

W U T I S

SKANSKA

Skanska AB
Equity Research Division

Target Price: 271.2 SEK

Current Price: 240.5 SEK

Upside Potential: 12.7%

Recommendation: BUY

Investment Horizon: 1 Year

Vienna, June 10th 2021

Team – Overview

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Equity Research



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- Task distribution
- Story guideline



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- Competitors
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- Business Model
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- BSc. (WU) – 4th Sem.



- MSc. (WU) – 2nd Sem.



- BSc. (WU) – IBWL
- BA (Uni Wien) – Political Science



- BSc. (WU) – 6th Sem.



- BSc. (WU) – 4th Sem.



- BSc. (WU) – 6th Sem.

Agenda

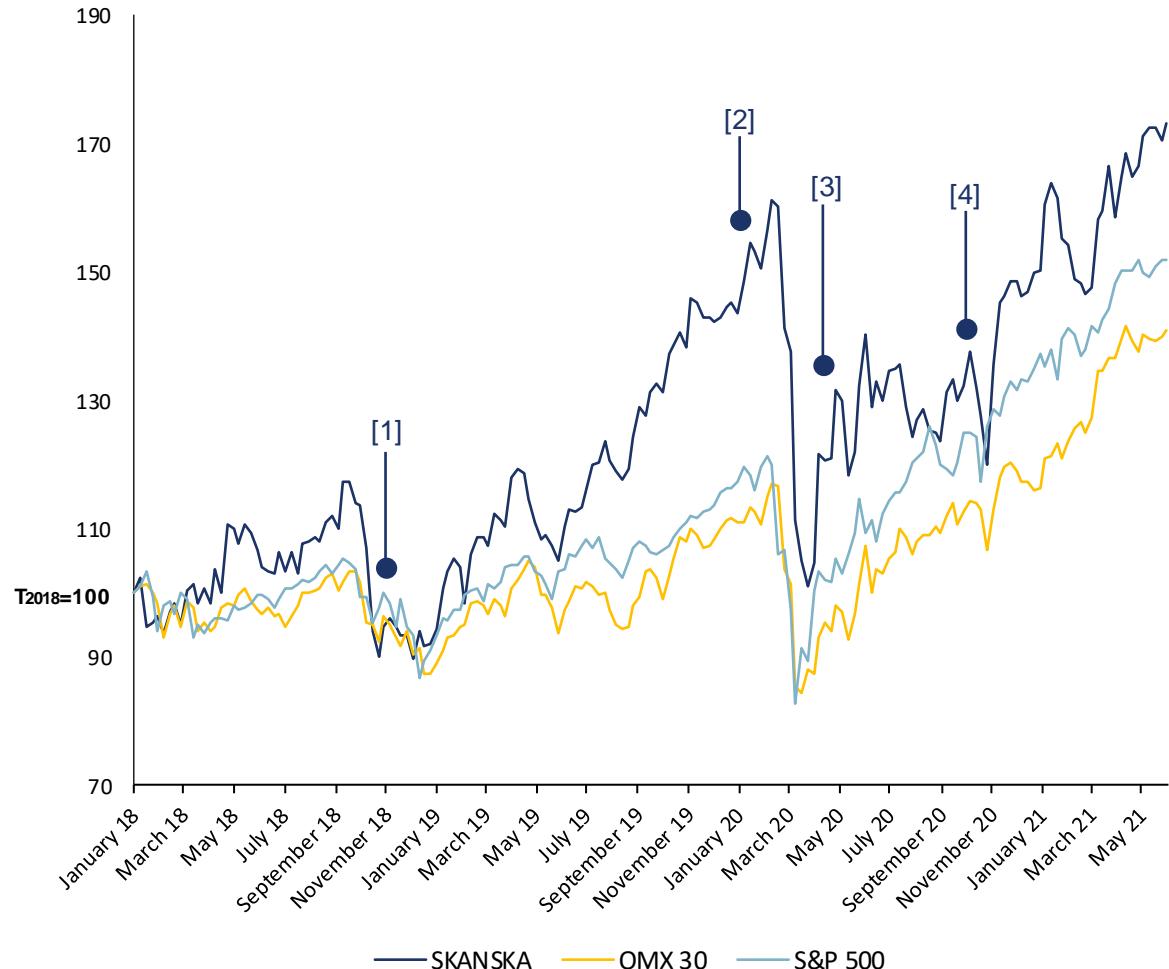
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Share price performance

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Outperforming market despite economic shocks



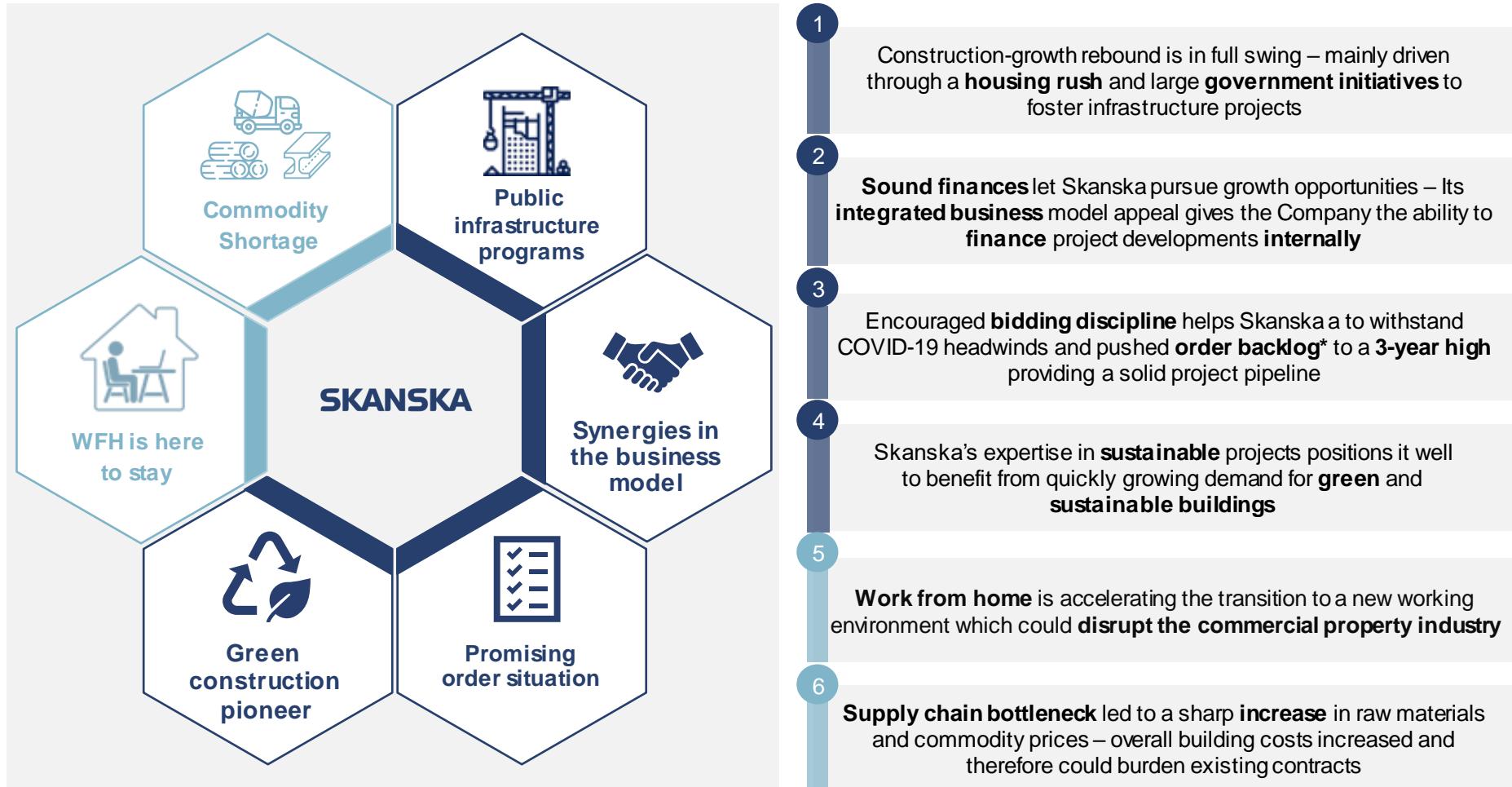
Share price – Major Events

- [1] November 2018 (+5.5%) – Change of management, election of new CEO - Anders Danielsson
- [2] January 2020 (+6.8%) – Skanska partnership with Volvo Construction Equipment and Dito to develop AI for construction equipment
- [3] March 2020 (-38.4%) – Outbreak of the COVID-19 pandemic caused turmoil on global stock markets
- [4] September 2020 (-11.9%) – Write-down of a huge US civil construction project leads to a drop of the stock price

Investment thesis

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A construction company that even Greta would approve of



*Order backlog refers to the order volume a construction company is contracted to do in the future

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Business description



Company overview

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A Swedish construction firm building the foundation for a more sustainable future

Business description

- **Skanska AB** is a **construction** and **project development company**
- Business segments (% of revenue):
 - **Construction** (83%)
 - **Residential Development** (8%)
 - **Commercial Property Development** (9%)
- Founded: 1887
- Headquarters: Stockholm, Sweden
- Employees: 30,944

Management team



Anders Danielsson
President and CEO
(since 2018)



Kirsi Mettälä
Executive VP, HR
and sustainability
Head (since 2018)



Claes Larsson
Executive VP
(since 2006)

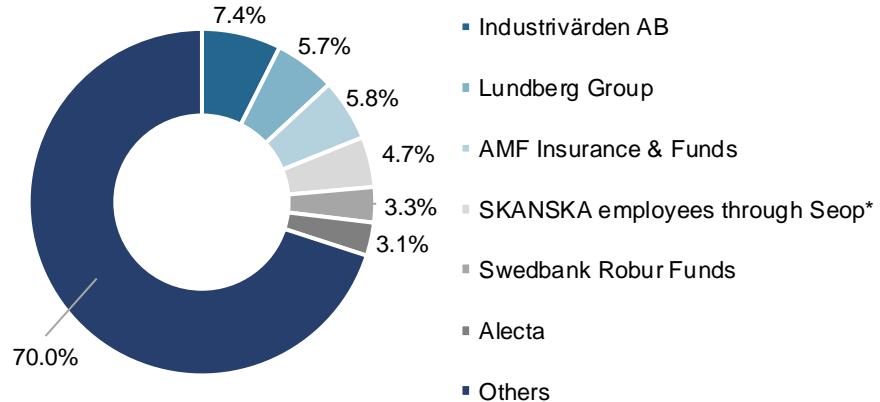


Magnus Persson
CFO and Executive
VP (since 2018)

Key financial metrics

SEK mn	2016	2017	2018	2019	2020
Revenue	145,365	157,877	171,730	172,846	160,344
% growth	-5.0%	8.6%	8.8%	0.6%	-7.2%
Gross profit	14,246	12,774	14,265	16,306	16,887
% margin	9.8%	8.1%	8.3%	9.4%	10.5%
EBIT	5,094	2,923	4,792	6,837	8,618
% margin	3.5%	1.9%	2.8%	4.0%	5.4%
Net Income	5,722	4,095	4,571	6,031	9,875
% growth	19.7%	-28.4%	11.6%	31.9%	63.7%
Market Capitalization					98,962

Shareholder structure

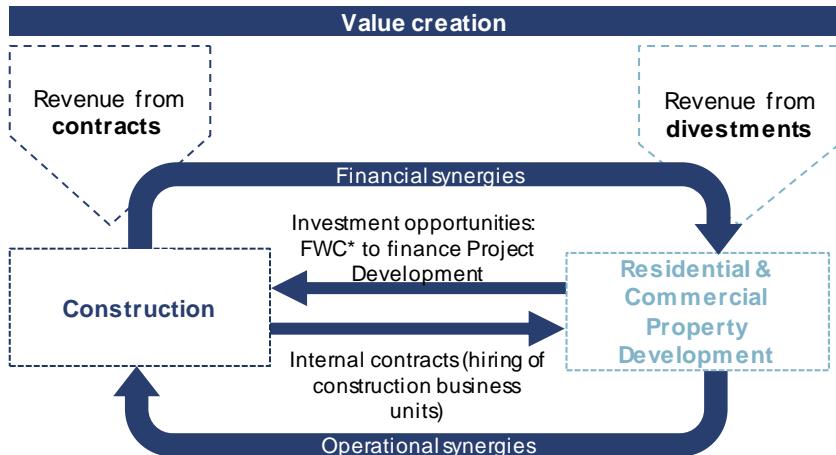


Business model

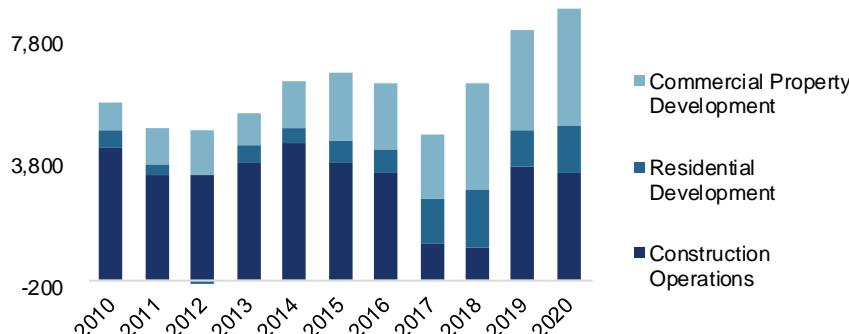
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Project Development Segment is the major driver for higher margins

Business model



Profit breakdown by segment (SEK million)



Negative operating profit of Residential Development Segment in 2012 due to restructuring costs in the Nordic operations and divestment of current assets

Long term strategy by segment



Construction

Prioritize **profit over revenue** by pursuing a **more selective bidding strategy for projects**. Reach **higher efficiency** by reducing its exposure in Central Europe, a market characterized by higher fixed costs

Target : margin up to 3.5%



Residential Development

Increase the number of sold and started homes: lower the **sales rate** from a percentage of **77%** to **60-70%**. **Backfill the portfolio** with an increased number of started projects

Target : margin up to 10 %



Commercial Property Development

Enlarge its market share in the US by backfilling the project development portfolio in a responsible way with the market development

Target : pursue projects with margins up to 50%

Geographies & projects

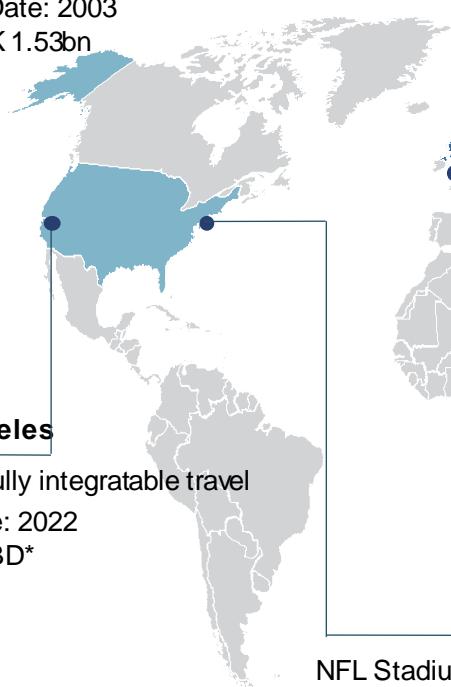
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Skanska is increasing its presence in the US and Eastern Europe

Major projects

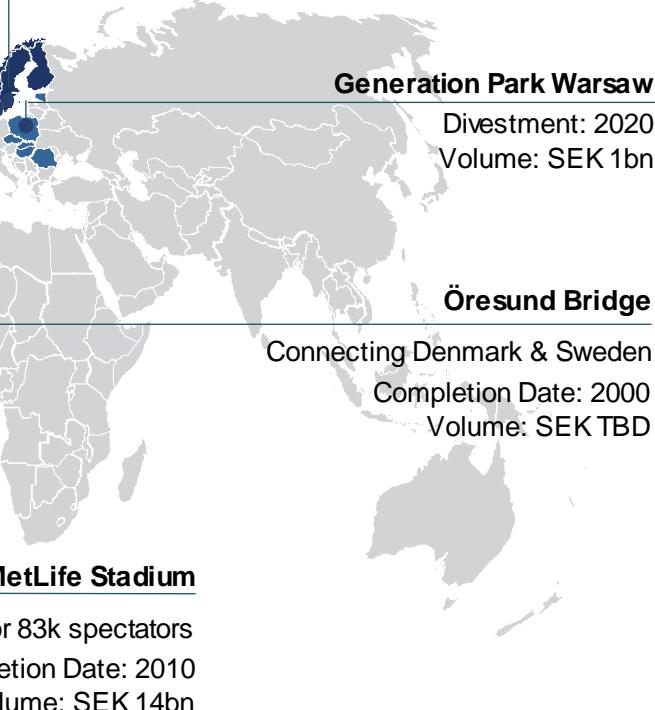
The Gherkin

London's most distinctive landmark in the financial district
Completion Date: 2003
Volume: SEK 1.53bn



Hyllie Terrace Office Building

Skanska's first climate neutral office building
Completion Date: 2023
Volume: SEK 420mn

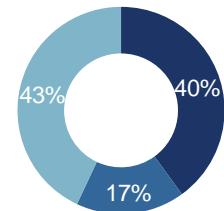


Underground transit Los Angeles

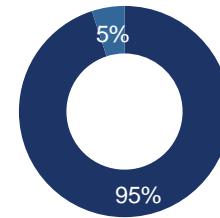
Contributing to fully integratable travel
Completion Date: 2022
Volume: SEK TBD*

Revenue breakdown per segment

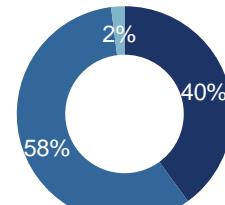
Construction



Residential Development



Commercial Property Development



■ Nordics ■ USA ■ Europe

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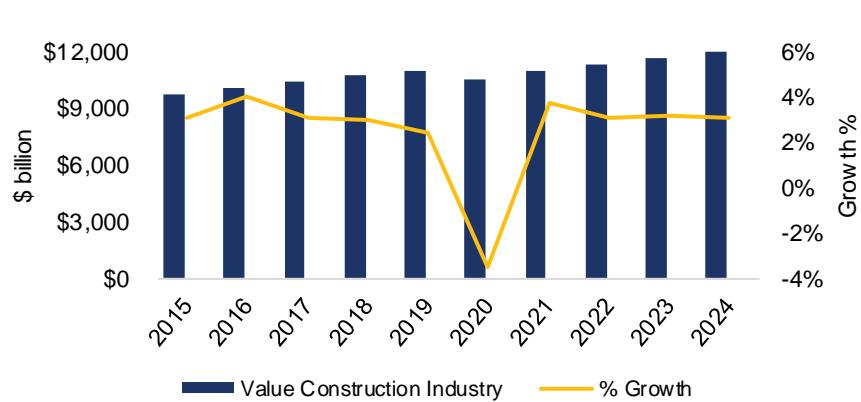
Industry overview

Industry overview I

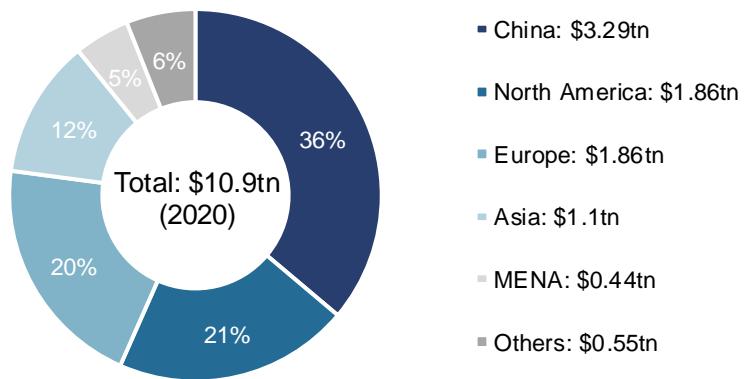
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Stable growth and high capital barriers characterize the construction market

Global construction industry value (USD, billion), 2015-2024



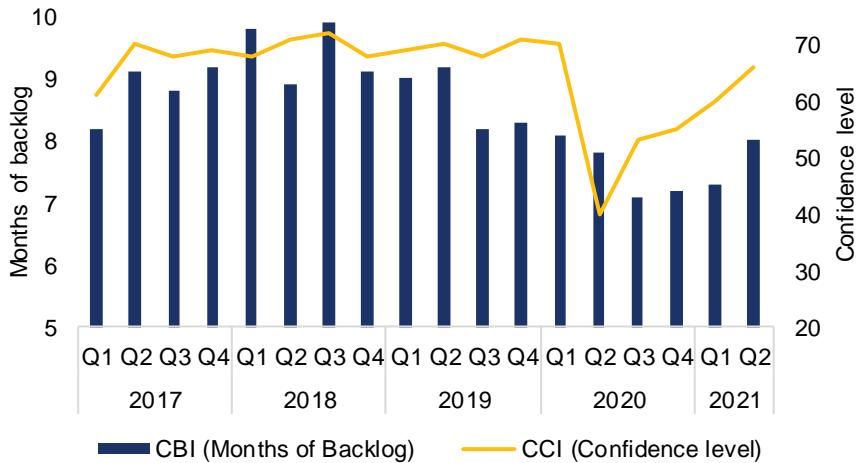
Construction industry revenue breakdown by region



Porter's Five Forces

- High degree of **rivalry** through industry competitors
- Moderate **buyer power** due to oligopsony-like market and their high price sensitivity
- Moderate **supplier power** through **dependency** on key suppliers
- Low **threat of new entrants** due to high capital requirements and high level of regulations
- Low **threat of substitution** facilitated through high switching costs

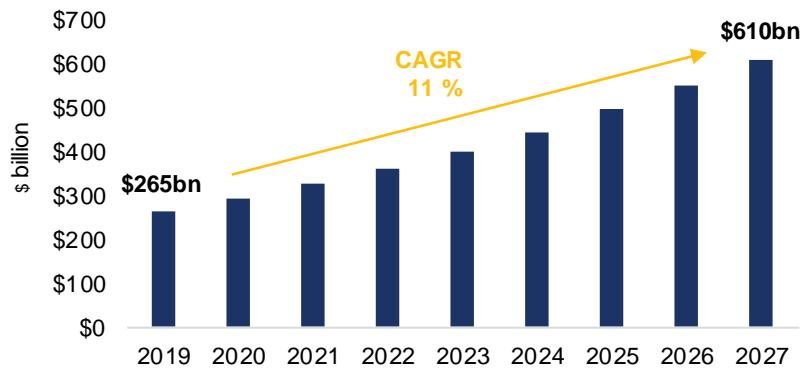
Construction Backlog Indicator & Construction Confidence Index*



Industry overview II

Green construction and digitalization are yet to disrupt the industry

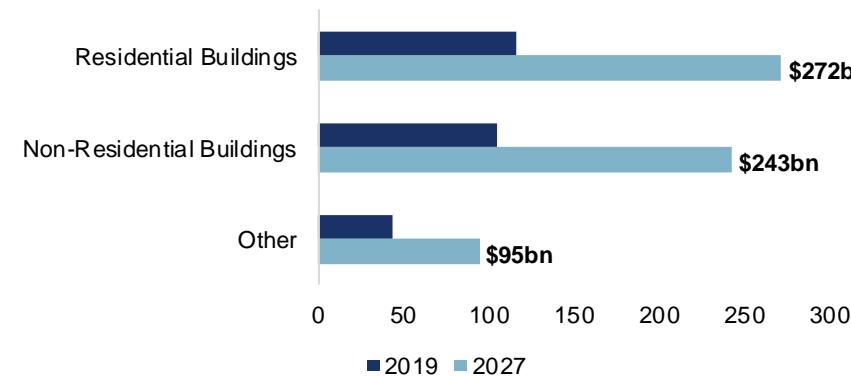
Global green construction market size and growth rate



Market growth drivers

-  **Increasing public investment in infrastructure**
Government spending programs as a fiscal stimulus for a post COVID-19 economy (\$287bn in the US so far)
-  **GDP & construction spending growth correlation**
Construction spending is going to follow the growth of GDP in the following years
-  **Higher demand for green construction**
Green buildings represent an estimated USD 24.7tn investment opportunity over the next decade
-  **Global shift to urbanization**
By 2050 68% (+13%) of the world's population will live in urban areas, the UN projects
-  **Green commercial buildings on the rise**
Demand for green offices and logistic centers with state-of-the-art technology is growing
-  **Upcoming digitalization**
Digitalization is lower than in most industries but is accelerating fast

Global construction industry value (USD billion), 2019 - 2027

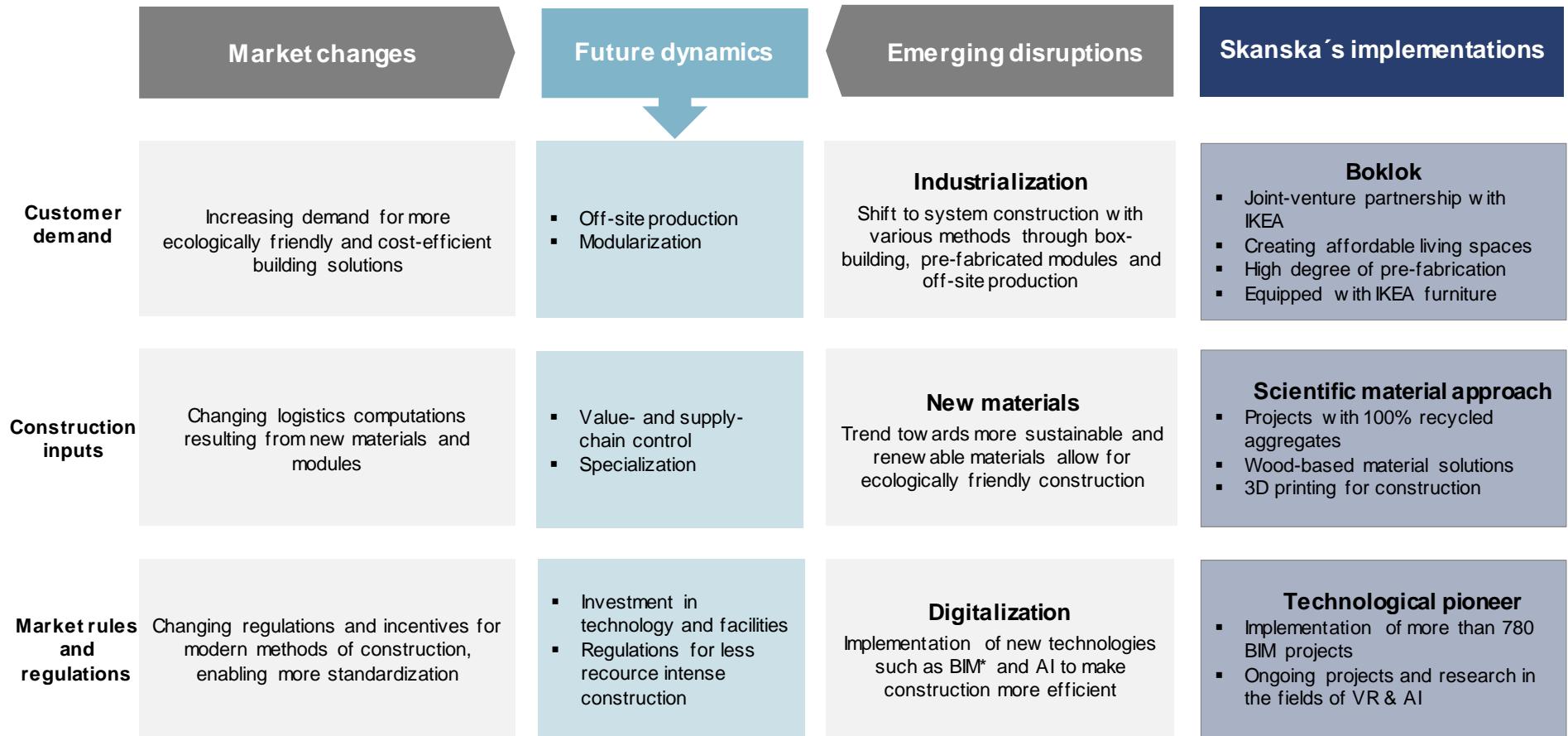


➤ The residential building segment will dominate in the green construction market

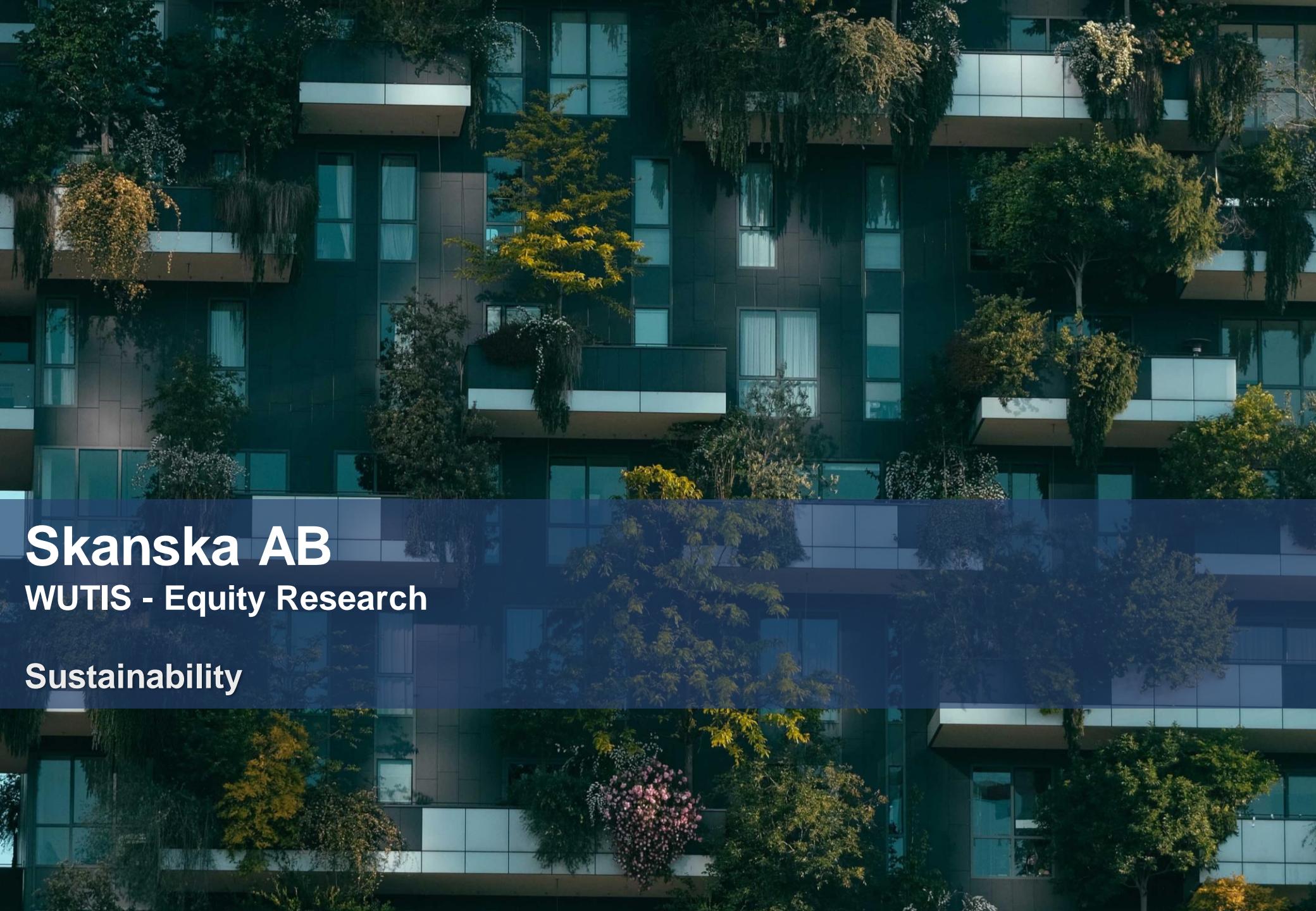
Intelligent construction

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Building a smart construction business for the 21st century



Emerging disruptions will drive change in the construction industry where Skanska already established its position as a firstmover

The background of the slide features a photograph of a modern building's exterior. The building has a dark, textured facade with numerous rectangular windows of varying sizes. In the foreground, several trees and bushes are visible, some with yellow leaves, partially obscuring the view of the building. The overall lighting suggests it might be late afternoon or early evening.

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Sustainability

Shift to sustainable construction

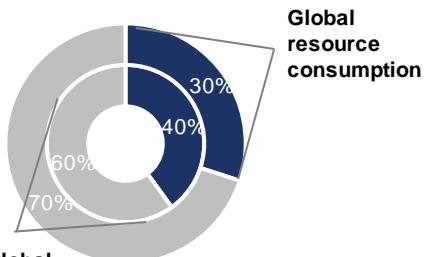
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A critical industry with huge potential to tackle climate change and contribute to the SDGs*

A carbon intensive industry we cannot afford

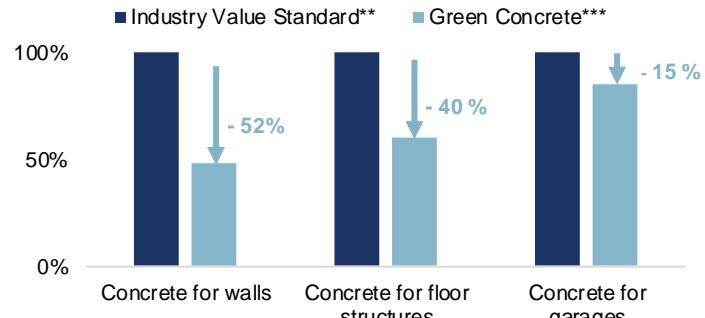
Challenge

Construction industry is one of the largest contributors to emissions and energy usage

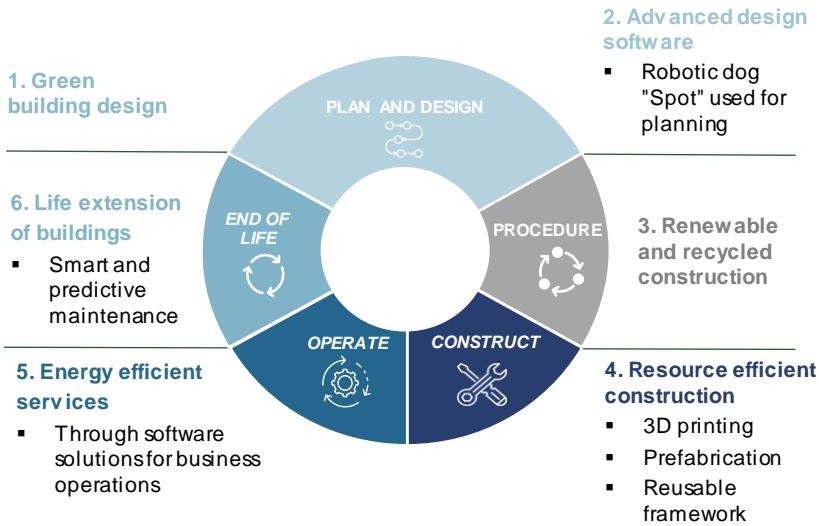


Urgent need to substantially reduce energy demand in the built environment, decarbonize the power sector and implement materials strategies that reduce lifecycle carbon emission

Green materials



Circular business model



Lower costs



Reduced emissions



Smart design & logistics



Resource efficiency

Making net-zero emission projects the norm

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Offering a sustainable and innovative project portfolio to meet current demand

Projects

Construction: New Karolinska Solna, Sweden



Skanska realized one of the world's most sustainable **university hospitals** with a total contract value of 14.5 billion SEK over the time period 2010-2017

Residential development: Certov vršek, Czech Republic



The project consists of 39 **modern luxury apartments** comprised of five smaller buildings of 3 to 4 floors

Commercial Property development: Hyllie Terrass, Sweden



An **office building** comprised of twelve floors with an area of 14,000 square meters available for tenants

Sustainable impact

The world's first climate neutral hospital



100%
renewable
energy

Purchased energy: 40% lower compared to the Swedish building standards

Water usage: 20% lower than industry average



Platinum level
LEED* certification

Pioneering project at the forefront of sustainable development



Concrete made of 100% recycled aggregate

12% reduction in carbon emissions, decreased costs

Innovative heating system: roof mounted solar panels



98% of commercial buildings are **BREEAM**** certified

Pilot project for net-zero building



Zero-CO₂
Swedish
certification

Net-zero climate impact during its **lifetime** –from material production to dismantling: low carbon concrete, upcycling and innovative energy solutions



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Benchmarking

Comparable benchmarking I

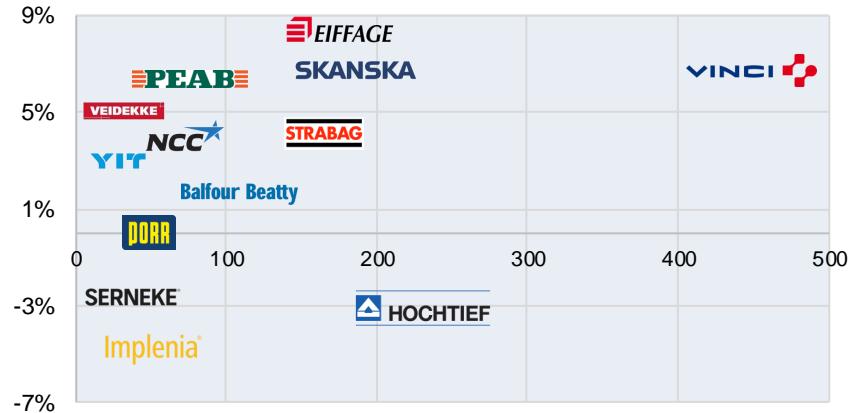
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A Scandinavian company with a strong foothold within top-tier construction firms

Peer group overview



Total revenue (billion SEK)/ EBIT margin (%)



Peer group information

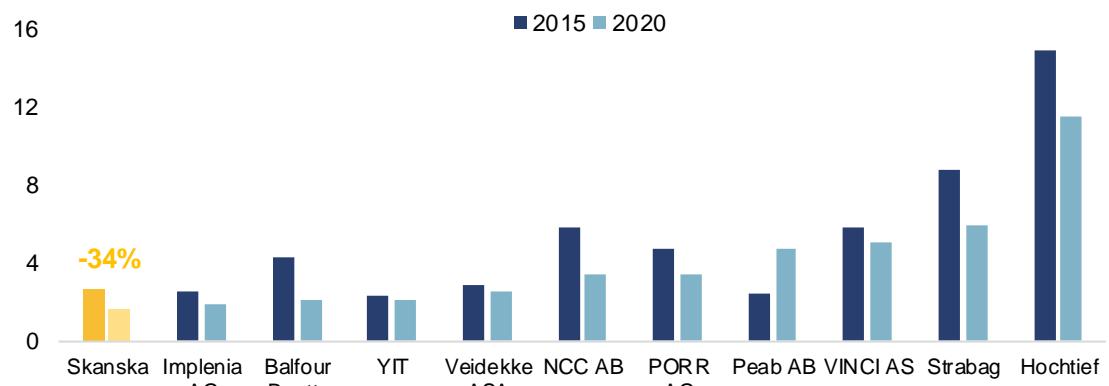
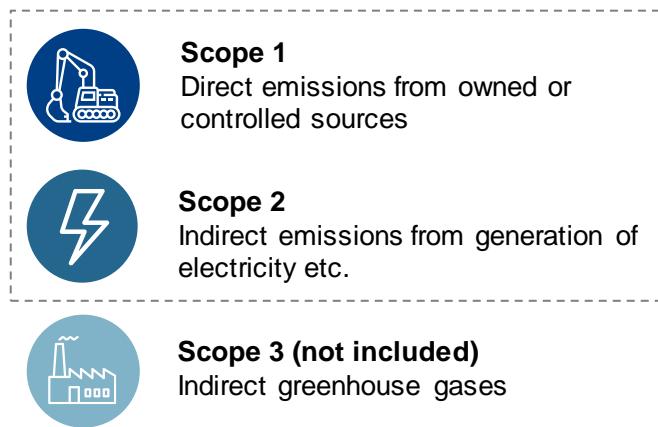
- Same business segment concentration**
The largest share of revenue of all companies operating in this industry is derived from the construction segment
- Common theme**
Low Beta, wider range of multiples
- Broad market capitalization**
The companies have a market capitalization between 1.5 bn SEK - 536.0 bn SEK

Sustainability benchmarking

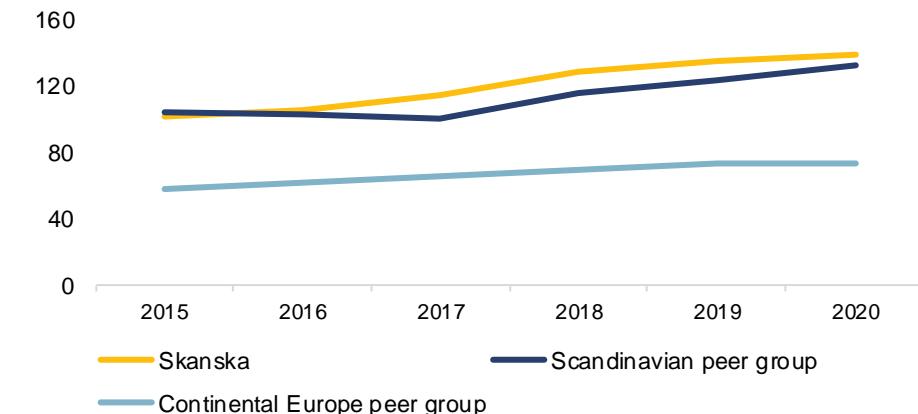
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Skanska outperforms its competitors in terms of sustainability

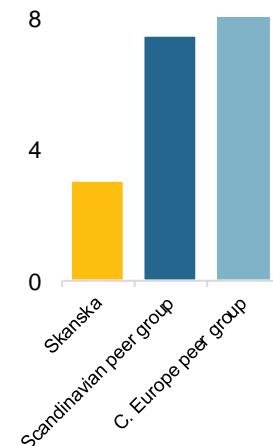
Carbon intensity 2015-2020 (CO2 emissions tonnes/Revenue)



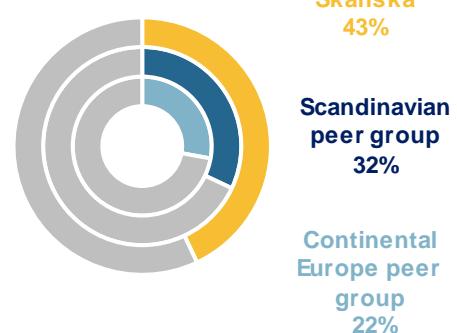
Revenue SEK/MWh, 2015 - 2020



Lost time accident rate*



Women in Board of Directors

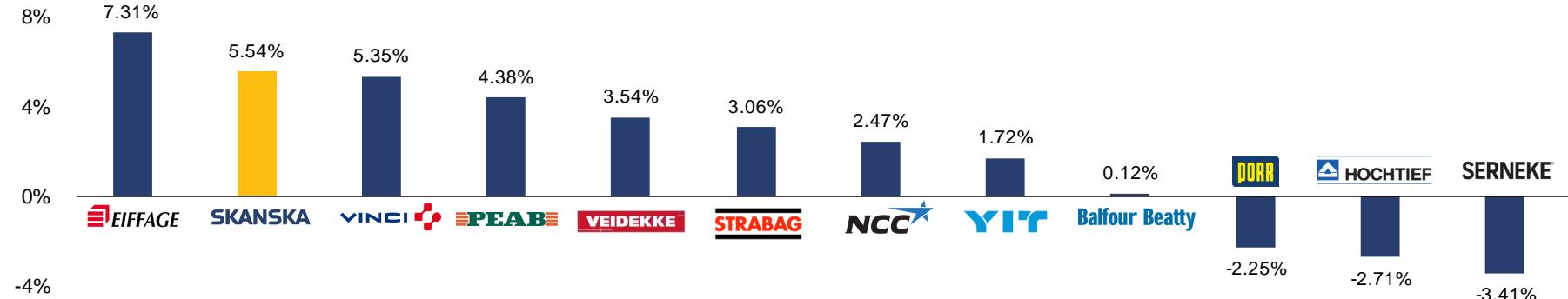


Comparable benchmarking II

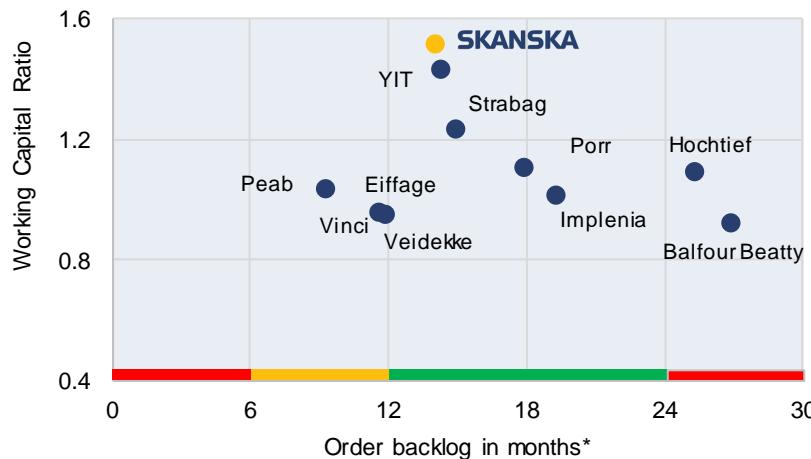
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Solid positioning in a low margin industry

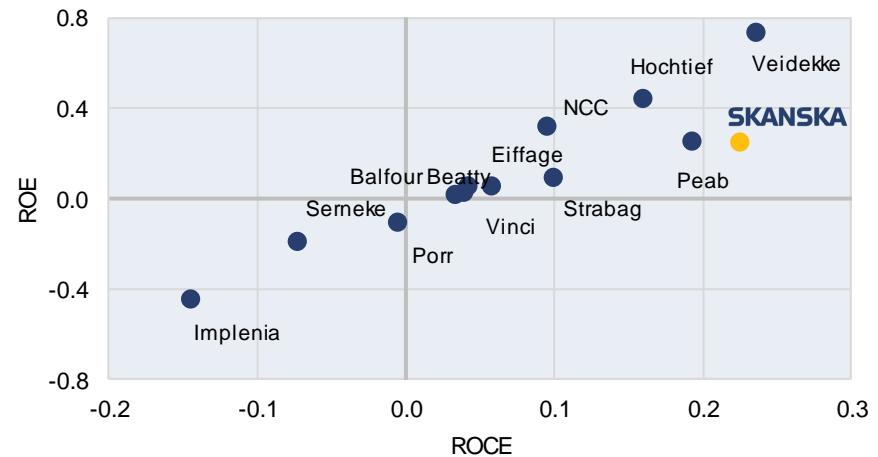
EBIT margin (%, 2020)



Working Capital Ratio/Order backlog in months



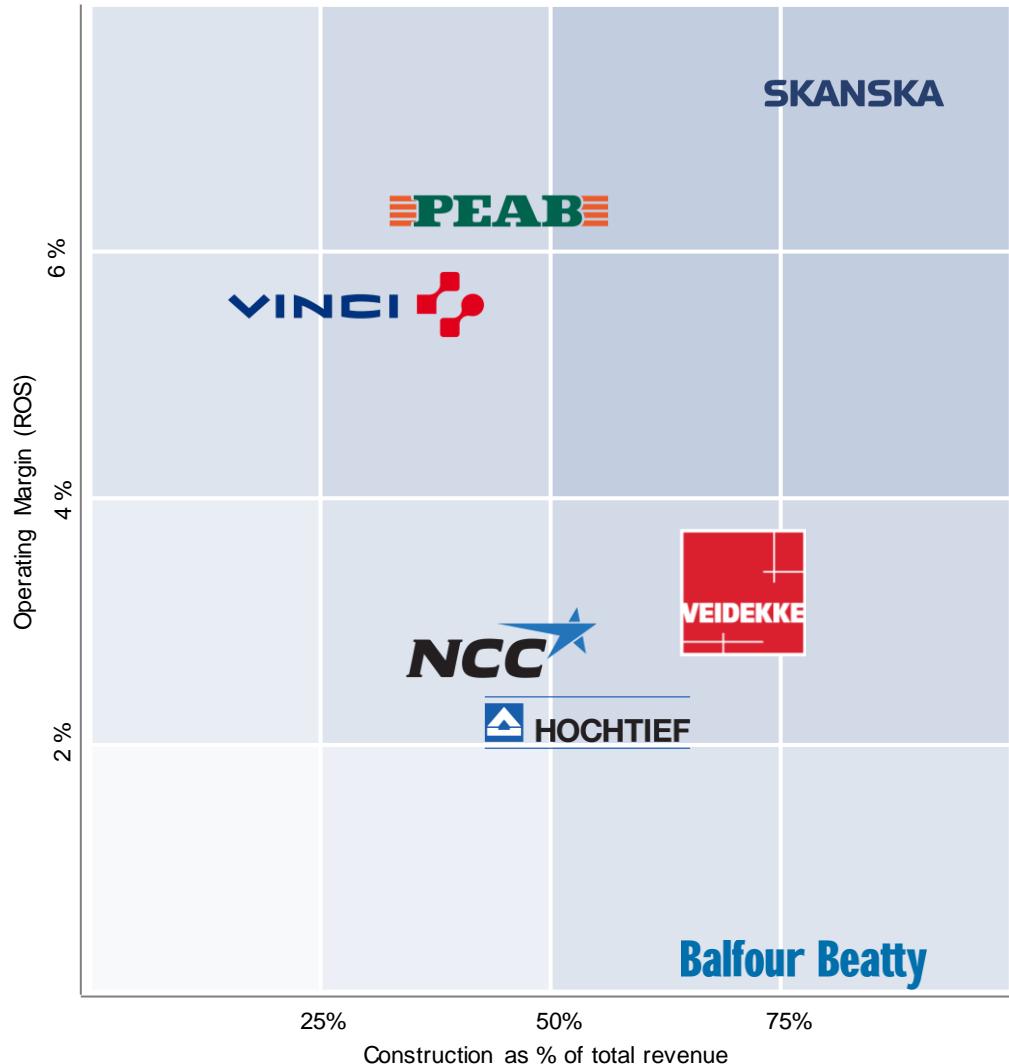
ROE/ROCE



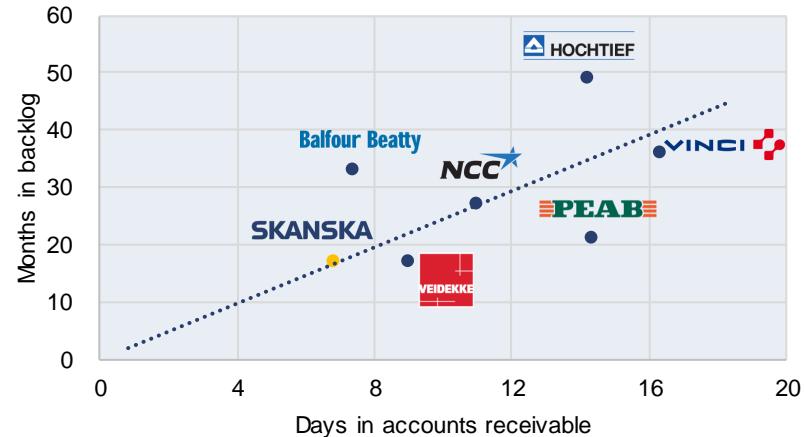
Competitor's comparison

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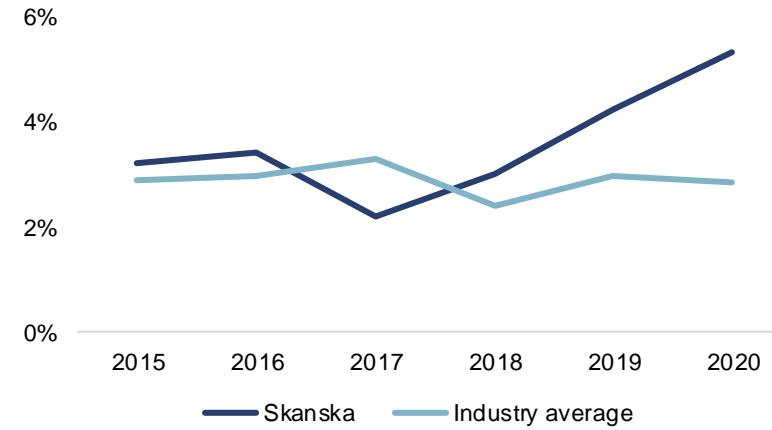
Integrated value creation allows for higher efficiency compared to rivals



Months in backlog/ Days in accounts receivable



EBIT margin (%), 2015-2020





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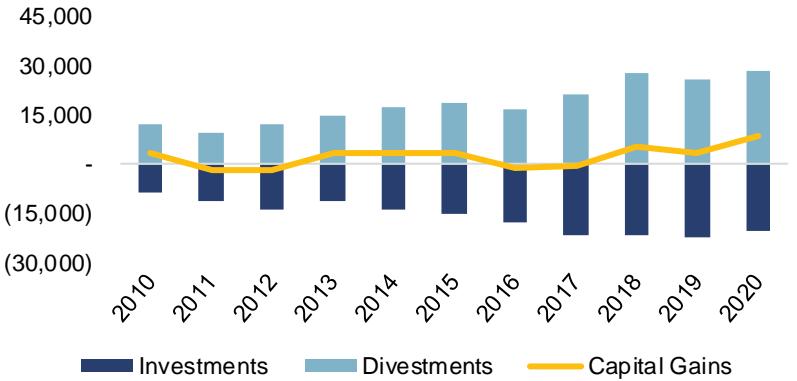
Financials

KPIs & Financial Metrics

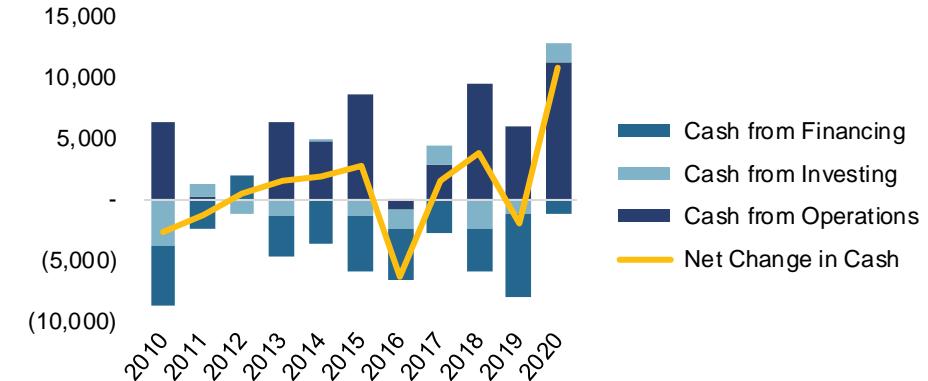
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Divestment surplus positively affected Skanska's cash balance

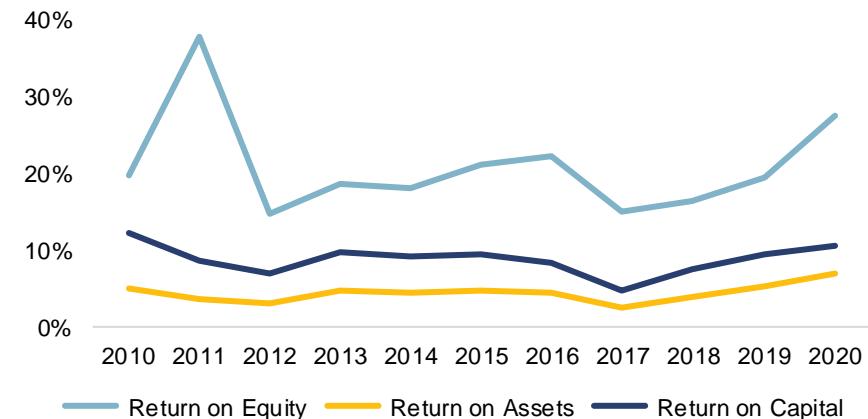
Capital gains from investments/divestments hit ATH in 2020 –



...which led to large cash surpluses



Higher profitability ratios due to restructured operations



Robust order book is key to withstand COVID-19 disruptions

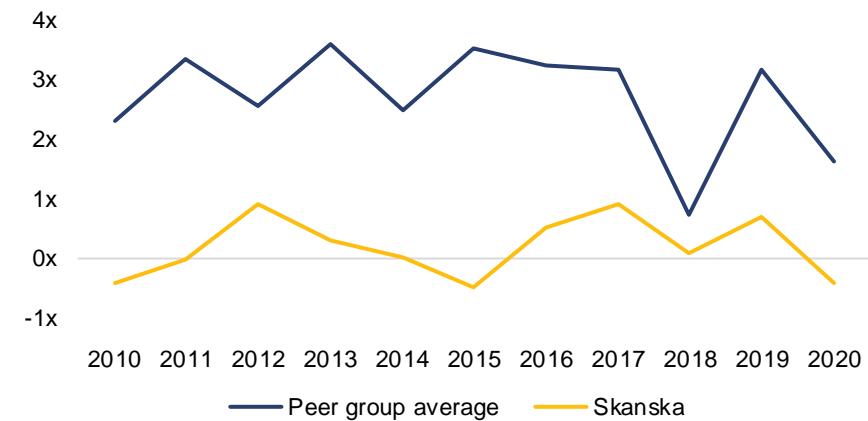


KPIs & Financial Metrics

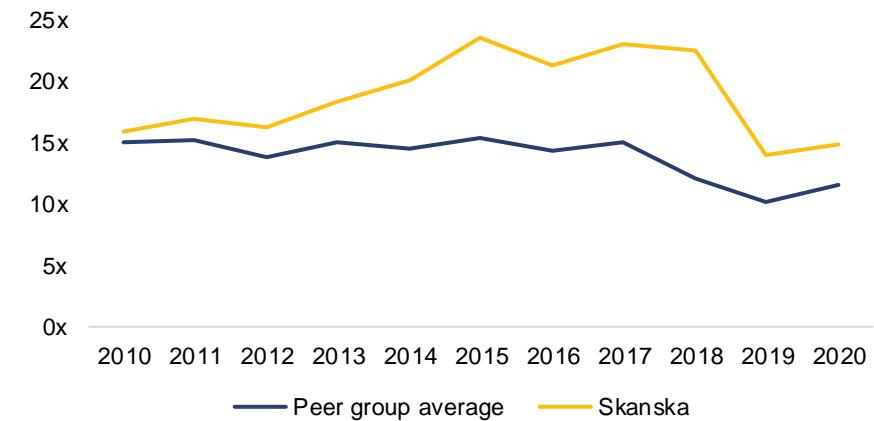
W U T I S

Healthy financials give Skanska resilience to economy woes

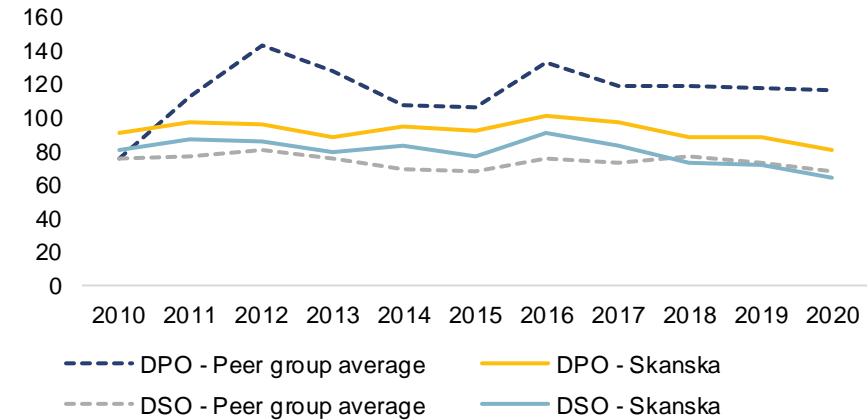
Net Debt/EBITDA - Enough room to raise debt to pursue new projects



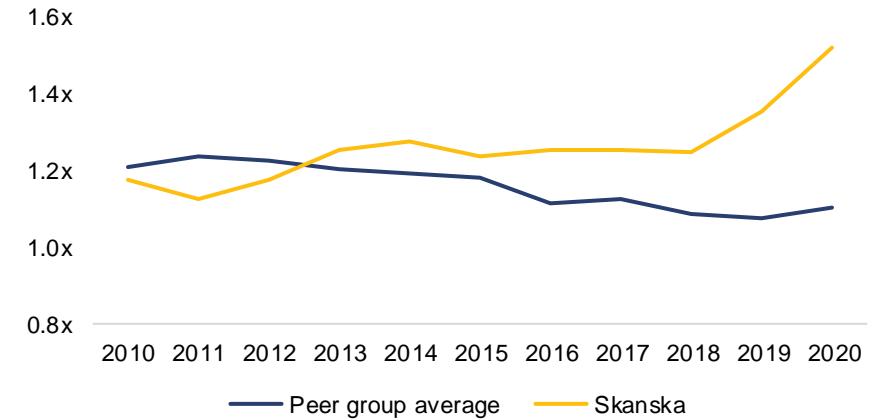
PP&E Turnover* – Higher efficiency than peers



Working capital ratios (days) – DPO* leaves room for improvement



Current ratio – Current liabilities are well covered





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Valuation

Valuation summary

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Skanska's intrinsic value is higher despite a conservative valuation approach

Weighting of valuation method

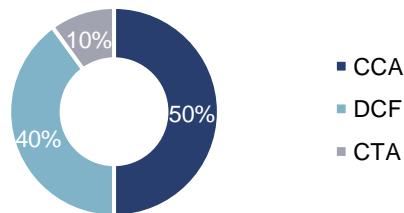
CCA is weighted heavier than DCF

Overdiversified growth prospects

- Construction sector is fragmented, especially in Europe
- Major groups are increasingly exposed to international markets

Unclear published information

- Time difference between the completion of works
- Inclusion of operations carried out as part of a consortium



- CCA
- DCF
- CTA

Key metrics

WACC

9.18%
Market value approach is used –
CoD: 1.85, CoE: 10.41, Tax Rate: 20.2%

Terminal Value

1.50%
Terminal Value is calculated according to a perpetual growth rate of 1.5 % - in line with industry EV/EBITDA exit multiple

Beta

According to CAPM, the Company's Beta is 1.12

DCF – Intrinsic value for different frameworks



+ 23.2 %



+ 8.4 %



- 10.1 %

The bullish case scenario is mainly driven by factors such as an overall better economic outlook, returning demand for commercial property and the resolution of the commodity shortage

The base case scenario is based upon the shift to green construction, government incentives and short-term risks like the price increases for raw materials

The bearish case scenario assumes that the post-crisis economic turmoil will stay relevant and demand for office buildings will further decrease as WFH* is here to stay

Operating assumptions for base case scenario

Revenue development

Revenue will grow at a CAGR of 1.5 % over the forecasted period, with a return to pre-Covid levels in 2024



EBIT margin

The EBIT margin is set to increase, as a rising number of "intelligent construction" measures are smoothing the processes



Revenue streams

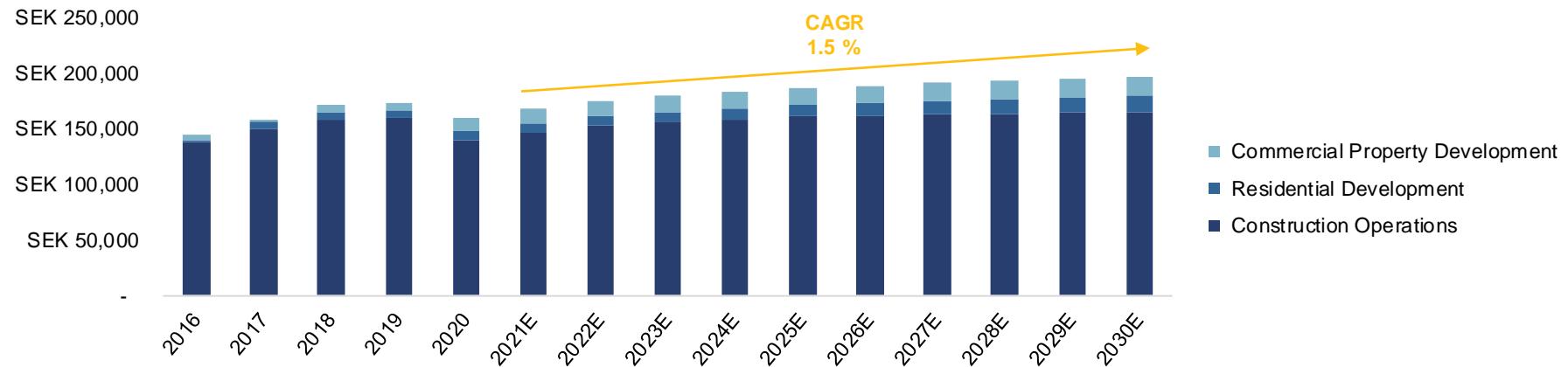
The project development segment will be more significant in the future, as higher margins can be pursued

DCF Analysis

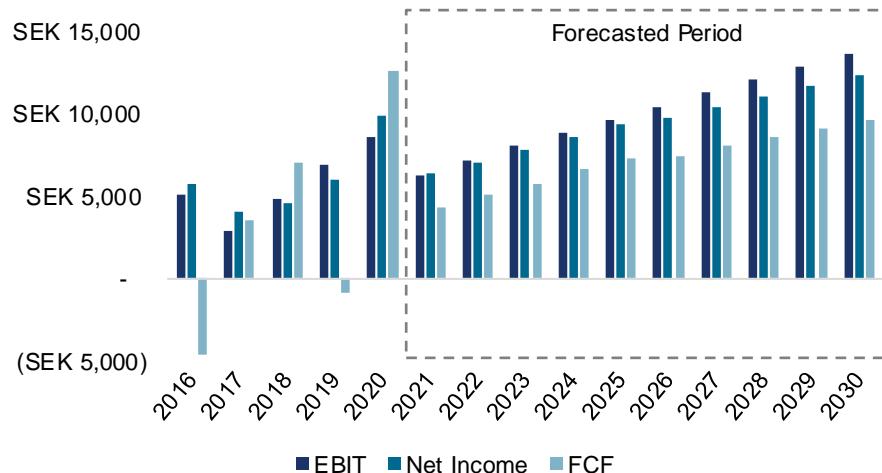
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Revenue is expected to bounce back to pre-crisis levels within the next years

Forecast operating financials (million SEK)



Forecasted operating financials (million SEK)



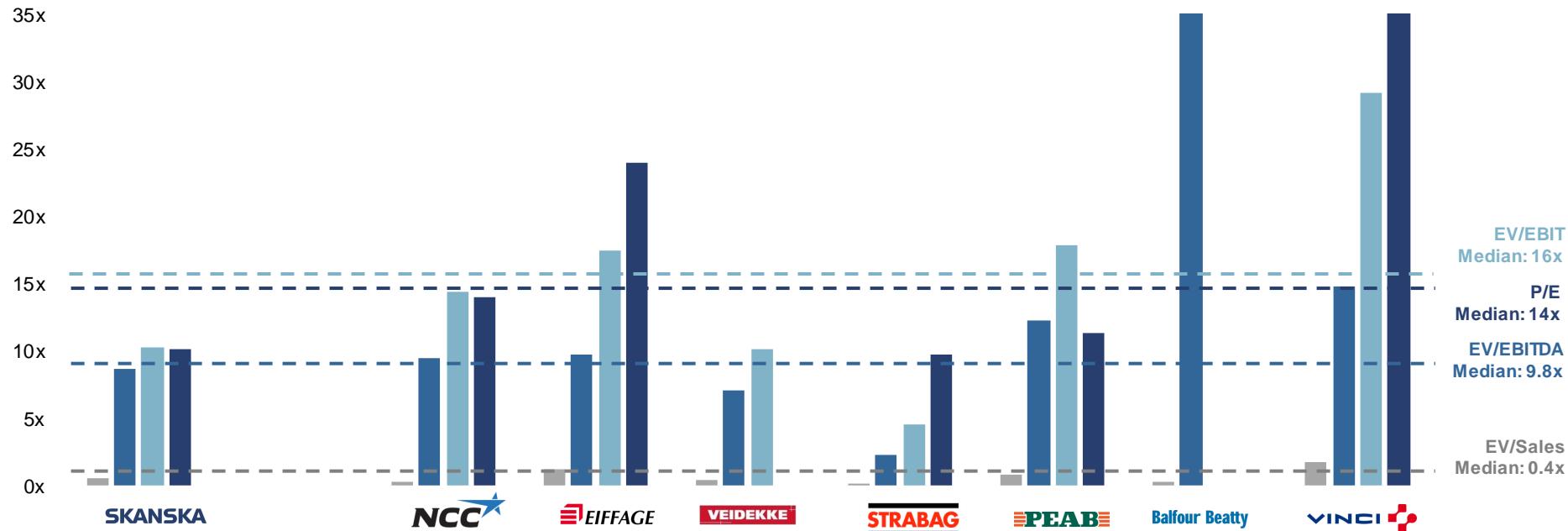
Sensitivity analysis

WACC	TV Growth Rate				
	1.1%	1.3%	1.5%	1.7%	1.9%
8.9%	264.0	267.7	271.7	275.8	280.2
9.1%	257.4	260.9	264.5	268.4	272.5
9.3%	251.1	254.4	257.8	261.4	265.3
9.5%	245.1	248.2	251.4	254.8	258.4
9.7%	239.4	242.3	245.3	248.5	251.8

Comparable Company Analysis

W U T I S

CCA shows that Skanska is undervalued



Comparable companies - overview

	Skanska	NCC	Eiffage	Veidekke	Strabag	Peab	Balfour Beatty	Vinci	Median	Mean
Market Cap (in USD)	12,091	2,072	11,036	1,980	4,686	4,180	2,850	65,641		
EV (in USD million)	10,600	2,252	25,983	1,664	2,511	5,592	2,717	94,255		
EV/Sales	0.6x	0.4x	1.3x	0.4x	0.1x	0.8x	0.3x	1.8x	0.4x	0.7x
EV/EBITDA	8.6x	9.5x	9.8x	7.1x	2.2x	12.3x	44.7x	14.8x	9.8x	14.3x
EV/EBIT	10.4x	14.4x	17.5x	10.2x	4.6x	17.9x	n.a.	29.3x	16.0x	15.6x
P/E	10.2x	14.0x	24.0x	n.a.	9.7x	11.4x	n.a.	42.8x	14.0x	20.4x



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Risks and catalysts

Company specific risks

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Market risks could strongly hinder Skanska's operations

- M1 **Shortage of main construction materials** could lead to increasing prices and critical delays
- M2 **High dependence on suppliers** and subcontractors increase procurement risks
- M3 A **potential global economic downturn** as aftermath of COVID-19 could threaten the GDP-driven construction industry
- O1 Increasing digitalization in the companies' operations exposes them to **potential cyberattacks and data breaches**
- O2 An aging construction labor force challenges the industry through a probable **shortage of qualified workers**
- O3 **Worsening weather conditions** could lead to delays in the supply chain and closed construction sites
- L1 Global operations are more vulnerable to **changing laws & regulations** for the construction business



Market (M) – Operations (O) – Legislation (L)

Catalysts

W U T I S

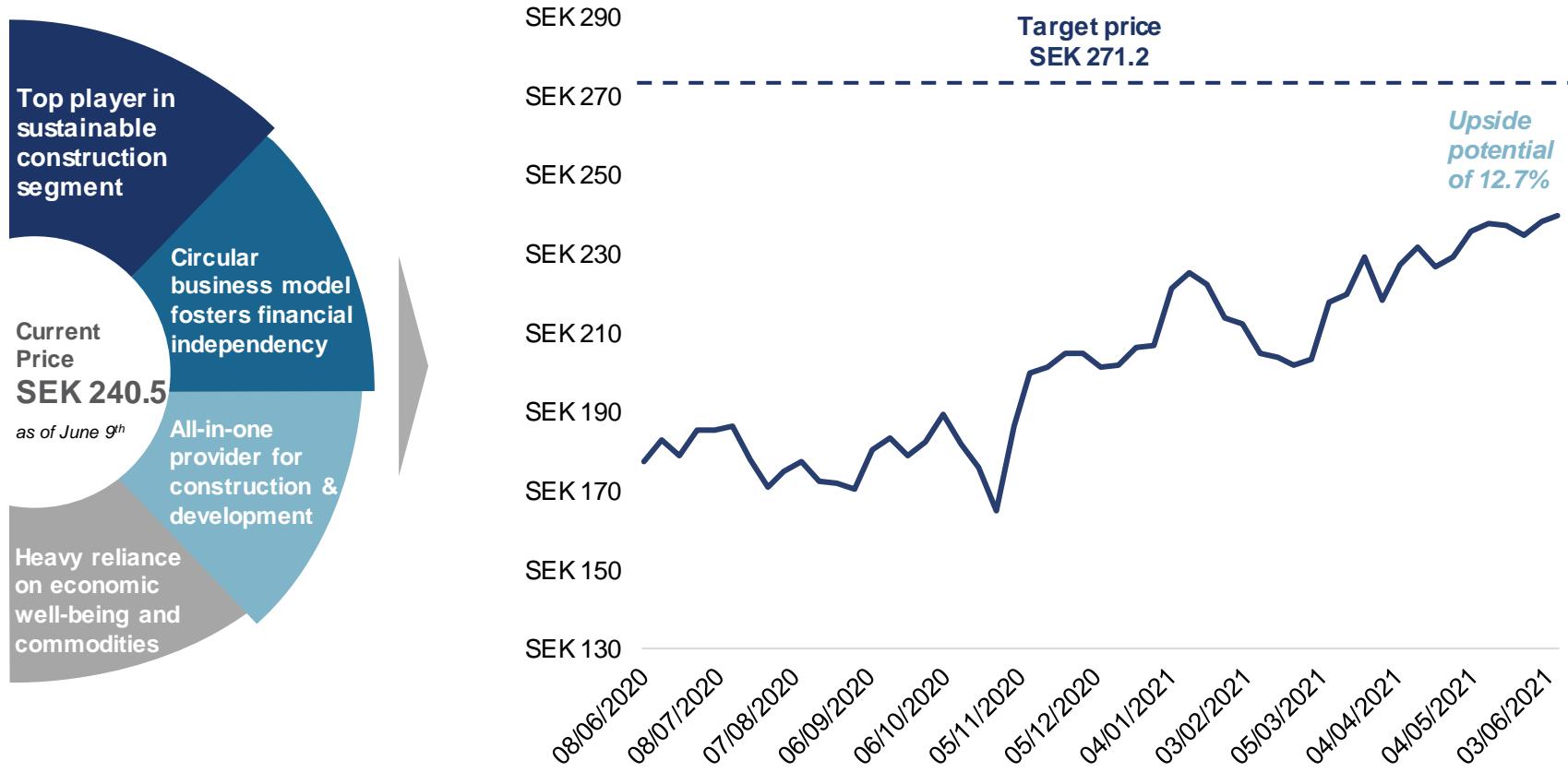
Major incidents and environmental scandals trigger change in company's share price

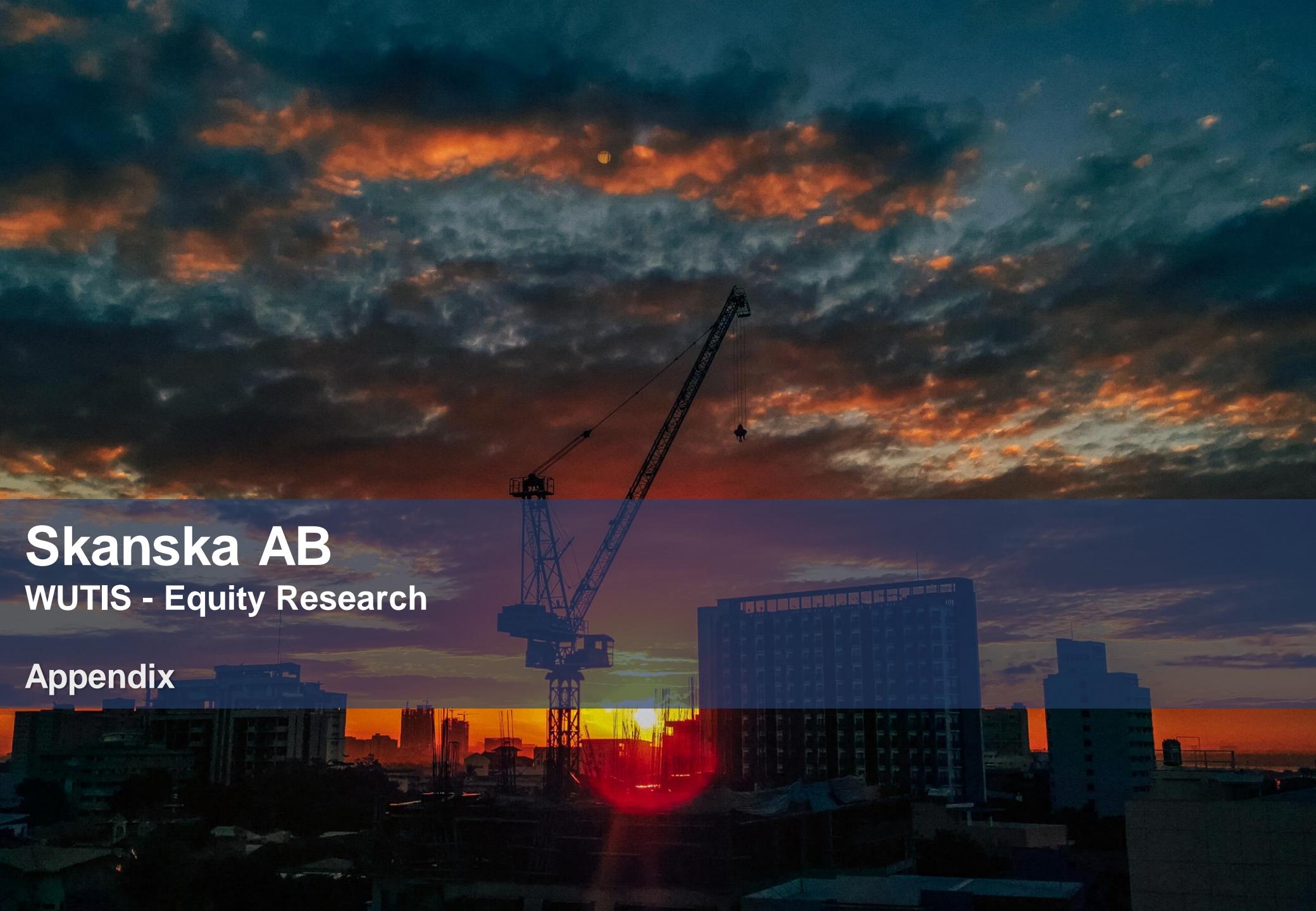
Catalyst	Type	Influenced factor	Estimated impact on share price
July 2021 – Second Quarter 2021 Results – meeting internal guidelines	Hard	<ul style="list-style-type: none"> ▪ Investor's trust 	<ul style="list-style-type: none"> ▪ Strong – The Company meeting its guidelines in Q2 would proof to investors that their segments have recovered from the construction downfall caused by COVID-19 
Environmental scandal: Falsification of sustainable metrics e.g.	Soft	<ul style="list-style-type: none"> ▪ Cost of capital ▪ Reputation ▪ Investor's trust 	<ul style="list-style-type: none"> ▪ Medium – As the Company misses its sustainable targets, cost of capital will increase and investor's trust on its sustainable strategy decrease 
Major incident caused by the Company	Hard	<ul style="list-style-type: none"> ▪ Costs ▪ Margins 	<ul style="list-style-type: none"> ▪ Medium – A well-covered incident like major malfunction (bridge falling e.g.) would rise doubts about the Company's ability to deliver quality projects 
New acquisitions or Joint Ventures partnerships	Hard	<ul style="list-style-type: none"> ▪ Revenue ▪ Reputation 	<ul style="list-style-type: none"> ▪ Medium – New acquisitions as well as the establishment of new partnerships will strongly impact future performance by diversifying the company's portfolio 
New governmental guidelines and regulations	Soft	<ul style="list-style-type: none"> ▪ Profitability ▪ Projects 	<ul style="list-style-type: none"> ▪ Strong – The introduction of stricter environmental guidelines could lead to competitors being restricted from operating in the Company's geographies 

Conclusion

W U T I S

Skanska is undervalued with an upside potential of 12.7%



The background of the slide is a photograph of a construction site during sunset or sunrise. A large tower crane stands prominently on the left, its arm reaching towards the right. In the center, a multi-story building is under construction, with visible scaffolding and structural elements. The sky is filled with dramatic, colorful clouds, ranging from deep blues and blacks to bright orange and yellow, reflecting the setting or rising sun.

Skanska AB
WUTIS - Equity Research

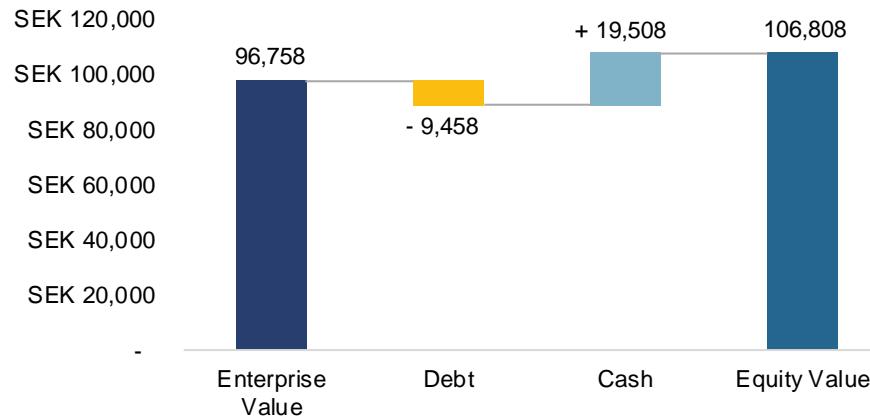
Appendix

Appendix: DCF

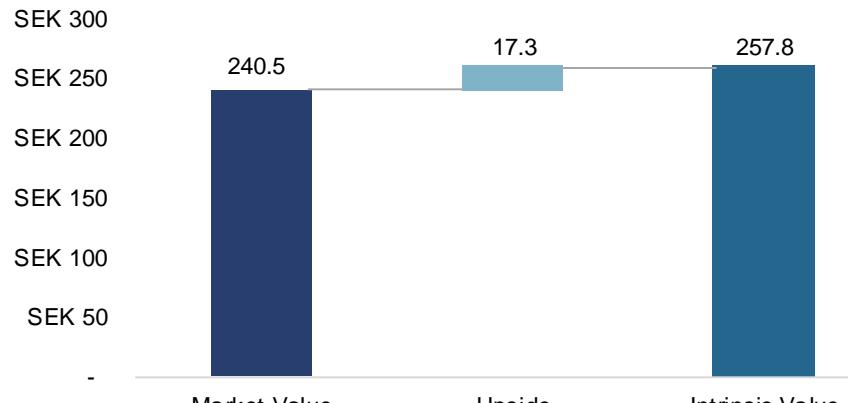
W U T I S

Valuation I

Equity bridge (SEK million)



Market Value vs. Intrinsic Value – base case scenario (SEK)



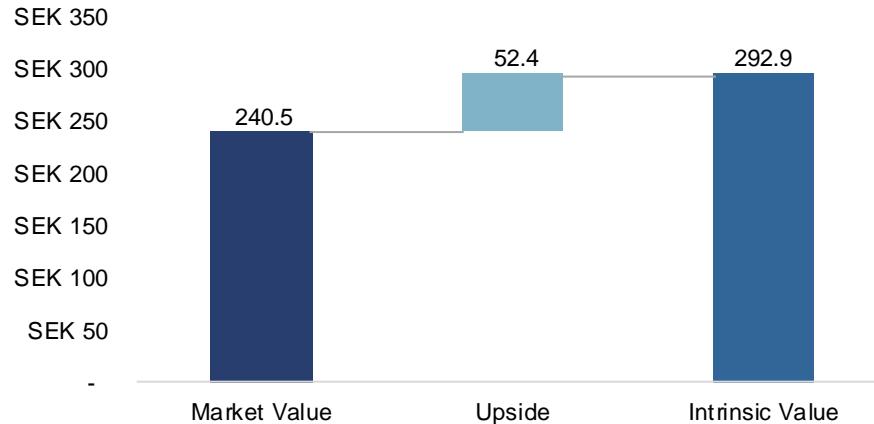
DISCOUNTED CASHFLOW	2016	2017	2018	2019	2020	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E
Income Statement															
Construction Operations															
Residential Development	137,485	149,733	157,445	159,326	140,231	147,243	152,396	156,130	158,807	160,714	162,064	163,018	163,689	164,161	164,492
Commercial Property Development	2,893	6,006	6,986	7,504	7,150	7,722	8,340	9,007	9,727	10,506	11,346	12,254	13,234	14,293	15,436
Other Income	4,285	1,913	7,299	5,664	12,858	13,501	14,041	14,490	14,861	15,166	15,414	15,616	15,780	15,912	16,019
Total Revenue	145,365	157,877	171,730	172,846	160,344	168,465	174,777	179,627	183,396	186,385	188,825	190,888	192,703	194,366	195,947
COGS															
Gross Profit	131,119	145,103	157,465	156,540	143,457	152,912	158,006	161,741	164,474	166,486	167,990	169,147	170,072	170,854	171,555
gross profit margin %	9,8%	8,1%	8,3%	9,4%	10,5%	9,2%	9,6%	10,0%	10,3%	10,7%	11,0%	11,4%	11,7%	12,1%	12,4%
SG&A															
% of revenue	9,152	9,851	9,473	9,469	8,269	9,266	9,613	9,879	10,087	10,251	10,385	10,499	10,599	10,690	10,777
EBIT	14,246	12,774	14,265	16,306	16,887	15,554	16,771	17,886	18,922	19,899	20,834	21,741	22,631	23,512	24,393
% of revenue	6,3%	6,2%	5,5%	5,5%	5,2%	5,5%	5,5%	5,5%	5,5%	5,5%	5,5%	5,5%	5,5%	5,5%	5,5%
Other Income	5,094	2,923	4,792	6,837	8,618	6,288	7,158	8,007	8,835	9,648	10,449	11,242	12,032	12,822	13,615
% of revenue	3,7%	2,0%	3,0%	4,3%	6,1%	4,3%	4,7%	5,1%	5,6%	6,0%	6,4%	6,9%	7,4%	7,8%	8,3%
Interest Taxes	2,126	1,655	855	591	4,015	1,848	1,793	1,820	2,014	2,298	1,955	1,976	2,013	2,051	2,058
tax rate %	1,5%	1,0%	0,5%	0,3%	2,5%	1,1%	1,0%	1,0%	1,1%	1,2%	1,0%	1,0%	1,0%	1,1%	1,1%
Net Income	(132)	29	16	(111)	(251)	(200)	(103)	(130)	(159)	(169)	(152)	(143)	(150)	(155)	(154)
	(1,366)	(512)	(1,092)	(1,286)	(2,507)	(1,604)	(1,788)	(1,960)	(2,161)	(2,380)	(2,476)	(2,643)	(2,808)	(2,975)	(3,137)
	19,2%	11,1%	19,2%	17,5%	20,2%										
	3,9%	2,6%	2,7%	3,5%	6,2%	3,8%	4,0%	4,3%	4,7%	5,0%	5,2%	5,5%	5,8%	6,0%	6,3%

Appendix: DCF

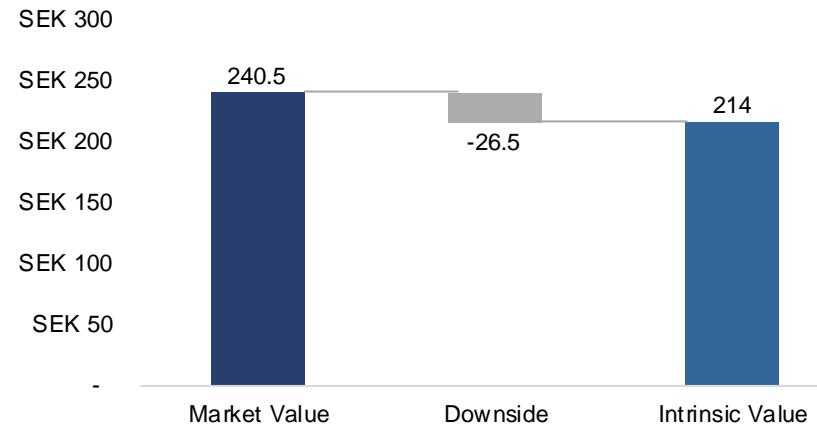
W U T I S

Valuation II

Market Value vs. Intrinsic Value – bull case scenario (SEK)



Market Value vs. Intrinsic Value – bear case scenario (SEK)



Exit multiple approach

Revenue Split in 2030		EV/EBITDA (Damodaran)
83,9%	Engineering & Construction	10.85x
16,1%	Real Estate Development	47.57x
	EV/EBITDA Exit 2030	16.7x
	TV absolute (SEK mn)	116,699
	Market Value of Equity (SEK mn)	126,749
	Estimated Share Price (SEK)	305.93

Sensitivity analysis – Exit multiple

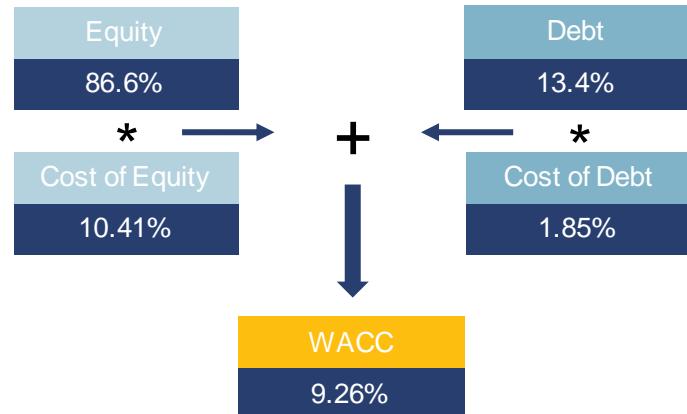
WACC	Exit Multiple				
	12.74x	14.74x	16.74x	18.74x	20.74x
8.9%	246.5	281.3	316.2	351.1	385.9
9.1%	242.5	276.8	311.0	345.3	379.5
9.3%	238.6	272.3	305.9	339.6	373.2
9.5%	234.9	267.9	301.0	334.0	367.1
9.7%	231.1	263.6	296.1	328.5	361.0

Appendix: DCF

W U T I S

Valuation III – WACC

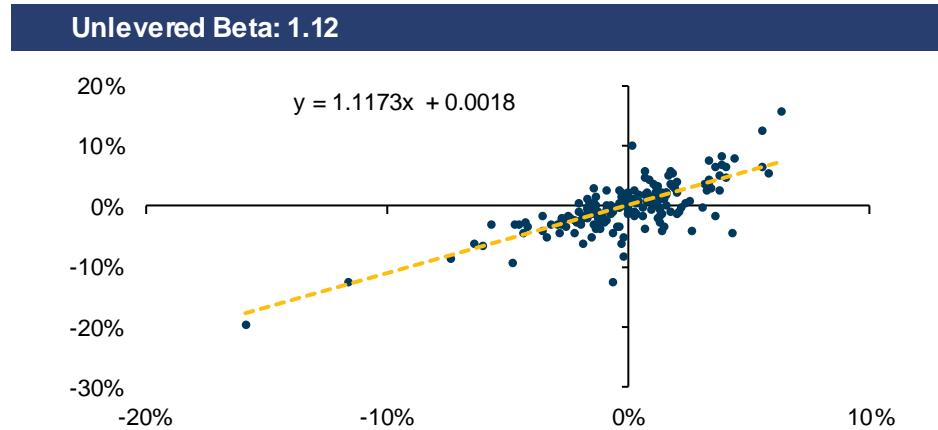
WACC tree



Cost of Debt

Interest Expense:	349
ST Debt:	5,594
LT Debt:	9,458
Cost of Debt:	2.32% (pre-tax)
Effective Tax Rate:	20.21%
Cost of Debt:	1.85% (after-tax)

Historic Beta – 3Y, weekly



Cost of Equity – CAPM

Residual Maturity	Yield		
	Last	Chg 1M	Chg 6M
10 years	0.405%	+2.0 bp	+35.5 bp

worldgovernmentbonds.com

Risk-free Rate: **0.41**

10Y Annualized Return OMX Index: **9.36%**

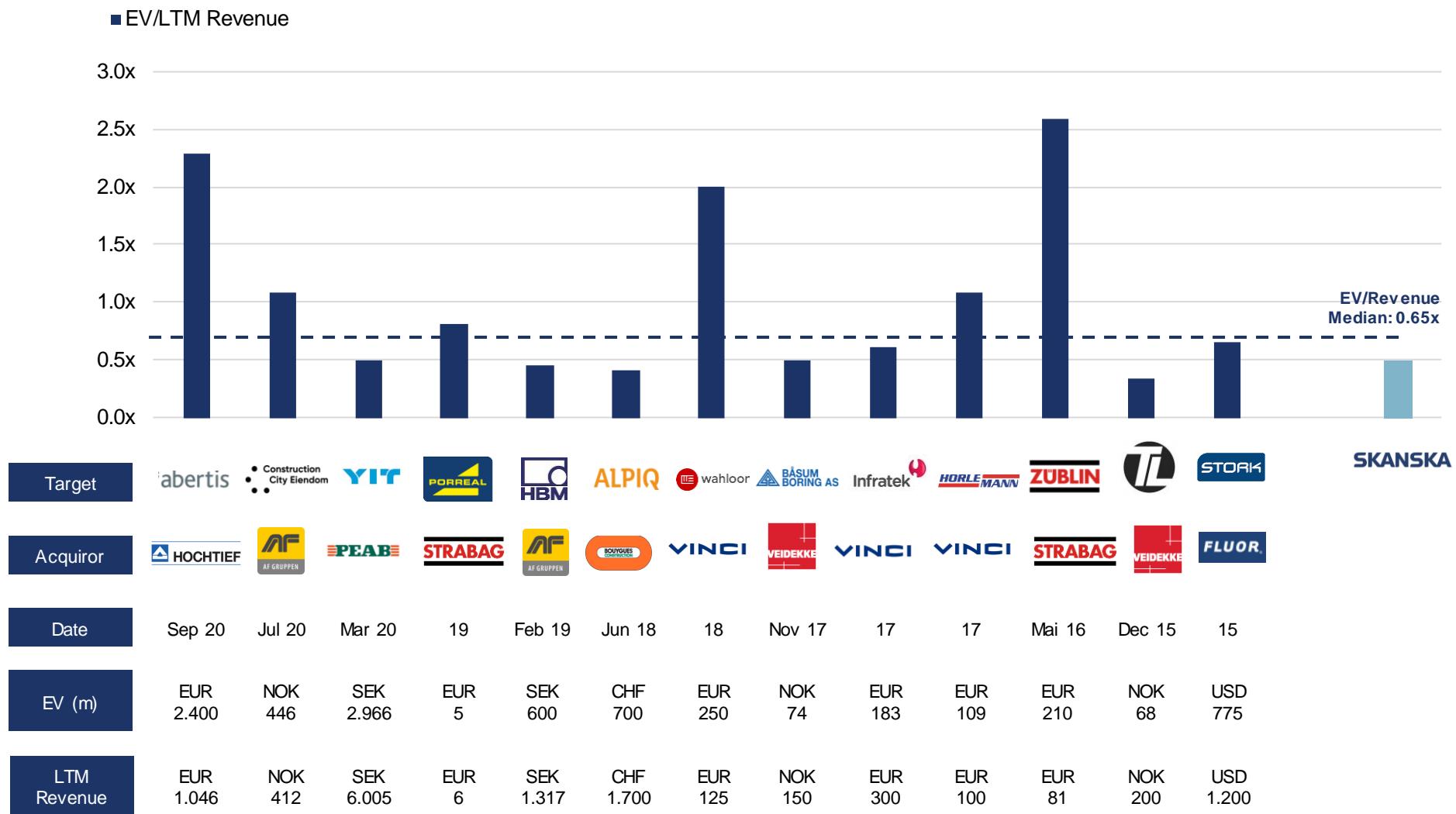
Cost of Equity (CAPM):

$$rf + \beta * (Market\ Return - rf) = \\ 0.41 + 1.12 * (9.36 - 0.41) = 10.41$$

Appendix: Comparable Transaction Analysis

W U T I S

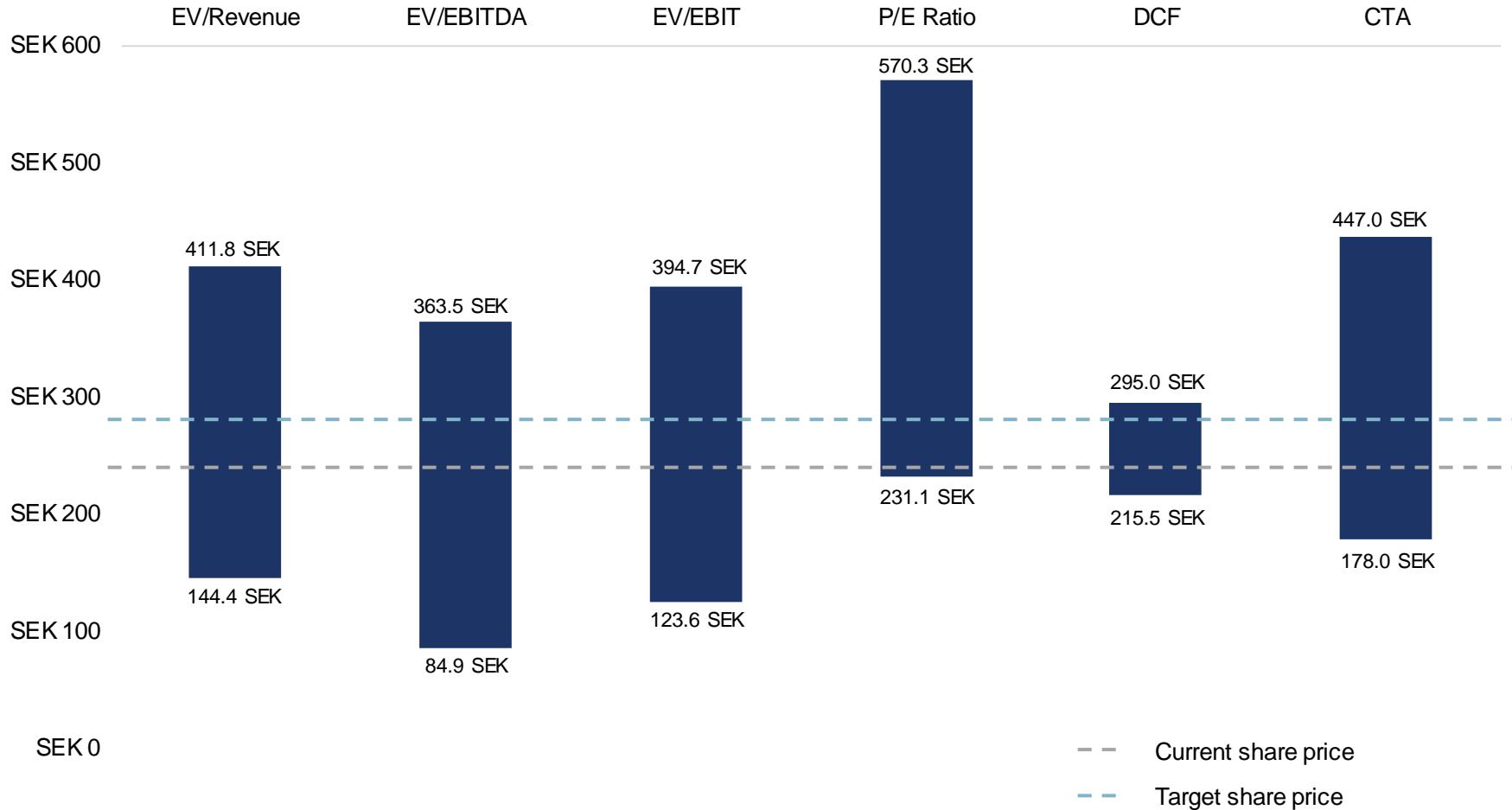
Currently valued in line with the historic transaction pricing mean



Appendix: Valuation summary

W U T I S

Football field chart

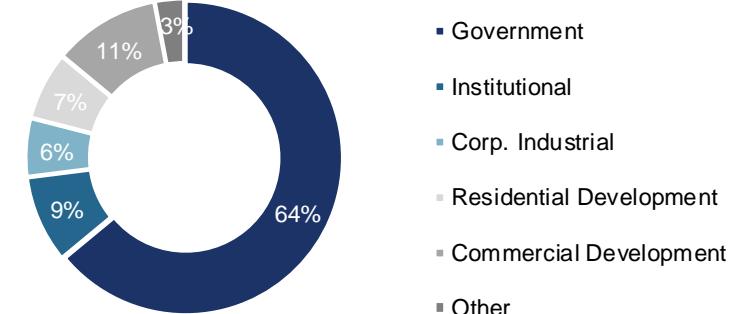


Appendix: Business model II

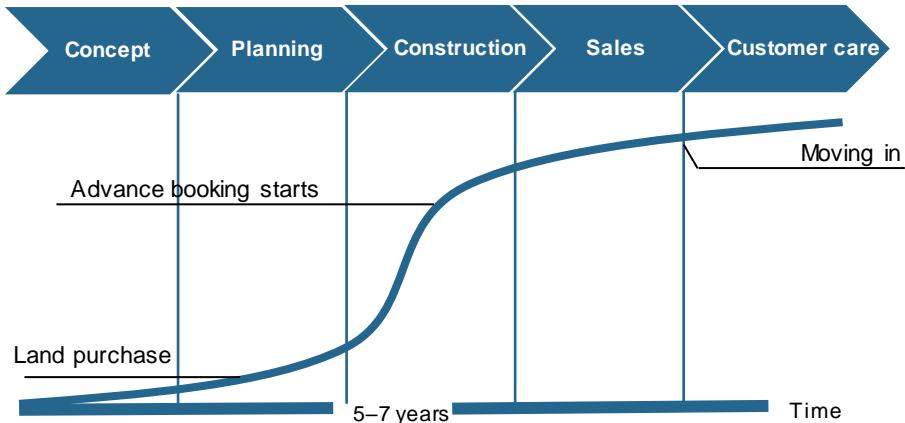
W U T I S

An established construction group moving towards a more profitable and diversified business

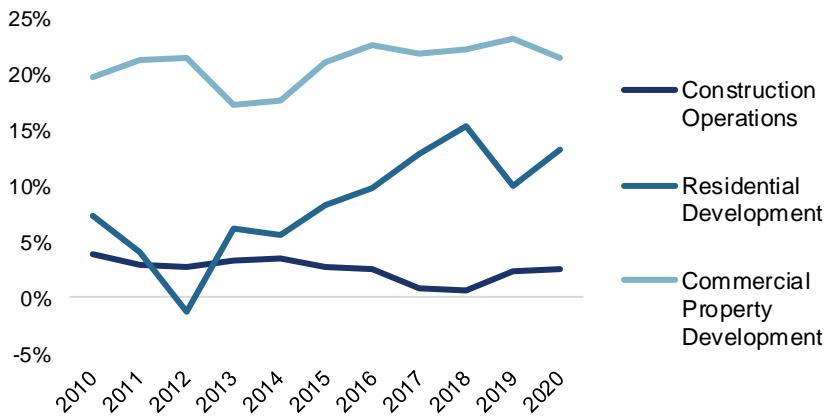
Construction segment customer structure (%)



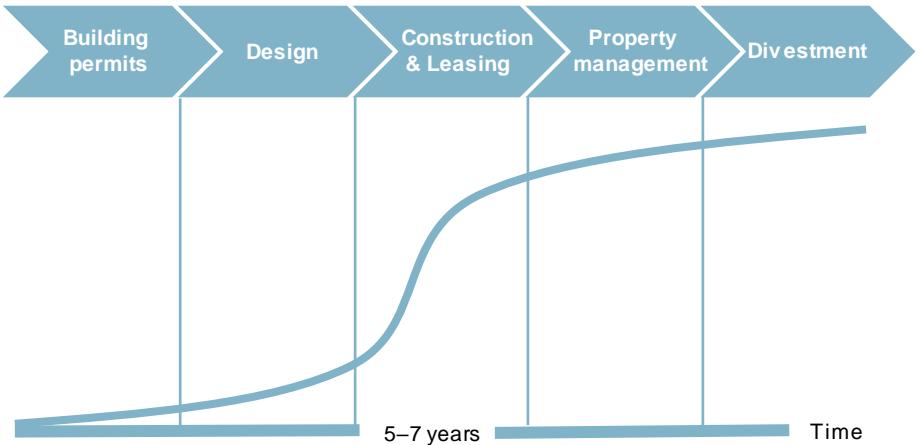
Value creation of residential development



Profit margins by segment (%)



Value creation of commercial development

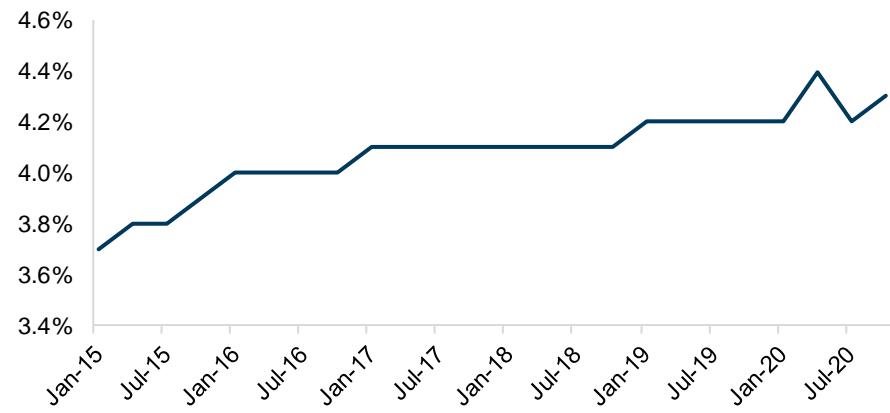


Appendix: Building indicators

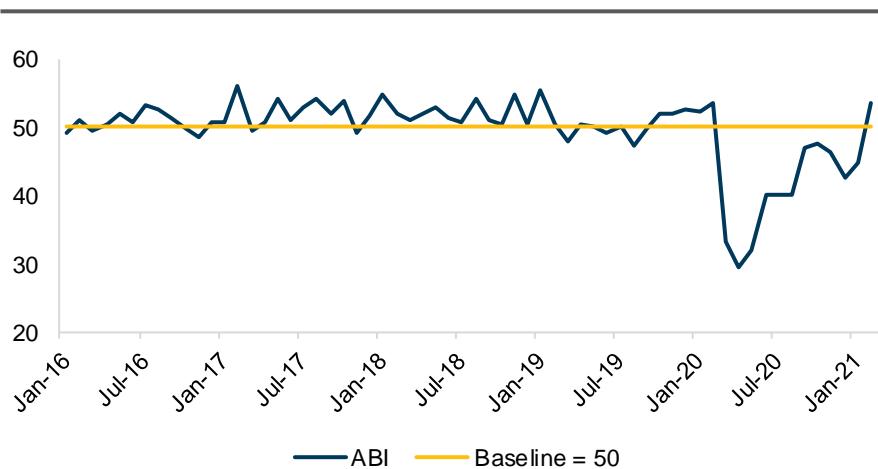
W U T I S

COVID-19 caused downturn for office buildings but strengthened residential construction

Value added to US-GDP by construction industry



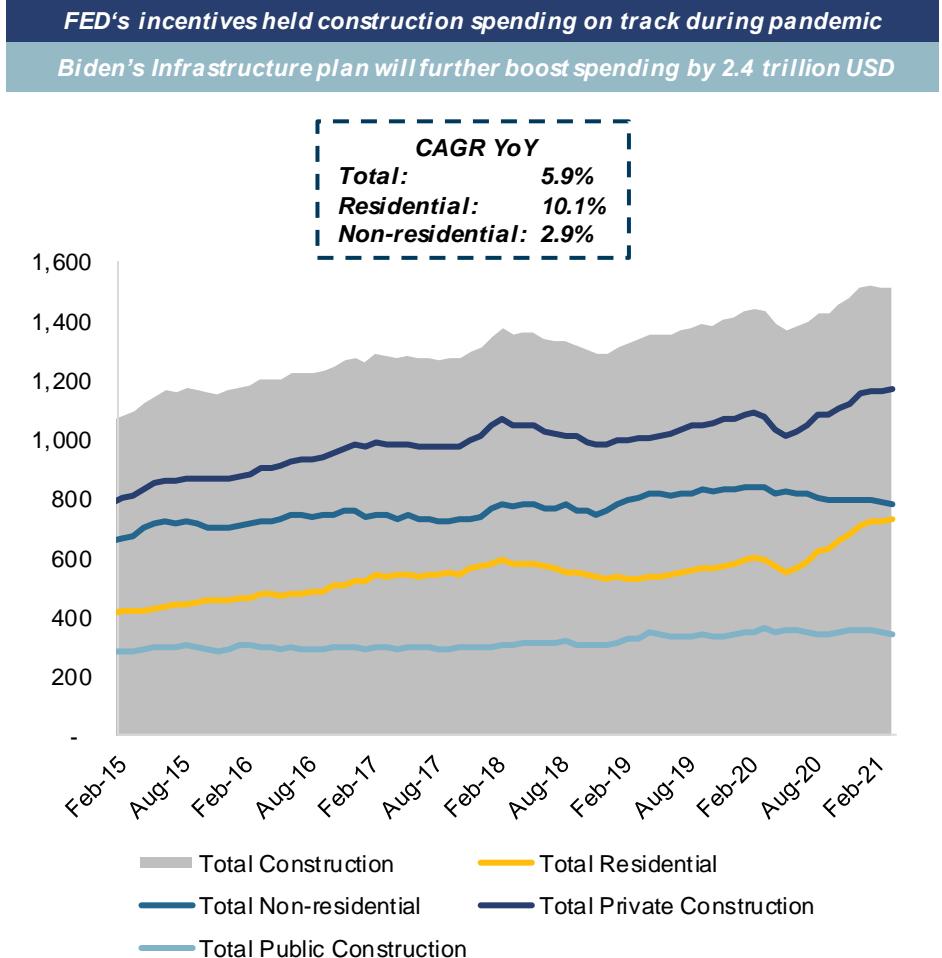
Architecture Billings Index*



Source: US Census Bureau, Architecture society

*ABI (Architecture Billings Index) – a leading economic indicator of demand for non-residential construction activity

US construction spending (billion USD)

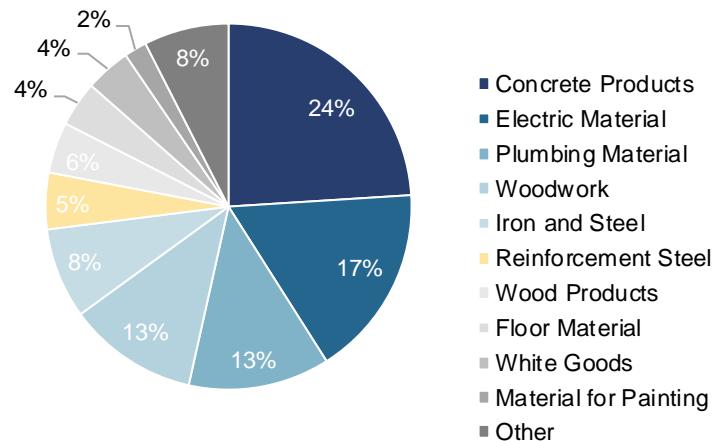


Appendix: Construction material

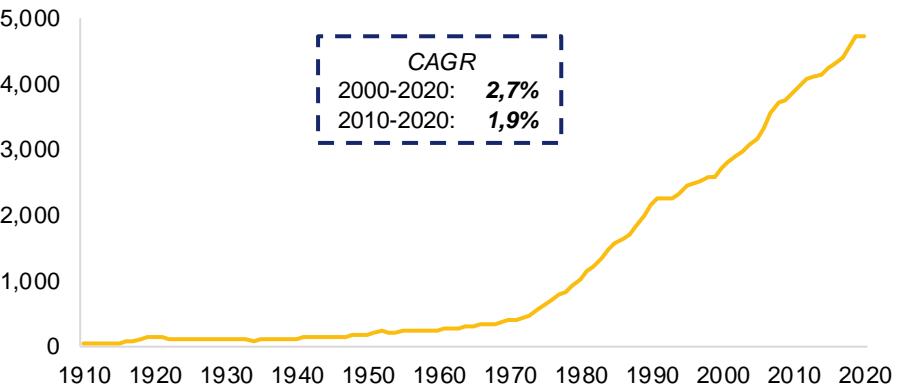
W U T I S

Sharp price increases due to global shortage of material

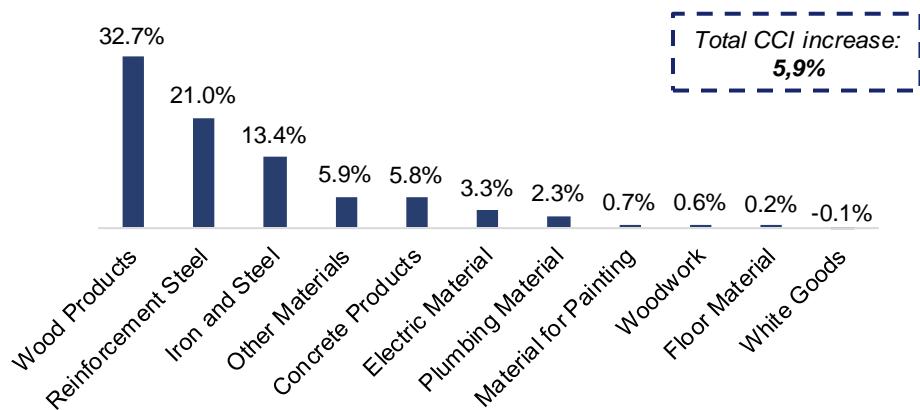
Average material used for a Multi-Dwelling Building (CCI Basket)



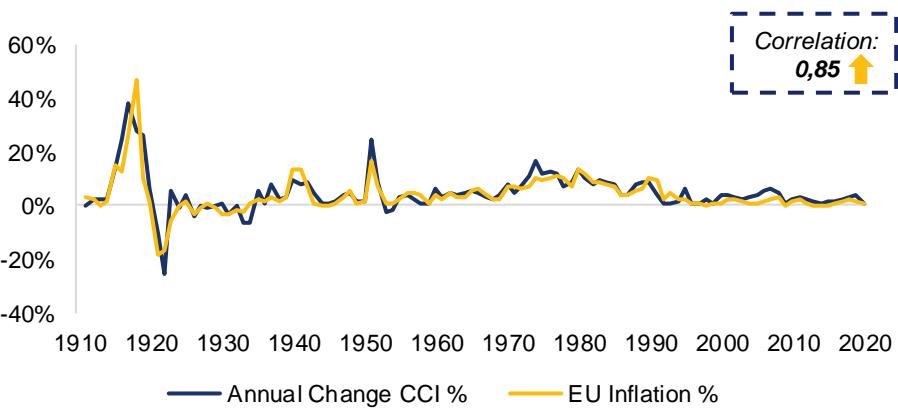
Construction Cost Index – Based on basket of material



Construction material price change April 2020 – April 2021



Annual change CCI* vs. inflation rate

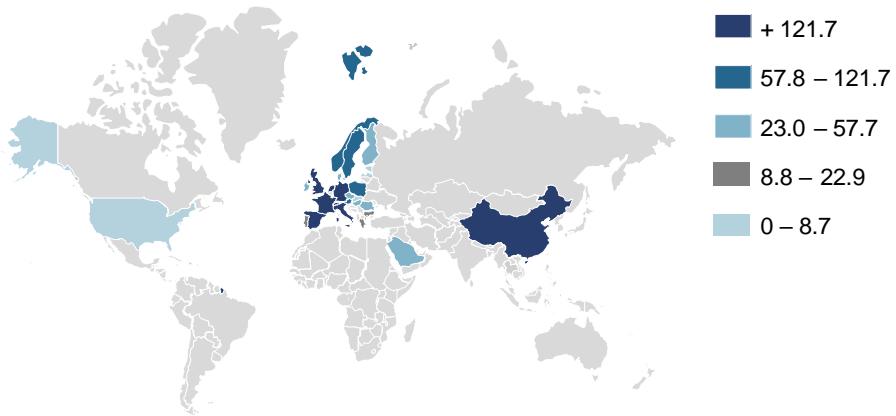


Appendix: Market drivers

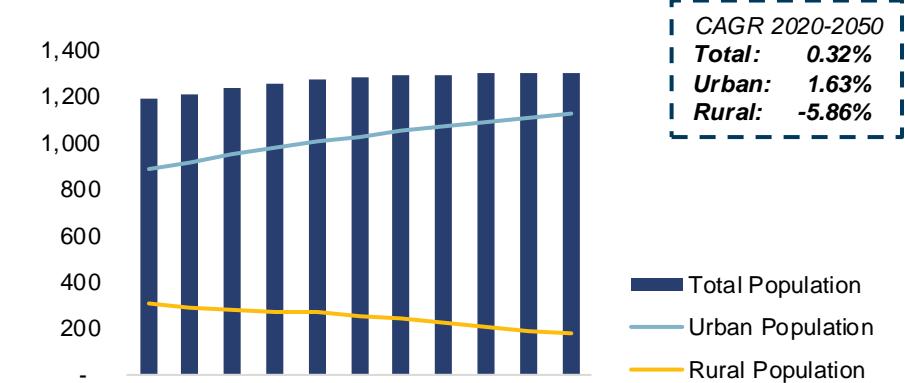
W U T I S

Development of the construction industry is heavily tied to macro-economic factors

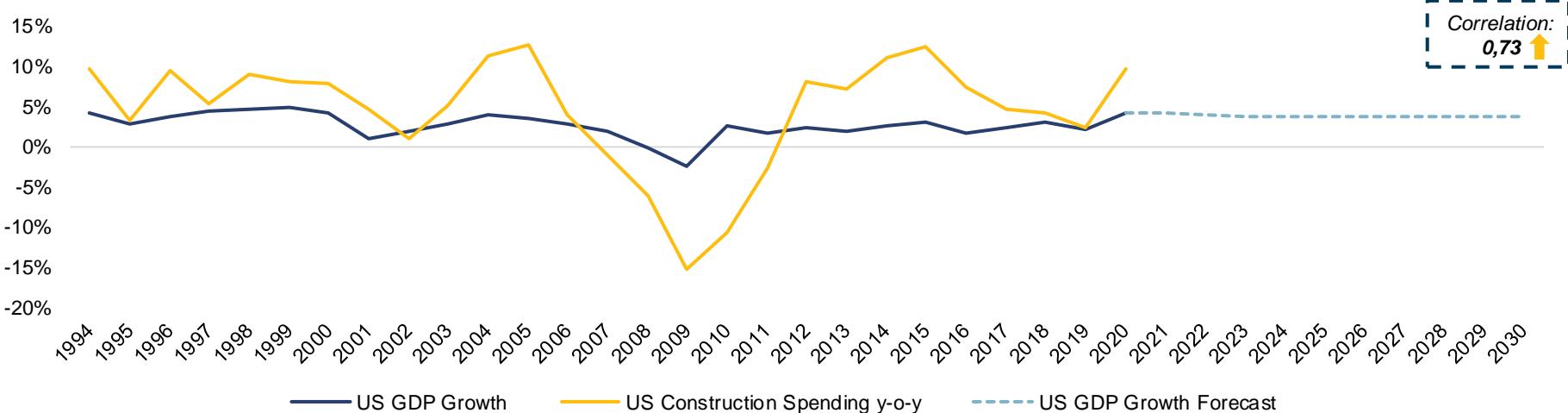
Revenue (billion USD, 2020)



Total shift in population (developed regions, million)



US GDP growth + forecast & construction spending growth (%)



Appendix: SWOT

W U T I S

Strengths and opportunities outweigh weaknesses and threats

STRENGTHS

- Strong global **market position**
- Geographic **revenue spread** reduces business risks
- Very **robust clients** including Fortune 500 companies and governments
- A lot of research and projects related to digitalization and sustainable construction
- Strong **partnerships** e.g. with IKEA (Boklok)

OPPORTUNITIES

- Increasing demand for **sustainable solutions** – already a pioneer in certain fields
- **Digitalization** for more efficiency and higher margins
- Skanska is aiming to **expand** through various **strategic investments**
- Various **new contracts** and **high order backlog** ensures incremental revenues

SKANSKA

- **Lawsuits and litigations** are harming SKANSKA's **reputation**
- Failure to **establish** in developing markets

WEAKNESSES

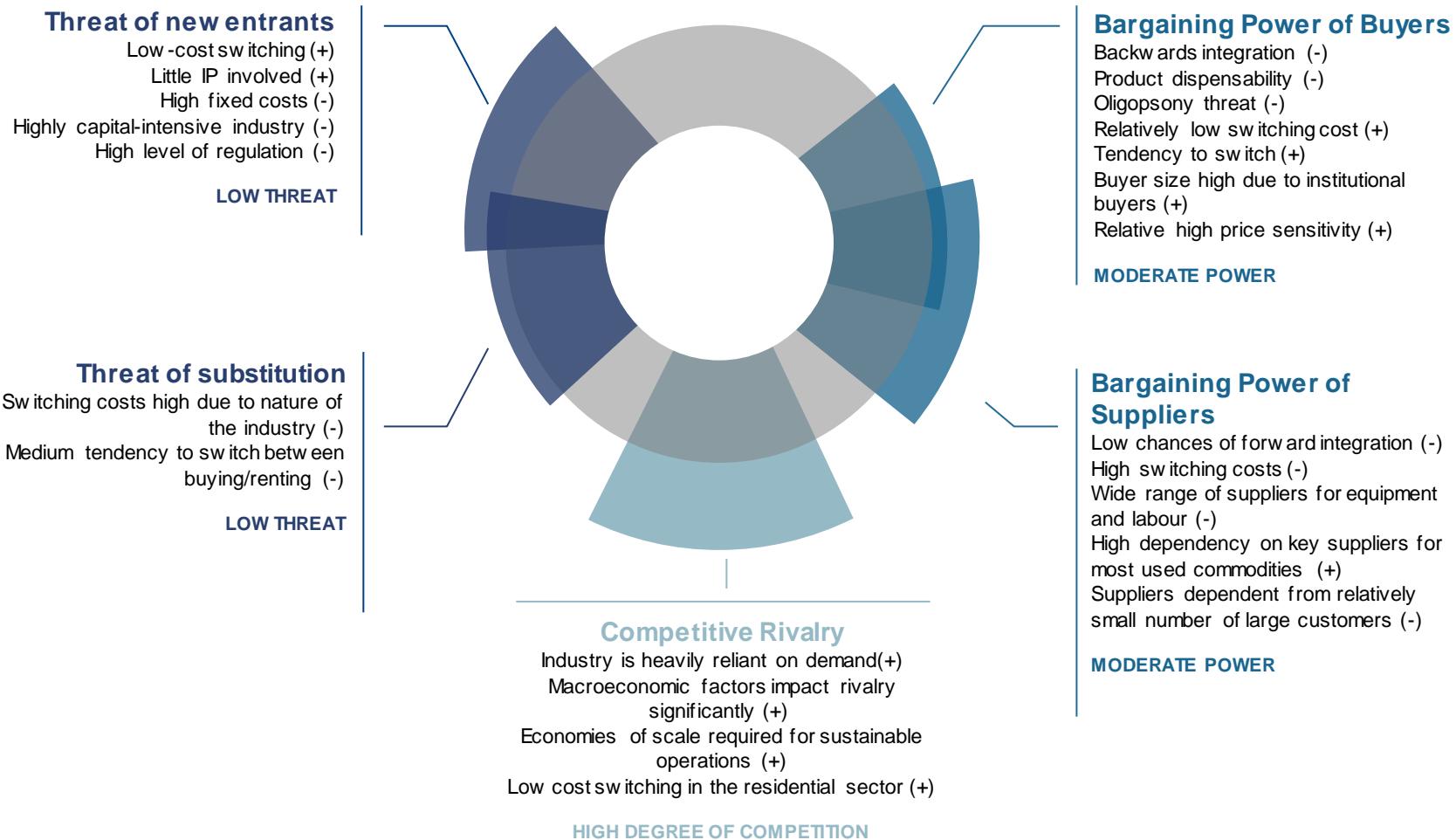
- **Shortage** of construction materials (sand, steel etc.) which would lead to **higher costs** and **lower margins**
- Much **competition** especially for small and medium sized projects
- Unforeseeable **economic conditions** post-crisis
- Potential **currency risks** tied to Skanska's reporting in SEK

THREATS

Appendix: Porter's Five Forces

W U T I S

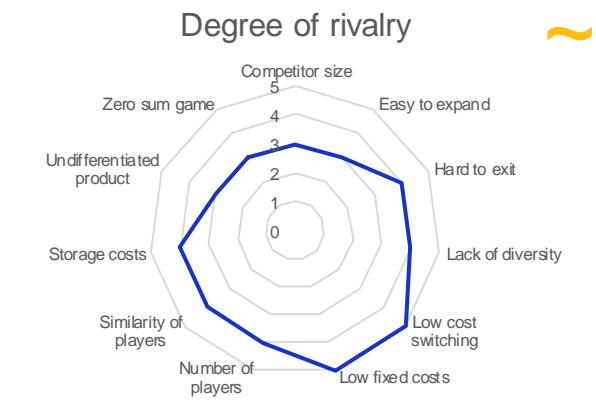
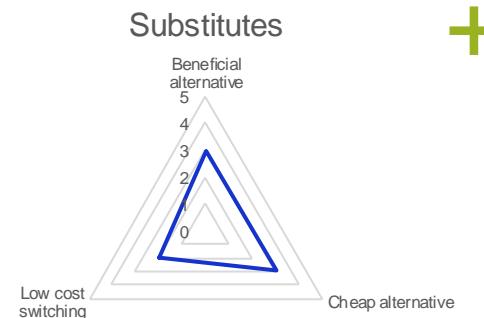
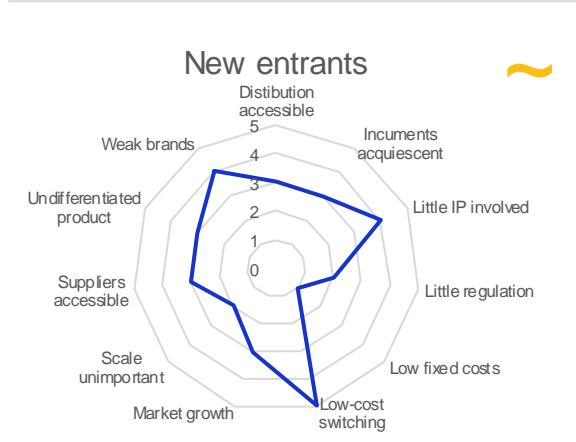
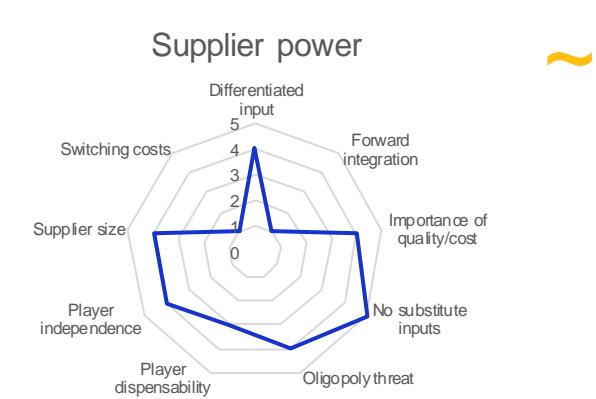
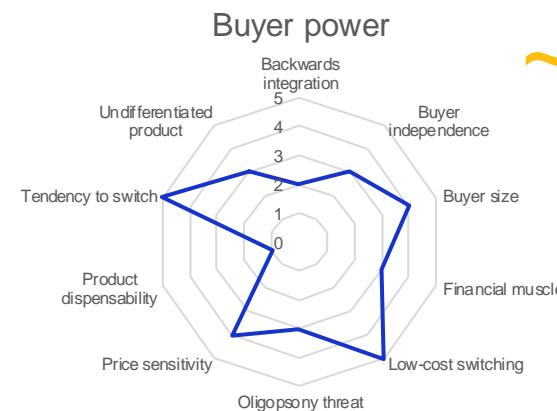
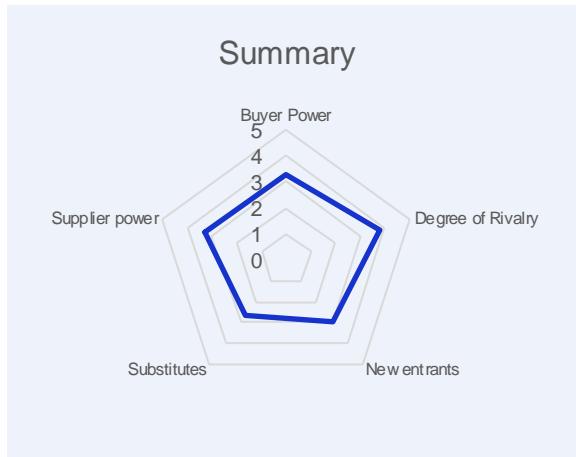
Competitive industry with high entry barriers



Appendix: Porter's Five Forces

W U T I S

Detailed look into the different forces



- negative ~ moderate + positive

Appendix: Historical Development

W U T I S

Growth largely fueled by acquisitions



Key acquisitions



Skanska USA Civil:
Tidew ave

Skanska USA Building: Beacon

Skanska USA Civil:
Yeager, California

Skanska Poland:
Exbud

Skanska Czech: IPS

Skanska UK: Kvaerner Construction + Gammon

Skanska UK:
McNicholas Holding plc

Skanska USA Civil:
Industrial Contractors Inc.

Skanska Finland:
Soraset Yhtiot Oy + 5 acquisitions

Skanska Sweden:
La Pukk AS



Skanska :
Ericsson Real Estate & Services

Skanska Finland:
Sipooranta Oy



Skanska Sweden:
TKI Invest AB

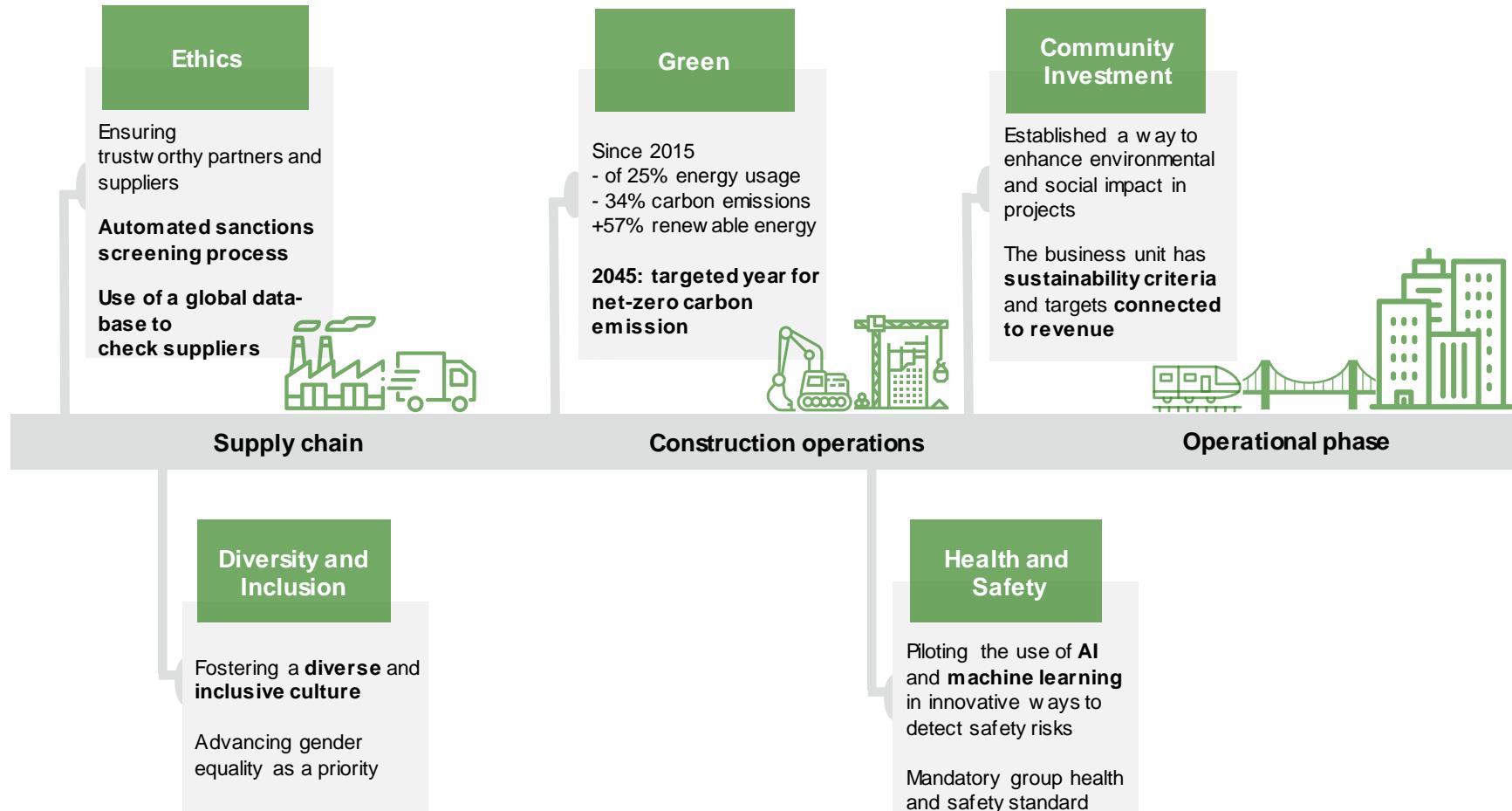
Skanska Poland:
Business Link

Appendix: A promising sustainable strategy

W U T I S

...that focuses on each segment of the value chain increasing margins and efficiency

Ensuring a sustainable supply chain

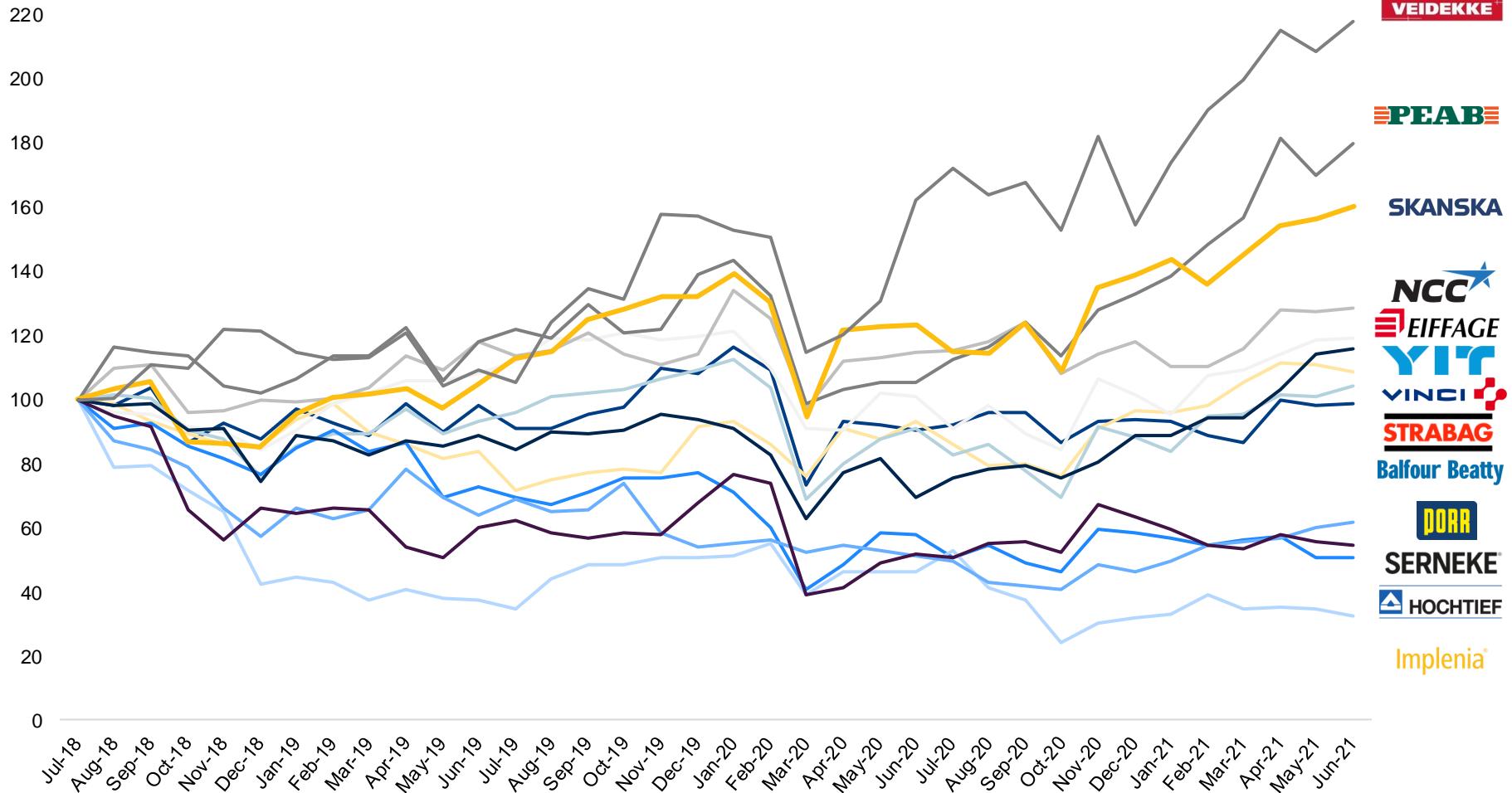


Appendix: Comparable benchmarking

W U T I S

Skanska is among the top players in terms of return

Total Shareholder Returns



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