

SKANSKA SIX MONTH REPORT, JANUARY–JUNE 2002

Improved earnings in construction-related operations

The first six months in brief

- Order bookings SEK 69.6 billion (93.6)
- Order backlog SEK 143.4 billion (191.5)
- Net sales SEK 72.2 billion (79.4)
- Operating income in construction-related services and project development, the Group's core business, SEK 1,050 M (1,460)
- Income after financial items SEK 392 M (1,076)

Claes Björk, President and CEO of Skanska, commented on the six month outcome:

"The earnings in our construction-related operations during the first half of 2002 improved to SEK 1,097 M (217) despite lower net sales than in the same period of last year. Operating income was lower than the year-earlier period because capital gains on the sale of properties in project development operations only amounted to SEK 44 M (1,322). Continued strong interest from foreign buyers of Swedish properties will support our goal of carrying out property divestments during the autumn. During the past four years, our project development operations have generated an annual market-adjusted total return averaging 18 percent. We have sold SEK 12 billion worth of properties in the past four years and in the future, we will also continue to have a rapid, value-generating turnover rate in our project development operations.

"Order bookings generally improved in the second quarter, compared to the first quarter of 2002.

"In our American operations, earnings continued to show positive growth. Operating margin rose to 2.7 (1.7) percent during the first half. Infrastructure construction, which has higher margins than commercial construction, represented a larger proportion of overall operations, and this more than offset the lower business volume in commercial construction. The outlook for infrastructure construction in the United States is very favorable. With the acquisition of E.L. Yeager Construction in southern California, we are well-positioned to share in the increasing infrastructure investments in one of America's largest and fastest-growing states. European operations – including those in the Nordic countries – also showed improved earnings, especially our operations in the Czech Republic and Great Britain. Last year the number of employees at Exbud Skanska, our Polish operations, was reduced and adapted to a lower business volume, but the market situation in Poland remains weak. The outlook is similar in our Nordic and our other European operations: a stable trend for residential and infrastructure construction, while commercial construction is slowing.

"In light of the continued weakening of the information technology (IT) and telecom sectors, the Group's remaining operations at Business Unit Skanska Telecom Networks are being discontinued.

"The negative trend in the stock market affected the value of Skanska's Swedish pension funds. In order to safeguard Swedish pension commitments, a provision was made in the first-half accounts for the estimated full-year effect of SEK 334 M."

Skanska AB

Stockholm, August 29, 2002

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This and earlier press releases are also available at www.skanska.com

SKANSKA SIX MONTH REPORT, JANUARY–JUNE 2002

Highlights

SEK M	Jan-Jun 2002	Jan-Jun 2001
Net sales	72,191	79,383
Operating income, core business	1,050	1,460
Operating income	1,050	1,448
Income after financial items	392	1,076
Return on capital employed, % ^{1, 2}	6.6	11.2
Net profit per share, SEK ^{1, 3}	-0.90	5.90
Investments, gross	4,073	7,273
Order bookings	69,558	93,565
Order backlog	143,422	191,490

1 Calculated on a 12 month rolling basis.

2 Adjusted for items affecting comparability and sales of shares.

3 Comparative figures are adjusted for Skanska's 4:1 split.

Developments in the second quarter of 2002

Second quarter of 2002, compared to second quarter of 2001

- Order bookings SEK 39.0 billion (44.6)
- Net sales SEK 39.2 billion (44.6)
- Operating income in construction-related services and project development SEK 816 M (1,767)
- Income before taxes SEK 280 M (1,521)

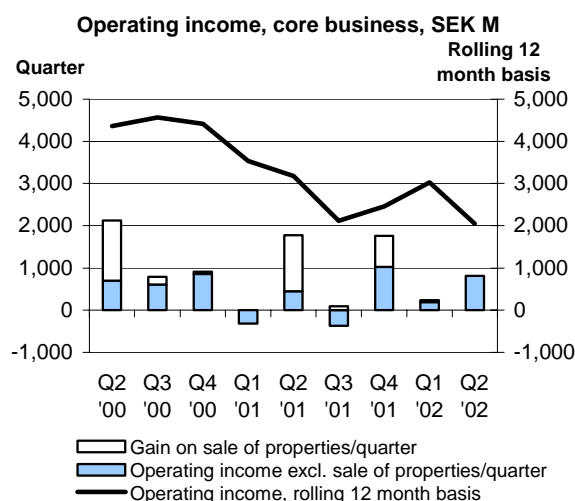
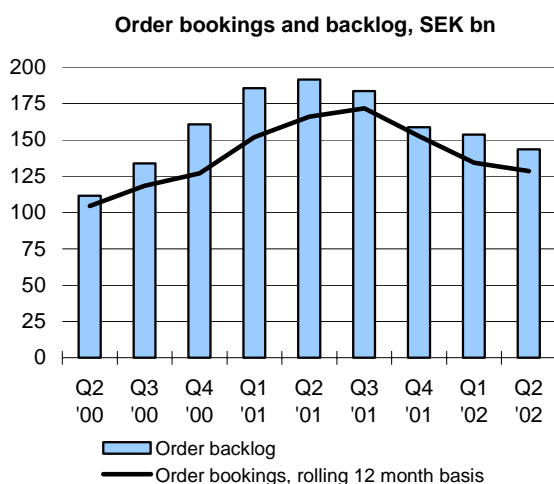
Income from construction-related operations during the second quarter improved to SEK 894 M (557), despite lower net sales compared to the same period of 2001. The improvement in operating margin was due to increased efficiency and a higher proportion of infrastructure construction in the total mix. Operating income was lower than in the year-earlier period because capital gains on the sale of properties in project development operations only amounted to SEK 4 M (1,320).

Writedowns totaling SEK 224 M, primarily related to Skanska Telecom Networks, which was completely discontinued in light of continued low activity in the telecom sector, were charged to operating income in the second quarter this year. In addition, restructuring expenses at Skanska International Projects increased by SEK 14 M. Loss provisions and restructuring expenses of about SEK 400 M were charged to operating income in the same period of last year.

The negative stock market trend created a need for additional provisions of SEK 309 M during the second quarter in order to safeguard the commitments of Skanska's Swedish pension funds. During the second quarter, income before taxes was favorably affected in the amount of SEK 85 M (see specification on page 8) by changes in accounting practices.

Order bookings declined by 13 percent to SEK 38,948 M (44,557) during the second quarter compared to the year-earlier period, while the order bookings rose by 27 percent compared to the first quarter of 2002. In most geographic markets, infrastructure construction is generally rising and residential construction is stable, while construction of commercial premises is decreasing.

Cash flow from business operations improved during the second quarter. Despite the lower level of divestments in commercial project development, total cash flow from operations and cash flow from investment operations amounted to SEK 902 M (–1,280) during the second quarter, before disbursement of the dividend for the 2001 financial year, which was SEK 1,256 M.



Order bookings and backlog

The Group's order bookings for the first half totaled SEK 69,558 M (93,565), a decline of 26 percent. On a rolling twelve month basis, order bookings decreased by 16 percent.

For comparable units – adjusted for currency rate effects and acquisition effects – the change in order bookings was –28 percent.

On June 30, 2002, order backlog totaled SEK 143,422 M (191,490), which represented a 25 percent decrease. For comparable units, the decrease was 17 percent. During the first half of 2002, order backlog declined by 10 percent. Operations outside Sweden accounted for 87 (90) percent of order backlog.

Net sales and operating income

Net sales decreased by 9 percent to SEK 72,191 M (79,383). For comparable units, the decrease was 11 percent.

Skanska Group, operating income

SEK M	Jan-Jun 2002	Jan-Jun 2001	Jul 2001- Jun 2002	Jan-Dec 2001
Core business				
Operations, excl. sale of properties	1,006	138	1,236	368
Gain on sale of properties	44	1,322	877	2,155
Items affecting comparability	-	-	-65	-65
<i>of which, writedown of goodwill</i>	-	-	-500	-500
<i>of which, reversal of writedown</i>	-	-	435	435
Total core business	1,050	1,460	2,048	2,458
Items affecting comparability, non-core	-	-12	-153	-165
Total Skanska Group	1,050	1,448	1,895	2,293

Operating income amounted to SEK 1,050 M (1,448). Depreciation amounted to SEK 1,167 M (1,209), including goodwill amortization of SEK 301 M (287). The capital gains on sale of properties were substantially lower in the first half of this year, amounting to SEK 44 M (1,322). Operating margin amounted to 1.5 (1.8) percent.

The operations of Skanska Telecom Networks will be completely discontinued. Consequently, writedowns of its remaining goodwill, accounts receivable and part-ownership in a fiber optic network, totaling about SEK 200 M, were charged to earnings for the report period, of which SEK 165 M during the second quarter. The writedown of goodwill amounted to SEK 95 M. In addition, Skanska wrote down properties in the Baltic countries, which are in the process of divestment, by SEK 51 M. Finally, SEK 37 M, of which SEK 14 M in the second quarter, in increased restructuring expenses related to the operations of Skanska International Projects was charged to earnings.

The item "corporate and eliminations" (reported under "Markets and segments" on page 17), which mainly consisted of corporate overhead, amounted to SEK -305 M (-408).

Income after financial items

Income after financial items totaled SEK 392 M (1,076). Earnings were favorably affected in the amount of SEK 166 M during the first half of 2002 due to a change in accounting practices: reclassification of properties in real estate operations and capitalization of interest expenses in project development, which are specified on page 8.

Net financial items amounted to SEK -658 M (-372). Net interest items totaled SEK -329 M (-377). During the report period, interest payments of about SEK 84 M (0) were capitalized as part of the construction expenses of project development for Skanska's own account.

Capital gains on the sale of shares amounted to SEK 100 M (0). When the kitchen interior company Nobia obtained a listing on Stockholmsbörsen (formerly the Stockholm Stock Exchange), Skanska sold 23 percent of its shareholding in the company for a capital gain of SEK 36 M during the second quarter. After this divestment, Skanska owns 12.5 percent of the company. During the first quarter, Skanska sold its shares in the hotel property company Pandox for a capital gain of SEK 47 M.

“Other financial items” amounted to SEK –429 M (5). Due to a continued negative trend in the stock markets and an upward adjustment of its pension obligations, Skanska made provisions of SEK –334 M to safeguard the commitments specified by the pension plans in force in its Swedish pension funds, including provisions of SEK –25 M in the first quarter. During the second quarter, the estimated full-year effect was included in earnings, whereas the provision during the first quarter was an accrued amount for the deficit as estimated at that time. Together with earlier provisions related to the full year 2001, SEK 607 M has thus been booked as a liability in the balance sheet. The assets of the pension fund amounted to SEK 1,962 M on June 30. The total assets of the fund and the amount booked as a liability were equivalent to its outstanding commitments on June 30.

“Other financial items” also included writedowns of financial assets and exchange rate losses from translation effects in Skanska Sade, amounting to SEK –95 M (5).

Net profit

Net profit for the report period totaled SEK 184 M (588). The tax rate amounted to 46 (43) percent. The tax burden for the period takes into account that at present, Skanska does not believe that its earnings deficits in certain countries can be offset against future earnings. Given Skanska’s current geographic mix, a normalized tax rate amounted to just above 35 percent, of which 4-5 percentage points because goodwill amortizations were not tax-deductible.

Financial ratios on a rolling 12 month basis

Net profit per share totaled SEK –0.90 (full year 2001: 0.05). Return on capital employed amounted to 6.0 (full year 2001: 8.0) percent. Adjusted for items affecting comparability and capital gains on the sale of shares, return on capital employed totaled 6.6 (full year 2001: 8.7) percent. Return on shareholders’ equity was –2.2 (full year 2001: 0.1) percent.

Investments and divestments

The net amount of the Group's investments (–) and divestments (+) totaled SEK –672 M (–913). Investments totaled SEK –4,073 M (–7,273) and divestments totaled SEK +3,401 M (+6,360).

Investments

SEK M	Apr-Jun 2002	Apr-Jun 2001	Jan-Jun 2002	Jan-Jun 2001
Investments				
Acquisitions of subsidiaries	-2	-180	-47	-176
Other intangible fixed assets	-58	-113	-62	-623
Tangible fixed assets	-404	-482	-736	-1,139
Shares and participations	-67	-155	-171	-274
Properties in real estate operations	-411	-729	-826	-1,400
Other current-asset properties	-1,174	-2,047	-2,231	-3,661
Total investments	-2,116	-3,706	-4,073	-7,273
Divestments				
Businesses	0	5	0	5
Other intangible fixed assets	1	61	3	61
Tangible fixed assets	82	58	139	104
Shares and participations	195	58	323	58
Properties in real estate operations	20	2,931	301	2,945
Other current-asset properties	1,658	2,419	2,635	3,187
Total divestments	1,956	5,532	3,401	6,360
Net investments	-160	1,826	-672	-913

Investment volume in the Group's projects developed for its own account, including both residential and commercial projects, was substantially lower than last year.

During the report period, the volume of commercial project development properties sold was substantially lower than in the year-earlier period, which explains the decline in divestments. The sale of residential properties developed for Skanska's own account was at a satisfactory level, relative to the investment volume.

The Group's investments in projects developed for its own account totaled SEK –3,057 M (–5,061). During the report period, projects with a value of SEK +2,936 M (+6,132) were sold, yielding capital gains of SEK 292 M (1,448). At the close of the report period, the number of completed, unsold housing units totaled 545, which represented a decrease of 14 percent since year-end 2001.

Cash flow and financial position

Cash flow

	Apr-Jun 2002	Apr-Jun 2001	Jan-Jun 2002	Jan-Jun 2001
SEK M				
From business operations	321	-350	-979	899
Taxes	-151	-298	-250	-169
From business operations, net	170	-648	-1,229	730
Net investments	-160	1,826	-672	-913
Of which, not affecting cash flow	823	-2,353	1,194	-2,570
Changes in financial receivables	172	-257	56	50
Taxes	-103	152	-1,490	-1,416
From investment operations, net	732	-632	-912	-4,849
Dividend	-1,256	-1,413	-1,256	-1,413
Buy-backs of Skanska's own shares	0	0	0	-749
Change in financial liabilities	760	2,204	972	5,496
Net change in minority share	23	-3	1	-125
From financing operations, net	-473	788	-283	3,209
Cash flow for the period	429	-492	-2,424	-910

Cash flow for the report period totaled SEK –2,424 M (–910). Cash flow from business operations totaled SEK –1,229 M (+730). During the second quarter, cash flow from operations improved. The Kista Entré project in Stockholm, which was sold to the real estate company Vasakronan last year but where the purchaser will take over the property only upon its completion, was externally financed. This led to a positive net cash flow effect of about SEK 300 M. The negative cash flow from operations during the first half of 2002 was primarily due to a delay in payments to subcontractors and suppliers around year-end. Taken together, this had an exceptional negative effect on working capital of about SEK 700 M during the first quarter. In addition, payments of about SEK 400 M related to 2001 loss and expense provisions were settled during the first quarter of 2002. The falling volume of business is also leading to a smaller volume of advance payments.

Cash flow from investment operations amounted to SEK –912 M (–4,849). Lower net investment volume as well as a payment settlement of earlier property transactions decreased negative cash flow from investment operations. Cash flow from investment operations, both during the report period and the comparative period of 2001, included tax payments related to share divestments that had been carried out earlier and Skanska's "aircraft leasing transactions."

The total assets of the Skanska Group shrank to SEK 83 billion from SEK 93 billion at year-end 2001. Currency rate effects explain SEK 5.1 billion of the decline in total assets during the report period.

Exchange rates for the most important currencies, SEK

	Average exchange rates		Exchange rates on the balance sheet date		
	Jan-Jun 2002	Jan-Jun 2001	Jun 30, 2002	Jun 30, 2001	Dec 31, 2001
U.S. dollar	10.21	10.09	9.14	10.87	10.58
British pound	14.73	14.52	14.03	15.27	15.33
Euro	9.16	9.06	9.12	9.21	9.33

Liquid assets and interest-bearing receivables decreased by SEK 3,211 M to SEK 8,070 (11,281). Interest-bearing liabilities and provisions rose by SEK 932 M to SEK 19,025 M (18,093). Altogether, net interest-bearing liabilities rose by SEK 4,143 M to SEK 10,955 M (6,812).

About SEK 400 M of the increase in net liabilities during the first half of 2002 was caused by negative translation differences due to the strengthening of the Swedish krona. These translation differences occurred during the second quarter. A relatively higher share of interest-bearing liabilities is denominated in Swedish kronor compared to interest-bearing assets. This led to a negative net translation effect. In addition, pension provisions have now been defined as interest-bearing, and this increased net liabilities by SEK 607 M (see the section on “income after financial items” on page 4 for an explanation).

The visible equity/asset ratio amounted to 19.1 (19.8) percent and the debt/equity ratio was 0.7 (0.4). Negative currency translation effects had a major impact on these key financial ratios during the second quarter.

Shareholders' equity amounted to SEK 15,513 M (17,871). Currency rate effects reduced shareholders' equity by SEK 1.3 billion in net translation differences during the report period. This amount included a currency adjustment of SEK –0.3 billion in the shareholders' equity of the Argentinean-based subsidiary Sade. In addition, Skanska paid its dividend for the financial year 2001 during the second quarter, which reduced shareholders' equity by SEK 1,256 M.

Buy-backs of Skanska's own shares

During the second quarter, Skanska repurchased none of its own shares. The number of shares outstanding totaled 418,553,072 at the end of the report period.

Accounting principles and changes in accounting practices

This Interim Report was prepared in compliance with Recommendation RR20 on interim reporting of the Swedish Financial Accounting Standards Council. The reclassification of properties and capitalization of interest expenses in project development for Skanska's own account that is described in Skanska's press release of April 18, 2002 and in the Interim Report for January–March 2002 occurred after the Annual Report for 2001 was published. Otherwise the same accounting principles and calculation methods are used as in the latest Annual Report.

Effect of change in accounting practices

	Operating income		Income after financial items	
	Apr – Jun 2002	Jan – Jun 2002	Apr – Jun 2002	Jan – Jun 2002
Reclassification of properties in real estate operations	53	104	53	104
Capitalization of interest expenses	-10	-23	32	62
Total	43	81	85	166

Skanska share data

The market price of a Skanska share was SEK 59.00 on August 26. This represented a 13 percent decrease since year-end 2001. The Stockholm All Share Index declined by 31 percent during the same period. The Dow Jones Titans Construction Index, which includes the largest listed construction and building materials companies, declined by 6 percent. Since year-end 2001, the highest quotation for a Skanska share has been SEK 83.50 and the lowest SEK 49.90.

Personnel

The number of employees in the Group was 74,216 (full-year 2001: 79,924), measured as the average number of employees during the report period. The decrease was an effect of the restructuring measures initiated in 2001.

COMMENTS BY MARKET AND SEGMENT

The organization is divided into 17 business units and reported in three main segments: Construction-related Services, Project Development & BOT and Services. Return on capital employed (ROCE) is calculated on a rolling twelve month basis.

Construction-related services

Scandinavia

Consists of construction-related services in Sweden, Norway and Denmark

Scandinavia						
SEK M	Apr-Jun 2002	Apr-Jun 2001	Jan-Jun 2002	Jan-Jun 2001	Jul 2001- Jun 2002	Jan-Dec 2001
Net sales	10,591	12,759	18,921	21,665	40,523	43,267
EBITA ¹	323	301	225	-68	80	-213
EBITA margin, %	3.1	2.4	1.2	neg	0.2	neg
EBIT ²	274	267	133	-145	-135	-413
EBIT margin, %	2.6	2.1	0.7	neg	neg	neg
ROCE, %	neg	7.3	neg	7.3	neg	neg
Capital employed, last day of period	9,002	8,838	9,002	8,838	9,002	9,060
Order bookings	10,251	12,776	19,387	23,160	37,380	41,153
Order backlog, last day of period	24,279	27,539	24,279	27,539	24,279	23,985

¹ Excluding goodwill amortization and writedowns

² Operating income

Trends in the Scandinavian markets were similar. Commercial construction continued to weaken, while residential construction was stable and infrastructure construction showed signs of improving. Altogether, construction investments in the Norwegian market remained at a high level, while investment volume in Sweden and Denmark fell.

Order bookings totaled SEK 19,387 M (23,160), which represented a decrease of 16 percent. Order bookings in Denmark and Norway rose, while the volume of Swedish operations decreased. Order backlog decreased by 12 percent to SEK 24,279 M (27,539). For comparable units, the changes were –18 percent for order bookings and –13 percent for order backlog, respectively.

Net sales declined by 13 percent to SEK 18,921 M (21,665). Operating income improved to SEK 133 M (–145). Operating margin amounted to 0.7 (neg) percent. All business units improved their operating income. Restructuring work in Danish operations proceeded as planned, although Danish operations still reported a small loss at the operating income level. During the first quarter of 2002, project loss provisions of about SEK 200 M were charged to earnings in Swedish operations. During the first quarter of 2001, loss provisions of SEK 500 M were charged to earnings in Danish operations.

Europe

Consists of construction-related operations in Finland (including operations in Russia, Hungary and the Baltic countries of Estonia, Latvia and Lithuania), Poland, the Czech Republic and Great Britain.

Europe						
	Apr-Jun 2002	Apr-Jun 2001	Jan-Jun 2002	Jan-Jun 2001	Jul 2001- Jun 2002	Jan-Dec 2001
SEK M						
Net sales	9,993	10,441	18,020	17,539	40,361	39,880
EBITA	181	26	288	-124	171	-241
EBITA margin, %	1.8	0.2	1.6	neg	0.4	neg
EBIT	96	-39	140	-266	-198	-604
EBIT margin, %	1.0	neg	0.8	neg	neg	neg
ROCE, %	neg	4.5	neg	4.5	neg	neg
Capital employed, last day of period	10,441	12,838	10,441	12,838	10,441	9,205
Order bookings	11,199	10,193	17,139	22,803	36,422	42,086
Order backlog, last day of period	33,873	40,159	33,873	40,159	33,873	36,131

In the British market, investments grew in privately financed projects in the public sector, while commercial construction showed signs of slowdown. Construction investments in the Czech Republic rose by about 5 percent during the first five months, driven by investments in new infrastructure projects and renovations of existing infrastructure. In the Finnish market, total construction investments are expected to decrease for the year as a whole. The Finnish market was characterized by increased demand for housing and increased infrastructure investments, while commercial construction declined. The Polish market situation continued to deteriorate in all sectors, except for infrastructure construction.

Order bookings declined by 25 percent to SEK 17,139 M (22,803). Order backlog fell by 16 percent to SEK 33,873 M (40,159). For comparable units, the changes were -35 percent for order bookings and -20 percent for order backlog, respectively.

Net sales rose by 3 percent and amounted to SEK 18,020 M (17,539). Operating income totaled SEK 140 M (-266). Operating margin amounted to 0.8 (neg) percent. All business units, except for Exbud Skanska and Central Europe, improved their operating income. During the second quarter, Skanska carried out writedowns of SEK 51 M on properties in the Baltic countries that remain in the Central Europe unit, which are being divested. During the comparative period last year, SEK 400 M in provisions were charged to earnings in British joint venture projects, of which SEK 200 M during the second quarter of 2001.

USA

Consists of construction-related operations in the United States

USA						
	Apr-Jun	Apr-Jun	Jan-Jun	Jan-Jun	Jul 2001-	Jan-Dec
SEK M	2002	2001	2002	2001	Jun 2002	2001
Net sales	15,514	18,447	29,329	34,383	63,888	68,942
EBITA	503	337	815	621	1,441	1,247
EBITA margin, %	3.2	1.8	2.8	1.8	2.3	1.8
EBIT	488	323	782	588	1,367	1,173
EBIT margin, %	3.1	1.8	2.7	1.7	2.1	1.7
ROCE, %	31.9	38.4	31.9	38.4	31.9	34.2
Capital employed, last day of period	4,415	4,589	4,415	4,589	4,415	4,473
Order bookings	14,219	18,293	26,855	38,709	42,007	53,861
Order backlog, last day of period	70,468	106,418	70,468	106,418	70,468	83,595

As earlier, the performance of Skanska's operations in the United States was mixed. The pace of investment in infrastructure construction accelerated, and the outlook for the next few years looks stable. The growth in commercial construction remained weak, and uncertainty about the strength of the recovery rose somewhat during the second quarter. In the healthcare and educational sectors, construction remained stable.

Order bookings declined by 31 percent to SEK 26,855 M (38,709). Order backlog fell by 34 percent to SEK 70,468 M (106,418). For comparable units, the changes were –32 percent for order bookings and –21 percent for order backlog, respectively. As a proportion of total order backlog, infrastructure construction rose from 20 to 27 percent.

Net sales declined by 15 percent to SEK 29,329 M (34,383). Operating income rose by 33 percent to SEK 782 M (588). Operating margin increased to 2.7 (1.7) percent. The improvement in earnings was attributable to infrastructure construction, including a number of successful power plant projects completed during the report period. Despite the lower business volume in commercial construction, earnings of units that are active in this segment remained at about the same level as the year-earlier outcome. Last year, a restructuring expense of about SEK 150 M was charged against earnings during the second quarter, related to the discontinuation of an infrastructure construction unit.

Other markets

Consists of construction-related operations in South America, Hong Kong and India, as well as project exports in various countries.

Other markets

	Apr-Jun 2002	Apr-Jun 2001	Jan-Jun 2002	Jan-Jun 2001	Jul 2001- Jun 2002	Jan-Dec 2001
SEK M						
Net sales	2,349	2,792	4,629	5,033	10,930	11,334
EBITA	45	14	60	57	253	250
EBITA margin, %	1.9	0.5	1.3	1.1	2.3	2.2
EBIT	36	6	42	40	216	214
EBIT margin, %	1.5	0.2	0.9	0.8	2.0	1.9
ROCE, %	8.9	2.2	8.9	2.2	8.9	8.8
Capital employed, last day of period	2,245	3,407	2,245	3,407	2,245	2,785
Order bookings	2,454	2,509	3,686	7,261	8,415	11,990
Order backlog, last day of period	11,588	16,950	11,588	16,950	11,588	14,639

Order bookings at Sade, Skanska's base in South America, were good despite the weak market trend. Of the business unit's order backlog, more than 80 percent of volume was attributable to projects outside Argentina, measured in U.S. dollars. The market in Hong Kong remained weak, while in India the construction market was stable.

Order bookings fell by half and amounted to SEK 3,686 M (7,261). One explanation for the decrease was that no new contracts were signed by Skanska International Projects during the report period. A more restrictive approach during the tender offer stage is one of the reasons. During the second quarter, order bookings were in line with the outcome for the same period last year. Order bookings amounted to SEK 11,588 M (16,950), which represented a decline of 32 percent. For comparable units, the changes were –35 percent for order bookings and –9 percent for order backlog, respectively.

Net sales declined by 8 percent to SEK 4,629 M (5,033). Operating income rose to SEK 42 M (40), and operating margin amounted to 0.9 (0.8) percent. Skanska Sade's earnings fell compared to the year-earlier period, but remained positive. In local currency terms, Skanska Sade's earnings rose significantly. The cost of restructuring the European organization of Skanska International projects rose by about SEK 37 M, which was charged to operating income in the second quarter. During the second quarter of last year, about SEK 50 M in restructuring expenses related to international project operations was charged to operating income.

Project Development and BOT

Consists of commercial project development for Skanska's own account and BOT (Build-Operate-Transfer, privately financed infrastructure projects)

Project Development and BOT

	Apr-Jun 2002	Apr-Jun 2001	Jan-Jun 2002	Jan-Jun 2001	Jul 2001- Jun 2002	Jan-Dec 2001
SEK M						
Net sales	362	336	711	684	1,414	1,387
EBITA	200	1,419	412	1,558	2,037	3,183
EBIT						
Property management	187	166	391	326	640	575
Other real estate business	9	-67	-23	-90	100	33
Gain on sale of properties	4	1,320	44	1,322	862	2,140
Items affecting comparability						
Reversal of writedown	0	0	0	0	435	435
EBIT	200	1,419	412	1,558	2,037	3,183
ROCE, %	15.9	17.1	15.9	17.1	15.9	25.9
Capital employed, last day of period	12,891	13,619	12,891	13,619	12,891	14,064
Completed properties (earlier Investment properties)						
Rental revenues	278	286	567	575	1,110	1,118
Operating net	192	209	391	403	762	774
Book value, last day of period	7,390	4,916	7,390	4,916	7,390	4,581
Occupancy rate, rent, %	88	94	88	94	88	93

The demand for well-situated projects with a high occupancy level and a good tenant structure remained satisfactory in the Swedish market. Interest came primarily from foreign institutional buyers. However, the lead times for divestments and rentals increased, compared to the year-earlier period. The potential for maintaining a high turnover rate in project development operations is expected to remain good.

Skanska Project Development initiated 5 new projects, 4 in Sweden and 1 in Hungary, and has a total of 19 projects underway, 14 of them in Sweden. Ongoing projects represent leasable space of 248,000 sq. m (2.67 million sq. ft.). On June 30, 2002, 85 percent of the space in these projects had been pre-leased. The pre-leasing rate was 85 percent in the projects located in Sweden. Ongoing projects had a book value of SEK 2,786 M at the end of the report period. Their book value is expected to total about SEK 4.0 billion upon completion. Altogether, their market value upon completion will amount to an estimated SEK 6.0 billion.

During the report period, Project Development & BOT showed an operating income of SEK 412 M (1,558), including SEK 44 M (1,322) in capital gains on the sale of properties. Skanska is carrying out no depreciation on its property portfolio effective from January 1, 2002, because the property portfolio has been reclassified as current-asset properties. In the first half of 2001, depreciation on properties totaled SEK 92 M, including SEK 45 M during the second quarter.

Services

Consists of Skanska's facilities management operations (property-related services and operational support) and Skanska Telecom Networks.

Services

	Apr-Jun 2002	Apr-Jun 2001	Jan-Jun 2002	Jan-Jun 2001	Jul 2001- Jun 2002	Jan-Dec 2001
SEK M						
Net sales	626	824	1,263	1,528	2,796	3,061
EBITA	-47	49	-49	108	-16	141
EBITA margin, %	neg	5.9	neg	7.1	neg	4.6
EBIT	-135	42	-154	93	-135	112
EBIT margin, %	neg	5.1	neg	6.1	neg	3.7
ROCE, %	neg	45.4	neg	45.4	neg	23.0
Capital employed, last day of period	162	634	162	634	162	453
Order bookings	642	740	2,181	1,313	3,683	2,815
Order backlog, last day of period	3,115	330	3,115	330	3,115	213

The main business of Skanska Services, facilities management, was stable. The average contract period was three years. The operations of Skanska Telecom Networks (STN) were cut back during the autumn of 2001, and the remaining portions were merged with Skanska Services on January 1, 2002. During 2002, conditions continued to deteriorate in the telecom industry. For this reason, a decision was made to discontinue the entire operations of STN.

Order bookings rose to SEK 2,181 M (1,313). Order backlog amounted to SEK 3,115 M (330). Net sales declined by 17 percent to SEK 1,263 M (1,528). Operating income amounted to SEK -154 M (93), resulting in a negative operating margin (6.1 percent). SEK 165 M was charged to earnings during the second quarter in conjunction with the discontinuation of STN. Earnings for the first half of 2002 thus included about SEK 200 M in discontinuation expenses for STN.

Skanska Services excluding STN

Order bookings rose by 64 percent to SEK 2,156 M (1,313). Order backlog amounted to SEK 3,115 M (186). The sharp increases were mainly due to a change in the reporting method for new contracts in keeping with industry practice, with the entire fixed volume of a multi-year contract being reported as order bookings and order backlog, respectively. Previously, only sales volume was reported as order bookings. If the same accounting practice had been applied during the first half of 2002, order bookings would have been SEK 1.6 billion lower and order backlog SEK 3 billion lower.

Net sales amounted to SEK 1,238 M (1,263). Operating income totaled SEK 50 M (51) and operating margin was 4.0 (4.0) percent. Return on capital employed, on a rolling twelve month basis, amounted to 32.7 (26.1) percent.

EVENTS AFTER THE CLOSE OF THE REPORT PERIOD

Skanska to strengthen its position on the American west coast

Skanska has signed a letter of intent to acquire E.L. Yeager Construction Company (Yeager), based in Riverside, southern California. The purchase price amounts to USD 48 M, or about SEK 440 M. The transaction is expected to be completed in mid-September. Yeager works with all types of heavy infrastructure construction and has extensive holdings of gravel and sand mines as well as asphalt plants. The acquisition of Yeager will give Skanska nationwide coverage of the American infrastructure market.

The purchase price amounts to USD 48 M (about SEK 440 M). In 2001, Yeager reported sales of USD 282 M and an operating income of USD 11.4 M.

Stockholm, August 29, 2002

CLAES BJÖRK
President and CEO

This Interim Report has not been subjected to separate examination by the Company's auditors.

The Skanska Group's Interim Report for January–September 2002 will be published on October 30, 2002.

Skanska is organizing a combined press conference and teleconference at 2:00 p.m. Swedish time, Thursday, August 29, 2002, at Klarabergsviadukten 90, Stockholm, Sweden. The presentation of Skanska's January–June 2002 results will be held in English. The accompanying presentation material will be available on the Internet at www.skanska.se/investorrelations.

Consolidated Financial Statements in Brief

INCOME STATEMENT

SEK M	Apr-Jun 2002	Apr-Jun 2001	Jan-Jun 2002	Jan-Jun 2001	Jul 2001- Jun 2002	Jan-Dec 2001
Net sales	39,155	44,565	72,191	79,383	157,745	164,937
Operating expenses ^{1,2}	-35,870	-41,857	-66,565	-74,886	-147,220	-155,541
Selling and administrative expenses ^{1,2}	-2,500	-2,251	-4,664	-4,363	-9,364	-9,063
Operations, gross ³	785	457	962	134	1,161	333
Gain on sale of properties	4	1,320	44	1,322	877	2,155
Share of income in associated companies	27	0	44	4	75	35
Items affecting comparability	0	-12	0	-12	-218	-230
Operating income	816	1,765	1,050	1,448	1,895	2,293
Net interest items	-150	-238	-329	-377	-876	-924
Gain on sale of shares & participations ⁴	53	0	100	0	100	
Other financial items ⁵	-439	-6	-429	5	-687	-253
	-536	-244	-658	-372	-1,463	-1,177
Income after financial items	280	1,521	392	1,076	432	1,116
Taxes	-131	-619	-180	-458	-816	-1,094
Minority interests	-10	-19	-28	-30	2	0
Net profit for the period	139	883	184	588	-382	22

CASH FLOW

SEK M	Apr-Jun 2002	Apr-Jun 2001	Jan-Jun 2002	Jan-Jun 2001	Jul 2001- Jun 2002	Jan-Dec 2001
Cash flow from business operations	170	-648	-1,229	730	1,555	3,514
Cash flow from investment operations	732	-632	-912	-4,849	1,729	-2,208
Cash flow from financing operations	-473	788	-283	3,209	-2,862	630
Cash flow from the period	429	-492	-2,424	-910	422	1,936

BALANCE SHEET

SEK M	Jun 30, 02	Dec 31, 01	SHAREH EQUITY & LIABILITIES	Jun 30, 02	Dec 31, 01
ASSETS					
Intangible fixed assets	7,770	8,482	Shareholders' equity ¹⁰	15,513	17,871
Other fixed assets	7,996	8,754	Minority interests	446	515
Shares and participations	1,326	1,427	Interest-bearing liabilities & provisions ⁶	19,025	18,093
Interest-bearing receivables	1,840	1,946	Non-interest bearing liabilities & provisions ⁶	48,391	56,605
Non-interest bearing receivables	39,317	44,350			
Properties in real estate operations	12,089	11,991			
Other current-asset properties	6,807	6,799			
Bank balances & short-t investments	6,230	9,335			
Total assets	83,375	93,084	Total shareholders equity & liabilities	83,375	93,084

Contingent liabilities

The Group's contingent liabilities decreased by SEK 2.1 bn to SEK 14.5 bn during the period (16.6 on December 31, 2001)

FINANCIAL RATIOS ETC. ⁷

	Jun 30, 02	Jun 30, 01	Dec 31, 01
Int-bearing net debt, SEK M	10,955	10,199	6,812
Net profit per share, SEK ^{8,9}	-0.90	5.90	0.05
Equity/asset ratio, %	19.1	20.4	19.8
Net debt/equity ratio	0.7	0.5	0.4
Return on shareholders' equity, % ⁸	-2.2	13.7	0.1
Return on capital employed, % ⁸	6.0	15.3	8.0
Same adjusted for items affecting comparability and sales of shares, % ⁸	6.6	11.2	8.7
Equity per share, SEK ⁹	37.10	45.30	42.70
Average number of employees	74,216	83,628	79,924

1 Of which, depreciation Jan-Jun 2002: SEK -1,167 M, Jan-Jun 2001: SEK -1,209 M, Jul 2001-Jun 2002: SEK -2,571 M, Jan-Dec 2001: SEK -2,613 M.

2 Of which writedown of goodwill in Telecom Jan-Jun 2002: SEK -95 M and writedown of current-asset properties Jan-Jun 2002: SEK -66 M.

3 Of which income from project development in construction operations after writedowns Jan-Jun 2002: SEK 248 M, Jan-Jun 2001: SEK 126 M, Jul 2001-Jun 2002: SEK 239 M, Jan-Dec 2001: SEK 114 M.

4 Of which sale of shares Jan-Jun 2002 in Pandox: SEK 47 M and in Nobia SEK 36 M.

5 Of which changes of value in pension funds assets Jan-Jun 2002: SEK -334 M, Jan-Dec 2001: SEK -170 M.

6 Provisions on Jun 30, 2002 totaled SEK 5.3 bn, of which SEK 0.6 bn was reported as interest-bearing.

7 The definitions of the financial ratios can be found in the Annual Report for 2001

8 The calculation is based on the past four quarters

9 Total number of shares: June 30: 418,553,072 (418,553,072).

Average number of shares Jul 2001-Jun 2002: 418,553,072 (428,991,949), Jan-Dec 2001: 419,981,149.

10) Shareholders equity

Closing balance, Dec 31, 2001	17,871
Dividend	-1,256
Translation differences etc.	-1,286
Net profit for the period	184
Closing balance, Jun 30, 2002	15,513

Markets and segments in brief

NET SALES AND OPERATING INCOME

SEK M	Net sales						Operating income					
	Apr-Jun 2002	Apr-Jun 2001	Jan-Jun 2002	Jan-Jun 2001	Jul 2001- Jun 2002	Jan-Dec 2001	Apr-Jun 2002	Apr-Jun 2001	Jan-Jun 2002	Jan-Jun 2001	Jul 2001- Jun 2002	Jan-Dec 2001
Core business												
Scandinavia	10,591	12,759	18,921	21,665	40,523	43,267	274	267	133	-145	-135	-413
Europe	9,993	10,441	18,020	17,539	40,361	39,880	96	-39	140	-266	-198	-604
USA	15,514	18,447	29,329	34,383	63,888	68,942	488	323	782	588	1,367	1,173
Other markets	2,349	2,792	4,629	5,033	10,930	11,334	36	6	42	40	216	214
Total construction-related services	38,447	44,439	70,899	78,620	155,702	163,423	894	557	1,097	217	1,250	370
Project Development & BOT	362	336	711	684	1,414	1,387	200	1,419	412	1,558	1,602	2,748
Services	626	824	1,263	1,528	2,796	3,061	-135	42	-154	93	-135	112
Central and eliminations	-280	-1,034	-682	-1,449	-2,167	-2,934	-143	-251	-305	-408	-604	-707
	39,155	44,565	72,191	79,383	157,745	164,937	816	1,767	1,050	1,460	2,113	2,523
Items affecting comparability												
Writedown of goodwill	-	-	-	-	-	-	-	-	-	-	-500	-500
Reversal of writedown	-	-	-	-	-	-	-	-	-	-	435	435
Total core business	39,155	44,565	72,191	79,383	157,745	164,937	816	1,767	1,050	1,460	2,048	2,458
Non-core business	-	-	-	-	-	-	-	-2	-	-12	-153	-165
Total Skanska Group	39,155	44,565	72,191	79,383	157,745	164,937	816	1,765	1,050	1,448	1,895	2,293

ORDER BOOKINGS AND ORDER BACKLOG

SEK M	Order bookings						Order backlog, last day of period					
	Apr-Jun 2002	Apr-Jun 2001	Jan-Jun 2002	Jan-Jun 2001	Jul 2001- Jun 2002	Jan-Dec 2001	Apr-Jun 2002	Apr-Jun 2001	Jan-Jun 2002	Jan-Jun 2001	Jul 2001- Jun 2002	Jan-Dec 2001
Scandinavia	10,251	12,776	19,387	23,160	37,380	41,153	24,279	27,539	24,279	27,539	24,279	23,985
Europe	11,199	10,193	17,139	22,803	36,422	42,086	33,873	40,159	33,873	40,159	33,873	36,131
USA	14,219	18,293	26,855	38,709	42,007	53,861	70,468	106,418	70,468	106,418	70,468	83,595
Other markets	2,454	2,509	3,686	7,261	8,415	11,990	11,588	16,950	11,588	16,950	11,588	14,639
Total construction-related services	38,123	43,771	67,067	91,933	124,224	149,090	140,208	191,066	140,208	191,066	140,208	158,350
Services	642	740	2,181	1,313	3,683	2,815	3,115	330	3,115	330	3,115	213
Central and eliminations	183	46	310	319	593	602	99	94	99	94	99	80
Total	38,948	44,557	69,558	93,565	128,500	152,507	143,422	191,490	143,422	191,490	143,422	158,643
Total Skanska Group	38,948	44,557	69,558	93,565	128,500	152,507	143,422	191,490	143,422	191,490	143,422	158,643