SKANSKA

Statement by the Board of Directors of Skanska AB (publ) regarding proposed appropriation of profits according to Chapter 18, Section 4 of the Swedish Companies Act

Introduction

Prior to the Annual General Meeting on March 26, 2020, the Board of Directors (the “Board”) of Skanska AB (publ) (the “Company”) decided, due to the prevailing uncertainty caused by COVID-19, to withdraw the dividend proposal to the Annual General Meeting of SEK 6.25 per share in order to, if the circumstances so permit, convene an Extraordinary General Meeting in the autumn to decide on a dividend. The Board has now decided, after an overall assessment, to propose that an Extraordinary General Meeting to be held in October 2020 decides on a dividend. The Board hereby issues the following reasoned statement in accordance with Chapter 18, Section 4 of the Swedish Companies Act due to the proposal for a dividend of SEK 3.25 per share.

The terms used have the same meaning as in the annual report for the financial year 2019.

The nature, scope and risks of the business

The Company is the parent company of a Group that conducts construction and property development operations in the Nordic countries, the USA, the United Kingdom and a number of other markets. The Company's operations, risks in these operations and the Company's governance, processes and mechanisms for managing these risks are stated in the annual report for 2019.

The Company's and the Group's consolidation needs, liquidity and position in general

The Company's and the Group's financial situation as of December 31, 2019 is stated in the annual report for 2019. It also states which accounting principles are applied to valuing assets and liabilities. No significant changes in accounting principles were introduced during 2020.

As of December 31, 2019, the Company’s non-restricted equity amounted to SEK 6,929,617,916. The Board has subsequently decided to exercise the authorization given by the Annual General Meeting on March 26, 2020 to acquire, on one or several occasions, no more than 1,200,000 own Series B shares in the Company. As of September 22, 2020, 272,000 own Series B shares have been acquired, reducing non-restricted equity by SEK 49,915,695. Hence, the amount available under Chapter 17, Section 3 of the Swedish Companies Act amounts to SEK 6,879,702,221 as of September 22, 2020. The additional number of own Series B shares that can be repurchased according to the authorization given by the Annual General Meeting amounts to 928,000. To the extent that additional repurchases of own Series B shares are made, this will further reduce the amount available under Chapter 17, Section 3 of the Swedish Companies Act. Value transfers relating to the repurchase of own Series B shares made during the period from September 22, 2020 until the date of this statement are negligible.

Based on the total number of outstanding shares as of August 31, 2020, the proposed dividend totals SEK 1,339 million. This represents 15.2 percent of the Company's equity and 4.1 percent of the Group's equity calculated as per the balance sheet date of December 31, 2019. If the Extraordinary General Meeting decides on the proposed dividend, the Company's and the Group's equity ratios, based on the conditions as at December 31, 2019, would decrease from 73.4 percent to 70.0 percent and from 26.2 percent to 25.4 percent respectively. The total dividend amount may change up to the time of the record date, depending on the repurchase of own Series B shares and transfer of Series B shares to participants in long-term share saving programs. However, this does not affect the Board's assessment.

According to the Company's dividend policy, the dividend shall constitute approximately 40-70 percent of the Group's net profit according to the segment report. Prior to the dividend proposal, the Board has taken into account the fact that the proposed dividend, totaling SEK 1,339 million, constitutes 21 percent of the Group's net profit. The dividend proposal for the year is characterized by restraint and thus falls below the lower limit.

The Company's and the Group's financial position as of June 30, 2020 is stated in the quarterly report published for the second quarter. After the balance sheet date of December 31, 2019, the Company's and the Group's earnings have been negatively affected to an insignificant extent by subsequent events, such as increased costs for anticipated credit losses and operational disruptions on construction and development projects, but still report a strong result for the quarter.

The Board's assessment

The Company's and the Group's equity is assessed to be sufficient in relation to the nature, scope and risks of the business even after the dividend has been paid. In this assessment, the Board has taken into account, among other things, the Company's and the Group's historical development, expected development and the economic situation, including developments in the financial markets, interest rates and similar factors.

The Board has made an assessment of the Company's and the Group's financial position as well as the Company's and the Group's opportunities to meet their commitments in the short and long term.

The Company's and the Group's ability to meet their payment obligations will not be affected by the dividend. The Company and the Group have good access to both short-term and long-term credits. These can be used at short notice, which is why the Board believes that the Company and the Group are well prepared to handle changes with regard to liquidity as well as unexpected events in the longer term.

The Company's and the Group's liquidity as well as equity ratios are thus considered to be good in relation to the industry in which the Company and the Group operate, even after the proposed dividend.

The Board believes that the Company and the Group are well positioned to take future business risks and also to withstand any losses. The Company's and the Group's ability to make further commercially motivated investments in accordance with the Board's plans will not be adversely affected by the dividend.

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Opinion

The proposed dividend is deemed by the Board to be justifiable in view of what is required in terms of the size of the Company's and the Group's equity as well as the Company's and the Group's consolidation requirements, liquidity and position in general, based on the nature, scale and risks of the operations. The financial position remains strong after the proposed dividend and is considered, even with regard to COVID-19, to be fully sufficient to enable the Company to fulfil its obligations in the short and long term.

With reference to the above and based on what has otherwise come to the Board's attention, and after an assessment of the financial position of the Company and the Group, the Board concludes that the proposed dividend is justifiable taking into account the requirements set forth in Chapter 17, Section 3 and Section 4 of the Swedish Companies Act.

Stockholm, September 2020
Skanska AB (publ)
The Board of Directors