

## SKANSKA – SIX MONTH REPORT, 1999

### STRONG GROWTH AND MAJOR EARNINGS IMPROVEMENT

- Order bookings rose by 18 percent to SEK 47,184 M (39,882)
- Net sales rose by 41 percent to SEK 37,244 M (26,339)
- Operating income rose to SEK 4,872 M (2,386)
- Income after financial items rose to SEK 4,934 M (3,011)
- Gross income from business operations more than doubled to SEK 901 M (434)
- Net investments in project development increased to SEK 1,568 M (-366)
- Sale of shares in Scancem completed with a capital gain of SEK 3,280 M

“The trend during the first half of 1999 was very favorable, both in our construction operations and project development work. Our greater focus on core business and the restructuring we have implemented are thus yielding continued good results,” says Skanska President and CEO Claes Björk in a comment to the six month report.

“In construction operations, we had strong revenue growth, and our overall earnings and operating margin both increased significantly – with an especially pleasing trend in the United States, Sweden and Finland. By acquiring the Argentine-based SADE and two American construction companies, the Gottlieb Group and Etkin, we also further strengthened our international market base.”

“Demand for commercial space, offices and housing remained very strong, and conditions for developing new projects were therefore very good in the markets on which we focus. During the first half, we began two additional major projects. Given an expected yield of 11 percent, we expect our ongoing projects to show good returns.

“The outlook in our main markets is favourable. We anticipate a continued positive income trend during the second half of 1999, consistent with the trend during the first six months. “

Stockholm, August 30, 1999

Skanska AB

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Attached: Skanska's interim report for January-June 1999

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# SKANSKA GROUP

## SIX MONTH REPORT, JANUARY – JUNE, 1999

### Six month highlights

| (SEK M)                                    | 1999   | 1998   |
|--|--------|--------|
| Net sales                                  | 37 244 | 26 339 |
| Gross income                               | 901    | 434    |
| Operating income                           | 4 872  | 2 386  |
| Income after financial items               | 4 934  | 3 011  |
| Operating margin in construction %         | 2.3    | 1.6    |
| Return on capital employed % <sup>1)</sup> | 29.1   | 14.5   |
| Net profit per share, SEK <sup>1)</sup>    | 34.9   | 13.8   |
| Investments                                | 5 229  | 1 837  |
| Order backlog                              | 86 383 | 63 780 |

<sup>1)</sup> Calculated on a 12 month rolling basis

The Group's overall volume and earnings trend was very favorable during the first half of 1999.

Order bookings rose by 18 percent, while order backlog on June 30, 1999 was 35 percent larger than on the same date last year and the highest ever in the Group's history.

Net sales rose by 41 percent, while gross income from operations more than doubled. On the whole, both income and operating margins improved in construction operations, with especially good growth at Skanska USA and Skanska Sweden. There was also continued very favorable growth in Finnish construction operations.

As part of the strategy established by the Group, investments in core businesses rose substantially compared to last year. These investments were mainly related to project development and acquisitions of companies. The profitability of ongoing projects is expected to be very good. By means of acquisitions, the Group has further strengthened the international base for its operations and growth.

The Group sold its shareholding in the international building materials group Scancem during the report period with a capital gain of SEK 3,280 M.

### ORDER BOOKINGS AND BACKLOG

The Group's order bookings for the first half of 1999 rose by 18 percent to SEK 47,184 M (39,882), of which operations outside Sweden accounted for 77 percent (71). Of the increase, about SEK 1,300 M was attributable to currency rate effects. For comparable units, order bookings rose by 4 percent. During the first half of 1998, Skanska landed a major contract related to a new rail link to John F. Kennedy International Airport in New York City, worth about SEK 5 billion, which affects the comparison between the periods.

At the end of the report period, order backlog stood at SEK 86,383 M (63,780). Of this, 85 percent (80) was related to operations outside Sweden. Of the increase, about SEK 3,600 M was attributable to currency rate effects. For comparable units, order backlog increased by 21 percent, compared to the close of the same period last year.

## NET SALES AND EARNINGS

The Group's net sales rose by 41 percent to SEK 37,244 M (26,339), of which 72 percent (67) consisted of net sales in markets outside Sweden. Of the increase, about 1,000 M was attributable to currency rate effects and SEK 3,499 M to the net sales of businesses acquired during the year. For comparable units, the increase in net sales was 28 percent.

Gross income more than doubled to SEK 901 M (434). For comparable units, gross income rose to SEK 603 M (434), with especially favorable growth in the United States, Sweden and Finland.

Operating income amounted to SEK 4,872 M (2,386), of which SEK 485 M (136) consisted of Skanska's share of income in associated companies and SEK 206 M (726) of gains on the sale of properties. Operating income also included items affecting comparability totaling SEK 3,280 M (1,090) related to a gain on the sale of shares in Scancem. Operating income included SEK 102 M

from businesses acquired during the period.

Income after financial items amounted to SEK 4,934 M (3,011). This included SEK 27 M (646) in capital gains on shares sold. Increased indebtedness affected net interest items, which amounted to SEK -184 M (-83).

## TWELVE-MONTH ROLLING EARNINGS

For the twelve months ending June 30, 1999, net profit per share was SEK 34.90 (13.80). Return on capital employed amounted to 29.1 percent (14.5) and return on shareholders' equity was 28.8 percent (11.4). Excluding items affecting comparability and capital gains on the divestment of shares, return on capital employed was 16.0 percent (12.1).

## INVESTMENTS

In keeping with the overall strategy of the Group, investments in core businesses increased during the first half of 1999.

During the first half of 1999, the Group's gross investments amounted to SEK 5,229 M (1,837), almost tripling compared to the same period last year. The increase included both project development investments and acquisitions of

| <b>Investments, SEK M</b>            | <b>Jan-Jun<br/>1999</b> | <b>Jan-Jun<br/>1998</b> |
|--------------------------------------|-------------------------|-------------------------|
| <b>Investments</b>                   |                         |                         |
| Properties in real estate operations | -1,525                  | -576                    |
| Current-asset properties             | -1,558                  | -339                    |
| Acquisitions of subsidiaries         | -1,318                  | -424                    |
| Other fixed assets                   | -828                    | -498                    |
|                                      | <b>-5,229</b>           | <b>-1,837</b>           |
| <b>Divestments</b>                   |                         |                         |
| Properties in real estate operations | 593                     | 1,072                   |
| Current-asset properties             | 922                     | 209                     |
| Financial assets                     | 8,300                   | 1,332                   |
| Other divestments                    | 105                     | 717                     |
|                                      | <b>9,920</b>            | <b>3,330</b>            |
| <b>Net divestments</b>               | <b>4,691</b>            | <b>1,493</b>            |

companies.

Meanwhile, divestment of non-core assets continued, mainly through the sale of the Group's shares in Scancem. Investments and divestments during the period are specified in the table on page 2.

#### *Project development*

The market for development of new projects remained very strong during the first half of 1999, and the Group's gross investments in project development more than tripled to SEK 3,083 M (915) during the period. This included projects in Skanska's real estate operations, which take place mainly in the Project Development and Real Estate business area, as well as current-asset properties, in which the other business areas are involved. Most investments are related to projects in Sweden and Finland. The Group currently has about 7 000 residential units under construction in the Nordic countries, of which about half in own project development, making it a leading residential builder in the Nordic region.

In keeping with the Group's business strategy, fully developed properties and projects worth a total of SEK 1,515 M (1,281) were sold at a gain of SEK 412 M (783). As a result, net investments in project development amounted to SEK 1,568 M (-366).

#### *Acquisitions*

During the second quarter, the Skanska Group further strengthened its position in the United States by acquiring two American construction companies, the Gottlieb Group and Alex J. Etkin Inc. Acquisitions earlier in the year included the Argentine-based construction company SADE.

Gottlieb is based in New York and specializes in various types of infrastructure projects, such as water treatment and wastewater plants and subway stations. Last year the company reported sales of USD 44 M (about SEK 360 M) and an operating income amounting to USD 3 M (about

SEK 24 M). The purchase price amounted to USD 10.6 M (about SEK 90 M).

Etkin, based in Detroit, Michigan, and also with operations in Colorado, specializes in various types of building construction work. Last year the company reported sales of USD 317 M (about SEK 2,600 M) and operating income amounting to more than USD 5 M (about SEK 41 M). The purchase price was USD 13 M (about SEK 109 M).

The acquisition of 70 percent of the shares in Karl Steiner Holding AG was delayed due to regulatory approval issues but is expected to be completed as of September 30.

### **CASH FLOW AND FINANCIAL POSITION**

The Group's cash flow for the period totaled SEK -413 M (239) and is specified in the table below. Because of the strong seasonal variation in construction activity, cash flow from operations is

| <b>Cash flow</b>                           | <b>Jan-Jun<br/>1999</b> | <b>Jan-Jun<br/>1998</b> |
|--|-------------------------|-------------------------|
| From business operations                   | 421                     | 999                     |
| Taxes                                      | -221                    | -156                    |
| <b>From business operations,<br/>net</b>   | <b>200</b>              | <b>843</b>              |
| Net divestments                            | 4,691                   | 1,493                   |
| Of which not affecting cash<br>flow        | -7,979                  |                         |
| Changes in receivables                     | -9                      | -1,305                  |
| Taxes                                      | -681                    | -2,339                  |
| <b>From investment operations,<br/>net</b> | <b>-3,978</b>           | <b>-2,151</b>           |
| <b>From financial operations ,<br/>net</b> | <b>3,365</b>            | <b>1,547</b>            |
| <b>Cash flow for the period</b>            | <b>-413</b>             | <b>239</b>              |

considerably stronger during the second half of the year than during the first.

Liquid assets and interest-bearing receivables decreased during the period by a total of SEK 515 M to SEK 5,362 M (5,877). Interest-bearing loan liabilities, including pension liabilities, increased by SEK 5,289 M to SEK 13,684 M (7,855).

Interest-bearing net indebtedness rose to SEK 8,322 M (Dec. 31, 1998: 1,978), primarily as an effect of heavier investments in project development and acquisitions of companies.

The consolidated balance sheet on June 30, 1999 reports the proceeds from the sale of shares in Scancem, totaling SEK 8,520 M, under "Non-interest-bearing receivables." The proceeds were paid in their entirety on July 26 and were used in part to reduce loan liabilities.

At the end of the report period, the visible equity/assets ratio of the Group was 27.5 percent (Dec. 31, 1998: 30.7).

## **SHARES IN LISTED COMPANIES**

The market value of the Group's shareholdings in stock exchange-listed companies totaled SEK 4,268 M on June 30, 1999, with a book value amounting to SEK 2,122 M. On August 26, 1999, their market value amounted to SEK 4,633 M.

During the second quarter, the Group sold its shareholding in Scancem (see comment below) and in the OM Group, the latter with a capital gain of SEK 27 M.

## **SALE OF SHARES IN SCANCEM**

Early in the second quarter of 1999, the Skanska Group signed a binding agreement concerning the sale of all of its shares in Scancem to the German-

based Heidelberger Zement Group. The proceeds of this sale amounted to SEK 8,520 M and the reported capital gain on the sale amounted to SEK 3,280 M before taxes. Consolidated operating income for the first half of 1999 also included the Group's share of income in Scancem related to the first quarter, amounting to SEK 341 M (before taxes), plus a dividend of SEK 259 M (before tax) from Scancem. The capital gain for tax purposes was SEK 882 M higher than the capital gain reported in the consolidated financial statements.

## **SKANSKA SHARE DATA**

The market price of a Skanska share at the end of the report period was SEK 320.50 (latest paid), an increase of 42.4 percent from the beginning of 1999. During the same period, the General Index rose by 17.3 percent. At the end of the report period, Skanska's market capitalization was about SEK 36.4 billion. On August 26, 1999, the price of a Skanska share was SEK 328.50.

## **PERSONNEL**

The average number of employees in the Group during the period was 46,194 (Dec. 31, 1998: 39,246). This included 15,502 (14,966) employees in Sweden. The increase was mainly explained by the acquisition of the Argentine-based construction company SADE.

## **YEAR 2000 READINESS DISCLOSURE**

During the report period, the task of inventorying risks and remedying any safety and security shortcomings related to the coming change of

millennium proceeded as planned. Emergency plans have been worked out in the event that disruptions should nevertheless occur.

## **RESULTS BY BUSINESS AREA**

### **SKANSKA SWEDEN**

Construction investments in Sweden are rising, especially investments in housing as well as office buildings and other types of commercial space. In light of low interest rates and declining vacancy levels, this increase is expected to continue. The market in the civil construction sector remains good.

Skanska Sweden's order bookings rose by 11 percent to SEK 11,593 M (10,456). The increase was mainly due to construction of commercial and residential buildings. Exports of heavy civil engineering projects also rose strongly compared to 1998. Order backlog at the end of the report period amounted to SEK 14,801 M (14,557).

Net sales rose by 17 percent to SEK 10,848 M (9,256), and operating income increased to SEK 320 M (195). Operating margin thus improved to 2.9 percent (2.1). The main reasons behind the improvement in earnings were a higher volume of project development work along with lower overhead. Operating income included project development gains of SEK 116 M (19).

The last bridge section of the Öresund Link between Sweden and Denmark was lowered into place on August 14. The construction consortium led by Skanska expects to hand over the project on July 1, 2000, which is ahead of the original schedule.

### **SKANSKA EUROPE**

#### *Construction operations*

The Finnish and Danish construction markets remained very strong during the first half of 1999. In Warsaw, Poland; Prague, Czech Republic; and Budapest, Hungary, there was good demand for

modern office space. In Russia, political and economic uncertainty adversely affected the market situation.

Order bookings in Skanska Europe's construction operations rose by 17 percent to SEK 7,176 M (6,150). Order backlog at the end of the period amounted to SEK 10,756 M (10,056).

Net sales advanced by 60 percent to SEK 6,909 M (4,312), while operating income rose to SEK 75 M (55). Operating margin amounted to 1.1 percent (1.3). The trend of earnings in Finnish operations was very good during the first half of 1999. In project development work, a build-up of the portfolio is currently underway, with an expected favorable impact on earnings as projects are completed and sold. Operating income included SEK 60 M (38) in project development gains.

#### *Component and service operations*

Increased building construction in Sweden and other Nordic countries is helping to strengthen the demand for the business area's flooring and window component products.

The order bookings of Skanska Europe's component operations rose by a total of 22 percent to SEK 3,432 M (2,817). Order backlog at the end of the period was SEK 965 M (703).

Net sales rose by 22 percent to 3,305 M (2,703), while operating income rose to SEK 105 M (44). The operating margin thus improved to 3.2 percent (1.6). Operating income includes SEK 37 M in income from units acquired during the period.

Skanska has begun a process aimed at phasing out its ownership interest in the component companies in Skanska Europe.

### **SKANSKA USA**

The U.S. construction market remained strong during the first half of 1999. The acquisition of



Gottlieb and Etkin further strengthened Skanska's position in the American market.

Skanska USA's order bookings rose by 22 percent to SEK 24,983 M (20,459). Most of the increase was related to building construction operations.

Order backlog at the close of the report period totaled SEK 59,861 M (38,464), of which about 73 percent (67) consisted of building construction assignments. Since the end of 1998, order backlog has increased by 39 percent.

Net sales climbed by 64 percent to SEK 16,449 M (10,010). Operating income rose to SEK 394 M (134) and operating margin improved to 2.4 percent (1.3). For comparable units, operating income more than doubled to SEK 332 M (134). The significant improvement in the operating margin of the business area was due to an improvement in the margin of civil construction and the fact that the proportion of civil work in the business area's construction mix was higher than last year.

#### **SKANSKA PROJECT DEVELOPMENT AND REAL ESTATE**

The demand for office and commercial space in the Stockholm, Gothenburg and Malmö metropolitan regions of Sweden, where most of Skanska's properties are located, was good during the first half of 1999. This contributed to higher market rent levels, while the occupancy rate remained high.

Operating income in the business area's property management improved to SEK 297 M (252). Aside from higher rent levels, lower costs for adapting premises to tenant requirements, as well as for maintenance, contributed to the improvement.

The prospects for developing new real estate projects remained very good during the first half of 1999. Two new projects began during the period, one of them in Copenhagen, Denmark and one in Stockholm, with a total investment volume of SEK 300 M. The business area currently has seventeen

major projects underway. Of these, fifteen are in Sweden and two in other markets abroad. About two thirds of the investment volume relates to projects in the Stockholm region. Major ongoing projects include the new headquarters of the Electrolux appliance group (which was inaugurated in August 1999) in Stockholm as well as office buildings for the Ericsson-Hewlett Packard telecommunications software company in Stockholm and Gothenburg.

Nearly 80 percent of the approximately 240,000 sq m (2.58 million sq ft) of space now under construction is pre-leased. The book value after completion is estimated at about SEK 3 billion and the expected yield in these projects amounts to about 11 percent. Given current interest rates and return requirements in the real estate market, this indicates that the projects underway have substantial surplus value.

During the first half of 1999, the business area's sales of projects and fully developed properties totaled SEK 636 M, with a capital gain totaling SEK 317 M (661).

#### **OUTLOOK FOR THE REST OF 1999**

On the whole, the outlook is favorable in the Group's main markets. During the second half of 1999, a continued positive trend in income from operations is expected, consistent with the trend during the first half.

Stockholm, August 30, 1999

Skanska AB

Claes Björk  
*President and CEO*

*This half year report has not been subjected to separate examination by the Company's auditors.*

## CONSOLIDATED FINANCIAL STATEMENTS

Comparative figures for 1998 and rolling 12-month figures are based on pro forma accounting.

### SKANSKA GROUP

#### INCOME STATEMENT

| SEK M                                      | Apr-Jun<br>1999 | Apr-Jun<br>1998 | Jan-Jun<br>1999 | Jan-Jun<br>1998 | Jul 98 -<br>Jun 99 | Jan-Dec<br>1998 |
|--|-----------------|-----------------|-----------------|-----------------|--------------------|-----------------|
| Net sales                                  | 21 756          | 14 568          | 37 244          | 26 339          | 73 340             | 62 435          |
| Operating expenses <sup>1</sup>            | -21 004         | -14 184         | -36 343         | -25 905         | -71 466            | -61 028         |
| <b>Gross income <sup>2</sup></b>           | <b>752</b>      | <b>384</b>      | <b>901</b>      | <b>434</b>      | <b>1 874</b>       | <b>1 407</b>    |
| Share of income in associated companies    | 110             | 6               | 485             | 136             | 1 033              | 684             |
| Items affecting comparability <sup>3</sup> | 3 280           | 1 090           | 3 280           | 1 090           | 3 223              | 1 033           |
| Writedowns/reversals of writedowns         | 0               | 0               | 0               | 0               | -14                | -14             |
| Gain on sale of properties                 | -4              | 233             | 206             | 726             | 746                | 1 266           |
| <b>Operating income</b>                    | <b>4 138</b>    | <b>1 713</b>    | <b>4 872</b>    | <b>2 386</b>    | <b>6 862</b>       | <b>4 376</b>    |
| Dividends                                  | 281             | 57              | 282             | 57              | 282                | 57              |
| Net interest items                         | -106            | -85             | -184            | -83             | -298               | -197            |
| Gain on sale of shares and participations  | 27              | 0               | 27              | 646             | 27                 | 646             |
| Other financial items                      | -86             | 3               | -63             | 5               | -125               | -57             |
|  | <b>116</b>      | <b>-25</b>      | <b>62</b>       | <b>625</b>      | <b>-114</b>        | <b>449</b>      |
| <b>Income after financial items</b>        | <b>4 254</b>    | <b>1 688</b>    | <b>4 934</b>    | <b>3 011</b>    | <b>6 748</b>       | <b>4 825</b>    |
| Taxes                                      | -1 625          | -741            | -1 870          | -1 146          | -2 689             | -1 965          |
| Minority interests                         | -10             | -9              | -33             | -29             | -82                | -78             |
| <b>Net profit for the period</b>           | <b>2 619</b>    | <b>938</b>      | <b>3 031</b>    | <b>1 836</b>    | <b>3 977</b>       | <b>2 782</b>    |

#### CASH FLOW <sup>4</sup>

| SEK M                                | Apr-Jun<br>1999 | Apr-Jun<br>1998 | Jan-Jun<br>1999 | Jan-Jun<br>1998 | Jul 98 -<br>Jun 99 | Jan-Dec<br>1998 |
|--------------------------------------|-----------------|-----------------|-----------------|-----------------|--------------------|-----------------|
| Cash flow from business operations   | 180             | 621             | 200             | 843             | 1 704              | 2 347           |
| Cash flow from investment operations | -2 281          | -732            | -3 978          | -2 151          | -4 413             | -2 586          |
| Cash flow from financial operations  | 2 302           | -212            | 3 365           | 1 547           | 2 939              | 1 121           |
| Cash flow for the period             | <b>201</b>      | <b>-323</b>     | <b>-413</b>     | <b>239</b>      | <b>230</b>         | <b>882</b>      |

#### BALANCE SHEET

| SEK M                                | Jun 30, 99    | Dec 31, 98    | SHAREH EQUITY & LIABILITIES               | Jun 30, 99    | Dec 31, 98    |
|--------------------------------------|---------------|---------------|---|---------------|---------------|
| <b>ASSETS</b>                        |               |               |   |               |               |
| Properties in real estate operations | 9 730         | 8 597         | Shareholders' equity                      | 15 133        | 13 519        |
| Shares and participations            | 2 471         | 7 157         | Minority interests                        | 272           | 271           |
| Other fixed assets                   | 7 763         | 6 773         | Interest-bearing liabilities & provisions | 13 684        | 7 855         |
| Interest-bearing receivables         | 2 305         | 2 372         | Non-int.-bearing liabilities & provisions | 26 911        | 23 238        |
| Non-interest bearing receivables     | 27 516        | 13 876        |   |               |               |
| Current-asset properties             | 3 158         | 2 603         |   |               |               |
| Bank balances & short-t investm.     | 3 057         | 3 505         |   |               |               |
|                                      | <b>56 000</b> | <b>44 883</b> |   | <b>56 000</b> | <b>44 883</b> |

#### FINANCIAL RATIOS ETC. <sup>5</sup>

|  | Jun 30, 99 | Jun 30, 98 | Dec 31, 98 |
|--|------------|------------|------------|
| Int-bearing net debt, SEK M  | 8 322      | 1 927      | 1 978      |
| Net profit per share, SEK <sup>6 7</sup>   | 34.9       | 13.8       | 24.4       |
| Equity/assets ratio, %   | 27.5       | 29.8       | 30.7       |
| Debt/equity ratio  | 0.5        | 0.2        | 0.1        |
| Return on shareholders' equity, % <sup>6</sup>   | 28.8       | 11.4       | 22.0       |
| Return on capital employed, % <sup>6</sup>   | 29.1       | 14.5       | 27.0       |
| Ditto, adjusted for items affecting comparability<br>and sales of shares, % <sup>6</sup> | 16.0       | 12.1       | 18.3       |
| Equity per share, SEK <sup>7</sup>   | 132.9      | 109.4      | 118.7      |

1) Of which, depreciation Jan-Jun 1999: SEK -710 M, Jan-Jun 1998: SEK -577 M

2) Of which gain on sale of curren-asset properties Jan-Jun 1999: SEK 206 M; Jan-Jun 1998: SEK 57 M; Jan-Dec 1998: SEK 286 M

3) For 1999; income from sale of Scancem shares

4) Statement of changes in financial position (cash flow) has been prepared in compliance with recommendation RR7 of the Swedish Financial Accounting Standards Council.

5) The definitions of the financial ratios can be found in the Annual Report for 1998

6) The calculation is based on rolling 12-month periods.

7) Total number of shares: 113,854,968



## BUSINESS AREAS IN BRIEF

### NET SALES, OPERATING INCOME AND INCOME AFTER FINANCIAL ITEMS

|                               | Jan-Jun 1999 |                              | Jan-Jun 1998 |                              | Jul 1998 - Jun 1999 |                              | 1998      |                              |
|-------------------------------|--------------|------------------------------|--------------|------------------------------|---------------------|------------------------------|-----------|------------------------------|
| SEK M                         | Net sales    | Income after financial items | Net sales    | Income after financial items | Net sales           | Income after financial items | Net sales | Income after financial items |
| Sweden                        | 10 848       | 322                          | 9 256        | 199                          | 22 710              | 656                          | 21 118    | 533                          |
| Europe                        | 10 214       | 80                           | 7 015        | 43                           | 20 659              | 275                          | 17 460    | 238                          |
| USA                           | 16 449       | 411                          | 10 010       | 158                          | 30 511              | 701                          | 24 072    | 448                          |
| Proj. Dev. and Real Estate    | 623          | 453                          | 645          | 733                          | 1 243               | 1 095                        | 1 265     | 1 375                        |
|                               | 38 134       | 1 266                        | 26 926       | 1 133                        | 75 123              | 2 727                        | 63 915    | 2 594                        |
| Stock portfolio management    |              | 309                          |              | 703                          |                     | 309                          |           | 703                          |
| Items affecting comparability |              | 3 280                        |              | 1 090                        |                     | 3 223                        |           | 1 033                        |
| Listed associated companies   |              | 469                          |              | 129                          |                     | 1 001                        |           | 661                          |
| Other and eliminations        | -890         | -390                         | -587         | -44                          | -1 783              | -512                         | -1 480    | -166                         |
| Total                         | 37 244       | 4 934                        | 26 339       | 3 011                        | 73 340              | 6 748                        | 62 435    | 4 825                        |

### ORDER BOOKINGS AND ORDER BACKLOG

|        | Jan-Jun 1999   |               | Jan-Jun 1998   |               | Jul 1998 - Jun 1999 |               | 1998           |               |
|--------|----------------|---------------|----------------|---------------|---------------------|---------------|----------------|---------------|
| SEK M  | Order bookings | Order backlog | Order bookings | Order backlog | Order bookings      | Order backlog | Order bookings | Order backlog |
| Sweden | 11 593         | 14 801        | 10 456         | 14 557        | 22 495              | 14 801        | 21 358         | 13 696        |
| Europe | 10 608         | 11 721        | 8 967          | 10 759        | 19 197              | 11 721        | 17 556         | 11 125        |
| USA    | 24 983         | 59 861        | 20 459         | 38 464        | 42 993              | 59 861        | 38 469         | 43 050        |
| Total  | 47 184         | 86 383        | 39 882         | 63 780        | 84 685              | 86 383        | 77 383         | 67 871        |

In this Six Month Report, cash flow is reported according to the new recommendation of the Swedish Financial Accounting Standards Council. Internal order bookings and net sales within a business area are eliminated at the business area level (all internal sales were previously eliminated only at the group level, while order bookings between companies in the same business area were previously not eliminated). Comparative figures for previous periods have been adjusted to reflect these changes. Following the distribution of Drott and reclassification of JM from subsidiary to an associated company in 1998, the accounts for 1998 are shown proforma as if the changes had occurred on January 1, 1998. All historic figures are based on proforma accounting. Following a change in application of accounting principles, acquired companies are consolidated and divested companies deconsolidated on the date of the acquisition or divestment. Previously, acquired companies were consolidated and divested companies deconsolidated effective January 1 in the year the acquisition/divestment occurred. Comparable figures are adjusted to reflect this change.

**Skanska Sweden**

| <b>Building Construction</b> | <b>Jan - Jun</b> |             | <b>Jul-98-</b> | <b>Jan-Dec</b> |
|------------------------------|------------------|-------------|----------------|----------------|
| SEK M                        | <b>1999</b>      | <b>1998</b> | <b>jun-99</b>  | <b>1998</b>    |
| Net sales                    | 6 823            | 5 337       | 13 131         | 11 645         |
| Operating income             | 215              | 121         | 191            | 97             |
| Operating margin             | 3.2%             | 2.3%        | 1.5%           | 0.8%           |
| Return on capital employed   |                  |             | 9.2%           | 5.6%           |
| Order bookings               | 6 741            | 6 494       | 13 739         | 13 492         |
| Order backlog                | 7 489            | 6 303       | 7 489          | 7 210          |

| <b>Civil Construction</b>  | <b>Jan - Jun</b> |             | <b>Jul-98-</b> | <b>Jan-Dec</b> |
|----------------------------|------------------|-------------|----------------|----------------|
| SEK M                      | <b>1999</b>      | <b>1998</b> | <b>jun-99</b>  | <b>1998</b>    |
| Net sales                  | 4 025            | 3 919       | 9 579          | 9 473          |
| Operating income           | 105              | 74          | 430            | 399            |
| Operating margin           | 2.6%             | 1.9%        | 4.5%           | 4.2%           |
| Return on capital employed |                  |             | 26.9%          | 28.1%          |
| Order bookings             | 4 852            | 3 962       | 8 756          | 7 866          |
| Order backlog              | 7 312            | 8 254       | 7 312          | 6 486          |

| <b>Skanska Sweden, total</b> | <b>Jan - Jun</b> |             | <b>Jul-98-</b> | <b>Jan-Dec</b> |
|------------------------------|------------------|-------------|----------------|----------------|
| SEK M                        | <b>1999</b>      | <b>1998</b> | <b>jun-99</b>  | <b>1998</b>    |
| Net sales                    | 10 848           | 9 256       | 22 710         | 21 118         |
| Operating income             | 320              | 195         | 621            | 496            |
| Operating margin             | 2.9%             | 2.1%        | 2.7%           | 2.3%           |
| Return on capital employed   |                  |             | 16.9%          | 15.3%          |
| Order bookings               | 11 593           | 10 456      | 22 495         | 21 358         |
| Order backlog                | 14 801           | 14 557      | 14 801         | 13 696         |

Skanska Sweden includes Skanska's building and civil construction operations in Sweden, the Group's building-related industrial operations with their market mainly in Sweden as well as project exports related to civil construction.

**Skanska Europe**

| <b>Construction</b>        | <b>Jan - Jun</b> |             | <b>Jul-98-</b> | <b>Jan-Dec</b> |
|----------------------------|------------------|-------------|----------------|----------------|
| SEK M                      | <b>1999</b>      | <b>1998</b> | <b>jun-99</b>  | <b>1998</b>    |
| Net sales                  | 6 909            | 4 312       | 14 278         | 11 681         |
| Operating income           | 75               | 55          | 197            | 177            |
| Operating margin           | 1.1%             | 1.3%        | 1.4%           | 1.5%           |
| Return on capital employed |                  |             | 10.1%          | 12.3%          |
| Order bookings             | 7 176            | 6 150       | 12 729         | 11 703         |
| Order backlog              | 10 756           | 10 056      | 10 756         | 10 356         |

| <b>Components &amp; Services</b>      | <b>Jan - Jun</b> |             | <b>Jul-98-</b> | <b>Jan-Dec</b> |
|---------------------------------------|------------------|-------------|----------------|----------------|
| SEK M                                 | <b>1999</b>      | <b>1998</b> | <b>jun-99</b>  | <b>1998</b>    |
| Net sales                             | 3 305            | 2 703       | 6 381          | 5 779          |
| Operating income                      | 105              | 44          | 254            | 193            |
| Operating margin                      | 3.2%             | 1.6%        | 4.0%           | 3.3%           |
| Return on capital employed            |                  |             | 6.0%           | 5.1%           |
| Ditto, excl. depreciation of goodwill |                  |             | 11.2%          | 10.9%          |
| Order bookings                        | 3 432            | 2 817       | 6 468          | 5 853          |
| Order backlog                         | 965              | 703         | 965            | 769            |

| <b>Skanska Europe, total</b> | <b>Jan - Jun</b> |             | <b>Jul-98-</b> | <b>Jan-Dec</b> |
|------------------------------|------------------|-------------|----------------|----------------|
| SEK M                        | <b>1999</b>      | <b>1998</b> | <b>iun-99</b>  | <b>1998</b>    |
| Net sales                    | 10 214           | 7 015       | 20 659         | 17 460         |
| Operating income             | 180              | 99          | 451            | 370            |
| Operating margin             | 1.8%             | 1.4%        | 2.2%           | 2.1%           |
| Return on capital employed   |                  |             | 7.3%           | 7.1%           |
| Order bookings               | 10 608           | 8 967       | 19 197         | 17 556         |
| Order backlog                | 11 721           | 10 759      | 11 721         | 11 125         |

Skanska Europe includes the Group's building and civil construction operations in Europe (except Sweden), project development and project management in building construction outside Sweden as well as the Group's building component operations (Poggenpohl, Nybron incl. Kährs, Essmann and ElitFönster), most of them with markets mainly outside Sweden.

**Skanska USA**

| <b>Building construction</b> | <b>Jan - Jun</b> |             | <b>Jul-98-</b> | <b>Jan-Dec</b> |
|------------------------------|------------------|-------------|----------------|----------------|
| SEK M                        | <b>1999</b>      | <b>1998</b> | <b>jun-99</b>  | <b>1998</b>    |
| Net sales                    | 11 411           | 8 164       | 22 804         | 19 557         |
| Operating income             | 140              | 79          | 275            | 214            |
| Operating margin             | 1.2%             | 1.0%        | 1.2%           | 1.1%           |
| Return on capital employed   |                  |             | 39.6%          | 39.1%          |
| Order bookings               | 20 418           | 13 158      | 36 654         | 29 394         |
| Order backlog                | 43 541           | 25 672      | 43 541         | 31 025         |

| <b>Civil Construction</b>  | <b>Jan - Jun</b> |             | <b>Jul-98-</b> | <b>Jan-Dec</b> |
|----------------------------|------------------|-------------|----------------|----------------|
| SEK M                      | <b>1999</b>      | <b>1998</b> | <b>jun-99</b>  | <b>1998</b>    |
| Net sales                  | 5 038            | 1 846       | 7 707          | 4 515          |
| Operating income           | 254              | 55          | 383            | 184            |
| Operating margin           | 5.0%             | 3.0%        | 5.0%           | 4.1%           |
| Return on capital employed |                  |             | 36.5%          | 32.0%          |
| Order bookings             | 4 565            | 7 301       | 6 339          | 9 075          |
| Order backlog              | 16 320           | 12 792      | 16 320         | 12 025         |

| <b>Skanska USA, total</b>  | <b>Jan - Jun</b> |             | <b>Jul-98-</b> | <b>Jan-Dec</b> |
|----------------------------|------------------|-------------|----------------|----------------|
| SEK M                      | <b>1999</b>      | <b>1998</b> | <b>jun-99</b>  | <b>1998</b>    |
| Net sales                  | 16 449           | 10 010      | 30 511         | 24 072         |
| Operating income           | 394              | 134         | 658            | 398            |
| Operating margin           | 2.4%             | 1.3%        | 2.2%           | 1.7%           |
| Return on capital employed |                  |             | 37.8%          | 35.6%          |
| Order bookings             | 24 983           | 20 459      | 42 993         | 38 469         |
| Order backlog              | 59 861           | 38 464      | 59 861         | 43 050         |

Skanska USA includes the Group's building and civil construction operations in the United States, as well as the Argentine-based subsidiary SADE.

**Skanska Project Development and Real Estate**

|  | Jan - Jun  |            | Jul-98-      | Jan-Dec      |
|--|------------|------------|--------------|--------------|
| SEK M                                  | 1999       | 1998       | jun-99       | 1998         |
| Income fr oper, property management    | 297        | 252        | 600          | 555          |
| Income fr oper, project development    | -37        | -70        | -104         | -137         |
| Gain on sale of properties & reval.    | 317        | 661        | 823          | 1 167        |
| <b>Operating income</b>                | <b>577</b> | <b>843</b> | <b>1 319</b> | <b>1 585</b> |
| <b>Investment properties, key data</b> |            |            |              |              |
| Rental revenues                        | 583        | 619        | 1 167        | 1 203        |
| Operating net                          | 369        | 324        | 740          | 695          |
| Book value                             | 7 048      | 6 502      | 7 048        | 6 359        |
| Occupancy rate (space; %)              | 89         | 91         |              | 90           |
| Occupancy rate (rent; %)               | 92         | 94         |              | 93           |
| Operating net, margin (%)              | 63         | 52         | 63           | 58           |
| Yield (%)                              |            |            | 10.5         | 10.9         |

Skanska's Project Development and Real Estate includes the development and management of the Group's real estate holdings, as well as the development of new projects in the fields of real estate and privately financed infrastructure projects (Build-Own/Operate-Transfer) projects.