



Skanska 1997

Annual Report



Contents

- 1 The year in brief
- 2 Comments by the President and CEO
- 4 Skanska share data
- 6 Mission, goals and strategies
- 8 The new organization
- 10 Skanska Sweden
- 12 Skanska Europe
- 14 Skanska USA
- 16 Skanska Project Development and Real Estate
- 18 Review of 1997 operations
 - 18-22 *Markets*
 - 22-23 *Real Estate*
- 24 Financial strength and expertise
- 26 Skanska from an investor's perspective
- 28 Five-year Group financial summary
- 29 Definitions
- 30 Report of the Directors
- 36 Consolidated income statement
- 37 Comments on the income statement
- 38 Consolidated balance sheet
- 40 Comments on the balance sheet
- 41 Consolidated statement of changes in financial position
- 42 Parent Company income statement
- 43 Parent Company balance sheet
- 45 Parent Company statement of changes in financial position
- 46 Notes to the financial statements
- 66 Proposed allocation of earnings
- 67 Auditors' Report
- 68 Board of Directors and Auditors
- 69 Group Management
- 70 Financial analyses of Skanska
- 70 Shareholder information
- 71 Publication schedule
- 71 Official announcement, Annual Meeting of Shareholders
- 72 Addresses



The year in brief



Order bookings rose by 19 percent to SEK 62,133 M (52,290)



Income after financial items rose to SEK 11,025 M (4,841)



Net profit per share rose to SEK 62.60 (30.60)



The Board of Directors proposes a regular dividend of SEK 11.00 (10.00) per share for 1997

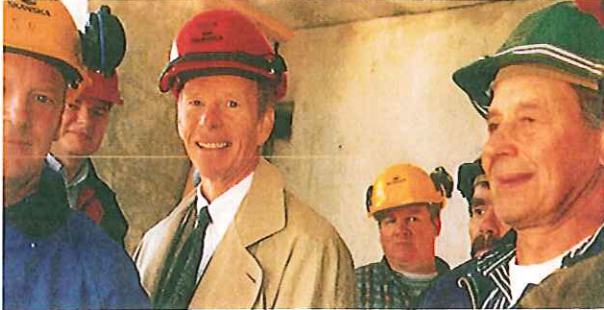


The Board proposes that a real estate company valued at about SEK 10 billion be transferred to Skanska's shareholders

FINANCIAL HIGHLIGHTS	1997	1996
Net sales, SEK M	54,847	45,849
of which, outside Sweden, %	56	47
Operating income, SEK M	2,358 *	3,787
Net profit for the year, SEK M	7,505	3,857
Return on equity, %	46.5	27.9
Net profit per share, SEK	62.60	30.60
Dividend per share, SEK	11.00 **	10.00

* Provisions totaling SEK 1.5 billion, mainly for restructuring of Swedish operations, were charged to operating income.
** Proposed by the Board of Directors.

Comments by the President and CEO



The wealth that Skanska's operations have generated over a period of years is due to efficient contracting work and the development of real estate and other types of projects that successfully combine entrepreneurial spirit, construction expertise and local market know-how. We have used this working method to establish new "domestic" markets in the United States, Finland and Denmark. We are now continuing the internationalization of the Group's operations.

A focus on growth

With an intensified focus on our clients and on the entire value chain – from concept to construction to aftermarket – today we are stepping up the pace. Our goal is ambitious: to become a world leader in our core operations, construction-related services and development of projects and real estate.

We will achieve this goal by effectively utilizing our foremost assets – our international and local presence, the collective competence of our employees and our financial strength.

International and local player

Today we operate in about 50 countries, and more than half of our sales take place in markets outside Sweden. Our aim is to continue the internationalization of Skanska. We will establish new domestic markets where we are perceived as a local player – mainly in countries where we are already involved in construction projects or pursuing property development for our own account. We are continuing our organic growth in the existing domestic markets. Our project exports are concentrating increasingly on fields where we have specialized expertise.

Our ambition is to become a partner to our clients by offering package solutions in which we take responsibility not only for the construction process but also for the planning phase – design, development and financial solutions – as well as construction, operation and maintenance.

We intend to play an active role during a larger proportion of a project's complete life cycle. This broadening of our participation in the entire value chain is occurring mainly in the Nordic countries, whereas in Germany we are focusing on the aftermarket. In the United States, we are continuing our expansion by establishing new regional markets. We are continuing to develop our partnering concept by establishing long-term alliances with clients to satisfy their need for package solutions.

Our building component companies – which manufacture kitchens, flooring, windows and other products – are experiencing a positive trend of earnings. These companies, which have 80 percent of their sales outside Sweden, are also an important element of our efforts to increase Skanska's share of the aftermarket sector and our planned expansion in the European market.

New organization for expansion

Our ability to cultivate markets and client relationships improves if we are organized geographically and by products. This is the background of the new organizational structure that was introduced on February 1 this year, with a Project Development and Real Estate business area plus three geographic business areas that are roughly equal in terms of sales volume – Skanska Sweden, Skanska Europe and Skanska USA.

The new Skanska Project Development

and Real Estate business area will have access to the collective project development resources of the Group. The development of real estate and infrastructure projects has strong ties to Skanska's contracting business. By utilizing our expertise in construction and financing, I also see considerable competitive advantages when it comes to the growing market for BOT (Build-Own-Transfer) projects.

Skanska Sweden is strengthening its product specialization in the building construction and civil engineering sectors, respectively. Its managers also have a special responsibility for regional coordination. After several years of weakness in the Swedish construction market, we are now taking steps to restructure our operations and concentrate them in regions with growth potential. I regret that this necessary adjustment to the continued weakness of the Swedish market will lead to cutbacks totaling about 1,500 jobs.

Employees

Through various training programs, we are investing heavily in improving the collective expertise of our employees. In the future, our attitude toward clients, the world at large and our colleagues at Skanska will be characterized by even greater openness, job commitment and caring.

The Skanska Management Institute (SMI) is working to ensure a good supply of managers and executives and to establish contacts with young academics. If

Skanska is to continue expanding and to achieve a world-leading position, the expertise of our managers and executives and our ability to attract university and college students will be of crucial importance.

Financial strength

Skanska traditionally has a very strong financial position, largely generated by a combination of construction work and real estate investments. We will now be using the proceeds from the divestment of non-core assets – shares in Scancem, SKF and Sandvik – for further development of our core operations in construction-related services and the development of projects and real estate.

Our earnings

Our 1997 earnings were the highest in Skanska's history. Profits from successful international construction projects during the first half of the 1980s had been invested, among other things, in Sandvik shares. When they were sold last year, these shares yielded a capital gain of SEK 9.1 billion. Operating income was in line with 1996 apart from provisions, primarily for restructuring of Swedish operations.

The Halland Ridge project

The single most highly publicized event for Skanska during the year was undoubtedly the toxic leak at the Halland Ridge (Hallandsås) rail tunnel project in southern Sweden. I do not intend to discuss the liability issue here. As for the events themselves, I refer to the detailed account we provided in our nine month report. What is clear is that – despite dedicated and systematic environmental work within the Group – we were unable to prevent such an environmental accident. I deeply regret the concerns and problems that these events caused both Skanska's own employees and the local population of the Halland Ridge.

The events at the Halland Ridge were, of course, unacceptable. Immediately after the accident, we intensified our environmental work. No later than the end of 1999, all operations will have introduced environmental management systems. One year later, all units in the Group will be environmentally certified. Our ambitions in the environmental field are high. In our



judgement, Skanska's knowledge and commitment in the environment will become an increasingly important competitive advantage.

Outlook with a focus on shareholders

The purpose of all our operations is to satisfy the long-term need of our shareholders for a return on their investment. The proposed dividend for 1997 is SEK 11 per share. The Board also proposes that a real estate company with an estimated value of SEK 10 billion be transferred to Skanska's shareholders.

The large potential for real estate development, our strong domestic markets and an expected construction upturn in growth areas of Sweden – together with good growth opportunities in the operation, maintenance and service market – give Skanska the prerequisites to continue giving its

shareholders value for money in the future.

I would like to close by thanking all my colleagues at Skanska for their job commitment, hard work and endurance, which again contributed to good earnings and thereby generated continued good growth opportunities for the Group.

Claes Björk
President and Chief Executive Officer

Skanska share data

The largest shareholders in Skanska AB

Holding on Dec. 31, 1997	% of capital stock	% of voting power
Shareholders		
Sparbankerna mutual funds	13.9	8.1
Custos, AB (investment company)	6.2	25.0
Swedish National Pension Insurance Fund, Fourth Fund Board	6.0	4.0
Industrivärden, AB (investment company)	3.8	14.9
SPP (retirement insurance)	3.5	2.1
Nordbanken mutual funds	3.4	2.0
Skandinaviska Enskilda Banken mutual funds	2.7	1.6
Skandia (insurance)	2.5	1.5
Trygg-Hansa (insurance)	2.1	1.2
Svenska Handelsbanken mutual funds	1.7	1.0
Swedish National Pension Insurance Fund, Fifth Fund Board	1.7	1.0
Skandinaviska Enskilda Banken employee profit-sharing foundations	1.3	0.8
AMF Sjukförsäkring (health insurance)	1.1	0.6
FöreningsSparbanken mutual funds	1.1	0.6
Swedish Cooperative Union pension fund	1.0	0.6
Svenska Handelsbanken pension fund	0.9	4.6
Total	52.9	69.6
Other shareholders	47.1	30.4
	100.0	100.0

Number of shareholders app. 62,000

Source: Swedish Securities Register Center (VPC), December 31, 1997

Shares by category

Category	Number of shares	% of voting power	% of capital stock
A	9,102,530	46.5	8.0
B	104,752,438	53.5	92.0
Total	113,854,968	100.0	100.0

Shareholdings by size

December 31, 1997	Number of shareholders	% of all shareholders	Total number of shares held	% of capital stock
Number of shares held				
1- 500	51,375	83.2	6,802,222	6.0
501- 1,000	5,718	9.3	4,525,514	4.0
1,001- 2,000	2,329	3.8	3,610,202	3.2
2,001- 5,000	1,387	2.2	4,463,868	3.9
5,001- 10,000	442	0.7	3,264,815	2.9
10,001- 20,000	194	0.3	2,786,259	2.4
20,001- 50,000	149	0.2	4,695,179	4.1
50,001-100,000	60	0.1	4,296,713	3.8
100,001-	118	0.2	79,410,196	69.7
Total	61,772	100.0	113,854,968	100.0

Skanska's Series B share price rose by 8 percent during 1997. In June, it hit an all-time high, SEK 369 per share. Year-end market capitalization totaled SEK 34,097 M. On January 30, 1998, the price reached another all-time high of SEK 372 per share.

Capital stock

Skanska's shares have been quoted on the Stockholm Stock Exchanges A-list since 1965. At the time of the initial public offering, Skanska's capital stock was SEK 32 M. Since then, the capital stock has been increased by means of ten stock dividends and eight targeted special issues of new shares, and reduced by a redemption process during 1997. At the end of 1997, Skanska's capital stock amounted to SEK 1,366.2 M, divided into 113,854,968 shares.

Skanska's capital stock is divided into Series A and Series B shares, all with a par value of SEK 12. All shares are non-restricted. 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. A round lot consists of 100 shares.

Shareholders

The total number of shareholders is approximately 62,000. Shares with non-Swedish owners amounted to 6.5 percent (5.8) of voting power and 10.8 percent (9.3) of capital stock.

Dividend policy

Skanska's long-term dividend policy is to pay an amount equivalent to 3-4 percent of the Group's adjusted equity as determined by the Board of Directors at the previous financial year-end.

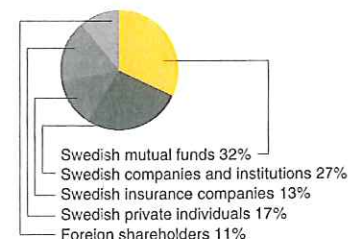
Trading in Skanska shares

At the end of 1997, the market price of a Series B share was SEK 325.50 (301.50). During the year, the price varied from SEK 261 to SEK 369, at that time the highest price ever quoted for a Skanska share.

Despite the price increase, the market value of the Company decreased because during 1997 Skanska redeemed every tenth share. At year-end, market capitalization totaled SEK 34,097 M (35,211).

During 1997, the number of Skanska shares traded on the Stockholm Stock Exchange was 50,620,638, or 13 percent more than during 1996. This was equivalent to an average of 203,296 shares per trading day in 1997. Trading volume was equivalent to 48 percent (38) of the total number of Series B shares outstanding at the end of each respective year.

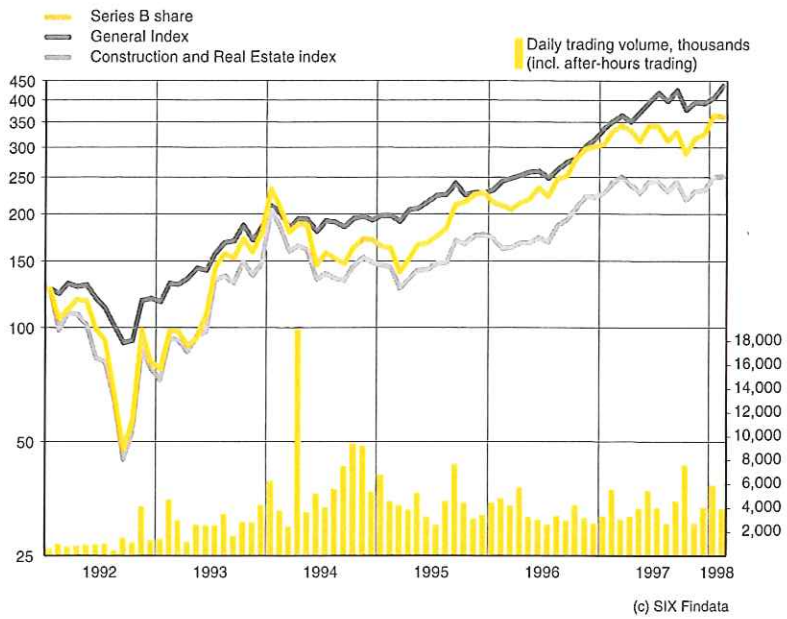
Shareholders, by category
Percentage of capital stock, December 31, 1997



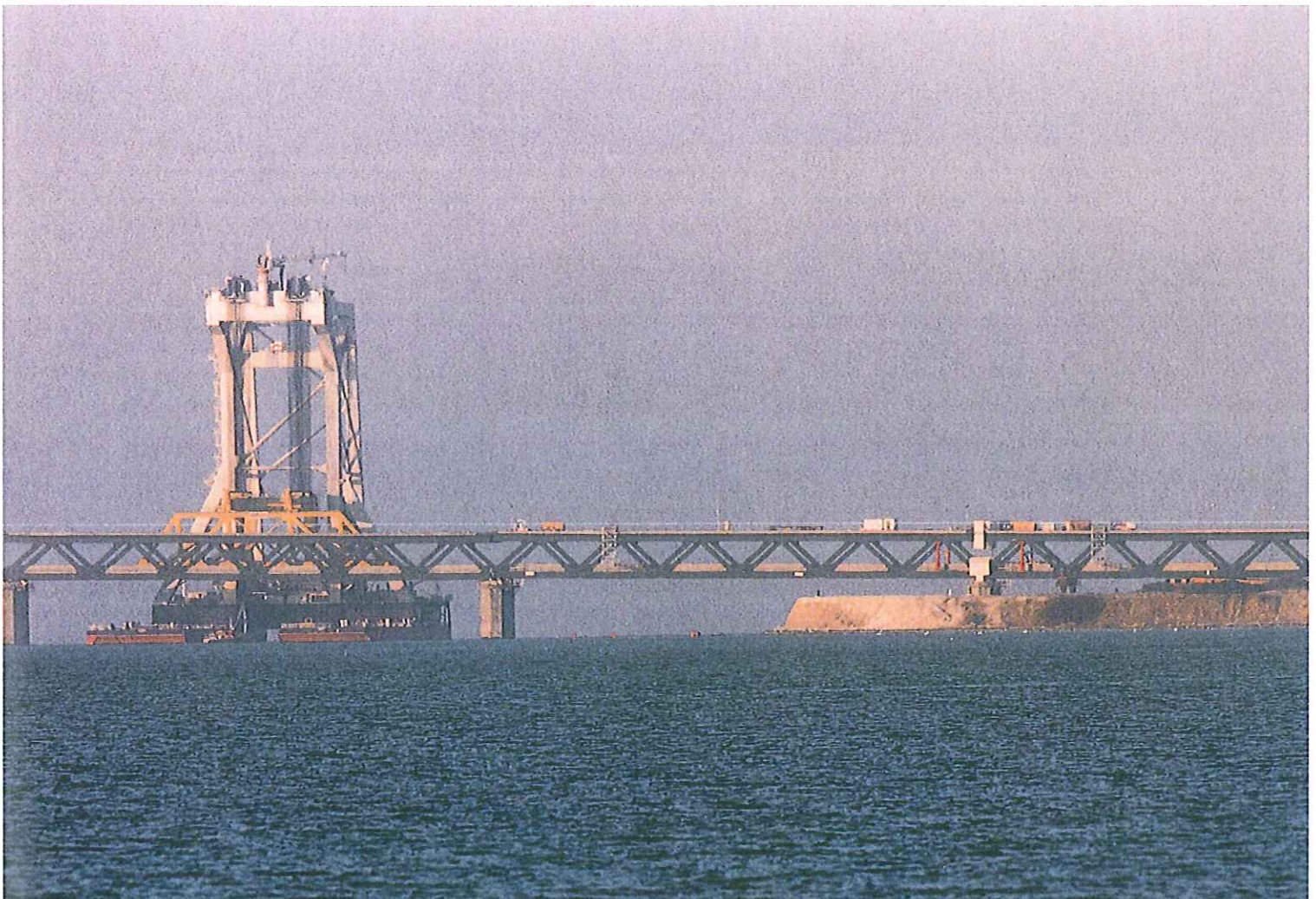
Changes in capital stock

Year	Reduction, SEK M	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	1.7	89.7
1977 1:2		44.9	-	134.6
1979 1:2		67.3	2.4	204.3
1981 2:3		136.2	-	340.5
1982 1:5		68.1	2.7	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
1994 conv.				1,259.2
1997 redemption 1:10	-124.3	227.7	3.6	1,366.2

Skanska share price movement, Jan. 1, 1992 – Feb. 27, 1998



The long-term appreciation of Skanska shares will depend, among other things, on the Company's ability to implement both large projects – such as the Öresund Bridge between Sweden and Denmark – and small ones.



Mission, goals and strategy

Skanska's mission is to provide construction-related services and develop projects and real estate. By deploying the collective competence of the Group in these fields, Skanska shall offer clients its resources in all phases of the construction process, from the concept phase to planning, financing, construction and the aftermarket.

GOAL AND MARKETS

Skanska's goal is to be one of the leading players in its main markets in all essential respects. It shall achieve this goal by effectively utilizing the Group's large resources in terms of technology, market knowledge and financing, as well as through fruitful collaboration among all Group units and branches of operations.

Skanska's broad experience of international assignments in a variety of settings combined with strong local roots is a strategic asset both in its marketing work and in the implementation of its various projects.

STRATEGY

Skanska's strategy is to continue the successful internationalization of the Company, primarily by means of continued growth in the United States and expansion in European markets.

SUCCESS FACTORS AND STRENGTHS

Financial strength

Skanska's strong financial position, combined with effective financial management, provides a base for the Group in terms of generating growth and implementing established goals. The capital required for the expansion of core operations is being made available by divesting non-core assets. The Group's shareholdings in the Scancem, SKF and Sandvik industrial group's, Rörvik Timber and the forest product company Boxholms Skogar – with a total market value of about SEK 10 billion – will be divested. The holding in the construction and real estate subsidiary JM is being evaluated during 1998.

Management and human resources development

If Skanska is to achieve its strategic goals, management development and recruitment as well as human resource develop-

ment among other employee categories are of vital importance. The Skanska Management Institute (SMI) runs a number of training programs to ensure a good supply of managers and executives. SMI's tasks also include promoting greater exchanges of experience between the various Group operations and devising methods for assessing and developing desirable leadership qualities.

Cooperation and continuous contacts with universities and colleges are also crucial to ensure long-term recruitment of managers and of employees with strategic expertise. Both the summer trainee program and the program to encourage more employees to earn licentiate and doctoral degrees are tools in this effort.

The environment – requirements and ambitions

The expertise and dedication of its employees is the foundation of Skanska's continued and intensified environmental work. The recently revised Environmental Policy emphasizes that it is important for everyone in the Group to take environmental issues very seriously and be environmentally minded in their job. Skanska's level of ambition is higher than mere compliance with existing laws. Improving its environmental know-how can generate new business opportunities.

Each business unit is formulating its own plan for how it will implement the Group's Environmental Policy in its day-to-day work. No later than the end of 1999, all operations in the Skanska Group are required to have established environmental management systems for identifying possible environmental problems, following them up and integrating environmental work in business development.

All operations are to be environmentally certified no later than December 31, 2000. Skanska must work with its suppliers to spell out the environmental standards applicable to the goods and services it buys.

The results of Skanska's environmental work are presented in a separate Environmental Report. See also page 71.

Strategic development work in construction and technology

ThinkTotalTime (3T) and "Skanska's Way of Working" are methods for improving construction efficiency and raising quality of life. All business areas will continue to pursue these projects.

With the support of its subsidiary Skanska Teknik, Skanska is continuously developing new technological solutions. Because it has technological expertise closely tied to the construction process, the company functions primarily as a strategic internal advisor to the Group's business areas.

Skanska Teknik also serves as a strategic resource in the environmental field. To support the Group's planning and purchasing work, the company is studying the environmental consequences of using various materials and combinations of materials.

Information technology

Skanska is a worldwide company with a decentralized decision-making structure. This requires sophisticated communication, reporting and follow-up systems. Employees must have access to the right information in order to perform their work. They must also be able to communicate quickly with each other and be easily reachable when the Group and its subsidiaries send out information.

This is why Skanska's international communications network, SKANET, is undergoing further expansion. The company intranet, known as the Infoforum, will undergo further enhancements.

Communications

Skanska will develop an overall communications concept that emphasizes openness, speed, good planning, reliability and ethics as values and attitudes that will support the achievement of the Group's goals.



By taking advantage of the Group's collective competence, Skanska shall offer its resources to clients during all phases of the construction process.

SKANSKA'S EMU PREPARATIONS

The goal of Skanska's preparations for the Economic and Monetary Union (EMU) is that the Group as a whole should be well-prepared for the introduction of the euro common currency on January 1, 1999, regardless of whether the countries where the Group has major business interests are full-fledged members or not. Skanska's sales in the eleven European Union (EU) countries expected to join EMU from the start on January 1, 1999 account for about one tenth of total consolidated sales.

EMU – POSITIVE FOR SKANSKA

In Skanska's judgment, EMU will change the conditions for doing business in its fields of operations. Skanska has good potential to benefit from this. Meanwhile, the introduction of the euro is mainly positive for the Group. The costs of borrowing, managing foreign exchange risks and transferring funds should diminish. As for Group purchasing, cost savings should be possible because of greater price transparency, and thus greater competition among European suppliers. In the long term, the introduction of the euro should also enable the Group to streamline its administrative departments.

THE YEAR 2000 PROBLEM

During 1997, Skanska carried out an extensive audit to identify any potential problems that may arise due to the millennium change. This audit resulted in an allocation of responsibility in which Skanska AB is responsible for ensuring that Group-wide systems and software can deal with the year 2000, while the respective business areas are responsible for other systems and software.

The new organization

Since February 1, 1998, the Skanska Group has had a new organizational structure. It was introduced to adapt Skanska to market conditions both in Sweden and internationally. The new structure paves the way for the geographic growth that is part of Skanska's future international development plans.

An organization for an aggressive business strategy

The new organization consists of four business areas plus Group staff units, support companies and Skanska Invest.

Four business areas

Of the four business areas, three are geographic: Skanska Sweden, Skanska Europe and Skanska USA. They are responsible for the Group's building construction and civil engineering services in their respective markets.

The fourth business area – Skanska Project Development and Real Estate – is responsible for identifying and developing real estate and infrastructure projects. Effective work in these areas also generates new construction assignments for the Group's other units in Sweden and abroad.

In the important field of project exports to other continents, responsibility for civil engineering projects rests with Skanska Sweden and for building construction with Skanska Europe.

The Group's other operations

Skanska Capital, Skanska Finans, Skanska Försäkring (insurance), SCEM Reinsurance, Skanska Teknik and Skanska Data (computers) function as Groupwide support companies. The role of the Parent Company and the future tasks of its Group staff units are being reviewed, with the aim of shifting staff functions to the business areas as much as possible. Skanska

Invest is responsible for the Group's holdings in Scancem, SKF, Sandvik, Rörvik Timber, Boxholms Skogar and JM.

Client and market focus

The building construction and civil engineering-related business areas were divided up geographically so that marketing efforts could achieve greater impact and a better overview, while making greater client focus possible. Each business area is further developing the product-oriented specialization approved last year.

The former Industry business area was divided between the new Skanska Sweden and Skanska Europe business areas, based on where the various operations have their main markets. Consequently the Myresjö Group, SektionsByggarna, Skanska Prefab, Skanska Stålteknik, Skanska Installation and Skanska Maskin became part of the Skanska Sweden business area.

Kährs, the Poggenpohl Group, the Essmann Group and Elitfönster have their largest markets outside Sweden, primarily in Western Europe, and are thus part of Skanska Europe.

The Group's collective experience of developing real estate and infrastructure projects was gathered in Skanska Project Development and Real Estate. This business area will work very closely with the other business areas, especially Skanska Sweden and Skanska Europe, to take

advantage of their large resources for marketing, developing and implementing new projects.

Broadening of construction operations

The purpose of the new organization is to facilitate a broadening of the Group's construction operations both into the conceptual and planning phases and into the after-market. By offering its input in planning work, Skanska can help lower life-cycle costs to the client while generating new business opportunities in this field. The aftermarket – operation, servicing, maintenance, renovation and modernization – accounts for a growing proportion of total construction activity in many important markets. To Skanska, this type of operations is not new, but efforts to expand organizational and marketing capabilities in these fields will intensify.

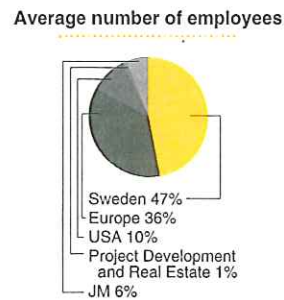
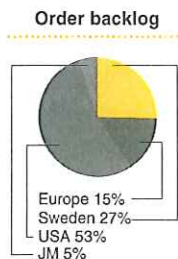
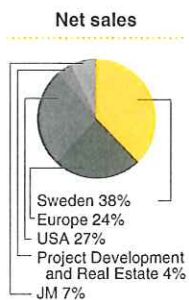
Collaboration within the Group

The strength and success of the Group are based on smooth, systematic collaboration among all units and all areas of expertise. The new organization creates opportunities for accelerating Skanska's growth. The Group will intensify collaboration among its various units and develop new systems, routines and working methods for facilitating cooperation, decision making, communication and follow-up.

Skanska Invest **Skanska AB** Support companies

Skanska Sweden	Skanska Europe	Skanska USA	Skanska Project Development and Real Estate
DIVISION: Business Development Skanska Residential Construction Skanska Commercial Buildings Skanska Northern Sweden Skanska Road Construction Skanska Asphalt and Concrete Skanska Underground Construction and Bridges Skanska International Civil Engineering Sundlink (37 percent)	Skanska Jensen Skanska Oy (70 percent) Skanska Entreprenör Skanska International Building Components and Service Kährs Poggenpohl Essmann Elitfönster Costain (7.6 percent)	Slattery Skanska Koch Skanska Sordoni Skanska Beers Construction Company Spectrum Skanska	Skanska Project Development Sweden Skanska Project Development Europe Skanska Real Estate Stockholm Skanska Real Estate Gothenburg Skanska Øresund Skanska Real Estate Nationwide Drott Skanska BOT Projects
Project development for external clients Project exports Niche markets			Development for Skanska's own account

Relative and absolute size of the new business areas in the Group, pro forma, 1997



	Skanska Sweden	Skanska Europe	Skanska USA	Skanska Project Development and Real Estate	JM
Net sales, SEK M	21,536	13,494	15,410	2,597	3,989
Order backlog, Dec. 31, 1997, SEK M	14,074	8,136	28,393		2,467
Average number of employees	17,312	13,279	3,716	493	1,930

Skanska Sweden

Business Development Division
Skanska Residential Construction Division
Skanska Commercial Buildings Division
Skanska Northern Sweden Division
Skanska Road Construction Division
Skanska Asphalt and Concrete Division
Skanska Underground Construction
and Bridges Division
Skanska International Civil Engineering
Sundlink (37 percent)

Skanska Sweden includes the Group's Swedish operations in the fields of building construction-, road- and civil works-related services. The business area also includes a number of specialized subsidiaries with operations closely connected to construction work. In addition, Skanska Sweden is responsible for the Group's international civil engineering projects. In all, the units in the business area accounted for about 38 percent of consolidated net sales in 1997.

Focus on growth regions

BUSINESS ORIENTATION

Skanska Sweden's ambition is to be the technical and market leader in its priority markets. By utilizing and combining the Group's collective competence and a strong local presence, it can provide clients with package solutions that are mutually profitable.

Clients must be given good service and value-added throughout the value chain. They must also have the opportunity to select the form of partnership that suits their needs.

ORGANIZATIONAL STRUCTURE

Skanska Sweden works through a number of specialized divisions and other units with well-defined fields of operations. They also include specialized companies, such as the Myresjö Group, Skanska Prefab, Skanska Installation, Skanska Stålteknik, Skanska Maskin, SektionsByggarna, Stablator and Skanska Dredging. These companies will continue to develop independently in the Swedish and international markets. They will also expand their cooperation with other Skanska units.

Skanska International Civil Engineering is responsible for the business areas project exports.

Skanska Sweden, pro forma, 1997

Net sales, SEK M	21,536
Operating income, SEK M	418
Order backlog, Dec. 31, 1997, SEK M	14,074
Average number of employees	17,312

The business area also includes the Öresund Bridge project (Sundlink), in which Skanska's share is 37 percent.

MARKETS – CLIENTS

The Swedish construction market remains weak. Residential construction is admittedly expected to increase, but from an extremely low level and mainly only in regions of economic growth. The demand for office, retail and industrial space is expected to increase slightly, while repair and maintenance work represents a growing share of the construction market.

After a few years of expansion in civil engineering work, the volume of major infrastructure projects is now diminishing. The aftermarket, in the form of maintenance and improvement work, should grow, however. This applies especially to central and local government road networks.

Overall, the dramatic downsizing of the Swedish construction industry will continue, with a smaller construction volume than during the 1970s and 1980s in the foreseeable future.

Skanska Sweden is now establishing a new operational structure. It is concentrating its resources and marketing activities in a smaller number of localities and regions. During 1998, the number of employees is expected to fall by about 1,500 people – mainly as a consequence of the new operational structure.

Among clients, there is a growing interest in package solutions and life-cycle

thinking. Quality, operation and maintenance aspects as well as environmental issues are thus gaining in importance. The business area's broad range of expertise, long experience of large and small projects and financial resources are also a source of strength in these contexts.

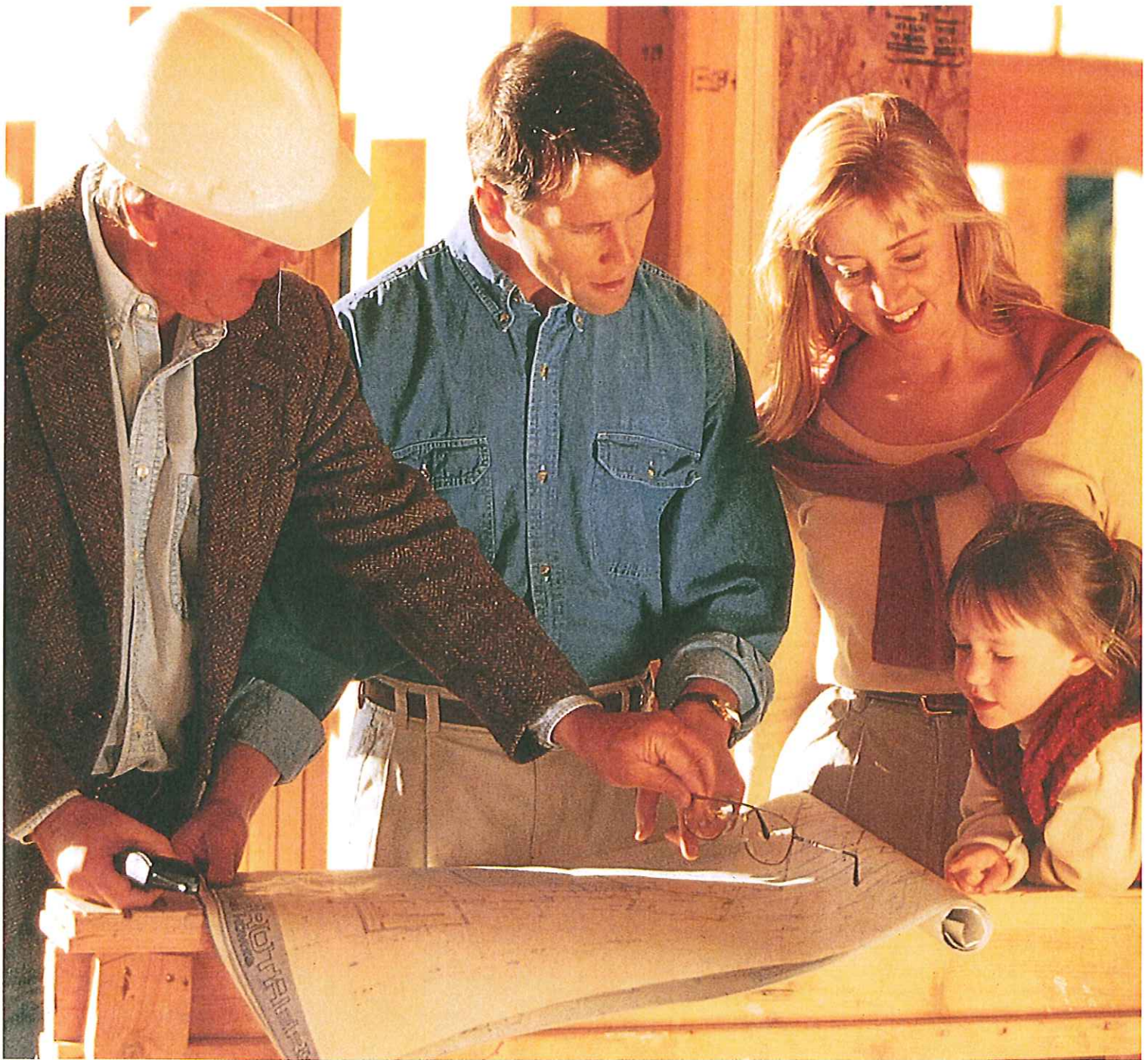
Rent levels are expected to rise in a number of the business area's markets. This may, in turn, generate attractive business opportunities both for project development and new construction.

Skanska Sweden will take advantage of the expanded maintenance market by systematically focusing on specialized service assignments in the building construction, road and civil engineering sectors as well as in the installation field.

SUCCESS FACTORS

Skanska Sweden works as a building, road and civil works contractor, as a project manager and project developer, and as a business and joint venture partner.

The Skanska trademark is widely respected. It is a symbol of the Group's many strengths. These include local roots, a broad range of expertise, strategic resources, financial strength and a client- and profitability-oriented way of working. Other strengths are Skanska's combination of responsibility, job satisfaction and pride in its day-to-day work.



Skanska Sweden – project manager, project developer, business and joint venture partner.

The tables below present 1997 data on some of the major legal entities in Skanska Sweden

Skanska Bygg AB (building construction)

Net sales, SEK M	8,476
Order backlog, Dec. 31, 1997, SEK M	4,310
Average number of employees	4,636

Skanska Anläggning AB (civil engineering)

Net sales, SEK M	6,281
Order backlog, Dec. 31, 1997, SEK M	5,873
Average number of employees	4,304

Skanska International Civil Engineering AB

Net sales, SEK M	2,252
Order backlog, Dec. 31, 1997, SEK M	2,140
Average number of employees	5,010

Skanska Europe

Skanska Jensen
Skanska Oy (70 percent)
Skanska Entreprenør
Skanska International Building
Components and Service
Kährs
Poggenpohl
Essmann
Eitfönster
Costain (7.6 percent)

Skanska Europe includes the Group's Finnish and Danish domestic markets as well as its other European operations outside Sweden in the fields of construction-related services, building components and aftermarket services. The business area's building component companies in the kitchen, flooring, roofing and window sectors have sizable market shares, especially in Western Europe. Skanska Europe is also responsible for the Group's project exports in the building construction field.

In all, the units in the business area accounted for about 24 percent of the Group's 1997 net sales.

New domestic markets

BUSINESS ORIENTATION

The mission of Skanska Europe is to combine the Group's collective know-how with local market knowledge in its domestic markets. Throughout the client's value chain – from concept to construction to maintenance – Skanska Europe shall provide project development and contracting services as well as components and aftermarket services.

The business area shall achieve profitable growth by developing its existing domestic markets and by establishing new ones, with the long-term goal of becoming the market leader in Europe.

MARKETS AND STRATEGIES

The Nordic countries

In Norway, the construction market is benefitting from that country's strong economic growth. In Finland, there is especially good demand for office and retail properties. In Denmark, demand for both residential and other building construction

is growing, while the market for road and civil works construction is expected to shrink during the next few years.

Skanska is investing substantial energy in its Danish and Finnish domestic markets, while using its position in the Oslo area as a platform for establishing another domestic market in Norway.

Other Western European markets

In Western European markets outside the Nordic countries, the construction industry is being consolidated into larger units, and major companies in particular are increasing their use of subcontractors. Many companies are expanding their traditional fields of operations, while moving outside their own national borders.

New construction represents a diminishing share of the overall market, while the demand for repairs, renovations and maintenance is increasing. Meanwhile, there is a shift from public financing of major projects toward a larger element of private financing.

In the French and German markets, which are expected to remain weak, Skanska enjoys a leading position in the building component field. The good local market knowledge possessed by its component companies is a valuable asset in Skanska Europe's marketing efforts in the entire construction services field.

In other parts of Western Europe, including Great Britain, the Benelux countries and Portugal, the market is expected to grow.

Central and Eastern Europe

On the whole, Central and Eastern Europe is a growth market, but there are substantial differences between and inside the various countries. Future growth is highly dependent on political and economic stability.

Among attractive markets are Russia, Poland, Hungary and the Czech Republic – especially the major metropolitan areas. There is a large element of new construction, but there is also an extensive need for repair, renovation and maintenance work,

Skanska Europe, pro forma, 1997

Net sales, SEK M	13,494
Operating income, SEK M	329
Order backlog, Dec. 31, 1997, SEK M	8,136
Average number of employees	13,279

C G Jensen A/S, Denmark *

(Skanska Jensen effective May 1, 1998)	
Net sales, SEK M	3,150
Order backlog, Dec. 31, 1997, SEK M	2,417
Average number of employees	5,229

Skanska Oy, Finland *

Net sales, SEK M	3,008
Order backlog, Dec. 31, 1997, SEK M	3,498
Average number of employees	1,943



Sweden House, a 19th century building in central St. Petersburg, Russia with historic landmark status, was refurbished inside by Skanska into a modern office building.

both in building construction and in the road and civil works sector.

In these markets, Skanska Europe is seeking to establish a greater local presence, among other things through a combination of stronger in-house resources and gradually expanded cooperation with both local and international companies.

SUCCESS FACTORS

The Group's collective competence plus knowledgeable employees with a local presence and local market know-how, provide a strong base for continued expansion. The business area also includes companies that are among the leaders when it comes to environmental work in their various fields. One indication is that a number of Skanska Europe companies have

obtained environmental management certification according to ISO 14001 international standards or Eco-Management and Audit Scheme (EMAS) registration.

The Skanska name is respected and well known. Internationally, it symbolizes a high level of expertise and financial strength. The Group's project development know-how creates major opportunities in its existing domestic markets as well as in Central and Eastern Europe.

* Presented below and on the previous page are selected 1997 financial highlights from some of the larger companies in Skanska Europe.

Kährs Group * (Flooring, mainly hardwood)

Net sales, SEK M	1,597
Order backlog, Dec. 31, 1997, SEK M	145
Average number of employees	1,839

Poggenpohl Group *

(Kitchen and bathroom furnishings)

Net sales, SEK M	2,161
Order backlog, Dec. 31, 1997, SEK M	272
Average number of employees	2,158

Essmann Group *

(Skylight domes, fire ventilators and smoke protection systems)

Net sales, SEK M	1,092
Order backlog, Dec. 31, 1997, SEK M	135
Average number of employees	719

Skanska USA

Slattery Skanska
Koch Skanska
Sordoni Skanska
Beers Construction Co.
Spectrum Skanska

Skanska USA includes the Group's North American operations in the building, road and civil works sectors.

Building construction is led by Beers Construction in the southeastern United States and by Sordoni Skanska in the northeast. The primary civil contractors are Slattery Skanska and Koch Skanska. Spectrum Skanska specializes in high-end real estate development.

Continued expansion

BUSINESS ORIENTATION

Skanska USA's strategy is to continue to expand geographically through establishment and/or acquisition of companies in local markets and by developing strong positions in niche markets, such as telecommunications, pharmaceuticals, micro-electronics and health care, as well as in general commercial and civil construction. Its subsidiaries have increasingly broadened their scope of services to include design, build, operate and maintain (DBOM) projects.

MARKET – CLIENTS

With sales of more than SEK 15 billion in 1997, Skanska USA is one of the largest contractors in the United States.

Despite its success, Skanska USA's share of total American construction is less than one percent. This indicates the size of the market but also the tremendous opportunity available to Skanska in the United States.

The American economy has enjoyed several years of record expansion, and Sordoni Skanska and Beers Construction

have benefitted greatly from it. Fortune 500 companies are a significant source of business, as are health care and educational institutions. In addition, commercial developers of office, hotel and retail centers are important clients. Entertainment and sports facilities are an increasingly significant part of the construction business in the United States.

The civil construction market is somewhat weaker due to tight budgets for public works. Despite the condition of the market, the companies in Skanska USA's civil sector have a record backlog due to some large contracts in Boston and in the San Francisco area, being performed in joint ventures with major local contractors.

Both the public and private sectors are moving toward increasing the involvement of contractors in the entire life cycle of projects. For example, many projects now include planning and design responsibility as well as construction. In other instances, project finance is required. Contractors are now participating in the aftermarket of facility management and maintenance. These changes are the result of the trend in America toward outsourcing and risk sharing. It is also becoming common for large corporations to enter into long-term partnering arrangements with one contractor.

Given its strong emphasis on client focus, Skanska USA sees these trends as attractive business opportunities that may also help fuel continued growth and geographic expansion.

SUCCESS FACTORS

The strength of Skanska USA is its strong entrepreneurial spirit and consistent client focus. Management strongly emphasizes safety and environmental awareness, as well as cost control and strict adherence to schedules.

The business area's strategy of focusing on client needs has led to 80 percent repeat business in private sector work, which is a significant advantage in the highly competitive American markets. Another advantage enjoyed by Skanska USA is low administrative costs, in an industry characterized by narrow margins.

Finally, the financial strength of Skanska and the good name and reputation of the Skanska Group have proved to be a major benefit by increasing the credibility, competitiveness and long-term growth capacity of the American subsidiaries.

Skanska USA, 1997	
Net sales, SEK M	15,410
Operating income, SEK M	301
Order backlog, Dec. 31, 1997, SEK M	28,393
Average number of employees	3,716



In August 1997, Sordoni Skanska landed a contract to build a new office complex and computer laboratory in Middletown, New Jersey for the telecommunications company AT&T. The project, worth SEK 2.2 billion, is scheduled for completion late in 1999.

Presented below are selected 1997 financial highlights from some of the larger companies in Skanska USA.

Slattery Skanska

Net sales, SEK M	1,800
Order backlog, Dec. 31, 1997, SEK M	5,226
Average number of employees	840

Sordoni Skanska

Net sales, SEK M	5,044
Order backlog, Dec. 31, 1997, SEK M	10,944
Average number of employees	555

Beers Construction Co.

Net sales, SEK M	8,223
Order backlog, Dec. 31, 1997, SEK M	11,486
Average number of employees	2,125

Skanska Project Development and Real Estate

Skanska Project Development Sweden
Skanska Project Development Europe
Skanska Real Estate Stockholm
Skanska Real Estate Gothenburg
Skanska Öresund
Skanska Real Estate Nationwide
Drott
Skanska BOT Projects

The business area is responsible for the development, management and improvement of Skanska's real estate holdings as well as for the Group's shareholdings in a number of other real estate companies. The business area's operations also include collaborating with other Skanska units to identify, launch and develop infrastructure and real estate projects in Sweden and other countries.

Generating value

BUSINESS ORIENTATION

Skanska Project Development and Real Estate shall use the collective resources of the Group to develop and invest in projects in the real estate and infrastructure fields. Its overall goal is to yield a good return on invested capital and generate assignments through collaboration with other units of the Skanska Group.

It shall devote particular attention to the growing volume of BOT (Build-Own-Transfer) projects in Skanska's domestic markets as well as infrastructure projects in Europe, Asia, Africa and Latin America of the types that Skanska prioritizes, such as bridges, tunnels and hydroelectric power plants.

In the real estate field, continued specialization and increased geographic concentration are key concepts for future operations.

The business area shall continue to seek a rapid turnover in its real estate portfolio.

ORGANIZATION

The various operations in the business area have been grouped into a number of specialized units in the fields of project development, residential properties and commercial properties.

MARKETS

The Swedish rental and real estate market is uneven. Because of low interest rates, many real estate companies are experiencing better cash flows, but rent increases have been modest. Within a few years, however, a sharp increase in rents can be expected in Skanska's main markets, i.e. primarily in the Stockholm, Gothenburg and Öresund metropolitan areas (the latter includes southernmost Sweden and parts of neighboring Denmark).

In other European real estate markets, the Central and Eastern European countries in particular have a great need for new construction. In Western Europe, operation and maintenance services as well as renovation and modernization work account for a growing proportion of the market.

The international market for BOT projects is growing, both in the OECD countries and in many developing countries. This trend can be expected to continue over the next few years.

SUCCESS FACTORS

As one of the largest construction companies in Europe, as well as a long-established participant in major international projects, Skanska has access to a broad base of expertise and experience related to all forms of project development.

As one of Europe's largest private real estate owners, also active as a property developer in several European markets, Skanska has extensive knowledge of how a real estate portfolio can be developed and improved.

Combined with the Group's strong financial position, this gives the business area unique opportunities and significant competitive advantages. Alone or in cooperation with other market participants, Skanska can engage in practically any type of project in its priority markets, as well as crafting financial solutions that will enable them to be implemented.

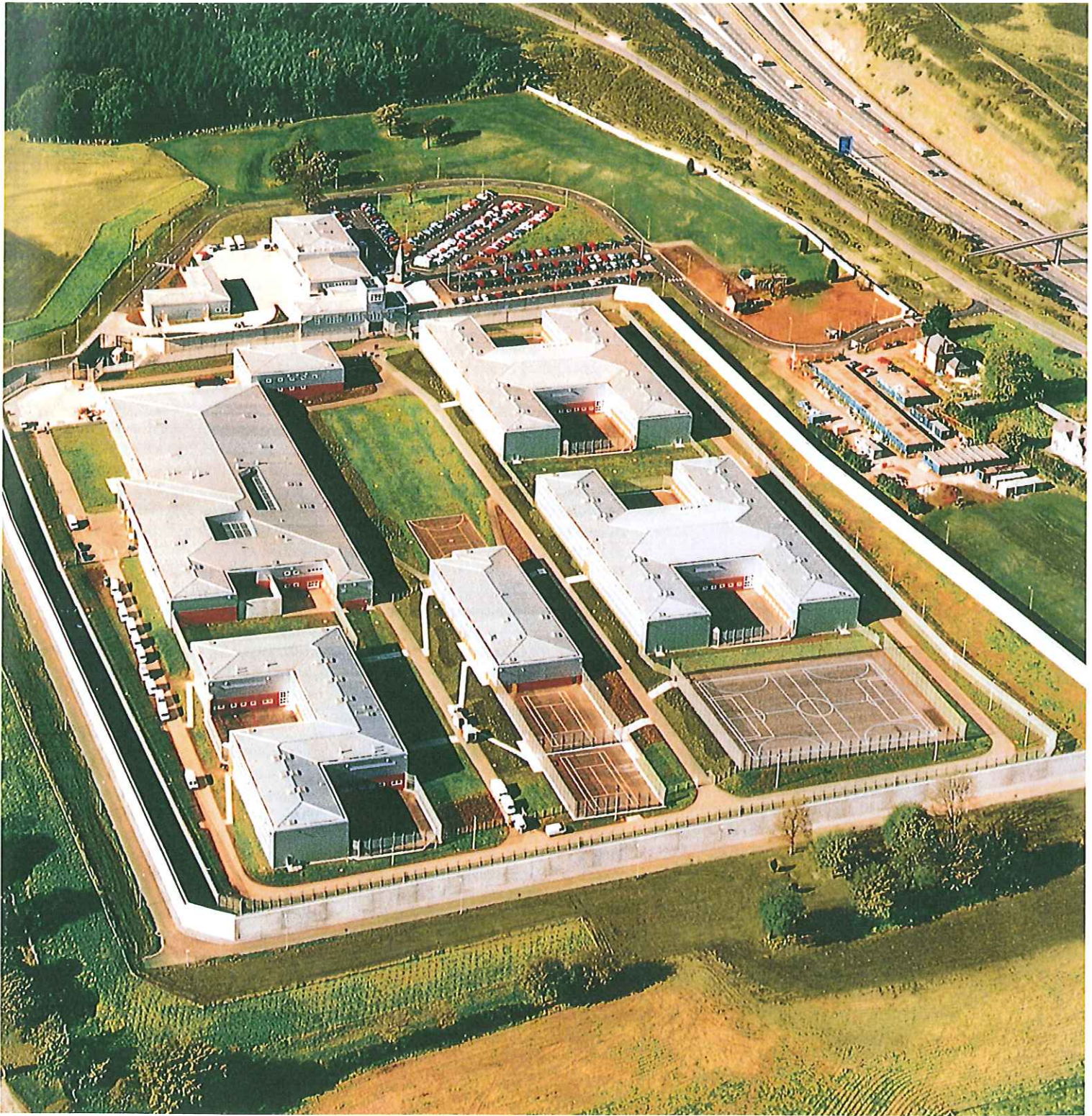
DROTT

Regarding plans to transfer a newly established real estate company – the new Drott – to Skanska's shareholders, see the Report of the Directors, page 31. The New Drott will include nearly half the real estate holdings of the business area.

Skanska Project Development and Real Estate, pro forma, 1997

Net sales, SEK M	2,597
Operating income, SEK M	1,356
Average number of employees	493

For further information, see pages 22-23.



The first privately owned prison in Great Britain – located in Bridgend, Wales – is a BOT project constructed by Skanska and Costain. A separate company in which Skanska is part-owner is responsible for operation and maintenance during a 25-year period.

Review of 1997 operations

Effective from February 1998, Skanska has changed its organizational and operational structure. It is therefore not possible to provide a fair, easily comprehensible account of the Group's overall operations during 1997 based on the new business area structure. For this reason, the following review of 1997 operations is grouped into countries and regions, followed by a separate section on real estate.

Sweden

Skanska's operations in Sweden during 1997 included a broad spectrum of projects both large ones like the High Coast Bridge and numerous small assignments.

High-profile projects

Among Skanska's large, highly publicized projects in Sweden, the High Coast Bridge over the Ångermanälven river near the northern Swedish coast deserves special mention. After four years of work, the project was completed during the year and on time.

During 1997 Skanska also began construction of Sweden's third largest bridge, the 1,700 m (5,600 ft) long Uddevalla Bridge over the Sunningesund straits on the E6 European highway.

Work on the Öresund Bridge continued as planned. By year-end, 250 m (820 ft) of bridge had been assembled from the Swedish side. The bridge is now growing at 280 m per month.

Construction of the Southern Link highway in Stockholm resumed in late 1997. In the Stockholm area, Skanska also completed the renovation of the former Marabou chocolate factory in Sundbyberg into offices for Ericsson, the telecommunications group. It began the major project of converting the former St. Göran Children's

Hospital into a new headquarters for the Electrolux appliance group. During the year, Coca-Cola's first Swedish production plant was completed in Haninge outside Stockholm.

Many assignments in the educational sector

The educational field is one of the few relatively expansive sectors in the Swedish construction market. Among other projects, Skanska completed work on the new Jönköping University College.

In Kalmar, a new technology center was inaugurated in one of the most environmentally sound buildings in the Nordic countries. Work began on a new marine biology center in the same city.

In Örebro, work was underway on the Unikum technology village, adjacent to the university college. In Umeå, Skanska was building new student housing. In Eskilstuna planning of the new university college began.

Skanska also renovated a large number of compulsory and upper secondary schools.

New residential products

As part of the *Bo Klok* (Sensible Housing) project, Skanska completed the first newly developed low-price apartment buildings in Helsingborg. They employ a prefabricated wood construction technique and

are sold via the IKEA home furnishings chain. The inauguration attracted extensive publicity both in the media and in the construction and housing sectors. In Örebro, another *Bo Klok* project was completed, and several others were under construction or in the planning stages, for example in Huddinge and Sundsvall.

Specialist companies in their own markets

The specialist companies within Skanska Sweden, which work in well-defined markets both in Sweden and abroad, performed well. Several new acquisitions took place. These included Ferm & Persson Glas and the Skurvognsservice group in Denmark. As the result of extensive product development, several new products were launched in the market, including a new series of fan units, the Smålandsvillan single-family home and a new system for temporary buildings.

In the Myresjö Group, which makes ready-to-assemble wooden homes, customer-controlled product development and intensified sales campaigns, combined with lower interest rates, resulted in sharply improved order bookings.

The Halland Ridge – difficulties and challenges

The construction of the railroad tunnel through the Halland Ridge (Hallandsåsen)



From the left: The 1.8 km (1.1 mi) long High Coast Bridge over the Ångermanälven river was inaugurated in December 1997. Work proceeded on Sweden's longest vehicle tunnel, the Lundby Tunnel in Gothenburg. The 2.5 km (1.6 mi) long parallel tunnels inaugurated early in 1998 are expected to accommodate 30,000 cars a day and provide a substantial environmental improvement. Skanska completed a renovation and extension of Visby General Hospital, which is now one of the most modern hospitals in Europe.

in southern Sweden – where tunneling and blasting work is currently suspended – involved both a major engineering challenge and a serious reminder of the sometimes crucial role of environmental issues. The question of who is liable for the mistakes that were made has not yet been settled, but Skanska has applied the lessons of the events at Halland Ridge, both in its daily operations and in the form of training programs. Skanska must meet strict environmental standards established by both its clients and other interested parties.

Sales and personnel

Net sales in Sweden totaled SEK 24,089 M in 1997. If the subsidiary JM is not counted, sales reached SEK 20,240 M, of which SEK 18,630 M was attributable to construction operations.

The average number of employees in Sweden during 1997 was 17,517. Excluding JM, the figure was 15,605, of whom 11,738 were employed in construction operations.

Finland

Finland is one of Skanska's four domestic markets, and Skanska companies in Finland account for about 4 percent of the Group's total sales. Most of these operations take place in the subsidiary Skanska Oy.

Skanska had a good year in Finland during 1997. Skanska Oy, one of the country's largest companies in both the building construction and civil engineering sectors, increased its sales in Finland by more than 40 percent. Behind this very positive trend was both increased economic activity in important parts of Finland and a systematic marketing drive by Skanska companies.

The company's largest project in Finland is the construction of a privately financed highway between Lahti and Helsinki. A company established for this purpose, Nelostie Oy, in which Skanska is part-owner, is responsible for design, construction, financing and operation until the year 2012, when the project will be handed over to the client, the Finnish National Road Administration. Work began in May 1997 and will be completed in 2000.

In charge of construction is a consortium consisting of Skanska Oy and its now wholly owned subsidiary Tekra Oy.

Prize-winning projects

Among other major Skanska projects in Finland were the new Hartwall Arena, which was completed during April in time for the world ice hockey championships in Helsinki. It was named Construction Project of the Year. A similar award was presented to the Myllytien Olympos residential project in Helsinki: Concrete Structure of the Year.

Renovation and extension of the classic Hotel Kämp, an office building for Ericsson, completion during the year of a new office and restaurant property for McDonalds in Helsinki and the ASG transit terminal in Hamina, which was completed in record time, are other well-publicized Skanska projects during 1997.

Skanska has enjoyed a strong position for years as a residential builder and built or renovated 3,000 apartments during 1997. Among Skanska's major residential projects, Lintulahti in Helsinki can be mentioned in particular. The project will be completed in the year 2000 and will include some 650 apartments as well as retail and office space.

During 1997, Myresjöhus took over Oy Trendhouse in Oravais as part of its efforts to expand its share of the Finnish ready-to-assemble home market.

Sales and personnel

Net sales in Finland during 1997 totaled about SEK 2.2 billion. The average number of employees was 1,374.

Denmark

Most of Skanska's operations in Denmark take place within the wholly owned C.G. Jensen, one of the country's largest construction companies, with operations in all types of construction. During the spring of 1998, the company will change its name to Skanska Jensen.

Major projects in Copenhagen

In conjunction with the Öresund Link project, C.G. Jensen participated in the construction of 2.6 km (1.6 mi) of freight train

tracks on the island of Amager plus a 380 m (1,250 ft) long railroad tunnel. Construction began on another 200 m long rail tunnel from Copenhagen International Airport to the future Öresund Link. Work was completed at the big new SAS air cargo terminal at the airport. Skanska Stålteknik in Sweden also delivered the frame of a new Copenhagen airport terminal building.

Three other major projects were the big new administration and service building for the Copenhagen subway system, a new office building for the Society of Danish Engineers and a new building for the newspaper *Det Fri Aktuelt*. C.G. Jensen built a number of exchanges and performed extensive cable laying work for the Swedish-based Telia telecommunications group.

Investment in housing

The housing sector is one field where C.G. Jensen has been especially active, which has helped increase its market share. One of several major residential projects is the renovation of 627 one-story homes in Ballerup, outside Copenhagen, which began during the year. In two other especially interesting projects begun during 1997, C.G. Jensen is testing a proprietary wooden duplex home concept called CASA NOVA. The company also landed a number of new contracts based on more traditional building methods, including a one-story home project in cooperation with Swedish-based Myresjöhus.

In Greenland during 1997, C.G. Jensen was working on both a new 80-apartment residential area and a new airport.

Project development

C.G. Jensen put extensive work into developing and improving its own land and real estate holdings.

Sales and personnel

Net sales in Denmark during 1997 totaled about SEK 3.0 billion. The average number of employees was 2,065.

Rest of Europe

NORWAY

In Norway, Skanska Entreprenør carried out three major projects in the Oslo area: a new office building for the Storebrand insurance company, construction and renovation of housing for the KLP insurance company and extension of the pediatric clinic at Ullevål Hospital.

Net sales: SEK 1.1 billion.

Average number of employees: 207.

ICELAND

In Iceland, Skanska completed blasting work for the six kilometer (3.7 mi) long highway tunnel under the Hvalfjörður fjord. This BOT project is both technically advanced and complex – for example, at its deepest point the tunnel is 160 meters (525 ft) below sea level.

In a joint venture project worth SEK 420 M, Skanska began construction of its fourth hydropower plant in Iceland, Sultartangi.

Net sales: SEK 78 M.

Average number of employees: 119.

GERMANY

In the German market, Skanska's building component companies – Poggenpohl with its kitchens, Kährs with flooring and Essmann with smoke protection systems, plus Elitfönster with windows – accounted for the lion's share of Skanska's operations.

Net sales: SEK 2.6 billion.

Average number of employees: 2,360.

GREAT BRITAIN

In Wales, the prison at Bridgend was completed. It was a joint venture with the British construction company Costain, in which Skanska owns 7.6 percent. This is a BOT project in which Skanska not only is participating in the construction phase but is also part-owner of the company that will be responsible for operation and maintenance for 25 years.

In partnership with Costain, Skanska also landed a contract to build a new first-class SAS Radisson hotel at the Manchester International Airport.

Skanska's share of these two assignments is worth SEK 380 M.

Net sales: SEK 395 M.

Average number of employees: 64.

RUSSIA

In St. Petersburg, several projects were completed during the year, including the new Sweden House, which is jointly owned by Skanska, the Swedish government and the city of St. Petersburg. In the same city, work continued on Skanska's largest Russian project to date – a major retail and travel center. Skanska completed an exclusive office building in Moscow for Promstroy Bank. During 1997, work also resumed on the big Smolenskaya business center complex. The construction of a new British embassy was also underway in the Russian capital in a joint venture project.

Net sales: SEK 1.1 billion.

Average number of employees: 806.

ESTONIA, LATVIA, LITHUANIA

In Riga, Latvia, a number of small projects

were started or completed, while construction began on the Skanska-developed Valdemara Center office project in central Riga. In Lithuania, work on a new factory for Philip Morris was completed, and in Estonia work was underway on an oil terminal in Tallinn harbor.

Net sales: SEK 83 M.

Average number of employees: 104.

POLAND, CZECH REPUBLIC, HUNGARY

In Warsaw, Poland, construction began on the third phase of the Skanska-developed Atrium Business Center – Atrium Plaza.

In the Czech Republic, Skanska completed a Scania truck and bus service center. The Group signed contracts to build a new factory outside Prague for the Assi Domän forest products company and to manage the construction of two home furnishings centers for IKEA.

In Budapest, Hungary, work continued on the extension of the international airport, while Skanska completed two projects for Ericsson and Sandvik respectively.

Net sales: SEK 714 M.

Average number of employees: 738.

United States

Skanska has expanded substantially in the United States in recent years, both through organic growth and a number of acquisitions. The U.S. is now the Group's largest single market, accounting for 30 percent of total sales.

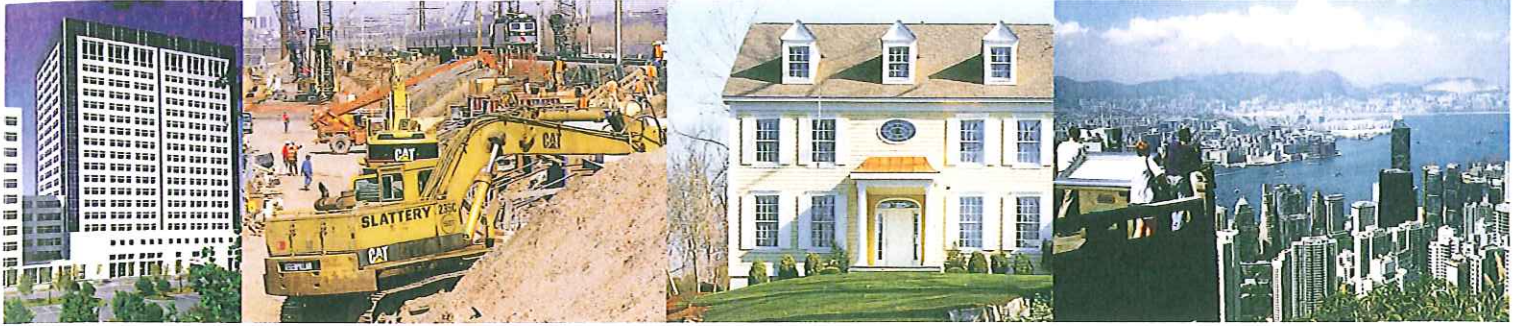
Rapid expansion in the U.S. began in



The Hartwall Arena in Helsinki was built by Skanska Oy in time for the 1997 world ice hockey championships.

The building component company Poggenpohl has been a well-established manufacturer of kitchens since 1892 and holds a sizable market share in Western Europe.

The Hvalfjörður highway tunnel will connect northern Iceland with Reykjavik, the capital. The tunnel is being built by Skanska International Civil Engineering and is expected to be completed in September 1998.



The 21-story Atlanta, Georgia headquarters of the Home Depot discount store chain was built by Beers Construction. Slattery is working on two major civil projects related to a rail system expansion in Secaucus, New Jersey. Legend Hollow outside New York City, is a development consisting of 67 high-end homes being built by Spectrum Skanska. Skanska has been active in Hong Kong since the mid-1960s. During 1997 it carried out major projects related to the city's underground rail system.

1989 and intensified in 1993. In 1997 alone, sales increased by 38 percent without any major acquisitions.

Atlanta – no post-Olympic slowdown

Beers Construction, Skanska's largest U.S. subsidiary, increased sales in Georgia again in 1997, despite an already high sales level in 1996 related to construction for the Olympic Games. Backlog increased due to several large new orders, including a new arena for the Atlanta Hawks and a regional facility for the U.S. Federal Reserve, both in excess of SEK 800 M.

Throughout the southeastern United States, Beers local subsidiaries continued their growth. Order bookings in Florida and the Carolinas rose 52 percent. Projects for Disney in Florida and educational facilities at the University of North Carolina are particularly noteworthy.

Philadelphia to Boston – increased sales – larger projects

Skanska USA companies are now among the leaders in the construction industry in the northeastern United States.

Sordoni Skanska has expanded its role as a provider of construction management services to a number of Fortune 500 companies and has significantly expanded its market share in other building sectors as well. During 1997 the company began a SEK 2.2 billion laboratory and office complex for AT&T. Sordoni Skanska also entered into a nationwide agreement to build distribution centers for Toys'R'Us and continued to add new projects for

other prestigious companies such as Merck, American Home Products, Lucent Technologies and Bristol Meyers Squibb.

Barney Skanska performed well in the very difficult New York City building business. It had ongoing projects at the Pfizer headquarters, City Hall and Columbia University and received a new SEK 600 M order for the world-renowned Sotheby's Art Gallery.

Beacon Skanska completed a new R&D facility for Genetics Institute in Massachusetts.

On the civil engineering side, Slattery Skanska is participating in a number of joint venture projects related to a major highway project in Boston. Slattery Skanska's share is SEK 2.8 billion. The project involves very complex techniques, including jacking large precast tunnel sections under a railroad yard in the city center.

Other large ongoing infrastructure projects include maintenance facilities in Washington, New York and Boston for a new high-speed rail system; an interchange and viaduct in New Jersey worth more than SEK 600 M; and new subway work in New York. Koch Skanska began work on a SEK 1 billion project on the Williamsburg Bridge in New York.

Housing New York

The earlier acquisition of Spectrum Skanska has assured the continuity of the housing development business begun in Boston. Spectrum Skanska is developing projects totaling more than 500 high-end units in the New York suburbs.

With Spectrum Skanska as a base, Skanska USA is currently working to create new business opportunities in the American housing market, where 1.4 million homes are built per year.

New technology

During 1997 Underpinning and Foundation, a subsidiary of Slattery Skanska, introduced a new hydraulic pile driving technique to the New York metropolitan region. This technique has increased productivity and led to a number of new assignments.

As a result of close collaboration between Skanska's Swedish subsidiary Stabilator AB and Underpinning and Foundation, during 1997 Skanska USA introduced lime cement technology to the United States. The first application was on a highway construction project in Salt Lake City.

During 1997 Skanska USA companies received several awards for excellence. For example, Sordoni Skanska was named Construction Manager of the Year in New Jersey.

Sales and personnel

Sales of Skanska USA during 1997 totaled about SEK 15.4 billion. The average number of employees was 3,716.

Asia

Skanska has long experience of large, well-publicized projects in Asian countries. They usually also involve complex techni-

Review of 1997 operations

cal and logistic conditions, requiring a high standard of management and organization as well as the ability to arrange competitive project financing.

For each individual project, Skanska creates a separate project organization, staffed both by employees from Skanska units in different parts of the world and by internationally recruited personnel and local employees. Skanska is usually the manager of consortia or joint venture arrangements, which are common in this type of project.

Uri inaugurated

In India early in 1997, the Uri project – a large underground hydropower plant – was handed over to the client, the National Hydroelectric Power Corporation, after five years of work. At its peak more than 4,500 people, mainly local employees, were involved in the construction project.

New and ongoing assignments in other countries

In Hong Kong, where Skanska has been active since the mid-1960s, the Group carried out two projects related to the city's underground rail system. During the year, Skanska received a new contract worth SEK 360 M for a new phase of Hong Kong's giant Strategic Sewer Scheme.

In Thailand, a major project is under way in which Skanska is delivering and installing medical equipment at more than one hundred hospitals. The project is financed by the Swedish International Development Cooperation Agency (Sida). In Bangkok, Skanska carried out several pipe-jacking assignments.

During the year, Skanska also received an assignment to provide advisory services on underground work and construction management to local construction companies and public agencies in Vietnam.

In Malaysia, Skanska received a construction management assignment for Ericsson's new factory in Kuala Lumpur.

Limited risks despite Asian crisis

It is not yet possible to assess the full impact of the financial and political crises of recent months in a number of Asian countries. In Skanska's judgment, however, the company's risk exposure in Asia is limited. The Group's total order backlog in Asia in

February 1998 amounted to less than SEK 500 M. Most projects have insurance coverage against political and commercial risks and an inflation clause written into the contract or have otherwise hedged their foreign exchange risks.

Sales and personnel

In Asia (including Turkey and excluding Russia), net sales during 1997 totaled about SEK 0.7 billion. The average number of employees was 1,744.

Africa

Skanska has been working in Africa since the early 1950s. During 1997 it worked primarily in Ghana, Kenya, Tanzania, Uganda and Zimbabwe.

During 1997 the world's fourth largest beer company, South African Breweries, gave Skanska the task of building a new brewery in Kenya.

Skanska was working on a large fresh water project for the city of Mutare, Zimbabwe, which includes a four kilometer (2.5 mi) long pressure tunnel plus a 72 km (45 mi) water pipeline. Part of the project is being built in a national park and requires extra environmental care.

Another water supply project was completed during the year in Ghana – 27 km (17 mi) of partly underground water pipeline.

In Tanzania, Skanska was in the process of opening the Buluyanhulu gold mine by building a four kilometer long tunnel. During the year the Group also completed an assignment to restore 80 km (50 mi) of flood-damaged railroad.

In Uganda, Skanska completed work on the new Danish embassy in Kampala and upgrading of a 93 km (58 mi) long road in a project financed by the World Bank.

Sales and personnel

Net sales in Africa during 1997 totaled about SEK 0.9 billion. The average number of employees was 4,048.

Latin America

For more than three decades, Skanska has been working in Latin America, where economic growth has prevailed for the past

several years. There is increasing interest in BOT projects. For Skanska, the western portions of Latin America are especially attractive markets.

In Colombia, work continued as planned on the big Urrá hydropower project. The 340 megawatt power station is expected to go into service in 1999, half a year earlier than the contract schedule.

Sales and personnel

Net sales in Latin America during 1997 amounted to about SEK 0.7 billion. The average number of employees was 1,777.

Real estate

Skanska is one of Sweden's largest private real estate owners, with property holdings, excluding properties for its own operations, that totaled 3,600,000 sq m (39 million sq ft) at the end of 1997.

Most of this – 3,500,000 sq m – consisted of properties in Sweden, including about 1,200,000 sq m of housing and 1,200,000 sq m of office space.

During the year, Skanska continued to concentrate its resources and marketing efforts on the commercial real estate markets in the Stockholm, Gothenburg and Öresund regions.

The Group's real estate operations, with their strong focus on Sweden's three largest metropolitan areas, was favorably affected by strong demand for commercial and residential space as well as a high level of activity in the real estate market.

Purchases and sales in Sweden

Skanska's single largest real estate transaction in Sweden was Drott's acquisition of the municipal housing company Danderydsbostäder near Stockholm, with 1,300 apartments. The aim of the purchase was to strengthen Drott's role as the country's leading private residential landlord, while expanding its position in the Stockholm region.

During the year, Skanska sold an additional seven properties to the northern Swedish real estate company Norrporten – five newly constructed residential properties in Umeå, an office and residential property in Luleå and a retail and office

property in Örnsköldsvik. The sales price was SEK 215 M and the capital gain was about SEK 11 M.

Early in 1998, Skanska also sold the District Court building in Gothenburg to the AMF (S) insurance company for SEK 204 M, realizing a capital gain of SEK 67 M.

During 1997 the Group also prepared a major transaction in Gothenburg that was completed early in 1998 – the sale to the First, Second and Third National Pension Insurance Funds of the Kompassen retail building and the Perukmakaren commercial block. The sale price was SEK 470 M, generating a capital gain of SEK 420 M for Skanska.

Other important events worth mentioning are that Skanska's associated hotel property company Pandox was floated on the Stockholm Stock Exchange and that work on Scandinavia's first factory outlet mall began in Barkarby, outside Stockholm. The latter is a joint venture project with IKANO, a Swedish-owned property development and financing group with ties to the IKEA home furnishings chain.

German properties sold

Two of Skanska's remaining German properties were sold during the year. One was the ABC-Strasse commercial/residential property in Hamburg, the other a hotel in

Koblenz. The sales price totaled SEK 406 M, and Skanska realized a capital gain of SEK 132 M.

Earnings

Rental revenues from investment properties totaled SEK 3,520 M (3,305) in 1997. Operating net after subtracting administrative expenses rose to SEK 2,092 M (1,981). About SEK 170 M (140) in costs of adapting space to tenant requirements were charged to operating net.

Group investment properties

SEK M	Real Estate business area	Skanska JM	Skanska USA *	Other units	Total 1997	Total 1996
Book value	11,366	6,679		411	18,456	17,773
Rental revenues**	2,530	875	56	59	3,520	3,305
Operating net***	1,405	609	31	47	2,092	1,981
Return on book value (%)	12.4	9.1		11.4	11.3	11.1
Leasable space (000 sq m)	2,696	878		50	3,624	3,439
Residential space	1,065	137		28	1,230	1,047
Retail space	206	53		0	259	312
Office space	859	394		7	1,260	1,272
Other categories	566	294		15	875	808
Occupancy rate (rent, %)	96	96		95	96	96

* All properties sold in December 1997.
 ** Including interest subsidies.
 *** After subtracting administrative expenses.

Operating net, Group investment properties (including JM)

SEK M	1997	Return on book value, %	1996
Rental revenues	3,520		3,305
of which, interest subsidies	173		204
Operating and maintenance expenses	-1,032		-970
Real estate tax	-160		-107
Operating net before administration	2,328	12.6	2,228
Administrative expenses	-236		-247
Operating net after administration	2,092	11.3 *	1,981
Book value	18,456		17,773

* The corresponding 1996 figure was 11.1 percent. Adjusted for purchases and sales during 1997, operating net after administration was equivalent to a return on book value of 10.8 percent.

Real Estate business area*

Investment properties, 1997 SEK M	Stockholm	Öresund	Gothenburg	Nationwide	Drott	Sweden**	International	Total 1997	Total 1996
Rental revenues									
Residential space	8	43	8	61	741	861	0	861	688
Retail space	25	89	47	32	22	215	2	217	245
Office space	653	132	76	113	16	990	126	1,116	1,050
Other categories	122	78	48	21	32	301	35	336	334
Total	808	342	179	227	811	2,367	163	2,530	2,317
of which, interest subsidies	2	1	3	11	75	92	0	92	97
Operating net***	538	144	115	126	349	1,272	133	1,405	1,323
Book value	3,165	1,762	942	737	3,083	9,689	1,677	11,366	10,055
Return on book value, (%)	17.0	8.2	12.2	17.1	11.3	13.1	7.9	12.4	13.2
Leasable space (000 sq m)	642	430	220	259	1,040	2,591	105	2,696	2,472
Residential space	6	61	5	59	934	1,065	0	1,065	907
Retail space	28	80	27	38	31	204	2	206	205
Office space	449	131	67	119	23	789	70	859	854
Other categories	159	158	121	43	52	533	33	566	506
Occupancy rate, (rent, %)	96	94	96	93	96	96	98	96	96

* Effective from February 1, 1998, the Real Estate business area is part of the new Skanska Project Development and Real Estate business area.
 ** Including Denmark.
 *** After subtracting administrative expenses.

Financial strength and expertise

Financial operations

The Skanska Group is exposed to a number of financial risks. According to the Group's financial policy, the basic rule is that these risks should be eliminated where this is possible at reasonable cost and otherwise be minimized. In the Group's financial operations, financial exposures are allowed within pre-established limits. Other risks should be hedged where this is justified from a business standpoint. Risk assessment takes place in line operations, and suitable insurance coverage is worked out by the Group's central insurance organization.

Centralization of financial operations ensures a good overview and effective management of financial risk exposure, while enabling the Group to maintain a high level of expertise. Skanska Capital AB, SCEM Reinsurance S.A., the insurance company Skanska Försäkrings AB, Skanska Project Finance, Corporate Finance and Skanska Cash Management are responsible for coordination of the Group's financial operations. In their respective specialties, they serve as support units for Group companies in their day-to-day work.

Financial risk management

The Group's borrowing portfolio is primarily related to its real estate holdings. Rental revenues can normally be adjusted to interest rate changes only in the medium term. In light of this, Skanska estimates that it can achieve risk neutrality with a fixed interest period of 2.5 years on its net indebtedness. The Group's financial policy allows deviations from this fixed-interest period within pre-established limits. The fixed-interest period of Skanska's net indebtedness is adjusted continuously,

among other things by using derivative instruments.

The Group's financial policy calls for minimizing risk exposure in foreign currencies. The assets and liabilities of subsidiaries in foreign currencies should thus offset each other as much as possible. In addition, Skanska's shareholdings in foreign subsidiaries are hedged by forward contracts and borrowing in foreign currencies. In the Group's operations, the flow of goods and services across national boundaries and the related currency flows are limited in scale. As a basic rule, however, such contracted or budgeted currency flows for the next 6–9 months should be hedged.

To minimize liquidity risks, the maturity structure of the Group's borrowing should be spread over time. At least 75 percent of borrowing should have a remaining maturity of more than one year. Available liquid assets, as well as unutilized confirmed credit facilities, should be taken into account in this context.

Events and trends during 1997

Early in 1997, the Group benefited from added liquidity of SEK 2.3 billion due to the divestment of its shares in the power and forest product group Graninge. During the second quarter, the sale of most of Skanska's holding in Sandvik meant about SEK 10 billion in additional liquidity. Together with a positive cash flow in business operations, this financed the redemption of Skanska shares, which totaled nearly SEK 5.0 billion. Meanwhile the Group's net indebtedness for the year as a whole fell by SEK 6,799 M to SEK 4,738 M (11,537), of which the subsidiary JM's net indebtedness was SEK 4,193 M.

At year-end, the Group's interest-bearing assets amounted to SEK 5,273 M (5,203), including SEK 2,961 M (2,244) in foreign currencies. The average interest rate was 5.2 percent (5.6) and the fixed-interest period was 6 months (6).

The Group's interest-bearing liabilities and provisions declined to SEK 10,011 M (16,740), including SEK 1,703 M (6,318) in foreign currencies. The proceeds from share divestments enabled Skanska to reduce its borrowing portfolio in both SEK and foreign currencies during the year. At the end of 1997, the average maturity period for the Group's interest-bearing liabilities was 2.5 years (2.5). The average fixed-interest period was about 1.5 years (1.4), while the average interest rate at year-end was 6.8 percent (7.4). The Group's provision for pensions was SEK 2.1 billion (2.0), with an interest rate of 3.7 percent (6.0).

Shareholdings in listed companies

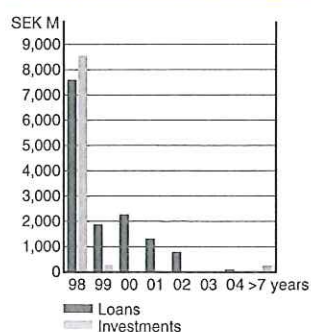
On December 31, 1997, the market value of all Group shareholdings in stock exchange listed Swedish companies totaled SEK 11,340 M, with a book value of SEK 6,374 M in the consolidated accounts.

The market value of holdings in the subsidiary JM and in the associated companies Norrporten, Pandox, Piren, Rörvik Timber and Scancem, which are reported according to the equity method, totaled SEK 9,002 M, with a book value of SEK 5,931 M in the consolidated accounts.

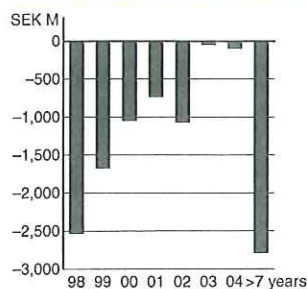
During the year, Skanska sold shares in the subsidiary JM. On December 31, 1997, its holding in JM totaled 27 percent (40) of the shares and 57 percent (64) of voting power in the company.

During 1997, Skanska also increased its holding in Scancem to 39 percent (33) of

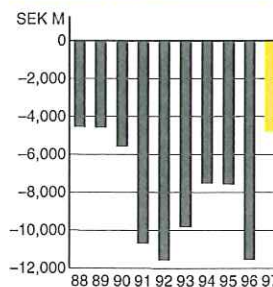
Fixed-interest period
Loans and investments including derivatives



Maturity structure
Interest-bearing liabilities and provisions



Interest-bearing net indebtedness



Financial management units

Skanska Capital AB	Skanska Försäkrings AB	SCEM Reinsurance S.A.	Skanska Cash Management	Skanska Project Finance	Corporate Finance
--------------------	------------------------	-----------------------	-------------------------	-------------------------	-------------------

the shares and 48 percent (33) of voting power by means of purchases and exchanges of shares.

In addition, by means of a non-cash issue, the Group acquired shares in the newly established company Rörvik Timber. On December 31, 1997, Skanska's holding was equivalent to 40 percent of the shares and voting power in the company.

In conjunction with the stock market flotation of the hotel property company Pandox during 1997, Skanska reduced its holding to 10 percent (50) of the shares and voting power in the company.

Without changing its percentage stake, during 1997 Skanska also participated in new share issues in the real estate companies Norrporten and Piren.

The market value of holdings in Sandvik, SKF, Costain and Sweco – holdings that are not reported according to the equity method or consolidated as subsidiaries – totaled SEK 2,338 M. The book value of these holdings in the consolidated accounts totaled SEK 443 M.

During the year, the Group sold most of its shareholding in Sandvik plus all its holdings in the automotive retailer Catena, the construction materials company Geveko and the real estate company Klöver. Sales proceeds from these transactions totaled SEK 10,089 M, with a capital gain of SEK 9,126 M. In conjunction with a new share issue in the British listed construction company Costain late in 1997, Skanska purchased shares equivalent to nearly 8 percent of the capital stock and voting

power in the company. The market value of the holding in Costain totaled GBP 5.5 M (or SEK 72 M) as of December 31, 1997.

Financial management units

Skanska Capital AB is in charge of the Group's central financial management. The company also acts as a service unit for Skanska subsidiaries and helps with financing packages, currency hedging, investment choices etc. In addition, Skanska Capital administers a Groupwide cash pooling system and manages temporary surplus liquidity, as well as taking interest rate and currency positions within specified risk mandates. The company's interest rate and foreign exchange trading yielded good earnings.

Skanska Försäkrings AB provides direct insurance coverage for the Skanska Group's own risks. The company offers products with prices and terms directly adapted to the Group's varying operations and risk exposure.

SCEM Reinsurance S.A., Luxembourg, normally acts as a reinsurer of insurance programs provided by outside insurance companies. The company works closely with a number of participants in the European reinsurance market, enabling it to achieve cost-effective risk spreading for the Group. In addition, the company has its own risk capacity for otherwise hard-to-finance risks that the Group is exposed to.

The Cash Management unit carries out analyses of Group companies and provides advisory services on cash management

issues. Parallel with its day-to-day operations, during 1997 the unit worked with implementation of an international foreign currency account system, which went into service in February 1998.

Skanska Project Finance is entrusted with creating competitive and client-tailored financing packages, with the aim of thereby helping generate business opportunities for the Group's operations in Sweden and abroad.

Access to financing and financial packages is often a constraining factor in the implementation of many projects in which Skanska is considered qualified to successfully participate as a contractor. The Group's specialized expertise in this field is gathered in a limited number of project financing units. These units have expertise and experience of large and complex project financing solutions in numerous countries, but they also arrange standardized financing packages for small projects. During 1997, for example, Skanska arranged loan and equity financing for a large highway project between Helsinki and Lahti, Finland. The project is privately financed, and the subsidiary Skanska BOT Projects AB, which specializes in this type of infrastructure investment, is participating as a partner supplying risk capital. After completion, the highway will be privately operated under a long-term concession, with operational and capital costs being covered by traffic-based revenues according to a shadow toll road model.

Skanska from an investor's perspective

The consolidated financial statements of Skanska encompass the accounts of the Parent Company and those companies in which the Parent Company, directly or indirectly, has a decisive influence. Thus JM is consolidated as a subsidiary and Scancem, Piren, Pandox and Norrporten are associated companies.

The tables below provide a pro forma account of how Skanska's consolidated income statement and balance sheet would look if these listed companies were regarded merely as shareholdings in

the balance sheet and their dividends were the only item affecting Skanska's earnings. By using this approach one achieves a financial description that, from an analytical standpoint, supplements the consolidated financial statements in the Report of the Directors. The adjusted income statement, statement of changes in financial position and balance sheet resulting from this approach show direct earnings and cash flow effects for Skanska's assets, with the financing they have.

Table 1 Summary Income statement and Cash flow

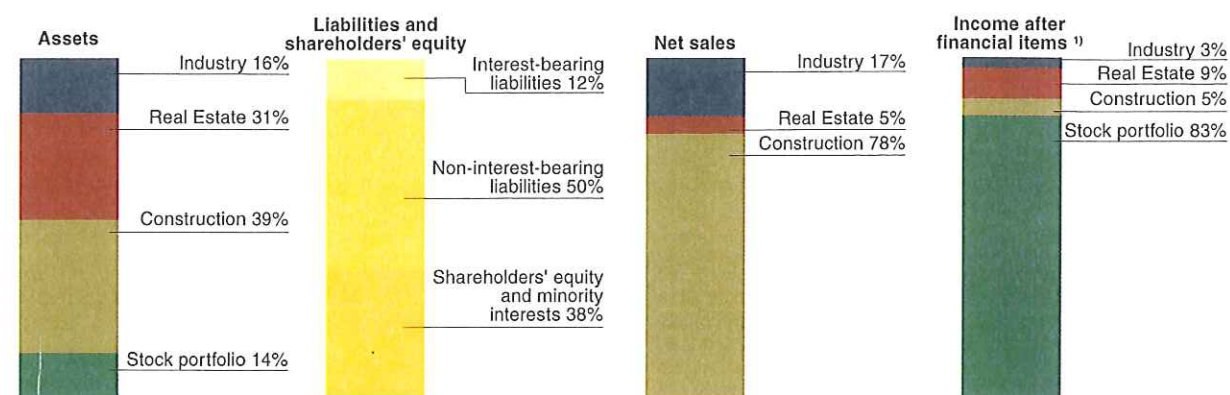
SEK billion	Reported figure	Adjusted figure	Change
Net sales	54.8	50.8	-4.0
Operating income ¹	2.4	0.8	-1.6
Financial items	-0.6	0.2	+0.8
Sale of shares	9.2	9.2	-
Income before minority interests and taxes	11.0	10.2	-0.8
Minority interests	-0.4	-0.1	+0.3
Taxes	-3.1	-2.9	+0.2
Net profit for the year	7.5	7.2	-0.3
Operating margin, %	4	2	-2
Net margin, %	14	14	0
Cash flow from the year's operations	3.5	3.6	+0.1

¹Including provisions for restructuring etc. of SEK 1.5 billion.

Table 2 Summary Balance sheet

SEK billion	Reported figure	Adjusted figure	Change
Properties	20.4	13.7	-6.7
Shares and participations	6.0	6.1	+0.1
Other assets	6.6	6.6	-
Interest-bearing receivables	2.2	2.1	-0.1
Non-interest-bearing receivables	12.2	11.5	-0.7
Investment and development properties	2.1	1.3	-0.8
Liquid assets	3.1	2.7	-0.4
Total assets	52.6	44.0	-8.6
Shareholders' equity	16.9	16.3	-0.6
Minority interests	2.1	0.2	-1.9
Interest-bearing liabilities	10.0	5.4	-4.6
Non-interest-bearing liabilities	23.6	22.1	-1.5
Total liabilities and shareholders' equity	52.6	44.0	-8.6
Equity/assets ratio, %	36.0	38.0	+2.0
Net indebtedness	4.7	0.6	+4.1

Based on the above adjusted income statement and balance sheet, a schematic picture of assets, liabilities and shareholders' equity, as well as net sales and income after financial items, can be created in order to illustrate what a share in Skanska represents.



¹⁾ Before provision for restructuring etc, totaling SEK 1.5 billion.

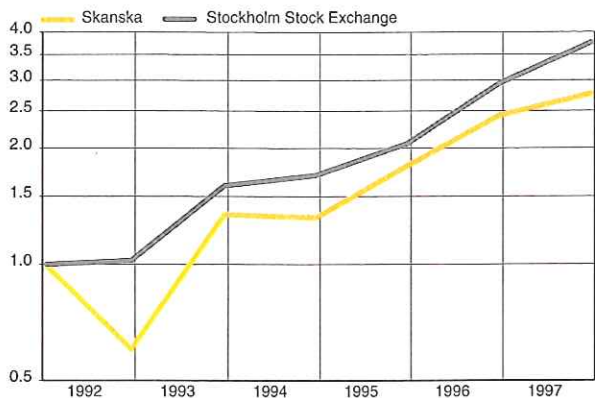
The table below summarizes the different business conditions in Skanska's branches of operations. It indicates that Skanska's branches of operations differ substantially from each other in terms of tied-up capital, margins and capital turnover.

Branch of operations	Margin	Capital turnover	Return	Possible increase in net asset value	Interest rate sensitivity
Construction	low	high	high	-	low
Industry	medium	medium	medium	-	medium
Real Estate	-	low	low	yes	high
Stock portfolio	-	low	low	yes	high

Skanska's construction operations are characterized by narrow margins but high capital turnover. To supplement its construction operations and use their positive cash flow in its business, Skanska has developed substantial expertise in real estate development and the development of large infrastructure projects. This combination of construction and project development comprises the unique expertise that has enabled Skanska to build up wealth, which it has invested in shares and properties.

Skanska's industrial operations, whose purpose is to broaden its presence in the construction market value chain, helps increase its operational cash flow and smooth out the fluctuations in earning capacity that result from its relatively high dependence on the construction market.

Total return per share, Jan. 1, 1992 – Dec. 31, 1997



Total return includes share price changes plus dividend

(c) SIX Findata

Per-share data

	1997	1996	1995	1994	1993
Net profit, SEK	62.60	30.60	12.80	22.55	4.30
Dividend, SEK	11.00*	10.00	5.00	3.75	3.25
Visible shareholders' equity, SEK	148.60	122.25	97.25	84.60	65.60
Share price**, SEK	325.50	301.50	228.00	171.00	178.00
Net profit/Shareholders' equity, %	42.1	25.0	13.2	26.7	6.6
Dividend/Share price**, %	3.4	3.3	2.2	2.2	1.8
Price**/Earnings (P/E) ratio	5	10	18	8	41

* Proposed.

** Last price paid, December 31.

Five-year Group financial summary¹⁾

SEK M	1997	1996	1995	1994	1993
Income statements					
Operating income					
Construction operations	394	444	702	517	639
Industrial operations	333	313	3	68	-59
Property management	1,678	1,606	1,617	1,608	1,875
Other real estate operations	-3	57	-36	-14	10
Sale of properties	778	697	515	276	1,511
Share of income in associated companies	829	773	477	281	149
Writedowns/reversals of writedowns	8	51	-2	-91	-2,004
Restructuring expenses etc.	-1,023	0	0	0	0
Other business	-636	-154	-44	-35	-63
Operating income, entire Group	2,358	3,787	3,232	2,610	2,058
Financial items					
Income after financial items	11,025	4,841	2,573	3,280	1,181
Taxes	-3,139	-716	-692	-349	-581
Minority interest in income	-381	-268	-271	-94	-57
Net profit for the year	7,505	3,857	1,610	2,837	543
Cash flow					
Cash flow from the year's operations	3,462	2,416	1,271	1,494	345
Net investments	9,614	-4,541	-1,584	1,077	1,735
Cash flow after investments	13,076	-2,125	-313	2,571	2,080
Dividend etc.	-6,277	-759	262	-269	-338
Change in net indebtedness²⁾	+6,799	-2,884	-51	+2,302	+1,742

1) For the years 1996 and 1997, the percentage of completion method was applied in contracting companies, whereas 1993-1995 were reported according to the completed contract method. Other changes in accounting principles have been taken into consideration in comparative years.

2) A reduction in net indebtedness has been marked with + and an increase with -.

SEK M	1997	1996	1995	1994	1993
Balance sheet					
Properties	20,445	20,089	20,152	18,338	20,589
Shares and participations	6,004	7,044	4,325	5,255	5,373
Other fixed assets	6,658	6,434	2,799	2,576	2,652
Interest-bearing receivables	2,187	2,032	2,143	1,142	1,708
Non-interest-bearing receivables	12,081	11,106	7,823	8,069	6,145
Properties, current assets	2,138	1,630	1,410	1,312	917
Bank balances and short-term investments	3,086	3,171	3,639	6,078	6,427
Shareholders' equity	16,918	15,395	12,246	10,652	8,261
Minority interests	2,055	1,505	1,438	532	473
Interest-bearing liabilities and provisions	10,011	16,740	13,363	14,750	17,967
Non-interest-bearing liabilities and provisions	23,615	17,866	15,244	16,836	17,110
Balance sheet total	52,599	51,506	42,291	42,770	43,811
Interest-bearing net indebtedness	4,738	11,537	7,581	7,530	9,832
Net sales	54,847	45,849	37,754	31,709	28,209
of which, outside Sweden, %	56	47	39	34	23

Average number of employees	37,240	36,724	32,728	28,868	27,398
-----------------------------	--------	--------	--------	--------	--------

Financial ratios etc

Dividend per share, SEK (1997: proposed)	11.00	10.00	5.00	3.75	3.25
Net profit per share, SEK	62.60	30.60	12.80	22.55	4.30
Equity per share, SEK	148.60 ¹⁾	122.25	97.25	84.60	65.60
Return on shareholders' equity, %	46.5	27.9	14.1	30.0	6.8
Return on capital employed, %	38.1	20.2	15.1	17.1	13.8
Equity/assets ratio, %	36.1	32.8	32.4	26.1	19.9
Debt/equity ratio	0.2	0.7	0.6	0.7	1.1
Interest cover	11.5	4.4	2.6	3.5	1.4

¹⁾ The amount was affected by the redemption (SEK -40) and the new share issue (SEK +1).

Definitions:

Interest-bearing net indebtedness:	Interest-bearing liabilities including pension liability minus liquid assets and interest-bearing receivables.
Net profit per share:	Net profit for the year divided by the average number of shares.
Equity per share:	Visible shareholders' equity divided by the number of shares.
Return on shareholders' equity:	Net profit as a percentage of average visible shareholders' equity.
Return on capital employed:	Operating income, financial revenues and net participations in associated companies, 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 net indebtedness divided by visible shareholders' equity including minority interest.
Interest cover:	Operating income, financial revenues and net participations in associated companies, divided by financial expenses.
Operating net on properties:	Rental revenues and interest subsidies minus operating, maintenance and administrative expenses plus real estate tax. Ground rent is included in operating expenses.
Yield on properties:	Operating net as above, divided by year-end book value.
Number of shares outstanding:	1997: 113,854,968. 1993-1996: 125,923,860.

Report of the Directors

The Board of Directors and the President of Skanska AB herewith present their report on the operations of the Company during 1997.

Structural changes and important events

Early in 1997, Skanska introduced a new organizational structure for its construction operations. The new Civil Engineering business area included all road and civil works operations worldwide, while all building construction was gathered in the global Building business area. An exception was made for Skanska USA, which remains a separate business area. Meanwhile, Skanska created a special business area focusing on privately financed infrastructure projects known as Build-Own-Transfer (BOT) projects where as a builder, Skanska also wholly or partially finances, owns and operates large infrastructure projects.

During August, Skanska implemented a redemption of shares totaling SEK 4,971 M, as a first step in the transfer of SEK 8–10 billion in excess capital to the Company's shareholders, as proposed by the Board of Directors.

Most of Skanska's holding in the cemented carbide and specialty steels company Sandvik AB was divested during the second quarter of 1997 for a price of about SEK 10 billion, with a capital gain of about SEK 9.1 billion.

During October, Skanska made net investments of about SEK 1.5 billion in

shares of Scancem, the building materials company. After this, the Group owns shares equivalent to 39 percent of capital stock and 48 percent of the voting power in Scancem.

In conjunction with a new share issue in the British construction company Costain, early in November Skanska purchased shares equivalent to 7.6 percent of the capital stock and voting power in the company. This investment totaled SEK 126 M. The Group also has an option to increase its stake to a maximum of 40 percent within a three-year period in one or more steps, and the right to participate on a 50/50 basis in all of Costain's construction projects exceeding SEK 250 M over a six-year period. In the same way, the agreement entitles Costain to participate in Skanska's projects of corresponding size in Great Britain. The Costain Group has annual sales of about SEK 9 billion, with local market operations in Great Britain, Southeast Asia, the Middle East and South Africa.

During the autumn, the rail tunnel project through the Halland Ridge in southern Sweden had to be halted due to the release of toxic substances. A compensation claims team, including representatives from the Swedish National Rail Administration and Skanska, was appointed and began disbursing compensation to nearby residents and others who had suffered financial losses. An environmental clean-up began, and further clean-up measures are being prepared. Because of the toxic leak,

Skanska set aside a provision of SEK 100 M in the 1997 accounts. This sum is expected to cover both Skanska's own costs and any liability claims that may be lodged against the Group.

Late in the autumn, a review of Group strategy was implemented. Among its purposes was to adjust Skanska's organizational structure to market demand. Provisions relating to costs for such restructuring totaling SEK 1,500 m are included in the year's accounts. This included SEK 1,126 M for the restructuring of Swedish and other European operations, SEK 274 M for project risks in Group operations and SEK 100 M for the Halland Ridge project.

Events since the end of the financial year

A new organizational structure took effect on February 1, 1998. It consists of the Skanska Sweden, Skanska Europe and Skanska USA business areas – which operate in construction-related services – plus the Skanska Project Development and Real Estate business area.

Specialized units for road, civil works and building construction are included in each of the three new geographic business areas, while the operations of the former Industry business area have been apportioned between Skanska Sweden and Skanska Europe. Skanska Project Development and Real Estate includes the operations of the former Real Estate and BOT Projects business areas. Non-core shareholdings have been gathered in Skanska Invest.

Order bookings and order backlog by business area ¹⁾

SEK M	Order bookings ²⁾		Order backlog ²⁾	
	1997	1996	1997	1996
Building	17,808	15,235	11,438	9,435
Civil Engineering	10,704	9,346	9,152	8,689
Skanska USA	22,021	16,568	28,393	18,518
Industry	8,511	8,132	1,620	1,451
JM	3,089	3,443	2,467	2,488
	62,133	52,724	53,070	40,581
Other and eliminations		-434		0
Total	62,133	52,290	53,070	40,581

¹⁾ Order bookings are reported at the average exchange rates for each respective period. Order backlog is reported at the exchange rates prevailing on the balance sheet date for each respective period.

²⁾ Comparative figures have been adjusted to conform with the organizational structure in force at the end of 1997.

The Board of Directors proposes that during 1998, a debt-free real estate group – the “New Drott” – consisting of the residential real estate subsidiary Drott AB, Skanska Fastigheter Riks AB (with properties outside Sweden’s three largest metropolitan areas) plus a number of properties in Stockholm – with an estimated market value of SEK 10 billion – be transferred to the shareholder’s of Skanska AB. About SEK 5 billion has previously been transferred to the shareholder’s in the form of a share redemption.

Market

The Swedish construction market remained weak, with low residential construction. In the Swedish road and civil works market, the previously noted slowdown continued. In Finland and Denmark, the trend was more positive, especially in residential construction. The Group’s construction operations in the United States benefitted from growth in many regional markets. In Germany, which is the main market for several of Skanska’s industrial operations, demand for building products was again weak during the year.

The Swedish rental and real estate market developed in a generally positive direction. The markets in the Stockholm, Gothenburg and Öresund areas, which account for most of Skanska’s rental revenues, showed especially strong improvement.

Order bookings and order backlog

During 1997 the Group’s order bookings rose by 19 percent to SEK 62,133 M

(52,290). The increase included currency rate effects of about SEK 2,500 M. The currency rate effect was mainly related to Skanska USA, due to the higher value of the U.S. dollar during the year. Order bookings in markets outside Sweden accounted for 60 percent (55) of the total. For comparable units, the increase was 19 percent. Most of the increase in order bookings was attributable to U.S. construction operations and other construction operations outside Sweden.

Order backlog rose by 31 percent to SEK 53,070 M (40,581). About SEK 3,600 M of this was attributable to currency rate effects. For comparable units, the increase was 31 percent. Of the order backlog, 72 percent was related to markets outside Sweden.

Net sales

Net sales rose by 20 percent during the year to SEK 54,847 M (45,849). The increase included currency rate effects of about SEK 1,700 M. Of net sales, 56 percent (47) originated in markets outside Sweden. For comparable units, the increase also amounted to 20 percent.

Skanska USA and international project operations in the Civil Engineering business area accounted for most of the increase.

Earnings

Operating income amounted to SEK 2,358 M (3,787), a decline of 38 percent. For comparable units, the decline was also 38 percent.

Operating income included SEK 829 M

(773) representing Skanska’s share of income in associated companies. Most of this income came from the listed associated companies Scancem, Norrporten, Piren and Pandox.

The item “Restructuring expenses etc.” amounting to SEK –1,023 M (0) was included in earnings. It was related to the cost of provisions for structural changes and “Gain on sale of businesses etc.,” which was mainly related to the divestment of shares in JM and Pandox. Gains on the sale of properties included in real estate operations amounted to SEK 778 M (697).

The book value of properties sold amounted to SEK 2,539 M (2,905), of which SEK 590 M (267) was related to divestments outside Sweden.

Writedowns/reversals of writedowns in the real estate business amounted to SEK 8 M (51) for the year.

Income after financial items amounted to SEK 11,025 M (4,841). Net financial items amounted to SEK 8,667 M (1,054). This included SEK 9,126 M (1,760) in capital gains on shares sold, mainly related to the divestment of most of Skanska’s holding in Sandvik. Net interest items improved to SEK –670 M (–898), while dividends received declined to SEK 363 M (461).

Net profit for the year rose to SEK 7,505 M (3,857), and earnings per share rose to SEK 62.60 (30.60). The effect of the capital gain from the sale of most of Skanska’s shareholding in Sandvik was SEK +58 per share, while restructuring expenses etc. had an effect of SEK –6 per share.

The operating margin in the Building

Net sales and operating income by business area¹⁾

SEK M	Net sales		Operating income		Income after financial items	
	1997	1996 ²⁾	1997	1996 ²⁾	1997	1996 ²⁾
Building	16,441	15,750	242	140	277	200
Civil Engineering	10,242	8,715	172	238	196	330
Skanska USA	15,410	9,906	301	136	325	146
Industry	8,405	7,980	881	787	582	516
Real Estate	2,597	2,408	1,730	2,000	1,060	1,289
JM	3,989	4,556	910	618	505	144
	57,084 ³⁾	49,315 ³⁾	4,236	3,919	2,945	2,625
Stock portfolio management					9,489	2,221
Other and eliminations	–2,237	–3,466	–1,878	–132	–1,409	–5
	54,847	45,849	2,358	3,787	11,025	4,841

¹⁾ Net sales are reported at the average exchange rates prevailing during each period.

²⁾ Comparative figures have been adjusted to conform with the organizational structure in force at the end of 1997.

³⁾ Of which, rental revenues totaling SEK 3,630 M (3,469) and a sales price of SEK 455 M (422) for development properties sold.

Report of the Directors

business area rose to 1.5 percent (0.9), while the margin after financial items improved to 1.7 percent (1.3). The improvement in margins was attributable to operations outside Sweden.

The operating margin in the Civil Engineering business area amounted to 1.7 percent (2.7). The margin after financial items declined from 3.8 percent to 1.9 percent. The deterioration was due to lower earnings in Swedish operations.

Skanska USA improved both its operating margin, 2.0 percent (1.4), and its margin after financial items, 2.1 percent (1.5). Earnings included SEK 129 M (6) in gains on the sale of properties.

In Skanska's construction operations as a whole, the operating margin was 0.9 percent (1.2) before share of income in associated companies, property divestments and provisions for restructuring expenses.

In the Industry business area, operating income excluding share of income in associated companies and property divestments amounted to SEK 354 M (316).

The operating net of investment properties in the Real Estate business area amounted to SEK 1,405 M (1,323). Yield was 12.4 percent (13.2) of book value.

Overall real estate operations in the Group, including investment and development properties as well as investment properties under construction, showed some increase in rental revenues, from SEK 3,469 M to SEK 3,630 M. The operating net of the Group's investment properties amounted to SEK 2,092 M (1,981), while yield on book value was 11.3 percent (11.1).

The occupancy rate was 93.4 percent (93.2) in terms of space.

Capital spending

The Group's divestments exceeded investments by a net amount of SEK 9,614 M (-4,541). Capital spending on properties in the Group's real estate operations totaled SEK 3,254 M (2,817), while sale of properties amounted to SEK 3,317 M (3,602). Net investments in investment and development properties totaled SEK 501 M (113).

The Group acquired SEK 1,904 M (4,336) worth of shares, including a net amount of SEK 1,503 in Scancem, SEK 126 M in Costain and SEK 129 M in Piren. Divestments of shares totaled SEK 10,089 M (3,114), which mainly consisted of SEK 9,964 M worth of Sandvik shares. Sale of businesses totaled SEK 670 M.

Other divestments amounted to SEK 1,197 M (-3,991), including SEK 1,199 M (867) worth of net investments in fixed assets.

Stock portfolio

The market value of the Group's listed shareholdings amounted to SEK 11,340 M (18,768) at year-end. The book value of the corresponding shares in the consolidated accounts totaled SEK 6,374 M (5,490). Excluding holdings which are reported in Skanska's accounts as associated companies according to the equity method (Scancem, Rörvik Timber, Norrporten, Piren and Pandox) or are consolidated as subsidiaries (JM), the market value of the stock portfolio amounted to SEK 2,338 M.

The corresponding book value was SEK 443 M.

Skanska increased its shareholding in Scancem to 39 percent (33) of capital stock and to 48 percent (33) of the voting power in the company. In addition, by means of a non-cash issue, the Group acquired shares in the newly established company Rörvik Timber. On December 31, 1997, Skanska's holding was equivalent to 40 percent of shares and voting power in the company. In conjunction with the stock market flotation of the hotel property company Pandox during 1997, Skanska reduced its holding to 10 percent (50) of the shares and voting power in the company. Without changing its percentage stake, during 1997 Skanska participated in new share issues in the real estate companies Norrporten and Piren. In conjunction with a new share issue in the British listed construction company Costain, late in 1997 Skanska purchased shares equivalent to nearly 8 percent of the capital stock and voting power in the company.

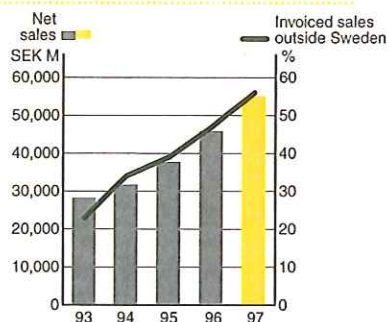
Aside from divesting most of its shareholding in Sandvik, Skanska sold all its holdings in Klövern, Geveko and Catena during 1997.

At year-end, Skanska's shareholding in JM amounted to 57.04 percent of voting power and 27.44 percent of capital stock after divesting 4,065,000 shares in JM during 1997.

Cash flow

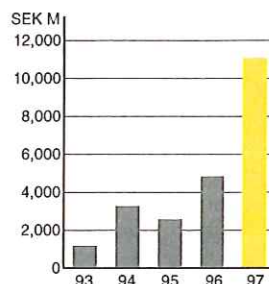
During 1997 operations generated SEK 3,462 M (2,416), while cash flow after investments totaled SEK 13,076 M (-2,125). The Skanska USA, Real Estate and Industry

Net sales and invoiced sales outside Sweden

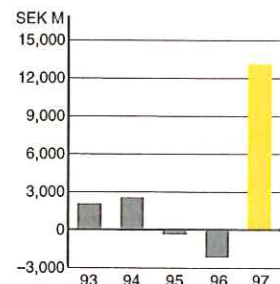


In 1996 and 1997, the percentage of completion method was applied in construction operations, while in the years 1993 to 1995 sales were reported according to the completed contract method.

Income after financial items



Cash flow after investments



business areas improved their operative cash flows during the year.

In 1996 and 1997, the percentage of completion method was applied in construction operations, while in the years 1993 to 1995 sales were reported according to the completed contract method.

SEK M	1997	1996
Cash flow from the year's operations	3,462	2,416
Net divestments	9,614	-4,541
Cash flow after investments	13,076	-2,125

Financing and liquidity

The Group's interest-bearing assets amounted to SEK 5,273 M (5,203). The average interest rate on interest-bearing assets was 5.2 percent (5.6) at year-end, and the average fixed-interest period was 0.5 year (0.5). Of total receivables, 56 percent (43) were denominated in foreign currencies.

Unutilized credit facilities at the Parent Company level amounted to SEK 5,530 M (3,617).

Interest-bearing liabilities and provisions declined to SEK 10,011 M (16,740), of which SEK 967 M (5,714) were short-term and SEK 9,044 M (11,026) long-term. At year-end, the average maturity period for the Group's interest-bearing liabilities was 2.5 years (2.5), and the average fixed-interest period was about 1.5 years (1.4). The proportion of total borrowing denominated in foreign currencies declined to 21 percent (43).

At year-end, the average interest rate was 6.8 percent (7.4).

Pension liabilities amounted to SEK 2.1 billion (2.0), with an interest rate of 3.7 percent (6.0).

Interest-bearing net indebtedness was reduced during the year by SEK 6,799 M to SEK 4,738 M (11,537). Major events affecting liquidity were proceeds of about SEK 2.3 billion from the sale of Skanska's shares in Graningeverken, about SEK 10 billion from the sale of most of its shareholding in Sandvik and the disbursement of about SEK 5 billion in conjunction with a redemption of Skanska's own shares.

The Group's net financial items improved to SEK 8,667 M (1,054), mainly due to the proceeds from the sale of shares in Sandvik.

Net interest items improved by SEK 228 M to SEK -670 M (-898). The reason for the improvement was lower average interest-bearing net indebtedness as well as lower interest rates during the year compared to 1996.

Exchange differences

In order to minimize currency risks in connection with commercial flows across national boundaries, the Group seeks to hedge all known flows. Changes in the value of tangible assets abroad due to exchange rate movements are reduced by the use of financing in local currencies. Exchange differences during 1997 amounted to SEK 0 M (12). Positive translation differences of SEK 147 M which arose from the consolidation of the financial statements of foreign subsidiaries were

offset, taking into account tax effects, against exchange losses on loans corresponding to these investments.

Dividends

Dividend revenues, excluding dividends from companies that are reported according to the equity method of accounting, totaled SEK 363 M (461).

Return

Return on capital employed rose from 20.2 percent to 38.1 percent, and return on shareholders' equity improved to 46.5 percent (27.9). The main reason for the improvement in both yardsticks of profitability was the gain from the sale of shares in Sandvik. Excluding the sale of the Sandvik holding and the item "Restructuring expenses etc.," return on shareholder's equity amounted to 10.3 percent and on capital employed 13.5 percent.

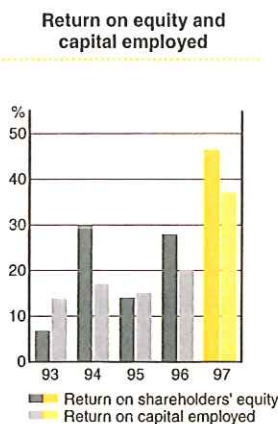
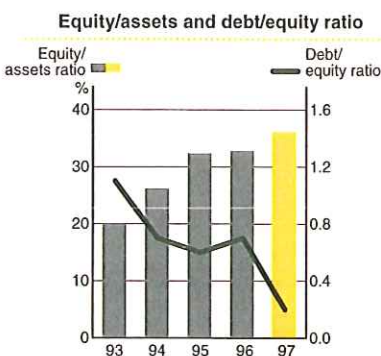
Equity/assets and debt/equity ratio

The equity/assets ratio improved from 32.8 percent to 36.1 percent, while the debt/equity ratio amounted to 0.2 (0.7).

Shareholders' equity

Skanska's year-end report of 1996 results announced a transfer of SEK 8-10 billion in capital to the shareholders of Skanska.

As a first step, Skanska's extraordinary meeting of shareholders in late May approved the Board's proposal for a capital transfer by means of a voluntary redemption of every tenth share in Skanska AB. The redemption price was SEK 400 per



share. The number of shares presented for redemption was equivalent to 9.9 percent of the number of shares and 6.1 percent of the voting power in Skanska. This meant that shares with a total value of SEK 4,971 M were presented for redemption. The shareholders' meeting also authorized the Board to carry out a share issue targeted to the Swedish National Pension Insurance Fund, Fourth Fund Board. This targeted issue yielded SEK 124 M to Skanska. Following approval by an extraordinary shareholders' meeting in August, the capital stock of Skanska AB was reduced by SEK 124 M. The shareholders' meeting also adopted a resolution approving a bonus issue increasing the par value of each Skanska share from SEK 10 to SEK 12. The targeted and bonus issues yielded the Company an amount equivalent to at least the amount by which the capital stock was reduced due to the share redemption, that is, SEK 10 per redeemed share. After that, the capital stock of Skanska amounted to SEK 1,366 M, consisting of 113,854,968 shares, of which 9,102,530 were Series A shares and 104,752,438 Series B.

The year-end shareholders' equity of the Skanska Group amounted to SEK 16,918 M (15,395), divided into SEK 5,822 M (5,481) in restricted equity and SEK 11,096 M (9,914) in unrestricted equity.

Proposed provisions to restricted equity amounted to 0 (0).

Changes in the Board and Management

Before the 1997 Annual Meeting of Shareholders, Percy Barnevik, Sven-Eric Hersvall and Gudrun Norberg had declined

re-election to the Board of Directors. The Annual Meeting elected Claes Björk, Gustaf Douglas, Christer Gardell and Sören Gyll as new Board members.

At the Board meeting preceding the Annual Meeting, Claes Björk – former head of the Skanska USA business area and President of Skanska (USA) Inc. – was appointed the new President and CEO of Skanska AB effective from May 5. On the same day, at its first meeting following its election by the Annual Meeting, the Board appointed one of its members, former President Melker Schörling, as its new Chairman.

During 1997 there were also changes among the Board members appointed by the trade unions as employee representatives. Stig Herner, Swedish Union of Supervisors (LEDARNA), resigned from the Board and was replaced by Bo Holmberg, LEDARNA. Bengt Lundberg, Swedish Industrial Union, was replaced as a deputy member of the Board by Jörgen Person, Swedish Industrial Union.

Research, development and the environment

During 1997 Skanska increased its investments in research and development. The year's R&D expenses totaled SEK 250 M (200).

Skanska Teknik AB serves as a gathering point for the Group's specialized expertise and transfer of experience. It supplies Group units with consulting services in the technological and environmental fields.

The Group participates in the creation of research and development programs in strategic fields (Timber Structures, the

Industry Program, Infrastructure, Competitive Building, Buildings and Indoor Environment, IT in Construction & Real Estate 2002). Skanska also participates in six R&D projects within the EU-funded Brite-Euram, Joule-Thermie and Esprit programs.

All of the Group's business units pursue development work related to products, methods and processes. For example, construction systems (Bo Klok, timber buildings, concrete buildings) are jointly developed by Skanska's construction and industrial companies in Sweden, Finland and Denmark, with special emphasis on environmental aspects. Considerable method and process development takes place directly in Skanska's projects during the planning and construction of advanced buildings and civil works (for example, the Öresund Bridge).

Extensive efforts are under way to increase Skanska's environmental expertise. Among other things, all Group operations will introduce environmental management systems. These, in turn, will be environmentally certified. In addition, all employees will receive environmental training.

Personnel

The average number of employees in the Skanska Group during 1997 was 37,240 (36,724). This included 19,723 (17,726) employees working outside Sweden.

During 1997 the Group continued the task of developing working methods based on management by objectives (MBO) and carried out a number of support activities. It implemented individual planning discussions and MBO-based human resource

development programs for skilled workers in many parts of its operations.

As part of Skanska's recruitment of future managers and specialists, it completed a trainee program for undergraduate engineering students and started a new one during 1997. Swedish units of the Group also hired about 150 young employees with university degrees.

Skanska implemented a number of activities to support its internationalization – language training, international introduction programs, international purchasing training, an international exchange program for managers etc.

Skanska also carried out large-scale environmental, computer and quality control training programs during the year. Seven one-year management programs with a total of 170 participants took place during 1997. Seventy-five of these participants also attended an internal Assessment and Development Center.

During 1997 Skanska started a new women's mentorship program with the aim of increasing the number of women in line management.

Outlook for 1998

In 1998 the market picture for the Group's various operations is expected to remain relatively unchanged compared to 1997. In the Swedish construction and civil engineering market, there will be continued strong pressure on margins, although a certain increase in volume can be expected. The restructuring measures that are underway will not have their full impact until 1999. In Skanska's other Nordic domestic markets, especially Finland, good

growth is expected for Group operations during 1998. In the United States, too, the prospects for continued growth are believed to be good. In Sweden's largest three metropolitan regions, the strong demand for commercial space in attractive locations is expected to continue. Together with high occupancy levels and low interest rates, this creates the potential for the creation of new projects and for a continued high level of activity in the Swedish real estate market during 1998.

Parent Company

After taxes and allocations, the Parent Company reported a net profit of SEK 9,980 M (3,496). This included SEK 9,288 M in capital gains on the intra-Group sale of shares in subsidiaries. Unappropriated earnings amounted to SEK 11,702 M (7,935).

The average number of employees during the year was 156 (133).

Branch offices

The Company has a registered branch office in Great Britain.

Consolidated income statement

SEK M	Note	1997	1996
Net sales	3	54,847	45,849
Construction, manufacturing and property management expenses	4	-48,464	-39,587
Gross income		6,383	6,262
Selling and administrative expenses	5	-4,617	-3,996
Share of income in associated companies	6	829	773
Restructuring expenses etc.	7	-1,023	0
Writedowns/reversals of writedowns	8	8	51
Gain on sale of properties	9	778	697
Operating income	10, 11, 12, 13	2,358	3,787
Share of income in associated companies	6, 15	-264	-275
Gain from other financial fixed assets	16	10,046	2,590
Gain from financial current assets	17	306	366
Interest expenses and similar items	18	-1,421	-1,627
Income after financial items		11,025	4,841
Taxes on profit for the year	20	-3,139	-716
Minority interests		-367	-162
Earnings of acquired companies	21	-14	-106
Net profit for the year		7,505	3,857

Comments on the income statement

Net sales

Net sales amounted to SEK 54.8 billion (45.8). For the first time, revenues and expenses for all construction operations are being reported according to the percentage of completion method. This means that income is reported successively as it occurs, thereby reflecting operations better than before.

The increase remained strong during 1997 and net sales rose by 20 percent. This increase was largely attributable to markets outside Sweden. For the first time, net sales in markets outside Sweden (56 percent) exceeded net sales in Sweden (44). In the United States, net sales rose by 56 percent.

Operating income

Operating income amounted to SEK 2,358 M (3,787). Gross income included SEK 84 M (93) in gains on the sale of investment and development properties and SEK -274 M in provisions for project risks due to reorganization of operations. Selling and administrative expenses rose by more than 15 percent to SEK -4,617 M. Share of income in associated companies is apportioned in the income statement among the items "Operating income," "Financial items," "Taxes" and "Minority interests." Examples of major associated companies are Scancem, Piren, Norrporten and

Padox. Operating income from associated companies amounted to SEK 829 M (773).

"Restructuring expenses etc." includes items that affect comparability. This item includes SEK -1,226 M in provisions for restructuring expenses and SEK 203 M in gains on the sale of businesses etc.

Gains on the sale of properties in real estate operations during 1997 amounted to SEK 778 M (697). The largest single gain came from JM's sale of two suburban Stockholm shopping centers, Täby Centrum and Hallunda Centrum, to Piren.

Net financial items

Net financial items amounted to SEK 8,667 M (1,054). The increase was mainly attributable to the sale of shares and participations as well as improved net interest items.

Skanska's share of income in associated companies totaled SEK -264 M (-275). Gains from other financial fixed assets included dividends of SEK 363 M from listed companies, SEK 140 M in interest revenues, SEK 382 M in exchange differences, SEK 9,126 M in capital gains and SEK 35 M in other items. The capital gain was mainly due to the sale of Skanska's shareholding in Sandvik.

Gains from financial current assets, SEK 306 M, mainly included interest reve-

nues. The improvement in net interest items by SEK 228 M to SEK -670 M was attributable to lower average interest-bearing net indebtedness as well as lower interest rates during 1997 than in 1996.

Net income for the year

Net income for the year rose to SEK 7,505 M (3,857). Taxes on income for the year amounted to SEK 3,139 M (716), which was equivalent to 28 percent (15) of income after financial items. Nominal tax rates in the Group's various domestic markets are at least 28 percent. Tax expenses have been lowered by utilizing tax deductions for losses in prior years and by using the standard rule for taxation of capital gains on sale of shares. Minority interests, SEK -367 M (-162), refer mainly to minority interests in JM.

Consolidated balance sheet

SEK M	Note	1997	1996
ASSETS			
Intangible fixed assets	22, 47	1,616	1,549
Tangible fixed assets			
Buildings and land	23, 47	21,859	21,238
Machinery and equipment	47	2,486	2,280
Construction in progress	24, 47	1,142	1,456
		25,487	24,974
Financial fixed assets			
Participations in associated companies	26, 47	5,526	3,560
Receivables from associated companies	47	538	448
Other long-term holdings of securities	27, 47	478	3,484
Other long-term receivables	28, 47	984	522
		7,526	8,014
Total fixed assets		34,629	34,537
Properties, current assets	29, 47	2,138	1,630
Inventories etc.			
Inventories	30	1,259	1,313
Current receivables			
Accounts receivable		8,148	6,797
Current receivables from associated companies		514	517
Other current receivables	31	2,304	2,884
Prepaid expenses and accrued revenues	32	521	657
		11,487	10,855
Short-term investments		451	390
Cash and bank balances		2,635	2,781
Total current assets		17,970	16,969
TOTAL ASSETS	33	52,599	51,506

SEK M	Note	1997	1996
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity	34		
Capital stock		1,366	1,259
Restricted reserves		4,456	4,222
Restricted equity		5,822	5,481
Unrestricted reserves		3,591	6,057
Net profit for the year		7,505	3,857
Unrestricted equity		11,096	9,914
		16,918	15,395
Minority interests		2,055	1,505
Provisions			
Provisions for pensions and similar commitments	36	2,162	2,060
Provisions for taxes	37	3,249	2,825
Other provisions	38	2,592	859
		8,003	5,744
Liabilities			
Bond loans	43	436	403
Liabilities to credit institutions	43	7,028	13,609
Advance payments from clients	43	51	230
Accounts payable		5,035	4,074
Liabilities to associated companies	43	149	76
Tax liabilities	39	2,817	157
Unearned revenue	40	3,141	3,054
Other liabilities	41, 43	3,618	3,651
Accrued expenses and prepaid revenues	42	3,348	3,608
		25,623	28,862
SHAREHOLDERS' EQUITY AND LIABILITIES	44	52,599	51,506
Assets pledged			
Assets pledged	45		
Mortgages and comparable collateral for own liabilities and provisions		6,629	7,723
Other assets pledged and comparable collateral		298	178
		6,927	7,901
Contingent liabilities	46	4,771	3,753

Comments on the balance sheet

Balance sheet total

The balance sheet total rose by SEK 1.1 billion, an increase of 2 percent. Meanwhile net sales rose by 20 percent. The reason for the modest increase in the balance sheet total compared to 1996 is that at the end of 1996, the balance sheet had increased due to acquisitions of companies, investments in shares, higher business volume, interest-bearing loans and a sharp international expansion. International growth continued during 1997, but its effects in the form of an increased balance sheet total were offset by large divestments of shareholdings, a redemption of shares totaling billions of kronor, the final settlement of the Grange transaction and a reduction in interest-bearing liabilities.

Assets

Intangible fixed assets, which consist largely of goodwill arising from the acquisition of Skåne-Gripen in 1996, increased marginally in connection with acquisitions of companies during the year.

Among tangible fixed assets, the balance sheet item "Machinery and equipment" rose by about SEK 0.2 billion. Capital spending totaled about SEK 0.9 billion while divestments/depreciation amounted to SEK 0.7 billion.

The items "Buildings and land" and "Construction in progress" include both business properties, that is, offices, warehouses, factories and other properties used in Skanska's business, and properties that are part of real estate operations. The residual value of business properties, about SEK 2.5 billion, was largely unchanged compared to 1996. Properties that are part of real estate operations, that is, investment

and development properties plus construction in progress, rose by about SEK 0.4 billion in the balance sheet. Skanska invested about SEK 3.2 billion in its real estate operations, for example by purchasing the housing company Danderydsbostäder and capitalizing the Atrium Business Center in Warsaw, Poland, while the book value of its divestments were about SEK 2.5 billion. Examples of major divestments are the Täby Centrum shopping mall, a hotel property in Koblenz, Germany, and a portfolio of office properties in Seattle, Washington, U.S.A.

Despite Skanska's large share divestments during the year, the book value of financial fixed assets declined by only about SEK 0.5 billion. Shares and participations (participations in associated companies and other long-term holdings of securities) declined by about SEK 1 billion, while other long-term receivables rose by about SEK 0.5 billion.

The final settlement of the 1996 sale of Grange shares reduced the book value of shares and participations by about SEK 2.2 billion. The sale of most of Skanska's holding in Sandvik, which was reported at a low book value, accounted for a reduction of less than SEK 0.9 billion in book value. The sale of Skanska's holdings in Klöver and Catena and portions of its holding in Padox accounted for a reduction of about SEK 0.3 billion, while purchases of shareholdings in Scancem, Costain and other companies amounted to SEK 1.9 billion. The increase of about SEK 0.5 billion in "Other long-term receivables" is largely explained by an increase in deferred tax claims, attributable to provisions for restructuring, project risks etc.

Investment and development properties include the Group's properties intended for resale soon after completion. Capital expenditures totaled about SEK 1.4 billion and the book value of divestments was about SEK 0.8 billion.

Current receivables rose by about SEK 0.6 billion, mainly as a consequence of the volume increase in operations.

Shareholders' equity and liabilities

During the year, shareholders' equity rose by SEK 1.5 billion to SEK 16.9 billion (15.4). Net profit for the year after taxes amounted to about SEK 7.5 billion, while the dividend and the share redemption reduced shareholders' equity by about SEK 6.1 billion.

Provisions rose by about SEK 2.3 billion compared to 1996, increasing from SEK 5.7 billion to SEK 8.0 billion. The largest single item was a provision of SEK 1.5 billion for restructuring of operations. Otherwise the increase was attributable to pension liabilities and provision for taxes.

Liabilities declined by SEK 3.3 billion to SEK 25.6 billion (28.9). Large individual changes included an increase of SEK 2.7 billion in tax liabilities, the bulk of which was related to the sale of most of Skanska's shareholding in Sandvik and an increase of SEK 0.6 billion in business-related liabilities due to the increase in business volume. Otherwise, liabilities were reduced by paying down loan principal.

Interest-bearing provisions and liabilities declined by SEK 6.7 billion compared to 1996, because some of the proceeds from share divestments were used to reduce interest-bearing loans.

Consolidated statement of changes in financial position

SEK M	1997	1996
THE YEAR'S OPERATIONS		
Net profit	7,505	3,857
Depreciation and writedowns plus reversals of writedowns	1,469	1,041
Net income from associated companies	-423	-407
Dividends from associated companies	194	141
Less gain on sale of properties, businesses and participations	-10,389	-2,550
Minority interests after taxes	335	135
Change in working capital		
Inventories and interest-free current assets	-962	-1,399
Interest-free liabilities and provisions	5,733	1,598
Cash flow from the year's operations	3,462	2,416
Investments		
Investments in properties in real estate operations	-3,254	-2,817
Investment in Skåne-Gripen ¹⁾		-2,769
Investments in other shares and participations	-1,904	-4,336
Net investments in investment and development properties	-501	-113
Net investments in other fixed assets excluding receivables	-1,199	-867
Change in long-term interest-free borrowing and lending	89	-355
Divestments of properties in real estate operations	3,317	3,602
Divestment of businesses	670	
Divestments of shares and participations	10,089	3,114
Other divestments ²⁾	2,307	
Net investments	9,614	-4,541
Cash flow after investments	13,076	-2,125
Dividend paid	-1,306	-663
Redemption	-4,971	
New share issue	124	
Change in minority interests	262	-55
Other changes ³⁾	-386	-41
Change in net indebtedness	6,799	-2,884
Interest-bearing borrowing minus lending	-6,884	2,416
Change in cash and bank deposits plus short-term investments	-85	-468
Cash and bank balances plus short-term investments on January 1	3,171	3,639
Cash and bank balances plus short-term investments on December 31	3,086	3,171
Level of self-financing in percent (cash flow from the year's operations divided by total net investments)	n.a	53%

¹⁾ Net effect of the Skåne-Gripen acquisition on liquidity.

²⁾ Final proceeds of the divestment of shares in Grånge.

	1997	1996
³⁾ Translation differences in shareholders' equity, properties and shares	-47	-41
Divestments of shares in subsidiaries	-339	
	-386	-41

Parent Company income statement

SEK M	Note	1997	1996
Net sales	3	49	63
Construction, manufacturing and property management expenses		-24	-55
Gross income		25	8
Selling and administrative expenses		-340	-284
Operating income	10, 12	-315	-276
Share of income in Group companies	14	9,739	3,148
Share of income in associated companies	15	3	2
Gain from other financial fixed assets	16	855	951
Gain from financial current assets	17	79	39
Interest expenses and similar items	18	-1,024	-814
Income after financial items		9,337	3,050
Allocations	19	690	444
Taxes on profit for the year	20	-47	2
Net profit for the year		9,980	3,496

Parent Company balance sheet

SEK M	Note	1997	1996
ASSETS			
Intangible fixed assets	22, 47	5	5
Tangible fixed assets			
Buildings and land	23, 47	335	361
Machinery and equipment	47	7	5
		342	366
Financial fixed assets			
Participations in Group companies	25, 47	12,552	4,013
Receivables from Group companies	47	15,595	18,207
Participations in associated companies	26, 47	8	8
Receivables from associated companies		33	
Other long-term holdings of securities	47	1	9
Other long-term receivables	28, 47	1	1
		28,190	22,238
Total fixed assets		28,537	22,609
Current receivables			
Accounts receivable		6	4
Current receivables from Group companies		13	13
Other current receivables	31	283	326
Prepaid expenses and accrued revenues	32	83	38
		385	381
Short-term investments			6
Cash and bank balances		96	314
Total current assets		481	701
TOTAL ASSETS		29,018	23,310

SEK M	Note	1997	1996
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity	34		
Capital stock		1,366	1,259
Restricted reserves		488	488
Restricted equity		1,854	1,747
Retained earnings		1,722	4,439
Net profit for the year		9,980	3,496
Unrestricted equity		11,702	7,935
		13,556	9,682
Untaxed reserves	35	939	905
Provisions			
Provisions for pensions and similar commitments	36	870	849
Provisions for taxes	37	107	80
Other provisions	38	166	90
		1,143	1,019
Liabilities			
Bond loans	43	436	403
Liabilities to credit institutions	43	316	1,142
Accounts payable		13	10
Liabilities to Group companies	43	12,556	10,027
Other liabilities		8	12
Accrued expenses and prepaid revenues	42	51	110
		13,380	11,704
SHAREHOLDERS' EQUITY AND LIABILITIES		29,018	23,310
Assets pledged		0	0
Contingent liabilities	46	11,058	17,281

Parent Company statement of changes in financial position

SEK M	1997	1996
THE YEAR'S OPERATIONS		
Net profit	9,980	3,496
Depreciation and writedowns	1,089	17
Less gain on sale of shares and participations	-9,291	-127
Change in untaxed reserves	34	-185
Change in working capital:		
Interest-free current receivables	17	-242
Interest-free operating liabilities and provisions	36	-388
Cash flow from the year's operations	1,865	2,571
Investments		
Investments in shares and participations	-11,199	-1,246
Net investments in other fixed assets excluding receivables	7	208
Change in long-term interest-free borrowing and lending	0	-2
Divestments of shares and participations	10,887	1,184
Net investments	-305	144
Cash flow after investments	1,560	2,715
Dividend paid	-1,259	-630
Redemption	-4,971	
New share issue	124	
Change in net indebtedness	-4,546	2,085
Interest-bearing borrowing minus lending	4,322	-2,122
Change in cash and bank deposits plus short-term investments	-224	-37
Cash and bank balances plus short-term investments on January 1	320	357
Cash and bank balances plus short-term investments on December 31	96	320

Notes to the financial statements

Amounts in SEK M unless otherwise specified

NOTE 1 ACCOUNTING AND VALUATION PRINCIPLES

NEW DEVELOPMENTS, PRINCIPLES OF CONSOLIDATION ETC.

New Swedish Annual Accounts Act

This annual report has been prepared in compliance with the provisions of the new Swedish Annual Accounts Act and, at the same time, adapted to the industry-wide principles stated by the Swedish Construction Federation in preparation for the 1997 financial statements. The annual report complies with the Federations' recommendation that revenue recognition in contracting operations take place on a percentage of completion basis. Comparative figures for 1996 have been recalculated according to the new rules. Note 2 shows the effect of this change in accounting principle on shareholders' equity as of December 31, 1997.

The following material changes have occurred:

Construction work in progress is reported according to the percentage of completion method.

Intra-Group operating revenues related to the construction of properties for the Group's own account are eliminated.

When investment and development properties are divested, the sales price is reported under "Net sales."

Investment properties are reported as fixed assets.

If the reasons for a writedown of fixed assets cease to exist, the writedown is reversed in its entirety or in part.

Principles of consolidation

The consolidated financial statements encompass the accounts of the Parent Company and those companies in which the Parent Company, directly or indirectly, has a decisive influence. This normally requires ownership of more than 50 percent of the voting power of participations. In those cases where participations are intended to be divested within a short time after acquisition, the company is not consolidated.

Skanska has applied Recommendation No. 1 of the Swedish Financial Accounting Standards Council in drawing up its consolidated financial statements. Shareholdings in Group companies have been eliminated according to the purchase method of accounting.

The principles for the translation of the financial statements of foreign subsidiaries comply with the draft recommendation 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.

Associated companies

Associated companies are defined as companies in which Skanska's share of voting power amounts to a minimum of 20 percent and a maximum of 50 percent, and where ownership is one element of a long-term connection. Associated companies are normally reported according to the equity method of accounting.

Participations in Swedish partnerships and limited partnerships are reported in compliance with FAR's recommendation No. 12.

Consortia (joint ventures)

Companies that have been established to carry out specific contracting projects together with other construction companies are consolidated according to the pro-rata (or proportional) method of accounting.

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.

Offsetting of balance sheet items

The offsetting of receivables against liabilities occurs only in cases where legislation permits offsetting of payments. The offsetting of deferred tax liabilities in one company against deferred tax claims in another company presupposes, aside from agreement in terms of time periods, that there is an entitlement to tax equalization between the companies.

INCOME STATEMENT

Net sales

The year's project revenues, deliveries of materials and merchandise, divestments of investment properties, rental revenues and other operating revenues that are not reported separately on their own line are reported as net sales.

Project revenues are reported according to the percentage of completion method, in compliance with the recommendation of the Swedish Construction Federation on revenue recognition of contracting assignments. This means that operating income is reported successively as a project accrues over time, instead of being listed as a balance sheet item until the project is completed and a final financial settlement with the client is reached, as previously.

The sale of investment and development properties is normally reported as a revenue item in the year when a binding agreement on the sale is reached.

Construction, manufacturing and property management expenses

Construction, manufacturing and property management expenses include direct and indirect manufacturing expenses, loss provisions, bad debt losses, warranty expenses and real estate taxes. They also include depreciation on fixed assets used for construction and property management. Skanska applies straight-line depreciation based on the estimated service life of the assets. The following annual rates have been used: machinery and equipment 10–20 percent, buildings 1–7 percent and land improvements 3.75–5 percent. Gravel pits and stone quarries are depreciated as and when materials are removed. Timberland is depreciated on the basis of deductions permitted by tax legislation.

Selling and administrative expenses

In conformity with an industry-wide recommendation from the Swedish Construction Federation, selling and administrative expenses are reported as one item. This includes customary administrative expenses, technical expenses and selling expenses, but also depreciation of goodwill and of machinery and equipment that have been used for sales and administration. Depreciation of goodwill has been based on individual examina-

tion (10–20 percent annually on acquisition cost). For goodwill etc. that arose from the acquisition of Skåne-Gripen, a depreciation rate of 5 percent is applied. The depreciation rates for machinery and equipment coincide with those stated earlier, except that certain computers are depreciated using the declining balance method.

Research and development

Research and development expenses are not capitalized, but instead are reported as the expenses occur.

Share of income in associated companies

Share of income in closely related associated companies is apportioned in the consolidated income statement among "Operating income," "Financial items," "Taxes" and "Minority interests". Associated companies are regarded as closely related if their operations are connected to one of the Group's main businesses.

Separately reported operating expense items

Three items are separately reported: "Restructuring expenses etc.," "Writedowns/reversals of writedowns" and "Gain on sale of properties." Only divestments, writedowns and reversals of writedowns on properties that belong to the Group's real estate operations are reported separately.

Taxes on profit for the year

Taxes based on net profit and wealth are reported as "Taxes on profit for the year."

In Swedish-based companies, deferred tax liabilities are normally estimated on the basis of the nominal tax rate of 28 percent. Deferred tax liabilities (tax claims) attributable to acquired surpluses (deficits) have been reported on the basis of a tax rate of 25-28 percent. For companies in other countries, the applicable tax rate in each country has been used.

Earnings of acquired companies

Companies acquired during the year are consolidated from January 1, unless the acquisition occurred late in the year. Accrued earnings on the acquisition date are subtracted under the item "Earnings of acquired companies."

BALANCE SHEET

Intangible fixed assets

Intangible fixed assets are reported at acquisition cost minus accumulated depreciation. In case of a permanent reduction in value, they are written down to estimated actual value.

Tangible fixed assets

Tangible fixed assets are reported at acquisition cost minus accumulated depreciation. They are written down in case of a permanent reduction in value. The writedown is reversed when the basis for the writedown has wholly or partially ceased to exist.

Investment properties

In estimating the actual value of investment properties, Skanska has used a yield requirement 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, as well as in the partly owned subsidiary JM, 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 levels of return required in each respective market. Special attention has been paid to the occupancy situation.

To permit as correct a comparison as possible between income from property management and the value of completed investment properties, completed properties are not normally reclassified 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 completed properties have been valued in the consolidated accounts at incurred costs plus a fair proportion of indirect costs.

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.

Properties located abroad that are owned by a Swedish subsidiary have been valued at the year-end exchange rate of the local currency. Loans taken out for hedging purposes are also reported at the year-end exchange rate.

Financial fixed assets

Financial fixed assets are normally reported at acquisition cost. In case of permanent reduction in value, however, they are written down. Deferred tax claims are estimated on the basis of the appropriate tax rate in each country.

Participations in associated companies are reported according to the equity method of accounting. Property-related surplus values are depreciated at 2 to 4 percent annually. Surplus value in reporting Skanska's stake in the associated company Scancem is depreciated over a period of 20 years.

Current assets

Current assets have been valued according to the lower value principle.

Properties intended to be divested in connection with contracting projects are reported as current assets. The same applies to participations in property management companies if the properties belonging to these companies would have been reported the same way if Skanska owned them directly.

In valuation of inventories, Recommendation No. 2 of the Swedish Financial Accounting Standards Council has been applied.

Shareholders' equity

If a revenue item has been reported earlier in the consolidated accounts than in the accounts of an individual company due to different valuation principles, it is transferred from "Unrestricted reserves" to "Restricted reserves," taking taxation into account.

Provisions

Provisions for Pension Registration Institute (PRI) pension liabilities are calculated by PRI, based on actuarial principles.

Provisions for deferred taxes on untaxed reserves have been reported at 28 percent in Swedish-based companies. Provisions in companies outside Sweden have been based on the applicable tax rate in each country. The corresponding provisions have also been made if a profit is reported in the consolidated accounts earlier than it is reported at the company level.

Notes to the financial statements

Provisions for deferred taxes on goodwill resulting from consolidation of Swedish-based companies have been reported at 28 percent, except for indirect acquisitions of properties. The corresponding provision in a company outside Sweden is made at the applicable tax rate in each country.

Skanska makes provisions for future expenses due to warranty obligations. The estimate is based on expenditures during the financial year for similar obligations or projected expenses for each project.

Liabilities

Liabilities are normally reported at their nominal value. In the case of substantial individual amounts, Skanska applies Recommendation No. 3 of the Swedish Financial Accounting Standards Council, "Reporting of Receivables and Liabilities With Respect to Interest Rate Terms and Hidden Interest Compensation."

The difference between an invoiced amount and unearned project revenue is reported as a liability according to the percentage of completion method.

NOTE 2 CHANGE IN ACCOUNTING PRINCIPLE

Switchover to percentage of completion method

For the first time, the Group is basing revenue recognition in its contracting operations – the Building, Civil Engineering and Skanska USA business areas as well as the companies in the Industry business area that perform contracting work and the construction operations of JM – according to the percentage of completion method, in compliance with an industry-wide recommendation by the Swedish Construction Federation.

Revenue recognition on a percentage of completion basis means that operating income is reported successively as work on a project accrues over time, instead of being listed as a balance sheet item until the project is completed and a final financial settlement with the client is reached, as previously.

The percentage of completion method is employed in the consolidated financial statements. Revenue recognition in individual Swedish contracting companies, however, will continue to be based on the completed contract method. In light of this, the consolidated financial statements include provisions for deferred tax liability related to the taxation of accrued income in ongoing projects.

The switchover to the percentage of completion method is a change of accounting principle whose effects are reported as an adjustment of shareholders' equity as of December 31, 1996 with respect to this. The following table shows how the recalculation of the Group's liabilities and shareholders' equity as of December 31, 1996 took place with respect to this. Year-end restricted equity has been adjusted by SEK 768 M, year-end unrestricted equity by SEK 40 M, minority interests by SEK 35 M, deferred tax liability by SEK 280 M, provisions by SEK 15 M, unearned revenue by SEK 3,054 M and work in progress by SEK -4,192 M.

Net sales for 1996 declined by SEK 968 M due to the switchover to the percentage of completion method, while operating expenses declined by SEK 637 M.

Order backlog, previously reported as the difference between the period's order bookings and invoiced sales taking into account order backlog at the beginning of the period, is now reported in the financial statements of companies that employ the percentage of completion method as the difference between the period's order bookings and accrued revenues,

taking into account order backlog at the beginning of the period.

The period's accrued revenue equals its accrued expenses plus accrued income, adjusted for changes in provisions for possible losses. Comparative figures have been recalculated accordingly.

Other companies are employing unchanged principles for calculating order backlog.

Intra-Group invoiced sales

Intra-Group operating revenues related to the construction of properties for the Group's own account are eliminated effective from 1997. Comparative figures for 1996 have been recalculated accordingly. As a result of this change in accounting principle, 1996 net sales declined by SEK 1,497 M, while costs declined by a corresponding amount.

Sale of investment and development properties

When investment and development properties are sold, the sales price is reported under "Net sales" and book value as an operating expense. Comparative figures for 1996 have been recalculated accordingly. As a result of this change, net sales rose by SEK 442 M and operating expenses by SEK 349 M, increasing gross income by SEK 93 M. The comparative figure for sale of properties declined by SEK 93 M, from SEK 790 M to SEK 697 M.

Taxes

Taxes have been offset against each other only under special circumstances. As a result, the comparative figures for 1996 have been adjusted by SEK 282 M, and the balance sheet total increased by this amount.

Deferred taxes in subsidiaries

Beginning in 1996, the subsidiary JM has reported deferred taxes on the difference between the scheduled residual values of properties and their residual values for tax purposes. This affected the comparative figures for unrestricted equity by SEK -50 M, minority interests by SEK -76 M and other provisions by SEK +126 M.

In other subsidiaries, unrestricted equity was affected by SEK -14 M and provisions by SEK +14 M.

	Recalculated accounts Dec. 31, 1996	Accounts Dec. 31, 1996
Balance, work in progress	-	4 192
Unearned revenue	3,054	-
Other provisions and liabilities	31,552	30,835
Total liabilities	34,606	35,027
Minority interests	1,505	1,546
Restricted equity	5,481	4,713
Unrestricted equity	9,914	9,938
Total shareholders' equity	15,395	14,651
Balance sheet total	51,506	51,224

NOTE 3 NET SALES

GROUP

External rental revenues, including interest subsidies, are part of the item "Net sales".

Reported rental revenues in 1997 included a total of SEK 180 M (212) in interest subsidies received, of which SEK 173 M (204) was attributable to investment properties and SEK 7 M (13) to other properties in Skanska's real estate operations.

Expenses of SEK 829 M (1,497) for construction of properties in real estate operations and investment and development properties for Skanska's own account were capitalized. This amount was eliminated in "Net sales". See the item "Net sales" under the accounting and valuation principles, page 46.

A. Net sales by business area

Business area	1997	1996
Building	16,441	15,750
Civil Engineering	10,242	8,715
Skanska USA	15,410	9,906
Industry	8,405	7,980
Real Estate	2,597	2,408
JM	3,989	4,556
Other operations, eliminations of intra-Group transactions	-2,237	-3,466
Total net sales	54,847	45,849

B. Net sales by geographic area

GROUP	1997	1996
Sweden	24,089	24,241
Other Nordic countries	6,403	4,405
Other Europe	6,411	5,798
North America	15,650	10,080
Other countries	2,294	1,325
Total net sales	54,847	45,849

C. Net sales by branch of operations

GROUP	1997	1996
Construction	44,440	35,987
Industry	6,749	6,329
Property management	3,520	3,305
Other real estate operations	110	164
Other operations	28	64
Total net sales	54,847	45,849

PARENT COMPANY

The amount included SEK 21 M (22) worth of sales to subsidiaries. The Parent Company's purchases from subsidiaries amounted to SEK 116 M (84).

NOTE 4 REAL ESTATE TAX

Real estate tax, which is included in operations, amounted to SEK 189 M (134). Investment properties accounted for SEK 160 M (107), and other properties (including business properties) SEK 29 M (27).

NOTE 5 SELLING AND ADMINISTRATIVE EXPENSES

In compliance with an industry-wide recommendation from the Swedish Construction Federation, the accounts of construction companies report selling and administrative expenses as one item. See "Accounting and valuation principles," p. 46-47.

Selling and administrative expenses

Business area	1997	1996
Building	987	1,012
Civil Engineering	678	562
Skanska USA	491	318
Industry	1,585	1,422
Real Estate	214	189
JM	293	282
Other operations	369	211
Total	4,617	3,996

Selling and administrative expenses

Branch of operations	1997	1996
Construction	2,532	2,291
Industry ¹⁾	1,457	1,299
Property management	241	185
Other real estate operations	20	73
Other operations	367	148
Total	4,617	3,996

¹⁾ Industry	1997	1996
Sales expenses	923	859
Administrative expenses	534	440
Total	1,457	1,299

NOTE 6 DISTRIBUTION OF INCOME FROM ASSOCIATED COMPANIES

Skanska's share of the income and shareholders' equity of associated companies is reported according to the equity method, as described in the accounting principles on page 47. Its share of income was distributed by business area as follows:

Business area	Operating income	Financial Items	Taxes	Minority interest	Net income
Building	5	-4	-3		-2
Civil Engineering	29		-1		28
Industry	527	-113	-115	-32	267
Real Estate	286	-146	-6		134
Other operations	-18	-1	15		-4
Total	829	-264	-110	-32	423

Notes to the financial statements

Effects of listed associated companies on each level of the income statement

Company	Operating income	Financial items	Taxes	Minority interest	Net income
Scancem ¹⁾	522	-108	-113	-32	269
Rörvik Timber	5	-3			2
Padox ²⁾	10	-5			5
Piren	199	-101	-2		96
Norrporten	35	-15	-4		16
Total	771	-232	-119	-32	388

1) Scancem's accounts are reported with a delay of one quarter.

2) Padox, in which Skanska's share of capital stock and voting power is 10 percent, is reported as an associated company.

NOTE 7 RESTRUCTURING EXPENSES ETC.

GROUP	1997
Restructuring expenses related to reorganization	-1,226
Gain on sale of participations in Group company (JM)	147
Gain on sale of participations in associated company (Padox)	135
Adjustment to Group accounting principles in connection with increase in ownership to 100 percent (Drott)	-54
Title registration expenses in connection with structural change in Real Estate business area	-25
Total	-1,023

NOTE 8 WRITEDOWNS/REVERSALS OF WRITEDOWNS ON PROPERTIES IN REAL ESTATE OPERATIONS

GROUP	Writedowns		Reversals		Total	
	1997	1996	1997	1996	1997	1996
Investment properties	-22	-126	29	161	7	35
Other properties	-9	-3	10	19	1	16
Total	-31	-129	39	180	8	51

Writedowns and reversals of writedowns on properties in real estate operations were carried out in compliance with the Group's accounting and valuation principles.

NOTE 9 GAIN ON SALE OF PROPERTIES IN REAL ESTATE OPERATIONS

GROUP	Investments properties		Other properties		Total	
	1997	1996	1997	1996	1997	1996
Sales revenues	3,206	3,493	111	109	3,317	3,602
Book value	-2,460	-2,830	-79	-75	-2,539	-2,905
Capital gain	746	663	32	34	778	697

An inter-company profit corresponding to the Group's stake in each respective associated company was added to the book value of properties sold to associated companies. For 1997, an inter-company profit of SEK 56 M (431) was allocated.

NOTE 10 DEPRECIATION

A. Depreciation by type of asset

GROUP	1997	1996
Intangible assets	124	78
Investment properties	407	393
Development properties	6	10
Business properties	104	104
Machinery and equipment	669	604
Construction in progress	7	9
Total	1,317	1,198

B. Depreciation by business area etc.

GROUP	Construction, manufacturing and property management		Sales and administration		Total	
	1997	1996	1997	1996	1997	1996
Building	113	100	17	13	130	113
Civil Engineering	212	188	33	24	245	212
Skanska USA	30	24	31	23	61	47
Industry	278	284	152	98	430	382
Real Estate	299	284	4	2	303	286
JM	115	127	10	0	125	127
Other operations	8	23	15	8	23	31
Total	1,055	1,030	262	168	1,317	1,198

Depreciation in the Parent Company amounted to SEK 17 M (17).

NOTE 11 OPERATING INCOME BY BRANCH OF OPERATIONS

GROUP	Operating income	
	1997	1996
Construction	394	444
Industry	333	313
Property management	1,678	1,606
Other real estate operations	-3	57
Participations in associated companies	829	773
Sale of properties	778	697
Writedowns/reversals of writedowns	8	51
Restructuring expenses etc.	-1,023	
Other operations	-636	-154
Total	2,358	3,787

Selected items from income statements by branch of operations

GROUP			
Branch of operations	1997	1996	
Construction			
Net sales (excluding rental revenues)	44,440	35,987	
Selling and administrative expenses	2,532	2,291	
Operating income, construction	394	444	
Industry			
Net sales (excluding rental revenues)	6,749	6,329	
Selling expenses	923	859	
Administrative expenses	534	440	
Operating income, industry	333	313	
Property management			
Rental revenues (including interest subsidies)	3,520	3,305	
Selling and administrative expenses	241	185	
Operating income, property management	1,678	1,606	
Other real estate operations			
Rental revenues (including interest subsidies)	110	164	
Selling and administrative expenses	20	73	
Operating income, other real estate operations	-3	57	
Gain on sale of properties	778	697	
Share of income in associated companies	829	773	
Writedowns/reversals of writedowns	8	51	
Restructuring expenses etc.	-1,023		
Other operations			
Net sales	28	64	
Selling and administrative expenses	367	148	
Operating income/loss, other operations	-636	-154	
Group			
Net sales	54,847	45,849	
Selling and administrative expenses	4,617	3,996	
Consolidated operating income	2,358	3,787	

NOTE 12 PERSONNEL

GROUP				
Average number of employees	1997	Of whom men	1996	Of whom men
Sweden	17,517	15,323	18,998	17,040
Other Nordic countries	3,803	3,496	2,812	2,563
Other European countries	4,567	3,653	3,935	3,174
North America	3,778	3,304	2,997	2,633
Other countries	7,575	7,270	7,982	7,761
Total	37,240	33,046	36,724	33,171

PARENT COMPANY

Average number of employees	1997	Of whom men	1996	Of whom men
Sweden	156	90	133	77
Total	156	90	133	77

Wages, salaries, other remuneration and social welfare contributions

	Wages, salaries other remuneration		Social welfare contributions	
	1997	1996	1997	1996
Parent Company*	86	67	56	29
(of which, non-statutory pensions)			26	11
Subsidiaries	7,957	7,404	2,677	2,487
(of which, non-statutory pensions)			591	421
Group total	8,043	7,471	2,733	2,516
(of which, non-statutory pensions)			617	432

Of the Parent Company's non-statutory pension expenses, SEK 6.3 M were related to the Group's Board members, President and Executive Vice Presidents.

The Company's outstanding non-statutory pension commitments to these persons amounted to SEK 36.8 M.

Of the Group's non-statutory pension expenses, SEK 19.4 M were related to the Group's Board members, President and Executive Vice Presidents. This amount included compensation to former Board members, Presidents and Executive Vice Presidents.

The expense for a provision to the employee profit-sharing foundation amounted to SEK 26.3 M (44.6).

* Excluding long-term bonus (see point D).

GROUP

Wages, salaries and other remuneration by geographic area and divided between Board members etc. and other employees

	Board members Presidents and Executive Vice Presidents		Other employees	
	1997	1996	1997	1996
Sweden	62	61	4,290	4,542
(of which, bonuses)	11	6		
Other Nordic countries	19	12	1,030	788
(of which, bonuses)	1	0		
Other European countries	33	32	912	885
(of which, bonuses)	5	3		
North America	6	14	1,309	892
(of which, bonuses)	0	0		
Other countries	2	0	378	245
(of which, bonuses)	0	0		
Total	122	119	7,919	7,352
(of which, bonuses)	17	9		

The amount related to Board members, Presidents and Executive Vice Presidents includes compensation to former Board members, Presidents and Executive Vice Presidents.

Notes to the financial statements

PARENT COMPANY

Wages, salaries and other remuneration by geographic area and divided between Board members etc. and other employees

	Board members Presidents and Executive Vice Presidents		Other employees	
	1997	1996	1997	1996
Sweden	15	15	71	52
(of which, bonuses)	1	1		
Total	15	15	71	52
(of which, bonuses)	1	1		

The amount related to Board members, Presidents and Executive Vice Presidents includes compensation to former Board members and President during the year.

A. Chairman of the Board

During 1997 Melker Schörling received a salary, fees and other remuneration from Group companies in the amount of SEK 3,850,000, plus a bonus of SEK 2,127,000. Mr. Schörling also has the opportunity to earn a long-term bonus as specified in point D below.

Under the provisions of his employment contract, Skanska paid pension premiums on behalf of Mr. Schörling 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, as defined by Swedish social insurance authorities.

Mr. Schörling's employment in the Company ends on April 28, 1998. At that time, according to his employment contract, Mr. Schörling is entitled to a 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.

B. The Company's President and Chief Executive Officer

During 1997 Claes Björk received a salary, fees and other remuneration from Group companies in the amount of SEK 2,320,000, plus a bonus of SEK 4,800,000. Mr. Björk also has the opportunity to earn a long-term bonus as specified in point D below.

Mr. Björk is covered by Skanska USA's general pension plan, where after 30 years' employment he will receive a lump sum with a present value (1997) of about SEK 4,000,000.

Under certain conditions, this general pension benefit can be increased by payment of special pension premiums totaling about USD 650,000.

In case of termination of his employment contract by the Company, Mr. Björk is entitled to his salary and other employment benefits for 24 months.

Termination may not occur without objective reasons before December 31, 1999.

Former Group Chief Executive

The Company has a life-long pension obligation to Lars-Ove Håkansson, former Group Chief Executive, in the amount of SEK 160,000 per month, with certain reductions from the age of 65.

This obligation includes an entitlement to a survivors' pension of 50 percent of the retirement pension.

The capitalized value of this pension obligation totals about SEK 26,000,000.

C. Executive Vice Presidents and other members of Group Management

Members of Group Management are normally entitled to annual pension premium payments, mainly according to the applicable ITP supplementary pension plan.

Certain individuals in Group Management are also entitled to payments of annual pension premiums during their period of employment equivalent to 20 percent of their salary within the 20-30 base amount interval and 25 percent of their salary above 30 base amounts.

Members of Group Management also have an agreement with the Company entitling them to a pension from the age of 60. This pension benefit applies between the ages of 60 and 65 and amounts to 70 percent of salary.

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

D. Long-term bonus

Group Management and about 240 other senior executives in the Group are entitled to a long-term bonus based on the price level of a Series B Skanska share over the five-year period 1995-1999. This possible bonus would not be paid until the year 2000 and is calculated by multiplying 10 percent of 1-2 months' salary by the difference between the average market price of a Series B share during June-November 1999 (plus dividends approved during the years 1995-1999) and SEK 185.

Sixty percent of a bonus expense calculated as the difference between the market price of a Skanska Series B share on December 31, 1997 and the initial price of SEK 185 adjusted for approved dividends, including the dividend portion when redeeming shares, was charged to the 1997 accounts. After this, the total provision amounted to SEK 143.1 M (73.1), including social welfare contributions of SEK 36.1 M (18.1).

NOTE 13 RESEARCH AND DEVELOPMENT EXPENSES

See the accounting and valuation principles, Note 1.

GROUP	1997	1996
Product development	120	90
Process and method development	95	80
Build-up of knowledge	35	30
Total	250	200

NOTE 14 SHARE OF INCOME IN GROUP COMPANIES

PARENT COMPANY	1997	1996
Dividend	1,513	3,051
Capital gains	9,291	97
Writedowns	-1,065	
Total	9,739	3,148

NOTE 15 SHARE OF INCOME IN ASSOCIATED COMPANIES

	GROUP		PARENT COMPANY	
	1997	1996	1997	1996
Dividends			3	2
Proportion of equity	-264	-275		
Total	-264	-275	3	2

NOTE 16 GAIN FROM OTHER FINANCIAL FIXED ASSETS

	GROUP		PARENT COMPANY	
	1997	1996	1997	1996
Dividends	363	461	11	34
Interest revenues	140	147	851	985
Exchange differences	382	222		-98
Capital gains	9,126	1,760		30
Writedowns	-7		-7	
Other gains	42			
Total	10,046	2,590	855	951

In the Parent Company accounts, SEK 849 M (983) of interest revenues were related to Group companies.

NOTE 17 GAIN FROM FINANCIAL CURRENT ASSETS

	GROUP		PARENT COMPANY	
	1997	1996	1997	1996
Interest revenues	223	339	78	
Exchange differences	6	27	1	39
Other gains	77			
Total	306	366	79	39

NOTE 18 INTEREST EXPENSES AND SIMILAR ITEMS

	GROUP		PARENT COMPANY	
	1997	1996	1997	1996
Interest expenses	-1,033	-1,384	-819	-767
Exchange differences on liabilities	-388	-236	-205	-47
Other expenses		-7		
Total	-1,421	-1,627	-1,024	-814

In the Parent Company accounts, SEK 726 M (573) of interest expenses were related to Group companies.

NOTE 19 ALLOCATIONS

PARENT COMPANY	1997	1996
Group contributions	941	340
Shareholders' contributions	-217	-81
Extra depreciation:		
Machinery and equipment		114
Buildings and land	12	13
Foreign exchange reserve	-46	58
Total	690	444

NOTE 20 TAXES ON PROFIT FOR THE YEAR

	GROUP		PARENT COMPANY	
	1997	1996	1997	1996
Change in provision for taxes	-53	-402		
Taxes in associated companies	-110	-66		
Income taxes	-2,976	-248	-47	2
Total	-3 139	-716	-47	2

The change in provision for deferred taxes, due to the application of different accounting principles for revenue recognition of contracting assignments in the consolidated and company accounts, amounted to SEK 12 M (103).

The year's tax expenses, SEK 3,139 M, amounted to 28 percent (15) of consolidated income after financial items. Nominal tax rates in the Group's domestic markets are at least 28 percent. Tax expenses have been lowered by utilizing tax deductions for losses in prior years, both in Sweden and abroad, and by using the standard rule for taxation of capital gains on shares.

NOTE 21 EARNINGS OF ACQUIRED COMPANIES

In 1997 this refers mainly to the earnings of the residential real estate company Danderydsbostäder AB (SEK 10 M) prior to acquisition.

The corresponding 1996 item refers to SEK 106 M in earnings of Skåne-Gripen AB before acquisition.

NOTE 22 INTANGIBLE FIXED ASSETS

The item "Intangible fixed assets" in the consolidated accounts consists mainly of goodwill. In the Parent Company accounts it consists mainly of extraction rights.

See Note 47, Fixed assets note

NOTE 23 BUILDINGS AND LAND

	GROUP		PARENT COMPANY	
	1997	1996	1997	1996
Timberland	245	256		
Hydroelectric power plants	204	217	187	193
Other business properties	2,074	2,073	148	168
Total business properties	2,523	2,546	335	361
Investment properties ¹⁾	18,456	17,773		0
Development properties	880	919		
Total properties in real estate operations	19,336	18,692	0	0
Total	21,859	21,238	335	361

¹⁾ Acquisition price included SEK 188 M in capitalized interest related to JM.

See Note 47, Fixed assets note

	GROUP		PARENT COMPANY	
	1997	1996	1997	1996
Timberland	787	772	0	0
Hydroelectric power plants	232	232	232	232
Other business properties	1,049	1,193	460	486
Total business properties	2,068	2,197	692	718
Investment properties	15,659	12,819		
Development properties	367	268		
Total properties in real estate operations	16,026	13,087	0	0
Total	18,094	15,284	692	718

NOTE 24 CONSTRUCTION IN PROGRESS

Construction in progress consisted mainly of investment properties under construction.

Assessed values in Sweden

GROUP	1997	1996
	437	365

Notes to the financial statements

NOTE 25 PARTICIPATIONS IN GROUP COMPANIES

Specification of the Parent Company's holdings of shares and participations in Group companies

Company		Registered office	Number of participations	% if <100 of capital stock	% voting power (if different from % of capital stock)	Currency	Book value SEK 000
Swedish subsidiaries							
AB Fakiren	556002-8937	Stockholm	3,000,000				95,288
AB Gadus	556047-4974	Danderyd	10,000				1,000
AB Perukmakaren	556077-4035	Gothenburg	250,000				1,000
AB Svenska Aktier	556104-7589	Danderyd	1,000				100
Albus Förvaltning AB	556018-7592	Danderyd	30,000				5,142
Boxholms Skogar AB	556235-2673	Boxholm	1,250,000				149,990
Drott AB	556049-5995	Gothenburg	75,000				104,500
Elit Fönster AB	556007-3073	Vetlanda	80,000				100,000
Fastighets AB Lybeck	556069-0637	Malmö	10,800				6,489
Galv och Väg AB	556099-9038	Stockholm	20,000				20,000
Ladoga Holding AB	556528-3891	Danderyd	1,000				7,837
Myresjö AB	556029-6708	Vetlanda	650,000				141,807
Myresjökök AB	556048-3256	Ålmhult	30,000				5,000
SCG Byggnads AB	556250-4224	Danderyd	1,000				100
SektionsByggarna AB	556071-9824	Nässjö	12,000				10,000
Skanska Allemansfond Förvaltnings AB	556036-3128	Malmö	500				250
Skanska Anläggning AB	556033-9086	Malmö	600,000				73,103
Skanska BOT Projects AB	556359-0701	Danderyd	10,000				1,000
Skanska Bygg AB	556211-6748	Danderyd	540,000				65,352
Skanska Capital AB	556106-3834	Danderyd	500,000				65,000
Skanska Data AB	556037-8399	Danderyd	5,000				500
Skanska Entreprenad AB	556011-4208	Danderyd	125,923,860				7,807
Skanska Export AB	556171-6290	Danderyd	1,000				302
Skanska Fastigheter AB	556003-8506	Danderyd	125,923,860				33,905
Skanska Fastigheter Gothenburg AB	556043-9415	Gothenburg	10,000				1,000
Skanska Fastigheter Riks AB	556073-9996	Danderyd	2,000				27
Skanska Fastigheter Stockholm AB	556046-6582	Danderyd	160,000				16,000
Skanska Fastighetservice AB	556124-2842	Danderyd	20,000				2,000
Skanska Försäkrings AB	516401-8664	Danderyd	50,000				50,000
Skanska Förvaltnings AB	556242-4688	Danderyd	1,000				100
Skanska Group Purchasing AB	556528-3826	Danderyd	1,000				112
Skanska Holding AB	556075-7939	Danderyd	1,000				100
Skanska Installation AB	556224-0944	Danderyd	20,000				2,050
Skanska International Building AB	556133-9424	Malmö	500,000				50,000
Skanska International							
Civil Engineering AB	556032-3486	Danderyd	80,000				12,000
Skanska Kraft AB	556118-0943	Danderyd	1,000				10,500,110
Skanska Mark och Exploatering AB	556060-3259	Danderyd	1,000				124
Skanska Mark och Exploatering Syd AB	556086-6914	Malmö	500				415
Skanska Mark och							
Exploatering Sydöst AB	556086-0487	Växjö	120				220
Skanska Mark och Exploatering Väst AB	556081-2637	Gothenburg	1,500				150
Skanska Mark och Exploatering							
Mellansverige AB	556086-7029	Västerås	1,000				100
Skanska Maskin AB	556090-9037	Danderyd	100				120
Skanska Prefab AB	556045-2848	Malmö	30,000				4,500
Skanska Service AB	556242-4696	Danderyd	1,000				100
Skanska Stålteknik AB	556071-5244	Kalmar	10,000				50
Skanska Teknik AB	556045-5007	Malmö	20,000				2,000
Skanska Turbo AB	556353-0293	Danderyd	1,000				102
Skanska Öresund AB	556050-9308	Malmö	50,000				5,000
Stabilator AB	556049-7587	Danderyd	20,000				42,000
Vellonia Mark & Exploatering AB	556488-6249	Stockholm	1,000				118
							11,583,970

Company	Corporate identity number	Registered office	Number of participations	% if <100 of capital stock	% voting power (if different from % of capital stock)	Currency	Book value SEK 000
Foreign subsidiaries							
SCEM Reinsurance SA		Luxembourg	749			LUF	13,514
Skanska (U.S.A.) Inc.		United States	22,298			USD	220,892
Skanska Entreprenør A/S		Norway	2,000			NOK	112
Skanska Holding A/S		Denmark	1			DKK	121,078
Skanska Oy		Finland	470	70		FIM	28,730
Skanska Property GmbH		Germany	10,000			DEM	583,810
							968,136
							12,552,106

Major indirectly owned Swedish subsidiaries

AB Gustaf Kähr	556017-3600	Nybro	530,000				255,640
AB Gusum Skogar	556040-0367	Malmö	80				19,500
Anders Magnusson Entreprenad AB	556078-8357	Gothenburg	500				400
Bark & Warburgs AB	556002-0959	Boxholm	6,200				46,716
Bjursell i Jönköping AB	556081-7164	Jönköping	10,000				18,600
Byggnads AB Harry Karlsson	556039-0634	Lund	2,500				500
Danderydsbostäder AB	556006-3009	Danderyd	100,000				309,938
Ferm & Persson Glas AB	556077-0090	Gothenburg	1,000				69
Flexator AB	556089-9766	Nässjö	9,000				500
Grus & Betong i Norrland AB	556058-5563	Sundsvall	10,000				2,825
Göinge Mekaniska AB	556054-7621	Hässelholm	5,000				8,000
Harry Olofsson AB	556071-2993	Nättraby	1,000				100
Industriventilation Produkt AB	556129-1559	Växjö	3,600				6,100
Industriventilation Svenska AB	556106-4121	Växjö	2,000				11,958
J & B Entreprenad AB	556033-1547	Svenljunga	10,000				33,624
JM Byggnads och Fastighets AB	556045-2103	Stockholm	8,960,100	27	57		788,459
Komponex AB	556047-4982	Eslöv	3,000				50
Lars Kvissberg Bygg AB	556353-8338	Linköping	1,000				1,400
Melleruds Grävolag AB	556090-7015	Mellerud	500				100
Myresjöhus AB	556031-7702	Vetlanda	300,000				22,700
Nordisk Kartro AB	556030-8578	Stockholm	100,000				18,000
Nordiska Trähus AB	556120-9189	Sävsjö	20,000				17,000
Prisma Sign Technology AB	556234-6501	Malmö	450,000				15,000
Schakt & Transport AB	556054-8751	Växjö	2,000				1,000
Skanska Dredging AB	556240-0050	Gothenburg	20,000				8,000
Skanska Invest AB	556079-8216	Danderyd	125,923,860				10,500,000
Skanska Lundby AB	556199-5282	Danderyd	30,000				3,000
Skanska Raise Boring AB	556137-5964	Danderyd	1,200				144
Skåne-Gripen AB	556002-0835	Malmö	33,418,851				2,988,133
Skånska Makadam AB	556109-6412	Åstorp	500				2,155
Stenbergs Elektriska AB	556041-7205	Malmö	2,000				200
Temporent AB	556164-1118	Upplands Väsby	1,000				670
Trestads Projektbyggen AB	556198-3890	Vänersborg	2,500				814
Uri Civil Contractor AB	556124-3519	Danderyd	600	60			30
Örmo Skogar AB	556168-2203	Boxholm	45				35,175

Notes to the financial statements

Company	Registered office	Number of participations	% if <100 of capital stock	% voting power (if different from % of capital stock)	Currency	Book value SEK 000
Major indirectly owned foreign subsidiaries						
A/O Skanska S:t Petersburg	Russia	1,000			FIM	16
Albert Schlotterer GmbH & Co. KG	Germany	0			DEM	114,581
Asphalt Plant No. 1 JSC, S:t Petersburg	Russia	19,985	57		RUR	0
Atrium Plaza Sp Z.o.o, Warszawa	Poland	969,785	80		PLN	111,556
Beers Inc.	United States	500			USD	228,215
C G Jensen A/S	Denmark	382			DKK	222,547
C.G. Jensen (Grønland) ApS	Denmark	50			DKK	4,420
Goldreif Möbelfabrik GmbH	Germany	1			DEM	40,344
Grove Overseas Corp.	United States	34			USD	233
Heinz Essmann GmbH	Germany	5			DEM	100,306
Karl Koch Erecting Co. Inc.	United States	100			USD	163,769
Myresjöhus Nederland B.V	Netherlands	40			NLG	76,648
Optifit Jaka-Möbel GmbH	Germany	1			DEM	89,109
Poggenpohl Möbelwerke GmbH	Germany	6	99		DEM	414,617
Rose Küche Beteiligung GmbH	Germany	1			DEM	124
Skanska E & C	United States	100			USD	37,407
Skanska Holding GmbH	Germany	0			DEM	277,764
Skanska Hungaria Kft	Hungary				HUF	0
Skanska Polska Sp. Z.o.o.	Poland				PLN	364
Skanska Stav spol s r.o.	Czech Republic		95		CZK	0
Slattery Associates Inc. (Delaware)	United States	500			USD	30,950
Slattery Associates Inc. (NY)	United States	90			USD	135,596
Sordoni Skanska Construction Co. Inc.	United States	1,000			USD	21,375
Spectrum Construction Co.	United States	100			USD	0
Tekra-Yhtiöt Oy	Finland	100			FIM	61,573
Voigt & Co Baugesellschaft mbH	Germany				DEM	0
Wolsztynska Fabryka Mebli Sp.Z o.o.	Poland	120,000	86		PLN	25,513

See Note 47, Fixed assets note

NOTE 26 PARTICIPATIONS IN ASSOCIATED COMPANIES

Specification of the Group's and the Parent Company's holdings of shares and participations in associated companies

Company	Unlimited liability	Corporate identity number	Registered office	Skanska's share of shareholders' equity	Skanska's share of earnings	Number of participations	% of capital stock	% voting power (if different from % of capital stock)	Market value	Book value in consolidated accounts
GROUP										
Swedish listed companies										
Fastighetsaktiebolaget Norrporten		556458-6138	Sundsvall	242	16	2,113,300	25		242	162
Pandox Hotellfastigheter AB		556030-7885	Stockholm	58	3	1,000,000	10		55	17
Piren AB		556201-8654	Danderyd	832	88	16,154,746	49		792	554
Rörvik Timber AB		556541-2086	Vetlanda	95	2	5,545,402	40		84	95
Scancem AB		556000-6057	Malmö	2,820	306	20,852,188	39	48	6,772	4,302
									7,945	5,130
Other Swedish associated companies										
AB Karlskoga Köpcentrum		556059-4177	Karlskoga	2	0	1,305	45			7
AB Lomma Industricentrum		556137-6483	Lomma	0	0	48	48			0
AB Mälarmark		556076-5363	Uppsala	1	0	100	50			1
AB Sydsten		556108-2990	Malmö	47	3	150,000	50			48
Arlandastad KB		916626-5240	Sigtuna	1	-1		50			1
Armstrong World Industries AB		556084-4242	Holmsund	21	-1	49,000	49			21
Fastighetsaktiebolaget Hälsan KB		916701-4100	Jönköping	1	9	550	50			1
Fastighetsbolaget Skavsta KB		916517-1902	Nyköping	1	0	10	50			0
Fineri Nr 5 KB		916627-7401	Stockholm	4	92	75	75	*		4
HB Släggan 3	X	916613-4115	Stockholm	24	2		50			27
Jönköpings Betong AB		556060-2871	Jönköping	5	1	1,000	50			5
KB Air Preca		916579-2541	Danderyd	-59	6	1/3	33			0
KB Metro-Flyg		916447-3564	Härryda	-49	7	330	33			0
Lapillus AB		556187-1418	Farsta	0	0	50	50			0
Masmobergets Exploaterings AB		556395-0442	Stockholm			1,100	50			0
Mega-Carrier KB		916751-1097	Stockholm	-92	5	330	33			0
Mega-Flight KB		916579-2558	Danderyd	-111	10	1/2	50			5
Novum – Centrum för Livsvetenskap – KB		916620-9461	Huddinge	1	0	1	50			51
Polaris Aircraft Leasing KB		916609-6967	Stockholm	-692	-27		99	*		0
Retail Parks AB		556528-3859	Järfälla			5,000	50			0
Råsjö Torv AB		556151-6708	Hudiksvall	28	4	26,236	22			29
SMÅA AB		556497-1322	Stockholm	4	0	3,500	33			4
Sundlink Contractors HB	X	969620-7134	Malmö	31	29		37			0
Swedish Aircraft FOUR KB		916694-4372	Linköping	14	0	100	100	*		27
Swedish Aircraft TWO KB		916691-8194	Linköping	-26	4	50	50			88
Others										33
										352

* Participation as limited partner

Notes to the financial statements

Company	Unlimited liability	Corporate identity number	Registered office	Skanska's share of shareholders' equity	Skanska's share of earnings	Number of participations	% of capital stock	% voting power (if different from % of capital stock)	Currency	Book value in consolidated accounts
Foreign associated companies										
A/O Dom Schvetsii			Russia	10	1	2,563,778	49		RUR	8
Dansk Betonelementfabrik I/S	X		Denmark	3	-3		50		DKK	3
Deyhle Viering GbR	X		Germany			1	50		DEM	3
Ejendomsselskabet af 30/12 1993 A/S			Denmark	6	1	753	50		DKK	6
K & K Jespersen A/S			Denmark	4	0	1,000	50		DKK	4
RE Beton A/S			Denmark	14	4	5,000	50		DKK	14
Tieyhtiö Nelostie Oy			Finland			115	41		FIM	0
VSL Norge AS			Norway	1	0	9,000	45		NOK	1
Others										5
										44
										5,526

PARENT COMPANY

Swedish associated companies

Company	Book value
Retail Parks AB	0
Råsjö Torv AB	8
Sundlink Contractors HB	0
	8

See Note 47, Fixed assets note

NOTE 27 OTHER LONG-TERM HOLDINGS OF SECURITIES

Refers to shares and participations in non-associated companies.

Company	Number of participations	% of capital stock	% of voting power (if different from % of capital stock)	Market value	Book value
Swedish listed companies					
Sweco AB	8,000	<1		1	0
Sandvik AB, A	3,078,971	1		696	48
SKF AB, A	9,870,000	9	20	1,569	269
				2,266	317
Foreign listed companies					
Costain					
Group PLC	25,562,500	8		72	126
				72	126
				2,338	443

See Note 47, Fixed assets note

NOTE 28 OTHER LONG-TERM RECEIVABLES

	GROUP		PARENT COMPANY	
	1997	1996	1997	1996
Other long-term receivables				
Deferred tax claims	510	32		
Other long-term receivables	474	490	1	1
Total	984	522	1	1

The main change in deferred tax claims compared to 1996 was related to an estimated tax effect of SEK 420 M, attributable to the provision for restructuring expenses etc.

See Note 47, Fixed assets note

NOTE 29 PROPERTIES, CURRENT ASSETS

See the accounting and valuation principles, page 47.

	GROUP	
	1997	1996
Investment and development properties		
Directly owned (buildings and land)	1,645	1,310
Indirectly owned (participations in companies with investment and development properties)	493	320
Total	2,138	1,630

See Note 47, Fixed assets note

	1997	1996
Assessed value, buildings and land (Sweden)	657	355

NOTE 30 INVENTORIES

	GROUP	
	1997	1996
Raw materials and supplies	517	522
Products being manufactured	183	199
Finished products and merchandise	519	570
Advance payments to suppliers	40	22
Total	1,259	1,313

NOTE 31 OTHER CURRENT RECEIVABLES

	GROUP		PARENT COMPANY	
	1997	1996	1997	1996
Other current receivables				
Current portion of long-term receivables	28	32		
Tax claims	125	533	253	301
Other current receivables	2,151	2,319	30	25
Total	2,304	2,884	283	326

NOTE 32 PREPAID EXPENSES AND ACCRUED REVENUES

Some major items are specified below:

	GROUP		PARENT COMPANY	
	1997	1996	1997	1996
Accrued interest revenues and prepaid interest expenses		102		77
Accrued rental revenues and prepaid rental expenses		46		
Accrued operating revenues and prepaid operating expenses		281		6

NOTE 33 DISTRIBUTION OF INTEREST-BEARING AND NON-INTEREST-BEARING RECEIVABLES AMONG BALANCE SHEET ASSETS

	Interest-bearing		Non interest-bearing		Total	
	1997	1996	1997	1996	1997	1996
GROUP						
Financial fixed assets	617	556	6,909	7,458	7,526	8,014
Current receivables	1,570	1,476	9,917	9,379	11,487	10,855
Short-term investments	451	390			451	390
Cash and bank balances	2,635	2,781			2,635	2,781
Other fixed and current assets			30,500	29,466	30,500	29,466
Total	5,273	5,203	47,326	46,303	52,599	51,506

Notes to the financial statements

NOTE 34 CHANGE IN SHAREHOLDERS' EQUITY

GROUP	Capital stock	Restricted reserves	Unrestricted reserves	Net profit for the year	Total shareholders' equity
Year-end 1996 balance	1,259	3,454	5,864	4,074	14,651
Effect of changes in consolidation principles		768	193	-217	744
Adjusted opening balance, Jan. 1, 1997	1,259	4,222	6,057	3,857	15,395
Transfer of net profit for 1996			3,857	-3,857	0
Share redemption	-124		-4,847		-4,971
Dividend			-1,259		-1,259
New share issue	3	121			124
Bonus issue	228	-121	-107		0
Translation differences			95		95
Change in shareholders' equity of associated companies, excluding net profit for the year		29			29
Transfer between restricted and unrestricted equity		205	-205		0
Net profit for 1997				7,505	7,505
Closing balance, Dec. 31, 1997	1,366	4,456	3,591	7,505	16,918

The equity reserve due to the reporting of Parent Company holdings in associated companies by the equity method of accounting, amounted to SEK 21 M.

The change in shareholders' equity due to changes in accounting principles is presented in Note 2.

PARENT COMPANY	Capital stock	Legal reserve	Share premium reserve	Retained earnings	Net profit for the year	Total shareholders' equity
Opening balance, Jan. 1, 1997	1,259	488		4,439	3,496	9,682
Transfer of net profit for 1996				3,496	-3,496	0
New share issue	3		121			124
Bonus issue	228		-121	-107		0
Share redemption	-124			-4,847		-4,971
Dividend				-1,259		-1,259
Net profit for 1997					9,980	9,980
Closing balance, Dec. 31, 1997	1,366	488	0	1,722	9,980	13,556

The number of shares was 113,854,968, divided into 9,102,530 Series A shares and 104,752,438 Series B shares. The par value per share is SEK 12.

NOTE 35 UNTAXED RESERVES

PARENT COMPANY	Value according to 1996 balance sheet	Allocations in 1997	Value according to 1997 balance sheet
Accumulated extra depreciation			
Business properties	202	-12	190
Foreign exchange reserve		46	46
Tax allocation reserve	703		703
Total	905	34	939

NOTE 36 PROVISIONS FOR PENSIONS AND SIMILAR COMMITMENTS

	GROUP		PARENT COMPANY	
	1997	1996	1997	1996
PRI liability	2,073	1,976	849	832
Other pension obligations	89	84	21	17
Total	2,162	2,060	870	849

The interest on the PRI liability has been calculated on the basis of 3.7 percent (6.0).

NOTE 37 PROVISIONS FOR TAXES

	GROUP		PARENT COMPANY	
	1997	1996	1997	1996
Deferred taxes on untaxed reserves etc.	2,084	1,983		
Deferred taxes on surplus values	239	231		
Other provisions for taxes	926	611	107	80
Total	3,249	2,825	107	80

During 1988-1990 the Skanska Group, through partly owned companies, purchased participations in aircraft, including both Swedish-made SAAB 340B turboprops 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. 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.

After conducting an audit, the local tax authority appealed the 1988 and 1989 tax assessments regarding the Parent Company. Because of this, a provision has been made for possible additional taxes totaling SEK 43 M, based on claims primarily related to accrual accounting issues, which have been deemed to entail some risk of a higher tax assessment. No provision has been made, however, for tax claims of about SEK 695 M, mainly related to the question of a merger loss and provision for indirect costs of work in progress. Following a verdict in the Administrative Court of Appeal, the 1987 and 1988 tax assessments regarding the newly acquired Group company Skåne-Gripen AB were appealed by the company to the Supreme Administrative Court, which announced in January 1997 that it would hear the case. The case involves an anticipated dividend from the company's then-subsiary AB Järnbron, which Skåne-Gripen AB deemed tax-exempt. In the event of a ruling unfavorable to Skåne-Gripen, the company would be charged approximately SEK 329 M in additional taxes plus fees and interest, which was taken into account when Skanska's consolidated financial statements were drawn up.

NOTE 38 OTHER PROVISIONS

	GROUP		PARENT COMPANY	
	1997	1996	1997	1996
Warranty obligations	145	152		
Other provisions	2,447	707	166	90
Total	2,592	859	166	90

Most of "Other provisions" is related to provisions totaling SEK 1,500 M for reserves related to project risks and restructuring measures in conjunction with the market adaptation of the organization. In the Parent Company accounts, most of this item is related to long-term bonuses, including statutory social welfare contributions.

See also Note 12, Personnel

NOTE 39 TAX LIABILITIES

Most of these tax liabilities are related to taxes in conjunction with Skanska's divestment of Sandvik shares.

NOTE 40 UNEARNED REVENUE

GROUP	1997	1996
Invoiced sales	36,820	34,742
Unearned revenue	-33,679	-31,688
Balance	3,141	3,054

NOTE 41 OTHER LIABILITIES

Convertible debenture loan	JM
Amount	SEK 50 M
Life of loan	1995 - 2001
Interest rate	4.60%
Conversion beginning in	1997
Conversion price	SEK 85
Maximum dilution of capital stock	1.80%
Maximum dilution of voting power	1.10%

When JM issued its convertible debenture loan, it calculated a capital discount that comprised a discounted, then-current value of the difference between the market interest rate and the interest rate on this debt instrument during its lifetime. The loan is currently running at an interest rate of 4.6 percent, which is increasing by 0.8 percentage points for each subsequent year.

In the accounts of JM, the capital discount of SEK 8 M reduced the loan amount and was charged directly to the legal reserve. The reported loan liability is gradually increased during the life of the loan by interest in such a way that the reported liability amount on the date of maturity will be the same as the face value of the loan.

NOTE 42 ACCRUED EXPENSES AND PREPAID REVENUES

Some major items are specified below:

	GROUP	PARENT COMPANY
Vacation provision	819	46
Prepaid rents	402	
Accrued interest expenses	304	4
Accrued wages, salaries and social welfare provisions	340	

NOTE 43 MATURITY DATES OF LIABILITIES

GROUP	> 5 years		< 5 years> 1 year		< 1 year		Total	
	1997	1996	1997	1996	1997	1996	1997	1996
Bond loans		359	436	44			436	403
Liabilities to credit institutions								
Construction loans	6	23	38	16	69	58	113	97
Mortgage loans	4,227	4,776	688	1,192	166	735	5,081	6,703
Overdraft facilities			341	383			341	383
Other liabilities	89	1,209	962	1,017	442	4,200	1,493	6,426
	4,322	6,008	2,029	2,608	677	4,993	7,028	13,609
Advance payments from clients			1	1	50	229	51	230
Liabilities to associated companies			56	22	93	54	149	76
Other liabilities								
Convertible debenture loans			48	45	10		58	45
Other liabilities	52	98	146	271	3,362	3,237	3,560	3,606
	52	98	194	316	3,372	3,237	3,618	3,651

PARENT COMPANY	> 5 years		< 5 years> 1 year		< 1 year		Total	
	1997	1996	1997	1996	1997	1996	1997	1996
Bond loans		359	436	44			436	403
Liabilities to credit institutions								
Other liabilities			306	387	10	755	316	1,142
			306	387	10	755	316	1,142
Liabilities to Group companies	12,545	10,006			11	21	12,556	10,027

The Parent Company's other liabilities mainly fall due for payment within one year. Covenants have been provided for the Parent Company's credit facilities.

Notes to the financial statements

NOTE 44 DISTRIBUTION OF INTEREST-BEARING AND NON-INTEREST-BEARING LIABILITIES AND PROVISIONS

GROUP	Interest-bearing		Non-interest-bearing		Total	
	1997	1996	1997	1996	1997	1996
Liabilities to credit institutions	7,028	13,609			7,028	13,609
Other liabilities	876	969	17,719	14,284	18,595	15,253
Provisions	2,107	2,162	5,896	3,582	8,003	5,744
Minority interests and shareholders' equity			18,973	16,900	18,973	16,900
Total	10,011	16,740	42,588	34,766	52,599	51,506

NOTE 45 ASSETS PLEDGED FOR LIABILITIES/PROVISIONS

GROUP	Property mortgages	Chattel mortgages	Restricted bank deposits	Total
Own obligations				
Liabilities to credit institutions	6,327	70	24	6,421
Other liabilities	43	62		105
Pension obligations	3	100		103
Total own obligations	6,373	232	24	6,629
Other obligations	93		205	298
Total	6,466	232	229	6,927

NOTE 46 CONTINGENT LIABILITIES

	GROUP	PARENT COMPANY
Pension commitments not included among liabilities/provisions	37	26
Sureties for Group companies		10,114
Other sureties	4,734	918
Total	4,771	11,058

Skanska AB has issued call options for shares in the real estate companies Fastighetsbolaget Norrporten (36,000), Piren AB (80,000) and Pandox Hotellfastigheter AB (72,000) to senior executives in each respective company. The options have a life of five years and entitle the holders to buy shares at a price of SEK 145, SEK 75 and SEK 75, respectively, no later than September 2, 2002.

NOTE 47 FIXED ASSETS NOTE FOR 1997; INCLUDING PROPERTIES, CURRENT ASSETS

GROUP	Intangible assets	Business properties	Investment properties	Development properties	Machinery and equipment	Construction in progress	Properties, current assets
Accumulated acquisition value							
On January 1	1,755	3,536	23,885	1,147	6,958	1,709	1,766
New acquisitions	258	183	1,722	556	952	365	1,261
Capitalized expenses for materials and own labor			241	26		466	96
Divestments	-15	-135	-3,192	-31	-228	-49	-791
Disposals/Writeoffs	-71				-317		
Reclassifications	10	18	1,747	-611	47	-1,308	-56
Translation differences for the year	19	7	433	6	29		-1
	1,956	3,609	24,836	1,093	7,441	1,183	2,275
Accumulated depreciation							
On January 1	206	957	3,078	59	4,678	7	
New acquisitions	2	18	72		60		
Divestments and disposals	-2	-41	-607	-1	-479		
Reclassifications		4	38	-20	6	-8	
Depreciation for the year	124	104	407	6	669	7	
Translation differences for the year	10	3	31		21		
Adjustment to the Group's accounting principles			54				
	340	1,045	3,073	44	4,955	6	0
Accumulated revaluations							
On January 1		8					
Revaluations for the year	0	8	0	0	0	0	0
	0	8	0	0	0	0	0
Accumulated writedowns							
On January 1		42	3,034	168		249	136
Divestments and disposals			-177				-19
Reclassifications			214			-214	
Writedowns reversed during the year			-29	-9			
Writedowns for the year		7	22	10			20
Translation differences for the year			243				
	0	49	3,307	169	0	35	137
Residual value on December 31	1,616	2,523	18,456	880	2,486	1,142	2,138

Notes to the financial statements

Note 47 continued

PARENT COMPANY	Intangible assets	Business properties	Machinery and equipment
Accumulated acquisition value			
On January 1	10	618	72
New acquisitions			4
Divestments		-21	
	10	597	76
Accumulated depreciation			
On January 1	5	257	67
Divestments and disposals		-11	
Depreciation for the year		14	2
	5	260	69
Accumulated writedowns			
On January 1			
Writedowns for the year		2	
	0	2	
Residual value on December 31	5	335	7

Participations	GROUP		PARENT COMPANY		
	In associated companies	Other long-term holdings of securities	In Group companies	In associated companies	Other long-term holdings of securities
Accumulated acquisition values					
On January 1	3,566	3,917	4,496	8	432
Purchases	1,641	131	438		
Sale	-58	-959	-1,595		
Shareholders' contributions			10,623		
Share issues	132		138		
Reclassifications	59	-2,171			
Exchange/translation differences for the year	2				
The year's change in share of income in associated companies	185				
	5,527	918	14,100	8	432
Accumulated revaluations					
On January 1			12		
Revaluations for the year	0	0	12	0	0
Accumulated writedowns					
On January 1	6	433	495		424
Sale	-5				
Writedowns for the year		7	1,065		7
	1	440	1,560	0	431
Residual book value on December 31	5,526	478	12,552	8	1

Receivables	GROUP		PARENT COMPANY		
	From associated companies	Other long-term receivables	From Group companies	From associated companies	Other long-term receivables
Accumulated acquisition value/book value					
On January 1	448	522	18,207		1
Additional/settled receivables	90	462	-2,612	33	
Residual book value on December 31	538	984	15,595	33	1

Proposed allocation of earnings

The Board of Directors and the President of Skanska AB propose that the net profit for 1997, SEK 9,980,383,200, plus the retained earnings of SEK 1,721,876,280 carried forward from the preceding year, making a total of SEK 11,702,259,480, be allocated as follows:

A dividend to the shareholders of SEK 11.00 per share	SEK 1,252,404,648
A dividend to the shareholders in the form of one share in AB Ellenbogen (name being changed to Drott AB) per share	SEK 5,127,709,821
To be carried forward	SEK 5,322,145,011
	SEK 11,702,259,480

Danderyd, Sweden, February 27, 1998

Melker Schörling

Bo Rydin Gustaf Douglas Per-Olof Eriksson

Christer Gardell Sören Gyll Sven Hagströmer

Carl-Olof Ternryd Bo Holmberg Bengt Järrestedt

Ivan Karlsson

Claes Björk
President

Auditors' Report

To the Annual Meeting of Shareholders in Skanska AB (publ.), Swedish corporate identity number 556000-4615.

We have examined the Parent Company and consolidated financial statements, the accounts and the administration of the Board of Directors and the President of Skanska AB for 1997. These accounts and the administration of the Company are the responsibility of the Board of Directors and the President. Our responsibility is to express an opinion on the financial statements and the administration based on our audit.

We conducted our audit in accordance with generally accepted auditing standards in Sweden. These standards require that we plan and perform the audit to obtain reasonable assurance that the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and their application by the Board of Directors and the President, as well as evaluating the overall presentation of information in the financial statements. We examined significant decisions, actions taken and circumstances of the Company in order to be able to determine the possible liability to the Company of any Board member or the President, or whether they have in some other way acted in contravention of the Swedish Companies Act, the Annual Accounts Act or the Articles of Association. We believe that our audit provides a reasonable basis for our opinion set out below.

The Parent Company and consolidated financial statements have been prepared in accordance with the Annual Accounts Act. We consequently recommend

that the income statements and the balance sheets of the Parent Company and the Group be adopted, and

that the profit of the Parent Company be distributed in accordance with the proposal in the Report of the Directors.

In our opinion, the Board members and the President have not committed any act, or been guilty of an omission, which could give rise to any liability to the Company. We therefore recommend

that the members of the Board of Directors and the President be discharged from liability for the financial year.

Danderyd, Sweden, March 17, 1998

Anders Scherman
Authorized Public Accountant

Bernhard Öhrn
Authorized Public Accountant

Board of Directors and Auditors



Melker Schörling



Bo Rydin



Claes Björk



Gustaf Douglas



Per-Olof Eriksson



Christer Gardell



Sören Gyll



Sven Hagströmer



Carl-Olof Ternryd



Bo Holmberg



Bengt Järrestedt



Ivan Karlsson



Eva Elofsson



Folmer Knudsen



Jörgen Persson

Melker Schörling
Lidingö, born 1947. Elected in 1993. Chairman. Other directorships: Securitas (Chairman), JM (Chairman), Assa Abloy (Vice Chairman), Scancem (Vice Chairman), Federation of Swedish Industries. Holdings in Skanska: 30,378 Series A shares.

Bo Rydin
Stockholm, born 1932. Vice Chairman. Elected in 1994. Dr.Econ. (Hon.), Dr.Eng. (Hon.) Other directorships: SCA (Chairman), Industrivärden (Chairman), Gräningevarken (Chairman), Svenska Handelsbanken (Vice Chairman), SAS representations, Scancem, IBM EMEA Board. Holdings in Skanska: 1,400 Series B shares.

Claes Björk
Greenwich, Connecticut, U.S.A., born 1945. Elected in 1997. President and Chief Executive Officer of Skanska. Holdings in Skanska: 160 Series B shares.

Gustaf Douglas
Åkersberga, born 1938. Elected in 1997. Other directorships: Investment AB Latour (Chairman), Fagerhult (Chairman), SÅKI (Chairman), Securitas (Vice Chairman), Swedish Television (Vice Chairman), Assa Abloy, Munksjö, Pharmacia & Upjohn, Stiftelsen Svenska Dagbladet. Holdings in Skanska: 0 shares.

Per-Olof Eriksson
Sandviken, born 1938. Elected in 1994. Dr.Eng. (Hon.). Other directorships: Swedish National Grid (Chairman), Bergslagsinvest (Chairman), Sandvik, Svenska Handelsbanken, SSAB, SKF, Volvo, Custos, Preem Petroleum, N.V. Koninklijke Sphinx, Gustavsberg, Assa Abloy, Royal Institute of Technology, Federation of Swedish Industries. Member of Royal Swedish Academy of Engineering Sciences. Holdings in Skanska: 1,800 Series B shares.

Christer Gardell
Saltsjöbaden, born 1960. Elected in 1997. President of Custos. Other directorships: ASG (Chairman), Hufvudstaden, Perstorp, Sandblom & Stohne. SCA, Svedala Industri. Holdings in Skanska: 0 shares.

Sören Gyll
Saltsjö-Duvnäs, born 1940. Elected in 1997. Other directorships: Pharmacia & Upjohn (Chairman), Volvo, SKF, SCA, Billa, Oresa Ventures S.A. Holdings in Skanska: 238 Series B shares.

Sven Hagströmer
Stockholm, born 1943. Elected in 1996. Other directorships: Investment AB Öresund (Chairman), Custos (Chairman), Atlantis publishing firm, Hagströmer & Qviberg, Netcom Systems, Project Data, Quartz Pro. Holdings in Skanska: 0 shares.

Carl-Olof Ternryd
Stockholm, born 1928. Elected in 1982. Dr. Eng., professor at Royal Institute of Technology. Holdings in Skanska: 0 shares.

Bo Holmberg
Stockholm, born 1941. Swedish Association of Supervisors (LEDARNA). Appointed in 1997. Engineer. Holdings in Skanska: 0 shares.

Bengt Järrestedt
Spånga, born 1946. Swedish Building Workers' Union. Appointed in 1991. Wood worker. Holdings in Skanska: 10 Series B shares.

Ivan Karlsson
Uddevalla, born 1937. Union for Service and Communication (SEKO). Appointed in 1992. Rock worker. Holdings in Skanska: 738 Series B shares.

Eva Elofsson
Vetlanda, born 1950. Swedish Union of Clerical and Technical Employees in Industry (SIF). Appointed in 1992. Personnel Assistant. Deputy Board member. Holdings in Skanska: 0 shares.

Folmer Knudsen
Eslöv, born 1942. Swedish Building Workers' Union. Appointed in 1992. Wood worker. Deputy Board member. Holdings in Skanska: 120 Series B shares.

Jörgen Persson
Svedala, born 1949. Swedish Industrial Union. Appointed in 1997. Concrete worker. Deputy Board member. Holdings in Skanska: 0 shares.

AUDITORS
Anders Scherman
Malmö, Authorized Public Accountant

Bernhard Öhrn
Stockholm, Authorized Public Accountant

Deputy Auditors:

Christer Ljungsten
Malmö, Authorized Public Accountant

Bo Ribers
Stockholm, Authorized Public Accountant

Group Management



Top row from the left: Anders Nyrén, Claes Björk, Per Westlund, Cecilia Schön, Anders C Karlsson, Per-Ingemar Persson.
Bottom row, from the left: Mikael Ekdahl, Birgitta Strömberg, Rune Kjellman, Mats Wäppling, Stuart Graham.

Claes Björk
President and Chief Executive Officer

Born 1945.
Joined Skanska in 1967.
Holdings in Skanska:
160 Series B shares.

Mikael Ekdahl
Secretary to the Board and Head of the Legal Affairs unit

Born 1951.
Retained by Skanska since 1993. Joined Skanska in 1997.
Holdings in Skanska:
0 shares.

Stuart Graham
Senior Vice President and Head of the Skanska USA business area

Born 1946.
Joined Skanska in 1990.
Holdings in Skanska:
0 shares.

Anders C Karlsson
Senior Vice President and Head of the Skanska Europe business area

Born 1950.
Joined Skanska in 1996.
Holdings in Skanska:
0 shares.

Rune Kjellman
Senior Vice President and Head of the Personnel unit

Born 1944.
Joined Skanska in 1988.
Holdings in Skanska:
0 shares.

Anders Nyrén
Executive Vice President and Head of the Finance unit

Born 1954.
Joined Skanska in 1997.
Holdings in Skanska:
1,000 Series B shares.

Per-Ingemar Persson
Senior Vice President and Head of the Skanska Sweden business area

Born 1956.
Joined Skanska in 1982.
Holdings in Skanska:
20 Series B shares.

Cecilia Schön
Senior Vice President and Head of the Corporate Communications unit

Born 1956.
Joined Skanska in 1998.
Holdings in Skanska:
0 shares.

Birgitta Strömberg
Senior Vice President and Head of the Information Technology unit

Born 1947.
Joined Skanska in 1998.
Holdings in Skanska:
0 shares.

Per Westlund
Executive Vice President, Group Development.

Born 1944.
Joined Skanska in 1968.
Holdings in Skanska:
1,050 Series B shares.

Mats Wäppling
Senior Vice President and Head of the Project Development and Real Estate business area

Born 1956.
Joined Skanska in 1981.
Holdings in Skanska:
0 shares.

Financial analyses of Skanska

During 1997, the following stock brokerage houses and banks published new analyses of Skanska or updated earlier ones:

Publisher	Analyst	Telephone
Alfred Berg	Lars-Åke Bokenberger	+46 8-723 58 00
Aros Securities	Mikael Petersson	+46 8-458 56 00
Chevreaux de Virieu	Tomas Ramsälv	+46 8-678 51 00
D. Carnegie AB	Fredrik Grevelius	+46 8-67688 00
Deutsche Morgan Grenfell	Hans-Olov Öberg	+46 8-463 55 00
Enskilda Securities	Erik Nyman	+46 8-673 99 00
Goldman Sachs	Mike Betts	+44-171 774-13 19
Hagströmer & Qviberg FK	Olof Nyström/ Jonas Andersson	+46 8-696 17 00
Handelsbanken Markets	Hans Derninger	+46 8-701 10 00
James Capel	Robert Gärtner	+46 8-454 55 00
Merrill Lynch	Ken Rumph/ Peter Bradshaw	+44-171 772-10 00
Swedbank	Stefan Sundblom	+46 8-790 10 00
SBC Warburg	Christer Sterndahlen/ Per Afrell	+46 8-453 73 00

Shareholder information

Skanska on the Internet

Skanska's Web site includes the following information and news:

- Year-end results, interim reports and excerpts from the Annual Report
- A company profile and facts about the Group, its Management and Board of Directors
- Press releases and newsletters
- Latest Skanska share price (scrolled in Swedish only)

There are also descriptions of current projects, commercial and residential space for rent (in Swedish only), addresses and links to Skanska subsidiaries with their own Web sites (some with English versions). <http://www.skanska.se>.



Publication schedule

During the year, Skanska produces the following financial reports:

- YEAR-END REPORT IN FEBRUARY
- ANNUAL REPORT IN APRIL
- THREE MONTH REPORT IN APRIL
- SIX MONTH REPORT IN AUGUST
- NINE MONTH REPORT IN NOVEMBER

The 1998 Three Month Report will be issued on April 29, the Six Month Report on August 27 and the Nine Month Report on November 5.

The Year-End Report, Annual Report and interim reports are published in Swedish and English.

As a complement to this Annual Report, Skanska is producing Swedish and English versions of an Environmental Report and a booklet entitled *Skanska's Real Estate Holdings 1997* which presents and lists the Group's properties.

All financial information can be ordered from:

Skanska AB
Corporate Communications
SE-182 25 Danderyd, Sweden
Telephone +46 8 753 88 00
Fax +46 8 755 12 56

Skanska's financial information is also available on the Internet:
<http://www.skanska.se>

JM's Swedish-language Annual Report can be obtained from:

JM Byggnads och Fastighets AB
Box 27319
SE-102 54 Stockholm, Sweden
Telephone +46 8 782 87 00
Fax +46 8 660 02 97

Skanska 1997 Annual Report

Public Company (publ.)
Registered office of the Board of Directors: Malmö
Swedish corporate identity number 556000-4615

Skanska 1997 Environmental Report

During April, Skanska is publishing a separate Environmental Report for 1997. It can be ordered from Skanska AB, telephone +46 8 753 88 00, fax +46 8 755 12 56.

Annual Shareholders' Meeting

The Annual Shareholders' Meeting of Skanska AB will be held at 2:00 p.m. on Wednesday, April 29, 1998 at the Cirkus auditorium, Djurgårdsslätten 43 (near the main entrance to the Skanska outdoor museum), Stockholm, Sweden.

Entitlement to participate in the Annual Meeting

To be entitled to participate in the Annual Meeting, shareholders must

- be listed in the print-out of the register of shareholders made as of April 17, 1998; thus, shareholders whose shares have been registered in the name of a trustee must have temporarily re-registered their shares no later than April 17, 1998 in their own name to be entitled to participate in the Meeting (such registration should be requested a few days in advance from the bank or brokerage house holding the shares in trust).
- notify Skanska no later than 12 noon, Friday, April 24, 1998 of their intention to participate in the Meeting.

Notification

Shareholders who wish to participate in the Meeting may notify the company either

- by mail to Skanska AB, Group Legal Affairs, SE-182 25 Danderyd, Sweden.
- by telephone to +46 8-753 84 06 (Skanska Group Headquarters, Danderyd) or
- by fax to +46 8-753 37 52.

This notification should state the shareholder's

- name
- national registration or corporate identity number
- address and telephone number.

If participation is authorized by proxy, this must be sent to the Company before the Annual Meeting.

Shareholders who wish to participate in the Meeting must have notified the Company to this effect no later than 12 noon, Friday, April 24, 1998, when the notification period expires.

Shareholders who have duly notified the Company of their intention to participate in the Annual Meeting will receive a participant's card which should be brought to the Meeting and shown at the entrance to the Meeting venue.

Dividend

For 1997, the Board of Directors proposes a dividend for each share in Skanska AB as follows:

- SEK 11.00 per share in cash
- one share in a real estate company whose name is being changed to Drott AB.

The Board proposes the following dates of record to qualify for the dividend:

- May 5, 1998 for the cash dividend
- May 25, 1998 for the dividend in the form of shares.

Provided that the Annual Meeting approves the May 5, 1998 date, the cash dividend will be distributed on May 12, 1998.

Addresses

GROUP HEADQUARTERS

Skanska AB

SE-182 25 Danderyd, Sweden
Street address: Vendevägen 89
Telephone: +46 8 753 88 00
Fax: +46 8 755 12 56

Skanska AB

SE-205 33 Malmö, Sweden
Street address: Nordenskiöldsgatan 4
Telephone: +46 40 14 40 00
Fax: +46 40 14 46 50

SKANSKA SWEDEN

SE-205 33 Malmö, Sweden
Street address: Nordenskiöldsgatan 4
Telephone: +46 40 14 40 00
Fax: +46 40 14 44 60

Skanska, Business Development

SE-182 25 Danderyd, Sweden
Street address: Vendevägen 89
Telephone: +46 8 753 88 00
Fax: +46 8 755 76 20

Skanska Residential Construction

SE-205 33 Malmö, Sweden
Street address: Nordenskiöldsvägen 4
Telephone: +46 40 14 40 00
Fax: +46 40 14 46 50

Skanska Commercial Buildings

SE-182 25 Danderyd, Sweden
Street address: Vendevägen 89
Telephone: +46 8 753 80 00
Fax: +46 8 753 33 23

Skanska Northern Sweden

SE-851 78 Sundsvall, Sweden
Street address: Södra Järnvägsgatan 37
Telephone: +46 60 19 50 00
Fax: +46 60 19 50 99

Skanska Anläggning AB

SE-205 33 Malmö, Sweden
Street address: Nordenskiöldsgatan 4
Telephone: +46 40 14 40 00
Fax: +46 40 14 44 59

Skanska Road Construction

SE-405 18 Gothenburg, Sweden
Street address: Lilla Bommen
Telephone: +46 31 771 10 00
Fax: +46 31 15 06 30

Skanska Asphalt and Concrete

Box 1219
SE-351 12 Växjö, Sweden
Street address: Kronobergsgatan 10
Telephone: +46 470 990 00
Fax: +46 470 992 70

Skanska Underground Construction and Bridges

SE-182 25 Danderyd, Sweden
Street address: Vendevägen 89
Telephone: +46 8 753 80 00
Fax: +46 8 753 61 28

Skanska International Civil Engineering AB

SE-182 25 Danderyd, Sweden
Street address: Vendevägen 89
Telephone: +46 8 753 80 00
Fax: +46 8 753 46 13

Sundlink Contractors HB

Box 501 14
SE-202 11 Malmö, Sweden
Street address: Hemsögatan 7
Telephone: +46 40 680 92 00
Fax: +46 40 680 92 01

Skanska Installation AB

Box 1367
SE-172 27 Sundbyberg, Sweden
Street address: Vintergatan 1
Telephone: +46 8 629 52 10
Fax: +46 8 28 47 20

Skanska Prefab AB

SE-205 33 Malmö, Sweden
Street address: Nordenskiöldsgatan 4
Telephone: +46 40 14 40 00
Fax: +46 40 97 71 15

Skanska Stålteknik AB

Box 803
SE-391 28 Kalmar, Sweden
Street address: Husängsvägen 5
Telephone: +46 480 220 60
Fax: +46 480 241 33

SektionsByggarna AB

Box 1203
SE-181 23 Lidingö, Sweden
Street address: Stockholmsvägen 18
Telephone: +46 8 767 03 10
Fax: +46 8 767 60 40

Skanska Maskin AB

SE-182 25 Danderyd, Sweden
Street address: Vendevägen 89
Telephone: +46 8 753 80 00
Fax: +46 8 755 82 98

Myresjö AB

SE-574 85 Vetlanda, Sweden
Myresjö
Telephone: +46 383 960 00
Fax: +46 383 914 44

Stabilator AB

SE-182 25 Danderyd, Sweden
Street address: Vendevägen 85 A
Telephone: +46 8 753 02 40
Fax: +46 8 753 47 90

SKANSKA EUROPE

SE-205 33 Malmö, Sweden
Street address: Nordenskiöldsgatan 4
Telephone: +46 40 14 40 00
Fax: +46 40 14 47 90

Skanska Jensen A/S

Balltorpvej 154
DK-2750 Ballerup, Denmark
Telephone: +45 44 77 99 99
Fax: +45 44 77 98 99

Skanska Oy

P.O. Box 114
SF-00101 Helsinki, Finland
Street address: Pasilanraitti 9
Telephone: +358 9 6152 21
Fax: +358 9 6152 2271

Skanska Entreprenör AS

P.O. Box 6881
S:t Olavs Plass
NO-0130 Oslo, Norway
Street address: Holbergs gate 1
Telephone: +47 22 99 45 00
Fax: +47 22 99 45 45

Skanska International Building AB

SE-205 33 Malmö, Sweden
Street address: Nordenskiöldsgatan 4
Telephone: +46 40 14 40 00
Fax: +46 40 611 82 16

Poggenpohl Group

Poggenpohl Möbelwerke GmbH
Poggenpohlstrasse 1
DE-32051 Herford, Germany
Telephone: +49 5221 3810
Fax: +49 5221 38 13 21

Kährs Group

AB Gustaf Kähr
Box 805
SE-382 28 Nybro, Sweden
Street address: Dunderbergsgatan 10
Telephone: +46 481 460 00
Fax: +46 481 178 31

Essmann Group

Skanska AB
SE-205 33 Malmö, Sweden
Street address: Nordenskiöldsgatan 4
Telephone: +46 40 14 40 00
Fax: +46 40 14 45 40

Elit Fönster AB

Box 153
SE-574 22 Vetlanda, Sweden
Street address: Brogårdsgatan 1
Telephone: +46 383 76 34 00
Fax: +46 383 76 34 01

Costain Group PLC

111 Westminster Bridge Road
London SE1 7UE, England
Telephone: +44 171 705 84 44
Fax: +44 171 705 8599

SKANSKA USA**Skanska (USA) Inc.**

60 Arch Street
Greenwich, CT 06830, U.S.A.
Telephone: +1 203 629 8840
Fax: +1 203 869 4313

Slattery Skanska Inc.

16-16 Whitestone Expressway
Whitestone, NY 11357, U.S.A.
Telephone: +1 718 767 2600
Fax: +1 718 767 2663

Koch Skanska Inc.

400 Roosevelt Avenue
Carteret, NJ 07008, U.S.A.
Telephone: +1 908 969 1700
Fax: +1 908 969 0197

Sordoni Skanska Construction Co.

400 Interpace Parkway
Parsippany, NJ 07054, U.S.A.
Telephone: +1 201 334 5300
Fax: +1 201 334 5376

Beers Construction Co.

70 Ellis Street, N.E.
Atlanta, GA 30303, U.S.A.
Telephone: +1 404 659 1970
Fax: +1 404 656 1665

Spectrum Skanska Inc.

115 Stevens Avenue
Valhalla, NY 10595, U.S.A.
Telephone: +1 914 773 1200
Fax: +1 914 773 0301

**SKANSKA PROJECT DEVELOPMENT
AND REAL ESTATE**

SE-182 25 Danderyd, Sweden
Street address: Vendevägen 89
Telephone: +46 8 753 88 00
Fax: +46 8 753 89 59

Skanska Öresund AB

SE-205 33 Malmö, Sweden
Street address: Nordenskiöldsgatan 4
Telephone: +46 40 14 40 00
Fax: +46 40 23 49 21

Skanska Fastigheter Göteborg AB

SE-405 18 Gothenburg, Sweden
Street address: Lilla Bommen
Telephone: +46 31 771 10 00
Fax: +46 31 15 83 05

Skanska Fastigheter Stockholm AB

SE-182 25 Danderyd, Sweden
Street address: Vendevägen 89
Telephone: +46 8 753 86 00
Fax: +46 8 622 58 03

Skanska BOT Projects AB

SE-182 25 Danderyd, Sweden
Street address: Vendevägen 89
Telephone: +46 8 753 88 00
Fax: +46 8 755 13 96

SUPPORT COMPANIES**Skanska Capital AB**

SE-182 25 Danderyd, Sweden
Street address: Vendevägen 89
Telephone: +46 8 753 80 00
Fax: +46 8 753 18 52

Skanska Data AB

SE-182 25 Danderyd, Sweden
Street address: Vendevägen 89
Telephone: +46 8 753 80 00
Fax: +46 8 753 83 06

Skanska Teknik AB

SE-182 25 Danderyd, Sweden
Street address: Vendevägen 89
Telephone: +46 8 753 80 00
Fax: +46 8 753 60 48

Skanska Försäkrings AB

SE-182 25 Danderyd, Sweden
Street address: Vendevägen 89
Telephone: +46 8 753 80 00
Fax: +46 8 753 80 58

SCEM Reinsurance S.A.

BP 593
LU-2015 Luxembourg
Street address: 11 Rue Beaumont
Telephone: +352 223 4221
Fax: +352 470 250

Skanska Invest

SE-182 25 Danderyd, Sweden
Street address: Vendevägen 89
Telephone: +46 8 753 88 00
Fax: +46 8 755 06 54

Skanska AB
<http://www.skanska.se>

