

April 22, 1998

Sven Ohlsson at AGM:

Solve Scancem's ownership question as soon as possible

At Scancem's AGM in Malmö on Wednesday, CEO Sven Ohlsson commented on the ownership of Scancem: the Skanska construction company last January declared its intention to divest its shareholding - 39 percent of the capital and 48 percent of the votes. Scancem's other major shareholder - Norwegian Aker RGI - asserts a right of first refusal to the shares.

- I want to comment on this even if it is a good old rule that the Chairman of the Board discusses ownership questions while the President concentrates on operations. Scancem has now lived with the "for sale" sign, as far as Skanska's shareholding is concerned, since January and our two big owners have positioned themselves through comments in the media.

- Even if the message from the board and the major owners has been "business as usual" it is evident that this becomes more difficult as time goes by and that there is the risk that the Group's value will be reduced. My message to Skanska - as the biggest owner -and to Aker RGI as asserting the right of first refusal is therefore: try to speed up the process as much as possible and contribute at the same time to bring about an industrially justified solution and see to it that due consideration is shown the other Scancem shareholders.

Earlier Sven Ohlsson had noted that 1997 was the Group's best year even as far as earnings were concerned. This was further evidence of how right it was to invest in a growing, profitable and international Scancem.

- Growth because net sales increased 15 percent, profitable since earnings were up 40 percent and more international inasmuch as sales in markets outside the Nordic countries grew and profits are to an increasing degree generated outside Sweden.

Construction slowly upwards in Sweden

Sven Ohlsson also commented on the expected development of Scancem's more important markets during 1998. As of now, total annual construction in Sweden comprises SEK 180 billion of which approximately 50 percent is repairs and refurbishment. This sector expected to grow some percent in 1998 and housing construction is anticipated to start to expand again with approximately 12,000 housing starts compared with 10,000 in 1997.

In Norway the construction volume, estimated at being in excess of NOK 120 billion, will probably go down a few percent although the economy will show a strong growth. The reason is that big infrastructural projects - especially a big hospital and the Gardermoen airport - now are in their final stages.

Today, Scancem is Europe's sixth largest cement and building materials company and the Group is strongly positioned in mainly the Baltic Sea and North Sea regions. The Group is a leading player in the international cement trading market with operations in the U.S., West Africa and Asia. Scancem is active in approximately 30 countries. Sales in 1997 amounted to SEK 16.1 billion and the number of employees is approximately 11,300. Scancem is listed on the Stockholm Stock Exchange.

- The brisk economic growth in Finland is expected to be somewhat slower in 1998, Sven Ohlsson continued. On an annual basis the construction volume exceeds FIM 70 billion and is anticipated to grow by 8-9 percent. The housing, industrial and commercial sectors are all

three of them behind this development. The number of housing starts is expected to grow from 30,000 last year to 32,000 in 1998.

Other important markets in short

- In Denmark economic growth is expected to continue, but total construction will probably only increase with one or two percent.
- In the United Kingdom economic growth might weaken, but construction is expected to expand by three percent.
- Scancem's market in northern Germany is improving, but local variations are great.
- Continued buoyant growth - approximately 10 percent - in Poland where some 70,000 apartments will be built this year.
- In Estonia infrastructure and refurbishing are behind the increase and the latter sector is also dominating in Russia.
- Markets in Spain and Portugal are expected to become more important for Scancem's products while development is slower in France.

Growth in the U.S. economy is expected to continue in its eight consecutive year. Demand for cement and aggregates is brisk on Scancem's market in the northeast while growth is somewhat lower in Florida.

- Scancem's markets in western Africa - Ghana, Togo, Benin - are negatively impacted by the effects of electric power shortages. The demand for cement is brisk in Angola while operations in Sierra Leone are still well below normal levels due to the coup there a year ago.

Strong start in 1998

Sven Ohlsson stressed that Scancem had started out strongly in 1998: earnings for the first quarter - traditionally weak for the Group - was SEK 136 M better than the corresponding period of 1997, and the result was a loss of SEK 21 M (1997: loss of 157).

The increase is mainly due to greater sales volumes. These have been made possible because of the mild winter but are also the effect of acquisitions during 1997 and 1998. All business areas except Scancem International reported higher earnings.

- As to the forecast for the full year we see a continued improvement of the market situation in Sweden, Sven Ohlsson said. Development is positive in the other Nordic countries, too, even if the growth rate might slacken in Norway and Denmark. Scancem's African markets represent the greatest uncertainty, since it is difficult to assess the effects of the electric power supply disturbances there. The prognosis made earlier - that earnings in 1998 will be higher - remains valid.

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Scancem's Annual General Meeting confirmed the proposed dividend of SEK 7.50 per share (6.50). Lars-Ove Håkansson, Bo Rydin and Melker Schörling left the Board of Directors. New Board members are Claes Björk, President and CEO of Skanska AB, and Anders Nyrén, Executive Vice President and Chief Financial Officer of Skanska AB. Claes Björk was elected Chairman at the inaugural meeting of the new Board.