

SKANSKA

Skanska USA Building

Mike McNally
Business Unit President



Skanska USA Building

- Revenue 2007 of approximately USD 4.0 billion
- Operating Margin 1.1%
- 4,400 Employees
- Headquarters in Parsippany, New Jersey
- Delivery method: Construction Management
 - Low risk, low margin, high return on capital
- Segments
 - Healthcare
 - Education
 - Commercial offices and retail
 - Life Sciences
 - Government
 - Sports
 - Mission Critical/Data and operation centers

Major Competitors

- National Competitors
 - Turner (Hochtief)
 - Bovis (Lend Lease)
 - Gilbane (Private)
 - Whiting-Turner (Private)

RANK		FIRM
2007	2006	CONSTRUCTION MANAGERS AT RISK
1	1	The Turner Corp., New York, N.Y.
2	2	Bovis Lend Lease, New York, N.Y.
3	3	Skanska USA Inc., Whitestone, N.Y.
4	7	Structure Tone, New York, N.Y.
5	6	Gilbane Building Co., Providence, R.I.
6	11	Perini Corp., Framingham, Mass.
7	8	J.E. Dunn Construction Group, Kansas City, Mo.
8	4	Fluor Corp., Irving, Texas
9	5	Bechtel, San Francisco, Calif.
10	9	The Whiting-Turner Contracting Co., Baltimore, Md.
11	22	Hoffman Corp., Portland, Ore.
12	12	Centex, Dallas, Texas
13	10	Clark Group, Bethesda, Md.
14	21	DPR Construction Inc., Redwood City, Calif.
15	14	Suffolk Construction Co. Inc., Boston, Mass.
16	16	The Weitz Co. LLC, Des Moines, Iowa
17	15	Swinerton Inc., San Francisco, Calif.
18	17	McCarthy Building Cos. Inc., St. Louis, Mo.
19	19	PCL Construction Enterprises Inc., Denver, Colo.
20	18	M.A. Mortenson Co., Minneapolis, Minn.



- Healthcare

- Turner
- Bovis
- Gilbane



- Education

- Gilbane
- Turner
- Whiting Turner



- Life Sciences

- Bovis
- Fluor
- Gilbane



- Corporate/Commercial

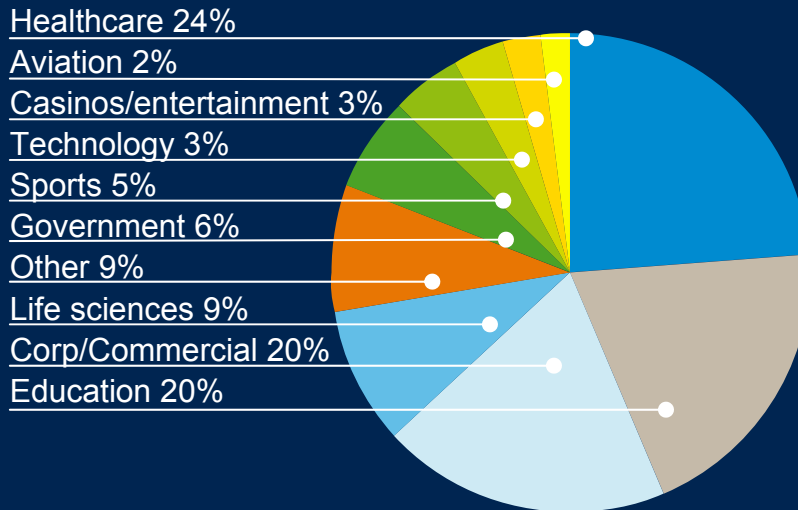
- Turner
- Bovis

Skanska USA Building

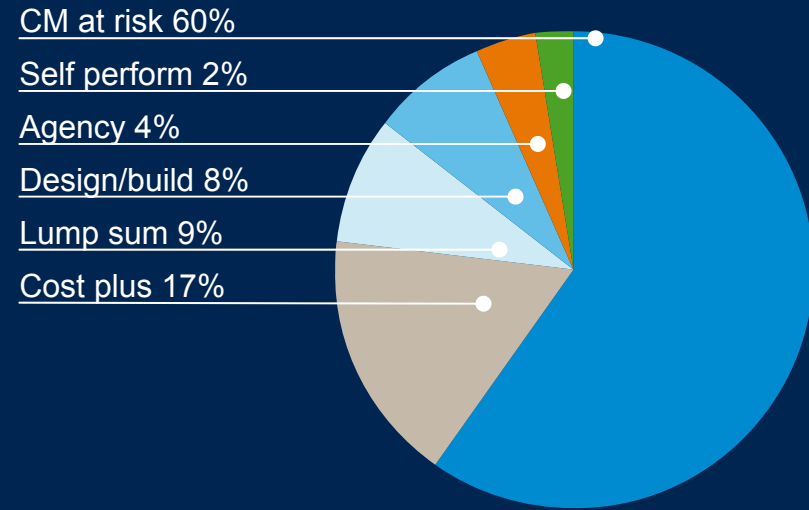


Revenue 2007 – 4,022 MUSD

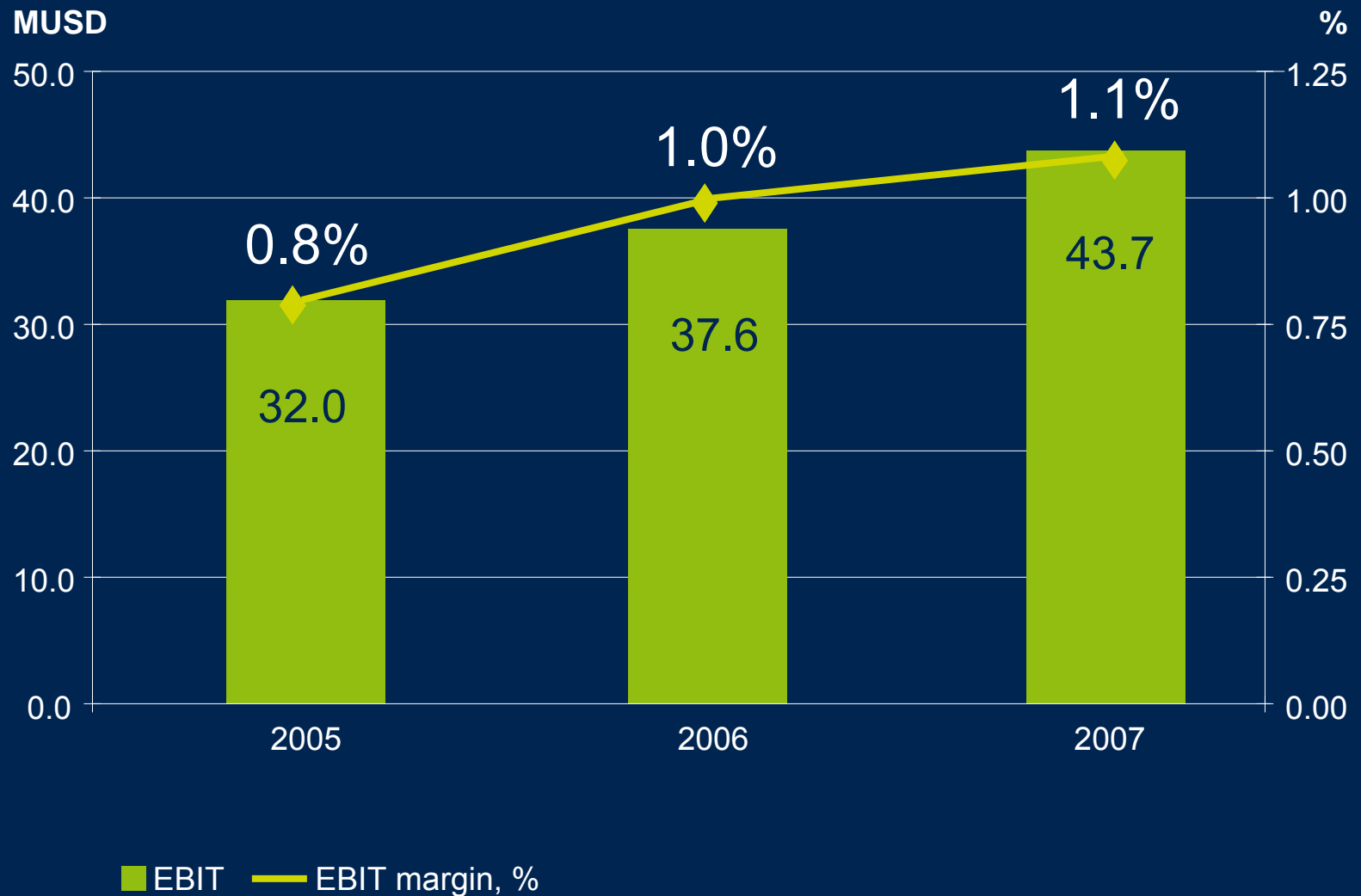
By market segment



By contract type



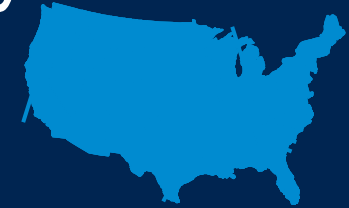
2007 Results – EBIT/Margin



Financials

MUSD	2007	Q1 2007	Q1 2008	Diff. %
Revenue	4,022	859	1,118	30
Operating Income	44	7	14	100
Operating Margin, %	1.1	0.8%	1.2%	50
Order Bookings	5,108	2,011	945	-53
Order Backlog	4,906	4,960	4,733	-5

U.S. Construction Market Summary



	USD bn
Total:	1.161
Residential Market:	531
Non-residential Market:	630
Skanska relative market:	421
Skanska Market share:	~1.0%

Challenges

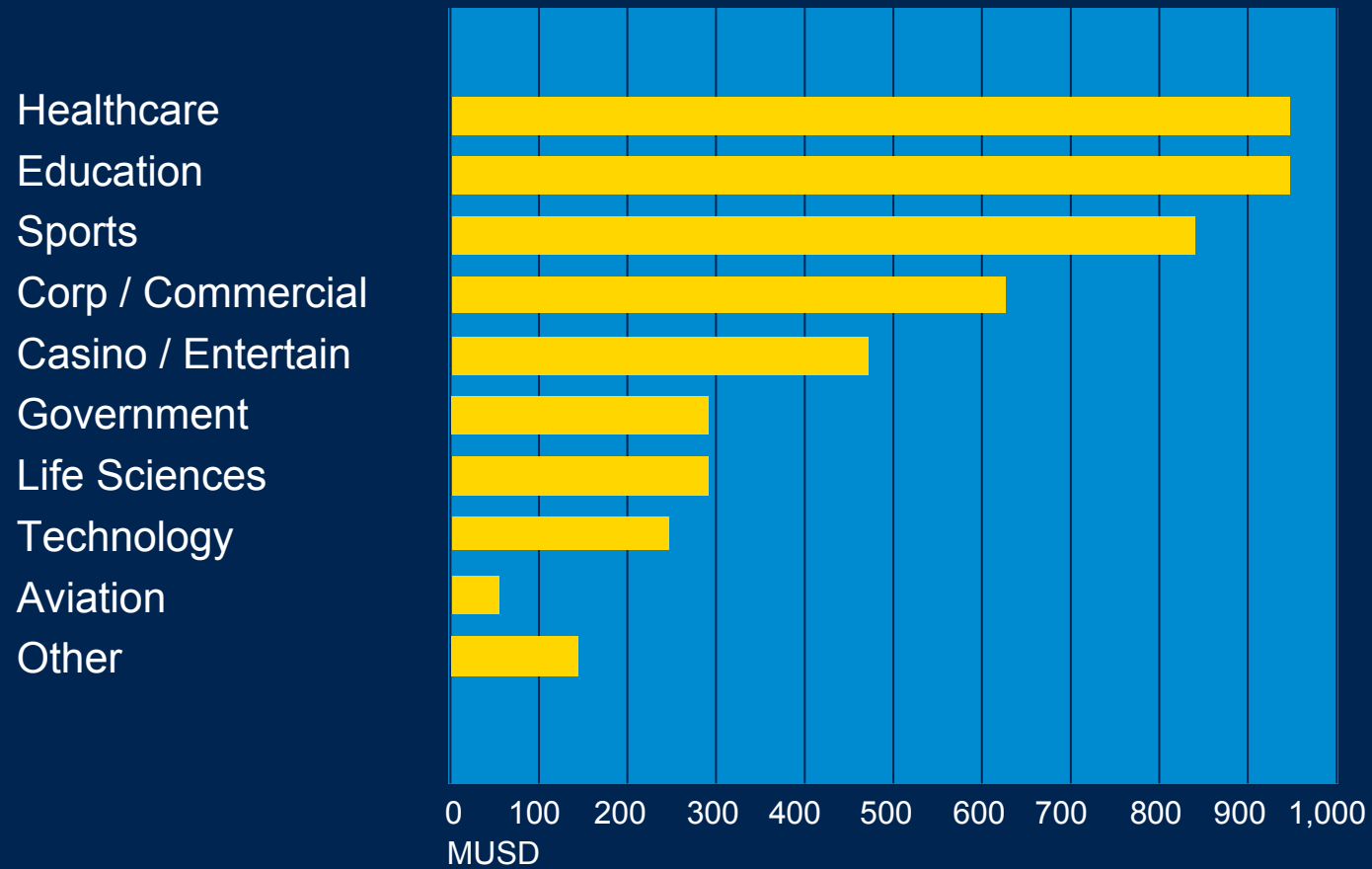
- Tighter lending standards
- States fiscal health weakening
- Material cost escalation

Opportunities

- Healthcare construction growth thru 2012
- College/University construction on upward track

Market Segmentation

Order backlog MUSD, March 2008



Healthcare

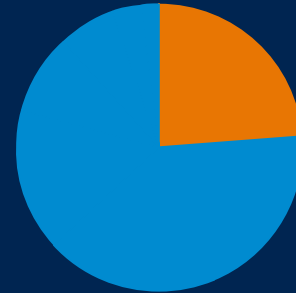
Hospitals, medical office buildings, surgery centers

Clients

- Healthcare corporations, universities and agencies

Key Markets

- West Coast, Southeast, Midwest, Mid Atlantic



24% of Revenue

Funding sources

- Private: Trusts, endowments, bank loans, operations
- Public: Bonds, federal funding, cash reserves

Potential risks

- Private: Reduced giving
- Public: Federal regulation

Trends/outlook

- Aged population and migration are drivers.
- Limited signs of impact from financial turmoil
- Continued double digit growth



Chippenham Medical Center, Virginia

Education

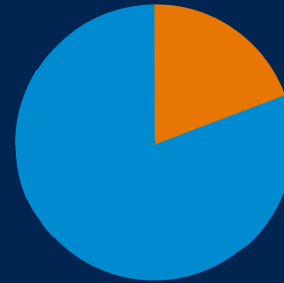
Elementary (K-12) and higher education

Clients

- Private (60%) and public (40%)

Key Markets

- Northeast coast
- Southeast
- West coast



20% of Revenue

Funding sources

- Private: Tuition, endowments, donations
- Public: State funds, tuition, fees

Potential risks

- Private: Market decline, recession, donor fade
- Public: State budget cuts, decline of tax revenues

Trends/outlook

- Population growth and migration is a strong driver.
- Comparatively insensitive to economic turmoil.
- Slower growth but still at high level 2010/11



Portland State University, Oregon

Corporate/Commercial

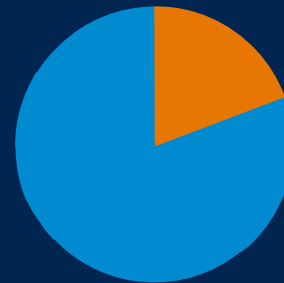
Corporate and public agencies' offices and retail

Clients

- Corporate and public agencies

Key markets

- Northeast coast
- Southeast
- West coast



20% of Revenue

Funding sources

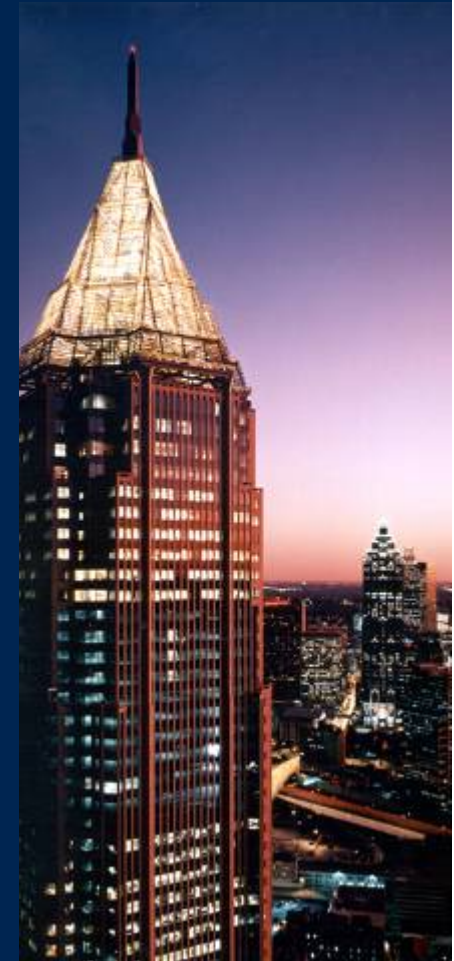
- Internal, banks, insurance companies, equity investments

Potential risks

- Corporate: Stock price decline, cost of capital, cost of labor vs outsourcing
- Commercial: Supply, lender requirements, equity sources

Trends/outlook

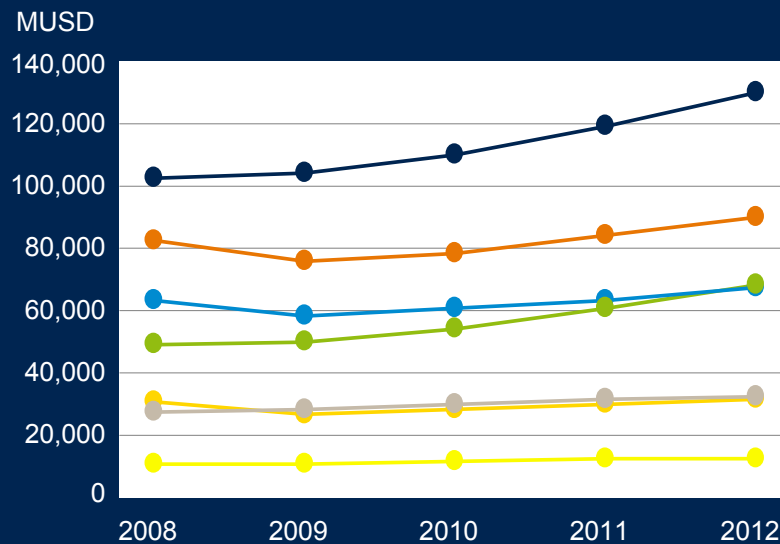
- Corporate investments in new facilities decreasing.
- Green upgrading of existing buildings to increase.
- Growth will drop in 2009



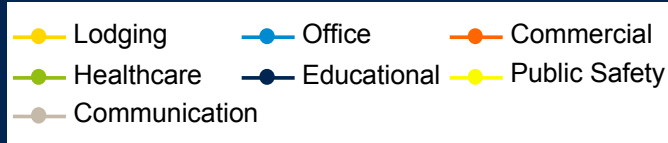
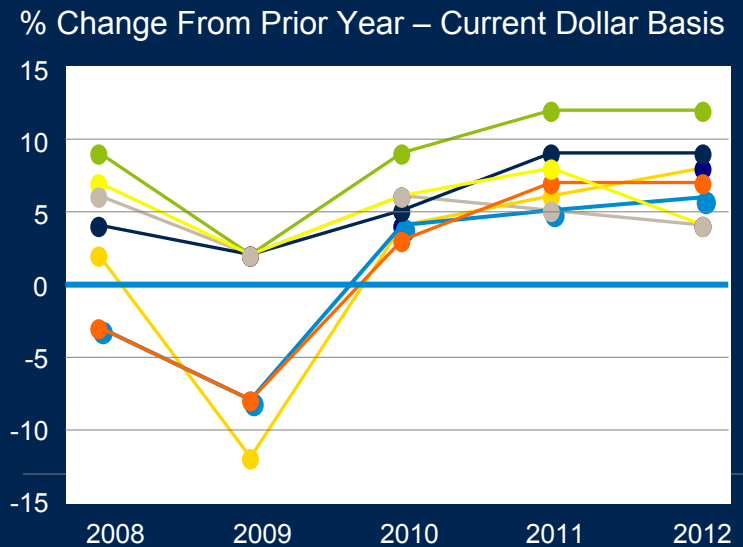
Bank of America, Atlanta

Market segment trends 2008–2012

USA Market Forecast (2008-2012)



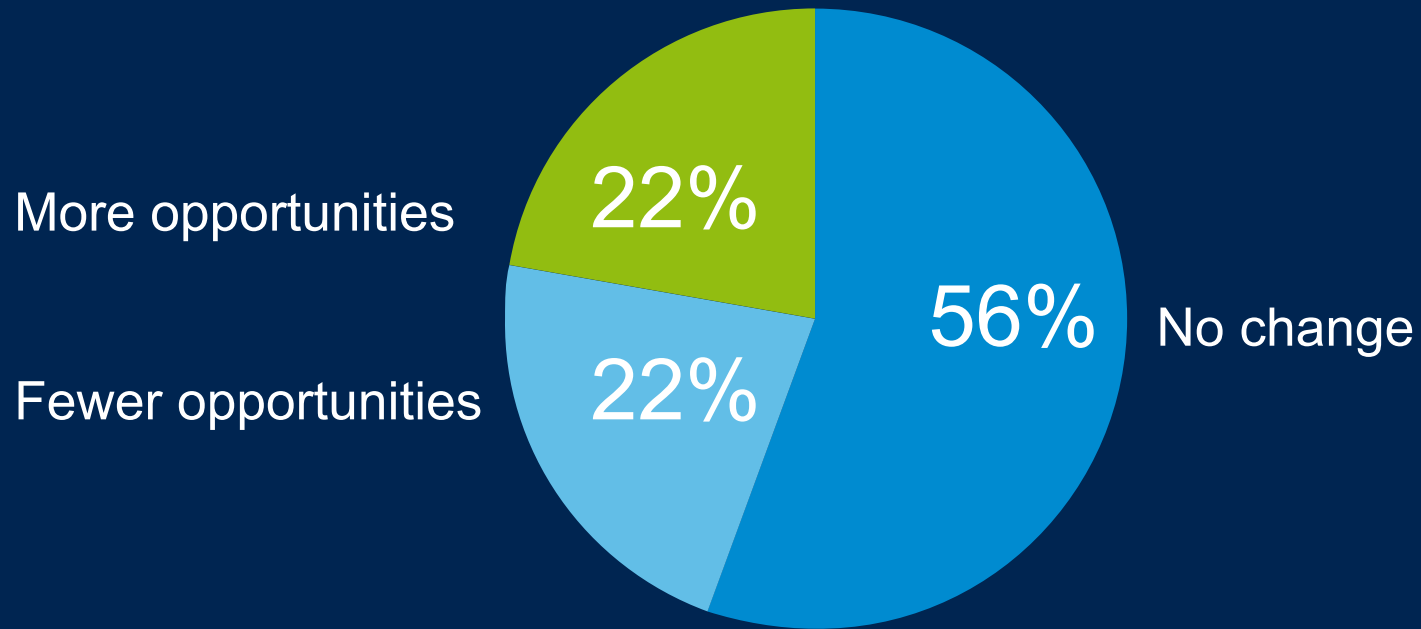
USA Market Forecast (2008-2012)



Source: FMI 2008 Q1

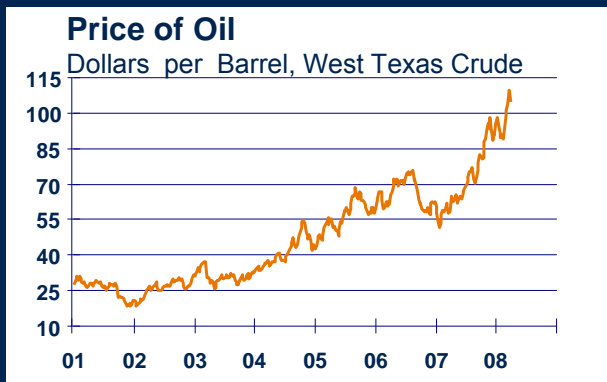
Market sentiment

Skanska offices USA Building



Inflation

Material cost escalation of approximately 6% in 2007



SOURCE: McGraw-Hill 2008 Outlook

Producer Price Indexes

Percent Changes	Annual Levels				July '07- Feb.'08
	2004	2005	2006	2007	
Construction Materials	+10	+5	+6	+2	+1
Gypsum	+16	+15	+20	-15	-8
Lumber and Wood	+10	-0-	-1	-1	-3
Copper Wire	+18	+26	+61	-1	-3
Cement	+3	+12	+13	+5	+1
Iron and Steel	+34	+5	+9	+8	+5
Iron and Steel Scrap	+77	-10	+16	+22	+37
Aluminum Mill Shapes	+5	+7	+12	+4	-4
Plastic Construction Prod.	+4	+10	+14	-1	+1
Insulation Materials	+7	+4	+5	-3	-2
Glass Products	-2	+1	+2	+1	-1

SOURCE: McGraw-Hill 2008 Outlook

Inflation – Possible impacts/mitigations

Risk	Mitigation
Fixed price contracts	Subcontractor prices
Subcontractor defaults	Performance bonds
Project cancellation	Strict policy for order bookings

Summary

- Some uncertainties regarding medium-term effects of financial turmoil

but

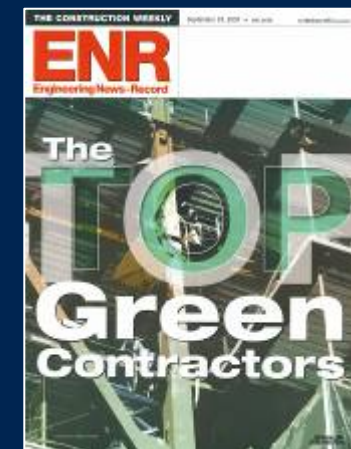
- Our largest segments continue to grow
- Disciplined Risk Management System (ORA)
- Strong order backlog
- Continued profitability improvements
- Common processes and one way of working
- Strong employee development program
- One brand and proud of it

Strategy 2008–2010

- Focus on people
- Design/Build
- Green
- Synergies with Civil
- Continued focus on healthcare and education markets
- Continued focus on risk management



Goal by 2010:
Skanska USA
a top 100 company.



Skanska #1 ranked green
Contractor - 2007