: +47-22-93 80 00  
Fax: +47-22-17 03 10

## Finance

### Skanska Kapitalförvaltning AB

S-182 25 Danderyd  
Telephone: +46 8-753 80 00  
Fax: +46 8-753 18 52



### ***Comments on the English version of Skanska's Annual Report***

The presentation of financial data, accounting and valuation principles in this English-language version of Skanska's Annual Report is the same as in the Swedish version. For space reasons, a few descriptions of projects in the second half of the Annual Report are shortened, and other details mainly of local interest are left out.

The abbreviation M after a currency code and amount means millions, while 000 means thousands. Figures in parentheses after 1992 amounts refer to the corresponding 1991 amounts. Sveriges Riksbank is Sweden's central bank. All places mentioned are in Sweden unless otherwise specified.

During 1992 the average exchange rate for Swedish kronor to U.S. dollars was SEK 5.81 = USD 1. The year-end rate was SEK 7.05.

*The following international currency codes have been used:*

SEK	Swedish kronor
CAD	Canadian dollars
DEM	German marks
DKK	Danish kroner
FIM	Finnish marks
GBP	British pounds sterling
LUF	Luxembourg francs
NLG	Dutch guilders
NOK	Norwegian kroner
USD	United States dollars



## Skanska in brief

Skanska – one of Europe's largest construction and real estate companies and one of the largest industrial corporations in Sweden – began operations in Malmö more than 100 years ago by pioneering the use of concrete in the Swedish building trade. Today Skanska is a name known around the world, with experience in heavy civil engineering, construction of buildings and real estate development from more than 75 countries.

The Skanska Group holds a leading position in the Swedish construction market but is a strongly decentralized company. Throughout Sweden, regional construction companies are responsible for its operations. Skanska thus works as a local construction company but is backed up by a broad range of resources.

There is continuous development work in the Group. Skanska's technical and industrial companies are leaders in a number of advanced construction fields.

Skanska's international operations consist mainly of construction assignments throughout the world and real estate projects in Europe and the United States.

The Skanska Group is one of Sweden's largest private real estate owners. A number of attractive properties are also found among its real estate holdings abroad.

Skanska has gradually built up strong financial stability, including a sizable stock portfolio.

In 1965 Skanska shares were introduced on the A-list at the Stockholm Stock Exchange.

## Financial information from Skanska

During the year, Skanska issues the following financial reports in their official Swedish-language versions:

- Press release on the previous year's results, in March.
- Annual Report, in May.
- Interim Report for the period January-June, in August.

The 1993 Interim Report will be issued on August 26.

These documents are also published in English. A separate Swedish-language booklet

of the Group's real estate, Skanskas Fastigheter 1993, is published as a supplement to the Annual Report.

In addition, excerpts from the Annual Report are available in English, French, German and Spanish and from the real estate booklet in English and German.

All financial information can be ordered from:

Group Public Affairs  
Skanska AB  
S-182 25 Danderyd, Sweden  
Telephone +46 8-753 80 00  
Fax +46 8-755 12 56.

## Skanska AB

S-182 25 Danderyd · Sweden · Telephone +46-8-753 80 00



# SKANSKA