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Skanska is restructuring the residential development operations in the Nordics, the Czech Republic and Slovakia

The restructuring leads to a one-off charge of SEK 380 M in the second quarter, 2012. Annual savings of SEK 180 M will be achieved on an ongoing basis. In addition, efficiency measures in the production process are being implemented, which will lead to increased profitability over time.

The residential development business stream, primarily in Sweden, has generated weak results for some time. The background is primarily higher than anticipated production costs and an organization designed for larger volumes than what has been possible to realize.

In order to reach long-term acceptable profitability in the residential development business, an analysis of the market, strategy and organization was undertaken during the past few months. As a result of the analysis an extensive restructuring of the business will be made effective immediately.

In order to adjust the cost levels to the expected volumes and to better capture the synergies with Construction, all residential development operations in the Nordics will now be integrated into the construction units of Sweden, Norway and Finland under the leadership of the respective Business Unit Presidents. Appointments of all key positions on top management levels in the new organization in each country have already been made. The Residential Development Nordic Business Unit will cease to exist. As a result of the reorganization the number of employees will be reduced by about 150, out of which 110 in Sweden.

"Long-term we see a strong demand for homes in the Nordics. Residential development is an important part of Skanska's core business and we have untapped synergies between the construction and residential development operations. The purpose of the restructuring is to keep and strengthen our market position in the main cities in the Nordics", says Johan Karlström, President and CEO of Skanska AB.

The restructuring of the Nordic residential development business results in a one-off cost of SEK 300 M in the second quarter 2012, of

which SEK 150 M are related to redundancies of employees and SEK 150 M are write-downs in ongoing projects where the previously anticipated profit levels are not expected to be realized.

No need for write-downs in land has been identified in the review of Skanska's residential land bank in the Nordics. However, the size of the residential land bank in the Nordics will be adjusted to current volumes in order to reach a sustainable return on capital employed. The adjustment will be made over time through, for instance, divestments, combination deals and exchanges for land for development of commercial properties, in order to create value for Skanska.

In the Czech Republic and Slovakia the residential development business will focus on the Prague area. This leads to write-downs of land of SEK 80 M. The background is the weak market outside of Prague, which is not expected to improve in the near term.

Skanska's financial targets remain unchanged. The targeted average return of capital employed for the project development businesses, including residential development, is 10 to 15 percent on an annual basis.

Skanska's residential development businesses in Poland and the UK are not affected by the restructuring programs.

Richard Hultin, Executive Vice President at Skanska AB and member of Skanska's Senior Executive Team, has managed the development of the restructuring program. Richard will also continue to be responsible for Skanska's commercial development business in Central and Eastern Europe and residential development in Poland, the Czech Republic and the UK.

The one-off charge of SEK 380 M is according to segment reporting. In IFRIC the corresponding amount is SEK 230 M.

There will be a telephone conference today at 10.00 (CET). Skanska's President and CEO, Johan Karlström and CFO Peter Wallin will present the restructuring program and thereafter respond to questions.

To participate in the telephone conference, please dial, +46 (0)8 506 85 755, or +44 (0)207 1086 205.

If you have any practical questions regarding the telephone conference, please contact Marianne Bergström, tel +46 (0)10 448 88 75 or by mail to marianne.bergstrom@skanska.se

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