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Skanska awarded concession agreement for PPP highway in Chile – construction contract amounts to USD 250 M, about SEK 1.8 billion

Skanska has been awarded a concession contract by the Chilean Ministry of Public Works to design, construct, operate and maintain a toll road in Antofagasta, Chile. The design and construction contract is expected to total USD 250 M, approximately SEK 1.8 billion, which will be included in order bookings for the second quarter.

As announced in January, Skanska had been selected as a preferred bidder for this assignment. Through the concession, Skanska Infrastructure Development is responsible for implementation and financing of the project, as well as operation of the highway for a period of 20 years.

The total cost of the project is estimated at USD 300 M, or about SEK 2.1 billion. Skanska's aim is to finance a major portion of the project by external funds. Efforts to complete project financing are expected to be concluded by year-end.

Skanska is currently the sole owner of the project company, which is responsible for implementing the project. Efforts to achieve the target of selling about 50 percent of the project company to an equity partner have commenced. When this has been completed, Skanska's total investment is expected to amount to about USD 50 M, or about SEK 360 M.

Skanska Latin America will be responsible for the design and construction contract, which comprises approximately 120 kilometers of new highway and the upgrading of about 200 kilometers. The highway is situated in the Antofagasta mining district in northern Chile.

Construction work will commence in June 2010 and the road is scheduled to be opened for traffic in December 2012.

Skanska Infrastructure Development is a leader in the global Public Private Partnerships (PPP) market. The business unit invests in, develops and operates roads, hospitals, schools, power plants and other social infrastructure in partnership with the public sector.

Skanska Latin America is one of the continent's leading contractors. Operations focus primarily on construction, operations and services for the international oil & gas and energy industry. In 2009, the company had about 10,000 employees and reported revenues of about SEK 6 billion.

For further information please contact:

Pontus Winqvist, Senior Vice President, Investor Relations,
Skanska AB, tel +46 10 448 88 51 or +46 70 546 87 97.
Peter Gimbe, Press Officer, Skanska AB, tel +46 10 448 88 38
Direct line for media: tel +46 10 448 88 99

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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 its global green experience, Skanska aims to be the clients' first choice for green solutions. The Group currently has 53,000 employees in selected home markets in Europe, in the US and Latin America. Headquartered in Stockholm, Sweden and listed on the Stockholm Stock Exchange, Skanska's sales in 2009 totaled SEK 137 billion.