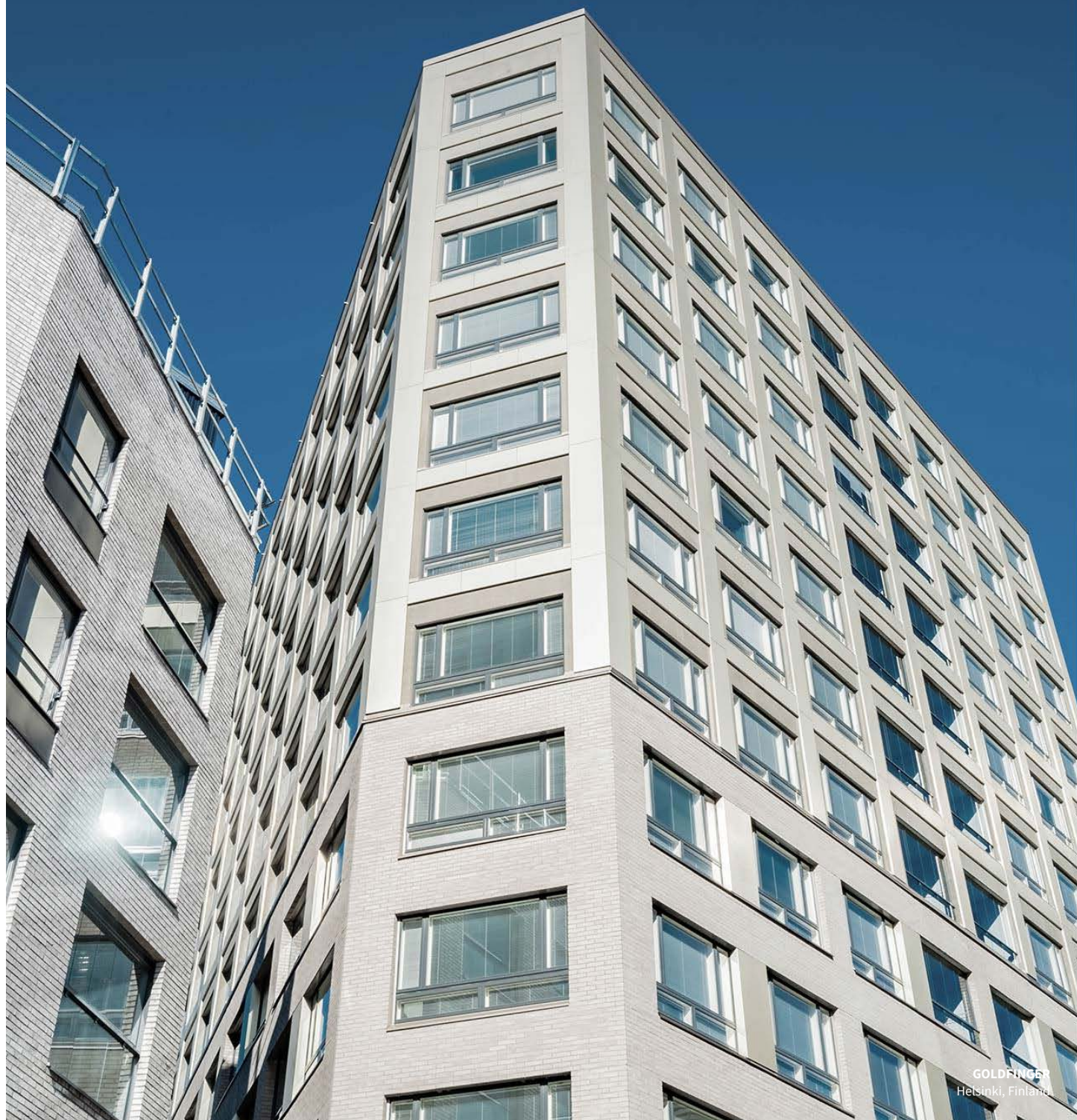


# Half-year report

JANUARY – JUNE 2020



GOLDFINGER  
Helsinki, Finland



**PEAB**  
THE NORDIC COMMUNITY BUILDER

# Finalized acquisition reinforces our Nordic position

In this report amounts and comments are based on segment reporting if not otherwise specified. As of January 1, 2020 Peab has changed accounting principles for Swedish tenant-owned housing projects in reporting according to IFRS. Reporting of housing projects in Norway and Finland in segment reporting has changed. The Group has different accounting principles in segment reporting compared to reporting according to IFRS. For more information on the new accounting principles and the differences between segment reporting and reporting according to IFRS, see note 1 and 4.

## Summary according to segment reporting

### April – June 2020

- Acquisition of paving and mineral aggregates operations from YIT finalized on April 1, 2020
- Net sales SEK 15,518 million (14,527), of which acquired operations SEK 1,741 million
- Operating profit SEK 661 million (784), of which acquired operations net SEK 41 million. The comparable period included an income contribution of SEK 170 million from divestment of properties in the partially owned company Acturum
- Operating margin 4.3 percent (5.4)
- Pre-tax profit SEK 661 million (782)
- Earnings per share SEK 1.72 (2.24)
- Orders received SEK 13,220 million (10,817), of which acquired operations contributed by SEK 1,964 million
- Cash flow before financing SEK -2,264 million (-987), of which paid amount for acquired operations was SEK -3,125 million

### January – June 2020

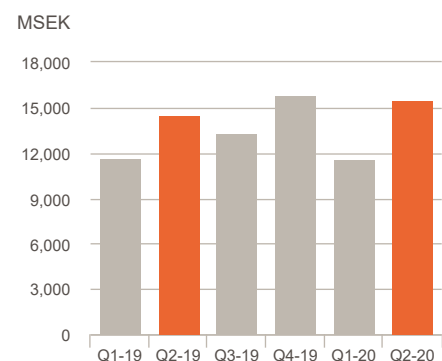
- Net sales SEK 27,156 million (26,190)
- Operating profit SEK 872 million (1,050)
- Operating margin 3.2 percent (4.0)
- Pre-tax profit SEK 802 million (1,058)
- Earnings per share SEK 2.13 (3.01)
- Orders received SEK 25,828 million (22,685). Order backlog SEK 46,123 million (45,873), of which acquired order backlog SEK 2,407 million
- Cash flow before financing SEK -667 million (269)
- Net debt SEK 6,614 million (7,893)
- Equity/assets ratio 31.2 percent (28.1)
- Real estate company Annehem Fastigheter founded

## Group

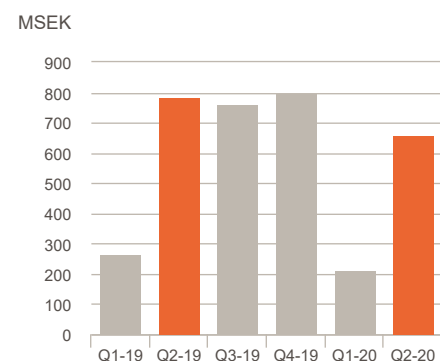
MSEK	Apr-Jun 2020	Apr-Jun 2019	Jan-Jun 2020	Jan-Jun 2019	Jul-Jun 2019/2020	Jan-Dec 2019
<b>Segment reporting</b>						
Net sales	15,518	14,527	27,156	26,190	56,315	55,349
Operating profit	661	784	872	1,050	2,432	2,610
Operating margin, %	4.3	5.4	3.2	4.0	4.3	4.7
Pre-tax profit	661	782	802	1,058	2,323	2,579
Profit for the period	508	661	629	889	1,878	2,138
Earnings per share, SEK	1.72	2.24	2.13	3.01	6.37	7.25
Return on equity, % <sup>1)</sup>	15.1	–	15.1	–	15.1	17.9
Return on capital employed, % <sup>1)</sup>	11.8	–	11.8	–	11.8	12.8
Net debt	6,614	7,893	6,614	7,893	6,614	7,535
Equity/assets ratio, %	31.2	28.1	31.2	28.1	31.2	32.5
Cash flow before financing	-2,264	-987	-667	269	421	1,357
Number of employees at the end of the period	16,654	14,862	16,654	14,862	16,654	14,258
<b>Reporting according to IFRS</b>						
Net sales, IFRS	15,789	15,140	27,659	27,979	55,983	56,303
Operating profit, IFRS	723	997	893	1,788	2,390	3,285
Pre-tax profit, IFRS	704	987	785	1,782	2,230	3,227
Profit for the period, IFRS	544	826	612	1,464	1,804	2,656
Earnings per share, IFRS, SEK	1.84	2.80	2.07	4.96	6.11	9.00
Cash flow before financing, IFRS	-2,304	-130	-1,040	3,005	-819	3,226

<sup>1)</sup> Calculated on rolling 12 months. Since the numbers for 2018 have not been translated according to the changed accounting principles no numbers for June 30, 2019 are given.

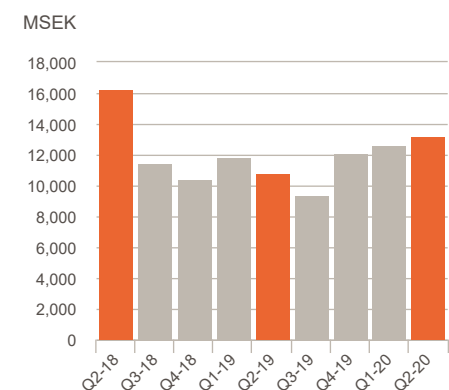
### Net sales



### Operating profit



### Orders received



# Comments from the CEO

Peab has weathered the consequences of the corona pandemic relatively well so far. Our business model with four collaborating business areas gives us stability even in uncertain times. The acquisition of paving and mineral aggregates operations reinforces our business model and Nordic position.

## GROUP DEVELOPMENT

Net sales in the period amounted to SEK 27,156 million (26,190), which was an increase with four percent. Adjusted for acquired and divested units net sales contracted by three percent. Operating profit was SEK 872 million (1,050), which corresponds to an operating margin of 3.2 percent (4.0). Not including the acquired operations operating profit was SEK 841 million, corresponding to an operating margin of 3.3 percent. The comparable period included an income contribution of SEK 170 million from divestitures of properties in the partially owned company Acturum. Cash flow from current operations for the first half-year was strong and amounted to SEK 2,887 million (697). Net debt decreased to SEK 6,614 million compared to SEK 7,535 million at year-end.

## BUSINESS AREA DEVELOPMENT

Net sales and operating profit in business area Construction contracted slightly compared to the first half-year 2019. Net sales in business area Civil Engineering were relatively unchanged while operating profit increased. As of the second quarter the Nordic paving and mineral aggregates operations acquired from YIT are included in business area Industry, which tangibly contributed to an increase in net sales. Not including the acquired operations net sales contracted somewhat, mainly in Rentals and Construction System. Costs connected to the acquisition were a charge in the period but the operations already contribute to the business area's operating profit which in total grew slightly. Business area Project Development reported lower net sales and operating profit. Short-term this is the business area where the effects of the corona pandemic are most evident affecting Property Development negatively by around SEK 50 million in operations connected to air travel and tourism. The comparable period included an income contribution of SEK 170 million from the divestiture of properties in the partially owned company Acturum. Profit in Housing Development increased and housing sales were good during the period even though March and April were clearly affected by the corona pandemic.

## ORDER SITUATION

Despite the current uncertainty on the market we have maintained a good level of orders received. The level of orders received in the second quarter 2020 amounted to SEK 13,220 million compared to SEK 10,817 million in the corresponding quarter last year. The level of orders contracted somewhat in business areas Construction and Project Development while it was unchanged in Civil Engineering. Business area Industry, however, reported a higher level of orders, in part due to the contribution from the acquired operations. Orders received in the second quarter 2020 are well spread in both place and product. Order backlog at the end of the period amounted to SEK 46,123 million compared to SEK 45,873 million at the end of the corresponding period 2019.

## MARKET AND OUTLOOK FOR THE FUTURE

The uncertainty about future market developments brought on by the corona pandemic has not changed and we continue to keep a close eye on how the market develops. The prospects for markets in the Nordic region are relatively unchanged compared to last quarter and indicate in general a downturn in building construction investments in 2020, primarily regarding private construction. However, the outlook is brighter for investments in public premises which are expected to grow. Civil engineering investments are expected to remain on a stable high level.



## A TRIED AND TRUE BUSINESS MODEL

In this uncertain market situation our business has continued during the quarter with both ongoing and new projects, along with our efforts to strengthen the company. We have carried out the previously announced coordination of support functions in our operations in order to achieve lower overhead and enhance our ability to handle different scenarios regarding market developments.

Our work is founded on further developing our business model of four collaborating business areas and extensive local presence in the Nordic region. This gives us the ability to meet customers' differing needs by having our own resources and control over the entire supply chain. This model has proven to work well for us in good times and makes us resistant in troubled times.

After finalizing the acquisition of YIT's paving and mineral aggregates operations on April 1st we have been welcoming around 2,000 new Peab employees into our organization. Each one of them contributes to strengthening our business model with local presence in the multitude of places Peab can be found in the Nordic region.

With our some 17,000 employees in mind, many of whom are on project sites where work can entail risks, safety and the work environment are top priorities for us. Focus is on planning and risk assessment as well as learning from reports on risk observations, incidents and accidents. Every reported and remedied risk is one less potential accident.

Despite the uncertainty in the near future we are convinced that demand for our offer will long range be good in all the markets we operate on. Therefore we continue to indefatigably strive to achieve our strategic goals to have the most satisfied customers, be the best workplace and the most profitable company in the industry.

*Jesper Göransson  
CEO and President*

# Net sales and profit

## TRANSLATED COMPARATIVE FIGURES AFTER CHANGED ACCOUNTING PRINCIPLES

As of fiscal year 2020 Peab consolidates projects with Swedish tenant-owned housing associations at the time the final homebuyers take possession of their apartments. This means that Peab recognizes the projects on the balance sheet as work-in-progress under the asset item project development properties, and as interest-bearing liabilities. Revenue and costs for the projects will be recognized as homebuyers take possession of their apartments. In conjuncture with this change Peab now recognizes all our own developed housing projects in Sweden, Norway and Finland according to the completion method. According to previous principles Peab did not consolidate projects with Swedish tenant-owned housing associations from the time land transfer and turnkey contracts were signed, and revenue and expenses were recognized over time as the projects were successfully completed.

To create clarity and enable the market to follow Peab's development regarding our own housing developments, in segment reporting revenue and expenses will continue to be recognized over time as the projects are successfully completed. This applies to the business area Project Development and the unit Housing Development and refers to Swedish tenant-owned housing associations and own single homes, Norwegian condominiums and share housing and Finnish residential limited companies. Revenue and expenses for our own housing developments in Norway and Finland along with our own single homes in Sweden were previously recognized at one point in time in segment reporting as well. Financial key ratios such as capital employed, the equity/assets ratio, net debt and the debt/equity ratio as well as earnings per share are presented in segment reporting with consideration taken to the above prerequisites. Net debt in segment reporting includes the unsold portion of housing projects. Segment reporting is also the model Peab uses for its internal steering.

In conjuncture with changing segment reporting for housing projects Peab has also changed the segment reporting of additional leases according to IFRS 16 (previously operational leases). The change means that leasing fees are recognized in operating profit as a cost linearly over the leasing period in segment reporting for all business areas and application of IFRS 16 for additional leases is only given as a total for the Group.

In the following report amounts and comments are based on segment reporting if not otherwise specified. All comparative figures for 2019 are translated if not otherwise specified. For more information concerning translated comparative figures see note 1 as well as [www.peab.com/ifrs](http://www.peab.com/ifrs).

## ANNEHEM FASTIGHETER

In February 2020 Peab's Board proposed, in addition to the ordinary dividend, an extra distribution of all the shares in a newly founded company, Annehem Fastigheter, containing all Peab's wholly owned, fully developed commercial properties. As a result of the spread of the coronavirus, its effects on external circumstances and on financial markets, Peab's Board decided to withdraw the proposal to the AGM. The Board intends to summon an extraordinary General Meeting to decide on distribution of the real estate company when the situation has stabilized and conditions are more favorable. Annehem Fastigheter is therefore reported as a separate unit outside of segment reporting. Previously Annehem Fastigheter was included in business area Project Development and the unit Property Development. The change applies per January 1, 2020 and no comparative figures have been translated. For more information, see the section Annehem Fastigheter.

## ACQUISITION OF NORDIC PAVING AND MINERAL AGGREGATES OPERATIONS

On July 4, 2019 Peab signed a contract to acquire YIT's paving and mineral aggregates operations in the Nordic region. The transaction was conditional on approval from competition authorities as well as the fulfillment of certain contractual conditions. At the end of March 2020 the transaction was approved by the competition authorities and the acquisition was finalized on April 1, 2020. Through the acquisition Peab expands its presence in Sweden, Norway and Finland and become established in the paving business in Denmark. The operations are consolidated into the business area Industry as of April 1, 2020.

The transaction is a combination of an asset deal and a share purchase. The purchase price (including redemption of shareholder loans to the seller) amounted to SEK 3,184 million for a debt-free business and is fully financed. The acquired business had net sales of SEK 5,878 million with an adjusted EBITDA of SEK 282 million in 2019.

For more information see the sections Business area Industry, Other information and note 2.

## NET SALES AND PROFIT

### April - June 2020

Group net sales for the second quarter 2020 increased by seven percent and amounted to SEK 15,518 million (14,527), of which SEK 1,741 million are related to the acquisition of paving and mineral aggregates operations. Not including the acquired operations net sales contracted by five percent. Net sales in business area Construction decreased by eight percent while net sales in business area Civil Engineering increased by two percent compared to second quarter 2019. Business area Industry presented an increase in net sales of 45 percent. Not including the acquired operations net sales contracted in business area Industry by three percent. Net sales in business area Project Development decreased compared to the second quarter last year. The decrease stemmed from both Property Development and Housing Development. Of the quarter's net sales SEK 4,390 million (2,506) were attributable to sales and production outside Sweden. The increase is primarily due to operations acquired within business area Industry.

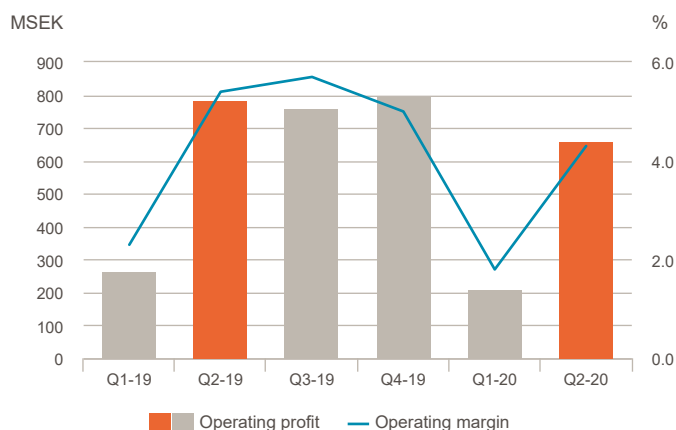
Operating profit for the second quarter 2020 amounted to SEK 661 million (784). Not including the acquired operations operating profit was SEK 620 million. The second quarter 2019 included an income contribution of SEK 170 million from the divestiture of property in the partially owned company Acturum. The operating margin was 4.3 percent (5.4). Not including the acquired operations the operating margin was 4.6 percent.

The acquisition of the paving and mineral aggregates operations was finalized on April 1 2020, which meant the acquisition occurred when the season started. The underlying operations in the acquired companies contributed by SEK 149 million in the second quarter. Depreciation on surplus values for, among other things, customer contracts in the order backlog taken over and fixed assets amounted to SEK -63 million. Depreciation on surplus values for customer contracts in the order backlog taken over will be high throughout 2020 and part of 2021. In addition, acquisition costs and transfer tax in Finland have charged profits in total by SEK -45 million. All in all operating profit for the second quarter was positively affected by SEK 41 million related to the acquired operations.

In business area Construction operating margin was unchanged at 2.6 percent and in business area Civil Engineering the operating margin was 3.7 percent (3.6). Business area Industry showed a margin of 5.7 percent (7.0). Not including the acquired operations the operating margin improved to 7.3 percent. The improvement is mainly due to an increase in higher operating profit in Paving and Mineral aggregates. Operating profit in Project Development contracted in the second quarter. Property Development was charged by SEK -32 million related to Ängelholm Airport, of which SEK -20 million refers to writing down goodwill. During the second quarter 2019 an income contribution of SEK 170 million from the sales of property in the partially owned company Acturum was included in Property Development. The operating profit in Housing Development in Project Development improved and the margin was 8.3 percent (7.2).

Depreciation and write-downs for the second quarter were SEK -392 million (-270), of which SEK -137 million is related to acquired business. Net financial items amounted to SEK 0 million (-2) of which net interest was SEK -22 million (-16). The higher net interest is primarily due to higher debt as a consequence of acquisitions made. Pre-tax profit was SEK 661 million (782). Profit for the second quarter amounted to SEK 508 million (661).

## Operating profit and operating margin, per quarter



## January – June 2020

Group net sales for the first half-year 2020 amounted to SEK 27,156 million (26,190), which was an increase of four percent. After adjustments for acquired and divested units net sales decreased by three percent.

Net sales in business area Construction reduced by five percent and the decrease was related to our Swedish operations while net sales increased in our Norwegian and Finnish operations. In business area Civil Engineering net sales were unchanged compared to same period last year. Net sales in business area Industry grew by 28 percent. Not including the acquired operations net sales in business area Industry contracted by two percent. The reduction stems from Rentals and Construction System. In business area Project Development net sales shrunk in both Property Development and Housing Development.

Of the period's net sales SEK 7,041 million (4,431) were attributable to sales and production outside Sweden. Most of the increase is related to the acquired paving and mineral aggregates operations in business area Industry.

Operating profit for the first half-year 2020 amounted to SEK 872 million (1,050). Not including the acquired operations the operating profit was SEK 841 million. The comparable period included an income contribution of SEK 170 million from the divestiture of property in the partially owned company Acturum. The operating margin was 3.2 percent (4.0). Not including the acquired operations the operating margin was 3.3 percent. The operating margin for the latest rolling 12 month period was 4.3 percent compared to 4.7 percent for the entire year 2019.

The acquisition of the paving and mineral aggregates operations was finalized on April 1 2020, which meant the acquisition occurred when the season started. The underlying operations in the acquired companies contributed by SEK 149 million. Depreciation on surplus values for, among other things, customer contracts in the order backlog taken over and fixed assets amounted to SEK -63 million. Depreciation on surplus values for customer contracts in the order backlog taken over will be high throughout 2020 and part of 2021. In addition, acquisition costs and transfer tax in Finland have charged profits in total by SEK -55 million. All in all operating profit for the period was positively affected by SEK 31 million related to the acquired operations. Because the acquired operations have a very clear seasonal pattern the first quarter is characterized by considerable deficits since the season starts in the second quarter. If the acquisition had taken place on January 1, 2020 profit in the first quarter would have been affected by SEK -297 million and the underlying operations would have had an accumulated operating profit per June 30, 2020 of SEK -148 million.

The operating margin in business area Construction was unchanged with 2.4 percent during the first half-year 2020. In business area Civil Engineering the operating margin was 2.7 percent (2.5). The operating margin in business area Industry was 3.1 percent (3.6). Not including the acquired operations the operating margin was 3.5 percent. The lower operating margin in Industry is due to a lower margin in Rentals and Construction System. The operating margin in Project Development was lower than the corresponding period last year when an income contribution of SEK 170 million from Acturum had a positive effect on Property Development. During January-June 2020 some operations in Property Development were affected negatively by SEK 45 million due to the corona pandemic, where SEK 35 million was related to Ängelholm Airport, of which SEK 20 million refers to writing down goodwill. The operating profit in Housing Development increased during the first half-year and the operating margin improved to 8.2 percent (7.0).

Eliminations and reversal of internal profit in our own projects have affected operating profit by SEK -10 million (-55). Last year several of our own major office complex projects were under construction. Elimination is reversed in connection with the external divestment of a project.

Depreciation and write-downs for the period were SEK -658 million (-518), of which SEK -137 million is related to acquired business.



Net financial items amounted to SEK -70 million (8), of which net interest amounted to SEK -25 million (-28). Net financial items included currency exchange rate differences of SEK -69 million (15). Currency exchange rate differences have for the most part occurred in accounting as a revaluation effect on receivables in subsidiaries in Norway and Finland, and have no effect on cash flow.

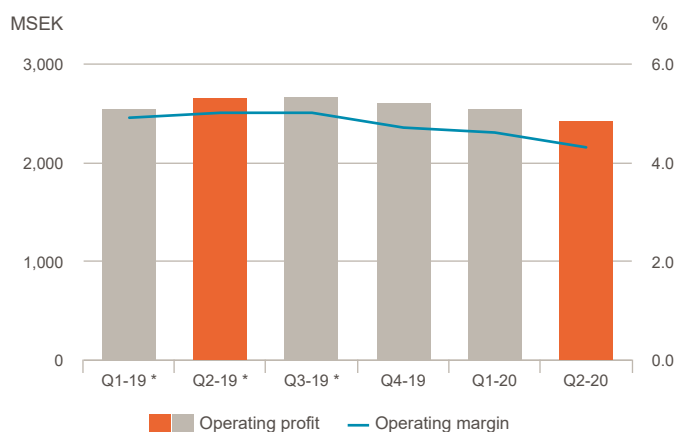
Pre-tax profit was SEK 802 million (1,058).

Profit for the period was SEK 629 million (889).

## 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.

## Operating profit and operating margin, rolling 12 months



\*Q1-Q3 2019 not translated according to the changed accounting principles for our own developed housing projects.

# Financial position and cash flow

## FINANCIAL POSITION

Total assets per June 30, 2020 were SEK 41,244 million (40,584), of which approximately SEK 4,800 million is related to the acquired paving and mineral aggregates operations. Annehem Fastigheter were included by around SEK 1,900 million at the same point in time last year. Equity amounted to SEK 12,852 million (11,386) which means the debt/equity ratio was 31.2 percent compared to 28.1 percent at the end of the corresponding period last year. Interest-bearing net debt was SEK 6,614 million compared to SEK 7,893 million at the same time last year. Net debt includes the unsold part of housing projects. As of the beginning of 2020 Annehem is no longer part of segment reporting which has affected net debt positively by SEK 1,721 million. Net debt increased by SEK 3,125 million in conjuncture with the acquisition of the paving and mineral aggregates operations from YIT. Not including this effects, net debt has contracted by SEK 2,325 million since year-end. The average interest rate in the loan portfolio, including derivatives, was 1.4 percent (1.5) on June 30, 2020.

Group liquid funds according to IFRS, including unutilized credit facilities, were SEK 6,369 million at the end of the period compared to SEK 5,013 million on December 31, 2019.

As a consequence of Peab consolidating Swedish tenant-owned housing associations per January 1, 2020 according to IFRS, surety for tenant-owned housing associations under production is not reported. When homebuyers take possession of their apartments and the tenant-owned housing association is no longer consolidated in Peab's accounts, Peab then reports the part of surety for unsold homes. This is because Peab has a guarantee obligation to acquire unsold homes six months after completion. Comparative figures for 2019 have been translated. Group contingent liabilities, excluding joint and several liabilities in trading and limited partnerships, amounted to SEK 3,348 million at the end of the period compared to SEK 3,347 million on December 31, 2019. Surety for credit lines in tenant-owned housing associations regarding the unsold part after deconsolidation made up SEK 591 million of contingent liabilities compared to SEK 433 million on December 31, 2019.

## INVESTMENTS AND DIVESTMENTS

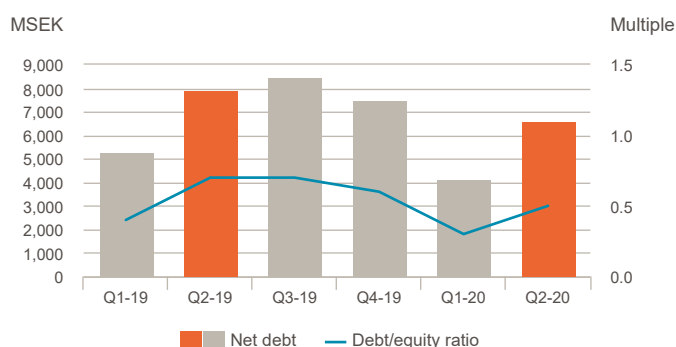
During the quarter tangible and intangible fixed assets and investment property were net invested for SEK 188 million (562). The investments refer primarily to investments in machines. During the period January-June tangible and intangible fixed assets and investment property were net invested for SEK 379 million (1,020). In the comparable period a large part of the investments referred to building up properties on our own balance sheet and these have been transferred to Annehem during 2020.

Net divestitures in project and development properties, which are recognized as inventory items, totaled SEK 907 million (net divestitures SEK 16 million) during the quarter. Net divestitures in project and investment properties totaled SEK 1,424 million (net divestitures SEK 200 million) during the period January-June 2020. Project and development properties include the unsold part of ongoing housing projects. During the first half-year this portion has contracted due to more homes sold than has been started up.

## Net debt

MSEK	Jun 30 2020	Jun 30 2019	Dec 31 2019
Bank loans	4,321	3,700	1,864
Commercial papers	290	749	1,359
Bonds	2,598	2,248	2,248
Financial leasing liabilities	627	598	579
Project financing, unsold part of housing projects	1,702	3,280	3,088
Interest-bearing receivables	-2,053	-1,554	-1,230
Liquid funds	-871	-1,128	-373
<b>Net debt, segment reporting</b>	<b>6,614</b>	<b>7,893</b>	<b>7,535</b>
Interest-bearing receivables	12	155	-
Additional leasing liabilities according to IFRS 16	933	827	764
Project financing, sold part of housing projects	5,328	4,198	4,875
Annehem Fastigheter	1,721	-	-
<b>Net debt, IFRS</b>	<b>14,608</b>	<b>13,073</b>	<b>13,174</b>

## Net debt and debt/equity ratio



### April – June 2020

Cash flow from current operations was SEK 1,090 million (-642), of which cash flow from changes in working capital was SEK 102 million (-1,437). Capital tied up in accounts receivable is lower compared to last year.

Cash flow from investment activities was SEK -3,354 million (-345). Cash flow for the acquisition of YIT's paving and mineral aggregates operations amounted to SEK -3,125 million.

Cash flow before financing was SEK -2,264 million (-987).

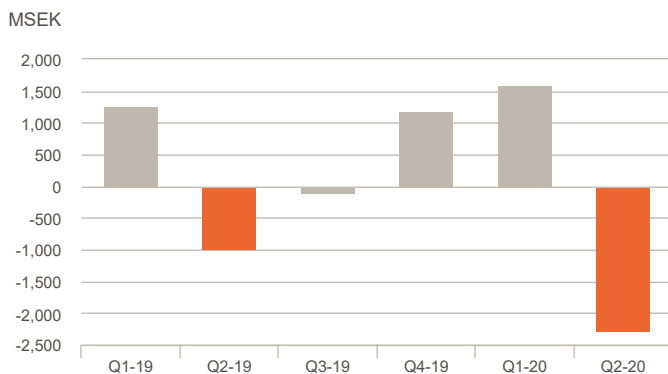
### January – June 2020

Cash flow from current operations was strong during the first half-year and amounted to SEK 2,887 million (697), of which cash flow from changes in working capital was SEK 1,242 million (-610). The change in working capital is mainly explained by a positive cash flow due to more homes sold than has been started up. Capital tied up in accounts receivable is lower compared to last year.

Cash flow from investment activities was SEK -3,554 million (-428) where the acquisition of paving and mineral aggregates operations was included by SEK -3,125 million.

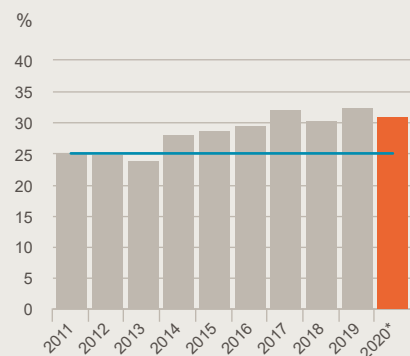
Cash flow before financing amounted to SEK -667 million (269).

## Cash flow before financing



## Financial goals

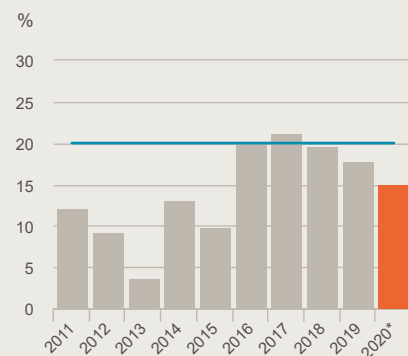
### Equity/assets ratio



\* As of June 30, 2020

Goal > 25%

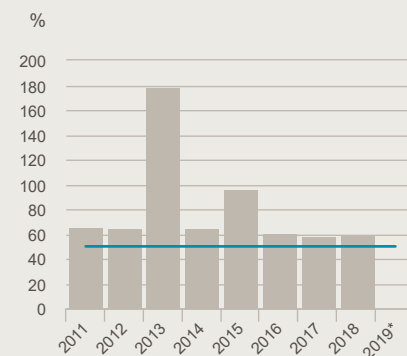
### Return on equity



\* Rolling 12 months as of June 30, 2020

Goal > 20%

### Dividends



\* No dividend has been paid for 2019.

Goal > 50%

Years 2011-2018 are not translated according to the changed accounting principles. For more information, see the section Net sales and profit, as well as note 1.

# Order situation

## April – June 2020

Orders received in the second quarter 2020 amounted to SEK 13,220 million compared to SEK 10,817 million for the same period last year. The acquired paving and mineral aggregates operations contributed by SEK 1,964 million in orders received.

The level of orders received in business areas Construction and Project Development contracted during the second quarter while business area Civil Engineering had an unchanged level of orders received. The level increased in business area Industry, primarily due to the acquired operations. Even not including the acquired operations, orders received increased in business area Industry and the increase refers to both Paving and Construction System.

## January – June 2020

Orders received in the first half-year 2020 amounted to SEK 25,828 million compared to SEK 22,685 million for the same period last year.

## Orders received

MSEK	Apr-Jun 2020	Apr-Jun 2019	Jan-Jun 2020	Jan-Jun 2019	Jul-Jun 2019/2020	Jan-Dec 2019
Construction	6,269	6,785	13,718	13,153	26,720	26,155
Civil Engineering	3,493	3,498	6,928	6,567	13,469	13,108
Industry	3,503	995	4,902	3,275	7,801	6,174
Project Development	1,420	1,529	3,090	3,156	6,098	6,164
Eliminations	-1,465	-1,990	-2,810	-3,466	-6,815	-7,471
<b>Group</b>	<b>13,220</b>	<b>10,817</b>	<b>25,828</b>	<b>22,685</b>	<b>47,273</b>	<b>44,130</b>

The acquired paving and mineral aggregates operations contributed by SEK 1,964 million in orders received. The level of orders received in business areas Construction and Civil Engineering increased. The level increased in business area Industry due to the acquired operations. Not including the acquired operations orders received contracted in business area Industry. The level of orders received in business area Project Development are slightly lower compared to the same period last year. Orders received for the Group in the first half-year 2020 are well spread geographically and there is good product diversity.

Order backlog yet to be produced at the end of the period increased to SEK 46,123 million compared to SEK 45,873 million at the end of the same period last year. The order backlog includes acquired order backlog of SEK 2,407 million from the acquired paving and mineral aggregates operations. Of the total order backlog, 56 percent (55) is expected to be produced after 2020 (2019). Swedish operations accounted for 74 percent (80) of the order backlog.

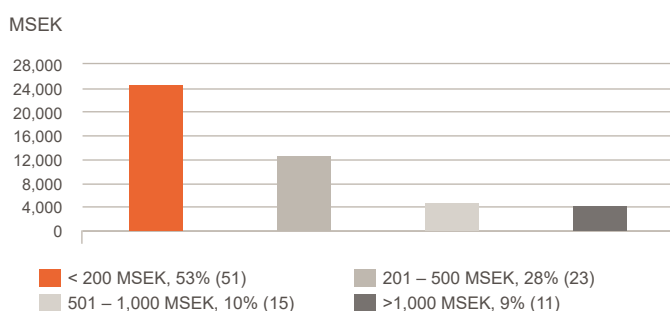
## Order backlog

MSEK	Jun 30 2020	Jun 30 2019	Dec 31 2019
Construction	27,013	28,615	26,928
Civil Engineering	14,174	13,992	13,446
Industry	6,149	3,172	2,548
Project Development	4,511	6,131	5,027
Eliminations	-5,724	-6,037	-5,455
<b>Group</b>	<b>46,123</b>	<b>45,873</b>	<b>42,494</b>

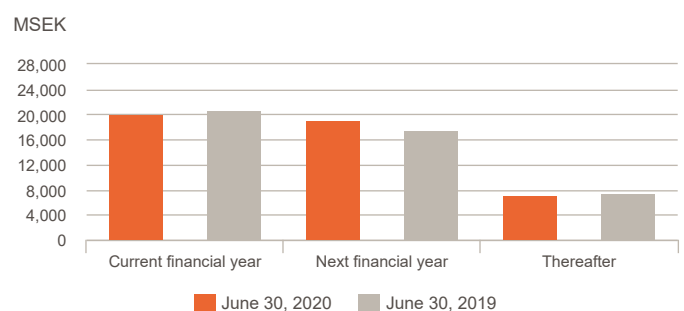
## We received several major projects and contracts in the second quarter, including:

- Construction of 44 apartments in Sandefjord south of Oslo. The customer is Conceptor Bolig. The contract is worth NOK 105 million.
- Renovation of 146 apartments for Bostads AB Mimer in Västerås. The contract is worth SEK 167 million.
- Construction of Centrumhuset in Norrahammar. The customer is Junehem AB. The contract is worth SEK 100 million.
- Construction of Noltorp School in Alingsås. The customer is Alingsåshem. The contract is worth SEK 252 million.
- Building a new ferry berth at Stillerydshamnen in Karlshamn. The customer is Karlhamns Hamn AB. The contract is worth SEK 156 million.
- Construction of a fish farming facility in Senja in northern Norway. The customer is Salmar Settefisk. The contract is worth NOK 439 million.
- Renovation project for Helsingin kaupungin asunnot Oy (HEKA) in Helsinki. The contract is worth EUR 18 million.
- Construction 137 apartments in Espoo for the Kojamo Group. The contract is worth EUR 15 million.
- Construction of a residential care facility in Södertälje. The customer is Hemsö Fastigheter. The contract is worth SEK 145 million.
- Construction of 65 apartments for rent in Ängelholm. The customer is Backahill Bostäder AB. The contract is worth SEK 144 million.
- Construction of 337 apartments for rent in Eskilstuna. The customer is Willhem AB. The contract is worth SEK 336 million.
- Commission to rebuild the existing stretch of E20 outside of Gothenburg. The customer is the Swedish Transport Administration. The contract is worth SEK 206 million.
- Construction of Sundsvall's new logistic park. The customer is Sundsvall Logistikpark AB. The contract is worth SEK 734 million.
- Move and broaden the existing runway at Saab Airport in Linköping. The customer is Saab AB. The contract is worth SEK 190 million.
- Construction of 132 apartments for rent and space for rent in Karlstad. The customer is Karlstads Bostads AB. The contract is worth SEK 231 million.
- Construction of home care central in Borlänge. The customer is Magnolia Bostad. The contract is worth SEK 208 million.
- Construction of new ferry berths in the Port of Trelleborg. The customer is Trelleborgs Hamn AB. The contract is worth SEK 328 million.
- Construction of 50 apartments in Sarpsborg southwest of Oslo. The customer is HABO and Jack Valleraune. The contract is worth NOK 103 million.
- Construction of a school in Karlstad. The customer is Karlstad Municipality. The contract is worth SEK 263 million.
- Construction of swimming pool facility in the new Kiruna City Center. The customer is Kiruna Municipality through WeGroup EPCM Projekt. The contract is worth SEK 290 million.

## Project allocation of order backlog, June 30, 2020



## 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.

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 AB and Peab Support (Shared Service Center).

Since the Board intends to summon an Extraordinary General Meeting to decide on distribution of Annehem Fastigheter when the situation has stabilized and conditions are more favorable, Annehem Fastigheter is therefore reported as a separate unit outside of segment reporting.

Previously Annehem Fastigheter was included in business area Project Development and the unit Property Development. The change applies per January 1, 2020 and no comparative figures have been translated.

For more information regarding the differences between segment reporting and reporting according to IFRS, see note 1 and note 4.

## Net sales and operating profit per business area

MSEK	Net sales						Operating profit					
	Apr-Jun 2020	Apr-Jun 2019	Jan-Jun 2020	Jan-Jun 2019	Jul-Jun 2019/2020	Jan-Dec 2019	Apr-Jun 2020	Apr-Jun 2019	Jan-Jun 2020	Jan-Jun 2019	Jul-Jun 2019/2020	Jan-Dec 2019
Construction	7,123	7,782	13,743	14,525	28,634	29,416	183	199	329	354	686	711
Civil Engineering	3,432	3,374	6,202	6,290	13,251	13,339	127	123	168	159	376	367
Industry	5,343	3,697	7,558	5,927	14,970	13,339	303	258	237	214	960	937
Project Development	1,977	2,259	3,946	4,426	8,645	9,125	138	336	312	516	811	1,015
– of which Property Development	111	254	233	427	592	786	-17	192	8	238	70	300
– of which Housing Development	1,866	2,005	3,713	3,999	8,053	8,339	155	144	304	278	741	715
Group functions	308	287	591	562	1,205	1,176	-81	-90	-164	-138	-304	-278
Eliminations	-2,665	-2,872	-4,884	-5,540	-10,390	-11,046	-9	-42	-10	-55	-97	-142
<b>Group, segment reporting</b>	<b>15,518</b>	<b>14,527</b>	<b>27,156</b>	<b>26,190</b>	<b>56,315</b>	<b>55,349</b>	<b>661</b>	<b>784</b>	<b>872</b>	<b>1,050</b>	<b>2,432</b>	<b>2,610</b>
Adjustment housing to IFRS	295	613	547	1,789	-288	954	57	207	10	727	-65	652
IFRS 16, additional leases	–	–	–	–	–	–	6	6	10	11	22	23
Annehem Fastigheter	48	–	88	–	88	–	6	–	12	–	12	–
Eliminations	-72	–	-132	–	-132	–	-7	–	-11	–	-11	–
<b>Group, IFRS</b>	<b>15,789</b>	<b>15,140</b>	<b>27,659</b>	<b>27,979</b>	<b>55,983</b>	<b>56,303</b>	<b>723</b>	<b>997</b>	<b>893</b>	<b>1,788</b>	<b>2,390</b>	<b>3,285</b>

Percent	Operating margin					
	Apr-Jun 2020	Apr-Jun 2019	Jan-Jun 2020	Jan-Jun 2019	Jul-Jun 2019/2020	Jan-Dec 2019
Construction	2.6	2.6	2.4	2.4	2.4	2.4
Civil Engineering	3.7	3.6	2.7	2.5	2.8	2.8
Industry	5.7	7.0	3.1	3.6	6.4	7.0
Project Development	7.0	14.9	7.9	11.7	9.4	11.1
– of which Property Development	-15.3	75.6	3.4	55.7	11.8	38.2
– of which Housing Development	8.3	7.2	8.2	7.0	9.2	8.6
Group functions						
Eliminations						
<b>Group, segment reporting</b>	<b>4.3</b>	<b>5.4</b>	<b>3.2</b>	<b>4.0</b>	<b>4.3</b>	<b>4.7</b>
Adjustment housing to IFRS						
IFRS 16, additional leases						
Annehem Fastigheter	12.5	–	13.6	–	13.6	–
Eliminations						
<b>Group, IFRS</b>	<b>4.6</b>	<b>6.6</b>	<b>3.2</b>	<b>6.4</b>	<b>4.3</b>	<b>5.8</b>

# Business area Construction

With local roots close to customers business area Construction performs construction 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, three in Norway and two in Finland. There are specialized housing production units in Stockholm, Gothenburg and the Öresund region. Construction maintenance operations are run in a nationwide region in Sweden 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

### April – June 2020

Net sales for the second quarter 2020 decreased by eight percent and amounted to SEK 7,123 million (7,782). The decrease is attributable to Sweden.

Operating profit for the second quarter amounted to SEK 183 million (199) and the operating margin was unchanged with 2.6 percent (2.6).

### January – June 2020

Net sales for the first half-year 2020 decreased by five percent and amounted to SEK 13,743 million (14,525). The decrease is attributable to Sweden while net sales in operations in Norway and Finland increased.

Operating profit for the first-half year amounted to SEK 329 million (354) and the operating margin amounted to 2.4 percent (2.4). Even for the latest rolling 12 month period the operating margin was 2.4 percent, which was unchanged compared to the entire year of 2019.

## ORDERS RECEIVED AND ORDER BACKLOG

### April – June 2020

Orders received during the second quarter amounted to SEK 6,269 million (6,785).

### January – June 2020

Orders received during the first half-year increased to SEK 13,718 million (13,153). The orders received are relatively well spread regarding products and location.

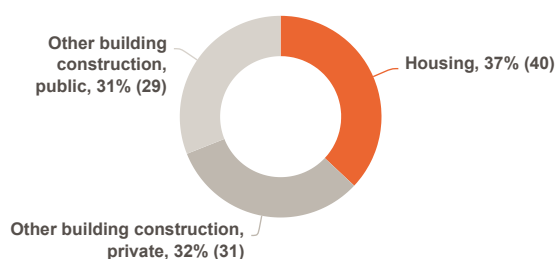
Order backlog on June 30, 2020 was SEK 27,013 million compared to SEK 28,615 million at the end of June 2019.

## Key ratios

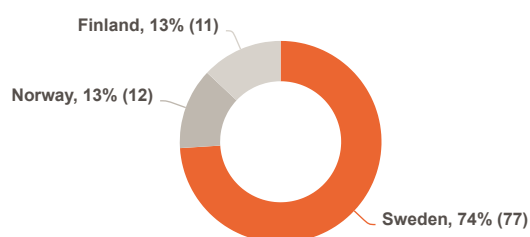
	Apr-Jun 2020	Apr-Jun 2019	Jan-Jun 2020	Jan-Jun 2019	Jul-Jun 2019/2020	Jan-Dec 2019
Net sales, MSEK	7,123	7,782	13,743	14,525	28,634	29,416
Operating profit, MSEK	183	199	329	354	686	711
Operating margin, %	2.6	2.6	2.4	2.4	2.4	2.4
Orders received, MSEK	6,269	6,785	13,718	13,153	26,720	26,155
Order backlog, MSEK	27,013	28,615	27,013	28,615	27,013	26,928
Number of employees at the end of the period	6,339	6,474	6,339	6,474	6,339	6,299

## Net sales

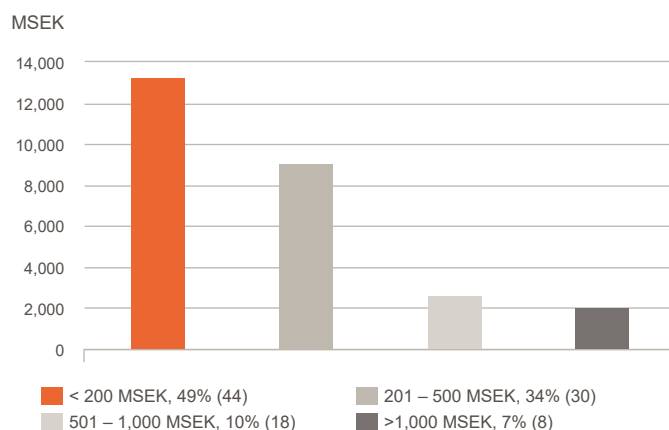
per product area, rolling 12 months



per geographic market, rolling 12 months



## Project allocation of order backlog, June 30, 2020



# Business area Civil Engineering

Business area Civil Engineering is a leading player in Sweden and with operations in Norway and Finland as well. The business area works with landscaping and pipelines, builds and maintains roads, railroads, bridges and other infrastructure as well as foundation work. Operations are organized in geographic regions and the specialized product areas Local market, Infrastructure and heavy construction and Operations and maintenance.

On the Local market the business area is working with landscaping and pipelines, foundation work and builds different kinds of facilities.

In the area of Infrastructure and heavy construction it builds roads, railroads, bridges, tunnels and ports.

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

## NET SALES AND PROFIT

### April – June 2020

Net sales for the second quarter 2020 amounted to SEK 3,432 million (3,374). Net sales increased in Infrastructure while net sales in Local market was lower.

Operating profit for the second quarter 2020 amounted to SEK 127 million (123) and the operating margin was 3.7 percent (3.6).

### January- June 2020

Net sales were relatively unchanged during the first half-year of 2020 and amounted to SEK 6,202 million (6,290). Even after adjustments for acquired units net sales were relatively unchanged. Net sales increased in Infrastructure during the first half-year while net sales in Local market as well as Operations and maintenance were lower.

Operating profit for the first half-year 2020 amounted to SEK 168 million (159) and the operating margin improved to 2.7 percent (2.5). The operating margin for the latest rolling 12 month period was 2.8 percent which was unchanged compared to the entire year of 2019.

## ORDERS RECEIVED AND ORDER BACKLOG

### April – June 2020

Orders received during the second quarter 2020 amounted to SEK 3,493 million (3,498).

### January- June 2020

Orders received during the first half-year 2020 increased to SEK 6,928 million (6,567).

Order backlog on June 30, 2020 amounted to SEK 14,174 million (13,992).

## Key ratios

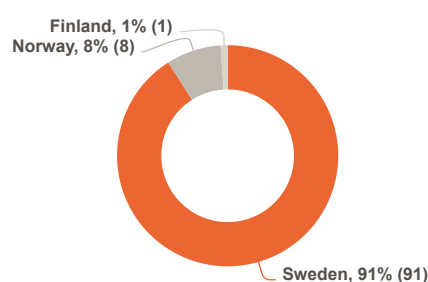
	Apr-Jun 2020	Apr-Jun 2019	Jan-Jun 2020	Jan-Jun 2019	Jul-Jun 2019/2020	Jan-Dec 2019
Net sales, MSEK	3,432	3,374	6,202	6,290	13,251	13,339
Operating profit, MSEK	127	123	168	159	376	367
Operating margin, %	3.7	3.6	2.7	2.5	2.8	2.8
Orders received, MSEK	3,493	3,498	6,928	6,567	13,469	13,108
Order backlog, MSEK	14,174	13,992	14,174	13,992	14,174	13,446
Number of employees at the end of the period	3,754	3,758	3,754	3,758	3,754	3,511

## Net sales

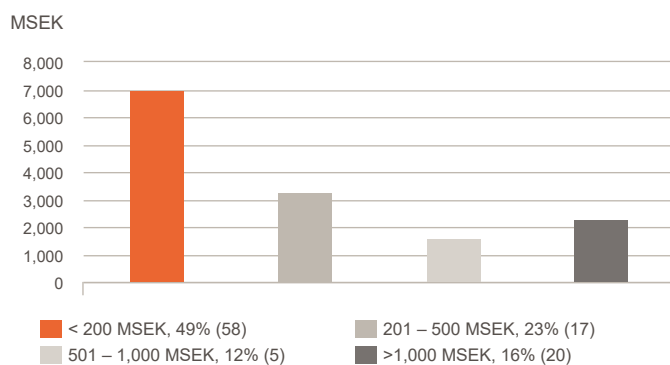
per product area, rolling 12 months



per geographic market, rolling 12 months



## Project allocation of order backlog, June 30, 2020



# Business area Industry

**Business area Industry is a complete supplier of the products and services needed to carry out a sustainable and cost-efficient construction and civil engineering project on the Nordic market. Industry offers everything from mineral aggregates, concrete, paving and temporary electricity to prefabricated concrete elements. Business area Industry also assists with crane and machine rental, distribution of binder to the concrete industry, transportation as well as recycles production waste and rubble.**

Business area Industry is run in six product areas: Mineral aggregates, Paving, Concrete, Transportation and Machines, Rentals and Construction System. All the product areas operate on the Nordic construction and civil engineering market.

## ACQUISITION OF NORDIC PAVING AND MINERAL AGGREGATES OPERATIONS

On July 4, 2019 Peab signed a contract to acquire YIT's paving and mineral aggregates operations in the Nordic region. The transaction was conditional on approval from competition authorities as well as the fulfillment of certain contractual conditions. At the end of March 2020 the transaction was approved by the competition authorities and the acquisition was finalized on April 1, 2020.

Through the acquisition Peab will expand its presence in Sweden, Norway and Finland and become established in the paving business in Denmark. This will give Peab a unique and market leading position in this business in the Nordic region. The acquisition entails taking over some 2,000 employees, around 200 strategically located quarries along with 63 production asphalt plants in the Nordic region. The operations are primarily integrated into the companies Peab Asphalt and Swerock and for Peab Asphalt it means establishing operations in Finland and Denmark. The acquisition also provides conditions for further expansion and development in other operations such as Recycling and Concrete.

The transaction is a combination of an asset deal and share purchase. The purchase price (including redemption of shareholder loans to the seller) amounted to SEK 3,184 million for a debt-free business and is fully financed.

The acquired operations had net sales of SEK 5,878 million with an adjusted EBITDA of SEK 282 million in 2019.

## NET SALES AND PROFIT

### April – June 2020

Net sales for the second quarter 2020 increased by 45 percent and amounted to SEK 5,343 million (3,697), of which the acquired operations contributed by SEK 1,741 million. Not including the acquired operations net sales contracted by three percent and amounted to SEK 3,602 million.

Operating profit for the second quarter 2020 amounted to SEK 303 million (258) and the operating margin was 5.7 percent (7.0). Not including the acquired operations, operating profit was SEK 262 million and the operating margin was 7.3 percent. The improved operating margin is mainly due to higher earnings in Mineral Aggregates and Paving.

The acquisition of the paving and mineral aggregates operations was finalized on April 1, 2020, which means the acquisition occurred when the season started. The underlying operations in the acquired companies contributed by SEK 149 million in the second quarter. Depreciation on surplus values for, among other things, customer contracts in the order backlog taken over and fixed assets amounted to SEK -63 million. Depreciation on surplus values for customer contracts in the order backlog taken over will be high throughout 2020 and part of 2021. In addition, acquisition costs and transfer tax in Finland have charged profits in total by SEK -45 million. All in all operating profit for the second quarter was positively affected by SEK 41 million related to the acquired operations.

### January – June 2020

Net sales for the first half-year 2020 increased by 28 percent and amounted to SEK 7,558 million (5,927), of which the acquired operations contributed by SEK 1,741 million. Adjusted for the acquired operations, net sales contracted by two percent to SEK 5,817 million. Net sales have mainly increased in Paving and Mineral Aggregates while net sales in Rentals and Construction System have declined.

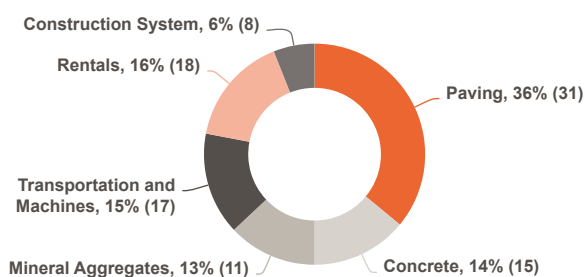
Operating profit for the first half-year 2020 increased to SEK 237 million (214). Not including the acquired operations, operating profit was SEK 206 million and the operating margin was 3.5 percent (3.6). The lower operating margin is due to a lower margin in Rentals and Construction System. The operating margin for the latest rolling 12 month period was 6.4 percent compared to 7.0 percent for the entire year 2019.

The underlying operations in the acquired companies contributed by SEK 149 million. Depreciation on surplus values for, among other things, customer contracts in the order backlog taken over and fixed assets amounted to SEK -63 million. Depreciation on surplus values for customer contracts in the order backlog taken over will be high throughout 2020 and part of 2021. In addition, acquisition costs and transfer tax in Finland have charged profits in total by SEK -55 million. All in all operating profit for the second quarter was positively affected by SEK 31 million related to the acquired operations. Because the acquired operations have a very clear seasonal pattern the first quarter is characterized by considerable deficits since the season starts in the second quarter. If the acquisition had taken place on January 1, 2020 profit in the first quarter would have been affected by SEK -297 million and the underlying operations would have had an accumulated operating profit per June 30, 2020 of SEK -148 million.

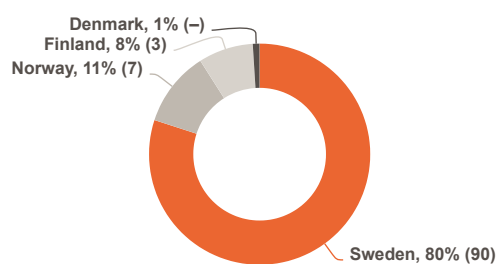
Capital employed in Industry was at the end of the period SEK 9,780 million compared to SEK 6,822 million at the end of the corresponding period last year. The increase is due to the acquired operations.

## Net sales

per product area, rolling 12 months



per geographic market, rolling 12 months



## ORDERS RECEIVED AND ORDER BACKLOG

### April – June 2020

Orders received during the second quarter 2020 amounted to SEK 3,503 million (995), of which orders received from the acquired operations amounted to SEK 1,964 million. Even not including orders received from the acquired operations, orders received increased and refers to both Paving and Construction System.

### January- June 2020

Orders received during the first half-year 2020 increased to SEK 4,902 million (3,275), of which orders received from the acquired operations amounted to SEK 1,964 million.

Order backlog on June 30, 2020 amounted to SEK 6,149 million (3,172), of which acquired order backlog was SEK 2,407 million.

## Key ratios

	Apr-Jun 2020	Apr-Jun 2019	Jan-Jun 2020	Jan-Jun 2019	Jul-Jun 2019/2020	Jan-Dec 2019
Net sales, MSEK	5,343	3,697	7,558	5,927	14,970	13,339
Operating profit, MSEK	303	258	237	214	960	937
Operating margin, %	5.7	7.0	3.1	3.6	6.4	7.0
Orders received, MSEK	3,503	995	4,902	3,275	7,801	6,174
Order backlog, MSEK	6,149	3,172	6,149	3,172	6,149	2,548
Capital employed at the end of the period, MSEK	9,780	6,822	9,780	6,822	9,780	6,799
Number of employees at the end of the period	5,648	3,658	5,648	3,658	5,648	3,482
Concrete, thousands of m <sup>3</sup> <sup>1)</sup>	381	372	669	629	1,384	1,344
Paving, thousands of tons <sup>1)</sup>	2,494	883	2,532	902	4,348	2,718
Mineral Aggregates, thousands of tons <sup>1)</sup>	10,230	4,067	13,115	6,527	22,343	15,755

1) Refers to sold volume

# Business area Project Development

Business area Project Development, which comprises Housing Development and Property Development, creates sustainable and vibrant urban environments with both residential and commercial property. The business area is responsible for the Group's property acquisitions and divestitures as well as project development which generates contract work for the other business areas. Project Development works through wholly owned projects or in collaboration with other partners in joint ventures.

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

### April – June 2020

Net sales for the second quarter 2020 in business area Project Development amounted to SEK 1,977 million (2,259). Operating profit amounted to SEK 138 million (336). The second quarter 2019 included an income contribution of SEK 170 million from the divestiture of property in the partially owned company Acturum.

### January – June 2020

Net sales for the first half-year 2020 in business area Project Development amounted to SEK 3,946 million (4,426) and operating profit was SEK 312 million (516). The comparison period included an income contribution of SEK 170 million from the divestiture of property in the partially owned company Acturum.

Capital employed in Project Development at the end of the period amounted to SEK 13,521 million (16,646). Annehem Fastigheter was included with SEK 1,764 million at the corresponding time last year.

## Capital employed

MSEK	Jun 30 2020	Jun 30 2019	Dec 31 2019
Operations property	133	1,118	1,226
Investment property	114	646	500
Project and development property	9,746	11,848	11,850
<i>of which housing development rights</i>	5,205	5,610	5,674
<i>of which commercial development rights</i>	600	612	556
<i>of which unsold part of ongoing housing projects</i>	2,119	3,494	3,520
<i>of which ongoing rental projects in Sweden</i>	881	1,063	846
<i>of which ongoing commercial projects</i>	251	431	445
<i>of which completed property</i>	332	249	391
<i>of which other</i>	358	389	418
Participation in joint ventures	1,711	1,503	2,019
Loans to joint ventures	1,128	1,207	1,106
Working capital and other	689	324	-22
<b>Total</b>	<b>13,521</b>	<b>16,646</b>	<b>16,679</b>

## Key ratios

	Apr-Jun 2020	Apr-Jun 2019	Jan-Jun 2020	Jan-Jun 2019	Jul-Jun 2019/2020	Jan-Dec 2019
Net sales, MSEK	1,977	2,259	3,946	4,426	8,645	9,125
<i>of which Property Development</i>	111	254	233	427	592	786
<i>of which Housing Development</i>	1,866	2,005	3,713	3,999	8,053	8,339
Operating profit, MSEK	138	336	312	516	811	1,015
<i>of which Property Development</i>	-17	192	8	238	70	300
<i>of which Housing Development</i>	155	144	304	278	741	715
Operating margin, %	7.0	14.9	7.9	11.7	9.4	11.1
<i>of which Property Development</i>	-15.3	75.6	3.4	55.7	11.8	38.2
<i>of which Housing Development</i>	8.3	7.2	8.2	7.0	9.2	8.6
Capital employed at the end of the period, MSEK	13,521	16,646	13,521	16,646	13,521	16,679
Orders received, MSEK	1,420	1,529	3,090	3,156	6,098	6,164
Order backlog, MSEK	4,511	6,131	4,511	6,131	4,511	5,027
Number of employees at the end of the period	313	336	313	336	313	343

## HOUSING DEVELOPMENT

### April – June 2020

Net sales decreased and amounted to SEK 1,866 million (2,005). Operating profit increased to SEK 155 million (144) and the operating margin improved to 8.3 percent (7.2).

The number of start-ups of our own developed homes during the second quarter amounted to 518 units (540), most of which were in Sweden, with a good geographic spread. The number of sold homes was 501 (669), most of which were in Sweden and Finland.

### January – June 2020

Net sales decreased to SEK 3,713 million (3,999) and the reduction is related to Sweden. Operating profit amounted to SEK 304 million (278) and the operating margin improved to 8.2 percent (7.0). In the latest rolling 12 month period the operating margin amounted to 9.2 percent compared to 8.6 percent for the entire year of 2019.

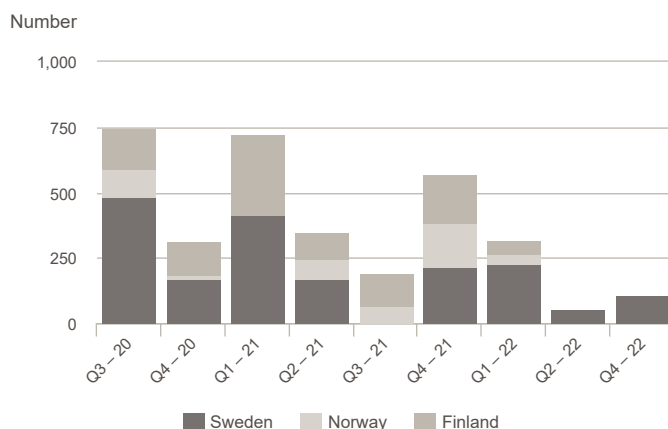
The number of start-ups of our own developed homes amounted to 1,021 units (1,007), most of which were in Sweden. The start-ups have been spread geographically in Sweden, Norway and Finland. The number of sold homes was 1,288 (1,259), most of them sold in Sweden. The number of own developed homes in production at the end of the period was 4,153 (5,187). The level of sold homes in production was 70 percent (65). The number of repurchased homes per June 30, 2020 was 267 (174) and around half of them were in Sweden and half of them in Finland. Peab develops and builds housing all over Sweden and in large parts of Norway and Finland. Our housing is primarily in the medium price segment and we see that there continues to be a considerable need for new production of housing in this range.

Capital employed has decreased at the end of the period compared to the corresponding point in time in 2019. The reduction is largely due to less capital tied up in unsold homes resulting from more homes sold than have been started up. Capital employed also includes apartments for rent projects in Sweden that can be converted to tenant-owned homes or be sold on the investment market.

## Development rights for housing

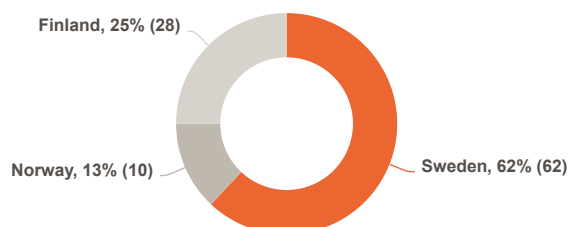
Number, approx.	Jun 30 2020	Jun 30 2019	Dec 31 2019
Development rights on our own balance sheet	19,400	20,300	20,300
Development rights via joint ventures	4,600	5,300	4,600
Development rights via options etc.	10,000	9,400	9,500
<b>Total</b>	<b>34,000</b>	<b>35,000</b>	<b>34,400</b>

## Time of completion of our own developed ongoing housing



## Net sales

per geographic market, rolling 12 months



## Own housing development construction

	Apr-Jun 2020	Apr-Jun 2019	Jan-Jun 2020	Jan-Jun 2019	Jul-Jun 2019/2020	Jan-Dec 2019
Number of housing starts during the period	518	540	1,021	1,007	2,081	2,067
Number of sold homes during the period	501	669	1,288	1,259	2,738	2,709
Total number of homes under construction, at the end of the period	4,153	5,187	4,153	5,187	4,153	4,616
Share of sold homes under construction, at the end of the period	70%	65%	70%	65%	70%	69%
Number of repurchased homes in the balance sheet, at the end of the period	267	174	267	174	267	253

## 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 property and shares in partly owned companies.

### April – June 2020

During the second quarter 2020 net sales were SEK 111 million (254) and operating profit was SEK -17 million (192). As a result of the corona pandemic Property Development was charged by SEK 32 million in the second quarter related to Ängelholm Airport, of which SEK 20 million refers to writing down goodwill. No major property transactions have occurred during the quarter. The second quarter 2019 included an income contribution of SEK 170 million from the divestiture of property in the partially owned company Acturum. Last year Property Development also contained Annehem Fastigheter.

### January – June 2020

During the first half-year 2020 net sales in Property Development were SEK 233 million (427) and operating profit was SEK 8 million (238). No major property transactions have occurred during the period. The comparable period included an income contribution of SEK 170 million from the sales of property in the partially owned company Acturum.

## ONGOING PROPERTY PROJECTS

Type of project	Location	Area in m <sup>2</sup>	Degree rented, %	Recognized value, MSEK	Total investment at completion, MSEK	Timepoint of completion	Level of completion, %
Retail	Oslo	3,600	100	142	216	Q4-2020	66
Office building	Helsingborg	2,900	88	63	106	Q2-2021	59
Office building	Solna	4,300	89	75	194	Q3-2021	39
Other ongoing projects				34			
<b>Total</b>				<b>314</b>			
<i>of which operations property</i>				63			
<i>of which project and development property</i>				251			

Some operations connected to air travel and tourism have been negatively affected by the corona pandemic which has lowered operating profit by SEK 47 million, of which SEK 37 million is related to Ängelholm Airport. The amount includes a SEK 20 million write-down of goodwill. Last year Property Development also contained Annehem Fastigheter.

At the end of the first half-year capital employed in Property Development had contracted compared to the first half-year 2019 due to the transfer of fully developed properties to Annehem Fastigheter. At the same time last year Annehem Fastigheter was included by SEK 1,764 million. Capital employed in Property Development includes as of 2020 primarily commercial development rights, ongoing property projects, shares in partially owned companies as well as loans to partially owned companies.

The creation of Annehem Fastigheter means that our now larger ongoing projects in Property Development are intended for sales to Annehem Fastigheter and will thereby be included in the planned extra distribution. During the second quarter 2020 property containing offices and parking space in Solna was divested to Annehem Fastigheter. The table below presents the larger ongoing property projects per June 30, 2020.

## Significant joint ventures

Peab's significant joint venture companies Fastighets AB Centur, Tornet Bostadsproduktion AB and Fastighets AB ML4 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 included in Peab's accounts.

### TORNET BOSTADSPRODUKTION AB

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

**Peab's share:** 33 percent

**Partner:** Folksam and Balder

**Location:** Stockholm, the Mälardalen region, Gothenburg and the Öresund region

**Recognized value on properties June 30, 2020 <sup>1)</sup>:** SEK 4,640 million (3,832)

**Peab's portion of unrecognized fair value exclusive tax <sup>1)</sup>:** SEK 269 million (230)

**Major ongoing projects:** Munkeböck, Gothenburg Rentable area 10,900 m<sup>2</sup>, Kungsängen, Upplandsbro Rentable area 8,900 m<sup>2</sup>, LP Parken, Gothenburg Rentable area 15,000 m<sup>2</sup>, Tallbohov, Järfälla Rentable area 10,500 m<sup>2</sup> and several apartment building projects in Västerås and Helsingborg

### FASTIGHETS AB CENTUR

Own, manage and develop commercial property and housing.

**Peab's share:** 50 percent

**Partner:** Balder

**Location:** Stockholm, the Mälardalen region, Gothenburg and the Öresund region

**Recognized value on properties June 30, 2020 <sup>1)</sup>:** SEK 6,798 million (6,296)

**Peab's portion of unrecognized fair value exclusive tax <sup>1)</sup>:** SEK 426 million (372)

**Major ongoing projects:** No major ongoing projects.

### 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

**Location:** Lund

**Recognized value on properties June 30, 2020:** SEK 1,910 million (1,831)

**Major ongoing projects:** Research building 6,400 m<sup>2</sup>

<sup>1)</sup> Valued at market price in joint venture companies. The market prices on properties that affect the recognized values in joint venture companies are not included in Peab's accounts.



## BACKGROUND

In February 2020 Peab's Board proposed to the AGM an extra distribution of all the shares in a newly formed company holding Peab's wholly owned, fully developed commercial properties, earlier included in business area Project Development and the entity Property Development. As a result of the spread of the coronavirus and its effects on external circumstances and financial markets Peab's Board decided to withdraw the proposal to the Annual General Meeting. With the uncertain situation in the world it was not the right time to list the company. Peab continues to believe that a distribution of the properties is the solution that will over time provide shareholders with the greatest value. Therefore the operative work of building and structuring the real estate company has continued as planned. The Board intends to summon an Extraordinary General Meeting to decide on distribution of the real estate company when the situation has stabilized and conditions are more favorable.

The distribution is conditional on the consent of Peab's lenders and that Annehem Fastigheter receives financing on market terms. The level of equity and pledges in Annehem Fastigheter will be decided in consultation with the financing banks.

When Annehem Fastigheter is distributed the difference between market values and book values, including eliminated construction contract profit, will be taken up as income in Peab's consolidated accounts. In February 2020 this amounted to around SEK 1,200 million, which then primarily corresponded to the reduction of equity in the Group as a result of the distribution. In conjunction with a future decision on distribution the effect on profit will be updated based on the current circumstances.

Further information to Peab's shareholders regarding the proposal for distribution of Annehem Fastigheter, in the form of an information brochure, will be published on Peab's website in connection with publishing the summons to attend the Extraordinary General Meeting.

## BUSINESS CONCEPT, BOARD AND MANAGEMENT

Annehem Fastigheter will own and manage high quality commercial, community and residential property with a clear environmental profile and good connections to the Nordic growth areas Stockholm, Skåne, Gothenburg as well as Helsinki and Oslo. Annehem Fastigheter builds lasting relationships and value through management close to customers.

The board of Annehem Fastigheter consists of Göran Grosskopf, Pia Andersson, Jesper Göransson and Anders Hylén. Göran Grosskopf has been appointed chairman. Before it is listed further board members will be added to Annehem Fastigheter's board. In addition, Jörgen Lundgren has been appointed CEO and Jan Egenäs as CFO of Annehem Fastigheter. Jörgen Lundgren leaves his position as CEO of Solnaberg Property AB (publ). Jörgen has previously held positions such as President and CEO of Fastighetsaktiebolaget Norrporten and is, among other things, currently a board member of Aros Bostäder and vice chairman of Mäklarhuset.

## NET SALES AND PROFIT

The property portfolio in Annehem Fastigheter is being built up. Revenue and profit will successively increase in the coming years as more property is taken over.

### April – June 2020

Net sales for the second quarter 2020 amounted to SEK 48 million. Operating profit amounted to SEK 6 million and operating margin was 12.5 percent. Negative effects due to the corona pandemic have affected hotel business by SEK -5 million. Depreciation and write-downs during the quarter were SEK -13 million.

### January – June 2020

Net sales for the period January-June 2020 amounted to SEK 88 million. Operating profit amounted to SEK 12 million and operating margin was 13.6 percent. Negative effects due to the corona pandemic have affected hotel business by SEK -8 million. Depreciation and write-downs for the period were SEK -24 million.



## PROPERTY PORTFOLIO

Per June 30, 2020 Annehem Fastigheter owns fully developed properties and participations for a market value of SEK 3,228 million. This includes 50 percent ownership in a joint venture company, Point Hyllie Holding AB. During the second quarter it was decided not to include Peab's partially owned company Nya Bara Utvecklings AB in Annehem Fastigheter. During the second quarter Annehem Fastigheter acquired a property containing offices and parking space in Solna for a market value of SEK 290 million from Peab. Annehem Fastigheter has also signed a contract with Peab to acquire further properties after they are completed. A property in Oslo with a market value of SEK 292 million will be transferred during 2020, and two properties located in Solna and Helsingborg will be transferred in 2021 for a total market value of SEK 409 million.

The market values were determined in February 2020 before the outbreak of the corona pandemic and withdrawal of the distribution proposal. In conjunction with the distribution of Annehem Fastigheter new market values of the properties will be determined. As long as Annehem Fastigheter remains on Peab's books the properties will not be recognized at market value in Peab's accounts. They will instead be recognized at costs.

Wholly owned property	Location	Area in m <sup>2</sup>	Degree rented, %
Business park	Ängelholm	63,500	81
Business park	Ljungbyhed	75,300	55
Office building	Solna	12,400	100
Office building	Solna	2,900	100
Office building	Helsinki	9,300	85
Office building	Helsinki	7,600	91
Retail and offices	Gothenburg	6,300	97
Office building	Malmö	5,000	72
Office building	Malmö	1,000	100

Partly owned shares	Location	Type of property
Point Hyllie Holding AB, 50%	Hyllie, Malmö	Hotel and office building

# Construction market

## SWEDEN

The corona pandemic and contracting business cycle that has hit the Swedish economy may reduce GNP by around six percent 2020. Lower employment in combination with uncertainty about the future may have a negative effect on housing prices. There is also a risk of declining values on the commercial real estate market and more vacancies as a result of lower consumption and an increase in working digitally. The downturn in the construction market will probably be broad this year. The continued weak business cycle in 2021 is expected to have a negative effect primarily on housing construction and building construction investments in private premises. However, public building construction can grow during 2021-2022 although this year there is a risk that planned projects will not be started due to caution on the part of public customers. Development in civil engineering investments is expected to be horizontal in 2020 and 2021. A number of projects are expected to be postponed. The government is investing more than one billion Swedish kronas in railroad and road maintenance in 2020.

## NORWAY

The Norwegian economy has been hit hard by a decline in demand as a result of the country closing, and by the plunge in oil prices. Recovery will probably take time due to the international slowdown and the low price of oil, which has ripple effects on all Norwegian business. Housing construction is expected to contract 2020 and 2021 because households are feeling uncertain as well as rising unemployment. Even the rate of private building construction risks slowing down due to lower international demand and less activity in the oil sector. Nonetheless government finances are strong which provides opportunities to keep public sector and civil engineering construction going.

## FINLAND

The extensive shutdown in Finland and the international lack of demand has led to an abrupt fall in the country's economy. Household confidence has declined resulting in contracting housing investments 2020 and 2021. Finland's export dependent industry is hit hard by the weak international demand which in turn affects industrial building construction in 2020-2021. However, the outlook for office and retail construction is brighter. The forecast for public building construction investments has paled while civil engineering investments signal an increase in 2020. Work in paving and road maintenance will increase in 2020 after several years of lower investments.

## Housing

	2020	2021	2022
Sweden	↓	↓	↗
Norway	↓	↓	↗
Finland	↓	↓	↗

Forecast for started-up housing investments, new production and renovations

Source: Navet Analytics

## Other building construction

	2020	2021	2022
Sweden	↓	→	↗
Norway	↗	→	→
Finland	↓	↓	→

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

Source: Navet Analytics

## Civil engineering

	2020	2021	2022
Sweden	→	→	-
Norway	↑	↑	-
Finland	↗	↓	-

Forecast for civil engineering investments

Source: Navet Analytics

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



TROMSØBADET  
Tromsøya, Norway

# Other information

## SUSTAINABILITY

Our workplaces should be secure and safe for everyone at them despite the fact that there are risk-filled aspects of our operations. Peab has a high portion of own skilled workers compared to our colleagues in the construction and civil engineering industry. With the acquisition of the Nordic paving and aggregate materials operations the number of Peab employees increased by around 2,000. The number of employees at the end of the second quarter was therefore 16,654, of which 9,300 were skilled workers. Because of the high number of own employees combined with many subcontractors at our workplaces the matter of safe workplaces is particularly important to us.

### Serious accidents

To prevent accidents and incidents at our workplaces we continually develop quality assured work methods and educate our employees. Focus is on planning and risk assessment in connection with running projects going forward as well as learning from reported risk observations, incidents and accidents.

The number of serious accidents\* during the first half-year amounted to 25 regarding our own employees and 21 regarding subcontractors at our workplaces. The industry initiative Maintain Zero, which Peab helped found and that strives for zero accidents in the construction industry, is currently working on developing an industry standard for measuring and monitoring workplace accidents. Peab will begin reporting according to it as soon as the standard is produced and adopted.

### Risk observations

Every remedied risk is one less potential accident, which is why we work intensively to raise the number of reported and remedied risk observations\*. The goal for 2020 is 45,000 reported and remedied risk observations. The number during the first half-year 2020 was 27,185.

\* For definition see section *Alternative performance measures and definitions*.

### Other

- Peab initiated an in-depth collaboration with E.ON to establish the energy system Ectogrid in construction. E.ON's concept Ectogrid balances heating and cooling in buildings, which reduces the need for external energy.
- Peab's subsidiary Swerock started up its second production plant for recycling rubble, a so-called wash plant. The establishment in Sundsvall is a further step in offering the market recycled gravel and rock, which saves valuable natural resources. With this new technology the amount of rubble, which otherwise would have gone to landfill, can be reduced by around 80 percent.
- Peab Asfalt received the full climate bonus for the stretch of highway E6 Stora Höga – Ödsmål by meeting the Swedish Transport Administration's high demands on reducing climate impact in paving operations.
- In the middle of the corona pandemic Peab handed over finished wards with 14 hospital beds and a reception area for patients with infectious diseases at Södra Älvsborg Hospital in Borås. Peab also completed a new ward at Norrland University Hospital ahead of time. The ward holds 22 hospital beds for newly operated patients, which means the existing post-op ward at the hospital can be offered to COVID-19 patients.

## RISKS AND UNCERTAINTY FACTORS

Peab's business is exposed both to operational and financial risks. How much risks affect Peab's profits and position depends on how well the company handles daily operations. In addition, as a construction and civil engineering company, Peab is vulnerable to external risks such as developments in the economy, climate effects and changes in circumstances due to amendments in laws and regulations, and other political decisions.

In the beginning of 2020 the coronavirus spread over a large part of the world. Governments and central banks are introducing different forms of crisis packages to reduce the financial effects. The entire global economy is affected but it is difficult to say how deeply and for how long. Peab is a major employer with many employees and many people at our workplaces. The short-term effects of the coronavirus on Peab's operations are limited but at the time of publishing this report it is too early to say how Peab will be affected in the long run and what the financial consequences of the coronavirus pandemic will be. For more information see the section Coronavirus under Important events during the period.

Managing operative risks is a continuous process considering the large number of projects the Group is always starting up, carrying out and completing. Operative risks are managed in the line organization in the business areas through established procedures, processes and control systems. Peab's business is largely project-related. There are a number of different contract forms where risk levels vary depending on the type of contract. However, with any type of contract ambiguities can arise concerning the terms, which can lead to delimitation issues that create a dispute with the customer.

On December 13, 2019 Peab's supplier Nynas AB applied for a company reorganization and on March 12, 2020 Nynas AB applied for a further extension of three months which was granted. Thereafter further extension was applied for, which was granted until September 15, 2020. Nynas AB is an essential supplier of bitumen which is used as a binder in the manufacture of asphalt. If Nynas AB cannot fulfill its obligations it will cause considerable disturbances in the Nordic paving market and affect all the companies involved in asphalt paving, including Peab which is a major actor. Peab has chosen to complement with other suppliers to ensure deliveries of bitumen.

Financial risks are primarily associated with the company's need for capital, tied up capital and access to financing. Financial risks are managed on Group level. For further information about risks and uncertainty factors, see the Annual and Sustainability Report 2019.

## IMPORTANT EVENTS DURING THE PERIOD

### Dividend and distribution proposals and withdrawal of proposals

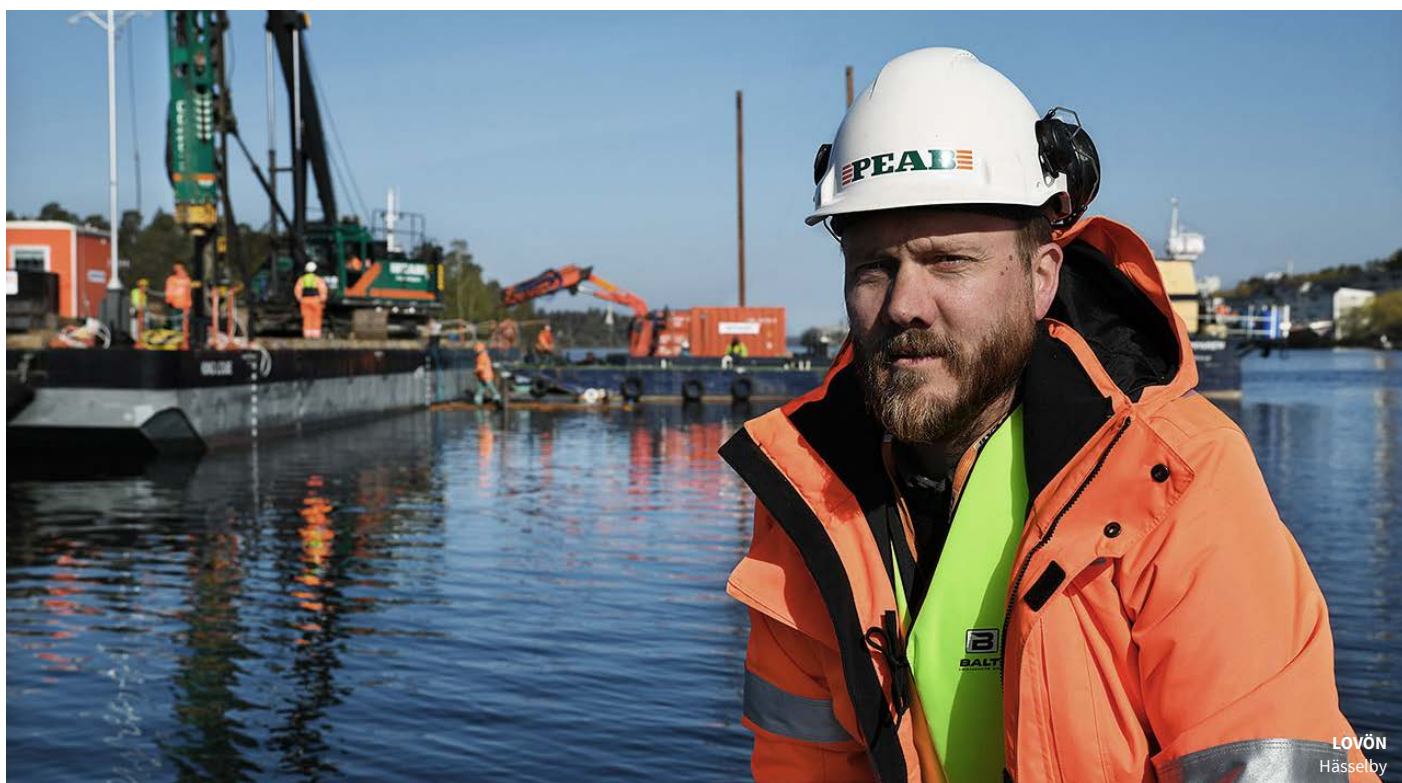
In conjuncture with the year-end report 2019 Peab's Board decided to propose to the AGM an unchanged ordinary dividend of SEK 4.20 per share and an extra distribution of the shares in a newly founded real estate company (Annhem Fastigheter).

When the decision was made the global spread of the coronavirus had not yet begun. It has thereafter developed into a pandemic, which in turn has created enormous uncertainty concerning global financial developments.

On March 24, 2020 the Board reviewed the decision of an extra distribution of the shares in Annhem Fastigheter. The strategy to create the company, distribute and list it has not changed. However, the decision to actually distribute and list the company has been put off until there is less uncertainty and circumstances have improved. For more information see the section Annhem Fastigheter.

On April 7, 2020 Peab's Board also decided to withdraw in its entirety the proposal to the AGM for an ordinary dividend of SEK 4.20 per share. The Board and executive management have reviewed the situation focusing on identifying measures needed to be taken for different scenarios on the Nordic construction market. Their main purpose is to be able to create the prerequisite conditions to handle overhead in a contracting business and at the same time safeguard long-term production capacity. Examples of measures are furloughs and training.

The Board's ambition is to regularly evaluate the dividend capacity and depending on developments make a decision on both an ordinary dividend and when distribution of all the shares in Annhem Fastigheter can take place.



### Coronavirus

In the beginning of the year the coronavirus spread to a large part of the world. Countries are putting different measures into effect on short notice to limit the spread of the infection, for example entry and quarantine regulations. Stock markets all over the world have plunged during March. Governments and central banks are introducing different forms of crisis packages to reduce the financial effects. This will affect the global economy but to what extent is difficult to say at this moment.

Peab is a major employer with many employees and many people at our workplaces. As employer we care about our employees but naturally we also care about our customers, subcontractors, suppliers and other partners. For Peab it is important from a societal perspective that we do everything we can to maintain calm, thwart the spread of infection and keep our operations going.

Peab's measures to limit the spread of the infection are founded on The Public Health Agency of Sweden's guidelines and instructions as well as those that correspond in the other countries we work in. Since the situation and instructions from the authorities are constantly changing, we closely follow developments and adopt to them. Above all they affect the directives we give our employees.

Based on this we focus on maintaining stability in our business. The short-term effects of the coronavirus on Peab's operations are limited at the moment but naturally we closely follow developments so that we can continually assess possible effects in a longer perspective. Under the current circumstances we see what a strength it is for us to be the local company with the big group resources. Peab has four business areas – Construction, Civil Engineering, Industry and Project Development that collaborate locally and a large part of input goods and personnel are our own. This gives us good control over the construction process and makes us therefore less vulnerable to production disruptions.

As a company we do everything in our power to thwart the spread of the coronavirus and continue to work on our community building. This is how we contribute to people's safety and wellbeing.

Under the leadership of our specially assembled corona team we are closely following developments and will update information as the need arises.

### Acquisition of Nordic paving and mineral aggregates operations

On July 4, 2019 Peab signed a contract to acquire YIT's paving and mineral aggregates operations in the Nordic region. The transaction was conditional on approval from competition authorities as well as the fulfillment of certain contractual conditions. At the end of March 2020 the transaction was approved by the competition authorities and the acquisition was finalized on April 1, 2020. The operations are consolidated into the Peab Group as of that date.

Through the acquisition Peab will expand its presence in Sweden, Norway and Finland and become established in the paving business in Denmark and this will give Peab a unique and market leading position in this business in the Nordic region. The acquisition entails taking over some 2,000 employees, around 200 strategically located quarries along with 63 production asphalt plants in the Nordic region. The deal will also increase the importance of industrial operations for the Group.

Greater geographic proliferation in areas that are normally less sensitive to the business cycle increases stability in the Group. It also provides a platform for further expansion and development in other operations such as Recycling and Concrete.

The transaction is a combination of an asset deal and a share purchase. The purchase price (including redemption of shareholder loans to the seller) amounted to SEK 3,184 million for a debt-free business and is fully financed.

The acquired business had net sales of SEK 5,878 million with an adjusted EBITDA of SEK 282 million in 2019.

For more information, see section Business area Industry and note 2.

### HOLDINGS OF OWN SHARES

At the beginning of 2020 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 first half-year 2020.

### THE PEAB SHARE

Peab's B share is listed on the Nasdaq Stockholm, Large Cap list. As of July 16, 2020, the price of the Peab share was SEK 83.95 a decrease of ten percent during 2020. During the same period, the Swedish stock market increased by one percent according to the general index in the business magazine "Affärsvärlden". During 2020 the Peab share has been quoted at a maximum of SEK 110.70 and a minimum of SEK 59.30.

## Report on the Group income statement, IFRS

Group net sales according to IFRS decreased during the first half-year 2020 and amounted to SEK 27,659 million (27,979). The decrease is due to the fact that fewer projects were settled during the period than in the first half-year 2019. Several major projects in the Stockholm area were settled during the first half-year 2019.

Operating profit according to IFRS for the first half-year 2020 amounted to SEK 893 million (1,788) and the operating margin was 3.2 percent (6.4).

MSEK	Apr-Jun 2020	Apr-Jun 2019	Jan-Jun 2020	Jan-Jun 2019	Jul-Jun 2019/2020	Jan-Dec 2019
Net sales	15,789	15,140	27,659	27,979	55,983	56,303
Production costs	-14,127	-13,405	-25,089	-24,726	-50,675	-50,312
<b>Gross profit</b>	<b>1,662</b>	<b>1,735</b>	<b>2,570</b>	<b>3,253</b>	<b>5,308</b>	<b>5,991</b>
Sales and administrative expenses	-962	-773	-1,728	-1,524	-3,083	-2,879
Other operating income	36	38	73	65	288	280
Other operating costs	-13	-3	-22	-6	-123	-107
<b>Operating profit</b>	<b>723</b>	<b>997</b>	<b>893</b>	<b>1,788</b>	<b>2,390</b>	<b>3,285</b>
Financial income	15	31	55	85	100	130
Financial expenses	-34	-41	-163	-91	-260	-188
<b>Net finance</b>	<b>-19</b>	<b>-10</b>	<b>-108</b>	<b>-6</b>	<b>-160</b>	<b>-58</b>
<b>Pre-tax profit</b>	<b>704</b>	<b>987</b>	<b>785</b>	<b>1,782</b>	<b>2,230</b>	<b>3,227</b>
Tax	-160	-161	-173	-318	-426	-571
<b>Profit for the period</b>	<b>544</b>	<b>826</b>	<b>612</b>	<b>1,464</b>	<b>1,804</b>	<b>2,656</b>
<b>Profit for the period, attributable to:</b>						
Shareholders in parent company	543	826	612	1,464	1,804	2,656
Non-controlling interests	1	0	0	0	0	0
<b>Profit for the period</b>	<b>544</b>	<b>826</b>	<b>612</b>	<b>1,464</b>	<b>1,804</b>	<b>2,656</b>
<b>Key ratios, IFRS</b>						
Earnings per share before and after dilution, SEK	1.84	2.80	2.07	4.96	6.11	9.00
Average number of outstanding shares, million	295.0	295.0	295.0	295.0	295.0	295.0
Return on capital employed, % <sup>1)</sup>	9.3	-	9.3	-	9.3	13.2
Return on equity, % <sup>1)</sup>	15.6	-	15.6	-	15.6	24.3

<sup>1)</sup> Calculated on rolling 12 months. Since the numbers for 2018 have not been translated according to the changed accounting principles no numbers for June 30, 2019 are given.

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

MSEK	Apr-Jun 2020	Apr-Jun 2019	Jan-Jun 2020	Jan-Jun 2019	Jul-Jun 2019/2020	Jan-Dec 2019
<b>Profit for the period</b>	<b>544</b>	<b>826</b>	<b>612</b>	<b>1,464</b>	<b>1,804</b>	<b>2,656</b>
<b>Other comprehensive income</b>						
<b>Items that can be reclassified or have been reclassified to profit for the period</b>						
Translation differences for the period from translation of foreign operations	-66	30	-114	104	-169	49
Changes in fair value of cash flow hedges for the period	9	-4	2	8	3	9
Shares in joint ventures' other comprehensive income	1	0	0	0	0	0
Tax referring to items that can be reclassified or have been reclassified to profit for the period	-5	4	-16	11	-21	6
<b>Other comprehensive income for the period</b>	<b>-61</b>	<b>30</b>	<b>-128</b>	<b>123</b>	<b>-187</b>	<b>64</b>
<b>Total comprehensive income for the period</b>	<b>483</b>	<b>856</b>	<b>484</b>	<b>1,587</b>	<b>1,617</b>	<b>2,720</b>
<b>Total comprehensive income for the period, attributable to:</b>						
Shareholders in parent company	482	856	484	1,586	1,618	2,720
Non-controlling interests	1	0	0	1	-1	0
<b>Total comprehensive income for the period</b>	<b>483</b>	<b>856</b>	<b>484</b>	<b>1,587</b>	<b>1,617</b>	<b>2,720</b>

# Report on financial position for the Group in summary, IFRS

MSEK	Jun 30 2020	Jun 30 2019	Dec 31 2019	Jan 1 2019
<b>Assets</b>				
Intangible assets	3,872	2,312	2,334	2,250
Tangible assets	7,120	6,731	6,811	5,741
Investment property	128	701	558	589
Interest-bearing long-term receivables	1,102	1,067	1,086	1,445
Other financial fixed assets	1,868	1,717	2,097	1,297
Deferred tax recoverables	300	196	201	346
<b>Total fixed assets</b>	<b>14,390</b>	<b>12,724</b>	<b>13,087</b>	<b>11,668</b>
Project and development properties	15,840	16,520	16,948	17,219
Inventories	1,353	505	533	441
Interest-bearing current receivables	153	332	144	456
Other current receivables	13,951	13,722	12,603	13,030
Liquid funds	871	1,128	373	1,376
Assets held for value transfer to owners <sup>1)</sup>	2,140	-	-	-
<b>Total current assets</b>	<b>34,308</b>	<b>32,207</b>	<b>30,601</b>	<b>32,522</b>
<b>Total assets</b>	<b>48,698</b>	<b>44,931</b>	<b>43,688</b>	<b>44,190</b>
<b>Equity and liabilities</b>				
<b>Equity</b>	<b>12,043</b>	<b>10,425</b>	<b>11,559</b>	<b>10,077</b>
<b>Liabilities</b>				
Interest-bearing long-term liabilities	6,307	5,423	3,803	3,970
Interest-bearing long-term liabilities, project financing	549	368	326	213
Deferred tax liabilities	160	147	148	123
Other long-term liabilities	1,252	843	938	868
<b>Total long-term liabilities</b>	<b>8,268</b>	<b>6,781</b>	<b>5,215</b>	<b>5,174</b>
Interest-bearing current liabilities	2,462	2,699	3,011	1,310
Interest-bearing current liabilities, project financing	6,481	7,110	7,637	10,963
Other current liabilities	18,392	17,916	16,266	16,666
Liabilities referring to assets held for value transfer to owners <sup>2)</sup>	1,052	-	-	-
<b>Total current liabilities</b>	<b>28,387</b>	<b>27,725</b>	<b>26,914</b>	<b>28,939</b>
<b>Total liabilities</b>	<b>36,655</b>	<b>34,506</b>	<b>32,129</b>	<b>34,113</b>
<b>Total equity and liabilities</b>	<b>48,698</b>	<b>44,931</b>	<b>43,688</b>	<b>44,190</b>
<b>Key ratios, IFRS</b>				
Capital employed	28,829	26,025	26,336	26,533
Equity/assets ratio, %	24.7	23.2	26.5	22.8
Net debt	14,608	13,073	13,174	13,179
Equity per share, SEK	40.82	35.34	39.18	34.16
Number of outstanding shares at the end of the period, million	295.0	295.0	295.0	295.0

<sup>1)</sup> The item includes liquid funds of SEK 52 million per June 30, 2020.

<sup>2)</sup> The item includes interest-bearing liabilities of SEK 987 million per June 30, 2020.

## Report on changes in Group equity in summary, IFRS

MSEK	Jun 30 2020	Jun 30 2019	Dec 31 2019
<b>Equity attributable to shareholders in parent company</b>			
<b>Opening equity on January 1</b>	<b>11,557</b>	<b>11,347</b>	<b>11,347</b>
Adjustment consolidation tenant-owner housing associations (see note 1)	-	-1,271	-1,271
<b>Adjusted equity on January 1</b>	<b>11,557</b>	<b>10,076</b>	<b>10,076</b>
Profit for the period	612	1,464	2,656
Other comprehensive income for the period	-128	122	64
<b>Total comprehensive income for the period</b>	<b>484</b>	<b>1,586</b>	<b>2,720</b>
Cash dividend	-	-1,239	-1,239
<b>Closing equity</b>	<b>12,041</b>	<b>10,423</b>	<b>11,557</b>
<b>Non-controlling interests</b>			
<b>Opening equity on January 1</b>	<b>2</b>	<b>1</b>	<b>1</b>
Comprehensive income for the period	0	1	0
Shareholder contribution	-	-	1
<b>Closing equity</b>	<b>2</b>	<b>2</b>	<b>2</b>
<b>Total closing equity</b>	<b>12,043</b>	<b>10,425</b>	<b>11,559</b>

## Report on Group cash flow in summary, IFRS

MSEK	Apr-Jun 2020	Apr-Jun 2019	Jan-Jun 2020	Jan-Jun 2019	Jul-Jun 2019/2020	Jan-Dec 2019
<b>Cash flow from current operations before changes in working capital</b>	<b>1,101</b>	<b>963</b>	<b>1,766</b>	<b>1,950</b>	<b>3,685</b>	<b>3,869</b>
Increase (-) / Decrease (+) of project and development properties	234	384	564	1,055	-154	337
Increase (-) / Decrease (+) of inventories	-133	16	-202	-53	-238	-89
Increase (-) / Decrease (+) of current receivables / current liabilities	-98	-1,119	457	510	-157	-104
<b>Cash flow from changes in working capital</b>	<b>3</b>	<b>-719</b>	<b>819</b>	<b>1,512</b>	<b>-549</b>	<b>144</b>
<b>Cash flow from current operations</b>	<b>1,104</b>	<b>244</b>	<b>2,585</b>	<b>3,462</b>	<b>3,136</b>	<b>4,013</b>
Acquisition of subsidiaries / businesses, net effect on liquid funds	-2,384	-20	-2,384	-20	-2,386	-22
Redemption of loan to seller upon acquisition of business	-746	-	-746	-	-746	-
Sale of subsidiaries / businesses, net effect on liquid funds	-	-	-	-	163	163
Acquisition of fixed assets	-365	-589	-640	-1,004	-1,561	-1,925
Sale of fixed assets	87	235	145	567	575	997
<b>Cash flow from investment operations</b>	<b>-3,408</b>	<b>-374</b>	<b>-3,625</b>	<b>-457</b>	<b>-3,955</b>	<b>-787</b>
<b>Cash flow before financing</b>	<b>-2,304</b>	<b>-130</b>	<b>-1,040</b>	<b>3,005</b>	<b>-819</b>	<b>3,226</b>
Shareholder contribution holding with non-controlling interest	-	-	-	-	1	1
Increase (+) / Decrease (-) of interest-bearing liabilities	2,721	-1,385	2,480	-2,026	4,749	243
Increase (+) / Decrease (-) of interest-bearing liabilities, project financing	-494	2,723	-853	-	-4,097	-3,244
Dividend distributed to shareholders in parent company	-	-1,239	-	-1,239	-	-1,239
<b>Cash flow from financing operations</b>	<b>2,227</b>	<b>99</b>	<b>1,627</b>	<b>-3,265</b>	<b>653</b>	<b>-4,239</b>
<b>Cash flow for the period</b>	<b>-77</b>	<b>-31</b>	<b>587</b>	<b>-260</b>	<b>-166</b>	<b>-1,013</b>
Cash at the beginning of the period	1,028	1,156	373	1,376	1,128	1,376
Exchange rate differences in cash	-28	3	-37	12	-39	10
<b>Cash at the end of the period</b>	<b>923</b>	<b>1,128</b>	<b>923</b>	<b>1,128</b>	<b>923</b>	<b>373</b>



## Parent company

The parent company Peab AB's net sales for the first half-year 2020 amounted to SEK 170 million (156) and mainly consisted of internal Group services. Profit for the period amounted to SEK 391 million (34). Profit for the period included dividends of SEK 500 million (200) from subsidiaries.

The parent company's assets mainly consist of participations in Group companies amounting to SEK 13,350 million (11,952). The assets have been financed from equity of SEK 9,448 million (7,828) and long-term liabilities to Group companies amounting to SEK 2,326 million (2,711).

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	Apr-Jun 2020	Apr-Jun 2019	Jan-Jun 2020	Jan-Jun 2019	Jul-Jun 2019/2020	Jan-Dec 2019
Net sales	94	82	170	156	362	348
Administrative expenses	-148	-133	-281	-242	-552	-513
Other operating income	-	-	-	-	5	5
<b>Operating profit</b>	<b>-54</b>	<b>-51</b>	<b>-111</b>	<b>-86</b>	<b>-185</b>	<b>-160</b>
<b>Result from financial investments</b>						
Profit from participation in Group companies	500	130	500	130	500	130
Other financial items	-11	-13	-28	-36	-60	-68
<b>Result after financial items</b>	<b>435</b>	<b>66</b>	<b>361</b>	<b>8</b>	<b>255</b>	<b>-98</b>
Appropriations	-	-	-	-	1,656	1,656
<b>Pre-tax profit</b>	<b>435</b>	<b>66</b>	<b>361</b>	<b>8</b>	<b>1,911</b>	<b>1,558</b>
Tax	14	15	30	26	-291	-295
<b>Profit for the period <sup>1)</sup></b>	<b>449</b>	<b>81</b>	<b>391</b>	<b>34</b>	<b>1,620</b>	<b>1,263</b>

<sup>1)</sup> Profit/loss for the period corresponds to comprehensive profit/loss for the period and therefore only one income statement is presented without a separate one for comprehensive profit/loss.

# Report on financial position for the parent company in summary

MSEK	Jun 30 2020	Jun 30 2019	Dec 31 2019
<b>Assets</b>			
<b>Fixed assets</b>			
<b>Intangible assets</b>	47	52	51
<b>Tangible assets</b>	1	1	1
<b>Financial assets</b>			
Participation in Group companies	13,350	11,952	12,050
Deferred tax recoverables	117	112	119
<b>Total financial assets</b>	<b>13,467</b>	<b>12,064</b>	<b>12,169</b>
<b>Total fixed assets</b>	<b>13,515</b>	<b>12,117</b>	<b>12,221</b>
<b>Current assets</b>			
<b>Current receivables</b>			
Accounts receivable	1	0	1
Receivables from Group companies	607	262	2,479
Current tax assets	187	209	60
Other receivables	0	12	44
Prepaid expenses and accrued income	24	14	10
<b>Total current receivables</b>	<b>819</b>	<b>497</b>	<b>2,594</b>
Cash and bank	0	0	0
<b>Total current assets</b>	<b>819</b>	<b>497</b>	<b>2,594</b>
<b>Total assets</b>	<b>14,334</b>	<b>12,614</b>	<b>14,815</b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Restricted equity	1,900	1,903	1,901
Non-restricted equity	7,548	5,925	7,156
<b>Total equity</b>	<b>9,448</b>	<b>7,828</b>	<b>9,057</b>
<b>Untaxed reserves</b>	<b>2,403</b>	<b>1,930</b>	<b>2,403</b>
<b>Provisions</b>			
Other provisions	42	37	41
<b>Total provisions</b>	<b>42</b>	<b>37</b>	<b>41</b>
<b>Long-term liabilities</b>			
Liabilities to Group companies	2,326	2,711	2,791
<b>Total long-term liabilities</b>	<b>2,326</b>	<b>2,711</b>	<b>2,791</b>
<b>Current liabilities</b>			
Accounts payable	27	31	32
Liabilities to Group companies	3	6	404
Other liabilities	16	8	12
Accrued expenses and deferred income	69	63	75
<b>Total current liabilities</b>	<b>115</b>	<b>108</b>	<b>523</b>
<b>Total liabilities</b>	<b>2,441</b>	<b>2,819</b>	<b>3,314</b>
<b>Total equity and liabilities</b>	<b>14,334</b>	<b>12,614</b>	<b>14,815</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 of the valid standards adopted by EU, IFRICs. This report for the Group has been prepared according to IAS 34, Interim financial reporting as well as applicable regulations in the Annual Accounts Act. The parent company quarterly report has been prepared according to chapter 9 in the Annual Accounts Act, Quarterly reports and RFR 2, Accounting rules for legal entities. The quarterly report has been prepared for the Group and parent company according to the same accounting principles and conditions applied in the latest Annual Report, except for the amended accounting principles described below.

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.

### CHANGED ACCOUNTING PRINCIPLES FOR SWEDISH TENANT-OWNED HOUSING ASSOCIATIONS

As of fiscal year 2020 Peab consolidates projects with Swedish tenant-owned housing associations at the time the final homebuyers take possession of their apartments. This means that Peab recognizes the projects on the balance sheet as work-in-progress under the asset item project development properties, and as interest-bearing liabilities. Revenue and costs for the projects will be recognized as homebuyers take possession of their apartments. Costs for loans are included in the acquisition value of the buildings. In conjuncture with this change Peab now recognizes all our own developed housing projects in Sweden, Norway and Finland according to the completion method. According to previous principles Peab did not consolidate projects with Swedish tenant-owned housing associations from the time land transfer and turnkey contracts were signed, and revenue and expenses were recognized over time as the projects were successively completed.

All comparative figures for 2019 are translated if not otherwise specified.

Jan-Jun 2019 MSEK	Reported income statement	Changed accounting principles	Group IFRS
Net sales	25,695	2,284	27,979
Production costs	-23,144	-1,582	-24,726
<b>Gross profit</b>	<b>2,551</b>	<b>702</b>	<b>3,253</b>
Sales and administrative expenses	-1,524		-1,524
Other operating income	65		65
Other operating costs	-6		-6
<b>Operating profit</b>	<b>1,086</b>	<b>702</b>	<b>1,788</b>
Financial income	85		85
Financial expenses	-91		-91
<b>Net finance</b>	<b>-6</b>	<b>-</b>	<b>-6</b>
<b>Pre-tax profit</b>	<b>1,080</b>	<b>702</b>	<b>1,782</b>
Tax	-168	-150	-318
<b>Profit for the period</b>	<b>912</b>	<b>552</b>	<b>1,464</b>
<b>Profit for the period, attributable to:</b>			
Shareholders in parent company	912	552	1,464
Non-controlling interests	0	-	0
<b>Profit for the period</b>	<b>912</b>	<b>552</b>	<b>1,464</b>

Jun 30, 2019 MSEK	Reported balance sheet	Changed accounting principles	Group IFRS
<b>Assets</b>			
Intangible assets	2,312		2,312
Tangible assets	6,731		6,731
Investment property	701		701
Interest-bearing long-term receivables	1,067		1,067
Other financial fixed assets	1,712	5	1,717
Deferred tax recoverables	0	196	196
<b>Total fixed assets</b>	<b>12,523</b>	<b>201</b>	<b>12,724</b>
Project and development properties	10,941	5,579	16,520
Inventories	505		505
Interest-bearing current receivables	487	-155	332
Other current receivables	14,852	-1,130	13,722
Liquid funds	1,128		1,128
<b>Total current assets</b>	<b>27,913</b>	<b>4,294</b>	<b>32,207</b>
<b>Total assets</b>	<b>40,436</b>	<b>4,495</b>	<b>44,931</b>
<b>Equity and liabilities</b>			
<b>Equity</b>	<b>11,144</b>	<b>-719</b>	<b>10,425</b>
<b>Liabilities</b>			
Interest-bearing long-term liabilities	6,851	-1,428	5,423
Interest-bearing long-term liabilities, project financing	-	368	368
Deferred tax liabilities	147		147
Other long-term liabilities	992	-149	843
<b>Total long-term liabilities</b>	<b>7,990</b>	<b>-1,209</b>	<b>6,781</b>
Interest-bearing current liabilities	3,072	-373	2,699
Interest-bearing current liabilities, project financing	-	7,110	7,110
Other current liabilities	18,230	-314	17,916
<b>Total current liabilities</b>	<b>21,302</b>	<b>6,423</b>	<b>27,725</b>
<b>Total liabilities</b>	<b>29,292</b>	<b>5,214</b>	<b>34,506</b>
<b>Total equity and liabilities</b>	<b>40,436</b>	<b>4,495</b>	<b>44,931</b>

## ANNEHEM FASTIGHETER

In February 2020 Peab's Board proposed to the AGM, in addition to the ordinary dividend, an extra distribution of all the shares in a newly founded company, Annehem Fastigheter, containing all Peab's wholly owned, fully developed commercial properties. As a result of the spread of the coronavirus, its effects on external circumstances and on financial markets, Peab's Board decided to withdraw the proposal to the AGM. The Board intends to summon an Extraordinary General Meeting to decide on distribution of the real estate company when the situation has stabilized and conditions are more favorable.

As of the Board's decision in February 2020 Annehem Fastigheter's assets and liabilities are classified as assets held for value transfer to owners. These assets and liabilities are recognized as a separate item as current assets respectively current liabilities on the balance sheet. The comparative year's corresponding assets and liabilities have not been reclassified.

Annehem Fastigheter is not recognized as a separate item as discontinued operations in the Group income statement since it previously only made up a small part of operations in business area Project Development.

Annehem Fastigheter is reported as a separate unit outside of segment reporting.

## DIFFERENCES IN SEGMENT REPORTING AND REPORTING ACCORDING TO IFRS

The Group is reported in the four business areas Construction, Civil Engineering, Industry and Project Development. The business areas are also operating segments. Segment reporting is the model Peab believes best describes Peab's business regarding both internal steering and risk profile, and it is also how the Board and executive management follow operations.

For Peab's construction contract businesses, Construction and Civil Engineering, revenue and profit are recognized over time in both segment reporting and reporting according to IFRS. For business area Industry revenue and profit are recognized both over time and at a certain point in time, and reporting is the same in both segment reporting and reporting according to IFRS. For business area Project Development in segment reporting within the unit Housing Development revenue and expenses are recognized over time as the projects are successively completed. This applies to Swedish tenant-owned housing associations and own single homes, Norwegian condominiums and share housing and Finnish residential limited companies. In reporting according to IFRS, housing projects are recognized when the final homebuyers take possession of their apartments. In business area Project Development and the unit Property Development revenue and profit are recognized at a certain point in time in both segment reporting and reporting according to IFRS.

Group functions are reported in addition to the business areas and consist of central companies, certain subsidiaries and other holdings. Central companies consist primarily of the parent company Peab AB, Peab Finans AB and Peab Support (Shared Service Center). There is no difference in segment reporting and reporting according to IFRS regarding Group functions.

### **Reporting on internal projects between business areas Construction and Project Development**

Business area Construction recognizes revenue and profit referring to the construction contract part of our own housing developments, rental project developments and other property development projects for business area Project Development. Recognition takes place over time as the projects are completed. Business area Project Development recognizes revenue for both contract construction and the developer part of our own housing projects but the recognized profit consists of the profit in the developer part. Both revenue and profit are recognized in segment reporting in business area Project Development operations over time while in reporting according to IFRS they are recognized at a certain point in time, in other words when the homebuyers take possession of their homes.

### **Reporting on property projects on our own balance sheet**

The underlying sales value of property projects on our own balance sheet, recognized as project and development property, that are sold in the form of a company via shares, is recognized as revenue and the book value on the balance sheet is recognized as an expense. When property projects recognized as operations property or investment property are divested the net effect on profit is recognized as other operating income or other operating cost. Recognition of property projects is the same in both segment reporting and reporting according to IFRS.

### **IFRS 16, additional leases**

In segment reporting for all business areas leasing fees are recognized in operating profit as a cost linearly over the leasing period for IFRS 16, additional leases (previously operational leasing). Application of IFRS 16 for additional leases in reporting according to IFRS is only given as a total for the Group.

### **Financial key ratios in segment reporting**

Financial key ratios such as capital employed, the equity/assets ratio, net debt, debt/equity ratio and earnings per share are presented in segment reporting with consideration taken to the above prerequisites. Net debt in segment reporting includes the unsold portion of housing projects.

## Note 2 – Business combinations

### ACQUISITION OF NORDIC PAVING AND MINERAL AGGREGATES OPERATIONS

On July 4, 2019 Peab signed a contract to acquire YIT's paving and mineral aggregates operations in the Nordic region. The transaction was conditional on approval from competition authorities as well as the fulfillment of certain contractual conditions. At the end of March 2020 the transaction was approved by the competition authorities. The take over took place on April 1, 2020. Through the acquisition Peab will expand its presence in Sweden, Norway and Finland and become established in the paving business in Denmark and this will give Peab a unique and market leading position in this business in the Nordic region. The acquisition also entails taking over some 2,000 employees, some 200 strategically located quarries along with 63 production asphalt plants in the Nordic region. The operations are primarily integrated into the companies Peab Asphalt and Swerock. For the paving business this entails establishing operations in Finland and Denmark. It also provides conditions for further expansion and development in other operations such as Recycling and Concrete.

The transaction is a combination of an asset deal and a share purchase. The total transferred remuneration from Peab was SEK 3,184 million, divided into SEK 2,438 million in transferred remuneration for shares and assets as well as SEK 746 million in amortization of shareholder loans to the seller.

During the three months the acquisition has been part of the Group it has contributed SEK 1,741 million to Group income and SEK 62 million to profit for the period (including financing costs but not including acquisition costs and transfer tax in Finland). If the acquisition had taken place on January 1, 2020 it would have contributed SEK 2,047 million to Group income and SEK -186 million to profit for the period (including financing costs but not including acquisition and costs and transfer tax in Finland). Acquisition and costs and transfer tax in Finland were around SEK 95 million, of which SEK 40 million were reported in 2019. The costs are recognized as sales and administration costs and in the cash flow analysis in current operations.

### Effects of the acquisition in 2020

The acquired companies' net assets at the time of acquisition:

<b>Group, MSEK</b>	
Intangible assets	279
Tangible assets	1,563
Other financial assets	83
Deferred tax recoverables	166
Inventories	666
Accounts receivable and other receivables	359
Liquid funds	59
Interest-bearing liabilities (leases)	-361
Shareholder loan to selling company (acquired receivables) <sup>1)</sup>	-746
Deferred tax liabilities	-57
Accounts payable and other current liabilities	-983
<b>Net identifiable assets and liabilities</b>	<b>1,028</b>
Group goodwill	1,410
<b>Consideration transferred <sup>2)</sup></b>	<b>2,438</b>
<sup>1)</sup> Acquired receivables are recognized at the seller's nominal value and is settled in Peab against acquired liabilities for the corresponding amount	
<sup>2)</sup> Cash	2,438
Additional shareholder loans to the selling company	746

The acquisition analysis is preliminary, which means that fair value has not been finally determined for all items. Uncertainty in valuation primarily concerns tangible and intangible fixed assets, inventories and other current liabilities. Since the acquisition was finalized on April 1, 2020 the process of determining fair values was initiated during the second quarter and will be completed during 2020.

### Goodwill

The goodwill recognized for the acquisition represents a strong market position, establishment on new markets, synergies with existing operations, further expansion and development of other operations such as Recycling and Concrete as well as a well functioning organization. SEK 87 million of acquired goodwill is tax deductible.

### Acquired receivables

The fair value of accounts receivable amounts to SEK 172 million. The gross amount of the receivables amounts to SEK 178 million, of which SEK -6 million is not expected to be settled.

### OTHER ACQUISITIONS

During the period other minor acquisitions have been made by the Peab Group but since these are not material no information about them is provided.

## GOODWILL

### Group, MSEK

Opening acquisition value	1,875
Purchases through acquired companies	1,410
Exchange rate differences	-88
<b>Closing accumulated acquisition value</b>	<b>3,197</b>
Opening write-downs	-39
Write-downs for the year	-20
<b>Closing accumulated write-downs</b>	<b>-59</b>
<b>Closing recognized value</b>	<b>3,138</b>

## Note 3 – Revenue allocation

Group Jan-Jun 2020 MSEK	Construction	Civil Engineering	Industry	Project Development	Group functions	Eliminations	Group Segment	Differences in accounting principles and other <sup>1)</sup>	Group IFRS
<b>Allocation per external/internal</b>									
External sales	11,610	5,677	5,916	3,844	25		27,072	587	27,659
Internal sales	2,133	525	1,642	102	566	-4,884	84	-84	-
<b>Total</b>	<b>13,743</b>	<b>6,202</b>	<b>7,558</b>	<b>3,946</b>	<b>591</b>	<b>-4,884</b>	<b>27,156</b>	<b>503</b>	<b>27,659</b>
<b>Allocation per country</b>									
Sweden	10,133	5,614	5,158	2,490	494	-3,849	20,040	578	20,618
Norway	1,754	512	672	515	59	-385	3,127	-509	2,618
Finland	1,856	76	1,508	941	38	-650	3,769	434	4,203
Denmark			212				212		212
Other			8				8		8
<b>Total</b>	<b>13,743</b>	<b>6,202</b>	<b>7,558</b>	<b>3,946</b>	<b>591</b>	<b>-4,884</b>	<b>27,156</b>	<b>503</b>	<b>27,659</b>
<b>Allocation per type of customer</b>									
Public sector	5,387	4,203	1,554	17	21		11,182	12	11,194
Private customers	6,223	1,474	4,362	3,827	4		15,890	575	16,465
Internal customers	2,133	525	1,642	102	566	-4,884	84	-84	-
<b>Total</b>	<b>13,743</b>	<b>6,202</b>	<b>7,558</b>	<b>3,946</b>	<b>591</b>	<b>-4,884</b>	<b>27,156</b>	<b>503</b>	<b>27,659</b>
<b>Allocation per point in time</b>									
At one point in time	3	6	3,008	293	4	-600	2,714	4,018	6,732
Over time	13,728	6,190	3,624	3,611	497	-3,589	24,061	-3,563	20,498
Rent revenue <sup>2)</sup>	12	6	926	42	90	-695	381	48	429
<b>Total</b>	<b>13,743</b>	<b>6,202</b>	<b>7,558</b>	<b>3,946</b>	<b>591</b>	<b>-4,884</b>	<b>27,156</b>	<b>503</b>	<b>27,659</b>
<b>Allocation per type of revenue</b>									
Construction contracts	13,728	6,190	3,624	3,607	11	-3,124	24,036	-3,564	20,472
Sales of goods			2,108			-313	1,795		1,795
Sales of property projects				249		-1	248	4,015	4,263
Transportation services			795			-256	539		539
Administrative services				4	486	-465	25	1	26
Rent revenue <sup>2)</sup>	12	6	926	42	90	-695	381	48	429
Other	3	6	105	44	4	-30	132	3	135
<b>Total</b>	<b>13,743</b>	<b>6,202</b>	<b>7,558</b>	<b>3,946</b>	<b>591</b>	<b>-4,884</b>	<b>27,156</b>	<b>503</b>	<b>27,659</b>

<sup>1)</sup> Refers to differences in accounting principles regarding our own developed housing projects. In segment reporting revenue is recognized over time while in reporting according to IFRS it is at the time of possession. The item also includes revenue of SEK 88 million attributable to Annehem Fastigheter including internal revenue from other Peab Group companies. <sup>2)</sup> Rent revenue is recognized according to IFRS 16.



Group Jan-Jun 2019 MSEK	Construction	Civil Engineering	Industry	Project Development	Group functions	Eliminations	Group Segment	Differences in accounting principles <sup>1)</sup>	Group IFRS
<b>Allocation per external/internal</b>									
External sales	11,815	5,709	4,217	4,401	48		26,190	1,789	27,979
Internal sales	2,710	581	1,710	25	514	-5,540	-		-
<b>Total</b>	<b>14,525</b>	<b>6,290</b>	<b>5,927</b>	<b>4,426</b>	<b>562</b>	<b>-5,540</b>	<b>26,190</b>	<b>1,789</b>	<b>27,979</b>
<b>Allocation per country</b>									
Sweden	11,415	5,741	5,253	2,918	473	-4,540	21,260	2,288	23,548
Norway	1,598	492	389	396	56	-365	2,566	-122	2,444
Finland	1,512	57	266	1,112	33	-635	2,345	-377	1,968
Other			19				19		19
<b>Total</b>	<b>14,525</b>	<b>6,290</b>	<b>5,927</b>	<b>4,426</b>	<b>562</b>	<b>-5,540</b>	<b>26,190</b>	<b>1,789</b>	<b>27,979</b>
<b>Allocation per type of customer</b>									
Public sector	5,105	3,158	820	20	24		9,127		9,127
Private customers	6,710	2,551	3,397	4,381	24		17,063	1,789	18,852
Internal customers	2,710	581	1,710	25	514	-5,540	-		-
<b>Total</b>	<b>14,525</b>	<b>6,290</b>	<b>5,927</b>	<b>4,426</b>	<b>562</b>	<b>-5,540</b>	<b>26,190</b>	<b>1,789</b>	<b>27,979</b>
<b>Allocation per point in time</b>									
At one point in time	46	21	2,738	133	55	-799	2,194	4,494	6,688
Over time	14,477	6,261	2,209	4,196	439	-4,021	23,561	-2,705	20,856
Rent revenue <sup>2)</sup>	2	8	980	97	68	-720	435		435
<b>Total</b>	<b>14,525</b>	<b>6,290</b>	<b>5,927</b>	<b>4,426</b>	<b>562</b>	<b>-5,540</b>	<b>26,190</b>	<b>1,789</b>	<b>27,979</b>
<b>Allocation per type of revenue</b>									
Construction contracts	14,477	6,261	2,209	4,193	19	-3,601	23,558	-2,705	20,853
Sales of goods	2		1,756			-438	1,320		1,320
Sales of property projects				77			77	4,494	4,571
Transportation services			874			-303	571		571
Administrative services				3	420	-420	3		3
Rent revenue <sup>2)</sup>	2	8	980	97	68	-720	435		435
Other	44	21	108	56	55	-58	226		226
<b>Total</b>	<b>14,525</b>	<b>6,290</b>	<b>5,927</b>	<b>4,426</b>	<b>562</b>	<b>-5,540</b>	<b>26,190</b>	<b>1,789</b>	<b>27,979</b>

<sup>1)</sup> Refers to differences in accounting principles regarding our own developed housing projects. In segment reporting revenue is recognized over time while in reporting according to IFRS it is at the time of possession. <sup>2)</sup> Rent revenue is recognized according to IFRS 16.

Group Jan-Dec 2019 MSEK	Construction	Civil Engineering	Industry	Project Development	Group functions	Eliminations	Group Segment	Differences in accounting principles <sup>1)</sup>	Group IFRS
<b>Allocation per external/internal</b>									
External sales	24,265	12,141	9,784	9,067	92		55,349	954	56,303
Internal sales	5,151	1,198	3,555	58	1,084	-11,046	-		-
<b>Total</b>	<b>29,416</b>	<b>13,339</b>	<b>13,339</b>	<b>9,125</b>	<b>1,176</b>	<b>-11,046</b>	<b>55,349</b>	<b>954</b>	<b>56,303</b>
<b>Allocation per country</b>									
Sweden	22,349	12,063	11,712	5,980	993	-9,008	44,089	2,326	46,415
Norway	3,604	1,144	1,003	900	116	-784	5,983	-471	5,512
Finland	3,463	132	608	2,245	67	-1,254	5,261	-901	4,360
Other			16				16		16
<b>Total</b>	<b>29,416</b>	<b>13,339</b>	<b>13,339</b>	<b>9,125</b>	<b>1,176</b>	<b>-11,046</b>	<b>55,349</b>	<b>954</b>	<b>56,303</b>
<b>Allocation per type of customer</b>									
Public sector	8,457	6,782	3,085	98			18,422		18,422
Private customers	15,808	5,359	6,699	8,969	92		36,927	954	37,881
Internal customers	5,151	1,198	3,555	58	1,084	-11,046	-		-
<b>Total</b>	<b>29,416</b>	<b>13,339</b>	<b>13,339</b>	<b>9,125</b>	<b>1,176</b>	<b>-11,046</b>	<b>55,349</b>	<b>954</b>	<b>56,303</b>
<b>Allocation per point in time</b>									
At one point in time	62	37	5,746	725	66	-1,517	5,119	6,125	11,244
Over time	29,350	13,259	5,651	8,206	965	-8,082	49,349	-5,171	44,178
Rent revenue <sup>2)</sup>	4	43	1,942	194	145	-1,447	881		881
<b>Total</b>	<b>29,416</b>	<b>13,339</b>	<b>13,339</b>	<b>9,125</b>	<b>1,176</b>	<b>-11,046</b>	<b>55,349</b>	<b>954</b>	<b>56,303</b>
<b>Allocation per type of revenue</b>									
Construction contracts	29,350	13,259	5,651	8,198	39	-7,202	49,295	-5,171	44,124
Sales of goods	3		3,665			-749	2,919		2,919
Sales of property projects				558			558	6,125	6,683
Transportation services			1,893			-659	1,234		1,234
Administrative services				8	926	-880	54		54
Rent revenue <sup>2)</sup>	4	43	1,942	194	145	-1,447	881		881
Other	59	37	188	167	66	-109	408		408
<b>Total</b>	<b>29,416</b>	<b>13,339</b>	<b>13,339</b>	<b>9,125</b>	<b>1,176</b>	<b>-11,046</b>	<b>55,349</b>	<b>954</b>	<b>56,303</b>

<sup>1)</sup> Refers to differences in accounting principles regarding our own developed housing projects. In segment reporting revenue is recognized over time while in reporting according to IFRS it is at the time of possession. <sup>2)</sup> Rent revenue is recognized according to IFRS 16.

## Note 4 – Operating segment and reconciliation between segment reporting and reporting according to IFRS

Group Jan-Jun 2020 MSEK	Construction	Civil Engineering	Industry	Project Development	Group functions	Eliminations	Group Segment	Differences in accounting principles and other <sup>1)</sup>	Group IFRS
External sales	11,610	5,677	5,916	3,844	25		27,072	587	27,659
Internal sales	2,133	525	1,642	102	566	-4,884	84	-84	-
<b>Total revenue</b>	<b>13,743</b>	<b>6,202</b>	<b>7,558</b>	<b>3,946</b>	<b>591</b>	<b>-4,884</b>	<b>27,156</b>	<b>503</b>	<b>27,659</b>
<b>Operating profit</b>	<b>329</b>	<b>168</b>	<b>237</b>	<b>312</b>	<b>-164</b>	<b>-10</b>	<b>872</b>	<b>21</b>	<b>893</b>
<b>Operating margin, %</b>	<b>2.4</b>	<b>2.7</b>	<b>3.1</b>	<b>7.9</b>			<b>3.2</b>		<b>3.2</b>
Financial income							55	0	55
Financial expenses							-125	-38 <sup>2)</sup>	-163
<b>Net finance</b>							<b>-70</b>	<b>-38</b>	<b>-108</b>
<b>Pre-tax profit</b>							<b>802</b>	<b>-17</b>	<b>785</b>
Tax							-173	0	-173
<b>Profit for the period</b>							<b>629</b>	<b>-17</b>	<b>612</b>
Capital employed (closing balance)	-1,265	-133	9,780	13,521		487	22,390	6,439	28,829
Total assets							41,244	7,454 <sup>3)</sup>	48,698
Equity/assets ratio, %							31.2		24.7
Cashflow before financing							-667	-373	-1,040

<sup>1)</sup> For more information about the allocation of revenue and profit items see note 3 and the section Overview business areas. <sup>2)</sup> Divided between Annehem SEK -24 million and IFRS 16, additional leases SEK -14 million. <sup>3)</sup> Divided between Annehem SEK 2,158 million, IFRS 16, additional leases SEK 924 million, housing projects SEK 5,158 million and internal items SEK -786 million.

Group Jan-Jun 2019 MSEK	Construction	Civil Engineering	Industry	Project Development	Group functions	Eliminations	Group Segment	Differences in accounting principles <sup>1)</sup>	Group IFRS
External sales	11,815	5,709	4,217	4,401	48		26,190	1,789	27,979
Internal sales	2,710	581	1,710	25	514	-5,540	-	-	-
<b>Total revenue</b>	<b>14,525</b>	<b>6,290</b>	<b>5,927</b>	<b>4,426</b>	<b>562</b>	<b>-5,540</b>	<b>26,190</b>	<b>1,789</b>	<b>27,979</b>
<b>Operating profit</b>	<b>354</b>	<b>159</b>	<b>214</b>	<b>516</b>	<b>-138</b>	<b>-55</b>	<b>1,050</b>	<b>738</b>	<b>1,788</b>
<b>Operating margin, %</b>	<b>2.4</b>	<b>2.5</b>	<b>3.6</b>	<b>11.7</b>			<b>4.0</b>		<b>6.4</b>
Financial income							85	-	85
Financial expenses							-77	-14 <sup>2)</sup>	-91
<b>Net finance</b>							<b>8</b>	<b>-14 <sup>2)</sup></b>	<b>-6</b>
<b>Pre-tax profit</b>							<b>1,058</b>	<b>724</b>	<b>1,782</b>
Tax							-169	-149	-318
<b>Profit for the period</b>							<b>889</b>	<b>575</b>	<b>1,464</b>
Capital employed (closing balance)	-1,283	130	6,822	16,646		-354	21,961	4,064	26,025
Total assets							40,584	4,347 <sup>3)</sup>	44,931
Equity/assets ratio, %							28.1		23.2
Cashflow before financing							269	2,736	3,005

<sup>1)</sup> For more information about the allocation of revenue and profit items see note 3 and the section Overview business areas. <sup>2)</sup> Refers to IFRS 16, additional leases SEK -14 million. <sup>3)</sup> Divided between IFRS 16, additional leases SEK 825 million and housing projects SEK 3,522 million.

Group Jan-Dec 2019 MSEK	Construction	Civil Engineering	Industry	Project Development	Group functions	Eliminations	Group Segment	Differences in accounting principles <sup>1)</sup>	Group IFRS
External sales	24,265	12,141	9,784	9,067	92		55,349	954	56,303
Internal sales	5,151	1,198	3,555	58	1,084	-11,046	-		-
<b>Total revenue</b>	<b>29,416</b>	<b>13,339</b>	<b>13,339</b>	<b>9,125</b>	<b>1,176</b>	<b>-11,046</b>	<b>55,349</b>	<b>954</b>	<b>56,303</b>
<b>Operating profit</b>	<b>711</b>	<b>367</b>	<b>937</b>	<b>1,015</b>	<b>-278</b>	<b>-142</b>	<b>2,610</b>	<b>675</b>	<b>3,285</b>
<b>Operating margin, %</b>	<b>2.4</b>	<b>2.8</b>	<b>7.0</b>	<b>11.1</b>			<b>4.7</b>		<b>5.8</b>
Financial income							130	-	130
Financial expenses							-161	-27 <sup>2)</sup>	-188
<b>Net finance</b>							<b>-31</b>	<b>-27 <sup>2)</sup></b>	<b>-58</b>
<b>Pre-tax profit</b>							<b>2,579</b>	<b>648</b>	<b>3,227</b>
Tax							-441	-130	-571
<b>Profit for the year</b>							<b>2,138</b>	<b>518</b>	<b>2,656</b>
Capital employed (closing balance)	-1,013	267	6,799	16,679		-1,115	21,617	4,719	26,336
Total assets							38,362	5,326 <sup>3)</sup>	43,688
Equity/assets ratio, %							32.5		26.5
Cashflow before financing							1,357	1,869	3,226

<sup>1)</sup> For more information about the allocation of revenue and profit items see note 3 and the section Overview business areas. <sup>2)</sup> Refers to IFRS 16, additional leases SEK -27 million. <sup>3)</sup> Divided between IFRS 16, additional leases SEK 761 million and housing projects SEK 4,565 million.

## Note 5 – 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 2019, note 34. The fair value of financial assets and liabilities recognized as their amortized cost is estimated to be, in principle, the same as their recognized values.

Group	Jun 30 2020			Jun 30 2019			Dec 31 2019		
	Level 2	Level 3	Total	Level 2	Level 3	Total	Level 2	Level 3	Total
<b>MSEK</b>									
<b>Financial assets</b>									
Other securities held as fixed assets		68	68		97	97		82	82
<i>Of which investments in unlisted funds</i>		45	45		72	72		58	58
<i>Of which shareholding in unlisted company</i>		23	23		25	25		24	24
Other current receivables	21		21	5		5			-
<i>Of which commodity hedging with futures</i>	21		21	3		3			-
<i>Of which currency swaps</i>			-	2		2			-
<b>Total financial assets</b>	<b>21</b>	<b>68</b>	<b>89</b>	<b>5</b>	<b>97</b>	<b>102</b>	<b>-</b>	<b>82</b>	<b>82</b>
<b>Financial liabilities</b>									
Other long-term liabilities	11		11	17		17	13		13
<i>Of which interest rate swaps</i>	11		11	17		17	13		13
Other current liabilities	16		16	1	8	9	3	1	4
<i>Of which currency swaps</i>	2		2	1		1	2		2
<i>Of which commodity hedging with futures</i>	14		14			-	1		1
<i>Of which contingent consideration</i>			-		8	8		1	1
<b>Total financial liabilities</b>	<b>27</b>	<b>-</b>	<b>27</b>	<b>18</b>	<b>8</b>	<b>26</b>	<b>16</b>	<b>1</b>	<b>17</b>

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

Group	Other securities held as fixed asset					
	Unlisted funds			Unlisted shares		
	Jun 30 2020	Jun 30 2019	Dec 31 2019	Jun 30 2020	Jun 30 2019	Dec 31 2019
<b>MSEK</b>						
<b>Opening balance</b>	<b>58</b>	<b>89</b>	<b>89</b>	<b>24</b>	<b>25</b>	<b>25</b>
Investments	3	7	9			
Sales				-1		-1
Dividends received	-16	-31	-55			
Reported in profit/loss for the period						
Net finance	0	7	15			
Reported in other comprehensive income					0	0
<b>Closing balance</b>	<b>45</b>	<b>72</b>	<b>58</b>	<b>23</b>	<b>25</b>	<b>24</b>

Group	Contingent consideration		
	Jun 30 2020	Jun 30 2019	Dec 31 2019
<b>MSEK</b>			
<b>Opening balance</b>	<b>1</b>	<b>34</b>	<b>34</b>
Acquisitions during the period			-
Payments during the period	-1	-24	-31
Reported in profit/loss for the period			
Other operating costs (+) / other operating income (-)		-3	-3
Interest expense (discount) <sup>1)</sup>		1	1
Reported in other comprehensive income		0	0
<b>Closing balance</b>	<b>-</b>	<b>8</b>	<b>1</b>

<sup>1)</sup> Recognized in net financial items

# Future financial information

- Quarterly report January-September 2020 October 22, 2020
  - Year-end report January-December 2020 February 4, 2021
  - Annual and Sustainability Report 2020 April 2021
- 

The Board of directors and the CEO pledge that the half-year report provides a fair and true overview of the parent company's and the Group's business, position and results as well as describes the significant risks and uncertainty factors faced by the parent company and the companies included in the Group.

Förslöv, July 17, 2020

Göran Grosskopf  
Chairman

Mats Paulsson  
Vice chairman

Karl-Axel Granlund  
Board member

Fredrik Paulsson  
Board member

Lars Sköld  
Board member

Liselott Kilaas  
Board member

Kerstin Lindell  
Board member

Malin Persson  
Board member

Anders Runevad  
Board member

Kim Thomsen  
Board member

Patrik Svensson  
Board member

Egon Waldemarsson  
Board member

Jesper Göransson  
CEO and President

*The information in this quarterly report has not been reviewed separately by the company's auditors.*

# Quarterly data

## Group, IFRS

MSEK	Apr-Jun 2020	Jan-Mar 2020	Oct-Dec 2019	Jul-Sep 2019	Apr-Jun 2019	Jan-Mar 2019
Net sales	15,789	11,870	15,455	12,869	15,140	12,839
Production costs	-14,127	-10,962	-13,869	-11,717	-13,405	-11,321
<b>Gross profit</b>	<b>1,662</b>	<b>908</b>	<b>1,586</b>	<b>1,152</b>	<b>1,735</b>	<b>1,518</b>
Sales and administrative expenses	-962	-766	-751	-604	-773	-751
Other operating income	36	37	93	122	38	27
Other operating costs	-13	-9	-95	-6	-3	-3
<b>Operating profit</b>	<b>723</b>	<b>170</b>	<b>833</b>	<b>664</b>	<b>997</b>	<b>791</b>
Financial income	15	40	31	14	31	54
Financial expenses	-34	-129	-62	-35	-41	-50
<b>Net finance</b>	<b>-19</b>	<b>-89</b>	<b>-31</b>	<b>-21</b>	<b>-10</b>	<b>4</b>
<b>Pre-tax profit</b>	<b>704</b>	<b>81</b>	<b>802</b>	<b>643</b>	<b>987</b>	<b>795</b>
Tax	-160	-13	-149	-104	-161	-157
<b>Profit for the period</b>	<b>544</b>	<b>68</b>	<b>653</b>	<b>539</b>	<b>826</b>	<b>638</b>
<b>Profit for the period, attributable to:</b>						
Shareholders in parent company	543	69	653	539	826	638
Non-controlling interests	1	-1	0	0	0	0
<b>Profit for the period</b>	<b>544</b>	<b>68</b>	<b>653</b>	<b>539</b>	<b>826</b>	<b>638</b>
<b>Key ratios, IFRS</b>						
Earnings per share, SEK	1.84	0.23	2.21	1.83	2.80	2.16
Average number of outstanding shares, million	295.0	295.0	295.0	295.0	295.0	295.0
Capital employed (closing balance)	28,829	25,830	26,336	26,371	26,025	24,888
Equity (closing balance)	12,043	11,560	11,559	10,966	10,425	10,808

**Business areas**

MSEK	Apr-Jun 2020	Jan-Mar 2020	Oct-Dec 2019	Jul-Sep 2019	Apr-Jun 2019	Jan-Mar 2019
<b>Net sales</b>						
Construction	7,123	6,620	8,371	6,520	7,782	6,743
Civil Engineering	3,432	2,770	3,792	3,257	3,374	2,916
Industry	5,343	2,215	3,592	3,820	3,697	2,230
Project Development	1,977	1,969	2,684	2,015	2,259	2,167
– of which Property Development	111	122	179	180	254	173
– of which Housing Development	1,866	1,847	2,505	1,835	2,005	1,994
Group functions	308	283	325	289	287	275
Eliminations	-2,665	-2,219	-2,906	-2,600	-2,872	-2,668
<b>Group, segment reporting</b>	<b>15,518</b>	<b>11,638</b>	<b>15,858</b>	<b>13,301</b>	<b>14,527</b>	<b>11,663</b>
Adjustment of housing to IFRS	295	252	-403	-432	613	1,176
IFRS 16 additional leases						
Annehem Fastigheter	48	40				
Eliminations	-72	-60				
<b>Group, IFRS</b>	<b>15,789</b>	<b>11,870</b>	<b>15,455</b>	<b>12,869</b>	<b>15,140</b>	<b>12,839</b>
<b>Operating profit</b>						
Construction	183	146	207	150	199	155
Civil Engineering	127	41	132	76	123	36
Industry	303	-66	363	360	258	-44
Project Development	138	174	278	221	336	180
– of which Property Development	-17	25	28	34	192	46
– of which Housing Development	155	149	250	187	144	134
Group functions	-81	-83	-130	-10	-90	-48
Eliminations	-9	-1	-53	-34	-42	-13
<b>Group, segment reporting</b>	<b>661</b>	<b>211</b>	<b>797</b>	<b>763</b>	<b>784</b>	<b>266</b>
Adjustment of housing to IFRS	57	-47	30	-105	207	520
IFRS 16 additional leases	6	4	6	6	6	5
Annehem Fastigheter	6	6				
Eliminations	-7	-4				
<b>Group, IFRS</b>	<b>723</b>	<b>170</b>	<b>833</b>	<b>664</b>	<b>997</b>	<b>791</b>
<b>Operating margin, %</b>						
Construction	2.6	2.2	2.5	2.3	2.6	2.3
Civil Engineering	3.7	1.5	3.5	2.3	3.6	1.2
Industry	5.7	-3.0	10.1	9.4	7.0	-2.0
Project Development	7.0	8.8	10.4	11.0	14.9	8.3
– of which Property Development	-15.3	20.5	15.6	18.9	75.6	26.6
– of which Housing Development	8.3	8.1	10.0	10.2	7.2	6.7
Group functions						
Eliminations						
<b>Group, segment reporting</b>	<b>4.3</b>	<b>1.8</b>	<b>5.0</b>	<b>5.7</b>	<b>5.4</b>	<b>2.3</b>
Adjustment of housing to IFRS						
IFRS 16 additional leases						
Annehem Fastigheter	12.5	15.0				
Eliminations						
<b>Group, IFRS</b>	<b>4.6</b>	<b>1.4</b>	<b>5.4</b>	<b>5.2</b>	<b>6.6</b>	<b>6.2</b>
<b>Key ratios, segment reporting, MSEK</b>						
Earnings per share, SEK	1.72	0.41	2.10	2.14	2.24	0.77
Capital employed (closing balance)	22,390	19,927	21,617	21,999	21,961	20,106
Equity (closing balance)	12,852	12,349	12,479	11,992	11,386	11,920
Orders received	13,220	12,608	12,096	9,349	10,817	11,868
Order backlog at the end of the period	46,123	44,151	42,494	43,821	45,873	47,532



# Alternative performance measures and 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.

The difference between segment reporting and reporting according to IFRS is described in greater detail in note 1. The difference consists primarily of differences in accounting principles for our own developed housing projects where revenue and profit are recognized over time in segment reporting and at a certain point in time, when homebuyers take possession of their homes, in reporting according to IFRS. For the key ratios below, however, the method of calculation is the same in both segment reporting and reporting according to IFRS. For more information and calculations, see note 1 and [www.peab.com/alternative-performance-measures](http://www.peab.com/alternative-performance-measures).

## FINANCIAL DEFINITIONS

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### Available liquidity

Liquid funds and short-term investments along with unutilized credit facilities. Shows the Group's available liquidity.

### 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 and deferred tax liabilities. The measurement is used to measure capital utilization and its effectiveness for the business areas, and is only presented as a net amount per business area.

### Capital employed for the Group

Total assets at the end of the period less non-interest-bearing operating liabilities and provisions. The measurement is used to measure capital utilization and its effectiveness.

### 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. Shows financial position.

### 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. Shows financial position.

### Net investments

The change in the period of the recognized value of current assets (CB-OB) plus depreciation and write-downs.

### Operating margin

Operating profit as a percentage of net sales.

### Order backlog

The value at the end of the period of the remaining income in ongoing production plus orders received yet to be produced. Order backlog is based on segment reporting.

### Orders received

The sum of orders received during the period. Measures how new orders replace produced work. In our own developed housing projects tenant-owned housing associations and residential limited companies are considered external customers.

### 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 and show the Group's earning capacity independent of financing.

### Return on equity

The profit of the rolling 12 months period attributable to shareholders in 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 and show how the Group has increased shareholders' equity.

## OTHER NON-FINANCIAL DEFINITIONS

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### Serious accidents

Peab uses the Swedish Work Environment Authority's definition of a serious accident as an accident where one or more persons are injured at a workplace or a place they have visited for work. Serious accidents can be injuries such as bone fractures, effusive bleeding or nerve, muscle or tendon damage, injuries to inner organs or second or third degree burns. Serious accidents that occur in our other Nordic countries are categorized by the same definition.

### Risk observations

A risk observation means noticing at a workplace behavior, risks or shortcomings that can lead to an incident or accident.

# The Nordic Community Builder

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

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 with this comes big responsibility.

Peab is engaged in developing a more sustainable society. Our goal is to meet the demands and expectations from others and at the same time create new business opportunities.

Peab's business contributes to society by developing and building new homes and offices, public functions and infrastructure. This is how we are useful and make a difference in daily life in big and small places in Sweden, Norway, Finland and Denmark.

Long-term relationships with customers and suppliers result in better social, environmental and economic conditions. Stable profitability generates the funds necessary to develop our business and provide returns for our shareholders.

Net sales, appr.

**SEK 56 billion**

Employees, appr.

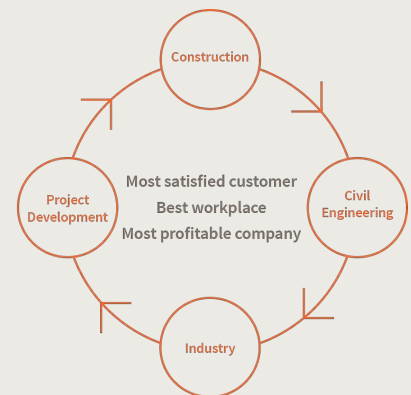
**17,000**

## BUSINESS MODEL

### Four collaborating business areas create added value

Peab is characterized by a decentralized and cost-efficient organization with four complementary business areas whose operations are based on local entrepreneurship close to customers. Our business model with four collaborating business areas creates opportunities throughout the value chain in our construction projects.

Our three strategic goals Most satisfied customers, Best workplace and Most profitable company frame our prioritized investments in the business plan period 2018-2020.



**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** is active on the local civil engineering market as well as in larger Nordic infrastructure projects like highways, railroads and bridges. It also operates and maintains streets and roads.



**Business area Industry** delivers, among other things, mineral aggregates, concrete, paving, temporary electricity and prefabricated concrete elements to external customers and the other business areas in Peab. It also provides cranes, machines and transportation as well as recycle construction waste, demolition waste and rubble.



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

Photographers: Joonas Inkilä, Nina Helland, Panu Suurnäkki, Peter Steen samt Sophia Drejenstam.

Peab takes work environment matters very seriously and works systematically to create safe workplaces. The kind of safety equipment used varies depending on national regulations and the type of operations. A risk analysis is always performed for each workplace before any exception is made. The people pictured in this publication are wearing personal safety equipment required by regulations valid for the operations and country they are in.