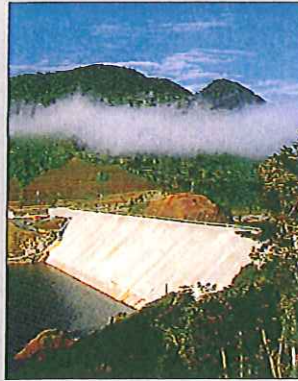


Skanska AB

1993

Annual Report



Despite weak international economic growth and continued difficult market conditions in Sweden during 1993, Skanska reported an improvement in operating earnings. Consolidated operating income rose by 3,701



million Swedish kronor to SEK 1,909 M. This included property-related writedowns of SEK 2,004 M, but also gains of SEK 1,511 M from real estate divestements. Skanska Group revenues totaled SEK 28,921 M, a decline of 9 percent from 1992.

Intensified efforts to promote continued internationalization resulted in the opening of a number of new markets in 1993, while operations outside Sweden rose to 23 percent of Group revenues.

Higher share prices on the Stockholm Stock Exchange increased the value of Skanska's stock portfolio to nearly SEK 14 billion at the end of 1993. The Group's financial position became substantially stronger during the year.



Group financial highlights

SEK M	1993	1992
Revenues	28,921	31,883
Of which, construction abroad	6,766	4,622
Operating income before writedowns	3,913	2,537
Writedowns	-2,004	-4,329
Net profit/loss for the year	517	-3,101
Dividend per share, SEK	3.25*	1.50
Net profit/loss per share, SEK	4.10	-24.65

* Proposed by the Board of Directors

Skanska in brief

Skanska—one of Europe's leading construction and real estate companies and one of the largest industrial corporations in Sweden—began operations more than 100 years ago. Today Skanska is a name known around the world, with experience in heavy civil engineering, construction of buildings and real estate management from more than 80 countries.

The Skanska Group holds a leading position in the Swedish construction market and is a strongly decentralized company. Throughout Sweden, regional construction companies are responsible for its operations. Skanska thus works as a local construction company but is backed up by a broad range of resources.

There is continuous development work in the Group. Skanska's technical and industrial companies are leaders in a number of advanced construction fields.

Skanska's international operations focus mainly on construction assignments throughout the world.

The Skanska Group is one of Sweden's largest private real estate owners. It also has real estate holdings abroad.

Skanska has gradually built up strong financial stability, including a sizable stock portfolio.

In 1965 Skanska shares were introduced on the A-list at the Stockholm Stock Exchange.

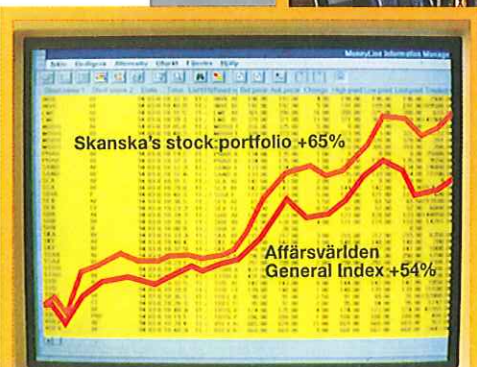
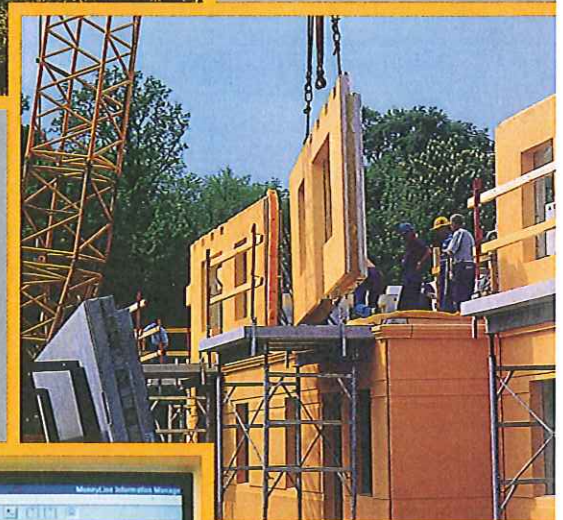
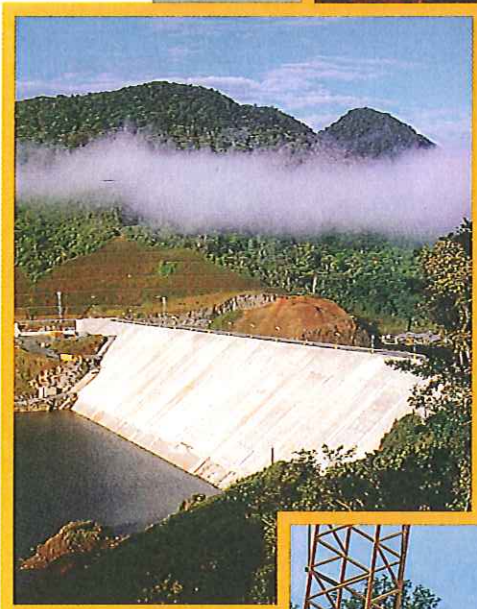
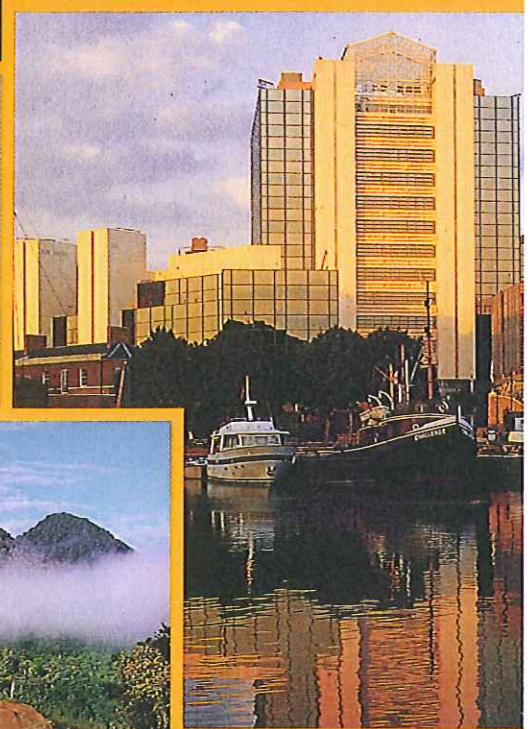
Skanska AB

Annual Report

1993

Contents

Comments by the President and Group Chief Executive	2
Report of the Directors	4
Accounting and valuation principles	8
Consolidated and Parent Company income statements	10
Statements of changes in financial position	11
Consolidated and Parent Company balance sheets	12
Notes to the consolidated financial statements	14
Notes to the Parent Company financial statements	17
Data on Skanska shares	20
Proposed allocation of earnings	22
Auditors' Report	22
Board of Directors	23
Group Management and heads of Group staff units. Auditors	24
Skanska Group organization	25
The 3T reform process: Time as the focus	26
Increased research and development spending	27
Swedish Construction	28
Regional construction companies	29
Technical and Industrial Companies	33
International Operations	38
Properties	43
Skanska's total real estate operations	47
Finance	48
JM Byggnads och Fastighets AB	50
The largest construction companies	51
Seven-year Group financial summary	52
Financial information	
Comments on the English version of Skanska's Annual Report	Inside back cover
Addresses	Back cover



Comments by the President and Group Chief Executive

Despite continued unfavorable market conditions, the Skanska Group reported a 1993 income after financial items of SEK 1.1 billion, an improvement of about SEK 5 billion compared with 1992. Skanska strengthened its financial position, among other things due to real estate divestments and an increase in the market value of its stock portfolio. Markets outside Sweden accounted for a larger share of invoiced sales. The Group is pursuing long-term measures to raise its efficiency, including the Think Total Time (3T) project.

Continued downturn in the Swedish market

During 1993 market conditions remained weak in most of Skanska's fields of operations. Compared with the boom years of the late 1980s, order volume in the Swedish construction market has now declined by about half.

During 1993 vacancy levels were again high in the Swedish real estate market. This was especially true of office buildings and retail space, resulting in falling property values and a need for writedowns.

There has been a degree of stabilization in specific property markets outside Sweden, but a broad international recovery has not yet materialized.

Skanska defending its position

Skanska held its own in a shrinking domestic construction market during 1993. Order bookings fell, but the Group maintained its market position, expanding its market share in certain segments. In international construction markets, Skanska landed a number of new orders, including projects in Asia as well as in the Middle East, Africa and Latin America.

The year's earnings were obviously affected by the prevailing market situation and the adverse impact of substantial property writedowns. The writedown requirement was lower than in 1992, however. Together with continued adjustments in resources, as well as capital gains on the sale of properties and shares, this contributed to an

improvement of about SEK 5 billion in income after financial items.

Skanska thus reversed the negative trend of earnings that has prevailed in recent years, while strengthening its financial position.

Structural measures

Last year I pointed to a number of areas that I view as having great strategic importance to the long-term growth of the Group. To me, the key concepts are efficiency-raising, organizational and resource adjustments, internationalization and financial consolidation. Although the process of change I am referring to will span a period of years, Skanska achieved concrete results in several areas during 1993.

The 3T process underwent further refinements during the year and is now being applied on a broad basis at individual work sites. Skanska improved its purchasing organization in order to take better advantage of the Group's strength in this area. Housing construction resources are now being gathered in a strong new specialized unit—Skanska Bostäder—with an eye toward the market upturn that is expected within a few years.

During 1993 Skanska took important steps toward introducing new management principles in the Group. I attach great importance to a shared understanding of Skanska's strategies and goals, coupled with decentralized decision-making and assumption of personal responsibility.

Revenues outside Sweden grew sharply as a percentage of total invoicing, due to intensified sales efforts in traditional export markets, but also as an effect of shifts in exchange rates.

Despite a difficult market situation, during 1993 we completed a major property transaction in Sweden as part of structural changes in our real estate holdings. It included the divestment of large holdings in the Stockholm area to the National Pension Insurance Fund. Our takeover of a number of development properties was another part of the transaction. During 1993 the Group also reduced its real estate holdings abroad through sales. It discontinued a number of large planned projects, representing potential investments totaling about SEK 8 billion and extending a number of years into the future.

Focusing on core operations

Contracting and property management remain Skanska's core operations. At the same time, I see the restoration of the Group's strong financial position, with ample liquid assets for contingencies, as an essential prerequisite if we are to successfully expand our core operations.

In the field of property management, Skanska has established considerable expertise over a long period, especially in operating and developing new projects. The value-added that is realized when these projects are sold provides the resources for new project investments. This continuous process of adding value to properties is where Skanska has its special strength. In the future, the consequence will therefore be a faster turnover in the Group's real estate holdings.

Financial strength

The Skanska Group has built up financial resources consisting mainly of its stock portfolio and real estate holdings. At the same time, the stock portfolio provides a sizable liquidity reserve in addition to Skanska's more short-term investments. Despite the market turbulence of recent years, experience



shows that over time, shares and real estate perform well compared with other investment alternatives. During 1993 the market value of the stock portfolio rose by about SEK 4.6 billion. In addition, Skanska sold about SEK 1.6 billion worth of shares during the year.

However, our focus on long-term investments does not prevent us from relying on professional asset management to take advantage of the opportunities that the market offers in a shorter perspective. Skanska thus carried out a number of share divestments during 1993, with positive effects on its earnings, net indebtedness and equity/assets ratio. Changes in the share portfolio will continue to depend on the various investment alternatives and opportunities that we must continuously weigh against each other. In this context, it is important to emphasize that investments in our core operations will have priority.

Outlook

Over the next two years, construction investments in Sweden are expected to remain at a low level. In the road and

civil engineering sector, it should be possible to stabilize capital spending at its current level. Some stabilization can also be expected in the real estate market, but with major regional variations.

Skanska stands well equipped to defend its position in the current difficult market situation. By means of continued streamlining and adjustments of resources, as well as investments in specialization and skills development, we are responding to the intense pressures on margins and profitability. In an improved market situation, we should be able to reap the full benefits of these measures.

Skanska is taking continued steps to further internationalize its operations, both in project form and through the establishment of local companies abroad. Early in 1994 we formed Rakennus-Skanska Oy, which has the Finnish market as its domestic base. We believe that this company will have good potential to work successfully in the export markets that are now opening up in Russia and other countries of the former Soviet Union.

Skanska possesses advanced technological skills but needs to make further investments in technical development. It will continue to assign them high priority. This is especially true of construction methods, since today's more client-oriented construction demands a higher level of employee skills. It is also true of the environmental field, where it is increasingly important to deal with recycling issues in particular.

There is a large pent-up demand for infrastructural investments, both in Sweden and abroad. At the same time, the recession has weakened the financial position of the public sector. To a growing degree, infrastructural projects will thus require various forms of private financing if they are to be realized. In Sweden, too, a limited number of such privately financed projects may be necessary.

In addition to construction expertise, a company's capacity and ability to take responsibility for project financing will assume growing importance as a competitive tool. Skanska's solid market position and strong finances give us good potential to participate actively in this process.

In recent years, major changes in the market and the world around us have placed heavy demands on the employees of the Skanska Group. The dedication and adaptability that they have demonstrated under these circumstances give me further reason for optimism about Skanska's prerequisites for facing the challenges of the coming years.

Melker Schörling

Report of the Directors

The Board of Directors and the President of Skanska AB herewith present their report on the Company's operations during 1993.

Organizational structure

The organizational structure of the Group—with a Group Management, Group staff units and five business areas—was unchanged during 1993. Two additional staff units, Purchasing and Personnel, were attached to Group Management. During the year responsibility for the Group's real estate abroad was reallocated in such a way that the Properties business area (renamed Real Estate in 1994) assumed responsibility for real estate operations in London and Oslo, while other properties outside Sweden are part of the International Operations business area (renamed International Construction in 1994). The reporting of earnings by business areas has been adjusted for these changes.

The regional companies in the Swedish Construction business area, which previously operated on a commission basis for the Parent Company, are reporting their operations in separate accounts effective from 1993. See the organizational chart on page 25.

Revenues, order situation and operating income

The following sections comment on the Group as a whole and by business area. The table below presents the year's revenues, invoiced sales on contracts credited to income and operating income, divided by business area. Comparative figures from 1992 have been adjusted to conform with the organizational structure prevailing in 1993.

The Group. The decline in the construction market that began in 1990 continued during 1993 as well. Consolidated revenues fell to SEK 28,921 M (31,883), a decline of 9 percent (–8)

compared with the preceding year and 22 percent since 1990. In contrast, invoiced sales outside Sweden continued to climb—by 46 percent (4)—and amounted to SEK 6,766 M (4,622) or 23 percent (14) of total 1993 invoiced sales. In SEK terms, more than half the increase was attributable to the weaker Swedish krona. The level of invoicing on contracts credited to income rose to 118 percent (97).

Consolidated operating income improved by SEK 3,701 M to SEK 1,909 M (–1,792) after property-related writedowns of SEK 2,004 M (4,329). The earnings margin in construction and industrial operations—before writedowns and interest—fell to 1.7 percent (2.8). The Group's order backlog at the close of 1993 totaled SEK 18.6 billion (SEK 22.5 billion at year-end 1992, adjusted to the exchange rates prevailing on the 1993 balance sheet date). This represented a decline of 17 percent (–18). Markets outside Sweden accounted for 41 percent (34) of the total backlog.

Invoicing and earnings by business area

Business area	Revenues incl. rents		Invoiced sales on contracts credited to income excl. rents		Operating income after depreciation	
	1993	1992	1993	1992	1993	1992
Swedish Construction	14,858	17,453	18,721	16,663	551	669
Technical and Industrial Companies	4,059	4,393	4,103	4,852	– 25	– 148
International Operations	6,060	3,990	4,630	3,923	137	175
Properties	2,808	2,782	—	—	2,829	1,388
JM	3,453	5,077	3,948	4,599	558	610
Other operations, elimination of Intra-Group transactions	– 2,317	– 1,812	– 1,707	– 2,658	– 137	– 157
Total revenues/operating income before writedowns	28,921	31,883	29,695	27,379	3,913	2,537
Net financial items					– 792	– 1,675
Income before writedowns, extraordinary items and taxes					3,121	862
Writedowns					– 2,004	– 4,329
Extraordinary expense					—	– 518
Income before taxes and minority interest					1,117	– 3,985

Swedish Construction. The year's invoiced sales fell by 15 percent (-11), which was largely equivalent to the decline in the overall Swedish market during 1993. The level of invoicing on contracts credited to income rose to 126 percent (95). Operating income after depreciation but before interest items was SEK 551 M (669), which meant a margin of 2.9 percent (4.0). This figure included SEK 154 M (+54) in indirect costs related to projects which have not yet been credited to income. A more detailed presentation of this business area is found on page 28.

Technical and Industrial Companies. The sharp decline in revenues during 1992 slowed during 1993, totaling only 8 percent (-28). The level of invoicing on contracts credited to income stabilized at slightly above 100 percent, compared with levels of around 110 percent in the two preceding years. Despite an improvement of SEK 123 M in operating income after depreciation, the business area showed a loss of SEK 25 M (-148). Additional comments are provided on page 33.

International Operations. This business area—which also encompassed the Group's real estate operations abroad except in London and Oslo—accounted for 90 percent (86) of the

Group's total invoiced sales outside Sweden, including rental revenues. Operating income after depreciation but before writedowns reached SEK 137 M (175). Because the level of invoicing on contracts credited to income was a mere 12 percent (30), international project operations managed from Sweden showed negative earnings. The Danish-based subsidiary C.G. Jensen reported continued market weakness, with negative earnings as a result. U.S. operations improved their earnings further, compared with the already good earnings of prior years.

Most investment properties abroad yielded positive returns after depreciation, but did not fully cover their interest expenses. Among the exceptions was the office building in Budapest, which yielded good earnings even after interest expenses. Writedowns took place in a number of cases. In addition, there were expenses from property development operations. Earnings included gains of more than SEK 90 M (4) on the sale of properties. Further comments on this business area are found on page 38.

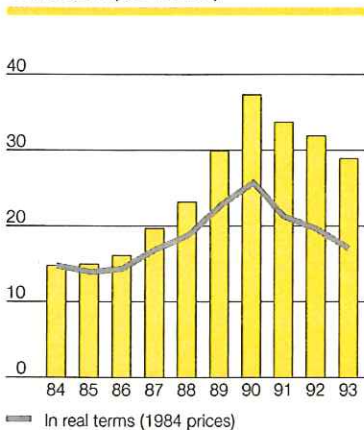
Properties. This business area includes the Group's properties in London and Oslo and its properties in Sweden, excluding those of JM. Rental revenues increased marginally to SEK 2,808

M (2,782). Operating income before divestments and writedowns rose to SEK 1,418 M (1,361). In addition, real estate divestments yielded gains of SEK 1,411 M (27), and writedowns of SEK 623 M (-2,749) took place.

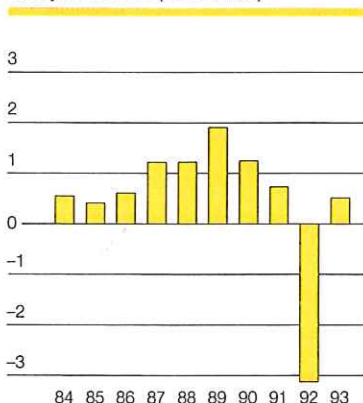
The vacancy rate in Swedish investment properties rose to 10 percent (7). The situation in Oslo improved, among other things due to writedowns in prior years, and the property now covers its expenses. The leasing situation is satisfactory, while rents remain depressed. In London, new leases were signed during the winter of 1993-94, for example with Chemical Bank, which lowered the vacancy level to a total of about 65 percent in the Group's two properties. Additional comments on real estate operations are found on page 43.

JM Byggnads och Fastighets AB. The book value of Skanska's shareholding in this Stockholm-based construction and real estate subsidiary was unchanged at SEK 88 per share, which is believed to be more than covered by the company's net asset value. In 1993 JM showed continued positive earnings. Invoicing, order backlog and earnings are found in the table on page 4 and the presentation on page 50.

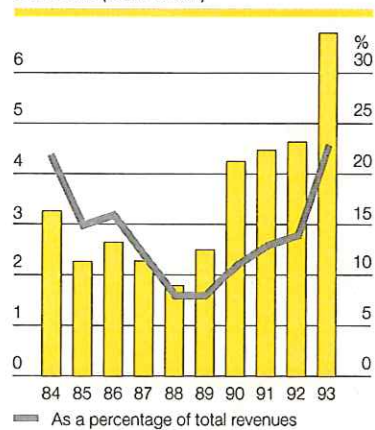
The Group: Revenues (SEK billion)



The Group: Net profit/loss (SEK billion)



The Group: Revenues outside Sweden (SEK billion)



Investment and development properties

Sales. During 1993, the Group carried out a number of property divestments and divestments of shares and participations in associated companies related to its real estate operations. Properties in Sweden with a total book value of SEK 754 M (173) and properties abroad booked at SEK 259 M (53) were sold, in both cases with capital gains. In addition, shares and participations in real estate companies with a book value of SEK 190 M were sold.

Writedowns. As predicted in the Interim Report for January–June 1993, sizable writedowns and loss provisions were made in real estate operations, totaling SEK 2.0 billion (4.3). Most of this, SEK 1.4 billion, was related to properties and real estate projects in Germany and Denmark, of which the Europa-Haus project in Frankfurt was the largest. The remaining SEK 0.6 billion was related to properties in Sweden. The Klara Strand office project in downtown Stockholm and the Lilla Bommen office building in Gothenburg's harbor district were among the properties written down. Of the total amount, SEK 1.1 billion consisted of writedowns on properties in the balance sheet, while the remaining SEK 0.9 billion consisted of capital infusions, writedowns of receivables and loss provisions.

Capital spending. The Group's capital spending on investment and development properties declined again in 1993, amounting to SEK 1.5 billion (3.1). This included SEK 0.7 billion (2.0) worth of construction for Skanska's own account and SEK 0.8 billion (1.1) worth of purchases. Capital spending abroad totaled SEK 0.4 billion (0.5).

At year-end 1993 the book value of the Group's investment and development properties totaled SEK 21,463 M, a net decline of SEK 632 M (-1,154). A more detailed analysis of the net decline is presented on page 47.

Financial items, stock portfolio

Net interest items. The Group's net interest items improved sharply to SEK -1,357 M (-1,912). If the exceptional interest expense of SEK 872 M related to Sweden's autumn 1992 financial crisis is taken into account, however, the 1993 net interest figure was SEK 317 M worse than the 1992 figure. The weakening of the Swedish krona contributed to this deterioration, since the cost of loans denominated in foreign currencies increased in terms of Swedish kronor. Net indebtedness declined by more than SEK 1,700 M during the year. Most of this improvement took place at the end of 1993 when Skanska received the proceeds of a large real estate transaction. This improvement will therefore not affect the Group's interest items until 1994.

Dividends. Dividend revenues in the stock portfolio dropped to SEK 203 M (353). Most of this, SEK 172 M (222), was tax-exempt to the recipient. The decline was mainly attributable to the lack of a dividend from the industrial company SKF and the reduced dividend from the investment company Custos.

Exchange differences. Skanska's foreign exchange policy is to minimize the foreign currency exposure due to the Group's investments abroad by means of borrowing and other hedging techniques.

In the 1993 financial statements, exchange losses of SEK 549 M related to obligations undertaken for hedging purposes were offset—after the tax effect had been taken into account—against corresponding translation differences arising from consolidation of the financial statement of subsidiaries abroad. The remaining exchange losses of SEK 199 M (-49) mainly consisted of the costs of adapting the loan portfolio to the lower value of certain properties abroad.

Stock portfolio. During 1993 Skanska sold SEK 1,675 M (720) worth of shares and participations in non-Group companies, excluding the sale of shares and

participations in real estate-related associated companies, which is commented on above. These divestments yielded a gain of SEK 517 M (95), which was reported among financial items. The largest sales consisted of holdings in the investment companies Cardo and Industrivärden, Series B shares in SKF, shares in venture capital companies and small portions of Skanska's holdings in the industrial company Sandvik and the forest product and power company Gränginge. During 1993 the shareholding in the investment company Protorp Förvaltnings AB was sold in exchange for newly issued shares in the holding company Protorp Intressenter AB.

At the close of 1993, the Group's stock portfolio—including the Protorp holding—was booked at SEK 4,455 M (4,960). Its market value on the same date amounted to SEK 13,965 M (9,359).

Profitability, debt/equity and equity/ assets ratios

Return on shareholders' equity was 6.9 percent (1992: negative). The relatively high tax burden on the Group—about 50 percent—due to a number of non-deductible writedowns and loss provisions, pulled down this profitability ratio by about 3 percentage points. Return on capital employed rose to 13.9 percent (0.9). This ratio is calculated before taxes.

Interest-bearing net indebtedness fell to SEK 9.8 billion (11.6), primarily due to reduced liabilities. The stock portfolio was not included among assets in making this calculation. The debt/equity ratio thus improved to 2.2 (2.5). Total assets also shrank, increasing the equity/assets ratio to 19.2 percent (16.9), without taking into account the surplus value of properties and shares. Including the hidden reserve in the stock portfolio—minus 14 percent tax—the equity/assets ratio amounted to 32 percent (23).

Financial ratios for the past seven years, as well as definitions and other data, are presented on page 52.

Personnel

The employment picture in the Swedish construction market was again grim during 1993. The unemployment rate among construction workers rose to about 30 percent (25). At year-end approximately another 10 percent of these workers were participating in various government-financed employment programs. The continued decline in the construction market and the resulting bankruptcies and personnel cutbacks also led to rising joblessness among white collar employees and supervisors.

The number of Skanska Group employees in Sweden continued to decline, but the number employed in operations abroad increased somewhat. The average number of employees fell to 27,398 (28,646). This included an average of 6,323 (5,580) employees abroad. An account of the average number of employees and the size of payrolls is provided in Note 3 to the consolidated financial statements.

The Group introduced new management and executive development programs during the year. Large-scale 3T training programs were implemented for all employees in the Swedish Construction and Technical and Industrial Companies business areas. Continued 3T efforts are based on this training program and are backed up by a broad leadership training program, which

began during 1993 and will be completed during 1994.

Training programs related to the various stages of the construction process will take place during 1994. They will address needs revealed by the 3T project and by professional development discussions between employees and their supervisors. These discussions follow a new evaluation and development model devised during 1993.

Other capital expenditures

Group companies. The major write-downs carried out in recent years again made capital infusions necessary in a number of real estate companies abroad, totaling SEK 1,122 M (744). Purchases from non-Group companies reached SEK 20 M (86). Skanska Finance B.V., with a shareholders' equity of SEK 2,001 M, was liquidated.

Machinery and equipment. The Group's purchases of machinery and equipment fell to SEK 233 M (247). Divestments totaled SEK 371 M (283).

Fixed properties. During 1993 fixed properties—including timberland and other land—worth SEK 30 M (137) were acquired. Divestments totaled SEK 16 M (4).

Changes in the Parent Company's Board and management

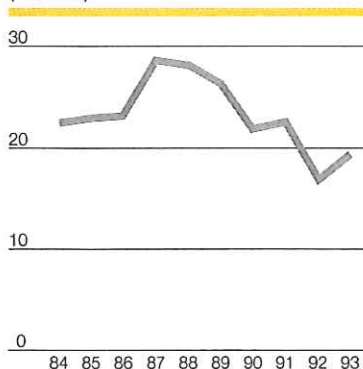
At the beginning of 1993, Melker Schörling assumed the position of President and Group Chief Executive. Other new members of Group Management are Bo Ingemarson, Executive Vice President Finance; Mats Mared, Executive Vice President Real Estate; and Claes Gustafson, Swedish Construction. Three other new heads of Group staff units were appointed: Mikael Ekdahl, Legal Affairs; Rune Kjellman, Personnel; and Göran Larsson, Purchasing.

At the 1993 Annual Meeting of Shareholders, Sven Johansson resigned as a regular Board member. Sven-Eric Hersvall and Melker Schörling were elected as new regular Board members.

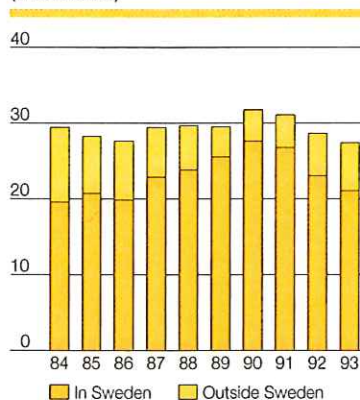
Shareholders' equity

According to the consolidated balance sheet, the shareholders' equity of the Skanska Group amounts to SEK 7,789 M (7,283), divided into SEK 4,933 M (4,211) in restricted equity and SEK 2,856 M (3,072) in unrestricted equity. Due to a change in accounting principles—see page 8—restricted equity declined by SEK 1,549 M and unrestricted equity rose by SEK 1,563 M. Proposed appropriations to restricted equity total SEK 0.5 M (11).

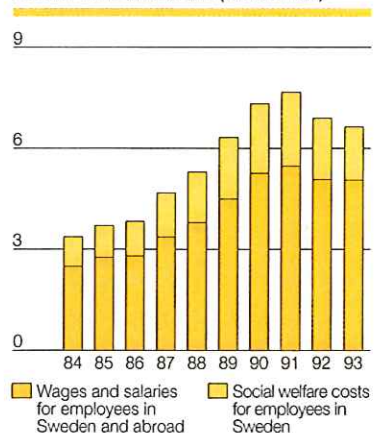
The Group: Equity/assets ratio (Percent)



The Group: Number of employees (Thousands)



The Group: Wages, salaries and social welfare costs (SEK billion)



Accounting and valuation principles

Changes in principles and new items

Participations in partly owned limited partnerships

When reporting in the accounts of subsidiaries their share in the earnings in partly owned limited partnerships that conduct leasing operations, primarily aircraft leasing, the partnerships' extra depreciation on machinery and equipment has been ignored. Instead, an appropriation has been made in the accounts of the subsidiaries for the deferred tax liability attributable to the difference between the book value of the participation in the limited partnership and its value for tax purposes. In the consolidated accounts, this change of principle resulted in a transfer of SEK 1,563 M from restricted to unrestricted reserves under the heading "Shareholders' equity."

Proposed dividends in the subsidiaries that own the above-mentioned participations in limited partnerships have been booked in the accounts of Skanska AB as anticipated dividends.

Indirect expenses for uncompleted contracts

According to the transitional rules in the 1990 tax reform, indirect expenses incurred no later than 1991 need not be capitalized as incurred expenses on uncompleted contracts. Provisions for such indirect expenses have been reported as an operating expense and not as an allocation.

Tax credit

An estimated tax credit under the Act on Tax Credits for Construction Work Expenditures on Residential Buildings (SFS 1993:672) is booked as a reduction of the repair expenses on which it is based.

Comparative figures

Comparative figures for 1992 have been adjusted to conform with these new principles, except for withdrawals from the reserve for indirect expenses in the Parent Company accounts. As a result of this revision, the 1992 income before taxes improved by SEK 64 M and net profit for the year by SEK 44 M. Otherwise the above changes in accounting principles have only entailed a redistribution between balance sheet items.

Consolidated financial statements

The consolidated (i.e. Group) financial statements have been drawn up using the purchase accounting method. All partly owned Group companies except Uri Civil Contractor AB and Uri Supply Company AB have been consolidated on a gross basis, after which an adjustment for Skanska's share of equity has been made in the item "Minority interest." Uri—owned 60 percent by Skanska and 40 percent by the Swedish construction company NCC—has been treated as a consortium, which means that only Skanska's share of revenues, earnings etc. is included in the consolidated financial statements.

Skanska has applied Recommendation No. 1 of the Swedish Financial Accounting Standards Council. In conformity with this, untaxed reserves in individual companies have been apportioned between deferred tax liability and restricted equity in the consolidated balance sheet. The corresponding adjustment has been made in the consolidated income statement, with the change in untaxed reserves being eliminated and the change in deferred tax instead affecting the year's earnings.

Aside from the removal of untaxed reserves, the new accounting rules mean that deferred tax liabilities on consolidated surplus values are reported openly as a long-term liability, instead of on a net basis against the asset item, and that deferred tax claims are taken into account when eliminating intra-Group gains.

In adjusting the financial statements according to the transitional rules of the recommendation, no deferred tax claims related to intra-Group gains from before 1992 have been booked. In addition, deferred tax liabilities on consolidated surplus values from pre-1992 acquisitions have only been included if such tax liabilities were taken into account in the acquisition analysis.

Associated companies and consortia

The Group's share of the earnings of associated companies—defined as companies in which Skanska's share of voting power is 50 percent or less—which are organized as partnerships or limited partnerships is included in the income statement. However, in the case of Skanska's holding in associated companies which are organized as corporations, this form of reporting (equity method) is not used. The Group's holdings in associated companies that are not held for capital investment purposes are of such a nature that reporting according to the equity method would only affect the Group's earnings to a limited extent.

The Group's share of the assets, liabilities and earnings of consortia and joint ventures are included in Skanska's financial statements. See also Note 13 to the balance sheet.

Foreign subsidiaries

The principles for the translation of the financial statements of foreign subsidiaries comply with the recommendations of the Swedish Institute of Authorized Public Accountants (FAR). In the consolidated financial statements, their income statements have been included at the average exchange rate for the year and their balance sheets at the year-end exchange rate (current method). The change in initial shareholders' equity due to the shift in exchange rate from prior years is reported as a translation difference in a note under "Shareholders' equity." In cases where a loan corresponding to the investment has been taken out for hedging purposes, the exchange rate adjustment in the loan—taking into account tax effects—has been offset against the translation difference.

Deferred taxes

Deferred taxes on untaxed reserves have been estimated at 28 percent (30) in Swedish-based companies. Deferred taxes attributable to the acquired surplus value of assets has been booked at a rate of 25–28 percent. In cases where there has been a deficit value, deferred tax claims have been offset against deferred tax liabilities. No deferred taxes are calculated on goodwill and negative goodwill. The change in deferred tax liability due to the lowering of the tax rate from 30 percent to 28 percent is reported in the income statement.

In the corresponding calculations for subsidiaries outside Sweden, the applicable tax rate in each country has been used.

The value of accumulated losses, i.e. 28 percent of the loss for tax purposes, has been subtracted from deferred tax liabilities. The change during the year is reported in the income statement and the accumulated value is included in consolidated restricted equity.

Revenues

Total outside invoiced sales for the year are recognized as revenues. This includes the Group's share in invoiced sales related to construction operations carried out together with other contracting companies in consortium form and includes outside rental revenues as well. Interest subsidies are included in rental revenues.

Also included in revenues are incurred expenses for the construction of investment and development properties for Skanska's own account. A note to the consolidated financial statement specifies the size of this invoicing.

Consistent with this, the sales value of investment and development properties sold is not included among revenues. Nor do revenues include other intra-Group invoicing, i.e. invoicing related to the production of goods and services, fixed-asset properties (office buildings, factories, power plants etc.) or internal rental revenues.

Income

Income is calculated on the basis of contracts completed during the year = contracts credited to income. As a rule, crediting to income occurs in the year when the final financial settlement with the client is reached. In cases where a loss is expected to occur on a given uncompleted project, however, the entire expected loss is charged to the year's earnings. Income on cost-plus contracts is normally reported as and when the related invoicing takes place.

Depreciation

Depreciation has been charged against operating income, which entails annual depreciation by a certain percentage of acquisition cost until residual value is zero. The following annual rates have been used: goodwill 10 percent, ships 10 percent, machinery and equipment 10–20 percent, buildings 1–7 percent and land improvements 3.75–5 percent. In the case of certain machinery, a declining balance method has been used. Gravel pits and stone quarries are depreciated as and when materials are removed. Timberland is depreciated using felling deductions in conformity with the Municipal Tax Act. Depreciation of the consolidated surplus value of assets has also occurred. Since such acquisitions generally involve assets that have already been placed in service, the depreciation rate is often higher than stated above.

Book depreciation on machinery and equipment has been carried out in conformity with tax law. Extra depreciation is reported in the Parent Company financial statements as an allocation. Buildings (except in JM and Drott) have been written off at the highest annual percentage rate permitted by tax law, both for depreciation and accounting purposes.

Interest on pension liability

Interest on Pension Registration Institute (PRI) liability was set at 6.1 percent (8.1) in keeping with a recommendation by FAR and PRI. The rest of the year's PRI provision comprised an operating expense.

Current assets

Current assets have been valued according to the lower value principle, i.e. their value may not exceed market value or acquisition cost, whichever is lower.

Concerning valuation of investment and development properties, see below under "Real estate" and "Property writedowns."

Short-term investments

Short-term investments in marketable securities such as Treasury bills, commercial paper and bonds are gathered under the balance sheet item "Short-term investments."

Receivables and liabilities in foreign currencies

Receivables and liabilities in foreign currencies have been valued at the exchange rate prevailing on the balance sheet date or the exchange rate according to forward contracts. In certain cases, an exchange rate adjustment in the consolidated accounts connected with this has been offset against a translation difference in shareholders' equity. See above under the heading "Foreign subsidiaries."

Exchange rates in 1993 accounts

In drawing up the 1993 accounts, the following exchange rates have been used. The table shows the value in Swedish kronor (SEK) of one unit of each currency.

Currency code	Currency name	Year-end exchange rate		Average exchange rate	
		1993	1992	1993	1992
ATS	Austrian schilling	0.69	0.62	0.67	0.53
BEC	Belgian commercial franc	0.23	0.21	0.23	0.18
CAD	Canadian dollars	6.25	5.56	6.04	4.81
CHF	Swiss francs	5.69	4.83	5.28	4.14
DEM	German marks	4.83	4.38	4.71	3.73
DKK	Danish kroner	1.24	1.14	1.20	0.96
ESP	Spanish pesetas	0.06	0.06	0.06	0.06
FIM	Finnish marks	1.45	1.35	1.36	1.30
FRF	French francs	1.43	1.29	1.38	1.10
GBP	British pounds sterling	12.37	10.69	11.71	10.22
IEP	Irish punts (pounds)	11.80	11.55	11.40	9.89
ISK	Icelandic kronur	0.12	0.11	0.12	0.10
LUF	Luxembourg francs	0.23	0.21	0.23	0.18
NLG	Dutch guilders	4.32	3.90	4.20	3.31
NOK	Norwegian kroner	1.12	1.03	1.10	0.94
USD	United States dollars	8.34	7.05	7.80	5.81
XEU	European currency units	9.35	8.55	9.11	7.52
HKD	Hong Kong dollars	1.09	0.93		
INR	Indian rupees	0.26	0.23		
PAB	Panamanian balboas	8.34	7.06		
SAR	Saudi Arabian riyals	2.23	1.90		
TZS	Tanzanian shillings	0.02	0.02		
ZWD	Zimbabwean dollars	1.23	1.33		

Real estate

The Group's real estate holdings which are used in its own business, for example properties for its own offices, factories, timberland and hydroelectric power plants, are reported as fixed assets. Other real estate is reported under the heading "Investment and development properties." This is divided into "Investment proper-

ties," "Investment and development properties under construction" and "Development properties."

The Group's holdings of real estate completed for its own account are booked as "Investment properties." Income from these operations is reported in the income statement as "Property management." "Investment and development properties under construction" include all construction, both of properties intended for the Group's own account and properties intended to be sold after completion.

The Group's holdings of undeveloped land and redevelopment properties are booked as "Development properties." Expenses – i.e. uncapitalized outlays – and income attributable both to "Investment and development properties under construction" and "Development properties" are reported in the income statement under the heading "Development properties."

To permit as correct a comparison as possible between income from property management and the value of completed investment properties, completed properties are normally not reclassified from "Investment and development properties under construction" to "Investment properties" until January 1 of the year after the year of completion.

Properties constructed by the Group and booked during the year as real estate completed for its own account have been valued in the consolidated accounts at incurred costs plus a fair proportion of indirect costs. Any intra-Group profits resulting from building contracts between construction and property management companies are thus eliminated.

Interest expenses during the construction period are not capitalized, but are booked as expenses in each respective year. In the case of properties owned by JM, however, such interest expenses are capitalized.

Investments in undeveloped land and redevelopment properties are booked at their acquisition costs plus other expenses incurred in cases where special exceptions have not been considered justified. Annual interest expenses have not, however, been added to value but have been charged against income in each respective year.

Property writedowns

The Group's investment and development properties as well as shares and participations in property management companies have been written down if actual value is estimated as less than book value (individual appraisal at the lower of cost or market value). As a yardstick in estimating actual value in today's market situation, Skanska has used a net operating income of 8 percent for properties in Stockholm and in central locations in Gothenburg and Malmö. Elsewhere in Sweden, 10 percent has been used. In certain cases and in the partly owned Group companies JM Byggnads och Fastighets AB and AB Drott, however, the estimate has been based on independent appraisals as well as internal appraisals using other principles. The value of international properties has been estimated on the basis of the prevailing level of return required in each respective market. Special attention has been paid to the occupancy situation. In connection with the closure of factories, fixed-asset properties have also been written down if their estimated real value is below book value.

Shares (fixed assets)

The Group's holdings of listed shares have been treated according to the portfolio method. In those cases where the market price has been below book value, writedowns have been omitted by viewing the entire holding as one unit. In the Parent Company accounts, the shareholding in the subsidiary JM was written down in 1992 to its estimated net asset value at that time.

Uncompleted contracts

In the balance sheet, "Uncompleted contracts" have been valued at costs incurred at the work site. Estimated losses which were instead charged to the year's operating income have been subtracted from this.

Guarantee risks

Expenses attributable to guarantee obligations have been charged to operating income. In addition—also as an operating expense—provision has been made for future guarantee costs at the highest amount that is deductible for tax purposes. The guarantee reserve is included in the balance sheet item "Accrued expenses and prepaid revenues."

Income statements

SEK M		Group		Parent Company	
		1993	1992	1993	1992
Contracting operations etc.	Invoiced sales for the year _____ Note 2	25,254	28,258	255	16,227
	Plus amount invoiced but not credited to income as of Jan. 1 _____	32,073	31,194		22,202
	Minus amount invoiced but not credited to income as of Dec. 31 _____	- 27,632	- 32,073		- 22,381
	Invoiced sales on contracts credited to income during the year, factory operations etc. _____	29,695	27,379	255	16,048
	Production and administrative expenses _____ Note 3	- 28,664	- 25,929	- 123	- 15,149
		1,031	1,450	132	899
	Depreciation _____ Note 4	- 514	- 678	- 189	- 235
	517	772	- 57	664	
Writedowns _____ Note 5		—	—	- 801	- 1,970
	Income from contracting operations etc. _____	517	772	- 858	- 1,306
Sales of investment and development properties	Sales revenues _____ Note 6	2,714	295		
	Book value _____	- 1,203	- 226		
		1,511	69		
		2,028	841		
Development properties _____ Note 7	Rental revenues for the year _____ Note 8	205	299		
	Operating and administrative expenses _____ Note 9	- 171	- 304		
	Depreciation _____ Note 4	- 15	- 57		
	Income from partly owned partnerships and limited partnerships _____	- 9	- 58		
		10	- 120		
	Writedowns _____	- 1,350	- 1,824		
	- 1,340	- 1,944			
	688	- 1,103			
Property management _____ Note 7	Rental revenues for the year _____ Note 8	3,462	3,326		
	Operating and administrative expenses _____ Note 9	- 1,153	- 1,161		
	Depreciation _____ Note 4	- 517	- 418		
	Income from partly owned partnerships and limited partnerships _____	83	69		
		1,875	1,816		
	Writedowns _____	- 654	- 2,505		
	1,221	- 689			
Operating income after depreciation _____		1,909	- 1,792	- 858	- 1,306
Financial items	Dividends on shares and participations in subsidiaries _____			2,071	519
	Dividends on shares and participations in other companies _____	203	353	198	350
	Interest revenues _____	1,047	1,603	1,193	2,020
	Interest expenses _____	- 2,404	- 3,515	- 1,733	- 1,891
	Exchange differences on loans _____	- 199	- 49	- 201	- 241
	Gain/loss on sale of shares and participations _____	517	95	- 176	78
	Other financial items _____	44	- 162	- 15	- 13
	- 792	- 1,675	1,337	822	
Income after financial items _____		1,117	- 3,467	479	- 484
Extraordinary expense _____	—	- 518	—	—	
Allocations _____ Note 10			884	254	
Income before taxes _____		1,117	- 3,985	1,363	- 230
Income taxes _____ Note 11	- 172	- 229	- 43	- 37	
Deferred taxes _____ Note 23	- 395	974			
Income after taxes _____		550	- 3,240	1,320	- 267
Minority interests _____ Note 12	- 33	139			
Net profit/loss for the year _____		517	- 3,101	1,320	- 267

Statements of changes in financial position, 1988–1993

SEK M	Group							Parent Company	
	1993	1992	1991	1990	1989	1988	6-yr total	1993	1992
Income before taxes and minority interest	1,117	-3,985	738	2,201	2,718	1,777	4,566	479	-484
Reversal of depreciation and writedowns	3,050	5,482	2,477	1,045	725	634	13,413	991	2,205
Elimination of gain on sale of investment and development properties, shares and participations	-2,028	-164	-205	-100	-932	-228	-3,657	176	-78
Group contributions	—	—	—	—	—	—	—	121	-1,701
Taxes paid (-)/tax refund (+)	-172	-229	-121	-572	-633	-294	-2,021	-43	-37
Cash flow before change in working capital and investments (A)	1,967	1,104	2,889	2,574	1,878	1,889	12,301	1,724	-95
Decrease (+)/increase (-) in inventories and other receivables	640	-352	1,245	-2,014	-371	-1,385	-2,237	2,811	259
Increase (+)/Decrease (-) in balance of uncompleted contracts	-903	340	-762	2,130	1,341	332	2,478	-4,332	88
Increase (+)/decrease (-) in interest-free liabilities	-1,504	644	-1,142	2,315	1,575	594	2,482	-3,268	-224
Change in working capital (B)	-1,767	632	-659	2,431	2,545	-459	2,723	-4,789	123
Cash flow before investments (A+B)	200	1,736	2,230	5,005	4,423	1,430	15,024	-3,065	28
Investments in investment and development properties	-1,491	-2,969	-5,622	-5,799	-4,022	-3,266	-23,169	—	—
Investments in shares and participations	-703	-338	-636	-580	-1,289	-821	-4,367	-2,120	-915
Net investments in other fixed assets excluding receivables	-234	-268	-481	-921	-1,178	-432	-3,514	-26	-29
Divestments in investment and development properties	2,714	295	383	570	474	599	5,035	0	0
Divestments in shares and participations	1,675	720	239	16	945	133	3,728	3,753	683
Net investments (C)	1,961	-2,560	-6,117	-6,714	-5,070	-3,787	-22,287	1,607	-261
Cash flow after investments (A+B+C)	2,161	-824	-3,887	-1,709	-647	-2,357	-7,263	-1,458	-233
Dividend paid (including dividend to minority in JM)	-198	-428	-413	-347	-280	-233	-1,899	-189	-409
Withdrawal from restricted account	6	5	46	25	35	65	182	0	0
Borrowing (+) minus lending (-), net basis	-587	-394	415	6,482	3,728	2,022	11,666	1,696	1,263
New issue of securities, capital discount	—	—	—	—	—	204	204	—	—
Change in liquid assets	1,382	-1,641	-3,839	4,451	2,836	-299	2,890	49	621
Specification of change in liquid assets:									
Increase(+)/decrease(-) in cash and bank balances	-341	-43	-1,083	264	805	353	-45	-52	17
Increase(+)/decrease(-) in short-term investments	1,723	-1,598	-2,756	4,187	2,031	-652	2,935	101	604
	1,382	-1,641	-3,839	4,451	2,836	-299	2,890	49	621
Level of self-financing in percent (cash flow before investments divided by total net investments)	n.a	68%	36%	75%	87%	38%	67%	n.a	11%

Balance sheets

Assets SEK M		Group		Parent Company	
		1993	1992	1993	1992
Current assets	Bank balances _____	1,213	1,554	235	286
	Short-term investments _____	5,214	3,491	707	606
	Accounts receivable _____	3,791	4,052	5	2,166
	Prepaid expenses and accrued revenues _____	389	623	12	88
	Current assets held by consortia _____ Note 13	483	634	—	257
	Tax claim _____	27	184	—	203
	Other receivables _____ Note 14	1,755	2,718	78	150
	Inventories _____	291	330	—	42
		13,163	13,586	1,037	3,798
Investment and development properties	_____ Note 15				
	Investment properties _____ Note 16	18,275	16,907		
	Investment and development properties under construction _____	1,405	2,984		
	Development properties _____	1,783	2,204		
		21,463	22,095		
Restricted accounts in Sveriges Riksbank	For special investment reserve _____	1	7		
Fixed assets	Shares and participations in subsidiaries _____ Note 17			3,573	5,477
	Shares and participations in other companies _____ Note 17	4,922	5,711	4,472	5,178
	Receivables from subsidiaries _____			12,188	10,854
	Other receivables _____ Note 18	1,116	1,172	8	80
	Goodwill _____	49	62	—	—
	Extraction rights _____	9	16	5	5
	Ships _____ Note 16	15	35	—	—
	Machinery and equipment _____ Note 16	1,117	1,347	367	504
	Own machinery being manufactured _____	3	—	—	—
	Advance payments on fixed assets _____	47	11	—	9
	Buildings _____ Note 16	579	627	174	183
	Buildings under construction _____	22	14	—	2
	Hydroelectric power plants _____ Note 16	326	336	189	195
	Land and other real estate _____ Note 16	173	169	78	79
	Timberland _____ Note 16	312	315	—	—
		8,690	9,815	21,054	22,566
Total assets		43,317	45,503	22,091	26,364
Assets pledged	Real estate mortgages _____	8,991	8,860	11	11
	Chattel mortgages _____	131	49	—	—
	Short-term investments and other securities _____	1,644	1,386	662	630
Contingent liabilities	Sureties for subsidiaries _____			10,216	4,390
	Other sureties _____	3,312	3,745	1,568	1,994
	Obligations to purchase unsold participations in cooperative housing associations formed by both the Parent Company and other Group companies				
	Obligations related to building contracts previously reported in the Parent Company accounts which have been transferred to subsidiaries				

Liabilities and shareholders' equity SEK M		Group		Parent Company	
		1993	1992	1993	1992
Current liabilities	Accounts payable	2,355	2,413	8	1,042
	Accrued expenses and prepaid revenues	4,301	4,621	522	1,779
	Current liabilities of consortia	318	400	—	236
	Tax liability	—	—	70	—
	Other liabilities	3,080	3,835	556	1,819
	Convertible debenture loans	867	—	845	—
		10,921	11,269	2,001	4,876
Uncompleted contracts	Invoiced sales from beginning of contracts	27,632	32,073	—	22,381
	Accumulated expenses from beginning of contracts	- 21,860	- 25,398	—	- 18,049
		5,772	6,675	—	4,332
Loans on investment and development properties	Building credits	54	184		
	Mortgage loans	7,575	7,525		
	Other liabilities	764	779		
		8,393	8,488		
Long-term liabilities	Liabilities to subsidiaries			8,122	4,013
	Mortgage loans	16	39	—	—
	Other liabilities	6,471	7,161	5,273	5,754
	Provision for pensions	1,655	1,752	1,111	1,326
	Convertible debenture loans	—	917	—	845
	Deferred tax liability	1,751	1,504	—	—
		9,893	11,373	14,506	11,938
Minority interests		549	415		
Untaxed reserves				410	1,174
Shareholders' equity					
	Restricted equity				
	Capital stock	1,259	1,259	1,259	1,259
	Restricted reserves/Legal reserve	3,674	2,952	483	483
	Unrestricted equity				
	Unrestricted reserves/Retained earnings	2,339	6,173	2,112	2,569
	Net profit/loss for the year	517	- 3,101	1,320	- 267
		7,789	7,283	5,174	4,044
Total liabilities and shareholders' equity		43,317	45,503	22,091	26,364

Notes to the consolidated financial statements

For notes to the Parent Company financial statements, see page 17.

Amounts in SEK M unless otherwise specified

1 Adjusted comparative figures

Due to changes in accounting principles (see the accounting and valuation principles, page 8), comparative figures for 1992 have been adjusted to conform with the 1993 principles.

2 Invoiced sales for the year

Invoiced sales for the year include SEK 712 M (1,990) in intra-Group invoicing that was capitalized in investment and development properties. See "Revenues" under the accounting and valuation principles, page 8.

3 Personnel

Average number of employees and wages, salaries and remuneration

	Group		Parent Company	
	1993	1992	1993	1992
Average number of employees				
Sweden	21,075	23,066	56	13,884
Abroad	6,323	5,580	—	82
	27,398	28,646	56	13,966
Of which, men	25,375	26,497	39	13,169
Wages, salaries and remuneration				
<i>Sweden</i>				
Boards of Directors and Presidents	30.9	26.6	6.2	3.1
of which, bonuses	(6.5)	(5)	(0)	(0.6)
Other employees	4,016.6	4,395.8	19.5	2,564.6
	4,047.5	4,422.4	25.7	2,567.7
<i>Abroad</i>				
Boards of Directors and Presidents	15.9	11.4	—	—
Other employees	993.2	640.0	—	4.2
	1,009.1	651.4	—	4.2
	5,056.6	5,073.8	25.7	2,571.9
Social welfare contributions and pensions				
<i>Sweden</i>	1,575.3	1,821.9		

The average number of employees in Sweden was calculated by taking total hours worked and dividing by a standard working year of 1,540 hours (1,550).

The complete legally required specification of personnel is attached to the annual report documents submitted to the Swedish Patent and Registration Office. This specification can be obtained from Group Public Affairs, Skanska AB, S-182 25 Danderyd, Sweden.

Employment benefits of top executives

A. Chairman of the Board

The Chairman of the Board was granted a director's fee of SEK 275,000 during 1993. This amount was approved by the Board of Directors within the limits of the total amount of directors' fees fixed by the Annual Meeting of Shareholders.

In addition, the Chairman of the Board was granted a special consulting fee of SEK 25,000 per month, which was approved by the Board of Directors.

B. President and Group Chief Executive

During 1993 the Company's President and Group Chief Executive received a salary, fees and other remuneration from Group companies in the amount of SEK 3,570,000, plus SEK 1,500,000 in bonuses, whose amount is fixed each year as provided in his employment contract.

In addition to benefits payable under the public-sector pension system, under the provisions of his employment contract Skanska paid pension premiums on behalf of the Group Chief Executive in an amount equivalent to 20 percent of his salary/bonus within the 20–30 base amount interval and 25 percent of salary/bonus above 30 base amounts. (The base amount for 1993 set by Swedish social insurance authorities was SEK 34,400.)

The employment contract may be terminated on either side by giving six months' notice. If the agreement is terminated by the Company, the Group Chief Executive is entitled to termination payment equivalent to 12 months of his salary/bonus, with the possibility of an additional 12 months of salary/bonus if no other employment has been obtained by the end of the first

period. Beyond this, there is no obligation to subtract any other income from these benefits.

C. Other members of Group Management

Pension benefits are payable mainly as part of public-sector pension systems.

In case of termination by the Company, notice periods range from six to 24 months and executives are entitled to salaries and benefits that range from 18 to 30 months. When benefits are paid after the notice period, other income must normally be subtracted from the amount payable.

4 Depreciation

	Depreciation	
	1993	1992
Goodwill	16	145
Extraction rights	12	4
Ships	20	7
Machinery and equipment	408	460
Fixed-asset properties including		
hydroelectric power plants and timberland	58	62
Investment and development properties	532	475
	1,046	1,153

Note 5 refers only to the Parent Company.

6 Sales of investment and development properties

Sales of investment and development properties as well as sales of shares and participations in real estate companies are reported under the heading "Sales of investment and development properties."

	Properties	Shares and participations in real estate companies		Total
Sales revenues	2,661	53		2,714
Book value	- 1,013	- 190		- 1,203
Profit/loss	1,648	- 137		1,511

7 Development properties and Property management

Revenues and expenses attributable both to investment and development properties under construction and to raw land and redevelopment properties are reported under the heading "Development properties." Revenues and expenses attributable to the management of finished investment properties are reported under the heading "Property management." See "Properties" in the accounting and valuation principles, page 9.

8 Rental revenues

Reported rental revenues include interest subsidies received for government-guaranteed residential mortgage loans, which totaled SEK 234 M (195) for 1993, of which SEK 223 M (164) was related to investment properties and SEK 11 M (31) to buildings under construction and development properties.

9 Operating and administrative expenses

The national real estate tax, which totaled SEK 45 M (251) for investment and development properties, is reported under "Operating and administrative expenses." Of this, SEK 25 M (225) was attributable to investment properties and SEK 20 M (26) to buildings under construction and development properties.

Note 10 refers only to the Parent Company.

11 Income taxes

During 1988–1990 the Skanska Group, through partly owned companies, purchased participations in aircraft, including both Swedish-made SAAB 340B turbo-prop and other passenger aircraft. The tax authorities questioned the depreciation deductions related to most of these transactions. During 1993 the Administrative Court of Appeal ruled on two of these cases. Its verdicts affirmed earlier judgments resulting in less than SEK 2 M in additional taxes, which Skanska reported in its 1992 tax expenses. The National Tax Board subsequently petitioned the Supreme Administrative Court to review the cases. The other cases—

of a similar nature—are currently being adjudicated in the County Administrative Court. On the basis of a comprehensive analysis following consultations with the other co-owners and with outside tax experts, the risk of higher tax assessments is believed to be small. Thus no provision for higher taxes has been made as a result of the authorities' claim.

See also Note 11 to the Parent Company financial statements.

12 Minority interest in income

	1993	1992
Interest in income after financial items	26	- 130
Interest in taxes	7	- 9
Interest in income after taxes	33	- 139

13 Current assets held by consortia and Current liabilities of consortia

This amount represents the Group's share of assets held by consortia (except for expenses incurred that are included under the heading "Uncompleted contracts"). Liabilities (except for invoicing) are similarly shown under the heading "Current liabilities of consortia."

14 Other current receivables

	1993	1992
Interest-bearing receivables	1,263	2,428
Non-interest-bearing receivables	492	290
	1,755	2,718

15 Investment and development properties

Regarding the definition of "Investment and development properties," see "Real estate" in the accounting and valuation principles, page 9.

16 Property, plant and equipment

a) Acquisition price and accumulated depreciation

	Acquisition price and accumulated depreciation		Accumulated depreciation		Book value under Assets in balance sheet	
	1993	1992	1993	1992	1993	1992
Ships (dredgers, barges)	142	142	127	107	15	35
Machinery and equipment	4,286	4,351	3,169	3,004	1,117	1,347
Buildings (fixed-asset properties)	960	952	381	325	579	627
Hydroelectric power plants	390	390	64	54	326	336

b) Assessed values

	1993	1992
Investment and development properties		
Buildings	8,057	7,386
Land and other real estate	2,342	2,364
Fixed-asset properties		
Buildings, incl. power plants	823	824
Land and other real estate	242	221
Timberland	667	658

17 The Group's holdings of shares and participations

Portfolio as of December 31, 1993

Swedish companies	Number	% stake	Par value SEK 000	Market value SEK 000	Book value SEK 000
Listed shares					
AB Catena	5,367,263	17	107,345	268,363	246,714
AB Custos, Series A	11,278,458	24	281,961	1,150,403	1,307,555
AB Custos, Series B	1,161,714	2	29,043	118,495	86,737
Euroc AB	11,069,150	23	276,729	1,272,952	498,057
FFNS Gruppen AB	8,000	<1	40	376	302
AB Geveko	852,134	20	21,303	74,136	68,910
Graningeverken AB	5,565,225	25	111,305	1,981,220	559,722
Klövern Förvaltnings AB	1,472,144	3	14,721	19,138	29,760
AB Piren	9,563,500	4	9,564	18,171	12,140
Sandvik AB	56,316,575	20	281,583	6,532,723	872,351
AB SKF, Series A	12,440,000	11	155,500	1,679,400	340,443
Total				13,115,377	4,022,690

	Number	% stake	Par value 000	Book value SEK 000
<i>Other holdings</i>				
AIK i Solna AB	5,000	<1	5	50
KB Air Preca (limited partnership)	1/3	33	40,141	10,081
Arlanda Stad KB		50	1,000	1,000
HB Betongrörsteknik (partnership)	1	50	50	50
BGB i Malmö AB, Series A	81,240	13	812	0
BGB i Malmö AB, Series B	36,228	13	362	0
Byggnads AB Tryckeriet	600	50	60	60
Byggnads AB Tryckeriet & Co KB	1	50	45	2,810
Cedersdal Fastigheter AB	250,000	50	25,000	25,000
Dala Asfalt & Co KB	5	50	250	250
HB Duvslaget	100	20	80	80
Ek. för. Giganten	136	40	109	0
HB Energibyggarna		50	250	304
KB Eskilstorp, AB Jörlandaån & Co	15	33	150	150
FASAB Fastighetssystem AB	10,548	39	1,319	4,304
Fastighetsbolaget Söderg 39				
Fast AB Sulcus & Co	1/2	50	700	700
Fastighetsbolaget Glutten KB	200	50	1,200	2,200
Fastighetsbolaget Skavsta KB	10	50	500	500
Fastighets AB Luxor	1,000	50	100	100
Fastighets AB Skalholt KB	50,000	50	50	50
Fastighets AB Vigen, in bankruptcy	3,530	35	353	0
Fastighetsbolaget Formen AB	1,500	30	1,500	15,835
Fastighetsbolaget Hälsan KB	10	50	500	500
Fineri Nr 5 KB	75	75	20,186	15,793
HB Forserumsten	1	50	900	900
Funktionsglas i Alstermo AB	1,000	14	100	100
Fyllebro Exploatering KB	2	40	100	100
Glasberga Fastighets AB	1,000	25	100	100
Glasberga Fastighets KB	1	25	500	101
AB Gotlandsbeläggningar & Co KB	50	33	50	50
Grisslingehöjden KB		25	750	750
H-Invest KB	500	<1	50	50
Halmstads BGB AB	112	41	56	55
AB Helsingborgs Byggelement	350	50	350	757
HB Helsingborgsfastigheter	1	33	100	100
Härryda Kross AB	130	50	650	650
Högbo Bruks				
Utbildningscentrum AB	50	17	50	0
Högbo Utbildningsfastighet HB		29	500	0
Högmora Exploaterings AB	2,000	50	200	200
Ingelsstopp AB	500	50	50	315
Jönköpings Betong AB	1,000	50	100	100
AB Kalmar Betongindustri	320	10	160	40
Kalmar Familjebad AB	100	50	50	50
Kalmar Familjebad KB	239,000	50	239	239
AB Karlskoga Köpcentrum	180	45	400	5,820
HB Karlstads-Duvan	98	25	980	980
Kåholmen AB & Co KB	2	50	105	105
Lidingö Nya Centrum KB	19,400	50	19,400	19,400
Makadam AB Lapillus	126	50	126	126
Masmobergets Exploaterings AB	2,000	50	200	200
Mega-Carrier KB	330	33	54,123	0
Mega-Flight KB		50	82,513	27,875
KB Metro-Flyg	330	33	46,521	4,139
AB Mälarmark	100	50	100	127
AB Mölndalskatten & Co KB	6	50	50	50
Nohab Industrifastigheter AB	20,000	50	1,000	1,000
Nohab Industrifastigheter AB & Co KB		50	4,000	4,000
KB Novum		50	500	500
KB Nya Knutpunkten 4-5		25	750	0
Närkes Asfalt- & Krossprodukter KB	10	50	500	500
Polaris Aircraft Leasing KB		99	142,658	0
Protorp Intressenter AB	8,570	33	857	432,202
AB Ramlösa Brunnsanläggning	625	50	63	75
HB Rydebäcks Gård	1/2	50	150	150

Notes to the consolidated financial statements

For notes to the Parent Company financial statements, see page 17.

	Number	% stake	Currency if other than SEK	Par value 000	Book value SEK 000
Råsjö Torv AB	26,236	22		2,624	7,953
KB Skinnefjäll	10	50		500	500
HB Solrosen	1	50		3,125	3,125
AB Staven	10,000	33		1,000	1,142
Stockholms Fondbörs AB	4,301	2		430	516
STR-Garanti AB	22	6		150	370
STR-Service AB	15	6		150	300
HB Stämpeln 1	52	50			31,529
Svenska Dagbladet Holding AB	18,900	<1		189	0
Swedish Aircraft FOUR KB	100	100		58,641	68,409
Swedish Aircraft TWO KB	50	50		43,769	44,309
Swedish Construction Management KB	50	50		50	50
AB Sydsten	135,000	45		6,750	11,130
SÅBI AB	4,250	<1		425	435
Södertälje Åkeri AB	1,080	<1		108	112
Sörmlands Asfalt- & Krossprodukter KB	10	50		500	500
Trinova AB	500	4		50	50
Ullna Golf AB	3,500	1		350	0
AB Uppsalagrus & Co KB	10	50		500	500
KB Vasatorpsfastigheter	500	48		500	500
Vestasfalt KB	19	50		475	475
Videum Fastighets AB	5,000	25		5,000	0
Vikans Kross AB & Co KB	10	50		300	300
Åkerigrus KB		50		100	100
ÖS-Företagsby KB	725	50		2,525	2,525
Brf Borgens (coop. housing association)	1	48		7,121	7,121
Miscellaneous coop. housing assns., participations*				0	30,298
Miscellaneous shares and participations*				0	22,887
					816,857
Foreign companies					
Asfalt Plant nr 1 St Petersburg Ltd., Russia	15,405	44	RUR	3,081	0
Banister Continental Ltd., Canada	116	8	CAD	1,812	40,224
Dansk Betonelementfabrik A/S, Denmark	753	50	DKK	7,500	4,123
Deyhle + Viering, Germany	1	50	DEM	600	2,899
Fisketorvet, Denmark, participation certificate	1		DKK	1,231	1,348
Frankfurt Properties Investment BV, Netherlands	13,000	50	NLG	13,000	0
Mount Hope Limited Partnership, United States		5	USD	1,088	0
Rasmussen & Stisager A/S, Denmark	10	50	DKK	10,000	12,430
Skanska Property Investment 3 BV & Co OHG, Netherlands		50	DEM	1,000	4,830
Soenderjydsk Erhvervsinvestering KS, Denmark	12	<1	DKK	210	180
Brf Strandparken (coop. housing assn.), Norway	1	45	NOK	155	155
Swedish American Chamber of Commerce, United States	1	3	USD	50	417
Symbion A/S, Denmark	1	<1	DKK	100	0
Tanruss Inv. Ltd., Tanzania	2,015	7	TZS	800	15,326
VSL Norge A.S., Norway	180	45	NOK	140	331
Miscellaneous shares and participations*					28
					82,291
Total					4,921,837

* Complete data can be obtained on request from the Company by writing to Group Public Affairs, Skanska AB, S-182 25 Danderyd, Sweden.

18 Other long-term receivables

	1993	1992
Interest-bearing receivables	445	519
Non-interest-bearing receivables	671	653
	1,116	1,172

19 Other current liabilities

	1993	1992
Short-term portion of long-term liabilities	570	93
Other interest-bearing liabilities	357	1,687
Non-interest-bearing liabilities	2,153	2,055
	3,080	3,835

20 Convertible debenture loans

	Skanska	JM
Amount (total SEK 867 M)	746	121
Maturity	1989-94	1989-94
Convertible beginning in	1991	1991
Conversion price, SEK	235	197

With regard to Skanska's convertible debenture loan, see also Note 20 to the Parent Company financial statements.

21 Other long-term liabilities

	1993	1992
Interest-bearing liabilities	6,108	6,590
Non-interest-bearing liabilities	363	571
	6,471	7,161

22 Provision for pensions

	1993	1992
PRI liability	1,636	1,729
Other pension commitments	19	23
	1,655	1,752

23 Deferred tax liability

In the consolidated financial statements, 28 percent of the Parent Company's deficit for tax purposes was booked as a deferred tax claim. This amount, SEK 182 M (261), was later offset against deferred tax liabilities. The change during 1993, a decline of SEK 79 M (increase of 224), is included in the income statement under the heading "Deferred taxes."

Note 24 refers only to the Parent Company.

25 Change in shareholders' equity

	Capital stock	Res- tricted reserves	Unres- tricted reserves	Net profit for the year	Total share- holders' equity
At year-end 1992	1,259	4,501	4,654	-3,145	7,269
Effect of changed accounting principles		-1,549	1,519	44	14
Adjusted opening balance, 1993	1,259	2,952	6,173	-3,101	7,283
Transfer of net loss for 1992			-3,101	3,101	
Dividend			-189		-189
Earned by former associated company*			28		28
Translation difference		150			150
Transfer between restricted and unrestricted equity		572	-572		
Net profit for 1993				517	517
At year-end 1993	1,259	3,674	2,339	517	7,789

* Refers to Grove Equity Inc.

Note 26 refers only to the Parent Company

Notes to the Parent Company financial statements

For notes to the consolidated financial statements, see page 14.

Amounts in SEK M unless otherwise specified

1 Change in organizational structure

Effective from 1993, contracting operations are being reported in their entirety in the accounts of subsidiaries. As a result, most revenues etc. have disappeared from the Parent Company financial statements.

Aside from central staff units, the Parent Company includes only shares, fixed-asset properties, machinery and equipment and hydroelectric power plant operations.

2 Invoiced sales for the year

This amount includes SEK 224 M (1,071) in sales to subsidiaries. The Parent Company's purchases from subsidiaries totaled SEK 25 M (1,250).

3 Personnel

See Note 3 to the consolidated financial statements, page 14.

4 Depreciation

	Depreciation		Extra depreciation		Book depreciation for year*	
	1993	1992	1993	1992	1993	1992
Machinery and equipment	172	213	-22	-18	150	195
Fixed-asset properties incl. hydroelectric power plant	17	22	-9	-9	8	13
Total depreciation	189	235	-31	-27	158	208

* Including depreciation against reserves.

5 Writedowns

Writedown of shares in

	1993	1992
a) Property management subsidiaries	558	1,632
b) Other companies	243	338
	801	1,970

Notes 6, 7, 8 and 9 refer only to the consolidated financial statements.

10 Allocations

	1993	1992
Group contributions	343	-1,668
Stockholders' contributions	-223	-33
Reserve for indirect expenses	0	1,401
Extra depreciation (Note 4)	31	27
Deferred amount for inventory reserve etc.	689	64
Tax equalization reserve	0	474
Foreign exchange reserve	44	-11
	884	254

11 Income taxes

After conducting an audit, the local tax authority appealed the 1988 tax assessment. Because of this, a provision has been made for possible additional taxes totaling SEK 43 M, based on claims primarily related to periodization issues, which have been deemed to entail some risk of a higher tax assessment. No allocation has been made, however, for tax claims of about SEK 450 M—mainly related to the question of a merger loss—which has not been adjudged to involve any risk of a change in tax assessment.

Notes 12 and 13 refer only to the consolidated financial statements.

14 Other current receivables

	1993	1992
Interest-bearing receivables	32	106
Non-interest-bearing receivables	46	44
	78	150

Note 15 refers only to the consolidated financial statements.

16 Property, plant and equipment

a) Acquisition price and accumulated depreciation

	Acquisition price for remaining assets		Accumulated depreciation	
	1993	1992	1993	1992
Ships (dredgers, barges)	0	71	0	71
Machinery and equipment	2,049	2,221	1,682	1,717
Buildings	354	352	180	169
Hydroelectric power plant	230	230	41	35

b) Assessed values

	1993	1992
Fixed-asset properties		
Buildings, incl. power plant	527	523
Land and other real estate	129	128

17 The Parent Company's holdings of shares and participations

Subsidiaries ¹⁾	Number	% stake (if <100)	Par value 000	Book value SEK 000
<i>Listed on the Stockholm Stock Exchange</i>				
JM Byggnads och Fastighets AB ²⁾	13,750,100	65	55,000	1,210,000
<i>Other subsidiaries</i>				
AB Drott*	847,096	72	8,471	97,358
AB Fakiren	3,000,000		150,000	95,288
AB Gadus	10,000		1,000	1,000
AB Hexabar Gul	2,000		200	200
Hofors Kraft KB			3	3
Kolbäckens Kraft KB			3	3
Myresjö AB	650,000		65,000	71,500
AB Mälarhus	10,000		1,000	1,000

*Together with Skanska Fastigheter Syd 82%

Notes to the Parent Company financial statements

For notes to the consolidated financial statements, see page 14.

	Number	% stake (if <100)	Currency if other than SEK	Par value 000	Book value SEK 000
Ohlsson & Skarne AB	50,000			5,000	5,048
AB Perukmakaren	250,000			25,000	1,000
Reinhold Bygg Stockholm AB	750			75	79
SCG Byggnads AB	500			50	50
SektionsByggarna AB	12,000			1,200	10,000
Skanska Allemansfond					
Förvaltnings AB	500			250	250
Skanska Entreprenad AB	4,000			1,000	1,072
Skanska Export AB	500			50	253
Skanska Fastigheter Nord AB	30,000			3,000	3,000
Skanska Fastigheter Norge AB	500			50	73
Skanska Fastigheter					
Stockholm AB	160,000			16,000	16,000
Skanska Fastigheter Syd AB	50,000			5,000	5,000
Skanska Fastigheter Väst AB	10,000			1,000	1,000
Skanska Fastighetsservice AB	20,000			2,000	2,000
Skanska Förvaltnings AB	500			50	50
Skanska Holding AB	500			50	50
Skanska Installation AB	20,000			2,000	2,050
Skanska International Building AB	500,000			50,000	50,000
Skanska International					
Civil Engineering AB	24,000			12,000	12,000
Skanska Kapitalförvaltning AB	500,000			50,000	65,000
Skanska Kraft AB	500			50	60
Skanska Maskin AB	100			100	120
Skanska Mellansverige AB	10,000			1,000	1,000
Skanska Norrland AB	2,000			1,000	1,033
Skanska Prefab AB	30,000			3,000	4,500
Skanska Service AB	500			50	50
Skanska Staber AB	2,500			150	150
Skanska Stockholm AB	1,000			1,000	990
Skanska Stålteknik AB	10,000			1,000	50
Skanska Syd AB	10,000			1,000	784
Skanska Sydöst AB	10,000			1,000	1,134
Skanska Teknik AB	20,000			2,000	2,000
Skanska Turbo AB	500			50	52
Skanska Väst AB	10,000			1,000	1,008
Stabilator AB	20,000			2,000	42,000
Sund Link Contractors AB	500			50	62
AB Svenska Aktier	500			50	50
C.G. Jensen A/S, Denmark			DKK	50,000	0
Devoncourt Holdings Unltd, Ireland	41,000,000		GBP	41,000	442,083
Marktune Ltd., Great Britain	55,100,000		GBP	55,100	176,704
SCEM Reinsurance SA, Luxembourg	499		LUF	49,900	8,214
Skanska (USA) Inc., United States	22,298		USD	0	220,892
Skanska Baugesellschaft mbH, Germany			DEM	10,000	0
Skanska Norge A.S., Norway	255,989		NOK	255,989	230,814
Trinity Tower Property Co Ltd., Great Britain	210,500,000		GBP	206,500	789,259
Parent Company's total holdings in subsidiaries:					3,573,336

Non-Group companies	Number	% stake (if <100)	Currency if other than SEK	Par value 000	Book value SEK 000
<i>Listed on the Stockholm Stock Exchange</i>					
AB Catena	5,367,263	17		107,345	246,714
AB Custos, Series A	11,278,458	24		281,961	1,307,555
AB Custos, Series B	1,161,714	2		29,043	86,737
Euroc AB	11,069,150	23		276,729	498,057
FFNS Gruppen AB	8,000	<1		40	302
AB Geveko	852,134	20		21,303	68,910
Graningeverken AB	5,565,225	25		111,305	559,722
Klövern Förvaltnings AB	1,472,144	3		14,721	29,760
AB Piren	9,550,000	4		9,550	11,938
Sandvik AB	56,316,575	20		281,583	872,845
AB SKF, Series A	12,440,000	11		155,500	347,186
Parent Company's holdings of listed shares (excl. JM):					4,029,725
<i>Others:</i>					
Protorp Intressenter AB	8,570	33		857	432,202
Råsjö Torv AB	26,236	22		2,624	7,953
AB Staven	10,000	33		1,000	1,142
Stockholms Fondbörs (Stockholm Stock Exchange)	3,914	<1		391	470
Svenska Dagbladet Holding AB	18,900	<1		189	0
Ullna Golf AB	3,500	1		350	0
Miscellaneous shares and participations*					543
Total other shares and participations in non-Group companies:					442,308
Parent Company's total holdings in non-Group companies					4,472,034

1) List of certain indirectly owned property management and operating companies, some of which operate on a commission basis for another Group company.

	Number	% stake (if <100)	Currency if other than SEK	Par value 000	Book value SEK 000
Anders Magnusson Entreprenad AB	500			50	350
Angeredsasfalt AB & Co KB	6,175	65		618	618
Annedals Elektriska AB	500			50	60
Bark & Warburgs AB	6,200			6,200	46,716
Boxholms Skogar AB	1,250,000			125,000	149,990
Boxholms Såg AB	175,000			17,500	20,990
Byggnads AB Martin Karlsson	500			50	70
Bålsta Värme & Sanitet AB	1,500			150	180
Combiglas AB	50,000			5,000	1,700
Dala Byggputs AB	500			50	50
East-West Prop. Dev. Share Co., Hungary	1,831	73	DEM	18,310	62,358
Elektra Motor AB	500			50	50
Eurostop KB	2,925	60		2,925	6,805
AB Farstaverken	200			200	200
Fastighets AB Davidshall	75,000	82		7,500	103,500
Flexator AB	9,000			900	500
Galleriafastigheter AB	10,000			1,000	216,573
Grus & Betong i Norrland AB	10,000			1,000	2,825
Gråbo Bygg AB	1,920			480	450
AB Gusum Skogar	80,000			4,000	19,500
Himlinge Maskinstation AB	500			50	3,232
Internordisk Spännarmering AB	500			50	50
IV Produkt AB	3,600			360	6,100
IV Svenska AB	2,000			200	11,958
AB Jan Ralling	10,000			1,000	1,000
JoBo Trä AB	24,000			2,400	7,896
Joh Jonsson Rör AB	500			50	18,491

	Number	% stake (if <100)	Currency if other than SEK	Par value 000	Book value SEK 000
Karl Koch Erecting Co. Inc., United States	90	90	USD	13,160	81,461
LBI Luftbehandling AB	600			60	72
Lundby System AB	30,000			3,000	3,000
AB Malmö-Fastigheter	72			720	12,915
Myresjöfönster AB	40,000			20,000	20,000
Myresjöhus AB	200,000			20,000	22,700
Myresjökök AB	30,000			3,000	5,000
Nordiska Trähus AB	20,000			2,000	17,000
Palms Elektriska i Norrköping AB	500			50	51
AB Schakt & Transport	2,000			1,000	1,000
Skanska Bau Berlin GmbH, Germany			DEM	1,000	1,000
Skanska Data AB	5,000			500	500
Skanska Dredging AB	20,000			2,000	13,189
Skanska Hispania SA, Spain	1,000		ESP	10,000	0
Skanska Saudi Arabia, Saudi Arabia	70	70	SAR	7,000	0
Skanska Stålteknik Mekan AB	500			50	12,500
Skanska Trading AB	1,000			100	670
Skånska Makadam AB	18,000			180	2,155
Slattery Associates Inc., United States	90		USD	21,906	135,596
Sordoni/Skanska Construction Co Inc., United States	100		USD	3,750	21,375
Stenbergs El i Stockholm AB	500			50	50
Stenbergs Elektriska AB	2,000			200	200
Svensk VA-Service AB	1,000			100	122
Systembetong AB	1,000			100	100
Uri Civil Contractor AB	300	60		30	0
HB Vestbruk	60			3,000	5,260
Västgöta Rör AB	500			50	50
Wasasten AB	615	91		615	345
Örmo Skogar AB	45,000			2,250	35,175

²⁾ The market value of the Company's shareholding in JM Byggnads och Fastighets AB was just over SEK 715 M, calculated on the basis of the market price per share, SEK 52, established by the Tax Administration and the Stockholm Stock Exchange. Skanska's holding consists of 2,475,000 Series A shares and 11,275,100 Series B shares.

* Complete data can be obtained on request from the Company by writing to Group Public Affairs, Skanska AB, S-182 25 Danderyd, Sweden.

18 Other long-term receivables

	1993	1992
Interest-bearing receivables	8	38
Non-interest-bearing receivables	0	42
	8	80

19 Other current liabilities

	1993	1992
Current portion of long-term liabilities	520	33
Other interest-bearing liabilities	7	948
Non-interest-bearing liabilities	29	838
	556	1,819

20 Convertible debenture loan

The proceeds of the debenture loan—SEK 844.7 M—were paid by Skanska employees on February 17, 1989. During the first half of February 1994, conversion was requested by five persons, who together owned convertible debentures with a face value of SEK 162,000. The conversion price was SEK 235 per share after a recalculation taking into account the 1:1 stock dividend in 1991. The number of newly subscribed Series B shares is thus expected to be 690. At the end of the conversion period, the outstanding loan amount totaled SEK 844.5 M. Repayment occurred on February 28, 1994.

The capital discount of SEK 61 M—calculated on the basis of the difference between the 9.5 percent convertible debenture loan interest rate at the close of the subscription period on December 23, 1988 and the Company's alternative loan interest rate, estimated at 11.5 percent—was credited in the 1988 accounts to the legal reserve as a capital contribution. The discount was successively depreciated during the life of the loan. The remaining amount, SEK 15 M (14), was charged against financial items in 1993.

21 Other long-term liabilities

	1993	1992
Interest-bearing liabilities	5,270	5,751
Non-interest-bearing liabilities	3	3
	5,273	5,754

22 Provision for pensions

	1993	1992
PRI liability	1,094	1,306
Other pension commitments	17	20
	1,111	1,326

During 1993 the Parent Company's pension liability was reduced by SEK 150 M through redemptions.

Note 23 refers only to the consolidated financial statements.

24 Untaxed reserves

	Value according to 1992 balance sheet	Allocations in 1993	Value according to 1993 bal- ance sheet
Accumulated extra depreciation:			
Machinery and equipment	200	- 22	178
Fixed-asset properties	241	- 9	232
Deferred amount	689	- 689	0
Foreign exchange reserve	44	- 44	0
	1,174	- 764	410

25 Change in shareholders' equity

	Capital stock	Legal reserve	Retained earnings	Net profit for the year
Opening balance, Jan. 1, 1993	1,259	483	2,569	- 267
Transfer of net loss for 1992			- 267	267
Dividend			- 189	
Net profit for 1993				1,320
Closing balance, Dec. 31, 1993	1,259	483	2,112	1,320

26 Capital stock

9,136,860 Series A shares (10 votes apiece), each with par value of SEK 10
116,786,310 Series B shares (1 vote apiece), each with a par value of SEK 10
125,923,170

Effective from 1993, all shares are free (unrestricted) and can thus be freely purchased by non-Swedish persons.

The capital stock is expected to increase by 690 Series B shares during 1994 as the result of conversions. See also Note 20.

Data on Skanska shares

Skanska's Board of Directors has proposed a dividend of SEK 3.25 per share for 1993. This means that SEK 409.3 M would be paid to shareholders.

Skanska shares have been quoted on the Stockholm Stock Exchange's A-list since 1965. At the time of the initial public offering, Skanska's capital stock was SEK 32 M. Since then, capital stock has been increased by means of nine stock dividends and seven targeted special issues of new shares.

In March 1994 Skanska's capital stock amounted to SEK 1,259.2 M. This is divided into Series A and Series B shares, all with a par value of SEK 10. Series A shares carry 10 votes apiece, whereas Series B shares carry one vote apiece. Only Series B shares are listed on the Stockholm Stock Exchange. Skanska shares are not quoted on any stock exchange outside Sweden.

On December 31, 1993, the market price of a Skanska Series B share was SEK 177. On March 30, 1994, the market price was SEK 183 and the Company's total market capitalization including Series A shares was about SEK 23.0 billion (12.3).

At the beginning of 1994 the total number of shareholders in Skanska was 55,234. The corresponding figure in February 1993 was 55,714. In addition,

tens of thousands of people are indirect shareholders through mutual funds. During 1993, 34,215,570 Series B shares were traded. This means that an average of 135,800 shares changed owners each trading day.

Many Skanska Group employees own Skanska shares as a result of special issues of new shares to employees in 1975, 1979, 1982 and 1987.

Convertible debenture issue to personnel

In the autumn of 1988, employees of the Company and its Swedish subsidiaries (except for JM, whose employees received an offer of their own) were invited to subscribe for convertible debentures issued by Skanska. The total sum distributed was SEK 844.7 M.

The convertible debentures were quoted on the Stockholm Stock Exchange from January 2, 1991 until February 15, 1994. By the end of the conversion period, debentures with a face value of SEK 162,150, equivalent to 690 Series B shares in Skanska, had been converted. The remaining loan amount was repaid on February 28, 1994.

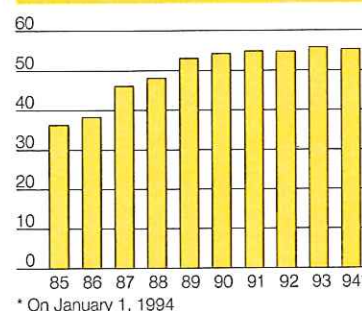
Per-share data, SEK

	1993	1992	1991	1990	1989	1988
Net profit/loss	4.10	-24.65	5.80	9.90	15.15	9.70
Dividend (for 1993: proposed by the Board)	3.25	1.50	3.25	3.13	2.63	2.13
Dividend as a percentage of net profit	79		56	32	17	22
Market price, December 31	177	82	135	141	271	212
Yield, percent	1.8	1.8	2.4	2.2	1.0	1.0
Price/earnings ratio	43	neg	23	14	18	22

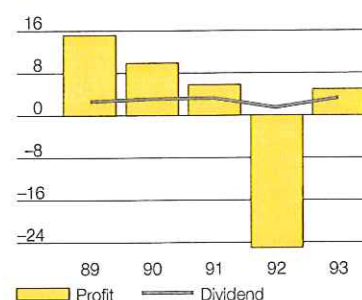
Definitions

Net profit/loss per share	Net profit/loss for the year divided by the number of shares
Yield	Dividend as a percentage of market price on December 31.
Price/earnings ratio	Market price on December 31 divided by net profit/loss per share.

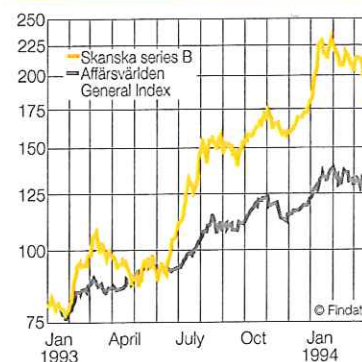
Number of shareholders (in thousands)
February



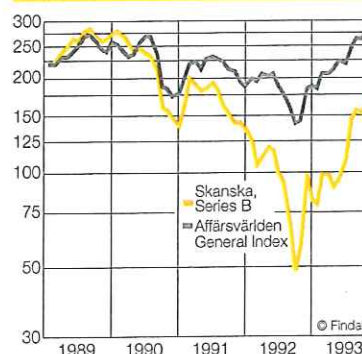
Profit and dividend per share, SEK



Share price movement, Jan. 1, 1993 to March 31, 1994 Logarithmic scale.

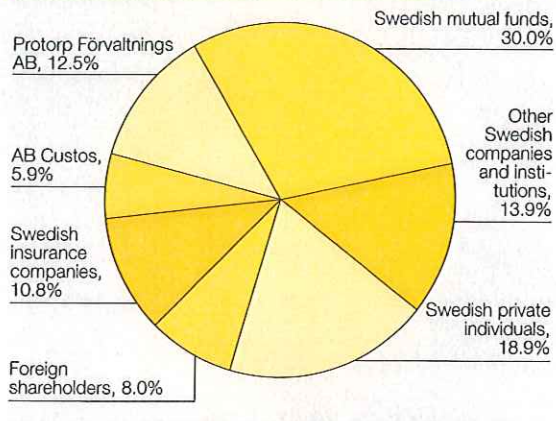


Share price movement 1989-1993, diluted for stock dividend. Logarithmic scale.



Skanska's shareholders

Percentage of capital stock, December 30, 1993



The largest shareholders in Skanska AB

According to the Swedish Register Center (VPC), the largest shareholders and their percentages of total votes and shares on December 30, 1993 were (> 0,9% of voting power):

Shareholders	% of voting power	% of capital stock
AB Custos (investment company)	19.3	5.9
AB Industrivärden (investment company)	13.9	3.2
Protorp Förvaltnings AB (holding company)	11.0	12.5
Sparbankerna mutual funds	9.3	15.4
Svenska Handelsbanken pension fund	4.2	0.8
Trygg-Hansa SPP Group (insurance)	3.7	6.1
Swedish National Pension Insurance Fund, Fourth Fund Board	3.6	5.4
Fond 92-94 (successor to employee investment fund)	1.3	2.2
Nordbanken mutual funds	1.0	1.7
AMF-p (retirement insurance)	1.0	1.7
Total	68.3	54.9
Other shareholders	31.7	45.1
About 55,000 shareholders	100.0	100.0

Shareholdings of top executives

Melker Schörling, 576 shares
 Bo Ingemarson, 250 shares (c)
 Mats Mared, 10 shares, 4,000 options
 Per Westlund, 1,050 shares, 5,000 options (c)
 Claes Gustafson, 210 shares, 3,000 options
 Tommy Sernelin, 1,710 shares, 4,000 options (c)

Changes in capital stock since Skanska's introduction on Stockholm Stock Exchange in 1965

Year	Stock dividend SEK M	New share issue SEK M	Par value of capital stock SEK M
1965			32.0
1967	—	3.4	35.4
1969	2:5	14.1	49.5
1973	1:3	16.5	66.0
1975	1:3	22.0	89.7
1977	1:2	44.9	134.6
1979	1:2	67.3	204.3
1981	2:3	136.2	340.5
1982	1:5	68.1	411.3
1983	1:2	205.6	616.9
1984	split 5:1	—	616.9
1987	—	8.7	625.6
1988	—	4.0	629.6
1991	1:1	629.6	1,259.2

Shareholdings by size

Dec. 30, 1993	Number of shares held	Number of share-holders	% of all share-holders	Total number of shares held	% of capital stock
1-	500	43,888	79.5	5,979,085	4.8
501-	1,000	5,902	10.7	4,557,961	3.6
1,001-	2,000	2,799	5.1	4,307,682	3.4
2,001-	5,000	1,624	2.9	5,187,839	4.1
5,001-	10,000	521	0.9	3,778,157	3.0
10,001-	20,000	224	0.4	3,221,329	2.6
20,001-	50,000	124	0.2	3,965,756	3.1
50,001-	100,000	52	0.1	3,632,178	2.9
100,001-		100	0.2	91,293,183	72.5
Total		55,234	100.0	125,923,170	100.0

Shares by categories

	Number of shares	% of voting power	% of capital stock
Series A	9,136,860	43.9	7.3
Series B	116,786,310	56.1	92.7
Total	125,923,170	100.0	100.0

Lars Wiklander, 200 shares, 5,000 options (c)
 Lennart Hallberg, 1,000 shares, of which 500 (c), 4,000 options (c)
 Anders Herslow, 1,410 shares, 4,000 options (c)
 Rune Kjellman, 2,000 options
 Göran Larsson, 410 shares, 4,000 options

(c)= held by close relative

Proposed allocation of earnings

The Board of Directors and the President propose that the net profit for 1993, SEK 1,320,562,081, plus the retained earnings of SEK 2,112,249,711 carried forward from the preceding year, making a total of SEK 3,432,811,792, be allocated as follows:

A dividend to the shareholders of SEK 3.25 per share _____	409,250,303
To be carried forward _____	3,023,561,489
	<u>SEK 3,432,811,792</u>

Danderyd, Sweden, March 24, 1994

Percy Barnevik

Carl-Olof Ternryd

Stig Herner

Carl-Erik Feinsilber

Anders Sjöberg

Gudrun Norberg

Lars Öberg

Ivan Karlsson

Bengt Järrestedt

Sven-Eric Hersvall

Melker Schörling
President

Auditors' Report for Skanska AB

We have examined the Annual Report, the consolidated financial statements, the accounts and the management by the Board of Directors and the President during 1993. Our examination has been carried out in accordance with generally accepted auditing standards.

Parent Company

The Annual Report has been prepared in conformity with the Swedish Companies Act.

We recommend that the Annual Meeting of Shareholders adopt the income statement and balance sheet, distribute the earnings in accordance with the proposal in the Report of the Directors and discharge the members of the Board of Directors and the President from personal liability for their administration during 1993.

Group

The consolidated financial statements have been prepared in conformity with the Swedish Companies Act. We recommend that the Annual Meeting adopt the consolidated income statement and balance sheet.

Danderyd, Sweden, March 30, 1994

Bo Fridman
Authorized Public Accountant

Anders Scherman
Authorized Public Accountant

Board of Directors



Percy Barnevik

Members elected by the Annual Meeting of Shareholders

Percy Barnevik

Zurich, Switzerland, born 1941. Chairman. Elected in 1986. President and Chief Executive Officer of ABB Asea Brown Boveri Ltd. Other directorships: Sandvik (Chairman), Investor, E.I. du Pont de Nemours & Co. Holdings in Skanska: 40,000 Series B shares.

Carl-Olof Ternryd

Stockholm, born 1928. Elected in 1982. Dr. Eng., professor at Royal Institute of Technology. Other directorships: Association of Swedish Automobile Manufacturers and Wholesalers (Chairman), Institute of Management.

Carl-Erik Feinsilber

Lidingö, born 1931. Elected in 1990. President and CEO of Industrivärden. Other directorships: AGA (Deputy Chairman), Bonnier Group, Ericsson, Svenska Handelsbanken, SCA.

Anders Sjöberg

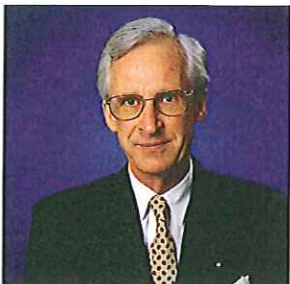
Kungälv, born 1935. Elected in 1990. Professor, President of Chalmers University of Technology. Other directorships: SKF, Svenska Handelsbanken Western Region.

Gudrun Norberg

Glanshammar, born 1938. Elected in 1990. Member of Parliament (Liberal Party) since 1985. Other positions: Industry Committee of Parliament, Finance Committee (deputy member), Defense Committee (deputy member), Föreningsbanken Örebro (Vice Chairman), Telia.



Carl-Olof Ternryd



Anders Sjöberg



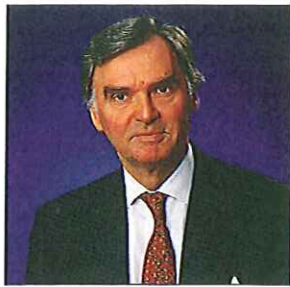
Melker Schörling



Bengt Järrestedt



Bengt Järrestedt



Carl-Erik Feinsilber



Gudrun Norberg



Lars Öberg



Stig Herner



Ivan Karlsson

Sven-Eric Hersvall

Malmö, born 1931. Elected in 1991. President of Skanska AB, 1991-92. Other directorships: Ideon, Svenska Handelsbanken Southern Region, Chamber of Commerce of Southern Sweden. Holdings in Skanska: 2,540 Series B shares.

Lars Öberg

Bromma, born 1936. Elected in 1992. President, Custos. Other directorships: Fastighetsaktiebolaget Hufvudstaden (Chairman), Sandblom & Stohne (Chairman), FFNS-Gruppen, Skandinaviska Enskilda Banken, SCA.

Melker Schörling

Lidingö, born 1947. Elected in 1993. President and Group Chief Executive of Skanska. Other directorships: Securitas (Chairman), JM Byggnads och Fastighets AB (Chairman), Custos, Euroc, SKF. Holdings in Skanska: 576 Series A shares.

Members and deputy members appointed by employee unions

Stig Herner

Gothenburg, born 1932. Swedish Association of Supervisors (SALF). Board member since 1985. Engineer. Holdings in Skanska: 5,500 Series B shares.

Bengt Järrestedt

Spånga, born 1946. Swedish Building Workers' Union. Board member since 1991. Wood worker. Holdings in Skanska: 10 Series B shares.

Ivan Karlsson

Uddevalle, born 1937. National Union of State Employees. Board member since 1992. Rock worker. Holdings in Skanska: 1,000 Series B shares.

Eva Elofsson

Vetlanda, born 1950. Swedish Union of Clerical and Technical Employees in Industry (SIF). Deputy member since 1992. Personnel assistant.

Bengt Lundberg

Lund, born in 1953. Swedish Factory Workers' Union. Deputy member since 1993. Form worker.

Folmer Knudsen

Eslöv, born 1942. Swedish Building Workers' Union. Deputy member since 1992. Wood worker. Holdings in Skanska: 10 Series B shares.

Group Management and heads of Group staff units



Claes Gustafson Senior Vice President, Swedish Construction

Lars Wiklander Senior Vice President, International Construction

Melker Schörling President and Group Chief Executive

Mats Mared Executive Vice President, Real Estate



Anders Herslow Senior Vice President, Accounting

Bo Ingemarson Executive Vice President, Finance



Per Westlund Executive Vice President, Road and Civil Engineering Operations

Göran Larsson Senior Vice President, Purchasing

Tommy Sernelin Senior Vice President, Technical and Industrial Companies



Lennart Hallberg Senior Vice President, Public Affairs

Rune Kjellman Senior Vice President, Personnel

Mikael Ekdahl Attorney at Law, Chief Counsel

Auditors

Bo Fridman
Stockholm,
Authorized Public Accountant

Anders Scherman
Malmö,
Authorized Public Accountant

Deputy auditors:
Bernhard Öhrn
Stockholm,
Authorized Public Accountant

Christer Ljungsten
Malmö,
Authorized Public Accountant



Bo Fridman



Anders Scherman

Organizational structure

President and Group Chief Executive:
Melker Schörling

Other members of Group Management:

Bo Ingemarson, Executive Vice President. *Finance.*

Mats Mared, Executive Vice President. *Real Estate.*

Per Westlund, Executive Vice President *Road and Civil Engineering Operations.*

Claes Gustafson, Senior Vice President *Swedish Construction.*

Tommy Sernelin, Senior Vice President *Technical and Industrial Companies.*

Lars Wiklander, Senior Vice President *International Construction.*

Group staff units:

Accounting. Anders Herslow, Senior Vice President

Finance. Bo Ingemarson, Executive Vice President

Public Affairs. Lennart Hallberg, Senior Vice President

Purchasing. Göran Larsson, Senior Vice President

Legal Affairs. Mikael Ekdahl, Attorney at Law, Chief Counsel

Personnel. Rune Kjellman, Senior Vice President

Assistants to the President:

Monica Wennlo Falk, Danderyd
Inger Dahlgren, Malmö

The organizational structure of the Skanska Group is characterized by strong decentralization and management by objectives. This means that the various subsidiaries enjoy great operative freedom within established limits and have clear responsibility as profit centers. Groupwide service units are kept small and efficient.

During 1993 two new service units were attached to Group Management: Purchasing and Personnel.

Effective from January 1, 1994, all housing construction in the Stockholm region has been concentrated in Skanska Bostäder Stockholm AB, formerly Ohlsson & Skarne AB.

A new subsidiary, Rakennus-Skanska Oy, was established in Finland during March 1994.

Effective from April 1, 1994, all real estate holdings abroad—except those in the United States—became part of the Real Estate (formerly Properties) business area. Danish investment properties, which have belonged to C.G. Jensen A/S until now, are being gathered into a newly established company.

The above organizational changes did not affect the reporting of 1993 earnings.

Real Estate

Real Estate In Sweden	International Real Estate
Skanska Fastigheter Syd AB	Skanska London Great Britain
Skanska Fastigheter Väst AB	Skanska Norge, Norway
Skanska Fastigheter Stockholm AB	Skanska Hamburg*, Germany
Skanska Fastigheter Nord AB	C.G. Jensen Real Estate*, Denmark
Skanska Fastighets-service AB	Skanska Investment*
AB Drott (82%)	
Eurostop KB (60%)	

* From April 1, 1994

Construction

Swedish Construction	International Construction	Technical and Industrial Companies
Skanska Syd AB	Skanska International Building AB	Skanska Teknik AB
Skanska Sydöst AB	Skanska International Civil Engineering AB	Skanska Maskin AB
Skanska Väst AB	C.G. Jensen A/S, Denmark	Skanska Installation AB
Skanska Stockholm AB	Rakennus-Skanska Oy, Finland (70%)	Skanska Prefab AB
Skanska Bostäder Stockholm AB		Skanska Stålteknik AB
Skanska Mellansverige AB	Skanska (USA) Inc.	Stabilator AB
Skanska Norrland AB	Karl Koch Erecting Co. Inc.	Myresjö AB
	Slattery Associates Inc.	SektionsByggarna AB
	Sordoni Skanska Construction Co.	
JM (65%)	Skanska Real Estate	

Finance

Finance
Skanska Kapital-förvaltning AB
SCEM Reinsurance S.A., Luxembourg

The corporate identity number of Skanska AB is 556000-4615.

The 3T reform process: Time as the focus

Skanska is continuing its far-reaching 3T—Think Total Time—reform project with unabated intensity. This new way of thinking and building, with time as the focus, yielded numerous good results during 1993.

One example is the Järnbrott freeway interchange in the western Swedish city of Gothenburg. Skanska Väst AB completed Europe's largest freeway "traffic circle" and was able to trim four months or 25 percent off the projected construction time.

This was made possible by thorough planning of the work process and hands-on management of resources and machinery. To achieve maximum production flow, temporary traffic detours were placed entirely outside the work site. Every day 63,000 vehicles drive past this spot.

The rapid completion of the project, which was worth SEK 90 M, enabled Skanska Väst's road and civil engineering division to assume the additional task of building the adjacent Kobbegård freeway, a project worth SEK 20 M. Because planning for the two projects was coordinated, the Kobbegård freeway opened to traffic a year earlier than planned.

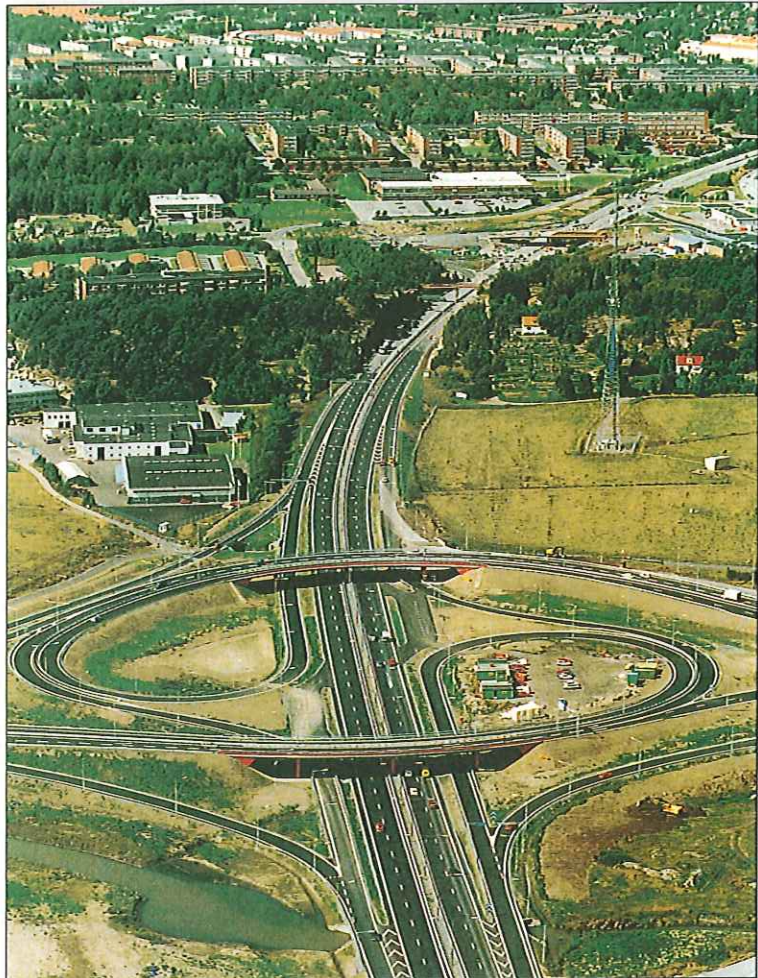
To the client—the western region of the National Road Administration—the shorter completion time was not merely of economic importance, but yielded additional benefits by greatly improving traffic safety on the heavily used freeways of southern Gothenburg.

The Järnbrott interchange and the Kobbegård freeway provide a striking illustration of the purpose of 3T—to create the greatest possible value added for the client and thereby enhance Skanska's competitiveness.

With 3T as a tool, Skanska will reduce elapsed time, thus achieving proper quality, lower cost and higher profitability.



Think Total Time



Thanks to 3T, the expansion of the Järnbrott freeway interchange in Gothenburg was completed 25 percent faster than originally scheduled.

Increased research and development spending

Skanska is intensifying its research and development efforts. It will invest a total of about SEK 150 M in various development projects during 1994. This includes SEK 30 M in Groupwide R&D. In addition, Skanska Group companies are pursuing and financing numerous research and development projects of their own.

A large number of research and development projects are now underway. These investments will result in new products, new techniques and a higher level of technical skills, as well as more efficient construction methods. By lowering its costs and strengthening its competitiveness, Skanska can carve out new markets.

With an eye toward the growing market for road and civil engineering work, Skanska is taking further steps to strengthen its expertise in underground construction.

Researchers are developing new types of bridges and improving techniques and quality. Skanska is among the companies working with various institutes of technology to develop a high-performance concrete for slimmer bridge structures and longer spans.

In response to tighter government environmental standards, Skanska Teknik is running an R&D project in partnership with the National Rail Administration and the Department of Technical Acoustics at the Royal Institute of Technology in Stockholm. The aim of the project is to reduce the

level of noise generated by rail traffic and to develop an elastic rail system based on the recently patented Super-rail Napol.

One of the new products being developed within the Group is Soundtrack, Skanska Prefab's noise-protection barrier for railroads. It is expected to find a large market when it is launched during 1994. Measurements at one pilot project indicate that noise levels can be nearly halved.

Aside from projects in the road and civil engineering sector, Skanska's largest R&D investments are in the housing field. The aim is to develop good homes that meet the functional and qualitative demands of a housing market currently undergoing major changes. In this sector, Skanska is cooperating with the IKEA home furnishings group, which is contributing studies of apartment designs. Skanska is also doing further development work on its Skanterra housing concept, featuring low energy and operating costs.

As Skanska's construction times become shorter due to the 3T process,

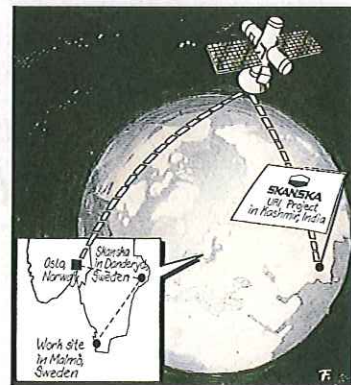


Skanska Prefab's newly developed noise barrier—Soundtrack—is one of the new products resulting from the Group's own R&D work.

there is a growing need for pre-fabrication and for a fast-drying concrete. Development work is underway.

The use of computers is increasing. Skanska employs purchasing software and uses EDI—Electronic Data Interchange—to simplify its purchasing procedures. The Group's new software system for computer-aided surveying, planning and construction—Ucad Road—is already being applied to several road construction projects and is undergoing further refinements.

A number of projects are being financed in cooperation with the Development Fund of the Swedish Construction Industry (SBUF), the Council for Building Research (BFR) and the National Board for Industrial and Technical Development (NUTEK).



Skanska uses EDI to simplify its purchasing procedures.



Low-energy apartment buildings using the Skanterra concept have been built in Linköping and elsewhere.

Swedish Construction

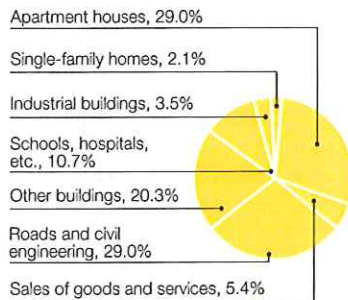
Continued recession and a continued shortage of financing further depressed the Swedish construction market during 1993. Because of delays in already-approved infrastructure projects, the expected growth in road and civil engineering operations did not materialize. The construction market will continue to decline during 1994, with no turnaround likely until 1995.

Swedish Construction

Claes Gustafson, Swedish Construction (effective November 1, 1993)
Per Westlund, Road and Civil Engineering Operations

SEK M	1993	1992
Revenues	14,858	17,453
Order bookings	12,429	14,384
Order backlog, Dec. 31	7,431	9,895
Average number of employees	12,818	14,074

Operations by production area, 1993



Swedish Construction operates through seven regional companies



Residential construction reached record lows, with only 18,000 housing starts. The market for commercial space, i.e. offices and retail stores, nearly disappeared. There was a slight increase in the number of renovation and extension projects, but their size decreased at the same time. Unemployment in the building trade rose, exceeding 30 percent in most parts of Sweden by year-end.

The continued decline in the volume of the market hurt Skanska as well. The Swedish Construction business area defended its market share, however, and even increased it in certain areas and segments.

Revenues nevertheless fell by 15 percent to SEK 15 billion, while order bookings declined to just over SEK 12 billion. Order bookings have thus dropped by nearly half in nominal terms since their 1990 peak of SEK 23 billion.

The income of Skanska's Swedish construction operations after depreciation fell to SEK 551 M (669) even though the level of invoicing on contracts credited to income rose to 126 percent (95). The earnings margin before interest items fell to 2.9 percent (4.0).

Greater specialization

Skanska took a number of steps in response to these new market conditions. Aside from continued adjustments in resources, it accelerated the 3T reform process.

To further increase its market orientation, Skanska strengthened its product specialization. As one element of this, in 1993 a decision was made to gather all housing construction in Stockholm into a separate company, Skanska Bostäder Stockholm AB, effective from January 1,

1994. A manager in the Swedish Construction business area was assigned special responsibility for the housing sector and will work with Skanska Bostäder Stockholm and other regional companies to continue developing the skills and resources needed to build the homes of the future.

Skanska has strengthened its purchasing system—a step that mainly benefits its construction operations, which account for most of the Group's overall purchases.

Road and civil engineering operations

The structure of the market underwent major changes during 1993. Site preparation for homes and other buildings, which previously accounted for half the volume of Skanska's road and civil engineering divisions, declined dramatically. At the same time, road and rail-road projects increased, as a result of larger investments in these areas. The production volume of the Group's gravel pits, stone quarries and asphalt plants was largely unchanged compared with 1992.

When the National Road Administration chose Skanska, together with other Nordic consortium partners, as the contractor for the High Coast Bridge over the Ångermanälven river, this was important to Skanska's development of advanced bridge-building expertise.

One of the year's technical investments was the purchase of a full-face boring machine, which will go into service during 1994 for tunneling work at the Äspö Laboratory, a nuclear waste storage project in Oskarshamn. The concrete freeway at Falkenberg is another example of important technical development work.

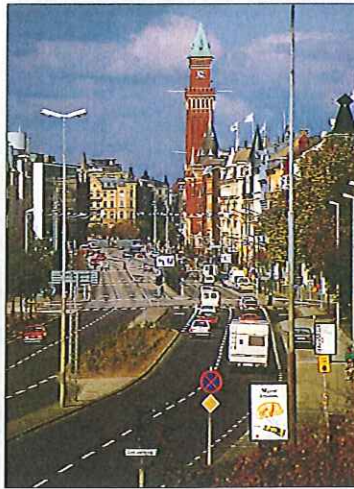
Design, construct and maintain (DCM) contracts impose heavier responsibility on a road-builder than conventional contracts, generally in the form of a seven-year serviceability guarantee. At Skanska, this has provided a strong stimulus for the development of more advanced technology and construction methods.

Examples are the development of in-house expertise for highway planning and calculations of carrying capacity, the development of more wear-resistant asphalt surfaces and new surveying and staking systems connected to shared databases.

During 1993 Skanska concentrated its resources in the field of underground construction in the hands of Skanska Stockholm AB, which also took over responsibility for the Group's specialized power plant division effective January 1, 1994.

The outlook for 1994 is strongly dependent on the volume of new road and railroad projects that Skanska receives. The National Road Administration's announcement of sharp cutbacks in maintenance work on the existing highway network during 1994 is cause for concern. This may be partly offset by the fact that the Administration is allowing contractors to submit bids for a number of operating and maintenance contracts.

One important prerequisite if Skanska's Swedish construction operations are to avoid further cutbacks is that the nationwide infrastructure investment program announced in the government's January 1994 draft budget gets underway. It is also very important to implement the large infrastructure projects planned in Stockholm, Gothenburg and Malmö, as well as the Öresund bridge-tunnel between



Sweden and Denmark, which will be financed outside the government budget.

Skanska Syd AB

The market for construction of buildings was very weak, and only a small number of new residential projects began in southern Sweden. Approved infrastructure investments led to a relatively large range of projects in Halland province.

Skanska Syd maintained its market share and even increased it in parts of the region. Order bookings and order backlog nevertheless declined, while prices were depressed, which resulted in poorer earnings.

Skanska Syd AB

Per-Ingemar Persson,
President (effective April
1, 1993)
Malmö



SEK M	1993	1992
Revenues	2,154	2,626
Order bookings	1,662	2,071
Order backlog, Dec. 31	645	1,138
Average number of employees	2,216	2,408

Thanks to 3T, construction time was cut by 25 percent when Drottninggatan, a major street in Helsingborg, was renovated.

At the end of 1993 a reorganization was implemented, reducing the number of divisions from seven to six. At the same time, Skanska Syd allocated resources for stepped-up marketing efforts. The company is especially interested in export cooperation with Skanska International Building.

Good results were achieved in the 3T project, for example in building the Lund-Gårdstånga freeway and 128 new apartments in Malmö.

The 1994 market outlook is highly dependent on the region's faith in the future. The construction of the Öresund bridge will affect economic growth in the whole region and have a positive impact on the business sector.



Skanska Sydöst AB

Lars Löwhagen,
President
Växjö



SEK M	1993	1992
Revenues	1,980	2,124
Order bookings	1,864	1,600
Order backlog, Dec. 31	900	1,000
Average number of employees	1,869	2,145

In Karlskrona, a military uniform factory was transformed into offices and apartments.



Skanska Väst AB

Christer Wannheden,
President
Gothenburg



SEK M	1993	1992
Revenues	2,337	3,188
Order bookings	1,895	2,558
Order backlog, Dec. 31	1,107	1,526
Average number of employees	2,234	2,516

The Gothenburg Opera is being built in the city's harbor district and will be inaugurated on October 1, 1994.

Skanska Sydöst AB

The big decline in housing construction was offset to some extent by increased construction for local governments. Industrial construction remained weak.

Infrastructure projects increased sharply, however. Order bookings for road and civil engineering work climbed 20 percent, which compensated for the decline in site development and preparation work for building construction projects. Total order bookings were larger than in 1992. The year-end order backlog was smaller than at the beginning of 1993, however.

The 3T process is leading to more efficient methods in the renovation and extension sector, among others. One example was the renovation of 277 apartments for Växjöhem, a municipal housing authority. Series production and effective planning in partnership with subcontractors shortened the renovation period, enabling tenants to move back after six weeks.

During 1993 Skanska Sydöst renovated an old military uniform factory into housing on the isle of Stumholmen in Karlskrona. The apartments attracted great interest when they were shown during the year's Swedish housing exhibition, which took place in that city.

Skanska Väst AB

Housing construction declined sharply in western Sweden. The level of civil engineering activity remained low among construction companies, due to delayed investment decisions and continued large in-house construction by public agencies.

Skanska Väst achieved substantially lower construction costs due to productivity improvements and to intensive pressure on margins at all levels.

The company strengthened its market position outside Gothenburg while retaining a largely unchanged share of the metropolitan market.

Skanska Stockholm AB

Lennart Daleke,
President (effective
January 1, 1994)
Danderyd



SEK M	1993	1992 ¹⁾
Revenues	3,203	4,112
Order bookings	2,724	2,613
Order backlog, Dec. 31	2,407	2,851
Average number of employees	2,145	2,578

¹⁾ Figures include Reinhold Bygg Stockholm AB, a sister company.

Many residential areas were completed during the year and several new projects began. In addition, the company is involved in renovation and construction of schools in several localities. It carried out renovations and extensions at correctional facilities in Tidaholm and in Gothenburg, where the District Court also moved into new premises owned by Skanska Fastigheter Väst.

In Gothenburg the Järnbrott freeway interchange, the Kobbegård freeway and the Frölunda interchange were completed and opened to traffic up to one year ahead of schedule.



SkyCity at Stockholm-Arlanda International Airport, containing stores, a hotel and a conference facility, is one of Skanska Stockholm's largest building projects in years.



Tilhöjden in the historic town of Sigtuna was built mainly for families with children. The apartments are space-efficient, the area is free of car traffic and there are play areas in every yard.

Skanska Stockholm AB

The construction market in Stockholm shrank by more than half during 1993, but Skanska Stockholm still managed to increase its order bookings slightly. Its market share rose, and the company showed continued good earnings.

The product mix has undergone a major change. The large projects of the 1980s have been replaced by smaller, shorter and more labor-intensive projects, yet it was necessary to reduce the work force by 15 percent in order to remain competitive.

SkyCity at Stockholm-Arlanda International Airport, a newspaper printing plant for *Dagens Nyheter* and *Expressen* in Akalla, the Jakobsberg Centrum suburban mall and a new office building in Stockholm for the Länsförsäkringsbolagen insurance company went into service during 1993.

In Flemingsberg, the company began the year's largest construction project, a police headquarters and jail totaling about 25,000 sq m (270,000 sq ft). A new IKEA home furnishings store in Barkarby went into service. Renovation projects begun during 1993 included the PUB department store, laboratories for the Swedish Tobacco Company, offices for the real estate company AP-fastigheter, reconstruction of the Bro Centrum shopping center (destroyed by fire in 1992) and renovation of the Sager mansion to serve as the Prime

Minister's residence.

There were higher order bookings in the road and civil engineering division, which landed a number of major bridge contracts—including the prestigious High Coast Bridge in northern Sweden, in partnership with Skanska Norrland.

During 1994 the construction market in Stockholm is expected to shrink by another 10 percent. The outlook for road and civil engineering projects is bright, however, provided that work begins on the proposed ring roads and other large infrastructure projects.

Skanska Bostäder Stockholm AB

To meet future demand for housing in Stockholm, Ohlsson & Skarne AB and Skanska's other residential construction units in the Stockholm region were gathered into a new company, Skanska Bostäder Stockholm AB, effective January 1, 1994. This concentration of resources in a specialized housing construction company will mean closer contact with clients and the market. It represents an adjustment to the new housing market situation.

Construction of new housing in the Stockholm region was the main activity of the former Ohlsson & Skarne. The Tilhöjden residential area in Sigtuna and the apartment houses built on a superstructure above the Söderleden highway in central Stockholm went into service during 1993.

Skanska Bostäder Stockholm AB

Per-Arne Lindqvist,
President
Solna



SEK M	1993	1992
Revenues	703	947
Order bookings	633	917
Order backlog, Dec. 31	470	544
Average number of employees	406	567

The figures in the table refer to Ohlsson & Skarne AB.

Due to the sharp decline in new housing construction, during 1993 the company's operations focused on residential renovation and extension work.

Thanks to the concentration of resources and the rapid shift toward renovation and extension work, the company expects unchanged volume during 1994.

Skanska Mellansverige AB

The total construction market in central Sweden continued to shrink during 1993, and prices fell. Road and civil engineering work showed some expansion, however.

Skanska Mellansverige was able to strengthen its competitiveness by systematically investing in the 3T reform process. The company increased its market share.

Revenues fell negligibly compared with 1992. Order bookings declined by about 30 percent, however, and year-end order backlog was smaller than at the close of 1992. Revenue is therefore expected to continue falling.

New orders in the building construction sector consisted mainly of small renovation and extension contracts for municipalities, county councils, central government agencies and municipal housing companies. Among new road and civil engineering orders was a three-year operating and maintenance contract for the National Road Adminis-

Skanska Mellansverige AB

Thomas Bley,
President (effective
January 1, 1994)
Danderyd



SEK M	1993	1992
Revenues	2,794	2,867
Order bookings	2,139	3,002
Order backlog, Dec. 31	1,299	1,963
Average number of employees	2,393	2,348

Asphalt-laying on the E18 highway between Västerås and Köping is a pilot project which includes a five-year serviceability guarantee.



tration in a portion of Södermanland County and new construction on the E18 highway between Linneböck and Karlskoga. The E4 freeway project between Nyköping and Norrköping demonstrated how 3T can substantially shorten construction time on major projects.

The power plant division, together with the road and civil engineering division of Skanska Stockholm, was selected to build an entrance tunnel and rock caverns for the Äspö Laboratory of the Swedish Nuclear Fuel and Waste Management Company near Oskarshamn.

A residential project for the elderly owned by the Municipality of Enköping; 152 apartments for a housing cooperative in Uppsala; the Välsvik highway bypass around Karlstad and the Hallsberg Travel Center, both built in cooperation with Skanska Stålteknik, went into service during 1993.

Skanska Norrland AB

Housing construction in northern Sweden fell sharply during 1993. Industrial investments and construction of recreational facilities also remained at very low levels. Infrastructure investments nevertheless rose, and this was reflected in order bookings at the road and civil engineering division. Overall, however, the company's order bookings ended up somewhat lower than in 1992. Revenues rose slightly.

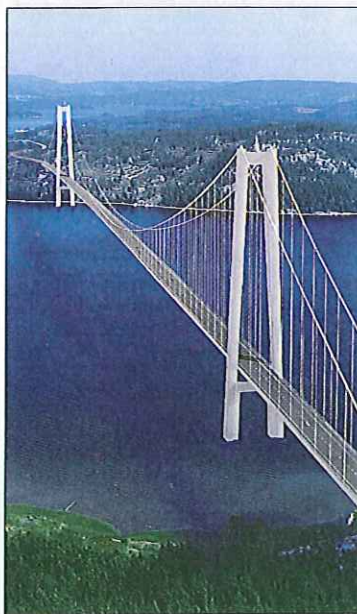
During 1993 vigorous steps were taken to adjust the resources of the company and raise its efficiency.

Large ongoing projects included new premises for the Provincial Archives in Härnösand and a courthouse in Umeå. The company worked intensively to build a new concentration and pelletizing plant for the LKAB iron mine at Kiruna.

In the civil engineering sector, Skanska Norrland is helping to build the concrete structures for the High

Coast Bridge. Other assignments include a design-construct-maintain contract for the freeway expansion on the E4 south of Gävle.

During 1994 the market for road and civil engineering work is expected to remain lively. Industrial investments along the northern Swedish coast are also expected to get started. Housing construction will remain weak, however.



Skanska Norrland AB

Johan Karlström,
President
Sundsvall



SEK M	1993	1992
Revenues	1,687	1,589
Order bookings	1,512	1,623
Order backlog, Dec. 31	603	873
Average number of employees	1,555	1,512

The High Coast Bridge, which is being built over the Ängermanälv river, will be one of the world's ten largest suspension bridges. The construction period is 1993-1997.

Technical and Industrial Companies

Skanska's Technical and Industrial Companies specialize in various segments of the construction market. The business area develops technical skills, construction technology, production methods and new products. During the year it continued to adjust its resources to a shrinking Swedish market. Earnings improved sharply but remained negative.

The market for construction of buildings deteriorated further during 1993. Toward year-end, however, price levels stabilized after previously having fallen sharply.

The business area's markets abroad, especially Germany and Poland, showed weak growth. The export market for sawn timber improved strongly, however.

Revenues diminished, but not as much as in the overall market, which meant higher market share. Operating income improved sharply compared with 1992, due to continued adjustment of resources, organizational changes and discontinuation of production units.

The 3T reform process continued, with training programs for all white collar employees and skilled workers in the business area. New action programs aiming at continued improvement are continuously being developed as previously established goals are achieved.

Development work focused on housing construction and infrastructure. A pilot project for Skanska's S 93 housing system began in the Kopparlunden neighborhood of central Västerås. The purpose of the S 93 system is to create a good housing standard and efficient space utilization at a cost acceptable to the consumer.

In the infrastructure field, development work focused on road and bridge building technology. Plans for 1994 involve a major increase in development spending related to road and civil engineering work.

Quality is one of the three main areas in the 3T process. During 1993 Skanska's quality assurance system was revised and completely adapted to ISO 9000 international standards.

Skanska Teknik AB

Order bookings and order backlog declined during 1993, and earnings were unsatisfactory. Adjustment of capacity to the shrinking market continued. Employee training intensified in response to the shift from building construction projects toward road and civil engineering work.

Skanska Teknik is participating in several R&D projects of major importance to the operations of the entire Group.

Among the year's more demanding projects were the stage machinery at the Gothenburg Opera house in

Technical and Industrial Companies

Tommy Sernelin

SEK M	1993	1992
Revenues	4,059	4,393
Income after depreciation	-25	-148
Writedowns	-14	-20
Order bookings	3,366	3,705
Order backlog, Dec. 31	1,416	1,942
Average number of employees	4,925	5,473

Gothenburg and planning and design work for a hospital in Taif, Saudi Arabia. Skanska Teknik is also involved in the High Coast Bridge project and in railroad construction on the west coast of Sweden. The company is preparing technical data for an application to the Water Rights Court concerning Österleden, the proposed eastern ring road in Stockholm.

Skanska Teknik AB

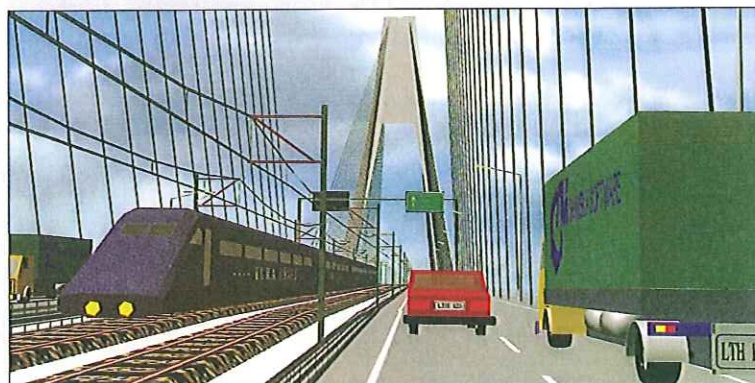
Nils Rune Andreasson,
President
Malmö



Planning and technological specialist operations in the construction, real estate and civil engineering fields. Divisions in Stockholm, Gothenburg and Malmö, office in Växjö.

Subsidiaries: Skanska Data AB, Svensk VA-Service.

SEK M	1993	1992
Revenues	200	203
Income after depreciation	-2	2
Order backlog, Dec. 31	40	50
Average number of employees	336	340



Skanska Software presents Skanska's Öresund Bridge proposal by using computer animation.

Skanska Software scored an international success when its technical computer programs were launched in Germany. The company, which is at the cutting edge in its field, began marketing campaigns in several other countries.

The subsidiary Skanska Data is responsible for Groupwide computer systems. Computerization is rapidly increasing. The build-up of networks is providing valuable infrastructure for information-sharing among Skanska companies.

Skanska Maskin AB

Curt Isacsson,
President
Danderyd



Rentals to Group and non-Group companies of construction machinery, cranes, work site sheds etc., sales of protective equipment, machine components etc. Manufacture of specialized machinery.

Depots and factories in some twenty locations in Sweden.

SEK M	1993	1992
Revenues	323	366
Income after depreciation	27	19
Average number of employees	397	428

Skanska Installation AB

VD Stig Lewenhagen,
President
Danderyd



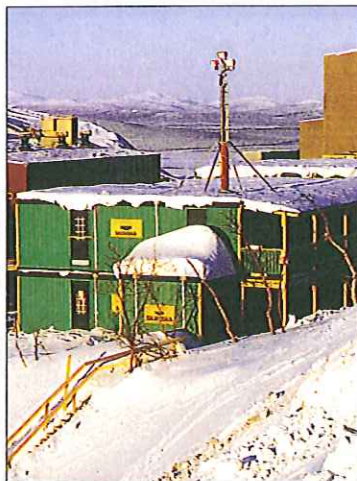
Design, manufacturing, installation and servicing operations in the electrical, plumbing and ventilation fields through regional electrical and plumbing companies plus IV Svenska AB, LBI Luftbehandling AB and IV Produkt AB.

SEK M	1993	1992
Revenues	828	858
Income after depreciation	-13	22 ¹⁾
Order backlog, Dec. 31	270	401
Average number of employees	922	992

1) Excluding restructuring expenses of SEK 28 M in ventilation companies.

Skanska Maskin AB

The market for rentals of construction machinery was affected by the general market downturn in the building trades. Construction companies primarily used their own equipment, and independent machinery rental firms continued to be forced out of business. Skanska's construction companies reduced their rentals of machinery from non-Group companies by 28 percent compared with 1992, while Skanska Maskin's rentals to Group companies fell by 15



Work site sheds at a project for the LKAB iron mine in Kiruna. Skanska Maskin supplies work site sheds to the entire Skanska Group.



The 3T project has halved throughput times at Industriventilation Produkt AB in Växjö.

percent. Rentals to companies outside the Skanska Group rose somewhat during the year.

Scrapping of older equipment reduced the number of machine units by about 15 percent. Beyond this, the company improved its efficiency level by working with 3T.

During 1994 Skanska Maskin will prioritize investments in productivity-raising machinery and equipment. At the same time, it is intensifying its information to customers about effective machinery selection.

Skanska Installation AB

Order bookings fell by 12 percent, or somewhat less than the overall decline in the construction market. There was heavy pressure on prices in the installation market, resulting in a number of loss-making projects. The year's earnings were also hurt by a labor dispute involving electricians. Invoicing declined by only 3.5 percent, due to earlier orders with long production periods. The company expanded its market presence in the electrical and plumbing fields.

Skanska Installation improved efficiency by combining the offices of its plumbing, electrical and ventilation companies in a number of localities around Sweden. 3T led to major improvements in all companies.

The international division grew sharply and foresees continued expansion. During 1993 it received orders for in-house planning and coordinated electrical, plumbing and ventilation at the new School of Economics in the Latvian capital of Riga and at an office building and hotel in Warsaw, Poland.

The largest projects in Sweden were electrical installations for the Gothenburg Opera and for office buildings in Stockholm and Malmö. Plumbing installation contracts included Visby General Hospital and the Klara Strand office complex in Stockholm. Ventilation systems were installed at a convenience goods superstore in Norrköping and at residences in Västerås.



Skanska Prefab AB

Bertil Kjellin,
President
Malmö



Planning, manufacture, shipping and assembly of prefabricated concrete products from 14 factories in Sweden.

Subsidiaries: Jan Ralling AB, rental of mobile cranes, forklifts and trucks as well as contracting work in the heavy lifting field. Skanska Trading AB, trading operations involving machinery plus sales and rentals of modular offices etc.

SEK M	1993	1992
Revenues	830	936
Income after depreciation	-18	51
Order backlog, Dec. 31	104	226
Average number of employees	1,072	1,115

Skanska Prefab delivered 10,000 m² (over 100,000 sq ft) of paving stones and blocks for the new Staffanstorps shopping district.

Skanska Prefab AB

Sales volume fell by about 15 percent in the parent company's building element and ground installation business areas. Pricing was adversely affected by stiffer competition. Resources were adjusted to the lower volume, among other things by closing the Kalmar factory. Expenses were reduced by a total of 15 percent.

The Märsta factory was taken over from Ohlsson & Skarne (now part of Skanska Bostäder Stockholm) on January 1, 1993.

In the environmental field, Skanska Prefab has developed two types of noise barriers, one for railroads and one for highways. The first deliveries were made in the autumn of 1993.

Major projects during the year included 450 apartments in Uppsala and Enköping and deliveries of paving stones for Chalmers University of Technology in Gothenburg and for a bus terminal in nearby Strömstad.

The market for Skanska Prefab's products is expected to shrink by another 15-20 percent during 1994.

The subsidiary Jan Ralling expects a continued weak market for mobile crane rentals. Contracting work in heavy lifting increased during 1993. A German subsidiary, Ralling GmbH, was established in the expanding Berlin area.

During 1993 the recession cut further into modular building sales and rentals by the subsidiary Skanska Trading. Thanks to the low exchange rate for the

Skanska Stålteknik AB

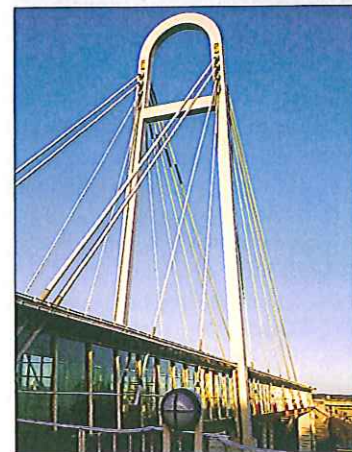
Leif Stridh, President
Kalmar



Planning, manufacture and assembly of complete steel frames, façades and roofs for residential and office buildings and factories; steel and glass doors and windows; as well as steel bridges and cisterns.

Subsidiaries: Skanska Stålteknik Mekan AB, steel structures in industry and civil engineering. Engdahl UK Ltd., Great Britain.

SEK M	1993	1992
Revenues	183	213
Income after depreciation	4	12
Order backlog, Dec. 31	70	85
Average number of employees	179	222



A glass/steel bridge for pedestrians and bicyclists over railroad tracks at Hallsberg.

krona, however, exports of heavy construction machinery increased. During the autumn another step was taken toward establishing a permanent market presence in eastern Germany.

Skanska Stålteknik AB

A shift in Skanska Stålteknik's resources toward infrastructure projects partly offset the continued sharp decline in the company's main business: steel frames for office and residential buildings. Stiffer competition from



Stabilator has further refined its lime/cement column method for soil stabilization.

eastern Europe nevertheless resulted in falling prices and poorer earnings. Revenues declined by 14 percent. Personnel resources and overheads were adjusted to the lower volume.

The company's increased focus on bridge structures showed very favorable growth. Infrastructure projects included the Välsvik highway bypass around Karlstad, a movable bridge over the Dalsland Canal and bridges over the Motala Ström waterway in Norrköping.

Glass façades were a stable source of business. Projects included renovations and extensions of office and retail buildings such as the PUB department store and the Tax Building in Stockholm. Skanska Stålteknik provided steel frames and glass façades for SkyCity at Stockholm-Arlanda International Airport and for greenhouses at the Bergianska botanical garden in Stockholm.

Continued 3T programs resulted in the development of new steel construction systems, for example a light pre-fabricated system for homes which can be assembled very quickly. A number of standard types of bridges for pedestrians and bicyclists have also been developed.

Increased marketing efforts abroad resulted in new projects, for example the Masnedsund Bridge in Denmark.

Stabilator AB

Björn Emt, President
Danderyd



Specialized operations focusing on foundation and reinforcement engineering, demolition and renovation/extension work.

Subsidiary: Internordisk Spännarmering AB.

SEK M	1993	1992
Revenues	507	557
Income after depreciation	-9	-41
Order backlog, Dec. 31	230	284
Average number of employees	623	703

Stabilator AB

Stabilator's total revenues declined by 9 percent during 1993. This was attributable to a 26 percent decline in the Swedish market. Revenues abroad rose by 56 percent due to successful sales efforts. Writedowns and a provision for restructuring expenses reduced 1993 income after depreciation by SEK 24.2 M. Order bookings during 1993 were unchanged compared with 1992, and order backlog fell 19 percent.

Adjustments in resources were implemented during the year due to the weaker Swedish market. Effective January 1, 1994, the subsidiaries Pålgruppen, Västpålar, Rivteknik, Hålmeter and Nordvac were absorbed by Stabilator and are now included in new construction divisions. Renovation and extension work has been organized into three geographic areas with nationwide coverage. This new organizational structure is a result of Stabilator's 3T efforts. The company has strengthened its focus on civil engineering projects, with special emphasis on foundation engineering and underground work. In 1993 it also began a three-year program of technical and skills development.

Stabilator's operations abroad increased primarily because of its involvement in two Skanska hydroelectric

power projects—Urra 1 in Colombia and Fortuna in Panama—as well as further foundation reinforcement orders in Poland. Internordisk Spännarmering increased its volume of prestressing work on offshore oil platforms in Norway, and the Great Belt project in Denmark was completed. Operations outside Sweden accounted for 26 percent of revenues.

As the market continues to decline, civil engineering work will nevertheless increase during 1994. Stabilator is well equipped to compete for specialized jobs in this sector.

Myresjö AB

A continued decline in Swedish housing construction caused another loss-making year at the Myresjö group. Vigorous adjustment measures limited the loss, and the group maintained its delivery volume due to export sales efforts. Sales outside Sweden increased to 25 percent of total invoicing.

During 1993 Myresjöhus delivered 225 houses for the 1994 Winter Olympics in Lillehammer, Norway. The company received a number of major orders and began deliveries of ready-to-assemble homes to Germany and Russia. Window specialist Myresjöfönster also gained a foothold in the German market.

The Finnish subsidiary Myresjöhus i Finland AB was sold, and Norwegian sales were taken over by an agent.

The three sawmills in Myresjö Trä AB performed well, due to the lower krona exchange rate, rising market prices and heavier demand for sawn timber products. The sawmill in Boxholm also placed a new computerized production line in service during June, increasing the Myresjö group's total sawn timber capacity from 200,000 to 225,000 cubic meters per year.

Myresjöhus began construction of a new combined power and heat generating plant with a capacity of 14 MW, including 1.6 MW of electricity. The investment is being completed in 1994. The group spent a total of SEK 53 M on machinery and equipment during 1993.



In June 1993 Boxholms Såg inaugurated a new production line. It greatly increased sawn timber capacity.

The 3T process resulted in quality improvements and shorter through-put times. Delivery times for certain products were halved.

Except for the single-family home market, which is expected to improve slightly, a continued decline in housing construction is expected in 1994. The revenues of the Myresjö group are nevertheless expected to reach the same level as in 1993 as the group continues to raise its Swedish market share and further increase its exports. Earlier adjustment measures and continuing 3T work are expected to improve earnings somewhat during 1994.

SektionsByggarna AB

Revenues declined compared with 1992. Order bookings were largely unchanged, among other things due to marketing efforts abroad. The company opened a sales office in Berlin during 1993, which accounted for order bookings of SEK 10 M. The year-end order backlog was unsatisfactory, however.

A quality assurance program was implemented, while the 3T process led



In ten days, SektionsByggarna delivered and assembled an eight-classroom school in Ribnitz, northeast of Rostock, Germany.

to a substantial reduction in throughput times. The factory in Gråbo was moth-balled during 1993.

Large movable office buildings were delivered during the year to Astra, Ericsson and Saab Aircraft. Rental operations performed well and rental

Myresjö AB

Ants Suurkuusk,
President
Myresjö



Manufacture of ready-to-assemble homes, curtain walls, windows, insulating panes, cabinet fittings and sawn timber.

Subsidiaries: Myresjöhus AB, Nordiska Trähus AB, Myresjöfönster AB, Myresjöök AB, Combiglas AB, Myresjö Nederland B.V., Myresjö Trä AB and Boxholms Skogar AB.

SEK M	1993	1992
Revenues	1,010	1,057
Income after depreciation	-29	-203
Writedowns	-14	-17
Order backlog, Dec. 31	679	886
Average number of employees	1,257	1,504

SektionsByggarna AB

Sixten Wallin, President
Anneberg



Manufacture, sales and rentals of movable buildings, barracks and work site sheds.

Subsidiaries: Flexator AB, Gråbo Bygg AB, Komponex AB and Flexator Bausystem GmbH, Germany.

SEK M	1993	1992
Revenues	178	203
Income after depreciation	17	17
Writedowns	—	-3
Order backlog, Dec. 31	23	10
Average number of employees	139	169

revenues totaled SEK 54 M. Compared with 1992, there was a decline in the percentage of buildings manufactured by the company which were rented out rather than sold. A slight upturn in the market for movable buildings is expected during 1994.

International Operations

Skanska's international construction operations developed favorably during 1993. Revenues in civil engineering operations more than doubled. Units engaged in construction of buildings also scored successes, despite stiff competition in most markets.

Greater internationalization is part of Skanska's long-term strategy. Over a period of years, the goal is to build up business operations in additional countries, thereby creating new "domestic" markets and increasing operations abroad to substantially more than 25 percent of revenues. During 1993, the Group's volume of business outside Sweden rose sharply compared with 1992.

Skanska's international operations focus on construction work throughout the world, giving priority to markets and products in which Skanska can offer special competitive advantages. These operations are run both on a project basis from its Swedish units and via local companies established in such countries as Denmark, Germany and the United States.

The Group has gradually reduced its role in international real estate projects, due to weaker markets.

Because of the shrinking construction market in Sweden, Skanska's international operations can also use the Group's experienced project managers and specialists abroad. Now that the European Economic Area (EEA) treaty has gone into effect, Skanska can play an even more vigorous role in major Western European projects.

Markets

During 1993 Skanska increased its market presence in the countries around the Baltic Sea by opening new offices in Warsaw, Riga and St. Petersburg. During the spring of 1994 it established a new subsidiary in Finland, Rakennus-Skanska Oy, which will mainly

International Operations, excluding Skanska (USA) Inc.

Lars Wiklander

SEK M	1993	1992
Revenues	2,601	1,464
Order bookings	3,356	1,105
Order backlog, Dec. 31	3,915	2,773
Average number of employees	5,105	3,997

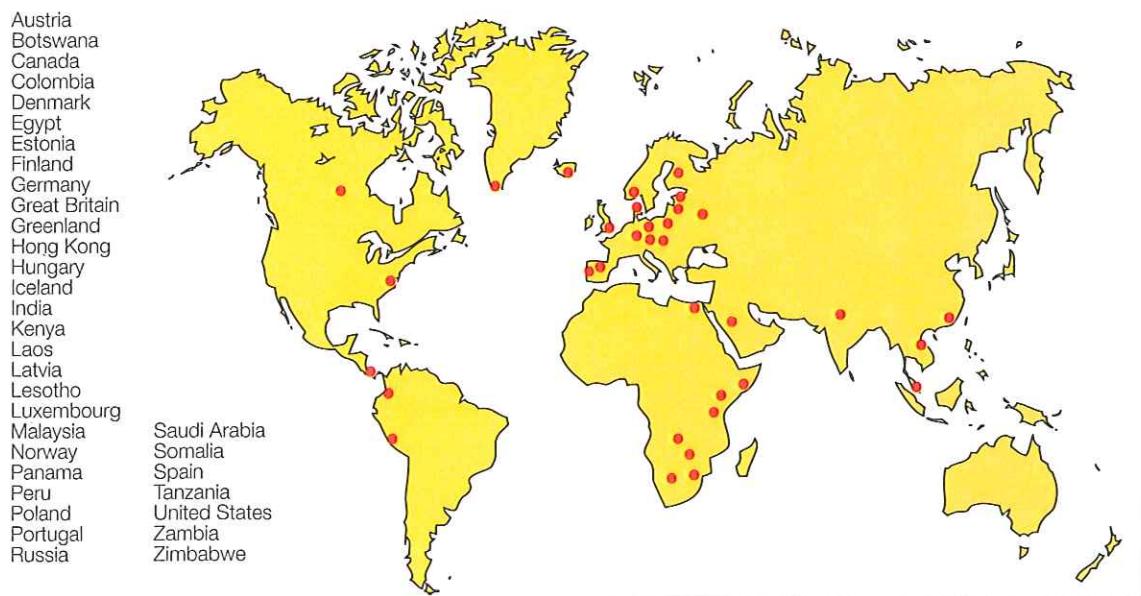
work in the Finnish and Russian markets. Other shareholders in Rakennus-Skanska Oy are former executives of Finland's bankrupt Haka Group.

In the Middle East, the situation stabilized. There is a great need for construction work in several countries. Skanska has long experience from this market.

During 1993 Skanska continued to work with new projects in selected countries in the expansive Far Eastern market.

Economic growth remains weak in Africa. In spite of this, a number of countries are attractive markets for

During 1993 International Operations worked in 34 countries and territories outside Sweden



Skanska. In Latin America, economic growth is positive and Skanska began new construction assignments in that region during the year.

Stiffer competition

During the coming year, continued stiff competition can be expected in all markets. This is especially true of the developing countries, where local contractors continue to expand their operations.

The international construction market nevertheless offers great potential for Skanska, which can take advantage of long experience in international projects, efficient project management and creative design proposals. For the client, this means short project completion time, solutions that offer good value for money and high quality. The Group's ongoing 3T reform process will further strengthen its competitiveness.

Benefits to Swedish business

Skanska utilizes products and services from many Swedish companies in its international projects, thereby creating exports and jobs in Swedish industry. The Group's participation in international projects accelerates the growth of its technical skills base, which is beneficial to the Swedish construction industry.

Construction project exports involve large-scale technology transfer, which can contribute to the rapid development of well-functioning construction industries in the former Eastern bloc and elsewhere. It is thus important to ensure the financing of vital construction projects by making competitive export credit guarantees available to these and other countries.

Organizational change

Effective April 1, 1994, Skanska's real estate operations in Germany, Austria and Hungary—as well as C.G. Jensen's real estate operations in Denmark—were transferred to the Real Estate business area.

Skanska International Building AB

Jan Sjöstedt,
President (effective
November 1, 1993)
Malmö



Building construction and project management outside Scandinavia and the United States.

Subsidiaries: Skanska Baugesellschaft mbH and Skanska Bau Berlin GmbH, Germany.

SEK M	1993	1992
Revenues	275	148
Order bookings	910	32
Order backlog, Dec. 31	830	53
Average number of employees	288	110

In Latvia, Skanska International Building transforms an old residential building into the Riga School of Economics, in partnership with the Stockholm School of Economics.

Skanska International Building AB

The company focuses on projects involving the construction of buildings such as hotels, hospitals, commercial complexes and apartment houses outside Scandinavia and the United States.

In a 1993 reorganization, the Group's German companies became subsidiaries of Skanska International Building in order to take systematic advantage of that company's total resources in their domestic projects, especially in the former East Germany.

Skanska International Building is in an expansive phase. Revenues and order bookings rose during 1993.

Marketing efforts intensified, especially in the former Eastern bloc countries, the Middle East and the Far East. A number of attractive projects were discussed in Germany.

During 1993, the company began a construction management assignment for a 500-bed hospital in Taif, Saudi Arabia, and started building a new school of economics in Riga, Latvia. It began construction of a Sheraton hotel in Dar es Salaam, Tanzania, in coopera-



tion with C.G. Jensen. Planning and preparatory work is underway for the Atrium Business Center, a shopping and office complex in Warsaw, Poland. A joint venture company owned by Skanska and the Warsaw urban district of Wola is handling this task.

A number of other attractive projects are being discussed, so there is reason to be optimistic about the company's 1994 prospects. Revenues are expected to continue growing during the year.

Skanska International Civil Engineering AB

During 1993 Skanska International Civil Engineering continued its efforts to conquer new markets and new fields of civil engineering technology. The company's experience and capacity to put together suitable financing packages helped it land a number of new orders.

Revenues more than doubled, and year-end order backlog was larger than ever before. Only a few small projects were completed and credited to income, and earnings were thus lower than in prior years.

Skanska International Civil Engineering AB

Per Hofvander,
President
Danderyd



Road and civil engineering operations outside Scandinavia and the United States.

Subsidiaries: Skanska Raise Boring AB, Skanska Dredging AB and Lundby System AB (pipe jacking).

SEK M	1993	1992
Revenues	1,310	526
Order bookings	1,540	738
Order backlog, Dec. 31	2,193	1,713
Average number of employees	3,723	2,892

Skanska International Civil Engineering raised the height of the Fortuna hydroelectric dam in Panama from 60 m (197 ft) to 100 m (328 ft).

During 1993 the company completed its upgrading of the Fortuna hydroelectric dam in Panama. The use of new technology enabled it to finish the project ahead of schedule, which was of great economic benefit to the client. Early in 1994 Skanska was chosen, in heavy competition, to broaden one portion of the Panama Canal. Skanska's presence in Panama, in the form of knowledgeable employees and machinery, enabled it to make a competitive bid and begin the project quickly.

Ongoing construction projects such as the Uri hydroelectric power plant in India, oil storage caverns in Zimbabwe, highways in Laos, upgrading of the underground rail system in Hong Kong, highway tunnels in Iceland and dam repairs in Lesotho proceeded as planned.

During 1993 a financing package was put together for Urrea 1, a major hydroelectric plant in Colombia for which Skanska received the contract as early as 1985. Work began in the autumn.

During the autumn, the company also received a contract to build water, sewage and electricity supply systems for United Nations headquarters in



Mogadishu, Somalia. The project was completed on a very tight schedule in spite of exceptionally difficult conditions.

New contracts were also signed for a hydroelectric power plant in Pakistan, as well as ground reinforcement work at an existing power station in Panama and dam repairs in Kenya.

During the 1960s the company helped build an astronomical observatory in Chile. Early in 1994 Skanska received an assignment from the European Southern Observatory (ESO) to build a new space observatory in Chile that will house the world's largest telescope.

The subsidiaries Skanska Raise Boring AB, Lundby System AB and Skanska Dredging AB showed positive growth, performing assignments in Sweden, Norway, Finland, Great Britain, India, Malaysia and Portugal. Worth particular mention was a major dredging assignment for an immersed tube tunnel under the River Medway southeast of London.

During 1993 Skanska International Civil Engineering established offices in St. Petersburg, Russia and Johannes-

burg, South Africa to intensify its monitoring of these markets.

Despite stiff international competition, the positive business trend of recent years should continue during 1994, as should the expansion of the company.

C.G. Jensen A/S

The Danish construction market remained weak during 1993. Continued European interest rate cuts should result in a general market improvement in the near future, however.

Construction operations were affected by the weak market and performed unsatisfactorily. Due to financial expenses and writedowns of property values, the company's overall earnings were deep in the red.

During 1993 C.G. Jensen was engaged in a number of projects in Tanzania and Greenland. In Dar es Salaam, construction began on a turnkey 250-bed hotel for the Sheraton chain. The project will be completed in 1995.

In Denmark, Tanzania and Greenland, renovation and extension projects

developed favorably, both in terms of market growth and earnings.

The West Bridge over Denmark's Great Belt waterway was completed during 1993 and handed over to the client early in 1994. Skanska and C.G. Jensen had a 15 percent stake in the consortium that built the bridge.

Together with two other Danish investors, C.G. Jensen is carrying out the first phase of the Midtermol (Middle Pier) project, a large-scale office and apartment development in Copenhagen's harbor area. Construction work is scheduled for completion during the autumn of 1994.

The company expects its earnings to improve during 1994, due to higher order bookings and the efficiency-raising measures implemented as part of the 3T process, which was successfully introduced at C.G. Jensen.

Skanska (USA) Inc.

Skanska USA's positive growth continued during 1993. Revenues and earnings improved despite overcapacity in the American construction industry. The year's higher earnings were partly a result of the repair work at the World Trade Center in New York after a bombing in February, as well as completion of a few major construction jobs.

The construction boom that normally follows a recession has not materialized in the United States, mainly due to corporate efficiency programs and the large inventory of empty commercial buildings. The resulting overcapacity in the construction industry will affect the revenues of Skanska USA in the next couple of years. However, the diversification of its construction operations and the improvement in its real estate sector should enable Skanska USA to maintain good earnings.

One gratifying event for Skanska USA was to be honored with the Swedish Trade Council's Achievement Award, which is bestowed on three successful Swedish-owned companies in the United States each year.



C. G. Jensen A/S Denmark

Lennart Pajmert,
President
Copenhagen



Construction and real estate operations in Denmark, contracting operations in Greenland and Tanzania.

SEK M	1993	1992
Revenues	1,016	790
Order bookings	906	335
Order backlog, Dec. 31	892	1,007 ¹⁾
Average number of employees	1,094	995

¹⁾ This comparative figure has been adjusted to the December 31, 1993 exchange rate.

C.G. Jensen is building the new Midtermol neighborhood in Copenhagen harbor.



Skanska (USA) Inc., U.S.A.

Claes Björk,
President
Greenwich, CT



Holding company and property management.

Subsidiaries: Karl Koch Erecting Co. Inc., Carteret, NJ, steel structures; Slattery Associates Inc., Whitestone, NY, heavy civil engineering projects; Sordoni Skanska Construction Co., Parsippany, NJ, project and construction management.

SEK M	1993	1992
Revenues	3,459	2,526
Order bookings	2,312	2,427
Order backlog, Dec. 31	3,419	5,213 ¹⁾
Average number of employees	1,269	1,263

¹⁾ This comparative figure has been adjusted to the December 31, 1993 exchange rate.

Slattery and Karl Koch were entrusted with repair and reinforcement work at the World Trade Center in New York after the bombing of the Center's underground garage in February 1993.

Karl Koch Erecting Co. was called immediately to assist the Port Authority of New York and New Jersey with structural repairs of the bomb-damaged World Trade Center. Slattery Associates and its mechanical subsidiary H. Sand & Co. performed a major portion of the infrastructure repairs and installed a temporary air conditioning system with a capacity of 21,000 tons. Due to round-the-clock work by the companies, the first tenants were able to return after only two months.

Karl Koch continued its repairs to the big Queensboro, Williamsburg and George Washington Bridges in New York as well as Bruckner Boulevard and Atlantic Avenue. Revenues totaled USD 75 M in 1993.

Slattery Associates Inc. and its subsidiaries increased their revenues to USD 206 M (185). Continued stiff competition in the road and civil engineering sector led to lower order bookings during 1993. Together with the completion of more than ten projects during the year, this led to nearly a 30 percent decline in order backlog to USD 167 M.

However, the company expects an increase in infrastructure projects

during 1994 as more projects are released for bidding.

Sordoni Skanska Construction Co. reported another successful year despite a generally weak market. For example, the company completed the headquarters of American Home Products, a project worth USD 100 M, in only 16 months.

Total revenues nevertheless fell to USD 144 M (197). Order backlog also declined compared with 1992. Demand was slow because of current downsizing by the American corporate sector. Sordoni Skanska's strategy is to target specific clients and expand its services to existing clients.

Skanska Real Estate reported very good sales of single-family homes in 1993, due to low interest rates and attractive products. Its well-located and fully leased properties are benefiting from the regionally improving office market.

Strong start for Skanska USA in 1994

On the whole, Skanska USA is off to a strong start in 1994. In January alone, its subsidiaries landed USD 155 M

worth of orders. Skanska Sordoni received orders for two new pharmaceutical laboratory buildings, one for Wyeth-Ayerst in Chazy, New York and the other for Hoffman-La Roche in Nutley, New Jersey. Slattery received an order for another stage of a freeway extension south of New York City and Karl Koch received a repair contract from the New York City Department of Transportation.

Skanska Investment

For Skanska Investment, which has been responsible for the Group's real estate operations in Germany and Austria, 1993 was a year of consolidation. No new projects were added. Two office properties were sold: Haus der Seefahrt in Hamburg and a half-owned office building in Essen-Bredeney. Both buildings were fully leased and were sold at a profit, despite difficult conditions in the German real estate market.

As decided earlier, the company discontinued its role in the Kirchberg urban development project in Luxembourg.

Planning of two office projects, NDR in Hamburg and Neusser Strasse in Munich, is continuing. Skanska sold its half-interest in the Europa-Haus project in Frankfurt early in 1994.



Sordoni Skanska builds technically advanced facilities for the pharmaceutical industry. During 1993 it completed a research facility for Hoffman-La Roche in New Jersey.

Properties

Activity in the Swedish real estate market picked up during the latter part of 1993, when numerous transactions were completed. At the same time, there were signs of growing interest in property purchases. Skanska carried out its largest-ever real estate transaction when it sold more than 20 office and apartment buildings in the Stockholm area to AP-Fastigheter.

During 1993 there was a revival of interest in properties and in the shares of real estate companies, due to historically low bond rates. Another contributing factor was that properties account for a small percentage of the portfolios of many institutional investors.

Buyers were especially interested in well-located residential properties, but commercial properties in good locations and with reliable tenants and long leases also attracted attention.

The rental market remained weak during 1993, however. Because of the large supply of commercial space, rents continued to fall. Toward year-end the low rent levels for new tenants stabilized somewhat. A continued decline in 1994 cannot be ruled out. Good properties in attractive locations with good transportation are important prerequisites for success in this market segment.



Gothenburg's new city court house was built by Skanska Väst for Skanska Fastigheter Väst, which owns the building.

During 1993 the economic downturn also affected the housing market. For the first time in many years, Skanska had empty apartments. Tenant turnover increased, as did market demand for smaller, less expensive homes.

During the autumn, however, Skanska halted this negative trend by increasing its level of customer orientation. The number of vacant apartments fell.

Given the year's record-low level of housing construction—the lowest since the 1920s—there is reason to believe that a housing shortage may arise within the next few years.

The year's operations in Sweden

Skanska's Swedish real estate operations take place in four regional property management companies: Skanska Fastigheter Stockholm, Skanska Fastigheter Syd, Skanska Fastigheter Väst and Skanska Fastigheter Nord, as well as in the real estate companies AB Drott and Eurostop KB.

The number of employees during 1993 totaled 688 (506).

During 1993 there were continued organizational adjustments in response to the changing market. Skanska intensified its market orientation, for example with the aid of the 3T reform process and by paying closer attention to the wishes and demands of customers toward their landlord. To improve the marketing of available apartments, Skanska's "home store" in Malmö was moved to a more attractive downtown location, and a new home store will open in Gothenburg during 1994.

Properties

Mats Mared (effective April 1, 1993)

Investment properties in Sweden

SEK M	1993	1992
Book values	8,297	8,130
Rental revenues, incl. interest subsidies	2,345 146	2,366 118
Operating net*	1,744	1,666
Rentable space (000 sq m)	2,327	2,397

* Operating net: Rental revenues and interest subsidies minus normal operating and maintenance expenses including ground rents. Administrative expenses are not included.

The level of real estate project activity was low during the year. Only a few new projects were started.

The sale of office and apartment buildings to AP-Fastigheter, real estate arm of the National Pension Insurance Fund, accounted for most of Skanska's SEK 1,548 M in gains from the sale of Swedish real estate during 1993.

Outlook for 1994

During the next few years, the real estate market is expected to remain depressed. Skanska is in a good competitive position, however. Its properties are well-located, and a high percentage of its tenants have signed long-term leases. Another strength is the Group's knowledgeable employees, with their long experience of property management. Because of Skanska's financial strength and ability to offer optimal, flexible solutions to varying space requirements, it appears likely that tenants will continue to regard the Group as a reliable landlord.

Earnings in Sweden

Investment properties

Rental revenues from investment properties in Sweden totaled SEK 2,345 M (2,366). Rental revenues for 1992 included a supplement of approximately SEK 100 M for the now-abolished real estate tax on commercial space. Net operating income—rents minus operating and maintenance costs, ground rents, real estate tax and administrative expenses—increased by 2 percent to

Skanska Fastigheter Stockholm

Olof Johansson,
President (effective
April 1, 1994),
Danderyd
Management territory:
Stockholm County.



Book values	SEK 2,672 M
Rental revenues incl. interest subsidies	SEK 810 M SEK 5 M
Operating net	SEK 695 M
Rentable space incl. residential	526,000 sq m 6,000 sq m

Skanska Fastigheter Syd

Gunnar Östenson,
President (effective
September 15, 1993)
Malmö
Management territory:
Southern and south-
eastern Sweden.



Book values	SEK 1,595 M
Rental revenues incl. interest subsidies	SEK 463 M SEK 56 M
Operating net	SEK 338 M
Rentable space incl. residential	598,000 sq m 242,000 sq m

SEK 1,569 M (1,541). Net operating income amounted to 19 percent of the year-end book value of investment properties.

The Group's share of earnings in partnerships and limited partnerships where Skanska's stake totals 50 percent or less was SEK 83 M (72).

Development properties

Rental revenues for development properties were SEK 202 M (270) and net operating income was SEK 53 M (1). Earnings from partly owned partnerships and limited partnerships was SEK -4 M (-4).

Occupancy rate

The occupancy rate in Swedish investment properties amounted to 90 percent (93) as of December 31, 1993.

Skanska Fastigheter Väst

Kent Jönsson,
President
Gothenburg
Management territory:
Western Sweden.



Book values	SEK 1,149 M
Rental revenues incl. interest subsidies	SEK 320 M SEK 40 M
Operating net	SEK 225 M
Rentable space incl. residential	393,000 sq m 189,000 sq m

Skanska Fastigheter Nord

Robert Thorstenson,
President (effective
April 1, 1994)
Danderyd
Management territory:
Northern and central
Sweden.



Book values	SEK 1,245 M
Rental revenues incl. interest subsidies	SEK 470 M SEK 33 M
Operating net	SEK 321 M
Rentable space incl. residential	393,000 sq m 117,000 sq m

Writedowns

Writedowns of property values were again necessary during 1993. Skanska applied the same principles as in 1992. It conducted a thorough review, property by property, in which book value—or in the case of properties under construction, estimated book value on completion—was compared with estimated market value.

A property's estimated market value is based on a yield of 8 percent in Stockholm as well as in central locations in Gothenburg and Malmö. Elsewhere in Sweden, a 10 percent yield is used.

For properties with large writedown requirements, outside appraisals have provided the basis for determining the final writedown amount.

During 1993 writedowns totaling SEK 345 M (261) were made in invest-

AB Drott

Göran Lidström, President
Malmö
Subsidiary of Skanska AB (82 percent stake). Management territory: mainly Skåne, Sweden's southernmost province.

Book values	SEK 884 M
Rental revenues incl. interest subsidies	SEK 202 M SEK 12 M
Operating net	SEK 108 M
Rentable space incl. residential	321,000 sq m 170,000 sq m

Eurostop KB

Bengt Forsling, President
Arlanda Stad
A limited partnership owned 60 percent by the Skanska Group and 40 percent by SPP and AMF-p. Operations consist of shopping and service centers on heavily trafficked highways.

Book values	SEK 752 M
Rental revenues incl. interest subsidies	SEK 80 M —
Operating net	SEK 57 M
Rentable space incl. residential	96,000 sq m —

ment properties and writedowns of SEK 197 M (753) in development properties. The total operating net of Skanska's Swedish properties indicates substantial surplus value.

Project operations

During 1993 real estate projects with a book value of SEK 327 M (1,506) were completed. Their estimated 1994 rental revenues, including interest subsidies, are about SEK 47 M.

At year-end there were projects under construction with an estimated book value of SEK 609 M (1,356) upon completion.

The remaining investment volume in these projects was SEK 210 M (720).



The American-based Chemical Bank is among the tenants at Skanska's Thomas More Square property near the Tower of London.

Operations outside Sweden in 1993 *Oslo*

The attention of the real estate and rental market focused on the central portions of Oslo.

Skanska's Oslo City property consolidated its position as Oslo's largest shopping center, with all retail space leased out. Early in 1994 negotiations began on a possible sale of the entire Oslo City property. A decision will be made during the spring.

London

As in most other Western European countries, the real estate market in the City of London was characterized by very weak demand. During the latter part of 1993, however, there was a growing demand for high-quality office space in good locations.

At the end of 1993 Skanska signed a lease with Chemical Bank, America's third largest bank, for 8,000 sq m (86,000 sq ft) of space at Thomas More Square.

At 55 King William Street, Skanska's other London property, leases were also signed for the last remaining retail space and for one floor of office space. Early in 1994 additional leases were signed for space in both London properties.

According to the latest market forecast by the leading real estate agency Jones Lang Wootton, the years of crisis in the London market are over. Demand is heating up, and this will result in a lower vacancy level for office space, rising property prices and higher rents.

Earnings, Oslo and London *Investment properties*

Rental revenues amounted to SEK 168 M (134). Net operating income rose by 13 percent to SEK 43 M (38). The reason for the continued low net operating income is a high vacancy level in London. The potential for improved earnings is thus substantial.

International Real Estate

Mats Wäppling,
Manager (effective
April 1, 1994),

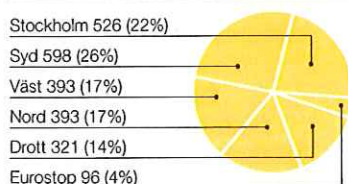


New organizational structure for real estate outside Sweden
Effective April 1, 1994 Mats Wäppling is the manager of properties abroad within the Real Estate business area. Effective from the same date, these also include the investment properties previously reported as part of the International Operations business area, except those in the United States.

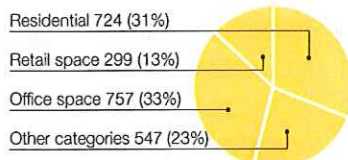
Investment properties in Sweden

Rentable space, Dec. 31, 1993
total 2,327,000 sq m (25.0 million sq ft)

Breakdown by real estate company
(000 sq m, % of total space)

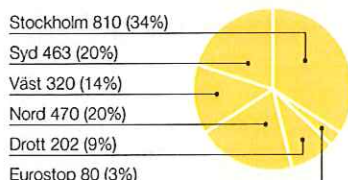


Breakdown by type of space

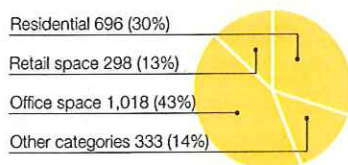


Rental revenues, 1993, total SEK 2,345 M, of which interest subsidies SEK 146 M.

Breakdown by real estate company



Breakdown by type of space



Expiration year of leases in force at year-end 1993, Sweden

Investment properties	Percentage of total rental revenues, %
1994	9
1995	10
1996	13
1997	12
1998 and later	31
Residential (no expiration dates)	23
Parking facilities	2
Total	100

Changes in Swedish real estate holdings

Properties with a book value of SEK 262 M on January 1, 1994 were completed during 1993.

Company Property designation	Category*	Projected full 1994 rent, SEK M	Projected 1994 interest subsidies, SEK M
Skanska Fastigheter Stockholm			
Myren 1, Huddinge	3	8.5	
Skanska Fastigheter Syd			
Trädan 18, Växjö	1, 4	6.3	1.8
Storskarven 9, Malmö	1	0.5	0.3
Skanska Fastigheter Väst			
Nordstaden 14:1 (Lilla Berget), Gothenburg	3	12.5	
Skanska Fastigheter Nord			
Pinjen 1, Boden	1	1.0	3.0
Klotet 1, Sandviken	1, 2	1.8	0.8
Total		30.6	5.9

Properties in partly owned partnerships and limited partnerships with a book value of SEK 65 M on January 1, 1994 were completed during 1993. (Reported figures refer to Skanska's ownership stake.)

Company Property designation	Category*	Projected full 1994 rent, SEK M	Projected 1994 interest subsidies, SEK M
Hälsan 1 (50%), Jönköping	4	2.2	
Skinnefjäll (50%), Härryda	1, 2	5.0	3.2
Total		7.2	3.2

Current construction of properties for Skanska's own account, with a projected book value of SEK 609 M upon completion.

Company Property designation	Projected month of completion	Rentable space, sq m				Projected full annual rent, SEK M	Projected interest subsidies, SEK M
		Resi- dential	Retail space	Office space	Other categories		
Skanska Fastigheter Stockholm							
Bleholmen 1 (Klara Strand), Stockholm	May 1994		2,061	23,067	9,089	52.0	
Skanska Fastigheter Syd							
Garaget 1, Höganäs	March 1994	7,066				6.5	5.9
Skanska Fastigheter Väst							
Nordstaden 14:7, 14:11 (Lilla Berget), Gothenburg	Jan. 1994	1,482	62			1.5	1.0
Köpmannen 3, Bengtsfors	April 1994	1,399		882		1.8	1.0
Höstvädersgatan, Gothenburg**	Oct. 1994	20,540				13.4	1.8
Blidvädersgatan, Gothenburg**	Dec. 1994	21,924				16.7	2.0
Pennygången, Gothenburg**	April 1995	54,518				37.5	3.5
Skanska Fastigheter Nord							
Stora Björnen 11, Umeå	July 1994	1,200				1.0	0.9
Total		108,129	2,123	23,949	9,089	130.4	16.1

* 1 Residential, 2 Retail space, 3 Office space, 4 Other categories

** Refers to upgrading of development property.

Skanska's overall real estate operations

Real estate operations are reported in the Group's income statements and balance sheets as follows:

SEK M	Book values		Rental revenues		Operating net ¹⁾		In % of book values	
	1993	1992	1993	1992	1993	1992	1993	1992
Investment properties	18,275	16,907	3,462	3,326	2,309	2,165	12.6	12.8
Investment and development properties under construction	1,405	2,984	205	299	34	-5	—	—
Development properties	1,783	2,204						
Total	21,463	22,095	3,667	3,625²⁾				

1) Including administrative expenses and real estate tax.

2) Including SEK 234 M (195) in interest subsidies. See also Note 8 to the consolidated income statement.

Total change in book values compared with the preceding year can be distributed as follows:

SEK billion	1993	1992
Construction for Skanska's own account	0.7	2.0
Purchases of buildings and land	0.8	1.1
Depreciation according to the income statement ¹⁾	-0.5	-0.5
Writedowns according to the income statement ²⁾	-1.1	-3.3
Book value of properties sold	-1.0	-0.2
Cancellation of purchases	—	-0.7
Exchange differences etc.	0.5	0.4
Total	-0.6	-1.2

1) Investment properties are depreciated at the maximum annual amounts permitted by tax law. In JM, however, they are depreciated by an average of 1.4 percent (0.8) per year.

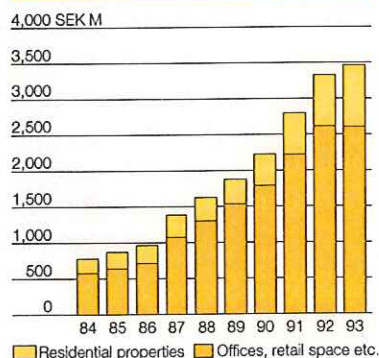
2) Of the year's writedowns in real estate operations, SEK 2.0 billion (4.3), SEK 1.1 billion (3.3) refers to properties which are reported in the consolidated balance sheet. The remaining writedown amount, SEK 0.9 billion (1.0), refers to contractual commitments and shares and participations in associated companies.

Overview of the Skanska Group's investment properties

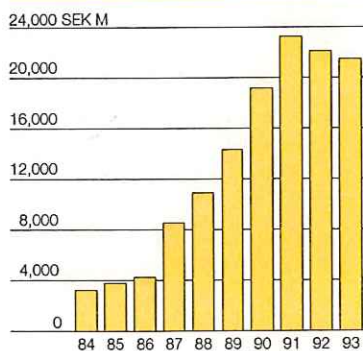
	Rentable space, 000 sq m				Book value, Dec. 31, 1993, SEK M	1993 rental revenues, SEK M
	Residential properties	Retail space	Office space	Other categories		
Properties in Sweden	724	299	757	547	8,297	2,345
Outside Sweden	11	34	203	62	3,899	411
JM ¹⁾	99	120	268	214	5,909	675
SektionsByggarna	0	0	45	27	127	55
Group adjustments	0	0	6	0	43	-24
Total	834	453	1,279	850	18,275	3,462

1) Figures adjusted to Skanska's accounting principles.

The Group: Investment properties, rents



The Group: Investment and development properties. Book values.



During 1993 real estate operations were reported in the following units of the Skanska Group

- *Properties* business area—Sweden and properties in London and Oslo
- *International Operations* business area—other properties abroad
- *Technical and Industrial Companies* business area—SektionsByggarna AB
- *JM Byggnads och Fastighets AB*

Cash flow, Group investment properties

SEK M	1993	1992
Rental revenues	3,239	3,162
Interest subsidies	223	164
	3,462	3,326
Operating and administrative costs	-1,128	-936
Real estate tax	-25	-225
Net cash flow (operating net)	2,309	2,165

Operating net figures were equivalent to 12.6% and 12.8%, respectively, of the book value of all investment properties.

Finance

During 1993 the operations of the Finance business area were reorganized. International operations in Switzerland and the Netherlands were transferred in their entirety to Skanska Kapitalförvaltning AB. As earlier, the subsidiary SCEM Reinsurance S.A. handles portions of the Group's reinsurance needs.

Skanska Kapitalförvaltning AB

The main tasks of this company are to maximize the return on the liquid assets of the Skanska Group, minimize borrowing costs while taking limited, calculated risks and provide financial expertise to the various operations of the Group as needed.

The liquid assets of the Skanska Group denominated in SEK and foreign currencies are managed through investments in money and capital markets. The company handles the Group's foreign currency needs but is not engaged in foreign exchange trading.

The gradual decline in Swedish money market rates during 1993 generated very good earnings in the form of positive interest rate margins and capital gains in the portfolio, since the company had short-term borrowing but long-term investments throughout 1993. The company's income before allocations and taxes reached SEK 99 M. Its total assets were SEK 7,055 M.

At the beginning of 1993, the company's strategic stockholdings

were sold to Skanska AB for a purchase price equivalent to their book value. No external share transactions occurred during the year.

During the year, a decision was made to discontinue Skanska Finance B.V., and Skanska Kapitalförvaltning took over the operations of this company effective April 1, 1993. This increased the total assets of Skanska Kapitalförvaltning by about SEK 3 billion. The company now also supplies Group companies abroad with liquid assets and provides financial advice to them.

During 1993 the company strengthened its administration, among other things by recruiting new back-office and accounting employees. It also tightened administrative procedures related to financial controls and risk monitoring.

Early in 1994, it was decided that Skanska Kapitalförvaltning will focus exclusively on operating as an internal bank. Other operations were shifted to a finance staff that has Groupwide responsibility for financial matters.

Finance

Bo Ingemarson
(effective November 1, 1993)

Skanska Kapitalförvaltning AB

Ulf Norrman, President,
Danderyd



Management of liquid assets in Sweden and abroad, trading in securities, assistance in arranging outside borrowing, participation in financing of contracting and real estate projects.

SCEM Reinsurance S.A., Luxembourg

Thomas Alm, Manager,
Danderyd

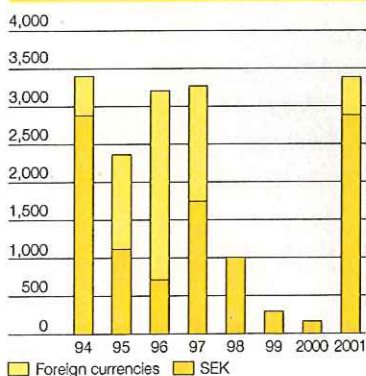


Reinsurance on certain portions of the Group's insurance program.

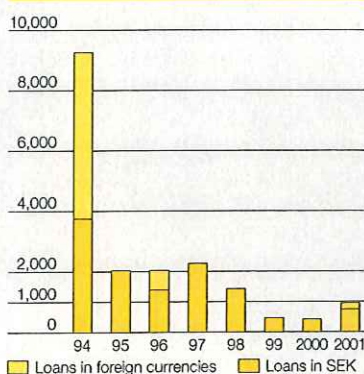
Skanska Finance B.V.

The operations of this company were transferred on April 1, 1993 to Skanska Kapitalförvaltning, after which Skanska Finance B.V. went into liquidation. At the time of transfer to Skanska Kapitalförvaltning, income amounted to about SEK 50 M and total assets SEK 3,970 M.

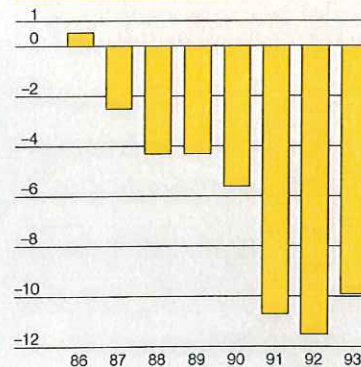
Maturity structure, interest-bearing loans SEK M



Fixed-interest loans SEK M



Net financial liabilities SEK billion



SCEM Reinsurance S.A.

SCEM is a captive insurance company with a capital stock of LUF 50 M, equivalent to about SEK 11 M. The company reinsures selected portions of the Skanska Group's Swedish and foreign insurance program, which helps stabilize premium levels and better enables the Group to cover insurable risks. Operations developed well during 1993. Due to a certain increase in the volume of claims, together with the general decline in interest rates, earnings were somewhat lower than in 1992.

Stock portfolio

The Group's listed shares are mainly owned by Skanska AB. The portfolio is dominated by a few large blocks of shares of a long-term, strategic nature. Because decisions on changes in these holdings are normally made by the Group Chief Executive or by Skanska's Board of Directors, earnings are not reported within the Finance business area.

The Group laid the groundwork for its long-term stock portfolio as early as the mid-1970s. Most current holdings were purchased during 1981–1983. In recent years, additional net purchases of listed shares have been limited.

At the close of 1993, the total market value of the portfolio (excluding the subsidiary JM) was SEK 14.0 billion (9.4). Its book value—i.e. purchase price—was SEK 4.5 billion (5.0).

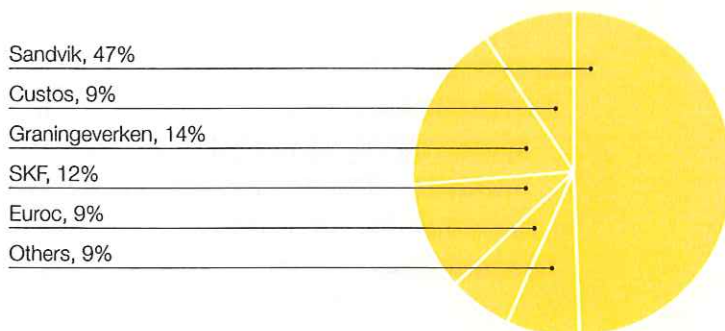
During 1993 the Stockholm Stock Exchange showed a strong advance. The Affärsvärlden General Index rose by 54 percent. The market value of Skanska's stock portfolio climbed by 65 percent during the year. All issues in the portfolio rose in value. In terms of total value, Sandvik shares accounted for the best increase, SEK 1.9 billion or 40 percent. In percentage terms, Euroc shares showed the best growth by climbing 187 percent or SEK 0.8 billion.

The largest holding was Sandvik, which accounted for 47 percent of the total portfolio value at year-end. Due to the sharp improvement in the shares of Custos, Euroc, Graningeverken and SKF in particular, Sandvik's relative weight in the portfolio declined by 5 percentage points.

In six of the past nine years, Skanska's portfolio has performed better than the Affärsvärlden General Index. The portfolio rose in value by SEK 2.6 billion more than if it had risen at the same pace as the General Index.

During 1993 divestments from the portfolio totaled about SEK 1,675 M. The main shares sold were Cardo, Graningeverken, Industrivärden, Sandvik Series B and SKF Series B. The shares in Protorp Förvaltnings AB were paid as a capital contribution in kind, in exchange for newly issued shares in Protorp Intressenter AB. Capital gains on the above divestments totaled SEK 517 M.

Skanska's stock portfolio, Dec. 31, 1993



JM Byggnads och Fastighets AB

Demand and construction volume declined further during 1993. Due to low interest rates and a winter with favorable weather, earnings margins in construction operations were acceptable. Property management earnings improved.

Construction operations

JM's construction volume fell by more than 20 percent during the year. The company maintained its earnings relatively well, however, due to adjustments of resources, higher efficiency and low material prices. One result was that JM's costs for new housing construction fell by 10 percent.

JM is implementing a productivity-raising program in housing construction. Its main goal is to lower construction costs by 20 percent. Examples of sharp cost reductions are found in JM's Fribygge (freer construction) projects, in which the company has departed from certain building code requirements. These projects have attracted great attention. To date, a total of 1,300 apartments have been built according to these principles in Uppsala, Tyresö, Stockholm, Östersund and Lilla Edet.

Other examples of fresh thinking are found in housing for the elderly. JM's projects in this field have been handled

by its subsidiaries Seniorsgården AB and AB Borätt. During 1993 these companies, in partnership with retired people's organizations, established 12 cooperative housing associations with 300 apartments.

Income from construction operations before interest items was SEK 149 M (219). External invoicing on contracts credited to income was SEK 3,103 M (4,095), reaching 119 percent. The earnings margin before interest items for invoicing on contracts credited to income was 4.8 percent (5.4).

After the end of 1993 JM acquired the operations of Steab, a civil engineering company with projected 1994 revenues of about SEK 150 M.

Property management

Demand for residential rentals in good locations rose somewhat during 1993, while the market for commercial space weakened. Rental revenues climbed to SEK 680 M (662) because of newly

added space and rent increases.

Operating income after real estate tax, but before interest expenses, reached SEK 410 M (381).

Of a total of 706,000 sq m (7.6 million sq ft) of rentable space, about 13 percent was vacant at year-end. A relatively large proportion of this vacant space consisted of warehouses and industrial properties where the level of rent was substantially below the average level at JM. At year-end, vacant space represented a rental value of SEK 58 M, or 8 percent of JM's total rental revenues on an annual basis.

The value of new property construction for JM's own account fell to SEK 260 M (936).

Market values of properties

The estimated long-term market value of investment properties was SEK 6,000 M at year-end 1993.

Most of JM's properties were produced under the company's own auspices and transferred to its own account at construction cost. No write-downs were carried out during the year (1992: SEK 125 M).

JM Byggnads och Fastighets AB

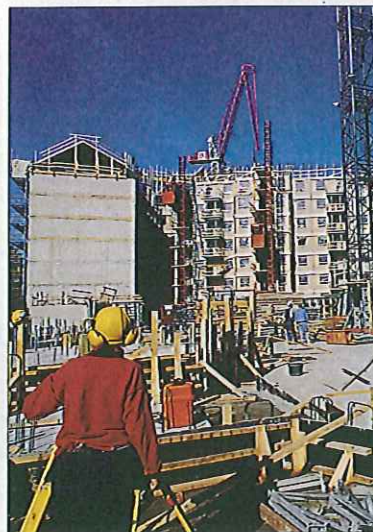
Sven Larsson, President
Stockholm



Skanska holds 65 percent of JM's capital stock, equivalent to 82 percent of voting power.

SEK M	1993	1992
Revenues*	3,453	5,077
Earnings*	558	610
Order bookings	2,364	3,711
Order backlog, Dec. 31	2,461	2,851
Average number of employees	2,509	2,860

* These amounts have been recalculated according to the accounting principles of the Skanska Group. The figures in the text are taken from JM's annual report.

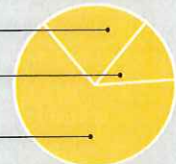


JM is building 192 apartments in the Södra Lärkstaden neighborhood of central Stockholm.

Investment properties

Rental revenues, SEK 680 M
Breakdown by type of space

Residential 22%
Industrial 13%
Office and retail space 65%



Geographic breakdown

Greater Stockholm 68%
Gothenburg and Malmö areas 20%
Other domestic markets 12%



Additional information on JM can be ordered from:

JM Byggnads och Fastighets AB
Box 27319, S-102 54 Stockholm, Sweden

The largest construction companies

The following table shows a number of items from the financial statements of the largest construction companies in Sweden. The figures are taken from the respective press releases announcing their 1993 results.

To make comparisons between companies possible, income items have been adjusted to Skanska's income

statement model. Operating income is divided into "Income from construction business etc.," "Income from sales of real estate," and "Income from property management." Property writedowns are reported separately. Financial items include interest, dividends, exchange differences and gain/loss on sale of shares.

In a few cases, it has been necessary to make estimates. Consequently, some figures are uncertain. Accounting and valuation principles may vary between companies. No adjustments could be made for this.

Sweden 1993, SEK M	Skanska (incl. JM)	NCC	BPA	SIAB	Tre Byggare – PEAB	JM	Platzer
Revenues including rents _____	28,921	15,313	9,952	9,328	6,214 ¹⁾	3,453	1,096
Rental revenues _____	3,667	1,230	—	470	x	681	243
Invoiced sales on contracts credited to income, excluding rents _____	29,695	16,374	12,241	10,515	6,657	3,948	1,091
Income on construction business etc. _____	517	148	- 335 ²⁾	84	-192 ³⁾	147	77
Income on sales of real estate _____	1,511	151	—	6	x ⁴⁾	2	120
Income on property management _____	1,885	474	—	316	71	409	179
Property writedowns _____	- 2,004	- 371	—	- 151	—	—	—
Financial items _____	- 792	- 111	24	- 234	- 209	- 457	- 347
Income before taxes and minority interest _____	1,117	291	- 311	21	- 330	101	29
Level of contracts credited to income _____	118%	116%	123%	116%	107%	142%	128%
Earnings margin, construction business etc. _____	1.7%	0.9%	- 2.7%	0.8%	- 2.9%	3.7%	7.1%
Book value of properties _____	21,463	11,696	204	4,521	x	6,138	2,915

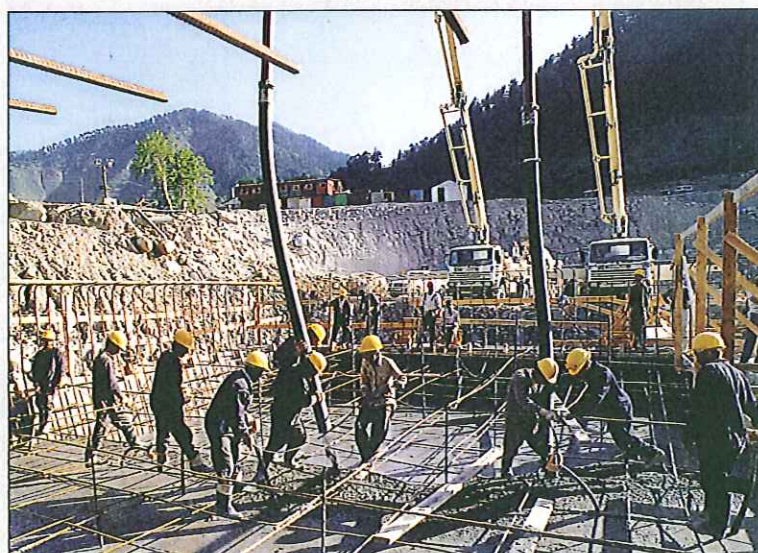
1) Excluding rents.

2) Operating income includes restructuring costs of SEK 298 M.

3) Operating income includes nonrecurring structural costs of SEK 220 M.

4) Included in income from property management.

X No data.



The Uri hydroelectric project in Kashmir, India is one of Skanska's largest ongoing assignments abroad.

The largest construction/civil engineering companies in Europe, 1992

	Country	Revenues (USD billion)
Bouygues _____	France	9.2
SGE _____	France	6.5
Philipp Holzmann	Germany	6.2
Eiffage _____	France	5.4
Trafalgar House	Gt. Britain	5.3
BICC _____	Gt. Britain	4.9
Iritecna _____	Italy	4.8
Skanska _____	Sweden	4.2
GTM-Entrepose	France	4.1
Tarmac _____	Gt. Britain	4.0

Source: EuroBuild, No. 74/1992.

Seven-year Group financial summary*

SEK M unless otherwise specified		1993	1992	1991	1990	1989	1988	1987
Income statements								
	Income after depreciation							
	Contracting operations etc. _____	517	772	1,453	1,637	809	820	532
	• earnings margin _____	1.7%	2.8%	4.8%	4.9%	3.8%	4.4%	2.9%
	• invoicing on contracts credited to income _____	118%	97%	96%	95%	78%	87%	100%
	Sale of investment and development properties _____	1,511	69	141	95	136	122	374
	Development properties excluding writedowns _____	10	- 120	82	43	- 13	16	7
	Property management excluding writedowns _____	1,875	1,816	1,443	997	951	829	725
	Writedowns _____	- 2,004	- 4,329	- 1,467	- 166	—	—	—
	Financial items _____	- 792	- 1,675	- 914	- 405	835	- 10	133
	Income after financial items _____	1,117	- 3,467	738	2,201	2,718	1,777	1,771
	Extraordinary expense _____	—	- 518	—	—	—	—	—
	Taxes _____	- 567	745	- 29	- 836	- 708	- 484	- 336
	Minority interest in income _____	- 33	139	19	- 117	- 105	- 69	- 213
	Net profit/loss for the year _____	517	- 3,101	728	1,248	1,905	1,224	1,222
Balance sheets								
	Bank balances and short-term investments _____	6,427	5,045	6,686	10,525	6,074	3,238	3,537
	Current receivables _____	6,446	8,218	7,777	8,988	7,053	6,756	5,434
	Inventories _____	291	330	424	504	450	411	413
	Investment and development properties _____	21,463	22,095	23,249	19,173	14,311	10,911	8,533
	Shares and participations (fixed assets) _____	4,922	5,711	6,269	6,343	5,865	4,804	4,016
	Long-term receivables _____	1,174	1,250	1,807	1,877	1,043	930	751
	Machinery and equipment etc. _____	1,182	1,393	1,663	1,769	1,505	1,165	1,096
	Fixed-asset properties _____	1,412	1,461	1,462	1,450	1,359	1,029	1,072
	Current liabilities _____	10,921	11,269	13,735	15,386	8,633	6,551	6,329
	Uncompleted contracts (balance) _____	5,772	6,674	6,334	7,096	4,966	3,625	3,293
	Long-term liabilities _____	18,835	20,277	18,610	17,655	14,570	11,171	8,589
	Shareholders' equity _____	7,789	7,283	10,658	10,492	9,491	7,897	6,641
	Total assets _____	43,317	45,503	49,337	50,629	37,660	29,244	24,852
	Net interest-bearing indebtedness _____	9,832	11,574	10,692	5,581	4,591	4,560	2,622
	Revenues incl. rents _____	28,921	31,883	34,697	37,291	29,868	23,145	19,683
	• of which, outside Sweden _____	23%	14%	13%	11%	8%	8%	11%
	Average number of employees _____	27,398	28,646	31,077	31,746	29,494	29,670	29,418
Financial ratios								
	Dividend per share, SEK (1993: proposed) _____	3.25	1.50	3.25	3.13	2.63	2.13	1.76
	Net profit per share, SEK ¹⁾ _____	4.10	- 24.65	5.80	9.90	15.15	9.70	9.75
	Return on shareholders' equity, percent _____	6.9	neg	6.9	12.5	21.9	16.8	20.2
	Return on capital employed, percent _____	13.9	0.9	11.4	16.0	19.4	16.1	20.1
	Equity/assets ratio, percent _____	19.2	16.9	22.6	21.9	26.4	28.2	28.7
	Debt/equity ratio _____	2.2	2.5	1.8	1.8	1.2	1.1	1.0
	Interest cover _____	1.4	<1	1.3	2.1	3.4	3.3	3.6

1) The conversion of 690 shares foreseen during 1994—see Note 20 to the Parent Company financial statements—only marginally affects the earnings per share.

* Skanska's ambition is to extend this overview one year at a time to cover ten years.

Definitions of financial ratios

The following definitions conform with a recommendation by the Swedish Society of Financial Analysts.

Net interest-bearing indebtedness

Interest-bearing liabilities including pension liability minus interest-bearing receivables including bank balances and short-term investments.

Net profit per share

Net profit/loss for the year divided by the number of shares.

Return on shareholders' equity

Income excluding extraordinary items, as a percentage of average shareholders' equity.

Return on capital employed

Income after financial items plus financial expenses, as a percentage of average capital employed. Capital employed is visible shareholders' equity plus interest-bearing liabilities.

Equity/assets ratio

Visible shareholders' equity including minority interest, as a percentage of total assets.

Debt/equity ratio

Interest-bearing liabilities divided by visible shareholders' equity including minority interest.

Interest cover

Income after financial items plus financial expenses, divided by financial expenses.

Financial information

During the year, Skanska issues the following financial reports in their official Swedish-language versions:

- Press release on the previous year's results, in March.
- Annual Report, in May.
- Interim Report for the period January–June, in August.
- Interim Report for the period January–September, in November/December.

The 1994 Interim Report for January–June will be issued on August 31. The Interim Report for January–September will be issued on November 25.

These documents are also published in English. Abbreviated versions of the Annual Report are also produced in Finnish, French, German, Russian and Spanish.

A separate booklet on the Group's real estate, *Skankas Fastigheter 1994*, is published in Swedish and English as a complement to the Annual Report in each respective language. Excerpts from the real estate booklet are produced in German.

All financial information can be ordered from:

Group Public Affairs
Skanska AB
S-182 25 Danderyd, Sweden
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The Annual Shareholders' Meeting will be held in Stockholm, Sweden, on May 31, 1994.

Comments on the English version of Skanska's Annual Report

The presentation of financial data, accounting and valuation principles in this English-language version of Skanska's Annual Report is the same as in the Swedish version. For space reasons, a few descriptions of projects

in the second half of the Annual Report are shortened, and other details mainly of local interest are left out.

The abbreviation M after a currency code and amount means millions, while 000 means thousands. Figures in

parentheses after 1993 amounts refer to the corresponding 1992 amounts. Sveriges Riksbank is Sweden's central bank. All places mentioned are in Sweden unless otherwise specified or apparent from the context.

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