

Quarterly report

JANUARY – SEPTEMBER 2017



Higher net sales with improved margin

July – September 2017

- Operative net sales SEK 11,564 million (11,221)
- Operative operating profit SEK 704 million (622)
- Operative operating margin 6.1 percent (5.5)
- Pre-tax profit SEK 697 million (627)
- Earnings per share SEK 1.96 (1.79)
- Orders received SEK 9,917 million (9,027)
- Cash flow before financing SEK 104 million (-289)

January – September 2017

- Operative net sales SEK 35,473 million (32,694)
- Operative operating profit SEK 1,651 million (1,434)
- Operative operating margin 4.7 percent (4.4)
- Pre-tax profit SEK 1,631 million (1,382)
- Earnings per share SEK 4.70 (3.95)
- Orders received SEK 33,187 million (31,078)
- Order backlog SEK 38,445 million (34,248)
- Cash flow before financing SEK 787 million (627)
- Net debt SEK 2,347 million (3,624)
- Equity/assets ratio 30.3 percent (28.2)

Comments from the CEO

Peab's positive development has continued into the third quarter. Profit rose in every business area in the period but the improvement was particularly notable in Industry and Project Development. The continued high level of orders together with a strong financial position create stable conditions for the future.

MARKET CONDITIONS

The Swedish construction market is expected to even off on a high level in 2017, driven by strong domestic demand and favorable conditions for the Swedish export industry. Housing construction is expected to remain strong throughout the year despite signs of slowing down in some markets. In 2018 housing construction is expected to taper off as interest rates rise and some austerity measures may be introduced. Development in the construction market in Norway is expected to be stable in 2017 with positive forecasts for the coming years. Growth is also expected to continue in Finland in 2017 and 2018, fueled by rising housing construction. Market conditions in civil engineering in Sweden and Norway are expected to continue well.

ORDER SITUATION

The level of orders received continues to be high in the third quarter which led to SEK 33.2 billion (31.1) in orders received for the first nine months. The level of orders received has grown in every business area. Volumes in our own developed housing projects remain on a high level and are well spread geographically in Sweden, Norway as well as Finland. Order backlog amounted to SEK 38.4 billion (34.2).

BUSINESS AREA DEVELOPMENT

Net sales in business area Construction increased in January-September compared to the same period last year with higher operating profit. Net sales in business area Civil Engineering increased with an unchanged operating profit. Business area Industry showed an increase in net sales and a better operating profit and the same was true for business area Project Development. The operating margin in Housing Development continued to improve and both production starts and sales were higher than in the same period last year.

GROUP DEVELOPMENT

Operative net sales during the nine month period were SEK 35,473 million (32,694), which was an increase by nine percent. Operative operating profit improved to SEK 1,651 million (1,434) and the operative operating margin improved to 4.7 percent (4.4). Profitability in Construction and Civil Engineering is on a stable level. This is a result of our decision to choose projects with a lower risk profile, greater diversification and focus on profitability over volume. Then there is the added value the contract projects generate in other sections of the Group. Cash flow before financing amounted to SEK 787 million (627). Net debt was SEK 2,347 million (3,624).

OUTLOOK FOR THE FUTURE

The outlook is positive for Peab with a solid order backlog, a good project mix, a well-dimensioned development rights portfolio, continued positive market prospects and a strong financial position. At the same time there are a number of challenges to deal with such as capacity limitations in the form of resource shortages, primarily in big city regions, increases in costs for subcontractors and rising land prices.



Peab develops and builds homes throughout Sweden as well as in Norway and Finland. There is a big demand for new housing in most parts of the countries. In some areas there is a large supply of newly produced, more expensive homes that currently take longer to sell than previously. This is primarily in some parts of the Stockholm region. However, the sales rate for our apartments in Stockholm's suburbs with a more normal price range is still good.

There is still a strong need for extensive construction in Peab's markets, not only in housing but in all other building construction and civil engineering in Sweden, Norway and Finland.

Our four complementary and cooperating business areas create opportunities throughout the entire value chain in a construction project. This provides us with a unique capacity to deliver comprehensive solutions to our customers. Thanks to this business model in combination with our skilled employees and strong financial position I feel confident about Peab's future.

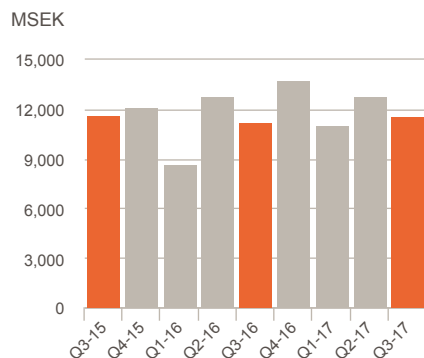
We continue to work on our ambition to be the best company in the industry. We have established three target areas to achieve this:

- Most satisfied customers in the industry
- Best workplace in the industry
- Most profitable company in the industry

Jesper Göransson
CEO and President

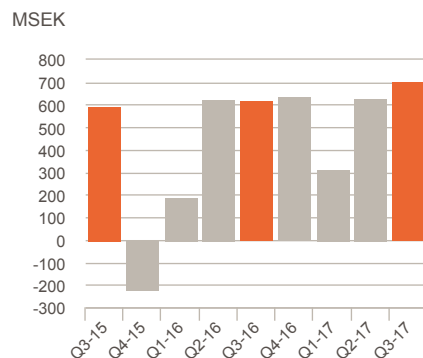
Quarterly report January – September 2017

Operative net sales



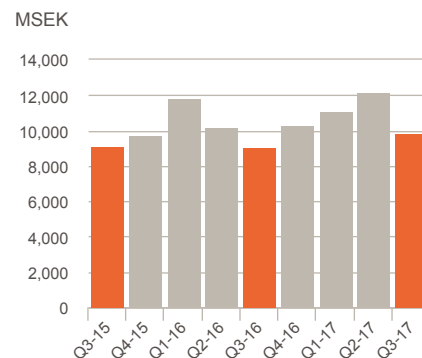
Group operative net sales for January-September 2017 amounted to SEK 35,473 million (32,694), which was an increase of nine percent. After adjustments for acquired and divested units net sales increased by eight percent compared to the same period last year.

Operative operating profit



Operative operating profit for January-September 2017 amounted to SEK 1,651 million compared to SEK 1,434 million for the same period last year.

Orders received



Orders received for January-September 2017 amounted to SEK 33,187 million compared to SEK 31,078 million for the same period last year. Order backlog amounted to SEK 38,445 million compared to SEK 33,572 million at the end of last year.

Group

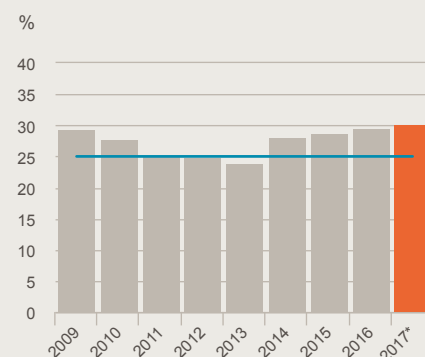
MSEK	Jul-Sep 2017	Jul-Sep 2016	Jan-Sep 2017	Jan-Sep 2016	Oct-Sep 2016/2017	Jan-Dec 2016
Operative net sales ¹⁾	11,564	11,221	35,473	32,694	49,268	46,489
Net sales	11,530	11,356	35,534	32,458	49,413	46,337
Operative operating profit ¹⁾	704	622	1,651	1,434	2,292	2,075
Operative operating margin, % ¹⁾	6.1	5.5	4.7	4.4	4.7	4.5
Operating profit	706	640	1,663	1,425	2,336	2,098
Operating margin, %	6.1	5.6	4.7	4.4	4.7	4.5
Pre-tax profit	697	627	1,631	1,382	2,299	2,050
Profit for the period	579	529	1,386	1,166	1,947	1,727
Earnings per share, SEK	1.96	1.79	4.70	3.95	6.60	5.85
Return on equity, %	20.5 ²⁾	12.5 ²⁾	20.5 ²⁾	12.5 ²⁾	20.5	20.1
Net debt	2,347	3,624	2,347	3,624	2,347	1,862
Equity/assets ratio, %	30.3	28.2	30.3	28.2	30.3	29.7
Number of employees	14,606	14,140	14,606	14,140	14,606	13,869

¹⁾ Operative net sales and operative operating profit are reported according to the percentage of completion method corresponding to segment reporting. Net sales and operating profit are reported according to legal accounting.

²⁾ Calculated on rolling 12 months.

Financial goals

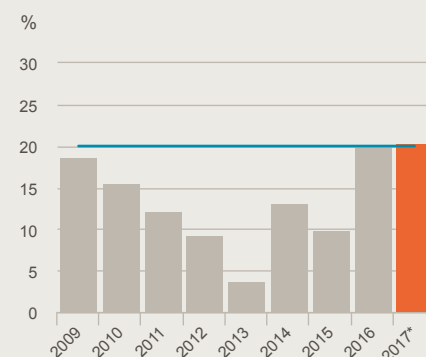
Equity/assets ratio



* As of September 30 2017
Goal > 25%

The goal for the equity/assets ratio is at least 25 percent. On 30 September 2017 the equity/assets ratio was 30.3 percent compared to 29.7 percent at the end of last year.

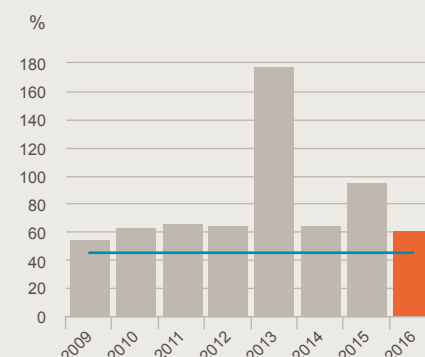
Return on equity



* Rolling 12 months as of September 30 2017
Goal > 20%

The goal for return on equity is at least 20 percent. The return on equity calculated on a rolling 12 month period was 20.5 percent (12.5). For full year 2016 the return on equity amounted to 20.1 percent.

Dividends



Goal > 50%

The goal for dividends is at least 50 percent of profit after tax. Dividend for 2016 of SEK 3.60 (2.60) per share corresponds to 61 percent (96) of profit for the year.

Net sales and profit ¹⁾

July – September 2017

Group operative net sales for the third quarter 2017 increased by three percent and amounted to SEK 11,564 million (11,221). Adjustments in housing reporting affected net sales by SEK -34 million (135). Group net sales for the third quarter 2017 increased to SEK 11,530 million (11,356).

Net sales in business area Construction increased by four percent and in business area Civil Engineering net sales increased by six percent. Business area Industry showed slightly lower net sales compared to the corresponding quarter the previous year. In business area Project Development net sales increased by 25 percent, attributable to Housing Development.

Of the quarter's net sales SEK 2,408 million (2,068) were generated by sales and production outside Sweden.

Operative operating profit for the third quarter 2017 amounted to SEK 704 million (622) and the operative operating margin improved to 6.1 percent (5.5). The margin in business area Construction was 2.1 percent (2.3) and in business area Civil Engineering the margin was 3.2 percent (3.5). Business area Industry showed an improved margin of 10.0 percent (9.7). Business area Project Development had a higher operating profit in the third quarter and the operating margin improved to 8.7 percent (6.2).

Operating profit for the third quarter 2017 was SEK 706 million (640) and the operating margin improved to 6.1 percent (5.6).

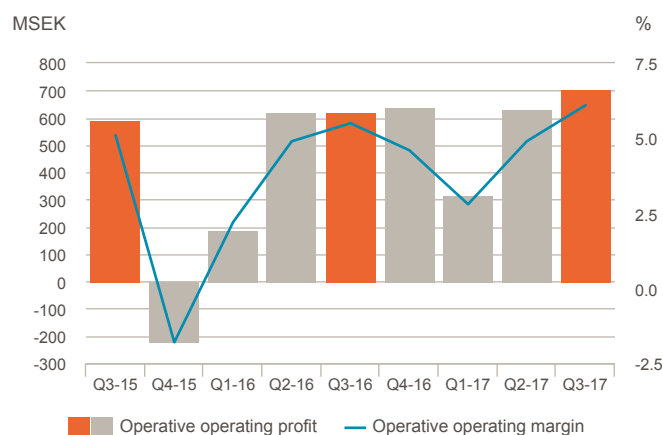
Depreciation and write-downs for the third quarter were SEK -261 million (-192).

Net financial items amounted to SEK -9 million (-13) of which net interest improved to SEK -13 million (-20).

Pre-tax profit was SEK 697 million (627).

Profit for the third quarter improved to SEK 579 million (529).

Operative operating profit and operative operating margin, per quarter



January – September 2017

Group operative net sales for the period January-September 2017 amounted to SEK 35,473 million (32,694), which was an increase of nine percent. After adjustments for acquired and divested units net sales increased by eight percent. Adjustments in housing reporting affected net sales by SEK 61 million (-236). Group net sales for the period January-September 2017 increased to SEK 35,534 million (32,458).

Net sales have increased in every business area largely due to the favorable construction and civil engineering market. Net sales grew by eleven percent in business area Construction and has increased in all the business area's regions. Net sales increased by eight percent in business area Civil Engineering generated by greater activity in Local market and Infrastructure. Business area Industry showed an increase in net sales of four percent, with increases in all product areas except Transport and Machine, which had unchanged sales. Net sales in business area Project Development were also higher, with an increase in Housing Development by 30 percent while Property Development had lower net sales. During the first quarter Property Development divested a number of assets in Arenastaden and Ulriksdal in Solna to Faberge, which affected net sales by SEK 577 million. During the second quarter 2016 partial sales of property in Hyllie, Malmö were carried out, worth SEK 777 million.

Of the period's net sales SEK 6,712 million (5,456) were attributable to sales and production outside Sweden.

Operative operating profit for the period January-September 2017 amounted to SEK 1,651 million (1,434) and the operative operating margin improved to 4.7 percent (4.4). The operative operating margin for the latest rolling 12 month period was also 4.7 percent compared to 4.5 percent for the entire year 2016.

The margin in business area Construction was 2.2 percent compared to 2.3 percent for the same period last year. The margin in business area Civil Engineering was 3.0 percent (3.2). Business area Industry showed a higher margin of 6.2 percent (6.0). Operating profit in business area Project Development improved during the period, both in Housing Development and Property Development. The margin in Housing Development improved to 8.7 percent (7.4). The result in Property Development included capital gains of SEK 75 million from the divestiture in the first quarter of joint venture companies with development properties in Skåne. The transactions regarding Arenastaden and Ulriksdal, which were carried out during the first quarter had no net effect on the result since the divestitures in Ulriksdal had a positive effect on operating profit by SEK 180 million and the sales of assets in Arenastaden had a negative effect of SEK 180 million. The second quarter 2016 included an effect on operating profit of SEK 104 million from the partial sales of property in Hyllie.

Eliminations and reversal of internal profit in our own projects has affected the result net by SEK -18 million (-25). Elimination is reversed in connection with the external divestment of a project. Adjustments in housing reporting affected operating profit by SEK 12 million (-9). Operating profit for the period January-September 2017 was SEK 1,663 million (1,425) and the operating margin amounted to 4.7 percent (4.4).

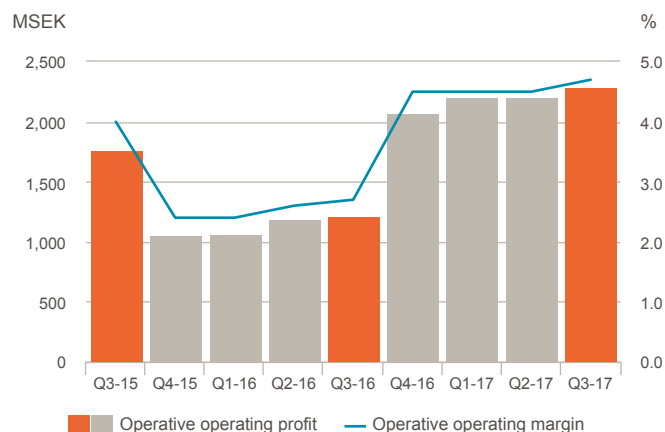
Depreciation and write-downs for the period were SEK -700 million (-630).

Net financial items amounted to SEK -32 million (-43) of which net interest improved to SEK -44 million (-60). Net financial items include dividends from Lemminkäinen Oyj of SEK 13 million (-).

Pre-tax profit was SEK 1,631 million (1,382).

Profit for the period improved to SEK 1,386 million (1,166).

Operative operating profit and operative operating margin, rolling 12 months



SEASONAL VARIATIONS

Group operations, particularly in Industry and Civil Engineering, are affected by fluctuations that come with the cold weather during the winter half of the year. Normally the first quarter is weaker than the rest of the year.

1) Peab applies IFRIC 15, Agreements for the Construction of Real Estate, in legal reporting. IAS 18, Revenue, is applied on Peab's housing projects in Finland and Norway as well as Peab's own single homes in Sweden. Revenue from these projects is first recognized when the home is handed over to the buyer. Segment reporting is based on the percentage of completion method for all our projects since this mirrors how executive management and the Board monitor the business. There is a bridge in segment reporting between operative reporting according to the percentage of completion method and legal reporting. Operative net sales and operative operating profit are reported according to the percentage of completion method. Net sales and operating profit refer to legal reporting.

Financial position and cash flow

RECLASSIFICATION OF PROPERTY

After a revision of Peab's property portfolio it was decided that some property previously reported as project and development property, i.e. inventory properties, will instead be classified as operations property or investment property, in the case where there is no plan to divest the property and it is expected to remain in the Group for the foreseeable future. For this reason, as of 1 January 2017 properties for a total recorded value of SEK 619 million have been reclassified as operations property and properties for a total value of SEK 629 million have been reclassified as investment property. The reclassification of these properties is forward-looking and therefore no comparable figures have been recalculated.

FINANCIAL POSITION

The equity/assets ratio on 30 September 2017 was 30.3 percent compared to 29.7 percent at year-end. Interest-bearing net debt amounted to SEK 2,347 million compared to SEK 1,862 million at the end of 2016. Net debt has been affected by paid dividends in the second quarter, as well as increased investments in project and development property and machines. The average interest rate in the loan portfolio, including derivatives, was 2.3 percent (2.3) on 30 September 2017.

Group liquid funds, including unutilized credit facilities, were SEK 3,870 million at the end of the period compared to SEK 6,062 million on 31 December 2016.

At the end of the period Group contingent liabilities, excluding joint and several liabilities in trading and limited partnerships, amounted to SEK 9,125 million (5,689). SEK 6,764 million (3,261) of contingent liabilities was surety given for credit lines for tenant-owned apartments under production.

In September 2017 Peab decided to divest all 2,458,447 shares in Lemminkäinen Oyj. Therefore per 30 September 2017 the shareholding of SEK 585 million is recognized on the balance sheet as an asset available-for-sale.

INVESTMENTS AND DIVESTMENTS

During the third quarter SEK 397 million (510) was net invested in tangible and intangible fixed assets. During the period January-September 2017 SEK 1,221 million (1,161) was net invested in tangible and intangible fixed assets. Like last year most investments refer to investments in machines and acquisitions in business areas Industry and Civil Engineering.

Net investments in project and development properties, which are recognized as inventory items, totaled SEK 417 million (425) during the third quarter. Net investments in project and development properties totaled SEK 790 million (415) during the period January-September 2017. During the first quarter property in Ulriksdal, Solna was divested. The partial sales of property in Hyllie was carried out in the second quarter 2016.

CASH FLOW

July – September 2017

Cash flow from current operations during the third quarter improved and amounted to SEK 654 million (-21). The increased cash flow is explained by a reduced capital tied up in working capital.

Cash flow from investment activities was SEK -550 million (-268) and referred primarily to investments in machines, acquisitions and loans to partially owned companies.

Cash flow before financing during the third quarter amounted to SEK 104 million (-289).

Cash flow from financing operations during the third quarter amounted to SEK -95 million (373).

January – September 2017

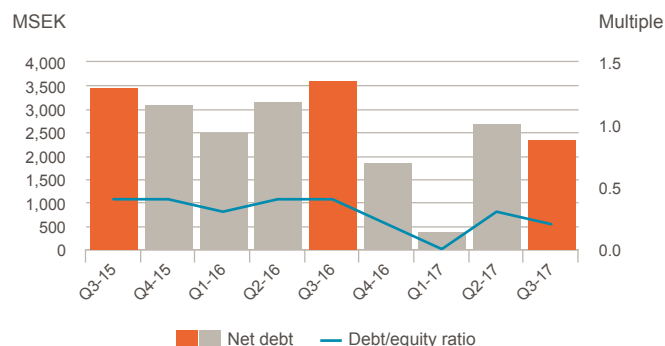
Cash flow from current operations improved and amounted to SEK 1,637 million (1,321), of which paid tax was SEK -566 million (-52). The increase in cash flow is primarily due to less capital tied up in working capital.

Cash flow from investment activities was SEK -850 million (-694), of which most was investments in machines. Sales of fixed assets for the amount of SEK 630 million (496), which primarily consisted of amortization of loans from partially owned companies as well as the divestiture of joint ventures, was included in cash flow from investment activities.

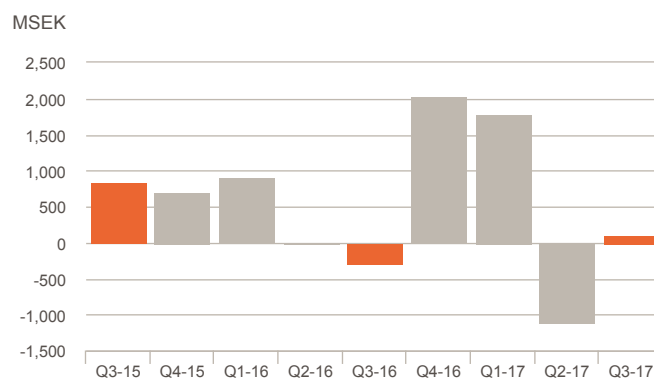
Cash flow before financing amounted to SEK 787 million compared to SEK 627 million for the same period last year. During the first quarter the transactions carried out regarding Arenastaden, Solna had a positive effect of around SEK 835 million. The comparable period included partial sales in Hyllie of SEK 508 million.

Cash flow from financing operations amounted to SEK -1,573 million (-1,297) of which SEK 1,062 million (767) consisted of paid dividends.

Net debt and debt/equity ratio



Cash flow before financing



Order situation

July – September 2017

Orders received for the third quarter 2017 amounted to SEK 9,917 million compared to SEK 9,027 million for the same quarter last year. The level of orders received has risen in business area Construction and Civil Engineering but contracted in Project Development. No orders received or order backlog is given for the business area Industry.

The construction and civil engineering projects in the orders received in the third quarter 2017 are well spread geographically.

January – September 2017

Orders received for the period January-September 2017 amounted to SEK 33,187 million compared to SEK 31,078 million for the same period last year. The level of orders received has risen in all business areas.

There is still a large portion of housing projects spread well geographically in orders received in the period January-September 2017. Two major road projects, worth around SEK 1 billion each, were included in the comparable period in business area Civil Engineering.

Order backlog yet to be produced at the end of the period increased to SEK 38,445 million compared to SEK 34,248 million at the end of the same period last year. Of the total order backlog, 76 percent (75) is expected to be produced after 2017 (2016). Swedish operations accounted for 84 percent (83) of the order backlog.

Orders received

MSEK	Jul-Sep 2017	Jul-Sep 2016	Jan-Sep 2017	Jan-Sep 2016	Oct-Sep 2016/2017	Jan-Dec 2016
Construction	7,110	5,924	21,505	20,800	28,588	27,883
Civil Engineering	3,047	2,750	10,798	10,441	12,446	12,089
Project Development	965	1,573	5,555	4,584	9,216	8,245
Eliminations	-1,205	-1,220	-4,671	-4,747	-6,696	-6,772
Group	9,917	9,027	33,187	31,078	43,554	41,445

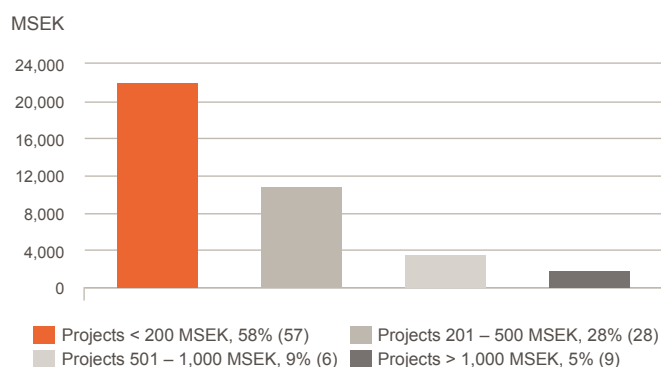
Order backlog

MSEK	30 Sep 2017	30 Sep 2016	31 Dec 2016
Construction	26,699	24,079	24,160
Civil Engineering	11,253	10,304	8,679
Project Development	7,478	5,324	6,853
Eliminations	-6,985	-5,459	-6,120
Group	38,445	34,248	33,572

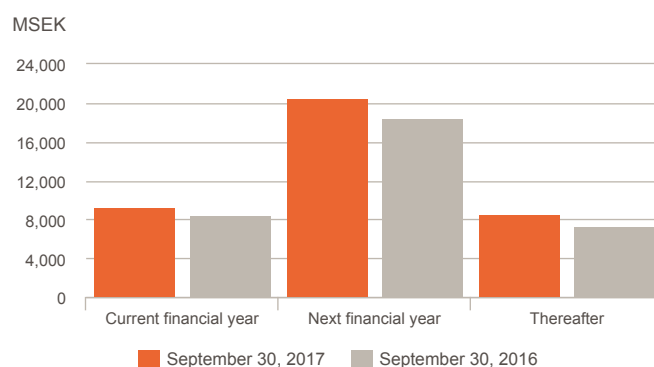
Several major projects and contracts came in during the third quarter, among them:

- Construction of a new arts center in Kiruna. The customer is the Kiruna municipality and the contract is worth SEK 316 million.
- Construction of an office building in Västra Hamnen in Malmö. The customer and general contractor is Midroc Projects AB and the contract is worth SEK 109 million.
- Construction of 68 apartments along Norrvikens Kust, Båstad. The customer is Westswedenestate AB and the contract is worth SEK 174 million.
- Construction of the new Hadsel upper secondary and vocational school in Stokmarknes, Vesterålen in Northern Norway. The developer is Nordland County Council and the contract is worth NOK 119 million.
- Commission to build Hitra 2, a wind farm on Hitra Island in Trøndelag, Norway. The developer is Fosen Vind and the contract is worth NOK 170 million.
- Construction of the second office building Ultimes Business Garden II in Sockenbacka business park in Helsinki. The office building is a seven story high with about 7,900 m2 office space for rent and 150 parking spaces. Peab is investing EUR 30 million in the office building, of which our own construction contract is EUR 21 million. The construction contract is included in orders received in business area Construction in the third quarter 2017 and eliminated at Group level.

Project allocation of order backlog, 30 Sep 2017



Order backlog allocated over time



Overview business areas

The Peab Group is presented in four different business areas: Construction, Civil Engineering, Industry and Project Development. The business areas are also operating segments.

RECOGNITION OF INTERNAL PROJECTS BETWEEN BUSINESS AREAS CONSTRUCTION AND PROJECT DEVELOPMENT

The net sales and result in business area Construction presented refer to the contract construction in our own housing projects, in rental projects and other projects for business area Project Development. The percentage of completion method is used in the reporting. Net sales for both contract construction and the developer part of our own housing projects are reported in business area Project Development. The booked result consists of the result in the developer part using the percentage of completion method.

PRESENTATION OF PROPERTY PROJECTS ON OUR OWN BALANCE SHEET

The underlying sales value of property projects on our own balance sheet, reported as project and development property, that are sold in the form of a company via shares is recognized as net sales and the booked value on the balance sheet is recognized as an expense. When property projects reported as operations property or investment property are divested the net effect on the result is recognized as other operating income or other operating cost.

GROUP FUNCTIONS

In addition to the business areas, central companies, certain subsidiaries and other holdings are presented as Group functions. The central companies primarily consist of the parent company Peab AB, Peab Finans and Peab Support (Shared Service Center).

Net sales and operating profit per business area

	Net sales						Operating profit					
	Jul-Sep 2017	Jul-Sep 2016	Jan-Sep 2017	Jan-Sep 2016	Oct-Sep 2016/2017	Jan-Dec 2016	Jul-Sep 2017	Jul-Sep 2016	Jan-Sep 2017	Jan-Sep 2016	Oct-Sep 2016/2017	Jan-Dec 2016
MSEK												
Construction	5,721	5,510	19,095	17,129	26,087	24,121	121	127	422	395	569	542
Civil Engineering	2,819	2,654	8,038	7,448	11,330	10,740	89	93	238	235	358	355
Industry	3,420	3,449	9,077	8,699	12,539	12,161	342	336	565	526	792	753
Project Development	1,895	1,510	6,120	5,254	8,505	7,639	164	93	544	365	801	622
– of which Property Development	131	130	896	1,237	1,044	1,385	-3	-37	92	69	112	89
– of which Housing Development	1,764	1,380	5,224	4,017	7,461	6,254	167	130	452	296	689	533
Group functions	242	226	731	655	973	897	-4	-6	-100	-62	-160	-122
Eliminations	-2,533	-2,128	-7,588	-6,491	-10,166	-9,069	-8	-21	-18	-25	-68	-75
Operative ¹⁾	11,564	11,221	35,473	32,694	49,268	46,489	704	622	1,651	1,434	2,292	2,075
Adjustment for housing reporting ²⁾	-34	135	61	-236	145	-152	2	18	12	-9	44	23
Legal	11,530	11,356	35,534	32,458	49,413	46,337	706	640	1,663	1,425	2,336	2,098

	Operating margin					
	Jul-Sep 2017	Jul-Sep 2016	Jan-Sep 2017	Jan-Sep 2016	Oct-Sep 2016/2017	Jan-Dec 2016
%						
Construction	2.1	2.3	2.2	2.3	2.2	2.2
Civil Engineering	3.2	3.5	3.0	3.2	3.2	3.3
Industry	10.0	9.7	6.2	6.0	6.3	6.2
Project Development	8.7	6.2	8.9	6.9	9.4	8.1
– of which Property Development	-2.3	-28.5	10.3	5.6	10.7	6.4
– of which Housing Development	9.5	9.4	8.7	7.4	9.2	8.5
Group functions						
Eliminations						
Operative ¹⁾	6.1	5.5	4.7	4.4	4.7	4.5
Adjustment for housing reporting ²⁾						
Legal	6.1	5.6	4.7	4.4	4.7	4.5

¹⁾ According to the percentage of completion method (IAS 11)

²⁾ Adjustment in accounting principle for own single homes in Sweden as well as housing in Finland and Norway according to the completed contract method (IAS 18)

Business area Construction

With local roots close to customers business area Construction performs contract work for both external and internal customers. Construction projects include everything from new production of housing, public and commercial premises to renovations and extensions as well as construction maintenance.

Operations in business area Construction are run via some 150 local offices around the Nordic area, organized in eleven regions in Sweden, two in Norway and two in Finland. There are three specialized housing production regions in Stockholm, Gothenburg and the Öresund region. Construction maintenance operations are run in a nationwide region primarily focused on the big city areas. Other regions are responsible for all types of construction projects in their geographic area.

NET SALES AND PROFIT

July – September 2017

Net sales for the third quarter 2017 increased by four percent and amounted to SEK 5,721 million (5,510). The portion represented by housing production continues to grow.

Operating profit for the third quarter amounted to SEK 121 million (127) and the operating margin was 2.1 percent (2.3).

January – September 2017

Net sales for the period January-September 2017 increased by eleven percent and amounted to SEK 19,095 million (17,129). The increase is spread over all regions. The portion represented by housing production continues to grow.

Operating profit for the period January-September amounted to SEK 422 million (395) and the operating margin was 2.2 percent (2.3). The operating margin for the latest 12 month rolling period was unchanged at 2.2 percent compared to the entire year of 2016.

ORDERS RECEIVED AND ORDER BACKLOG

July – September 2017

Orders received increased by 20 percent during the third quarter compared to same quarter last year and amounted to SEK 7,110 million (5,924). Orders received were well diversified in terms of products and geography.

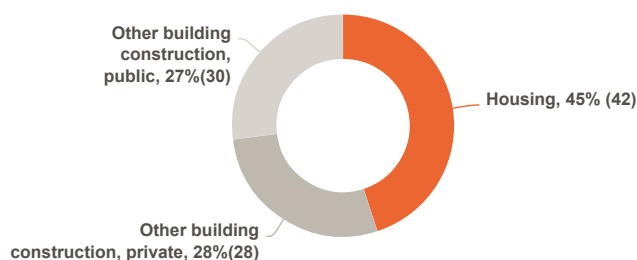
January – September 2017

Orders received increased during the period January-September compared to same period last year and amounted to SEK 21,505 million (20,800). Orders received were well diversified in terms of products and geography although housing is still a large portion.

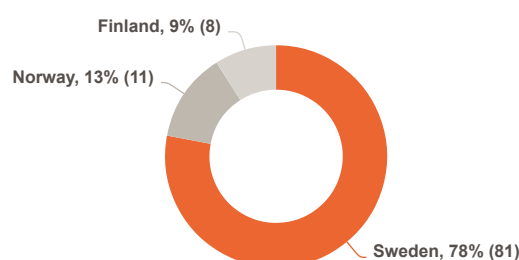
Order backlog 30 September 2017 increased to SEK 26,699 million compared with SEK 24,079 million at the end of September 2016.

Net sales

per product area, rolling 12 months



per geographic market, rolling 12 months



Project allocation of order backlog, 30 Sep 2017



Key ratios

	Jul-Sep 2017	Jul-Sep 2016	Jan-Sep 2017	Jan-Sep 2016	Oct-Sep 2016/2017	Jan-Dec 2016
Net sales, MSEK	5,721	5,510	19,095	17,129	26,087	24,121
Operating profit, MSEK	121	127	422	395	569	542
Operating margin, %	2.1	2.3	2.2	2.3	2.2	2.2
Orders received, MSEK	7,110	5,924	21,505	20,800	28,588	27,883
Order backlog, MSEK	26,699	24,079	26,699	24,079	26,699	24,160
Number of employees	6,706	6,522	6,706	6,522	6,706	6,600

Business area Civil Engineering

Business area Civil Engineering is a leading civil engineering supplier in Sweden with operations in Norway and Finland as well. The business area builds and maintains roads, railroads, bridges and other infrastructure. Peab's civil engineering operations are primarily directed at the local market and are organized in geographic regions and specialized product areas. As of 1 January 2017 Foundation Work has been moved to Civil Engineering from business area Industry.

Local market works with landscaping and pipelines, foundation work and builds different kinds of facilities.

Infrastructure and heavy construction builds roads, railroads, bridges, tunnels and ports. It also builds heavier facilities for industry and the public sector.

Operation and maintenance provides just that for national and municipal highway and street networks as well as care of parks and outdoor property. It also operates sewage and water supply networks.

NET SALES AND PROFIT

July – September 2017

Net sales for the third quarter 2017 amounted to SEK 2,819 million (2,654) which was an increase of six percent. The increase during the third quarter stems from product areas Local market and Operation and maintenance.

Operating profit for the third quarter 2017 amounted to SEK 89 million (93) and the operating margin amounted to 3.2 percent (3.5).

January- September 2017

Net sales for the period January-September 2017 amounted to SEK 8,038 million (7,448) which was an increase of eight percent. After adjustments for acquired units net sales increased by seven percent. The increase during the period stems from all product areas but above all from Infrastructure.

Operating profit for the period January-September 2017 amounted to SEK 238 million (235) and the operating margin was 3.0 percent (3.2). The operating margin for the latest 12 month rolling period was 3.2 percent compared to 3.3 percent for the entire year of 2016.

ORDERS RECEIVED AND ORDER BACKLOG

July – September 2017

Orders received increased by eleven percent during the third quarter 2017 and amounted to SEK 3,047 million (2,750).

January- September 2017

Orders received during the period January-September 2017 amounted to SEK 10,798 million (10,441). Two major road projects worth SEK 1 billion each were included in the corresponding period last year.

Order backlog on 30 September 2017 amounted to SEK 11,253 million (10,304).

Key ratios

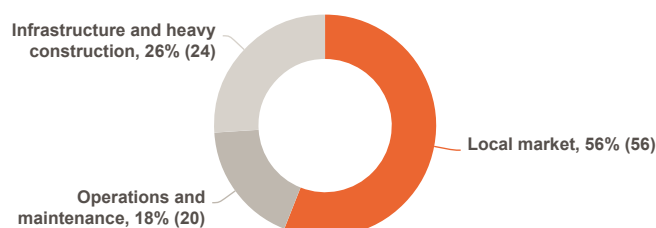
	Jul-Sep 2017	Jul-Sep 2016	Jan-Sep 2017	Jan-Sep 2016	Oct-Sep 2016/2017	Jan-Dec 2016
Net sales, MSEK	2,819	2,654	8,038	7,448	11,330	10,740
Operating profit, MSEK	89	93	238	235	358	355
Operating margin, %	3.2	3.5	3.0	3.2	3.2	3.3
Orders received, MSEK	3,047	2,750	10,798	10,441	12,446	12,089
Order backlog, MSEK	11,253	10,304	11,253	10,304	11,253	8,679
Number of employees	3,367	3,257	3,367	3,257	3,367	3,080

ACQUISITIONS

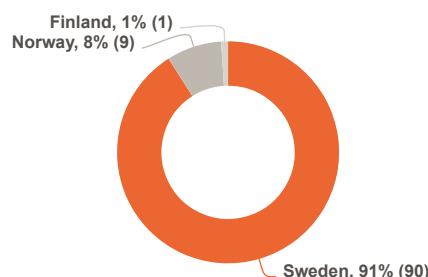
Peab signed a contract during the second quarter for the acquisition of Tranab Markbyggnad AB domiciled in Örebro. The company has civil engineering operations in Mälardalen and Närke. In 2016 net sales in Tranab amounted to SEK 264 million and it had 58 employees. The acquisition required approval by the Swedish Competition Authority and takeover took place in the third quarter 2017.

Net sales

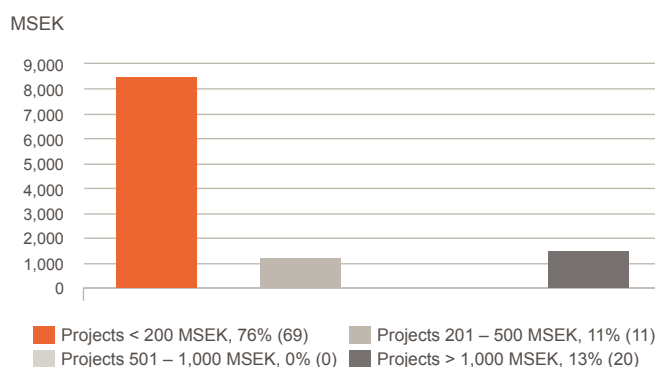
per product area, rolling 12 months



per geographic market, rolling 12 months



Project allocation of order backlog, 30 Sep 2017



Business area Industry

Business area Industry is a complete supplier of products and services needed in order to carry out construction and civil engineering projects sustainably and cost efficiently.

Business area Industry is run in six product areas; Asphalt, Concrete, Gravel and Rock, Transportation and Machines, Rentals and Construction System. As of 1 January 2017 Foundation Work has been moved to Civil Engineering. All of the product areas work on the Nordic construction and civil engineering markets.

NET SALES AND PROFIT

July – September 2017

Net sales for the third quarter 2017 contracted slightly, amounting to SEK 3,420 million (3,449).

Operating profit for the third quarter 2017 amounted to SEK 342 million (336) and the operating margin rose to 10.0 percent (9.7).

January – September 2017

Net sales for the period January-September 2017 increased by four percent and amounted to SEK 9,077 million (8,699). Even after adjustments for acquired units net sales increased by four percent. The increase comes from all the product areas except Transportation and Machines, where net sales were the same as the corresponding period last year.

Operating profit for the period January-September 2017 amounted to SEK 565 million (526). Product areas Gravel and Rock, Rentals and Transport and Machines report a better result in comparison with the corresponding period last year while profit contracted in Construction System. The operating margin rose to 6.2 percent (6.0). The operating margin was 6.3 percent during the latest rolling 12 month period compared to 6.2 percent for the entire year of 2016.

Capital employed in Industry at the end of the period amounted to SEK 5,759 million (5,647).

ACQUISITIONS AND DISPOSAL

Peab has signed a contract to acquire 60 percent of the shares in AB Smidmek Eslöv with the option to acquire the remaining 40 percent. The acquisition complements business area Industry's existing offer in steel and concrete frames. The company had net sales of SEK 249 million and 29 employees during the financial year 2016/2017. Takeover took place in October 2017.

Key ratios

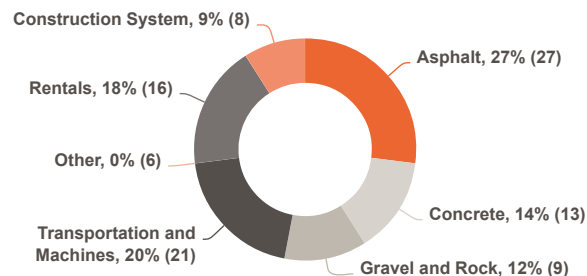
	Jul-Sep 2017	Jul-Sep 2016	Jan-Sep 2017	Jan-Sep 2016	Oct-Sep 2016/2017	Jan-Dec 2016
Net sales, MSEK	3,420	3,449	9,077	8,699	12,539	12,161
Operating profit, MSEK	342	336	565	526	792	753
Operating margin, %	10.0	9.7	6.2	6.0	6.3	6.2
Capital employed at the end of the period, MSEK	5,759	5,647	5,759	5,647	5,759	5,416
Number of employees	3,694	3,564	3,694	3,564	3,694	3,385
Concrete, thousands of m ³ ¹⁾	299	301	890	794	1,197	1,101
Asphalt, thousands of tons ¹⁾	1,052	1,040	1,884	1,918	2,555	2,589
Gravel and Rock, thousands of tons ¹⁾	3,956	3,760	10,457	9,173	14,393	13,109

1) Refers to sold volume

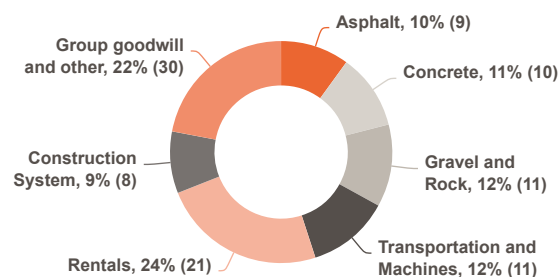
Peab signed a contract with NCC to divest our foundation operations in Norway which are run under the company Nordisk Fundamentering AS. The business had net sales of NOK 252 million and 102 employees during 2016. Takeover took place in October 2017.

Net sales

per product area, rolling 12 months



Capital employed, 30 September 2017



Business area Project Development

Business area Project Development is responsible for the Group's acquisition, development, maintenance and management as well as divestment of housing and commercial property. The ability to understand and predict society's and customers' needs and demands regarding location and design is what makes it successful when it comes to developing attractive and sustainable housing and property.

Project Development takes place in wholly owned projects or in cooperation with other partners through joint ventures. The business area is run in two segments – Housing Development and Property Development.

Housing Development develops all kinds of housing such as apartment buildings in tenancy ownership, ownership and rental form as well as single homes.

Operations in Property Development revolve around the acquisition, development, maintenance and management as well as the divestiture of commercial property.

Peab's primary ambition is to work with development projects on our own balance sheet. Collaboration with other partners via joint ventures may take place from time to time during a project. The goal is to create capital efficient developments with partners that bolster business and profit generation.

NET SALES AND PROFIT

July – September 2017

Operative net sales for the third quarter 2017 in business area Project Development amounted to SEK 1,895 million (1,510). Operative operating profit amounted to SEK 164 million (93).

January – September 2017

Operative net sales for the period January-September 2017 in business area Project Development amounted to SEK 6,120 million (5,254). Operative operating profit increased to SEK 544 million (365).

RECLASSIFICATION OF PROPERTY

After a revision of Peab's property portfolio it was decided that some property previously reported as project and development property, i.e. inventory properties, will instead be classified as operations property or investment property, in the case where there is no plan to divest the property and it is expected to remain in the Group for the foreseeable future. The properties are owned for the purpose of income from rent or appreciation or a combination of both. For this reason, as of 1 January 2017 properties for a total recorded value of SEK 619 million have been reclassified as operations property and properties for a total value of SEK 629 million have been reclassified as investment property.

Capital employed in Project Development at the end of the period amounted to SEK 10,017 million (10,976).

Capital employed

MSEK	30 Sep 2017	30 Sep 2016	31 Dec 2016
Operations property	900	–	–
Investment property	840	–	–
Project and development property	6,528	7,112	7,007
<i>of which housing development rights</i>	5,041	4,404	4,125
<i>of which commercial development rights</i>	625	664	675
<i>of which projects under construction</i>	492	585	736
<i>of which completed projects</i>	190	1,296	1,246
<i>of which other</i>	180	163	225
Participation in joint ventures	933	731	682
Loans to joint ventures	1,457	2,012	1,694
Working capital and other	-641	1,121	898
Total	10,017	10,976	10,281

Key ratios

	Jul-Sep 2017	Jul-Sep 2016	Jan-Sep 2017	Jan-Sep 2016	Oct-Sep 2016/2017	Jan-Dec 2016
Operative net sales ¹⁾ , MSEK	1,895	1,510	6,120	5,254	8,505	7,639
<i>of which Property Development</i>	131	130	896	1,237	1,044	1,385
<i>of which Housing Development ¹⁾</i>	1,764	1,380	5,224	4,017	7,461	6,254
Operative operating profit ¹⁾ , MSEK	164	93	544	365	801	622
<i>of which Property Development</i>	-3	-37	92	69	112	89
<i>of which Housing Development ¹⁾</i>	167	130	452	296	689	533
Operative operating margin ¹⁾ , %	8.7	6.2	8.9	6.9	9.4	8.1
<i>of which Property Development</i>	-2.3	-28.5	10.3	5.6	10.7	6.4
<i>of which Housing Development ¹⁾</i>	9.5	9.4	8.7	7.4	9.2	8.5
Capital employed at the end of the period, MSEK	10,017	10,976	10,017	10,976	10,017	10,281
Orders received, MSEK	965	1,573	5,555	4,584	9,216	8,245
Order backlog, MSEK	7,478	5,324	7,478	5,324	7,478	6,853
Number of employees	351	329	351	329	351	321

1) According to the percentage of completion method (IAS11).

HOUSING DEVELOPMENT

July – September 2017

Continued strong demand on the housing market has had a positive effect on both net sales and operating profit for the third quarter. Operative net sales increased by 28 percent and amounted to SEK 1,764 million (1,380). Operative operating profit increased to SEK 167 million (130) and the operative operating margin improved to 9.5 percent (9.4).

The number of start-ups of our own developed homes during the third quarter amounted to 463 units (483). A large number of production starts are in different cities in Finland. Production starts in Sweden are also spread all over the country. The number of sold homes was 613 (516).

January – September 2017

Continued strong demand on the housing market has had a positive effect on both net sales and operating profit for the period January-September 2017. Operative net sales amounted to SEK 5,224 million (4,017), an increase of 30 percent. Operative operating profit increased to SEK 452 million (296) and the operative operating margin improved to 8.7 percent (7.4). The operative operating margin improved to 9.2 percent during the latest rolling 12 month period compared to 8.5 percent for the entire year of 2016.

The number of start-ups of our own developed homes has increased during the period January-September and amounted to 1,980 units (1,648) with a good geographic spread. The number of sold homes during the period was 1,797 (1,469). The number of own developed homes in production at the end of the period was 5,327 (3,968). The level of sold homes in production was 71 percent compared to 69 percent at year-end 2016. The number of repurchased homes per 30 September 2017 was 50 (49).

Peab develops and builds homes throughout Sweden as well as in Norway and Finland. We have not limited ourselves to just a few regions in Sweden. As a result we know there is a big demand for new housing in most of the country. In some areas there is a large supply of newly produced, more expensive homes that currently take longer to sell than previously. This is primarily in some parts of the Stockholm region. However, the sales rate for our apartments with a more normal price range is still good in, for example, Södertälje, Upplands Väsby and Åkersberga. Sales of homes to private persons in Finland have risen while the sales rate in Norway is more normal.

Development rights for housing

Number, approx.	30 Sep 2017	30 Sep 2016	31 Dec 2016
Development rights on our own balance sheet	19,100	17,800	17,300
Development rights via joint ventures	4,000	4,600	3,900
Development rights via options etc.	7,900	6,100	7,200
Total	31,000	28,500	28,400

Own housing development construction

	Jul-Sep 2017	Jul-Sep 2016	Jan-Sep 2017	Jan-Sep 2016	Oct-Sep 2016/2017	Jan-Dec 2016
Number of housing start-ups during the period	463	483	1,980	1,648	2,983	2,651
Number of sold homes during the period	613	516	1,797	1,469	2,372	2,044
Total number of homes under construction, at the end of the period	5,327	3,968	5,327	3,968	5,327	4,381
Share of sold homes under construction, at the end of the period	71%	77%	71%	77%	71%	69%
Number of repurchased homes in the balance sheet, at the end of the period	50	49	50	49	50	50



TROLLBÄCKSPORTEN
Tyresö

PROPERTY DEVELOPMENT

Net sales and operating profit from operations are derived from acquisitions, development, maintaining and managing wholly owned property, shares in the result from partly owned companies as well as capital gains/losses from the divestiture of completed projects and shares in partly owned companies.

July – September 2017

During the third quarter 2017 net sales were SEK 131 million (130) and operating profit was SEK -3 million (-37). No major property transactions have occurred during the quarter.

Profit from partially owned companies has improved compared to the corresponding quarter last year.

January – September 2017

During the period January-September 2017 net sales were SEK 896 million (1,237) and operating profit was SEK 92 million (69).

Operating profit included capital gains of SEK 75 million from the divestment of Peab's participation in joint venture companies to Catena. Peab and Catena have for a long time collaborated on four development properties in Skåne owned as 50/50 companies, which were divested during the first quarter. In December 2016 Peab and Faberge agreed that Peab would in January 2017 sell a number of assets in Arenastaden and Ulriksdal in Solna. The transactions took place on 12 January 2017 and the divestments in Ulriksdal affected net sales during the first quarter by SEK 577 million. The transactions had no net effect on profit since the divestitures in Ulriksdal had a positive effect of SEK 180 million on profits while the divestitures of the assets in Arenastaden had a negative effect of SEK 180 million. The second quarter 2016 included the partial sales of properties in Hyllie, Malmö with an underlying property value of SEK 777 million which affected operating profit by SEK 104 million.

Profit from partially owned companies has improved compared to the corresponding period last year.

In capital employed in Property Development operations property for a booked value of SEK 900 million are included and consist in part of an office building in Helsinki, Finland and office buildings in a business park in Ängelholm. Investment property amounts to SEK 840 million and consists primarily of a hotel in Västerås under construction, commercial premises in Sigtuna and Märsta as well as a business park in Ljungbyhed.

Peab has decided to invest SEK 453 million in a new office building in Ulriksdal in Solna. The office building will be nine stories tall with around 12,500 m2 office space and is the first of five to be built in Ulriksdal. Peab will gather all its operations in Stockholm in this office building. The office building will be ready to move into in the fourth quarter of 2019.

Peab is investing EUR 30 million in the second office building in Sockenbacka Business Park in Helsinki. Peab completed Ultimes Business Garden I in 2016 and it is fully occupied with several different renters in addition to Peab, which has its headquarters in Finland there. The second office building, Ultimes Business Garden II, is a seven story high office building with about 7,900 m2 office space for rent and 150 parking spaces. Construction has begun and the building will be ready in the beginning of 2019. Peab intends to develop a total of six office buildings in the area over time, comprising some 50,000 m2.

SIGNIFICANT JOINT VENTURES

Peab's significant joint venture companies Fastighets AB Centur, Tornet Bostadsproduktion AB, Fastighets AB ML4 and Point Hyllie Holding AB are developing well and via them Peab has built up considerable indirect holdings in investment property and development property for both commercial and residential purposes. Ongoing returns are in the form of shares in the profit from joint ventures recognized in operating profit and interest income on lending. Changes in market values that effect booked values in joint venture companies are not reported in Peab's profit.

Point Hyllie Holding AB has decided to build The Point, a 29 story office building in city district Hyllie in Malmö. The Point will have 20,000 m2 in office space and the ground floor will contain shops, a lobby and lounge. Construction began in April 2017 and the building will be ready to move into at the end of 2019.

Significant joint ventures

FASTIGHETS AB CENTUR

Own, manage and develop commercial property and housing.

Peab's share: 50 percent

Partner: Balder

Geography: Stockholm, Gothenburg and the Öresund region

Book value on properties 30 Sep 2017 ¹⁾: SEK 4,862 million (4,578)

TORNET BOSTADS-PRODUKTION AB

Build and manage attractive and environmentally friendly rentals in larger cities in Sweden.

Peab's share: 31 percent

Partner: Riksbyggen, Folksam and Balder

Geography: Stockholm, the Mälardalen region, Gothenburg and the Öresund region

Book value on properties 30 Sep 2017 ¹⁾: SEK 2,558 million (2,074)

FASTIGHETS AB ML4

Own and manage the research facility Max IV. The facility is rented to Lund University.

Peab's share: 50 percent

Partner: Wihlborgs

Geography: Lund

Book value on properties 30 Sep 2017: SEK 1,847 million (1,875)

POINT HYLLIE HOLDING AB

Develop, own and manage the office property The Point and own and manage the hotel property Vårdshuset 5.

Peab's share: 50 percent

Partner: Volito

Geography: Hyllie, Malmö
Book value on properties 30 Sep 2017: SEK 785 million (713)

1) Valued at fair value in joint ventures.

The construction market

SWEDEN

The Swedish construction market is expected to even off on a high level in 2017, driven by strong domestic demand and favorable conditions for the Swedish export industry. Housing construction is expected to remain strong throughout the year despite signs of slowing down in some submarkets. In 2018 housing construction is expected to taper off as interest rates rise and some austerity measures may be introduced. The high level of activity in housing construction affects the total volume of building construction investments positively and therefore the total forecast has been adjusted upwards from the previous forecast. Nonetheless, in the next few years capacity limitations in labor and material supplies are expected to have a hampering effect. Sideways development is, however, already anticipated this year in privat and public premise construction. While private premise investments continue to rise the negative trend in public premises is holding back development. Civil engineering investments are expected to rise in 2017 and 2018, driven by investments in electricity networks and roads.

NORWAY

The construction market in Norway is expected to have a stable development in 2017 and the forecast looks positive for the coming years. More favorable conditions for the Norwegian economy are mirrored in brighter forecasts for the total volume of building construction this year where, for instance, in other building construction – notably office and retail premises – the forecast has been adjusted upwards. Despite improved prospects for construction of apartment buildings the expected number of new homes continues to be around zero over the entire forecast period. Driven by political stimulus civil engineering construction is expected to develop strongly in 2017-2018.

FINLAND

Continued growth is also expected in Finland in 2017 and 2018, driven by an increase in housing construction. The number of production starts of both single homes and apartment buildings are expected to develop strongly this year as well as the next two years. The high Finnish growth has led to an upward adjustment in the forecast for the total volume of building construction for the entire forecast period. Volumes in private and public premises are also expected to be higher than last year, driven by office and retail locations. Civil engineering construction is expected to grow slightly this year and level out in 2018.

Housing

	2017	2018	2019
Sweden	↗	↘	↘
Norway	→	→	→
Finland	↗	↗	↗

Forecast for started-up housing investments, new and renovations

Source: Industrifakta

Other building construction

	2017	2018	2019
Sweden	→	→	↘
Norway	↗	→	→
Finland	↗	→	↗

Forecast for started-up other building construction investments, new and renovations (Industry, office/retail etc. and public premises)

Source: Industrifakta

Civil engineering

	2017	2018	2019
Sweden	↗	↗	–
Norway	↗	↑	–
Finland	↗	→	–

Forecast for civil engineering investments

Source: Industrifakta

- Worse forecast compared to the previous quarterly report
- Better forecast compared to the previous quarterly report
- Same forecast compared to the previous quarterly report



Other information

RISKS AND UNCERTAINTY FACTORS

Peab's business is exposed to operational and financial risks. The impact of these risks on Peab's result and position depends on how well the day-to-day business is handled in the company. In addition, Peab faces circumstantial risks such as developments in the economy and altered conditions like changes in laws and regulations and other political decisions.

Handling operational risks is a constant ongoing process since there are always a large number of projects that are beginning, up and running and ending. Operational risks are taken care of in the line organization in each business area. The financial risks are connected to tying up capital and the need for capital, primarily in the form of interest rate risk and refinancing risk. Financial risks are dealt with on Group level.

For further information on risks and uncertainty factors, see the 2016 Annual Report.

HOLDINGS OF OWN SHARES

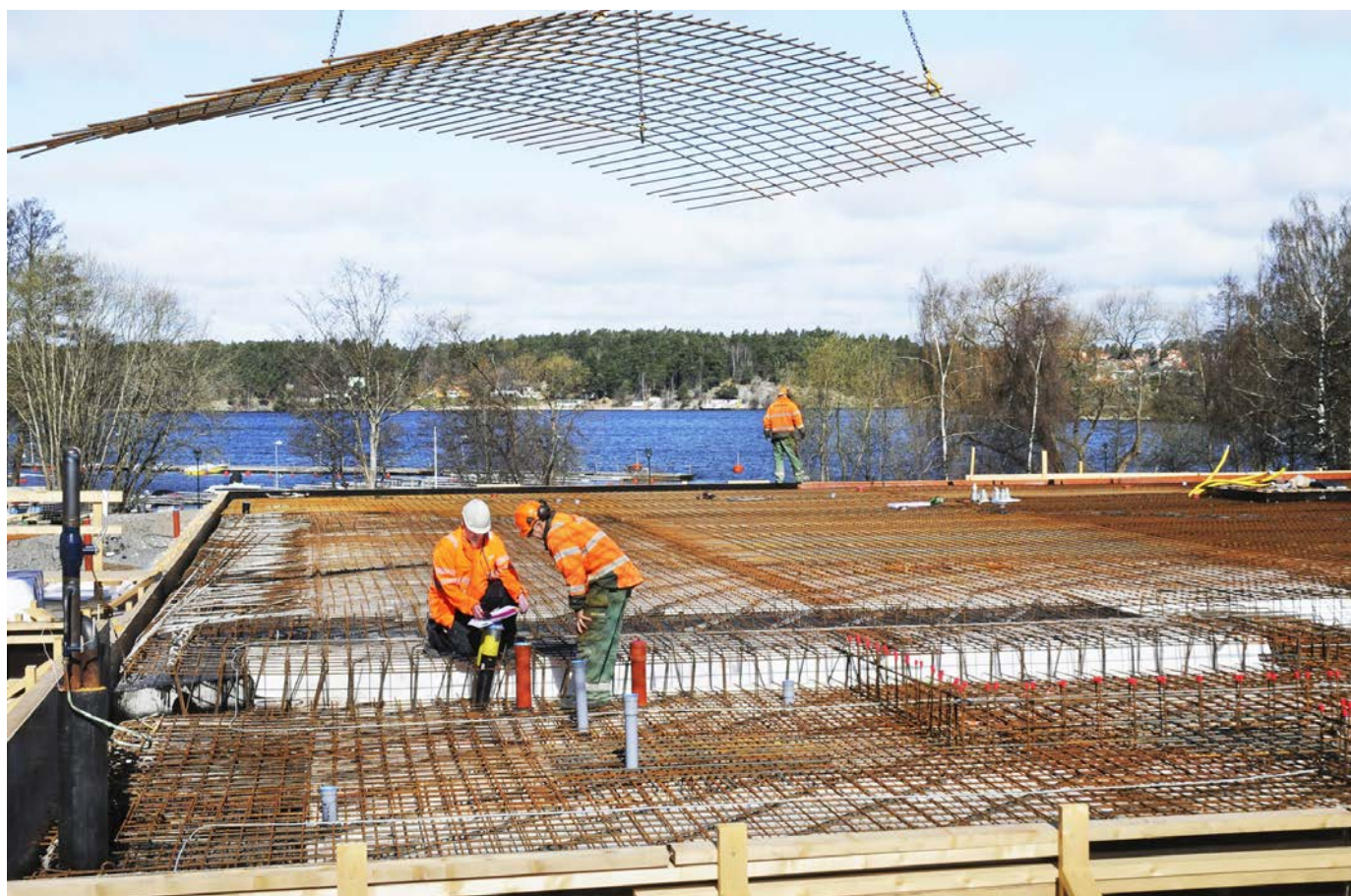
At the beginning of 2017 Peab's own B shareholding was 1,086,984 which corresponds to 0.4 percent of the total number of shares. No changes have taken place during the period January-September 2017.

THE PEAB SHARE

Peab's B share is listed on the Nasdaq Stockholm, Large Cap list. As of 8 November 2017, the price of the Peab share was SEK 82.15, an increase of 14 percent during 2017. During the same period, the Swedish stock market increased by 11 percent according to the general index in the business magazine "Affärsvärlden". During 2017 the Peab share has been quoted at a maximum of SEK 109.50 and a minimum of SEK 70.60.

IMPORTANT EVENTS AFTER THE REPORT PERIOD ENDED

In October Peab divested all its 2,458,447 shares in Lemminkäinen Oyj. The divestment generated a positive cash effect of around SEK 575 million. The transaction will be reported in the fourth quarter and affect net financial items positively by around SEK 90 million.



Report on the Group income statement in summary

MSEK	Jul-Sep 2017	Jul-Sep 2016	Jan-Sep 2017	Jan-Sep 2016	Oct-Sep 2016/2017	Jan-Dec 2016
Net sales	11,530	11,356	35,534	32,458	49,413	46,337
Production costs	-10,376	-10,263	-32,170	-29,396	-44,722	-41,948
Gross profit	1,154	1,093	3,364	3,062	4,691	4,389
Sales and administrative expenses	-526	-480	-1,920	-1,719	-2,629	-2,428
Other operating income	78	30	234	90	293	149
Other operating costs	0	-3	-15	-8	-19	-12
Operating profit	706	640	1,663	1,425	2,336	2,098
Financial income	17	24	73	129	139	195
Financial expenses	-26	-37	-105	-172	-176	-243
Net finance	-9	-13	-32	-43	-37	-48
Pre-tax profit	697	627	1,631	1,382	2,299	2,050
Tax	-118	-98	-245	-216	-352	-323
Profit for the period	579	529	1,386	1,166	1,947	1,727
Profit for the period, attributable to:						
Shareholders in parent company	579	529	1,386	1,166	1,947	1,727
Non-controlling interests	—	0	—	0	0	0
Profit for the period	579	529	1,386	1,166	1,947	1,727
Key ratios						
Earnings per share before and after dilution, SEK	1.96	1.79	4.70	3.95	6.60	5.85
Average number of outstanding shares, million	295.0	295.0	295.0	295.0	295.0	295.0
Return on capital employed, %			17.6 ¹⁾	9.9 ¹⁾	17.6	16.2
Return on equity, %			20.5 ¹⁾	12.5 ¹⁾	20.5	20.1

1) Calculated on rolling 12 months

Report on the Group income statement and other comprehensive income in summary

MSEK	Jul-Sep 2017	Jul-Sep 2016	Jan-Sep 2017	Jan-Sep 2016	Oct-Sep 2016/2017	Jan-Dec 2016
Profit for the period	579	529	1,386	1,166	1,947	1,727
Other comprehensive income						
Items that can be reclassified or have been reclassified to income for the period						
Translation differences for the period from translation of foreign operations	5	92	-49	183	-66	166
Translation differences transferred to income for the period	0	0	-2	0	-3	-1
Changes for the period in fair value of available-for-sale financial assets	-16	33	112	11	254	153
Changes in fair value of cash flow hedges for the period	13	17	41	26	46	31
Shares in joint ventures' other comprehensive income	0	0	0	0	1	1
Tax referring to items that can be reclassified or have been reclassified to income for the period	-2	3	-12	8	-19	1
	0	145	90	228	213	351
Items that cannot be reclassified to income for the period						
Revaluation of defined benefit pension plans	—	0	—	0	0	0
Tax referring to items that cannot be reclassified to income for the period	—	0	—	0	0	0
	—	0	—	0	0	0
Other comprehensive income for the period	0	145	90	228	213	351
Total comprehensive income for the period	579	674	1,476	1,394	2,160	2,078
Total comprehensive income for the period, attributable to:						
Shareholders in parent company	579	674	1,476	1,394	2,160	2,078
Non-controlling interests	0	0	0	0	0	0
Total comprehensive income for the period	579	674	1,476	1,394	2,160	2,078

Report on the Group financial position in summary

MSEK	30 Sep 2017	30 Sep 2016	31 Dec 2016
Assets			
Intangible assets	2,056	2,047	2,036
Tangible assets	6,056	4,184	4,277
Interest-bearing long-term receivables	1,778	2,224	1,762
Other financial fixed assets	1,222	1,493	1,757
Deferred tax recoverables	67	88	69
Total fixed assets	11,179	10,036	9,901
Project and development properties	6,528	7,112	7,007
Inventories	448	391	364
Work-in-progress	1,154	1,275	1,203
Interest-bearing current receivables	301	189	336
Other current receivables	11,859	11,571	11,736
Liquid funds	255	270	1,062
Assets held for sale	585	–	–
Total current assets	21,130	20,808	21,708
Total assets	32,309	30,844	31,609
Equity and liabilities			
Equity	9,796	8,695	9,380
Liabilities			
Interest-bearing long-term liabilities	2,688	2,234	2,728
Deferred tax liabilities	273	334	372
Other long-term liabilities	733	764	776
Total long-term liabilities	3,694	3,332	3,876
Interest-bearing current liabilities	1,993	4,073	2,294
Other current liabilities	16,826	14,744	16,059
Total current liabilities	18,819	18,817	18,353
Total liabilities	22,513	22,149	22,229
Total equity and liabilities	32,309	30,844	31,609
Key ratios			
Capital employed	14,477	15,002	14,402
Equity/assets ratio, %	30.3	28.2	29.7
Net debt	2,347	3,624	1,862
Equity per share, SEK	33.20	29.48	31.80
Number of outstanding shares at the end of the period, million	295.0	295.0	295.0

Report on changes in Group's equity in summary

MSEK	30 Sep 2017	30 Sep 2016	31 Dec 2016
Equity attributable to shareholders in parent company			
Opening equity on 1 January	9,380	8,076	8,076
Profit for the period	1,386	1,166	1,727
Other comprehensive income for the period	90	228	351
Comprehensive income for the period	1,476	1,394	2,078
Cash dividend	-1,062	-767	-767
Acquisition of non-controlling interests, previous controlling interests	–	-8	-7
Closing equity	9,794	8,695	9,380
Non-controlling interests			
Opening equity on 1 January	0	0	0
Comprehensive income for the period	0	0	0
Acquisition of partially owned subsidiaries, previous non-controlling interests	2	–	–
Closing equity	2	0	0
Total closing equity	9,796	8,695	9,380

Report on Group cash flow in summary

MSEK	Jul-Sep 2017	Jul-Sep 2016	Jan-Sep 2017	Jan-Sep 2016	Oct-Sep 2016/2017	Jan-Dec 2016
Cash flow from current operations before changes in working capital	774	772	1,769	1,882	2,790	2,903
Increase (-) / Decrease (+) of project and development properties	-227	-387	-606	-227	-525	-146
Increase (-) / Decrease (+) of inventories	-41	166	-42	-229	29	-158
Increase (-) / Decrease (+) of current receivables / current liabilities	148	-572	516	-105	1,477	856
Cash flow from changes in working capital	-120	-793	-132	-561	981	552
Cash flow from current operations	654	-21	1,637	1,321	3,771	3,455
Acquisition of subsidiaries / businesses, net effect on liquid funds	-130	-63	-138	-136	-139	-137
Disposal of subsidiaries / businesses, net effect on liquid funds	—	-1	—	5	—	5
Acquisition of fixed assets	-457	-270	-1,342	-1,059	-1,820	-1,537
Sales of fixed assets	37	66	630	496	999	865
Cash flow from investment operations	-550	-268	-850	-694	-960	-804
Cash flow before financing	104	-289	787	627	2,811	2,651
Cash flow from financing operations	-95	373	-1,573	-1,297	-2,889	-2,613
Cash flow for the period	9	84	-786	-670	-78	38
Cash at the beginning of the period	243	152	1,062	873	270	873
Exchange rate differences in cash	3	34	-21	67	63	151
Cash at the end of the period	255	270	255	270	255	1,062

Parent company

The parent company Peab AB's net sales for the period January-September 2017 amounted to SEK 189 million (176) and mainly consisted of internal Group services. Profit for the period amounted to SEK -141 million (-171).

The parent company's assets mainly consist of participations in Group companies amounting to SEK 11,805 million (11,776) and shares in Lemminkäinen Oyj worth SEK 585 million (341). The assets have been financed from equity of SEK 5,426 million (4,993) and long-term liabilities amounting to SEK 6,703 million (7,209). For further information regarding the shares in Lemminkäinen Oyj, see Important events after the report period ended.

The parent company is indirectly affected by the risks described in the section Risks and Uncertainty Factors.

Report on the parent company income statement in summary

MSEK	Jul-Sep 2017	Jul-Sep 2016	Jan-Sep 2017	Jan-Sep 2016	Oct-Sep 2016/2017	Jan-Dec 2016
Net sales	60	56	189	176	255	242
Administrative expenses	-83	-78	-290	-288	-406	-404
Operating profit	-23	-22	-101	-112	-151	-162
Result from financial investments						
Profit from participation in Group companies	—	—	—	—	0	0
Other financial items	-34	-37	-84	-103	-119	-138
Result after financial items	-57	-59	-185	-215	-270	-300
Appropriations	—	—	—	—	1,855	1,855
Pre-tax profit	-57	-59	-185	-215	1,585	1,555
Tax	13	13	44	44	-334	-334
Profit for the period	-44	-46	-141	-171	1,251	1,221

Report on the parent company income statement and other comprehensive income in summary

MSEK	Jul-Sep 2017	Jul-Sep 2016	Jan-Sep 2017	Jan-Sep 2016	Oct-Sep 2016/2017	Jan-Dec 2016
Profit for the period	-44	-46	-141	-171	1,251	1,221
Other comprehensive income						
Items that can be reclassified or have been reclassified to income for the period						
Changes for the period in fair value of available-for-sale financial assets	-26	40	105	32	243	170
Total comprehensive income for the period	-70	-6	-36	-139	1,494	1,391

Report on the parent company financial position in summary

MSEK	30 Sep 2017	30 Sep 2016	31 Dec 2016
Assets			
Fixed assets			
Tangible fixed assets	1	1	1
Financial assets			
Participation in Group companies	11,805	11,776	11,811
Other securities held as fixed assets	0	341	480
Deferred tax recoverables	98	87	99
Total financial assets	11,903	12,204	12,390
Total fixed assets	11,904	12,205	12,391
Current asset			
Current receivables			
Accounts receivable	2	0	1
Receivables from Group companies	45	37	2,444
Tax assets	220	53	–
Other securities	585	–	–
Other current receivables	0	1	4
Prepaid expenses and accrued income	11	9	10
Total current receivables	863	100	2,459
Liquid funds	0	1	0
Total current assets	863	101	2,459
Total assets	12,767	12,306	14,850
Equity and liabilities			
Equity			
Restricted equity	1,884	1,884	1,884
Non-restricted equity	3,542	3,109	4,640
Total equity	5,426	4,993	6,524
Untaxed reserves	522	0	522
Provisions			
Other provisions	32	29	28
Total provisions	32	29	28
Long-term liabilities			
Liabilities to Group companies	6,703	7,209	7,281
Total long-term liabilities	6,703	7,209	7,281
Current liabilities			
Accounts payable	18	14	28
Liabilities to Group companies	6	7	58
Tax liabilities	–	–	339
Other liabilities	8	3	7
Accrued expenses and deferred income	52	51	63
Total current liabilities	84	75	495
Total liabilities	6,819	7,313	7,776
Total equity and liabilities	12,767	12,306	14,850

Note 1 – Accounting principles

The quarterly report has been prepared according to the IFRS standards that have been adopted by EU as well as the interpretations of the valid standards adopted by EU, IFRICs. This report has been prepared according to IAS 34, Interim financial reporting. In addition to the financial reports and their accompanying notes further information according to IAS 34.16A can be found in other sections of the quarterly report. New standards and interpretations have not had any material effect on Group accounting.

The parent company reports have been prepared according to the Swedish Company Accounts Act and RFR 2, Accounting rules for legal entities.

The quarterly report has been prepared according to the same accounting principles and conditions described in the Annual Report 2016 except the new additional consolidated accounting principles for Investment property which are described below.

ADDITIONAL ACCOUNTING PRINCIPLES

Investment property

Property is classified as project and development property, operations property and investment property. Investment properties are properties owned for the purpose of income from rent or appreciation or a combination of both. After a revision of Peab's property portfolio it was decided that some property previously reported as project and development property, i.e. inventory properties, will instead be classified as operations property or investment property, in the case where there is no plan to divest the property and it is expected to remain in the Group for the foreseeable future. Property reclassification was carried out on 1 January 2017 and only affected the balance sheet.

Investment property, like operations property, is recognized in consolidated accounts at acquisition value minus accumulated depreciation and any write-downs. The acquisition value includes the purchase price and costs directly attributable to putting the asset in place in the condition required for utilization. Borrowing costs are included in the acquisition value of internally produced investment property.

Income from rent of investment property is recognized linearly in profit/loss for the year based on the terms in the leasing contract. Income from divestiture of investment property is normally recognized on the date of taking possession unless the risks and benefits have been taken over by the purchaser at an earlier date.

When investment property is divested the net effect on profit/loss is recognized as other operating income or other operating cost.

Depreciation principles

Depreciation is made linearly over the estimated useful life of the asset. The Group applies component depreciation, which means that depreciation is calculated on the estimated useful life of components. Components are primarily divided into buildings and land. The component land is not depreciated since its useful life is considered endless. Buildings, however, consist of several components that have useful lives which vary between 20 – 100 years.

Disclosure of fair value

The fair value of investment properties is disclosed in the Annual Report. The valuation is based on an internal valuation model. Annual external market valuations for a number of objects are also obtained as a complement to this valuation. External market valuations are to be performed every third year.

NEW IFRSS AND INTERPRETATIONS THAT HAVE NOT YET BEEN APPLIED

IFRS 15 Revenue from contracts with customers, will as of 2018 replace current standards related to revenue recognition. Peab has chosen not to prematurely apply IFRS 15 and is in the final phase of analyzing its impact. At this point in time no material effects have been identified but the analysis must be completed before any possible final effects can be quantified.

There are differences between operative and legal reporting in business area Project Development. Peab applies IFRIC 15, Agreements for the construction of real estate, in legal reporting. This principle requires applying IAS 18, Revenue, for housing projects in Finland and Norway as well as our own home developments in Sweden, which means revenue from projects is first recognized when the home is handed over. Operative and segment reporting is based on the percentage of completion. When IFRS 15 is implemented our own home developments in Sweden will be recognized according to so-called "revenue over time". IFRS 15 will not lead to any changes in reporting regarding housing projects in Finland compared to the current application since revenue is first recognized when the home is handed over to the buyer. After implementation of IFRS 15 segment reporting will mirror legal reporting. The differences between operative and legal reporting will therefore no longer exist after implementation of IFRS 15.

IFRS 9 Financial instruments, will replace IAS 39 Financial instruments: Recognition and measurement, as of 2018. Peab has chosen not to prematurely apply IFRS 9. No material effects have been identified but there will be some impact on the recognition of credit losses as well as classification of financial assets. The analysis must be completed before any possible final effects can be quantified.

IFRS 9 requires loss reserves for anticipated credit losses. This differs from current regulations that only require loss reserves if something occurs that leads Peab to believe a customer may not be able to pay the entire balance due. However, historically Peab has only had minor credit losses in daily operations, which means the effect of IFRS 9 is not expected to be significant in this aspect.

Peab classifies holdings of an unlisted fund as Financial assets available-for-sale and the fund is valued at fair value via other comprehensive income. The holdings do not meet the criteria for IFRS 9 regarding equity instruments and therefore the fund will be recognized at fair value via the income statement.

IFRS 16 Leases, will replace IAS 17 as of 1 January 2019. Peab does not plan to prematurely apply the standard. Peab's balance sheet total is expected to increase by activating assets representing rights of use according to operational leasing contracts and by entering as a liability obligations to pay future leasing fees. Peab currently estimates that the balance sheet total will increase by around two to five percent but the analysis must be completed before any possible final effects can be quantified.

Further information on the consequences of new IFRS standards application is found in the Annual Report 2016.

Note 2 – Operating segment

Group Jan-Sep 2017 MSEK	Con- struction	Civil Engineering	Industry	Project Development	Group functions	Eliminations	Total operative for the Group ¹⁾	Adjustment for housing reporting ²⁾	Group
External sales	15,800	6,964	6,558	6,080	71	0	35,473	61	35,534
Internal sales	3,295	1,074	2,519	40	660	-7,588	–		–
Total income	19,095	8,038	9,077	6,120	731	-7,588	35,473	61	35,534
Operating profit	422	238	565	544	-100	-18	1,651	12	1,663
Operating margin, %	2.2	3.0	6.2	8.9			4.7		4.7
Net finance									-32
Pre-tax profit									1,631
Tax									-245
Profit for the period									1,386
Capital employed (closing balance)			5,759	10,017					

Group Jan-Sep 2016 MSEK	Con- struction	Civil Engineering	Industry	Project Development	Group functions	Eliminations	Total operative for the Group ¹⁾	Adjustment for housing reporting ²⁾	Group
External sales	14,463	6,527	6,407	5,226	71	0	32,694	-236	32,458
Internal sales	2,666	921	2,292	28	584	-6,491	–		–
Total income	17,129	7,448	8,699	5,254	655	-6,491	32,694	-236	32,458
Operating profit	395	235	526	365	-62	-25	1,434	-9	1,425
Operating margin, %	2.3	3.2	6.0	6.9			4.4		4.4
Net finance									-43
Pre-tax profit									1,382
Tax									-216
Profit for the period									1,166
Capital employed (closing balance)			5,647	10,976					

Group Jan-Dec 2016 MSEK	Con- struction	Civil Engineering	Industry	Project Development	Group functions	Eliminations	Total operative for the Group ¹⁾	Adjustment for housing reporting ²⁾	Group
External sales	20,459	9,461	8,876	7,589	104	0	46,489	-152	46,337
Internal sales	3,662	1,279	3,285	50	793	-9,069	–		–
Total income	24,121	10,740	12,161	7,639	897	-9,069	46,489	-152	46,337
Operating profit	542	355	753	622	-122	-75	2,075	23	2,098
Operating margin, %	2.2	3.3	6.2	8.1			4.5		4.5
Net finance									-48
Pre-tax profit									2,050
Tax									-323
Profit for the year									1,727
Capital employed (closing balance)			5,416	10,281					

1) According to the percentage of completion method (IAS 11)

2) Adjustment in accounting to the completed contract method (IAS 18) for own single homes in Sweden as well as housing in Finland and Norway

Note 3 – Financial assets and liabilities valued at fair value

The table below shows the allocated level for financial assets and financial liabilities recognized at fair value in the Group's balance sheet. Measurement of fair value is based on a three level hierarchy;

Level 1: prices that reflect quoted prices on an active market for identical assets.

Level 2: based on direct or indirect inputs observable to the market not included in level 1.

Level 3: based on inputs unobservable to the market.

For a description of how fair value has been calculated see the Annual Report 2016, note 34. The fair value of financial assets and liabilities is estimated to be, in principle, the same as their booked values.

Group MSEK	30 Sep 2017				30 Sep 2016				31 Dec 2016			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Assets												
Other securities held as fixed assets			50	50	341		54	395	480		54	534
<i>Whereof shareholding in listed company</i>				–	341			341	480			480
<i>Whereof investment in an unlisted fund</i>			50	50			54	54			54	54
Other current receivables		0		0		0		0		12		12
<i>Whereof currency swaps</i>		0		0		0		0		12		12
Assets held for sale	585			585				–				–
<i>Whereof shareholding in listed company</i>	585			585				–				–
Total assets	585	0	50	635	341	0	54	395	480	12	54	546
Liabilities												
Other long-term liabilities		54	23	77		117	23	140		95	23	118
<i>Whereof commodity hedging with futures</i>				–		1		1				–
<i>Whereof interest rate swaps</i>		54		54		116		116		95		95
<i>Whereof contingent consideration</i>			23	23			23	23			23	23
Other current liabilities		3	11	14		3	1	4		0		0
<i>Whereof currency swaps</i>		3		3		3		3		0		0
<i>Whereof contingent consideration</i>			11	11			1	1				–
Total liabilities	–	57	34	91	–	120	24	144	–	95	23	118

Parent company MSEK	30 Sep 2017				30 Sep 2016				31 Dec 2016			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Assets												
Other securities	585			585	341			341	480			480
<i>Whereof shareholding in listed company</i>	585			585	341			341	480			480
Total assets	585	–	–	585	341	–	–	341	480	–	–	480

The tables below are a reconciliation between the opening and closing balance for assets and liabilities included in level 3.

Group MSEK	Other securities held as fixed asset		
	30 Sep 2017	30 Sep 2016	31 Dec 2016
Opening balance	54	49	49
Investments during the period	6	24	38
Repayments during the period	-14	–	–
Dividends received	0	-37	-51
Reported in profit for the period *	-1	22	22
Reported in other comprehensive income	5	-4	-4
Closing balance	50	54	54

* Reported in net financial items

Group MSEK	Contingent consideration		
	30 Sep 2017	30 Sep 2016	31 Dec 2016
Opening balance	23	–	–
Acquisitions for the period	11	24	24
Reported in profit for the period			
Other operating income	–	–	-1
Interest expense (discounting) *	0	0	0
Closing balance	34	24	23

The contingent consideration will amount to at least SEK 3 million and at most SEK 38 million.

* Reported in net financial items

Future financial information

• Year-end Report 2017	13 February 2018
• Annual and Sustainability Report 2017	Week 14, April 2018
• Quarterly report January-March 2018	7 May 2018
• Quarterly report January-June 2018	17 August 2018
• Quarterly report January-September 2018	9 November 2018

Förslöv, 9 November 2017

Jesper Göransson
CEO and President

REVIEW REPORT

We have reviewed the interim report for Peab AB (publ) as of 30 September 2017 and the nine-month period which ended on this date. The Board of Directors and the CEO are responsible for the preparation and presentation of this interim financial information in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim financial information based on our review.

We conducted our review in accordance with the International Standard on Review Engagements ISRE 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and the generally accepted auditing practice. Consequently a review does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with IAS 34 and the Swedish Annual Accounts Act in the case of the Group and in accordance with the Annual Accounts Act in the case of the parent company.

Förslöv, 9 November 2017
KPMG AB

Dan Kjellqvist
Authorised Public Accountant

Quarterly data

Group

MSEK	Jul-Sep 2017	Apr-Jun 2017	Jan-Mar 2017	Oct-Dec 2016	Jul-Sep 2016	Apr-Jun 2016	Jan-Mar 2016	Oct-Dec 2015	Jul-Sep 2015
Net sales	11,530	12,853	11,151	13,879	11,356	12,571	8,531	12,224	11,708
Production costs	-10,376	-11,515	-10,279	-12,552	-10,263	-11,305	-7,828	-11,793	-10,697
Gross profit	1,154	1,338	872	1,327	1,093	1,266	703	431	1,011
Sales and administrative expenses	-526	-737	-657	-709	-480	-675	-564	-674	-450
Other operating income	78	38	118	59	30	37	23	39	21
Other operating costs	0	-2	-13	-4	-3	0	-5	-13	-2
Operating profit	706	637	320	673	640	628	157	-217	580
Financial income	17	36	20	66	24	40	65	60	24
Financial expenses	-26	-50	-29	-71	-37	-59	-76	-67	-60
Net finance	-9	-14	-9	-5	-13	-19	-11	-7	-36
Pre-tax profit	697	623	311	668	627	609	146	-224	544
Tax	-118	-93	-34	-107	-98	-95	-23	88	-95
Profit for the period	579	530	277	561	529	514	123	-136	449
Profit for the period, attributable to:									
Shareholders in parent company	579	530	277	561	529	514	123	-136	449
Non-controlling interests	–	–	–	0	0	0	0	0	0
Profit for the period	579	530	277	561	529	514	123	-136	449
Key ratios									
Earnings per share, SEK	1.96	1.80	0.94	1.90	1.79	1.74	0.42	-0.46	1.53
Average number of outstanding shares, million	295.0	295.0	295.0	295.0	295.0	295.0	295.0	295.0	295.0
Capital employed (closing balance)	14,477	13,919	13,541	14,402	15,002	13,700	13,406	14,476	14,169
Equity (closing balance)	9,796	9,215	9,599	9,380	8,695	8,021	8,241	8,076	8,217

Business areas

MSEK	Jul-Sep 2017	Apr-Jun 2017	Jan-Mar 2017	Oct-Dec 2016	Jul-Sep 2016	Apr-Jun 2016	Jan-Mar 2016	Oct-Dec 2015	Jul-Sep 2015
Net sales									
Construction	5,721	6,988	6,386	6,992	5,510	6,420	5,199	6,978	5,436
Civil Engineering	2,819	2,831	2,388	3,292	2,654	2,765	2,029	2,992	2,676
Industry	3,420	3,420	2,237	3,462	3,449	3,356	1,894	2,948	3,111
Project Development	1,895	2,022	2,203	2,385	1,510	2,368	1,376	2,275	2,359
– of which Property Development	131	106	659	148	130	1,031	76	308	1,047
– of which Housing Development	1,764	1,916	1,544	2,237	1,380	1,337	1,300	1,967	1,312
Group functions	242	254	235	242	226	225	204	209	211
Eliminations	-2,533	-2,702	-2,353	-2,578	-2,128	-2,353	-2,010	-2,474	-2,121
Operative excluding write-down ¹⁾	11,564	12,813	11,096	13,795	11,221	12,781	8,692	12,928	11,672
Construction – write-down of project Mall of Scandinavia	–	–	–	–	–	–	–	-800	–
Operative ¹⁾	11,564	12,813	11,096	13,795	11,221	12,781	8,692	12,128	11,672
Adjustment for housing reporting ²⁾	-34	40	55	84	135	-210	-161	96	36
Legal	11,530	12,853	11,151	13,879	11,356	12,571	8,531	12,224	11,708
Operating profit									
Construction	121	162	139	147	127	152	116	145	135
Civil Engineering	89	110	39	120	93	105	37	126	96
Industry	342	246	-23	227	336	202	-12	178	296
Project Development	164	162	218	257	93	194	78	193	84
– of which Property Development	-3	5	90	20	-37	102	4	25	5
– of which Housing Development	167	157	128	237	130	92	74	168	79
Group functions	-4	-49	-47	-60	-6	-29	-27	-46	-26
Eliminations	-8	0	-10	-50	-21	0	-4	-16	9
Operative excluding write-down ¹⁾	704	631	316	641	622	624	188	580	594
Construction – write-down of project Mall of Scandinavia	–	–	–	–	–	–	–	-800	–
Operative ¹⁾	704	631	316	641	622	624	188	-220	594
Adjustment for housing reporting ²⁾	2	6	4	32	18	4	-31	3	-14
Legal	706	637	320	673	640	628	157	-217	580
Operating profit, %									
Construction	2.1	2.3	2.2	2.1	2.3	2.4	2.2	2.1	2.5
Civil Engineering	3.2	3.9	1.6	3.6	3.5	3.8	1.8	4.2	3.6
Industry	10.0	7.2	-1.0	6.6	9.7	6.0	-0.6	6.0	9.5
Project Development	8.7	8.0	9.9	10.8	6.2	8.2	5.7	8.5	3.6
– of which Property Development	-2.3	4.7	13.7	13.5	-28.5	9.9	5.3	8.1	0.5
– of which Housing Development	9.5	8.2	8.3	10.6	9.4	6.9	5.7	8.5	6.0
Group functions									
Eliminations									
Operative excluding write-down ¹⁾	6.1	4.9	2.8	4.6	5.5	4.9	2.2	4.5	5.1
Construction – write-down of project Mall of Scandinavia									
Operative ¹⁾	6.1	4.9	2.8	4.6	5.5	4.9	2.2	-1.8	5.1
Adjustment for housing reporting ²⁾									
Legal	6.1	5.0	2.9	4.8	5.6	5.0	1.8	-1.8	5.0
Order situation, MSEK									
Orders received	9,917	12,156	11,114	10,367	9,027	10,165	11,886	9,704	9,135
Order backlog at the end of the period	38,445	37,313	35,679	33,572	34,248	33,457	31,550	26,991	28,050

1) According to the percentage of completion method (IAS 11)

2) Adjustment in accounting to the completed contract method (IAS 18) for own single homes in Sweden as well as housing in Finland and Norway

Alternative performance measures and financial definitions

Alternative performance measures are used to describe the development of operations and to enhance comparability between periods. These are not defined under IFRS but correspond to the methods applied by executive management and Board of Directors to measure the company's financial performance. Alternative performance measures should not be viewed as a substitute for financial information presented in accordance with IFRS but rather as a complement. For more information see www.peab.com/alternative-performance-measures.

Available liquidity

Liquid funds and short-term investments along with unutilized credit facilities.

Capital employed for the business areas

Total assets in the business areas at the end of the period reduced by deferred tax recoverables and internal receivables from the internal bank Peab Finans with deductions for non-interest-bearing liabilities, provisions and deferred tax liabilities.

Capital employed for the Group

Total assets at the end of the period less non-interest-bearing operating liabilities and provisions.

Earnings per share

Profit for the period attributable to shareholders in parent company divided by the average number of outstanding shares during the period.

Equity/assets ratio

Equity as a percentage of total assets at the end of the period.

Equity per share

Equity attributable to shareholders in parent company divided by the number of outstanding shares at the end of the period.

Net debt

Interest-bearing liabilities including provisions for pensions less liquid funds and interest-bearing assets.

Net debt/equity ratio

Interest-bearing net debt in relation to equity.

Net investments

Change in the period of the reported value of current assets (CB-OB) plus depreciation and write-downs.

Operating margin

Operating profit as a percentage of net sales.

Operative net sales and operative operating profit

Operative net sales and operative operating profit are reported according to the percentage of completion method corresponding to segment reporting. For more information see foot note under section Net sales and profit.

Order backlog

The value at the end of the period of the remaining income in ongoing production plus orders received yet to be produced.

Orders received

The number of orders received during the period.

Return on capital employed

Pre-tax profit for the rolling 12 month period with the addition of financial expenses in percent of the average (last four quarters) capital employed. The measurement is used to measure capital efficiency and to allocate capital for new investments.

Return on equity

Profit for the rolling 12 month period attributable to shareholders in the parent company divided by the average (last four quarters) equity attributable to shareholders in the parent company. The measurement is used to make business efficient and form a rational capital structure.



Peab is one of the leading construction and civil engineering companies in the Nordic area with operations in Sweden, Norway and Finland.

Peab affects society and the environment for the people who now and in the future will live with what we develop, build and construct. Peab is also a big employer with local roots and has consequently a considerable responsibility.

Peab participates in developing a more sustainable society. This means Peab meets the demands and expectations from our surroundings and at the same time strives to create new business opportunities.

Peab's business contributes to society by developing and building new homes and offices, public functions like schools, libraries, hospitals and infrastructure in the form of bridges and roads. We make a difference in daily life in both small and large places.

Long-term relationships with customers and suppliers result in better financial, social, and environmental projects that are good for society on the whole. Stable profitability generates the funds necessary to develop our business and returns for our shareholders.



Net sales

SEK 49 billion

Employees

15,000



Peab is a lasting and secure employer that prioritizes health and a safe work environment. Peab offers personal development opportunities in a company culture based on respect for equal rights and characterized by our core values **Down-to-earth, Developing, Personal and Reliable**.

Organization

Peab is characterized by a decentralized and cost-efficient organization with four cooperating business areas whose operations are based on local entrepreneurship close to the customer. The business areas have a regional structure that works together with central resources and they profit from support functions on business area and Group levels in sharpening their competitive edge.



Business area Construction works with everything from new construction of homes, public and commercial premises to renovations and extensions as well as offering construction services.



Business area Civil Engineering builds and maintains highways, railroads and bridges both on the local civil engineering market as well as in larger Nordic infrastructure projects. It also manages and maintains streets and roads.



Business area Industry delivers, among other things, ballast, concrete, asphalt, electricity and prefabricated concrete elements to external customers and the other business areas in Peab. The business area also provides equipment and transportation and takes care of production waste.



Business area Project Development handles Group acquisitions as well as development, management and divestment of housing and commercial property. Housing Development is mainly geared towards private consumers while Property Development is aimed at real estate investors.