



# Quarterly report

## January - September 2016

## Improved margin and high order backlog

### July - September 2016

- Operative net sales SEK 11,221 million (11,672)
- Operative operating profit SEK 622 million (594)
- Operative operating margin 5.5 percent (5.1)
- Pre-tax profit SEK 627 million (544)
- Earnings per share SEK 1.79 (1.53)
- Orders received SEK 9,027 million (9,135)
- Cash flow before financing SEK -289 million (841)

### January - September 2016

- Operative net sales SEK 32,694 million (32,124)
- Operative operating profit SEK 1,434 million (1,272)
- Operative operating margin 4.4 percent (4.0)
- Pre-tax profit SEK 1,382 million (1,130)
- Earnings per share SEK 3.95 (3.17)
- Orders received SEK 31,078 million (28,108)
- Order backlog SEK 34,248 million (28,050)
- Cash flow before financing SEK 627 million (1,078)
- Net debt SEK 3,624 million (3,488)
- Equity/assets ratio 28.2 percent (29.5)

# Comments from the CEO



**Our business model with four complementary business areas gives Peab a good position. The improved profit in the third quarter stems from a strong result in Industry and Housing Development while the rest of the business shows stable results. Market forecasts indicate a continued strong economy.**

## MARKET CONDITIONS

Building construction investments in Sweden are expected to rocket in 2016 with growth in every segment except industry. Housing construction volumes are expected to remain on a high level in 2017 and growth is foreseen in the rest of building construction. The level of building construction in Norway is expected to remain the same in 2016 and 2017. Investments appear to be on the rise in Finland during 2016 due to the improvement in the Finnish economy and the same level of investment volumes are expected in 2017. The market conditions for civil engineering in Sweden and Norway in the next few years are considered good with continued growth.

## ORDER SITUATION

There has been a continued strong influx of orders in the third quarter. The level of orders received for the nine month period amounted to SEK billion 31.1 (28.1). Orders have increased in all the business areas. This has led to a larger order backlog which at the end of September was SEK 34.2 billion (28.1).

## BUSINESS AREA DEVELOPMENT

Net sales contracted in business area Construction during January to September while net sales during the third quarter were on par with last year. The operating margin contracted slightly during January to September. Net sales in business area Civil Engineering was on par with last year during the first nine month period and the

operating margin was slightly lower. There are a number of infrastructure projects still in the early stages where the first nine months have been taken up by preparatory work and therefore no net sales to speak of have been generated. Both net sales and profit increased in business area Industry during the nine month period. Sales volumes increased in Cement, Gravel and Rock, Asphalt as well as Rentals. Net sales in business area Project Development were on par with last year while profit improved in both Housing Development and Property Development. The operating margin in Housing Development has grown and amounted to 7.8 percent for the latest rolling twelve month period compared to 6.5 percent for the entire year of 2015. Business in Property Development included a profit of SEK 104 million as a result of the partial divestment of a hotel property and the development rights for offices at Hyllie Stationstorg in Malmö.

## GROUP DEVELOPMENT

Operative net sales amounted to SEK 32,694 million (32,124) during the nine month period. Operative operating profit improved to SEK 1,434 million (1,272), which meant an operative operating margin of 4.4 percent (4.0). Cash flow before financing was SEK 627 million (1,078). Net debt was SEK 3,624 million (3,488). Improved net financial items contributed to an increase in pre-tax profit to SEK 1,382 million (1,130).

## OUTLOOK FOR THE FUTURE

The increase in population and low interest rates contribute to the continued positive forecasts for the markets and segments Peab is active in. Our order situation, development rights portfolio and a strong financial position spells good conditions for our work in the coming years.

At the same time there are a number of challenges that come with a strong business cycle. They include a shortage of resources, primarily in big city regions, higher costs, for example, for subcontractors and higher prices for land.

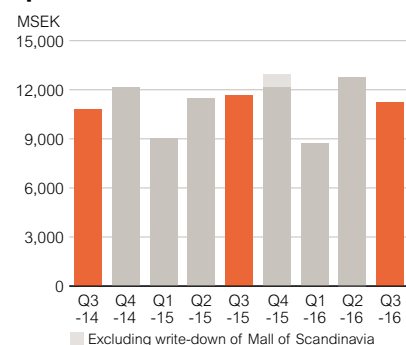
We continue to work on our ambition to be the best company in the industry. We have established three target areas to achieve this:

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

*Jesper Göransson  
CEO and President*

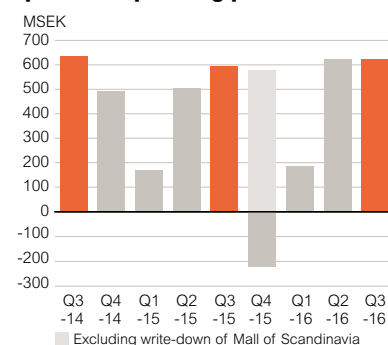
# Quarterly report January - September 2016

## Operative net sales



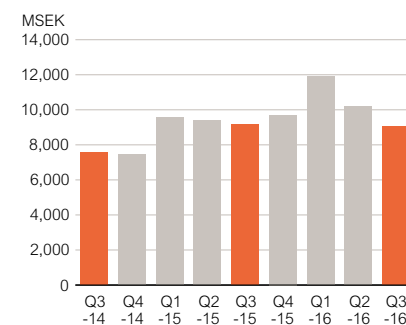
Group operative net sales for January-September 2016 amounted to SEK 32,694 million (32,124), which was an increase of two percent. After adjustments for acquired and divested units net sales increased by one percent compared to the same period last year.

## Operative operating profit



Operative operating profit for January-September 2016 amounted to SEK 1,434 million compared to SEK 1,272 million for the same period last year.

## Orders received



Orders received for January-September 2016 amounted to SEK 31,078 million compared to SEK 28,108 million for the same period last year. Order backlog amounted to SEK 34,248 million compared to SEK 26,991 million at the end of last year.

## Group

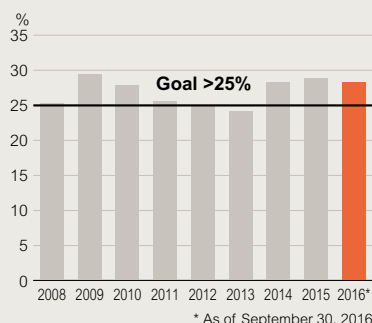
MSEK	Jul-Sep 2016	Jul-Sep 2015	Jan-Sep 2016	Jan-Sep 2015	Oct-Sep 2015/2016	Jan-Dec 2015
Operative net sales <sup>1)</sup>	11,221	11,672	32,694	32,124	44,822	44,252
Net sales	11,356	11,708	32,458	32,152	44,682	44,376
Operative operating profit <sup>1)</sup>	622	594	1,434	1,272	1,214	1,052
Operative operating margin, % <sup>1)</sup>	5.5	5.1	4.4	4.0	2.7	2.4
Operating profit	640	580	1,425	1,226	1,208	1,009
Operating margin, %	5.6	5.0	4.4	3.8	2.7	2.3
Pre-tax profit	627	544	1,382	1,130	1,158	906
Profit for the period	529	449	1,166	934	1,030	798
Earnings per share, SEK	1.79	1.53	3.95	3.17	3.95	2.71
Return on equity, %	12.5 <sup>2)</sup>	13.7 <sup>2)</sup>	12.5 <sup>2)</sup>	13.7 <sup>2)</sup>	12.5	9.9
Net debt	3,624	3,488	3,624	3,488	3,624	3,118
Equity/assets ratio, %	28.2	29.5	28.2	29.5	28.2	28.8
Number of employees	14,140	13,354	14,140	13,354	14,140	13,300

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

<sup>2)</sup> Calculated on rolling 12 months.

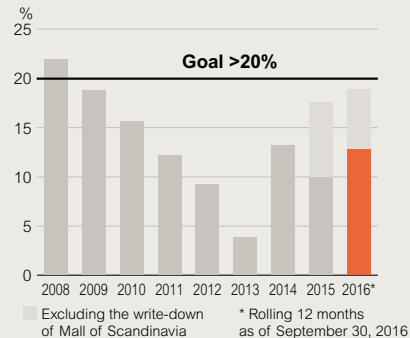
## Financial goals

### Equity/assets ratio



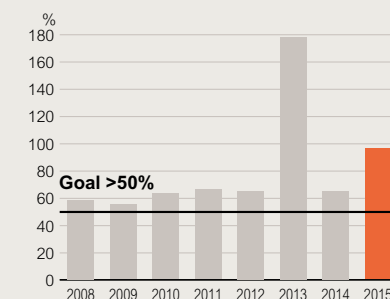
The target figure for the equity/assets ratio is at least 25 percent. On 30 September 2016 the equity/assets ratio was 28.2 percent compared to 28.8 percent at the end of last year.

### Return on equity



The target figure for return on equity is a yield of at least 20 percent. The return on equity calculated on a rolling 12 month period was 12.5 percent (13.7). Excluding the write-down of the project Mall of Scandinavia of SEK -800 million during the fourth quarter 2015 the return on equity was 18.6 percent.

### Dividends



The target figure for dividends is at least 50 percent of profit after tax. Dividend in 2015 of SEK 2.60 (2.25) per share corresponded to 96 percent (65) of profit for the year.



**NET SALES AND PROFIT <sup>1)</sup>****July - September 2016**

Group operative net sales for the third quarter 2016 amounted to SEK 11,221 million (11,672), which was a decrease of four percent. Adjustments in housing reporting affected net sales by SEK 135 million (36). Group net sales for the third quarter 2016 decreased to SEK 11,356 million (11,708). Of the quarter's net sales SEK 2,068 million (2,073) were attributable to sales and production outside Sweden.

Net sales remained the same in business area Construction and Civil Engineering compared with the same quarter last year. Net sales increased by eleven percent in Industry. Net sales decreased in Project Development as a result of lower volume of property transactions compared with the same quarter last year.

Operative operating profit for the third quarter 2016 amounted to SEK 622 million (594) and the operative operating margin improved to 5.5 percent (5.1).

The operating margin in business area Construction was 2.3 percent (2.5) and 3.5 percent (3.6) in business area Civil Engineering. The operating margin in business area Industry was somewhat higher than the corresponding quarter last year. Project Development reported improved operating profit and operating margin as a result of the still strong housing market.

Eliminations and reversal of internal profit in our own projects has affected the result net by SEK -21 million (9). Elimination is reversed in connection with the external divestment of a project. Adjustments in housing reporting affected operating profit by SEK 18 million (-14). Operating profit for the third quarter 2016 was SEK 640 million (580). The operating margin amounted to 5.6 percent (5.0).

Depreciation and write-downs for the third quarter were SEK 192 million (222).

Net financial items improved to SEK -13 million (-36). Net interest improved to SEK -20 million (-25).

Pre-tax profit was SEK 627 million (544).

Profit for the third quarter improved to SEK 529 million (449).

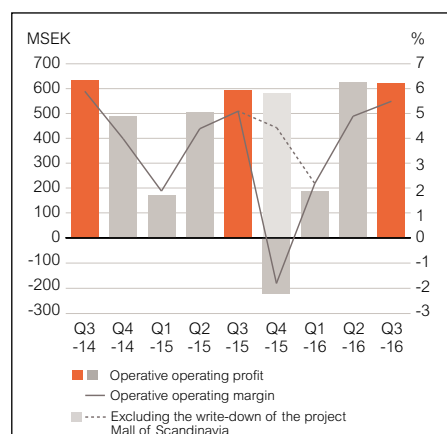
**January - September 2016**

Group operative net sales for the period January-September 2016 amounted to SEK 32,694 million (32,124), which was an increase of two percent. After adjustments for acquired and divested units net sales increased with one percent compared to the same period last year. Adjustments in housing reporting affected net sales by SEK -236 million (28). Group net sales for the period January-September 2016 increased to SEK 32,458 million (32,152).

Net sales in business area Construction contracted by three percent. The reduction is in part due to the fact that the production tempo in the project Mall of Scandinavia, which was completed in the fourth quarter of 2015, was very high in the comparable period. Net sales in business area Civil Engineering remained the same. Net sales in business area Industry increased by eleven percent. Net sales in Project Development decreased slightly.

Of the period's net sales SEK 5,456 million (5,393) were attributable to sales and production outside Sweden.

Operative operating profit for the period January-September 2016 amounted to SEK 1,434 million (1,272) and the operative operating margin improved to 4.4 percent (4.0). The operative operating margin for the latest rolling 12 month period was 2.7 percent compared to 2.4 percent for the entire year 2015. Excluding the write-down of SEK -800 million for the project Mall of Scandinavia during the fourth quarter of 2015 the operative operating margin for the latest rolling 12 month period was 4.4 percent compared to 4.1 percent for the entire year of 2015.

**Operative operating profit and operative operating margin**

The margin in business area Construction was 2.3 percent (2.4) and 3.2 percent (3.4) in Civil Engineering. Business area Industry reported greater profit than in the corresponding period last year. Project Development reported improved operating profit and operating margin as a result of the still strong housing market as well as the partial divestment of a hotel property and the development rights for offices at Hyllie Stationstorg in Malmö, generating a positive effect on profit of SEK 104 million.

Eliminations and reversal of internal profit in our own projects has affected the result by net SEK -25 million (-34). Elimination is reversed in connection with the external divestment of a project. Adjustments in housing reporting affected operating profit by SEK -9 million (-46). Operating profit for the period January-September 2016 was SEK 1,425 million (1,226). The operating margin amounted to 4.4 percent (3.8).

Depreciation and write-downs for the period were SEK 630 million (621).

Net financial items amounted to SEK -43 million (-96). Net interest improved to SEK -60 million (-84), as a result of a lower interest rates and net debt during the period.

Pre-tax profit was SEK 1,382 million (1,130).

Profit for the period improved to SEK 1,166 million (934).

**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 quarters during the year.

<sup>1)</sup> 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

The equity/assets ratio on 30 September 2016 was 28.2 percent compared to 28.8 percent at year-end. Interest-bearing net debt amounted to SEK 3,624 million compared to SEK 3,118 million at the end of 2015. Net debt has been affected by dividends of SEK 767 million (664). The average interest rate in the loan portfolio, including derivatives, was 2.3 percent (2.8) on 30 September 2016.

Group liquid funds, including unutilized credit facilities, were SEK 5,315 million at the end of the period compared to SEK 4,953 million on 31 December 2015.

At the end of the period Group contingent liabilities, excluding joint and several liabilities in trading and limited partnerships, amounted to SEK 11,596 million compared to SEK 9,569 million on 31 December 2015. SEK 3,261 million (3,566) of contingent liabilities was surety given for credit lines for tenant-owned apartments under production and SEK 5,907 million (3,009) was guarantees for advances and down payments for tenant-owned apartments.

## INVESTMENTS AND DIVESTMENTS

During the third quarter SEK 510 million (159) was net invested in tangible and intangible fixed assets. During January-September 2016 SEK 1,161 million (347) was net invested in tangible and intangible fixed assets. The investments are primarily attributable to investments in machinery and acquisition of operations in the business areas Industry and Civil Engineering. The comparable period contained the disposal of operations as well as operations property.

Net investments in project and development properties, which are recognized as inventory items, totaled SEK 425 million (62) during the third quarter. During the third quarter 2015 property consisting of a cold storage space rented by Findus was divested for a book value of SEK 590 million. Net investments in project and development property totaled SEK 415 million (net divestments of SEK 331 million) during January-September 2016.

## CASH FLOW

### July - September 2016

Cash flow from current operations during the third quarter was SEK -21 million (1,121). The reduction in cash flow is due to more capital tied-up in working capital, primarily in project and development property. The corresponding quarter last year included the sale of the cold storage space in Bjuv for SEK 590 million.

Cash flow from investment activities was SEK -268 million compared to SEK -280 million for the comparable period.

Cash flow before financing during the third quarter amounted to SEK -289 million compared to SEK 841 million for the same quarter last year.

Cash flow from financing operations during the third quarter amounted to SEK 373 million (-952).

### January - September 2016

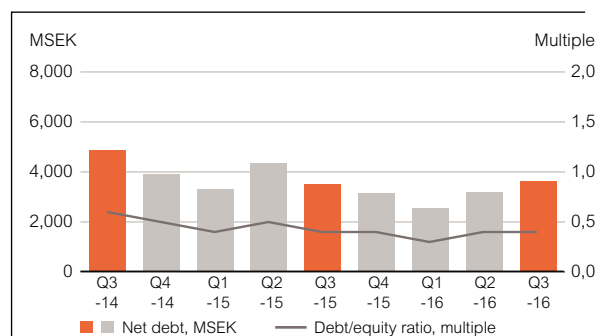
Cash flow from current operations was SEK 1,321 million (1,495), of which the partial divestment of property in Hyllie was SEK 508 million. The corresponding period last year included the sale of the cold storage space in Bjuv for SEK 590 million.

Cash flow from investment activities was SEK -694 million compared to SEK -417 million for the comparable period. The deviation is due to larger investments in machinery and acquisition of operations and that the comparable period contained the disposal of operations as well as operations property.

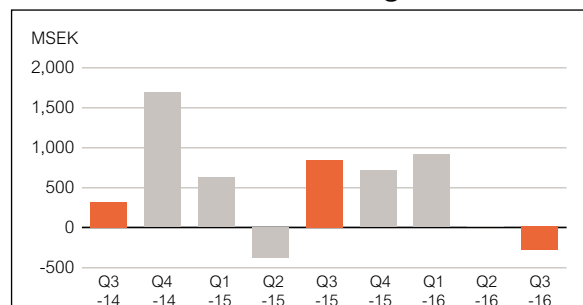
Cash flow before financing amounted to SEK 627 million compared to SEK 1,078 million for the same period last year.

Cash flow from financing operations amounted to SEK -1,297 million (-1,608) of which SEK 767 million (664) consisted of paid dividends.

## Net debt



## Cashflow before financing



**ORDERS RECEIVED AND ORDER BACKLOG****July - September 2016**

Orders received for the third quarter 2016 amounted to SEK 9,027 million compared to SEK 9,135 million for the same period last year. The level of orders received has risen in Civil Engineering and Project Development. There is a broad spread geographically and a wide range of products in orders received for the third quarter, although the majority of them is connected to housing projects.

**January - September 2016**

Orders received for the period January-September 2016 amounted to SEK 31,078 million compared to SEK 28,108 million for the same period last year. The level of orders received has risen in all the business areas. Two major highway projects are included in the orders received in business area Civil Engineering, E6 Trondheim

in Norway and reconstruction of E45 outside Gothenburg, each worth around SEK 1 billion. There continues to be a broad spread geographically of housing projects in orders received for the period January-September 2016.

Order backlog yet to be produced at the end of the period amounted to SEK 34,248 million compared to SEK 28,050 million at the end of September last year. Of the total order backlog, 75 percent (74) is expected to be produced after 2016 (2015). This means there will be SEK 4.9 billion more to produce after the current fiscal year than at the same point in time in 2015. Swedish operations accounted for 83 percent (87) of the order backlog.

No orders received or order backlog is given for the business area Industry.

## Orders received and order backlog

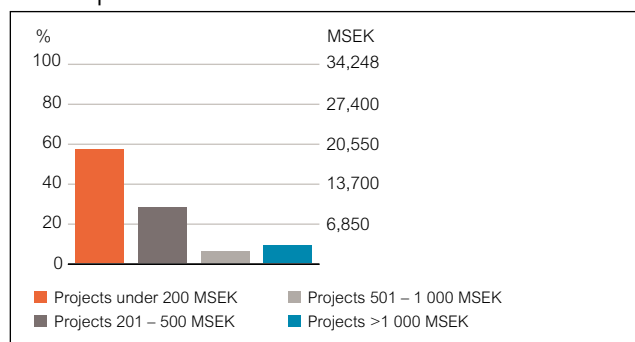
Orders received	Jul-Sep	Jul-Sep	Jan-Sep	Jan-Sep	Oct-Sep	Jan-Dec
MSEK	2016	2015	2016	2015	2015/2016	2015
Construction	5,924	6,806	20,800	19,511	27,288	25,999
Civil Engineering	2,750	2,334	10,441	7,767	13,107	10,433
Project Development	1,573	1,241	4,584	3,999	7,083	6,498
Eliminations	-1,220	-1,246	-4,747	-3,169	-6,696	-5,118
<b>Group</b>	<b>9,027</b>	<b>9,135</b>	<b>31,078</b>	<b>28,108</b>	<b>40,782</b>	<b>37,812</b>

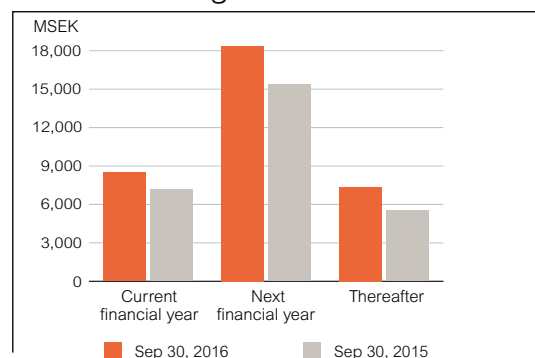
Order backlog	30 Sep 2016	30 Sep 2015	31 Dec 2015
MSEK			
Construction	24,079	20,005	19,529
Civil Engineering	10,304	7,873	7,292
Project Development	5,324	3,693	4,357
Eliminations	-5,459	-3,521	-4,187
<b>Group</b>	<b>34,248</b>	<b>28,050</b>	<b>26,991</b>

**EXAMPLES OF MAJOR PROJECTS AND CONTRACTS OBTAINED IN THE THIRD QUARTER:**

- Construction of 136 tenant-owner apartments in Växjö. The client is Riksbyggen and the contract amounts to SEK 215 million.
- Construction of 190 apartments in Esbo, Finland. The customer is VVO, Finland's largest private renter. The contract is worth EUR 24 million.
- Construction of a home for the elderly in Seinäjoki, Finland. The customer is the pension insurance company Etera and the contract is worth EUR 13.5 million.

Project allocation of order backlog,  
30 Sep 2016

## Order backlog allocated over time



## COMMENTS ON THE 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 profit 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 this 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. The underlying sales value of property projects on our own balance sheet 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.

### 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

MSEK	Net sales						Operating profit					
	Jul-Sep 2016	Jul-Sep 2015	Jan-Sep 2016	Jan-Sep 2015	Oct-Sep 2015/2016	Jan-Dec 2015	Jul-Sep 2016	Jul-Sep 2015	Jan-Sep 2016	Jan-Sep 2015	Oct-Sep 2015/2016	Jan-Dec 2015
Construction	5,510	5,436	17,129	17,667	24,107	24,645	127	135	395	430	540	575
Civil Engineering	2,654	2,676	7,448	7,456	10,440	10,448	93	96	235	255	361	381
Industry	3,449	3,111	8,699	7,852	11,647	10,800	336	296	526	470	704	648
Project Development	1,510	2,359	5,254	5,330	7,529	7,605	93	84	365	205	558	398
– of which Property Development	130	1,047	1,237	1,326	1,545	1,634	-37	5	69	-15	94	10
– of which Housing Development	1,380	1,312	4,017	4,004	5,984	5,971	130	79	296	220	464	388
Group functions	226	211	655	627	864	836	-6	-26	-62	-54	-108	-100
Eliminations	-2,128	-2,121	-6,491	-6,808	-8,965	-9,282	-21	9	-25	-34	-41	-50
<b>Operative excluding write-down <sup>1)</sup></b>	<b>11,221</b>	<b>11,672</b>	<b>32,694</b>	<b>32,124</b>	<b>45,622</b>	<b>45,052</b>	<b>622</b>	<b>594</b>	<b>1,434</b>	<b>1,272</b>	<b>2,014</b>	<b>1,852</b>
Construction - write-down of project Mall of Scandinavia	–	–	–	–	-800	-800	–	–	–	–	-800	-800
<b>Operative <sup>1)</sup></b>	<b>11,221</b>	<b>11,672</b>	<b>32,694</b>	<b>32,124</b>	<b>44,822</b>	<b>44,252</b>	<b>622</b>	<b>594</b>	<b>1,434</b>	<b>1,272</b>	<b>1,214</b>	<b>1,052</b>
Adjustment for housing reporting <sup>2)</sup>	135	36	-236	28	-140	124	18	-14	-9	-46	-6	-43
<b>Legal</b>	<b>11,356</b>	<b>11,708</b>	<b>32,458</b>	<b>32,152</b>	<b>44,682</b>	<b>44,376</b>	<b>640</b>	<b>580</b>	<b>1,425</b>	<b>1,226</b>	<b>1,208</b>	<b>1,009</b>

## Operating margin per business area

%	Operating margin					
	Jul-Sep 2016	Jul-Sep 2015	Jan-Sep 2016	Jan-Sep 2015	Oct-Sep 2015/2016	Jan-Dec 2015
Construction	2.3	2.5	2.3	2.4	2.2	2.3
Civil Engineering	3.5	3.6	3.2	3.4	3.5	3.6
Industry	9.7	9.5	6.0	6.0	6.0	6.0
Project Development	6.2	3.6	6.9	3.8	7.4	5.2
– of which Property Development	-28.5	0.5	5.6	-1.1	6.1	0.6
– of which Housing Development	9.4	6.0	7.4	5.5	7.8	6.5
Group functions						
Eliminations						
<b>Operative excluding write-down <sup>1)</sup></b>	<b>5.5</b>	<b>5.1</b>	<b>4.4</b>	<b>4.0</b>	<b>4.4</b>	<b>4.1</b>
Construction - write-down of project Mall of Scandinavia						
<b>Operative <sup>1)</sup></b>	<b>5.5</b>	<b>5.1</b>	<b>4.4</b>	<b>4.0</b>	<b>2.7</b>	<b>2.4</b>
Adjustment for housing reporting <sup>2)</sup>						
<b>Legal</b>	<b>5.6</b>	<b>5.0</b>	<b>4.4</b>	<b>3.8</b>	<b>2.7</b>	<b>2.3</b>

<sup>1)</sup> According to the percentage of completion method (IAS 11)

<sup>2)</sup> 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, primarily for business area Project Development. 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 11 regions in Sweden, two in Norway and two in Finland. There are three specialized housing production areas 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 2016**

Net sales for the third quarter 2016 increased by one percent and amounted to SEK 5,510 million (5,436). Net sales consists of a higher proportion of housing construction.

Operating profit for the third quarter amounted to SEK 127 million (135) and the operating margin was 2.3 percent (2.5).

**January - September 2016**

Net sales for the period January-September 2016 shrunk by three percent and amounted to SEK 17,129 million (17,667). The reduction is primarily due to the fact that the project Mall of Scandinavia, which was completed during the fourth quarter of 2015, had a high production rate during the comparable period. Net sales consists of a higher proportion of housing construction.

Operating profit for the period amounted to SEK 395 million (430) and the operating margin was 2.3 percent (2.4). The operating margin for the latest 12 month rolling period was -1.1 percent compared to -0.9 percent for the entire year of 2015. Excluding the write-down of SEK -800 million for the project Mall of Scandinavia during the fourth quarter of 2015 the operating margin for the latest rolling 12 month period was 2.2 percent compared to 2.3 percent for the entire year of 2015.

**ORDERS RECEIVED AND ORDER BACKLOG****July - September 2016**

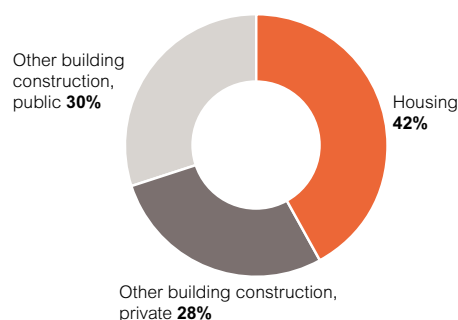
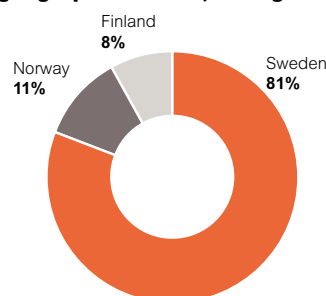
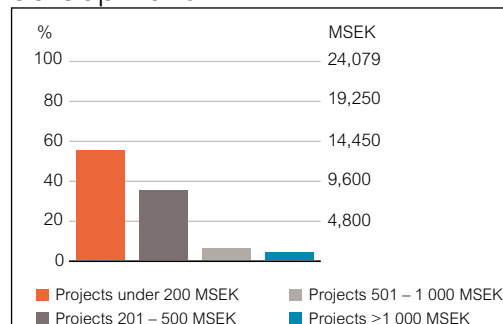
Orders received decreased by 13 percent during the third quarter compared to same quarter last year and amounted to SEK 5,924 million (6,806). Orders received were well diversified in terms of products and geography.

**January - September 2016**

Orders received increased by seven percent during the period compared to same period last year and amounted to SEK 20,800 million (19,511). Orders received are well diversified in terms of

products and geography although the majority consists of housing projects.

Order backlog 30 September 2016 amounted to SEK 24,079 million (20,005).

**Net sales****per type of operation, rolling 12 month****per geographic market, rolling 12 month****Project allocation of order backlog, 30 Sep 2016****Key ratios**

	Jul-Sep 2016	Jul-Sep 2015	Jan-Sep 2016	Jan-Sep 2015	Oct-Sep 2015/2016	Jan-Dec 2015
Net sales, MSEK	5,510	5,436	17,129	17,667	23,307	23,845
Operating profit, MSEK	127	135	395	430	-260	-225
Operating margin, %	2.3	2.5	2.3	2.4	-1.1	-0.9
Orders received, MSEK	5,924	6,806	20,800	19,511	27,288	25,999
Order backlog, MSEK	24,079	20,005	24,079	20,005	24,079	19,529
Number of employees	6,522	6,245	6,522	6,245	6,522	6,320



**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.

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 2016**

Net sales for the third quarter 2016 amounted to SEK 2,654 million (2,676).

Operating profit for the third quarter 2016 amounted to SEK 93 million (96) and the operating margin was 3.5 percent (3.6).

**January - September 2016**

Net sales for the period January-September 2016 were unchanged and amounted to SEK 7,448 million (7,456). There are a number of infrastructure projects still in the early stages where the first nine months have been taken up by preparatory work and therefore no net sales to speak of have been generated.

Operating profit for the period January-September 2016 amounted to SEK 235 million (255) and the operating margin was 3.2 percent (3.4). The operating margin for the latest 12 month rolling period was 3.5 percent compared to 3.6 percent for the entire year of 2015.

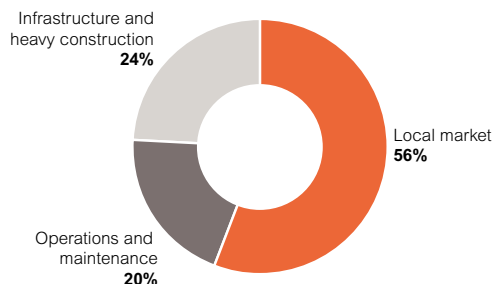
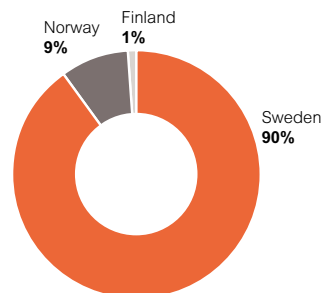
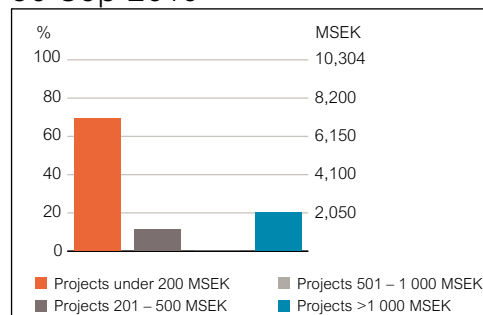
**ORDERS RECEIVED AND ORDER BACKLOG****July - September 2016**

Orders received increased by 18 percent during the third quarter 2016 and amounted to SEK 2,750 million (2,334).

**January - September 2016**

Orders received increased by 34 percent during the period January-September 2016 and amounted to SEK 10,441 million (7,767). The increase is primarily due to Infrastructure through two major highway projects, E6 Trondheim in Norway and reconstruction of E45 outside Gothenburg, each worth around SEK 1 billion.

Order backlog on 30 September 2016 amounted to SEK 10,304 million (7,873).

**Net sales****per type of operation, rolling 12 month****per geographic market, rolling 12 month****Project allocation of order backlog, 30 Sep 2016****Key ratios**

	Jul-Sep 2016	Jul-Sep 2015	Jan-Sep 2016	Jan-Sep 2015	Oct-Sep 2015/2016	Jan-Dec 2015
Net sales, MSEK	2,654	2,676	7,448	7,456	10,440	10,448
Operating profit, MSEK	93	96	235	255	361	381
Operating margin, %	3.5	3.6	3.2	3.4	3.5	3.6
Orders received, MSEK	2,750	2,334	10,441	7,767	13,107	10,433
Order backlog, MSEK	10,304	7,873	10,304	7,873	10,304	7,292
Number of employees	3,257	3,130	3,257	3,130	3,257	3,019

**BUSINESS AREA INDUSTRY**

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

Business area Industry is run in seven product areas; Asphalt, Concrete, Gravel and rock, Transportation and machines, Foundations, Rentals and Construction system (Industrial Construction). All of them work on the Nordic construction and civil engineering markets.

**NET SALES AND PROFIT****July - September 2016**

Net sales for the third quarter 2016 increased by eleven percent and amounted to SEK 3,449 million (3,111) with increases in most of the product areas. Operating profit for the third quarter 2016 amounted to SEK 336 million (296). The operating margin increased to 9.7 percent (9.5). Sales volumes increased in Concrete, Gravel and Rock, Asphalt as well as Rentals in the third quarter.

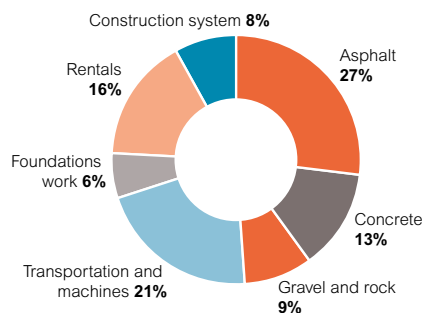
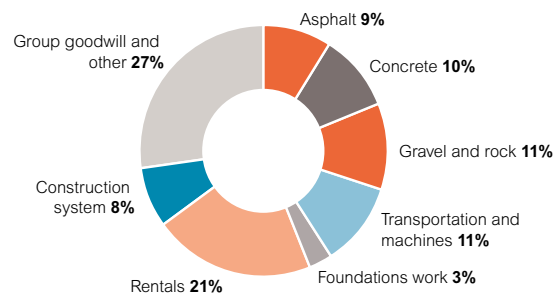
**January - September 2016**

Net sales for the period January-September 2016 increased by



eleven percent and amounted to SEK 8,699 million (7,852) with increases in most of the product areas. After adjustments for acquired and divested units net sales increased by ten percent compared to the same period last year. Operating profit for the period January-September 2016 amounted to SEK 526 million (470) and the operating margin was 6.0 percent (6.0). The operating margin for the latest rolling 12 month period was 6.0 percent, unchanged compared to the entire year of 2015. Sales volumes increased in Concrete, Gravel and Rock, Asphalt as well as Rentals during the period.

Capital employed in Industry at the end of the period amounted to SEK 5,647 million (5,282). The increase is largely due to investments in machinery as well as the acquisition of operations in the rock and gravel operations in Källered, which strengthens Peab's position in rock and gravel in the Gothenburg region. Net sales in the business were SEK 110 million during the fiscal year of 2015.

**Net sales****per product area, rolling 12 month****Capital employed, 30 Sep 2016****Key ratios**

	Jul-Sep 2016	Jul-Sep 2015	Jan-Sep 2016	Jan-Sep 2015	Oct-Sep 2015/2016	Jan-Dec 2015
Net sales, MSEK	3,449	3,111	8,699	7,852	11,647	10,800
Operating profit, MSEK	336	296	526	470	704	648
Operating margin, %	9.7	9.5	6.0	6.0	6.0	6.0
Capital employed, MSEK	5,647	5,282	5,647	5,282	5,647	4,885
Number of employees	3,564	3,229	3,564	3,229	3,564	3,204
Concrete, thousands of m <sup>3</sup> <sup>1)</sup>	301	264	794	700	1,084	990
Asphalt, thousands of tons <sup>1)</sup>	1,040	969	1,918	1,746	2,525	2,353
Gravel and rock, thousands of tons <sup>1)</sup>	3,760	3,073	9,173	7,951	12,227	11,005

<sup>1)</sup> Refers to sold volume

**BUSINESS AREA PROJECT DEVELOPMENT**

Business area Project Development is responsible for the Group's acquisition, development and sales 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 Peab 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 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 and divestiture of commercial property in wholly owned and partly owned companies. As a property developer Peab has broad range of expertise in enriching and developing areas and land for commercial space or uses such as offices, malls, hotels, industries and sports facilities.

Projects in wholly owned companies consist of everything from land for development in the process of being zoned to completed projects ready for divestment.

Peab's primary ambition is to work with development projects based on the development rights 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 2016**

Operative net sales for the third quarter 2016 in business area Project Development amounted to SEK 1,510 million (2,359). Operative operating profit increased to SEK 93 million (84).

**January - September 2016**

Operative net sales for the period January-September 2016 in business area Project Development amounted to SEK 5,254 million (5,330). Operative operating profit increased to SEK 365 million (205).

Capital employed in Project Development at the end of the period amounted to SEK 10,976 million (10,429).

**Capital employed**

MSEK	30 Sep 2016	30 Sep 2015	31 Dec 2015
Development rights for housing	4,404	3,072	3,831
Commercial development rights	664	702	543
Projects under construction, Property Development	585	1,059	944
Investment properties, Property Development	1,296	1,123	1,244
Participation in joint ventures	731	857	693
Financial statements and others	3,296	3,616	3,583
<b>Total</b>	<b>10,976</b>	<b>10,429</b>	<b>10,838</b>

**Key ratios**

	Jul-Sep 2016	Jul-Sep 2015	Jan-Sep 2016	Jan-Sep 2015	Oct-Sep 2015/2016	Jan-Dec 2015
Operative net sales <sup>1)</sup> , MSEK	1,510	2,359	5,254	5,330	7,529	7,605
of which Property Development	130	1,047	1,237	1,326	1,545	1,634
of which Housing Development <sup>1)</sup>	1,380	1,312	4,017	4,004	5,984	5,971
Operative operating profit <sup>1)</sup> , MSEK	93	84	365	205	558	398
of which Property Development	-37	5	69	-15	94	10
of which Housing Development <sup>1)</sup>	130	79	296	220	464	388
Operative operating margin <sup>1)</sup> , %	6.2	3.6	6.9	3.8	7.4	5.2
of which Property Development	-28.5	0.5	5.6	-1.1	6.1	0.6
of which Housing Development <sup>1)</sup>	9.4	6.0	7.4	5.5	7.8	6.5
Capital employed at the end of period, MSEK	10,976	10,429	10,976	10,429	10,976	10,838
Orders received Housing Development, MSEK	1,573	1,241	4,584	3,999	7,083	6,498
Order backlog Housing Development, MSEK	5,324	3,693	5,324	3,693	5,324	4,357
Number of employees	329	285	329	285	329	285

<sup>1)</sup> According to the percentage of completion method (IAS11).



## HOUSING DEVELOPMENT

## July - September 2016

Operative net sales for the third quarter 2016 in Housing Development amounted to SEK 1,380 million (1,312). Operative operating profit amounted to SEK 130 million (79) and the operative operating margin improved to 9.4 percent (6.0).

The number of start-ups of our own developed homes has increased and amounted to 483 units (465). The number of sold homes during the third quarter 2016 was 516 (475).

## January - September 2016

Operative net sales for the period January-September 2016 in Housing Development amounted to SEK 4,017 million (4,004). Operative operating profit amounted to SEK 296 million (220) and the operative operating margin improved to 7.4 percent (5.5). The operative operating margin was 7.8 percent during the latest rolling 12 month period compared to 6.5 percent for the entire year of 2015.

The number of start-ups of our own developed homes has increased and amounted to 1,648 units (1,487) with a good geographic spread. The number of sold homes during the period January-September 2016 was 1,469 (1,405). The number of own developed homes in production at the end of the period was 3,968 (3,672). The level of sold homes in production was 77 percent compared to 82 percent at year-end. The number of repurchased homes per 30 September 2016 was 49 (51).

## Development rights for housing

Number, approx.	30 Sep 2016	30 Sep 2015	31 Dec 2015
Development rights on our own balance sheet	17,800	15,000	17,400
Development rights via joint ventures	4,600	7,400	4,400
Development rights via options etc.	6,100	6,900	6,800
<b>Total</b>	<b>28,500</b>	<b>29,300</b>	<b>28,600</b>

## Own housing development construction

	Jul-Sep 2016	Jul-Sep 2015	Jan-Sep 2016	Jan-Sep 2015	Oct-Sep 2015/2016	Jan-Dec 2015
Number of housing starts during the period	483	465	1,648	1,487	2,524	2,363
Number of sold homes during the period	516	475	1,469	1,405	2,359	2,295
Total number of homes under construction, at the end of the period	3,968	3,672	3,968	3,672	3,968	4,043
Share of sold homes under construction, at the end of the period	77%	79%	77%	79%	77%	82%
Number of repurchased homes in the balance sheet, at the end of the period	49	51	49	51	49	61



WATERFRONT PATH  
Akersberga

**PROPERTY DEVELOPMENT**

Net sales and operating profit from operations is derived from 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 2016**

During the third quarter 2016 net sales in Property Development were SEK 130 million (1,047) and operating profit was SEK -37 million (5). There were no significant property sales during the quarter. The corresponding period last year included the sale of a cold storage space in Bjuv for SEK 590 million.

**January- September 2016**

During the period January-September 2016 net sales in Property Development were SEK 1,237 million (1,326) and operating profit was SEK 69 million (-15). The period included the partial divestment of a hotel property and the development rights for offices at Hyllie Stationstorg in Malmö. The underlying property value amounted to SEK 777 million and the effect on profit was SEK 104 million. The total effect of property divestments amounted to SEK 117 million (-9).

Profit from partially owned companies has improved in relation to the previous year.

Projects under construction included in the capital employed in Property Development were, among others, a parking building in Ulriksdal and a hotel in Västerås. Investment properties include, among others, an office building in Ulriksdal, an office building in Helsinki and one office building in Sigtuna. Financial statements and others include borrowing to partly owned companies and working capital.

**Strategic joint ventures****Fastighets AB Centur**

Owns, manages and develops commercial property.

**Peab's share:** 50 percent

**Partner:** Balder

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

**Book value on properties, 30 September 2016:** SEK 4,578 million

**Tornet Bostadsproduktion AB**

Builds and manages attractive and environmentally friendly rentals in larger cities in Sweden.

**Peab's share:** 31 percent

**Partner:** Riksbyggen, Folksam and Balder

**Geography:** Stockholm, the Mälaren region, Gothenburg and the Öresund region

**Book value on properties, 30 September 2016:** SEK 2,074 million



## THE CONSTRUCTION MARKET

### Sweden

Growth in GNP during the first half-year of 2016 has slowed slightly, primarily due to weak exports. Continued substantial public consumption, a result of the 2015 surge in refugees, and expansive construction investments contribute to positive growth. More jobs and low interest rates favor household consumption which, together with gross investments, will continue to be the motors in the Swedish economy. Despite the uncertain business cycle worldwide there are signs that the global economy will recover over the coming years, which in turn should have a positive effect on Swedish industry. Industrifakta expects a dramatic rise in total building construction in 2016 but that investments will dwindle somewhat in 2017. Growth is likely in nearly every sector except industry which is expected to develop positively first in 2017. Civil engineering is expected to grow by three percent in 2016 and one percent in 2017 before the sector accelerates again in the coming years from an increase in infrastructure investments.

### Norway

The forecast for growth indicates a GNP development of 1.2 percent in 2016 followed by stronger growth in the next two years. The effect of the drop in oil prices has had a limited effect on the rest of the Norwegian economy outside the oil industry due to low interest rates, a weak Norwegian krone and an expansive monetary policy. According to Industrifakta's forecast total building construction is expected to remain on the same level during 2016-2017. Development is negatively affected by a decline in public premise construction which makes up a considerable part of total building construction. Prospects are brighter in the other sectors where building construction for industry will have a particularly favorable development. Even civil engineering is expected to grow well in the next few years as a result of infrastructure investments and higher appropriations in the state budget.

### Finland

Finland's economy shows signs of improvement and weak but stable growth seems to have settled in. Household consumption will probably be the main driving force in the economy during the next two years due to an increasing number of jobs, a very low interest rate and shopping needs that have been on hold for several years. Higher demand, urbanization and several years of low activity are lifting housing construction and this is favorable for building investments in office and retail space. However, building construction in

industry is expected to be more problematic over the next few years. All in all total building construction will increase in 2016 and then show more or less zero growth in 2017 according to Industrifakta forecasts. Civil engineering construction will remain relatively the same for the next two years due to tight government finances.

## Housing

	2016	2017	2018
Sweden	↑	→	↗
Norway	→	↘	→
Finland	↗	→	↗

Forecast for started-up housing investments, new and renovations  
Source: Industrifakta

## Other building construction

	2016	2017	2018
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

	2016	2017	2018
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



## 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 we handle the day-to-day business. 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 2015 Annual Report.

## HOLDINGS OF OWN SHARES

At the beginning of 2016 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 2016.

## THE PEAB SHARE

Peab's B share is listed on the Nasdaq Stockholm, Large Cap list. As of 9 November 2016, the price of the Peab share was SEK 74.75 an increase of 15 percent during 2016. During the same period, the Swedish stock market increased by one percent according to the general index in the business magazine "Affärsvärlden". During 2016 the Peab share has been quoted at a maximum of SEK 77.30 and a minimum of SEK 54.60.

## IMPORTANT EVENTS DURING THE PERIOD

The Annual General Meeting on 10 May 2016 approved the Board of Director's proposal to transfer 50 percent of the shares in Peab's fully owned subsidiary Peab FU Linné AB with the subsidiaries Annehem Hyllie Point 3 AB and Annehem Hyllie Point 4 AB to Volito Fastigheter AB. Peab FU Linné AB and the subsidiaries own the properties Vårdshuset 5 and Vårdshuset 4 that contain a hotel and development rights for offices. The property is situated at Hyllie Stationstorg in Malmö, Sweden.

The purchase price for the transfer is based on an underlying property value of SEK 777 million, of which SEK 565 million refer to Vårdshuset 5 (the hotel) and SEK 212 million to Vårdshuset 4 (development rights for offices etc.). The Board of Directors believed that based on the fairness opinion and value evaluations conducted that the terms for the negotiated transfer, including the purchase price, were on par with market terms and that the underlying contracts contain the customary guarantees and conditions.

Karl-Axel Granlund, member of the Board of Directors of Peab AB is also indirectly the principle owner of Volito AB and therefore indirectly controls Volito Fastigheter AB. The Board of Directors therefore considered the transfer to be a transaction with related parties that according to the Leo Law and general good practice on the stock market should be submitted to the Annual General Meeting for approval.

The transaction had a positive effect on Peab's profit of SEK 104 million in the second quarter of 2016 and net debt in Peab contracted by around SEK 500 million.



## Report on the Group income statement in summary

MSEK	Jul-Sep 2016	Jul-Sep 2015	Jan-Sep 2016	Jan-Sep 2015	Oct-Sep 2015/2016	Jan-Dec 2015
Net sales	11,356	11,708	32,458	32,152	44,682	44,376
Production costs	-10,263	-10,697	-29,396	-29,358	-41,189	-41,151
<b>Gross profit</b>	<b>1,093</b>	<b>1,011</b>	<b>3,062</b>	<b>2,794</b>	<b>3,493</b>	<b>3,225</b>
Sales and administrative expenses	-480	-450	-1,719	-1,622	-2,393	-2,296
Profit from participation in joint ventures	2	2	4	4	-3	-3
Other operating income	28	19	86	69	123	106
Other operating costs	-3	-2	-8	-19	-12	-23
<b>Operating profit</b>	<b>640</b>	<b>580</b>	<b>1,425</b>	<b>1,226</b>	<b>1,208</b>	<b>1,009</b>
Financial income	24	24	129	97	189	157
Financial expenses	-37	-58	-171	-187	-236	-252
Profit from participation in joint ventures	-	-2	-1	-6	-3	-8
<b>Net finance</b>	<b>-13</b>	<b>-36</b>	<b>-43</b>	<b>-96</b>	<b>-50</b>	<b>-103</b>
<b>Pre-tax profit</b>	<b>627</b>	<b>544</b>	<b>1,382</b>	<b>1,130</b>	<b>1,158</b>	<b>906</b>
Tax	-98	-95	-216	-196	-128	-108
<b>Profit for the period</b>	<b>529</b>	<b>449</b>	<b>1,166</b>	<b>934</b>	<b>1,030</b>	<b>798</b>
<b>Profit for the period, attributable to:</b>						
Shareholders in parent company	529	449	1,166	934	1,030	798
Non-controlling interests	0	0	0	0	0	0
<b>Profit for the period</b>	<b>529</b>	<b>449</b>	<b>1,166</b>	<b>934</b>	<b>1,030</b>	<b>798</b>
<b>Key ratios</b>						
Earnings per share before and after dilution, SEK	1.79	1.53	3.95	3.17	3.49	2.71
Average number of outstanding shares, million	295.0	295.0	295.0	295.0	295.0	295.0
Return on capital employed, %			9.9 <sup>1)</sup>	12.9 <sup>1)</sup>	9.9	8.2
Return on equity, %			12.5 <sup>1)</sup>	13.7 <sup>1)</sup>	12.5	9.9

<sup>1)</sup> Calculated on rolling 12 months

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

MSEK	Jul-Sep 2016	Jul-Sep 2015	Jan-Sep 2016	Jan-Sep 2015	Oct-Sep 2015/2016	Jan-Dec 2015
<b>Profit for the period</b>	<b>529</b>	<b>449</b>	<b>1,166</b>	<b>934</b>	<b>1,030</b>	<b>798</b>
<b>Other comprehensive income</b>						
<b>Items that can be reclassified or have been reclassified to income for the period</b>						
Translation differences for the period from translation of foreign operations	92	-60	183	-85	113	-155
Translation differences transferred to profit for the period	0	-	0	-	1	1
Changes for the period in fair value of available-for-sale financial assets	33	-16	11	38	63	90
Changes in fair value of cash flow hedges for the period	17	0	26	6	48	28
Shares in joint ventures' other comprehensive income	0	0	0	-1	0	-1
Tax referring to items that can be reclassified or have been reclassified to income for the period	3	-4	8	-8	-2	-18
	<b>145</b>	<b>-80</b>	<b>228</b>	<b>-50</b>	<b>223</b>	<b>-55</b>
<b>Items that cannot be reclassified to income for the period</b>						
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
	<b>0</b>	<b>-</b>	<b>0</b>	<b>-</b>	<b>0</b>	<b>0</b>
<b>Other comprehensive income for the period</b>	<b>145</b>	<b>-80</b>	<b>228</b>	<b>-50</b>	<b>223</b>	<b>-55</b>
<b>Total comprehensive income for the period</b>	<b>674</b>	<b>369</b>	<b>1,394</b>	<b>884</b>	<b>1,253</b>	<b>743</b>
<b>Total comprehensive income for the period, attributable to:</b>						
Shareholders in parent company	674	369	1,394	884	1,253	743
Non-controlling interests	0	0	0	0	0	0
<b>Total comprehensive income for the period</b>	<b>674</b>	<b>369</b>	<b>1,394</b>	<b>884</b>	<b>1,253</b>	<b>743</b>

## Report on financial position for the Group in summary

MSEK	30 Sep 2016	30 Sep 2015	31 Dec 2015
<b>Assets</b>			
Intangible assets	2,047	2,005	1,994
Tangible assets	4,184	3,663	3,654
Interest-bearing long-term receivables	2,224	1,919	2,199
Other financial fixed assets	1,493	1,516	1,374
Deferred tax recoverables	88	135	102
<b>Total fixed assets</b>	<b>10,036</b>	<b>9,238</b>	<b>9,323</b>
Project and development properties	7,112	6,147	6,742
Inventories	391	391	363
Work-in-progress	1,275	1,080	1,010
Interest-bearing current receivables	189	263	210
Other current receivables	11,571	10,425	9,520
Short-term holdings	–	20	8
Liquid funds	270	262	865
<b>Total current assets</b>	<b>20,808</b>	<b>18,588</b>	<b>18,718</b>
<b>Total assets</b>	<b>30,844</b>	<b>27,826</b>	<b>28,041</b>
<b>Equity and liabilities</b>			
<b>Equity</b>	<b>8,695</b>	<b>8,217</b>	<b>8,076</b>
<b>Liabilities</b>			
Interest-bearing long-term liabilities	2,234	2,828	3,301
Deferred tax liabilities	334	482	455
Other long-term liabilities	764	698	749
<b>Total long-term liabilities</b>	<b>3,332</b>	<b>4,008</b>	<b>4,505</b>
Interest-bearing current liabilities	4,073	3,124	3,099
Other current liabilities	14,744	12,477	12,361
<b>Total current liabilities</b>	<b>18,817</b>	<b>15,601</b>	<b>15,460</b>
<b>Total liabilities</b>	<b>22,149</b>	<b>19,609</b>	<b>19,965</b>
<b>Total equity and liabilities</b>	<b>30,844</b>	<b>27,826</b>	<b>28,041</b>
<b>Key ratios</b>			
Capital employed	15,002	14,169	14,476
Equity/assets ratio, %	28.2	29.5	28.8
Net debt	3,624	3,488	3,118
Equity per share, SEK	29.48	27.86	27.38
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 2016	30 Sep 2015	31 Dec 2015
<b>Equity attributable to shareholders in parent company</b>			
<b>Opening equity on 1 January</b>	<b>8,076</b>	<b>7,997</b>	<b>7,997</b>
Profit for the period	1,166	934	798
Other comprehensive income for the period	228	-50	-55
<b>Comprehensive income for the period</b>	<b>1,394</b>	<b>884</b>	<b>743</b>
Cash dividend	-767	-664	-664
Acquisition of non-controlling interests, previous controlling interests	-8	–	–
<b>Closing equity</b>	<b>8,695</b>	<b>8,217</b>	<b>8,076</b>
<b>Non-controlling interests</b>			
<b>Opening equity on 1 January</b>	<b>0</b>	<b>0</b>	<b>0</b>
Comprehensive income for the period	0	0	0
Disposal of partially owned subsidiaries, end of controlling interest	0	–	–
<b>Closing equity</b>	<b>–</b>	<b>0</b>	<b>0</b>
<b>Total closing equity</b>	<b>8,695</b>	<b>8,217</b>	<b>8,076</b>

## Report on Group cash flow in summary

MSEK	Jul-Sep 2016	Jul-Sep 2015	Jan-Sep 2016	Jan-Sep 2015	Oct-Sep 2015/2016	Jan-Dec 2015
<b>Cash flow from current operations before changes in working capital</b>	<b>772</b>	<b>769</b>	<b>1,882</b>	<b>1,734</b>	<b>2,502</b>	<b>2,354</b>
Increase (-) / Decrease (+) of project and development properties	-387	728	-227	330	-596	-39
Increase (-) / Decrease (+) of inventories	166	116	-229	82	-153	158
Increase (-) / Decrease (+) of current receivables / current liabilities	-572	-492	-105	-651	898	352
<b>Cash flow from changes in working capital</b>	<b>-793</b>	<b>352</b>	<b>-561</b>	<b>-239</b>	<b>149</b>	<b>471</b>
<b>Cash flow from current operations</b>	<b>-21</b>	<b>1,121</b>	<b>1,321</b>	<b>1,495</b>	<b>2,651</b>	<b>2,825</b>
Acquisition of subsidiaries/ businesses	-63	-1	-136	-20	-146	-30
Disposal of subsidiaries/ businesses	-1	-	5	75	5	75
Acquisition of fixed assets	-270	-299	-1,059	-910	-1,740	-1,591
Sales of fixed assets	66	20	496	438	566	508
<b>Cash flow from investment operations</b>	<b>-268</b>	<b>-280</b>	<b>-694</b>	<b>-417</b>	<b>-1,315</b>	<b>-1,038</b>
<b>Cash flow before financing</b>	<b>-289</b>	<b>841</b>	<b>627</b>	<b>1,078</b>	<b>1,336</b>	<b>1,787</b>
Cash flow from financing operations	373	-952	-1,297	-1,608	-1,352	-1,663
<b>Cash flow for the period</b>	<b>84</b>	<b>-111</b>	<b>-670</b>	<b>-530</b>	<b>-16</b>	<b>124</b>
Cash at the beginning of the period	152	389	873	812	282	812
Exchange rate differences in cash	34	4	67	0	4	-63
<b>Cash at the end of the period</b>	<b>270</b>	<b>282</b>	<b>270</b>	<b>282</b>	<b>270</b>	<b>873</b>



## Parent company

The parent company Peab AB's net sales for January-September 2016 amounted to SEK 176 million (188) and mainly consisted of internal Group services. Profit after tax amounted to SEK -171 million (118).

The parent company's assets mainly consist of participations in Group companies amounting to SEK 11,776 million (11,894) and shares in Lemminkäinen Oyj worth SEK 341 million (268). The assets have been financed from equity of SEK 4,993 million (5,914) and long-term liabilities amounting to SEK 7,238 million (6,422).

The parent company's liquid funds amounted to SEK 1 million (8) at the end of the period. 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 2016	Jul-Sep 2015	Jan-Sep 2016	Jan-Sep 2015	Oct-Sep 2015/2016	Jan-Dec 2015
Net sales	56	62	176	188	255	267
Administrative expenses	-78	-64	-288	-183	-389	-284
<b>Operating profit</b>	<b>-22</b>	<b>-2</b>	<b>-112</b>	<b>5</b>	<b>-134</b>	<b>-17</b>
<b>Result from financial investments</b>						
Profit from participation in Group companies	-	-	-	200	-200	0
Other financial items	-37	-38	-103	-115	-137	-149
<b>Result after financial investments</b>	<b>-59</b>	<b>-40</b>	<b>-215</b>	<b>90</b>	<b>-471</b>	<b>-166</b>
Appropriations	-	-	-	-	220	220
<b>Pre-tax profit</b>	<b>-59</b>	<b>-40</b>	<b>-215</b>	<b>90</b>	<b>-251</b>	<b>54</b>
Tax	13	9	44	28	25	9
<b>Profit for the period</b>	<b>-46</b>	<b>-31</b>	<b>-171</b>	<b>118</b>	<b>-226</b>	<b>63</b>

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

MSEK	Jul-Sep 2016	Jul-Sep 2015	Jan-Sep 2016	Jan-Sep 2015	Oct-Sep 2015/2016	Jan-Dec 2015
<b>Profit for the period</b>	<b>-46</b>	<b>-31</b>	<b>-171</b>	<b>118</b>	<b>-226</b>	<b>63</b>
<b>Other comprehensive income</b>						
<b>Items that can be reclassified or have been reclassified to income for the period</b>						
Changes for the period in fair value of available-for-sale financial assets	40	4	32	46	73	87
<b>Total comprehensive income for the period</b>	<b>-6</b>	<b>-27</b>	<b>-139</b>	<b>164</b>	<b>-153</b>	<b>150</b>

## Report on financial position for the parent company in summary

MSEK	30 Sep 2016	30 Sep 2015	31 Dec 2015
<b>Assets</b>			
Machinery and equipment	1	1	1
Participation in Group companies	11,776	11,894	11,776
Participation in joint ventures	–	70	–
Other securities held as fixed assets	341	269	310
Deferred tax recoverables	87	72	88
<b>Total fixed assets</b>	<b>12,205</b>	<b>12,306</b>	<b>12,175</b>
Accounts receivable	0	1	1
Receivables from Group companies	37	55	1,263
Tax assets	53	43	4
Other current receivables	1	0	3
Prepaid expenses and accrued income	9	8	7
Liquid funds	1	8	8
<b>Total current assets</b>	<b>101</b>	<b>115</b>	<b>1,286</b>
<b>Total assets</b>	<b>12,306</b>	<b>12,421</b>	<b>13,461</b>
<b>Equity and liabilities</b>			
<b>Equity</b>	<b>4,993</b>	<b>5,914</b>	<b>5,900</b>
<b>Untaxed reserves</b>	<b>0</b>	<b>0</b>	<b>0</b>
Liabilities to Group companies	7,209	6,401	6,465
Other provisions	29	21	25
<b>Total long-term liabilities</b>	<b>7,238</b>	<b>6,422</b>	<b>6,490</b>
Accounts payable	14	16	24
Liabilities to Group companies	7	4	992
Other liabilities	3	19	7
Accrued expenses and deferred income	51	46	48
<b>Total current liabilities</b>	<b>75</b>	<b>85</b>	<b>1,071</b>
<b>Total liabilities</b>	<b>7,313</b>	<b>6,507</b>	<b>7,561</b>
<b>Total equity and liabilities</b>	<b>12,306</b>	<b>12,421</b>	<b>13,461</b>

**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 that have been adopted by EU of the valid standards, 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 otherwise been prepared according to the same accounting principles and conditions described in the Annual Report 2015.

**NOTE 2 OPERATING SEGMENT****Group Jan-Sep 2016**

MSEK	Con- struction	Civil Engineering	Industry	Project Development	Group functions	Eliminations	Total opera- tive for the Group <sup>1)</sup>	Adjustment for housing reporting <sup>2)</sup>	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	–		–
<b>Total income</b>	<b>17,129</b>	<b>7,448</b>	<b>8,699</b>	<b>5,254</b>	<b>655</b>	<b>-6,491</b>	<b>32,694</b>	<b>-236</b>	<b>32,458</b>
<b>Operating profit</b>	<b>395</b>	<b>235</b>	<b>526</b>	<b>365</b>	<b>-62</b>	<b>-25</b>	<b>1,434</b>	<b>-9</b>	<b>1,425</b>
<b>Operating margin, %</b>	<b>2.3</b>	<b>3.2</b>	<b>6.0</b>	<b>6.9</b>			<b>4.4</b>		<b>4.4</b>
Net finance									-43
Pre-tax profit									<b>1,382</b>
Tax									-216
<b>Profit for the period</b>									<b>1,166</b>
<b>Capital employed (closing balance)</b>			<b>5,647</b>	<b>10,976</b>					

**Group Jan-Sep 2015**

MSEK	Con- struction	Civil Engineering	Industry	Project Development	Group functions	Eliminations	Total opera- tive for the Group <sup>1)</sup>	Adjustment for housing reporting <sup>2)</sup>	Group
External sales	14,507	6,699	5,559	5,298	61	0	32,124	28	32,152
Internal sales	3,160	757	2,293	32	566	-6,808	–		–
<b>Total income</b>	<b>17,667</b>	<b>7,456</b>	<b>7,852</b>	<b>5,330</b>	<b>627</b>	<b>-6,808</b>	<b>32,124</b>	<b>28</b>	<b>32,152</b>
<b>Operating profit</b>	<b>430</b>	<b>255</b>	<b>470</b>	<b>205</b>	<b>-54</b>	<b>-34</b>	<b>1,272</b>	<b>-46</b>	<b>1,226</b>
<b>Operating margin, %</b>	<b>2.4</b>	<b>3.4</b>	<b>6.0</b>	<b>3.8</b>			<b>4.0</b>		<b>3.8</b>
Net finance									-96
Pre-tax profit									<b>1,130</b>
Tax									-196
<b>Profit for the period</b>									<b>934</b>
<b>Capital employed (closing balance)</b>			<b>5,282</b>	<b>10,429</b>					

**Group Jan-Dec 2015**

MSEK	Con- struction	Civil Engineering	Industry	Project Development	Group functions	Eliminations	Total opera- tive for the Group <sup>1)</sup>	Adjustment for housing reporting <sup>2)</sup>	Group
External sales	19,668	9,394	7,565	7,565	60	0	44,252	124	44,376
Internal sales	4,177	1,054	3,235	40	776	-9,282	–		–
<b>Total income</b>	<b>23,845</b>	<b>10,448</b>	<b>10,800</b>	<b>7,605</b>	<b>836</b>	<b>-9,282</b>	<b>44,252</b>	<b>124</b>	<b>44,376</b>
<b>Operating profit</b>	<b>-225</b>	<b>381</b>	<b>648</b>	<b>398</b>	<b>-100</b>	<b>-50</b>	<b>1,052</b>	<b>-43</b>	<b>1,009</b>
<b>Operating margin, %</b>	<b>-0.9</b>	<b>3.6</b>	<b>6.0</b>	<b>5.2</b>			<b>2.4</b>		<b>2.3</b>
Net finance									-103
Pre-tax profit									<b>906</b>
Tax									-108
<b>Profit for the year</b>									<b>798</b>
<b>Capital employed (closing balance)</b>			<b>4,885</b>	<b>10,838</b>					

<sup>1)</sup> According to the percentage of completion method (IAS 11)<sup>2)</sup> Adjustment in accounting to the completed contract method (IAS 18) for own single homes in Sweden as well as housing in Finland and Norway

During the fourth quarter 2015 the project Mall of Scandinavia in Solna was written down by SEK -800 million, which affected both net sales and operating profit in business area Construction.

For more information about each segment, see pages 7–13.

**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 2015, note 34. The fair value of the contingent consideration is calculated at the discounted value of the anticipated future cash flow. The fair value of financial assets and liabilities is estimated to be, in principle, the same as their booked values.

**Group**

MSEK	30 Sep 2016				30 Sep 2015				31 Dec 2015			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
<b>Assets</b>												
Other securities held as fixed assets	341		54	395	268		60	328	310		49	359
<i>Whereof shareholding in listed company</i>	341			341	268			268	310			310
<i>Whereof investment in an unlisted fund</i>			54	54			60	60			49	49
Other current receivables		0		0		1		1		5		5
<i>Whereof currency swaps</i>		0		0		1		1		5		5
<b>Total assets</b>	<b>341</b>	<b>0</b>	<b>54</b>	<b>395</b>	<b>268</b>	<b>1</b>	<b>60</b>	<b>329</b>	<b>310</b>	<b>5</b>	<b>49</b>	<b>364</b>
<b>Liabilities</b>												
Other long-term liabilities		117	23	140		165		165		144		144
<i>Whereof commodity hedge</i>		1		1		8		8		7		7
<i>Whereof interest rate swaps</i>		116		116		157		157		137		137
<i>Whereof contingent consideration</i>			23	23				–				–
Other current liabilities		3	1	4		3		3		1		1
<i>Whereof currency swaps</i>		3		3		3		3		1		1
<i>Whereof contingent consideration</i>			1	1				–				–
<b>Total liabilities</b>	<b>–</b>	<b>120</b>	<b>24</b>	<b>144</b>	<b>–</b>	<b>168</b>	<b>–</b>	<b>168</b>	<b>–</b>	<b>145</b>	<b>–</b>	<b>145</b>

**Parent company**

MSEK	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
<b>Assets</b>												
Other securities held as fixed assets	341			341	268			268	310			310
<i>Whereof shareholding in listed company</i>	341			341	268			268	310			310
<b>Total assets</b>	<b>341</b>	<b>–</b>	<b>–</b>	<b>341</b>	<b>268</b>	<b>–</b>	<b>–</b>	<b>268</b>	<b>310</b>	<b>–</b>	<b>–</b>	<b>310</b>

The table below is a reconciliation between the opening and closing balance for assets included in level 3.

**Group**

MSEK	Other securities held as fixed assets		
	30 Sep 2016	30 Sep 2015	31 Dec 2015
<b>Opening balance</b>	<b>49</b>	<b>66</b>	<b>66</b>
Investments during the period	24	11	13
Dividends received	-37	–	-50
Reported in profit for the period *	22	–	28
Reported in other comprehensive income	-4	-17	-8
<b>Closing balance</b>	<b>54</b>	<b>60</b>	<b>49</b>

**Group**

MSEK	Contingent consideration		
	30 Sep 2016	30 Sep 2015	31 Dec 2015
<b>Opening balance</b>	<b>–</b>	<b>–</b>	<b>–</b>
Acquisitions for the period	24		
Reported in profit for the period			
Interest expense (discount) *	0		
<b>Closing balance</b>	<b>24</b>	<b>–</b>	<b>–</b>

The contingent consideration will amount to at least SEK 0 million and at most SEK 30 million.

\* Reported in net financial items

#### **FUTURE FINANCIAL INFORMATION**

- Year-end Report 2016 10 February 2017
- Annual Report 2016 April 2017
- Quarterly Report January-March 2017 10 May 2017
- Quarterly Report January-June 2017 18 August 2017
- Quarterly Report January-September 2017 9 November 2017

*Förslöv, 10 November 2016*

*Jesper Göransson  
CEO and President*

#### **REVIEW REPORT**

We have reviewed the interim report for Peab AB (publ) as of 30 September 2016 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 accompanying 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, 10 November 2016  
KPMG AB*

*Dan Kjellqvist  
Authorised Public Accountant*



## Quarterly data

## Group

	Jul-Sep 2016	Apr-Jun 2016	Jan-Mar 2016	Oct-Dec 2015	Jul-Sep 2015	Apr-Jun 2015	Jan-Mar 2015	Oct-Dec 2014	Jul-Sep 2014
<b>MSEK</b>									
Net sales	11,356	12,571	8,531	12,224	11,708	11,568	8,876	12,213	10,811
Production costs	-10,263	-11,305	-7,828	-11,793	-10,697	-10,458	-8,203	-11,046	-9,756
<b>Gross profit</b>	<b>1,093</b>	<b>1,266</b>	<b>703</b>	<b>431</b>	<b>1,011</b>	<b>1,110</b>	<b>673</b>	<b>1,167</b>	<b>1,055</b>
Sales and administrative expenses	-480	-675	-564	-674	-450	-625	-547	-637	-453
Profit from participation in joint ventures	2	3	-1	-7	2	3	-1	-54	7
Other operating income	28	36	22	37	19	20	30	29	15
Other operating costs	-3	-2	-3	-4	-2	-2	-15	-6	-1
<b>Operating profit</b>	<b>640</b>	<b>628</b>	<b>157</b>	<b>-217</b>	<b>580</b>	<b>506</b>	<b>140</b>	<b>499</b>	<b>623</b>
Financial income	24	40	65	60	24	40	33	23	29
Financial expenses	-37	-58	-76	-65	-58	-65	-64	-369	-63
Profit from participation in joint ventures	–	-1	0	-2	-2	-1	-3	-2	-3
<b>Net finance</b>	<b>-13</b>	<b>-19</b>	<b>-11</b>	<b>-7</b>	<b>-36</b>	<b>-26</b>	<b>-34</b>	<b>-348</b>	<b>-37</b>
<b>Pre-tax profit</b>	<b>627</b>	<b>609</b>	<b>146</b>	<b>-224</b>	<b>544</b>	<b>480</b>	<b>106</b>	<b>151</b>	<b>586</b>
Tax	-98	-95	-23	88	-95	-83	-18	15	-114
<b>Profit for the period</b>	<b>529</b>	<b>514</b>	<b>123</b>	<b>-136</b>	<b>449</b>	<b>397</b>	<b>88</b>	<b>166</b>	<b>472</b>
<b>Profit for the period, attributable to:</b>									
Shareholders in parent company	529	514	123	-136	449	397	88	166	472
Non-controlling interests	0	0	0	0	0	0	0	–	–
<b>Profit for the period</b>	<b>529</b>	<b>514</b>	<b>123</b>	<b>-136</b>	<b>449</b>	<b>397</b>	<b>88</b>	<b>166</b>	<b>472</b>
<b>Key ratios</b>									
Earnings per share, SEK	1.79	1.74	0.42	-0.46	1.53	1.35	0.30	0.56	1.60
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)	15,002	13,700	13,406	14,476	14,169	14,666	13,822	14,762	15,988
Equity (closing balance)	8,695	8,021	8,241	8,076	8,217	7,848	8,116	7,997	7,980

## Quarterly data

## Business areas

MSEK	Jul-Sep 2016	Apr-Jun 2016	Jan-Mar 2016	Oct-Dec 2015	Jul-Sep 2015	Apr-Jun 2015	Jan-Mar 2015	Oct-Dec 2014	Jul-Sep 2014
<b>Net sales</b>									
Construction	5,510	6,420	5,199	6,978	5,436	6,548	5,683	6,832	5,262
Civil Engineering	2,654	2,765	2,029	2,992	2,676	2,670	2,110	2,905	2,555
Industry	3,449	3,356	1,894	2,948	3,111	2,896	1,845	2,865	3,205
Project Development	1,510	2,368	1,376	2,275	2,359	1,555	1,416	2,024	2,027
- of which Property Development	130	1,031	76	308	1,047	202	77	172	895
- of which Housing Development	1,380	1,337	1,300	1,967	1,312	1,353	1,339	1,852	1,132
Group functions	226	225	204	209	211	214	202	265	188
Eliminations	-2,128	-2,353	-2,010	-2,474	-2,121	-2,432	-2,255	-2,733	-2,460
<b>Operative excluding write-down <sup>1)</sup></b>	<b>11,221</b>	<b>12,781</b>	<b>8,692</b>	<b>12,928</b>	<b>11,672</b>	<b>11,451</b>	<b>9,001</b>	<b>12,158</b>	<b>10,777</b>
Construction – write-down of project Mall of Scandinavia	–	–	–	-800	–	–	–	–	–
<b>Operative <sup>1)</sup></b>	<b>11,221</b>	<b>12,781</b>	<b>8,692</b>	<b>12,128</b>	<b>11,672</b>	<b>11,451</b>	<b>9,001</b>	<b>12,158</b>	<b>10,777</b>
Adjustment for housing reporting <sup>2)</sup>	135	-210	-161	96	36	117	-125	55	34
<b>Legal</b>	<b>11,356</b>	<b>12,571</b>	<b>8,531</b>	<b>12,224</b>	<b>11,708</b>	<b>11,568</b>	<b>8,876</b>	<b>12,213</b>	<b>10,811</b>
<b>Operating profit</b>									
Construction	127	152	116	145	135	175	120	147	128
Civil Engineering	93	105	37	126	96	127	32	104	90
Industry	336	202	-12	178	296	172	2	161	313
Project Development	93	194	78	193	84	74	47	112	121
- of which Property Development	-37	102	4	25	5	-9	-11	11	67
- of which Housing Development	130	92	74	168	79	83	58	101	54
Group functions	-6	-29	-27	-46	-26	-14	-14	-12	-13
Eliminations	-21	0	-4	-16	9	-27	-16	-21	-4
<b>Operative excluding write-down <sup>1)</sup></b>	<b>622</b>	<b>624</b>	<b>188</b>	<b>580</b>	<b>594</b>	<b>507</b>	<b>171</b>	<b>491</b>	<b>635</b>
Construction – write-down of project Mall of Scandinavia	–	–	–	-800	–	–	–	–	–
<b>Operative <sup>1)</sup></b>	<b>622</b>	<b>624</b>	<b>188</b>	<b>-220</b>	<b>594</b>	<b>507</b>	<b>171</b>	<b>491</b>	<b>635</b>
Adjustment for housing reporting <sup>2)</sup>	18	4	-31	3	-14	-1	-31	8	-12
<b>Legal</b>	<b>640</b>	<b>628</b>	<b>157</b>	<b>-217</b>	<b>580</b>	<b>506</b>	<b>140</b>	<b>499</b>	<b>623</b>
<b>Operating profit, %</b>									
Construction	2.3	2.4	2.2	2.1	2.5	2.7	2.1	2.2	2.4
Civil Engineering	3.5	3.8	1.8	4.2	3.6	4.8	1.5	3.6	3.5
Industry	9.7	6.0	-0.6	6.0	9.5	5.9	0.1	5.6	9.8
Project Development	6.2	8.2	5.7	8.5	3.6	4.8	3.3	5.5	6.0
- of which Property Development	-28.5	9.9	5.3	8.1	0.5	-4.5	-14.3	6.4	7.5
- of which Housing Development	9.4	6.9	5.7	8.5	6.0	6.1	4.3	5.5	4.8
Group functions									
Eliminations									
<b>Operative excluding write-down <sup>1)</sup></b>	<b>5.5</b>	<b>4.9</b>	<b>2.2</b>	<b>4.5</b>	<b>5.1</b>	<b>4.4</b>	<b>1.9</b>	<b>4.0</b>	<b>5.9</b>
Construction – write-down of project Mall of Scandinavia									
<b>Operative <sup>1)</sup></b>	<b>5.5</b>	<b>4.9</b>	<b>2.2</b>	<b>-1.8</b>	<b>5.1</b>	<b>4.4</b>	<b>1.9</b>	<b>4.0</b>	<b>5.9</b>
Adjustment for housing reporting <sup>2)</sup>									
<b>Legal</b>	<b>5.6</b>	<b>5.0</b>	<b>1.8</b>	<b>-1.8</b>	<b>5.0</b>	<b>4.4</b>	<b>1.6</b>	<b>4.1</b>	<b>5.8</b>
<b>Order situation, MSEK</b>									
Orders received	9,027	10,165	11,886	9,704	9,135	9,414	9,559	7,458	7,564
Order backlog at the end of the period	34,248	33,457	31,550	26,991	28,050	27,162	26,750	24,922	27,547

<sup>1)</sup> According to the percentage of completion method (IAS 11)<sup>2)</sup> 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 Group 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.

### Available liquidity

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

### Capital employed for the Group

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

### Capital employed for the business areas

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

### 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 and interest-bearing assets.

### Net debt/equity ratio

Interest-bearing net debt in relation to equity.

### Net investments

The change in the period of the reported value of current assets (CB-OB) along with depreciation and write-downs.

### Order backlog

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

### 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 percentage of completion method corresponding segment reporting. For more information see foot note on page four.

### Orders received

The sum of orders received during the period.

### Return on capital employed

The pre-tax profit of the rolling 12 months 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

The profit of the rolling 12 months period attributable to shareholders of shares in the parent company divided by the average (last four quarters) equity attributable to shareholders of shares in the parent company. The measurement is used to create efficient business and a rational capital structure.



EVENEMANGSGATAN  
Solna

# A locally engaged community builder

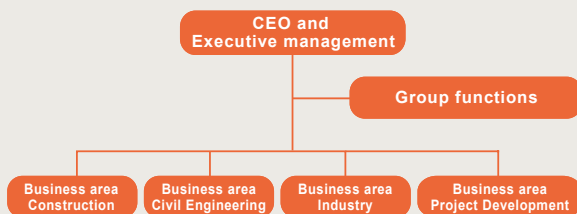
Peab is one of the leading Nordic construction and civil engineering companies with more than 14,000 employees and net sales of over SEK 45 billion. The Group's business areas have strategically located offices in Sweden, Norway and Finland. Through local familiarity and four specialized and coordinated business areas Peab handles small, local and large, more complex projects.

## BUSINESS CONCEPT

Peab is a construction and civil engineering company that puts total quality in every step of the construction process first. Through innovation combined with solid professional skills we make the customer's interest our own and thereby build for the future.

## ORGANIZATION

Peab is characterized by a simple, flat 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.



## CORE VALUES

**Down-to-earth, Developing, Personal and Reliable** – Peab's fundamental core values that our brand is built on. Our core values describe what kind of people we are, what we stand for, how we work, what we can achieve and how we want to be seen. We work actively with our core values in every part of our business because how we are and how we work is fundamental to our success. It is also the basis of our development of customer and supplier relations, our employees and our business from a long-term, sustainable perspective.

## BUSINESS PLAN OBJECTIVES 2015-2017

Sustainable business objectives are clearly stated in Peab's vision and Group strategies. The business plan objective for 2015- 2017 is to become the best company in the industry. In 2015 Peab identified three target areas that will be measured and evaluated continuously:

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

**45**  
SEK billion in sales

**14,000**  
Nordic employees

**37,000**  
shareholders

**10%**  
of the employees  
are women



**Large  
Cap**

Listed at Nasdaq Stockholm  
Stock Exchange

