

December 9, 2010

8:00 a.m.

### **Skanska to launch new business plan for profitable growth – focus on expansion in construction and project development**

After several years of strong expansion around the time of the millennium, with numerous acquisitions, followed by seven years of successful consolidation, Skanska is now ready for the next phase.

In recent years, Skanska has improved its profitability, capital efficiency and risk management. The Group now has a strong financial and operational platform, with a focus on four business streams – construction operations, residential development, commercial property development and infrastructure development, in selected home markets.

The next phase is investment in profitable growth. Consequently, Skanska has prepared a new business plan for 2011 – 2015, with continued strong focus on profitability and capital efficiency, but also on expanding construction operations and significantly increasing investments in project development.

Skanska will also strengthen the financial synergies and increase the reinvestment rate of the cash flow generated by the construction operations to expand in all areas of project development.

“We are well-equipped to commence expansion now. After a few years of consolidation, we currently have a strong focus on risk management and excellent profitability; we have also survived the financial crisis and are strongly equipped financially. We now have excellent growth potential in construction operations as well as in our project development,” says Johan Karlström, Skanska’s President and CEO.

The key areas of the plan are:

- **Construction operations** will increase in volume and maintain good margins, among the best in the industry. The volume must increase more rapidly than general market growth, which means that Skanska will capture market shares. Growth will also occur through broad geographic presence and range of services in existing home markets, such as the civil construction market in the U.S.
- **Residential development** will expand to enable Skanska to become the leading residential developer in the Nordic region,

in terms of volume as well as customer satisfaction, environmental consideration, etc. The operation in large cities and growth cities in Sweden, Norway and Finland will intensify, with the aim of acquiring more land and developing new, larger residential areas. Skanska will also invest in launching residential development in the U.K. and Poland.

- **Commercial property development** of projects with distinct green profiles will grow significantly by intensifying the exchange of the concept that has been successful for many years in Sweden and Central Europe. The operation will continue to expand to the U.S., where in addition to Washington D.C., Boston and Houston, Seattle will now also be a prioritized market. Development will also commence in Oslo, Norway and expansion is planned for several regional growth cities in Poland.
- **Infrastructure development** will grow through increased investments in projects in the markets in which Skanska has construction operations. New opportunities will be utilized in the U.S. and Central Europe, primarily with respect to hospitals, schools and transport infrastructure, but also in such new sectors as wind power and waste-to-energy production plants.
- **Skanska will also be a leader** in crucial areas such as workplace safety, green construction, business ethics, risk management and personnel development.

In accordance with the objectives of the new business plan, Skanska has established new financial goals for all business streams for the 2011 – 2015 period.

#### **Financial goals 2011-2015:**

<u>Construction operation</u>	<u>Goal:</u>
Operating margin, % (average during the period)	3.5-4.0

<u>Project development operations</u>	<u>Goal:</u>
Return on capital employed, % (Per year)	10-15

<u>Group</u>	<u>Goal:</u>
Return on shareholders' equity, % (Per year)	18-20
Dividend ratio per share, % (Per year)	40-70

#### **Net cash in hand**

The investments in proprietary project development is expected to increase up to the end of 2015 and thus also capital employed. Skanska's goal is for positive net cash in hand, excluding net pension

liabilities and housing credits (for tenant-owners' associations and housing companies).

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*Skanska is one of the world's leading project development and construction groups with expertise in construction, development of commercial and residential projects and public-private partnerships. Based on the Group's global environmental know-how, Skanska aims to become customers' first choice in terms of Green projects. The Group currently has 49,000 employees in selected home markets in Europe, the US and Latin America. Skanska's sales for 2009 totaled SEK 137 billion.*