

Press Release

August 29, 2000

Skanska acquires Kvaerner Construction and 50 percent of Gammon

Skanska has signed an agreement with Kvaerner Group to acquire Kvaerner Construction and its 50-percent holding in Gammon China Ltd for NOK 2.3 billion (SEK 2.4 billion) net of cash. The agreement is subject to confirmatory due diligence and regulatory approvals.

Kvaerner Construction is the fifth-largest construction company in the UK. Gammon is the largest construction company in Hong Kong and has significant presence also in China, Singapore and certain other Southeast Asian markets. Kvaerner Cementation India, a 64-percent owned subsidiary, is one of the five largest construction companies in India.

In 1999, Kvaerner Construction had net sales of NOK 16.6 billion, of which NOK 4.2 billion from its 50-percent interest in Gammon. For 2000, the projected EBIT for the combined operations stand-alone is more than NOK 350 million, of which more than NOK 100 million is from Gammon, before amortization of goodwill.

Operations of the acquired companies comprise building and civil engineering construction, foundations, mining development, mechanical and electrical installations, as well as construction and design services.

"The acquisition of Kvaerner Construction is a further significant step in our strategy to broaden our geographical market presence, which potentially gives us opportunities to introduce value-adding activities into new local markets", says Claes Björk, President and CEO of Skanska. "This acquisition gives us a leading position in the UK and also a significant presence in several Asian markets and I regard it as very important for Skanska's continued development."

"We are acquiring a well-managed operation, which under its present management has achieved an impressive turnaround over the last few years. In line with our experience from previous acquisitions, we look forward to supporting the company in achieving accelerated and profitable growth", says Anders C. Karlsson, Head of Skanska Europe.

"I feel confident that our business will benefit from being a part of the Skanska Group. We have a shared strong focus on core business and Skanska's resources will be important. It is expected that the sale will be completed by early October, following a 30-day due diligence," says Keith Clarke, President of Kvaerner Construction, who will stay on as head of the company.

Kvaerner Construction will operate under the Skanska trademark in the future. Skanska has on-going joint venture projects in the UK with Costain, in which it also holds a 7.6-percent interest. Skanska will honor all of its commitments relating to these joint venture projects.

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This and previous releases can also be found at www.skanska.com

**Key data, Kvaerner Construction 1999
(including Gammon, 50 percent)**

	NOK M	SEK M
Net sales	16,622	17,619
Operating profit	228	241
Net debt	0	0
Order backlog	17,521	18,572

Number of employees 11,600 (Gammon's share 4,700)

The above figures include Kvaerner's share of net sales in Gammon, which totaled SEK 4,432 M and the company's portion of operating profit was SEK 94 M before amortization of consolidated goodwill.

A picture of Skanska CEO Claes Björk for publication is available at www.skanska.se/marknadsplats