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## Residential Development Nordic

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## Skanska RDN in perspective

- A separate BU since 2005
- Construction driven
  - Feeding the Construction business
  - Organizational form a copy
  - B2B
- Lack of focus
  - Who the customer was
  - Priority of which project to go for (size, segment and geography)
- Lack of transparency
  - Where the money was made

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## Current priorities

- Sales
  - Big discrepancies between Sweden/Norway and Finland
  - Discounts tailor made (on country and individual level)
  
- Downsizing

## Residential Development Nordic May 31, 2009

	Under Construction, #		Of which sold, #		Completed Unsold, #	
	May 31, 2009	Q1, 2009	May 31, 2009	Q1, 2009	May 31, 2009	Q1, 2009
Sweden	2,297	2,459	1,660	1,656	42	41
Norway	83	83	64	55	51	75
Finland incl.						
Estonia	529	627	259	274	409	521
Denmark	0	38	0	37	46	49
<b>Nordics</b>	<b>2,909</b>	<b>3,207</b>	<b>1,983</b>	<b>2,022</b>	<b>548</b>	<b>686</b>

## Skanska RDN



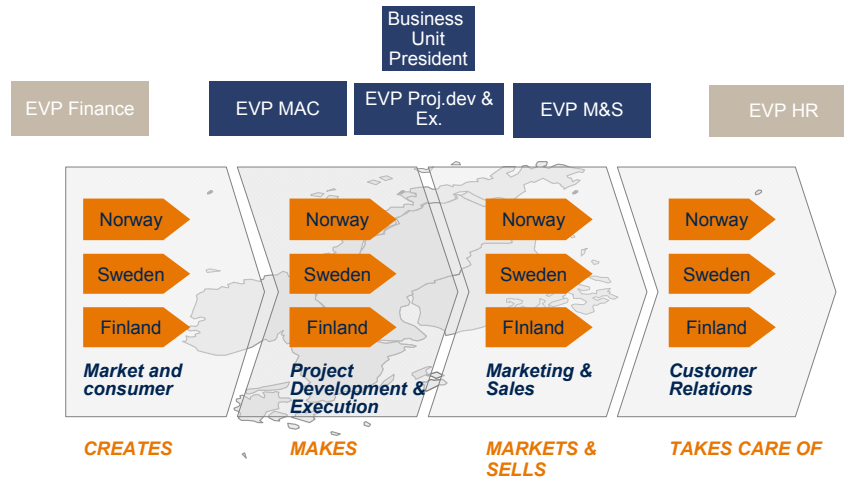
What it takes to lead the residential market

## It will require

- Consumer obsession
  - Branding
  - Translating needs into concepts
  - Presentation and sales
  - Consumer relations
- A focused & specialized organization



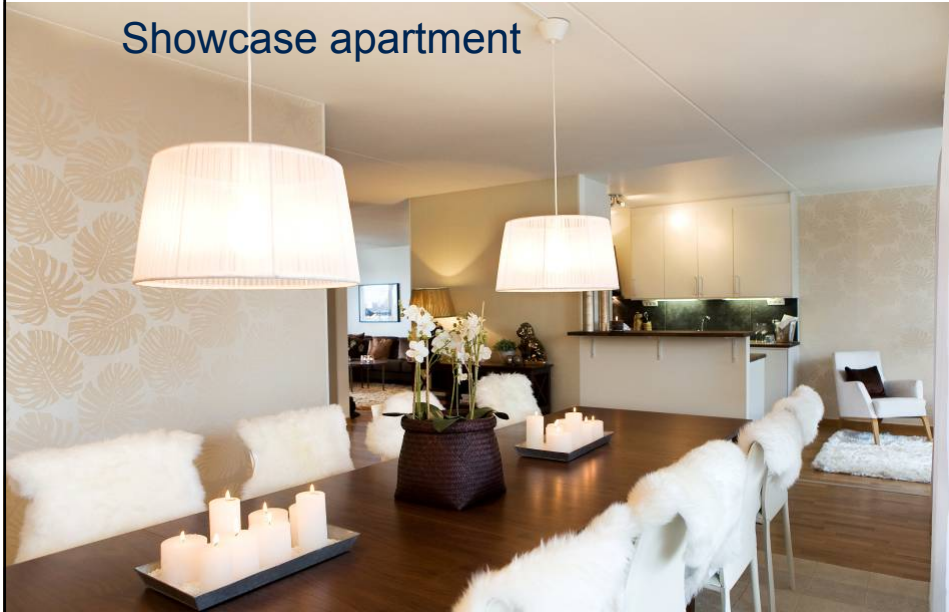
## New organization – traditional or revolutionary?



## A dedicated internal sales force

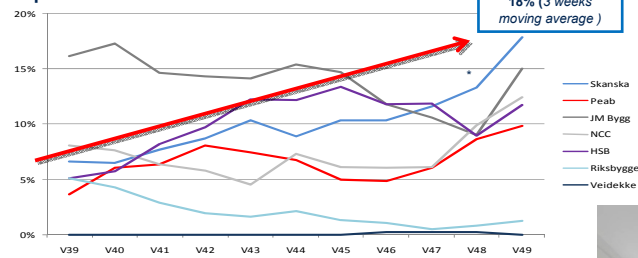
- Sales and Business men and women, rather than jacks of all trades
- Building a sales culture which measures and focuses sales related activities
- A wealth of knowledge for up-coming projects

## Showcase apartment

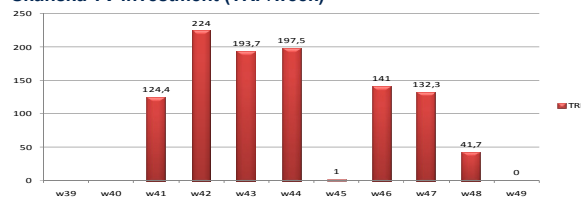


## Skanska Top of mind after TV-ad campaign

### Top of mind



### Skanska TV investment (TRP/week)



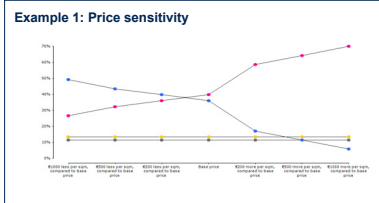
## RDN has changed shape

- Approx 1/3 of the new organization will consist of people from outside the construction industry, with consumer industry background
  - Targets for consumer background hire have paid off
- Diversity is much more prevalent in RDN – enabling a dynamic and innovative organization

## A ground-breaking consumer study

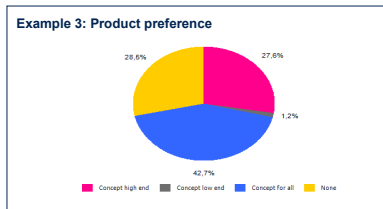
- What the consumer wants
- Which geographies to focus
- With what concepts
- And what volumes would this translate to – with what profitability

# A forced choice model gives us answers



**Example 2: Preferred delivery**

Concept	Price	WTP	WTP	WTP
Storage	Storage solution	0.0	17.0	0.0
	Storage solution with additional	4.0	3.0	0.0
	Storage solution with additional	1.0	0.0	0.0
Storage/Module	Storage/Module	0.0	0.0	0.0
	Storage/Module with additional	1.0	1.0	1.0
	Storage/Module with additional	1.0	1.0	1.0
	Storage/Module with additional	1.0	1.0	1.0
	Storage/Module with additional	1.0	1.0	1.0
WPC	WPC	0.0	1.0	0.0
	WPC with additional	0.0	1.0	0.0
	WPC with additional	0.0	1.0	0.0
Storage/Module	Storage/Module	0.0	0.0	0.0
	Storage/Module with additional	1.0	1.0	1.0
	Storage/Module with additional	1.0	1.0	1.0
	Storage/Module with additional	1.0	1.0	1.0
	Storage/Module with additional	1.0	1.0	1.0



**We know:**

1. How much our target customers are willing to pay for our products.
2. How to configure the product to maximize their willingness to pay.
3. The preference share for our products.

# No longer offering something for everyone

Platform/Concept	Geographic location/Price segment/ <u>Minimum size</u>							
	Big cities & city centers				Smaller cities & suburbs			
	Value (Low)	Core (Medium)	Premium (High)	Exclusive (Highest)	Value (Low)	Core (Medium)	Premium (High)	Exclusive (Highest)
Uniqhus					Chosen	Chosen	Chosen	Rejected
<u>One platform for Single</u>					Chosen	Chosen	Chosen	Rejected
<u>One platform for Multi</u>	Rejected	Chosen	Chosen	Rejected	Rejected	Chosen	Chosen	Rejected
BoKlok					Chosen	Rejected	Rejected	Rejected

Chosen concepts ■  
 Rejected concepts ■

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## Filmstaden, Stockholm

Core concept in suburb, Multi

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## BoKlok, Value concept



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## Fewer cities in focus: from 15 to 11

Where do enough people, with the ability and willingness to pay, want to live?

- Total population
- Net population over 20 years of age
- Income (individual and household)
- Net Asset
- Average price Multi and Single
- Total Net Migration
- Migration within the same municipality
- Business migration
- Investments in infrastructure

The result presented in **high potential, potential and no potential** municipalities

## Landbank

- With this in place – we will act on our current landbank
  - Sell in geographies we are not interested
  - Sell/Swap in geographies where we want to be – if the land doesn't fit the concepts we will launch

## One common way of working

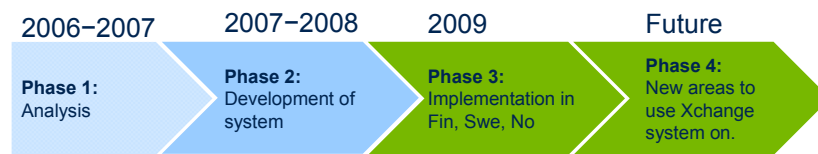
- World class customer service process
- Approval and ORA process based on Heat Maps
- Skanska Xchange

## What is Skanska Xchange?



## Skanska Xchange: The objective

- Nordic platform-based system
- Industrialization and standardization
- Best existing Nordic practice



15% lower production cost

## Skanska Xchange is not

- New factories
- Large scale experiments
- Rigid concepts or extreme design
- A new trademark



## RDN strategy in summary

<u>Skanska RD</u>	<u>Cornerstones</u>	<u>Skanska fit</u>
Consumer Driven	<ul style="list-style-type: none"><li>• We serve chosen customers</li><li>• We are specialized and dedicated</li></ul>	<ul style="list-style-type: none"><li>• Yes – with the new organization in place</li></ul>
Economies of scale <ul style="list-style-type: none"><li>• Big volumes</li><li>• Few offerings/concepts</li><li>• Few geographies</li><li>• Recurrence</li></ul>	<ul style="list-style-type: none"><li>• We do volumes</li><li>• We focus on large areas creating locations</li><li>• We believe in scalability</li></ul>	Yes!