

# Quarterly report

## JANUARY – MARCH 2019



## Continued stable development

- Net sales SEK 11,359 million (11,490)
- Operating profit SEK 265 million (290)
- Operating margin 2.3 percent (2.5)
- Pre-tax profit SEK 269 million (256)
- Earnings per share SEK 0.76 (0.74)
- Orders received SEK 11,868 million (12,906)
- Order backlog SEK 47,532 million (43,055)
- Cash flow before financing SEK 559 million (-390)
- Net debt SEK 4,349 million (1,709). Excluding additional IFRS 16 Leases, net debt was SEK 3,534 million
- Equity/assets ratio 31.5 percent (33.4). Excluding additional IFRS 16 Leases, the equity/assets ratio was 32.2 percent



# Comments from the CEO

In the beginning of 2019 our business has continued to be stable in a construction market where demand is generally good but conditions vary depending on location and product.

## GROUP DEVELOPMENT

Net sales amounted to SEK 11,359 million (11,490) during the period. Operating profit was SEK 265 million (290) which meant an operating margin of 2.3 percent (2.5). Cash flow before financing was SEK 559 million (-390). Net debt was SEK 4,349 million compared to SEK 3,551 million at year-end. Excluding additional IFRS 16 Leases, net debt was SEK 3,534 million

## BUSINESS AREA DEVELOPMENT

The first quarter is traditionally weak due to the season, primarily in Civil Engineering and Industry. Net sales in business areas Construction increased compared to the first quarter 2018 with an improved operating margin. Business areas Civil Engineering and Industry showed higher net sales and slightly lower operating profit. Business area Project Development reported both lower net sales and operating profit. Net sales and operating profit in Housing Development were lower due to the fact that fewer housing projects in Norway and Finland were turned over. Property Development continues to develop well with improved profit in our joint venture companies. No property divestitures of significance have occurred in the first quarter 2019.

## ORDER SITUATION

The level of orders received in the first quarter 2019 was SEK 11.9 billion (12.9). From a high level of orders received in 2018 the level of orders received has dropped somewhat in all business areas except Industry where there is an increase in Asphalt. Order backlog continues to be high and amounted to SEK 47.5 billion (43.1).

## MARKET AND OUTLOOK FOR THE FUTURE

Housing construction and other building construction in Sweden are expected to decrease in 2019. A stable demand for housing and higher other building construction is expected in Norway in 2019. On the construction market in Finland housing is expected to level out and other building construction is expected to increase in 2019. It looks like market conditions in the civil engineering market in Sweden and Norway will continue to be good, primarily driven by public infrastructure investments.

The stable economy in the Nordic countries, low interest rates and a significant underlying need provide a good foundation for the construction market in the foreseeable future. We have a strong order backlog in 2019 and with the wide range of our business we can handle a downturn in some product areas with an upturn in others.



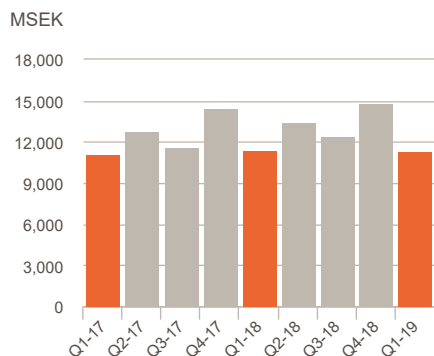
Peab has a unique position through our four complementary business areas and all our employees who are welded together by a strong company culture. Our business model creates opportunities throughout the entire value chain in a construction project and provides us with a good platform to deliver comprehensive solutions to our customers. From this foundation we will continue to strive towards our strategic goals to have the most satisfied customers, be the best workplace and the most profitable company in the industry.

Peab started in 1959 which means Peab is 60 years old this year. Guided by our core values we continue our journey of contributing to positive community development on the markets where we are active.

*Jesper Göransson  
CEO and President*

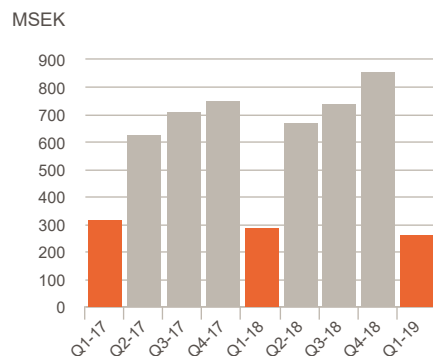
# Quarterly report January – March 2019

## Net sales



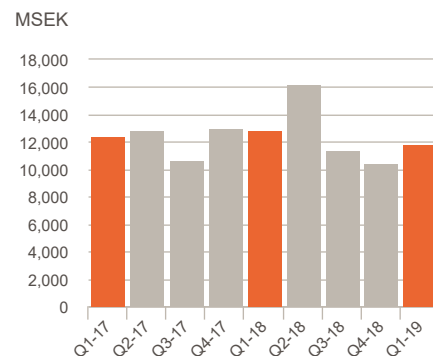
Group net sales for the first quarter 2019 amounted to SEK 11,359 million (11,490), which was a decrease of one percent. Even after adjustments for acquired and divested units net sales decreased by one percent compared to the same period last year.

## Operating profit



Operating profit for the first quarter 2019 amounted to SEK 265 million compared to SEK 290 million for the same period last year.

## Orders received



Orders received for the first quarter 2019 amounted to SEK 11,868 million compared to SEK 12,906 million for the same period last year. Order backlog amounted to SEK 47,532 million compared to SEK 45,819 million at the end of 2018.

## Group

MSEK	Jan-Mar 2019	Jan-Mar 2018	Apr-Mar 2018/2019	Jan-Dec 2018
Net sales	11,359	11,490	52,102	52,233
Operating profit	265	290	2,548	2,573
Operating margin, %	2.3	2.5	4.9	4.9
Pre-tax profit	269	256	2,531	2,518
Profit for the period	224	218	2,106	2,100
Earnings per share, SEK	0.76	0.74	7.14	7.12
Return on equity, %	19.2 <sup>1)</sup>	20.1 <sup>1)</sup>	19.2	19.6
Net debt <sup>2)</sup>	4,349	1,709	4,349	3,551
Equity/assets ratio, % <sup>3)</sup>	31.5	33.4	31.5	30.4
Cash flow before financing	559	-390	-72	-1,021
Number of employees at the end of the period	14,280	14,357	14,280	14,614

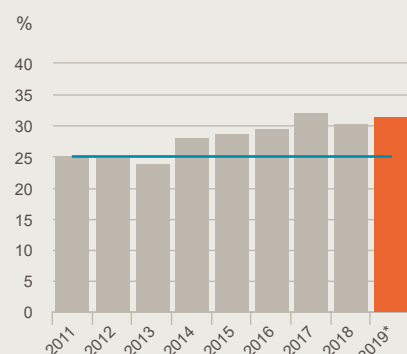
<sup>1)</sup> Calculated on rolling 12 months.

<sup>2)</sup> Excluding additional IFRS 16, Leases net debt was SEK 3,534 million per 31 March 2019.

<sup>3)</sup> Excluding additional IFRS 16, Leases the equity/assets ratio was 32.2 percent per 31 March 2019.

## Financial goals<sup>1)</sup>

### Equity/assets ratio



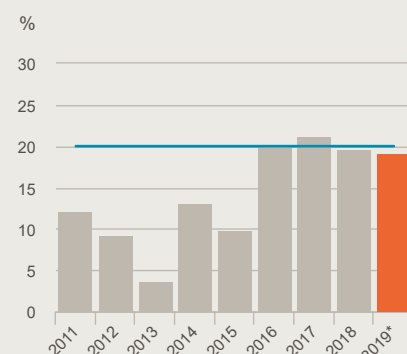
\* As of March 31, 2019

Goal > 25%

The goal for the equity/assets ratio is at least 25 percent. On 31 March 2019 the equity/assets ratio was 31.5 percent compared to 30.4 percent at the end of last year. Excluding additional IFRS 16, Leases the equity/assets ratio was 32.2 percent per 31 March 2019.

<sup>1)</sup> Years 2011-2015 have not been recalculated taking IFRS 15 into account.

### Return on equity

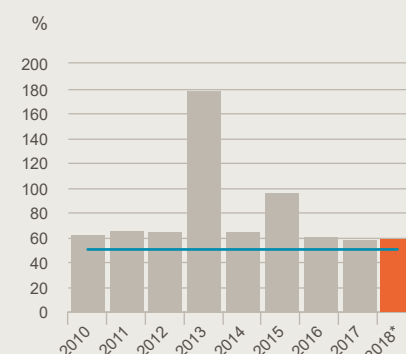


\* Rolling 12 months as of March 31, 2019

Goal > 20%

The goal for return on equity is a yield of at least 20 percent. The return on equity calculated on a rolling 12 months period was 19.2 percent (20.1). For full year 2018 the return on equity amounted to 19.6 percent.

### Dividends



\* Board of Directors' proposal for 2018 to the AGM

Goal > 50%

The goal for dividends is at least 50 percent of profit for the year. The Board's proposal for a dividend in 2018 of SEK 4.20 (4.00) per share corresponds to 59 percent (58) of profit for the year.

# Net sales and profit

## NET SALES AND OPERATING PROFIT

Group net sales for the first quarter 2019 amounted to SEK 11,359 million (11,490), which was a decrease of one percent. Even after adjustments for acquired and divested units net sales decreased by one percent.

Net sales in business area Construction grew by three percent. Net sales includes a greater portion of other building construction. In business area Civil Engineering net sales increased by four percent generated in Operations and maintenance and Infrastructure. Net sales in business area Industry grew by two percent. In business area Project Development net sales were slightly higher in Property Development but lower in Housing Development, where fewer projects in Norway and Finland were turned over compared to the first quarter last year.

Of the period's net sales SEK 1,925 million (2,525) were attributable to sales and production outside Sweden.

Operating profit for the first quarter 2019 amounted to SEK 265 million (290) and the operating margin shrunk to 2.3 percent (2.5). The operating profit was effected by SEK 5 million through additional IFRS 16 Leases in the first quarter 2019. The operating margin for the latest rolling 12 month period was unchanged at 4.9 percent compared to the entire year 2018.

The operating margin in business area Construction was 2.3 percent (2.2) during the first quarter 2019. In business area Civil Engineering the operating margin was 1.2 percent (1.5). Operating profit in business area Industry was slightly lower compared to the corresponding quarter last year. Lower profits are explained by the fact that larger operations require more maintenance, primarily in Asphalt. Operating profit in business area Project Development was lower than the corresponding period last year. Operating profit in Housing Development contracted because fewer projects in Norway and Finland were turned over but the operating margin improved to 7.8 percent (7.1). Contributions from joint ventures in Property Development were higher compared to the first quarter 2018 while operating profit was lower in the first quarter in other operations.

Eliminations and reversal of internal profit in our own projects has affected the result net by SEK -13 million (-3). As a result of building up more property on our own balance sheet a higher level of profit has been eliminated than in previous years. Elimination is reversed in connection with the external divestment of a project.

Depreciation and write-downs for the period were SEK -292 million (-238). Depreciation was effected by SEK -44 million through additional IFRS 16, Leases in the first quarter 2019.

Net financial items amounted to SEK 4 million (-34). Net interest amounted to SEK -18 million (-8). Net interest was effected by SEK -6 million through additional IFRS 16 Leases in the first quarter 2019. Net financial items included positive effects of, among other things, dividends and currency exchange rates.

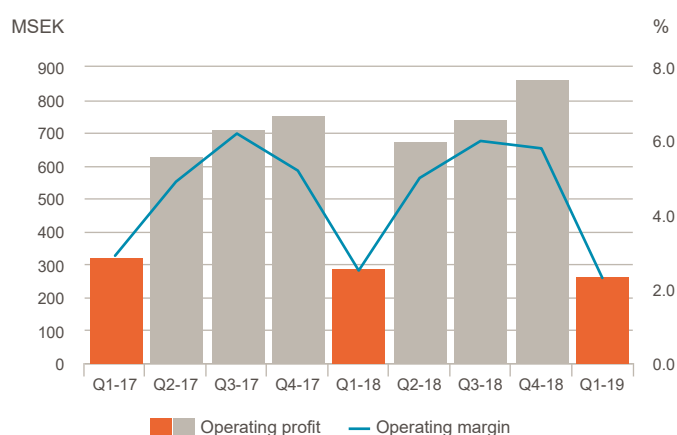
Pre-tax profit was SEK 269 million (256).

Profit for the period was SEK 224 million (218).

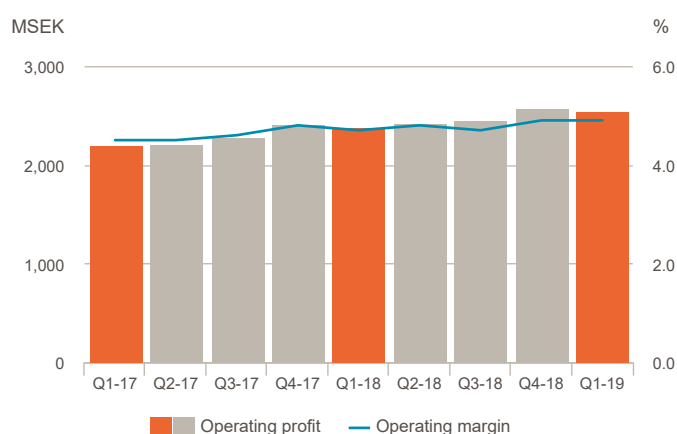
## SEASONAL VARIATIONS

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, per quarter



## Operating profit and operating margin, rolling 12 months



# Financial position and cash flow

## IFRS 16 LEASES

IFRS 16, Leases replaced IAS 17, Leases as of 1 January 2019. When changing over Peab chose the changeover method in which comparable periods are not recalculated. Additional leases primarily comprise office and premise rents, leaseholds, land rentals and vehicles. Total assets and net debt were affected at changeover on 1 January 2019 by SEK 850 million. IFRS 16, Leases is applied in segment reporting. For further information see note 1.

## FINANCIAL POSITION

The equity/assets ratio on 31 March 2019 was 31.5 percent compared to 30.4 percent at year-end. Excluding additional IFRS 16, Leases the equity/asset ratio on 31 March 2019 was 32.2 percent. Interest-bearing net debt amounted to SEK 4,349 million compared to SEK 3,551 million at the end of 2018. Excluding additional IFRS 16, Leases net debt on 31 March 2019 was SEK 3,534 million. The average interest rate in the loan portfolio, including derivatives but excluding additional IFRS 16 Leases was 1.6 percent (2.3) on 31 March 2019.

Group liquid funds, including unutilized credit facilities, were SEK 6,226 million at the end of the period compared to SEK 5,846 million on 31 December 2018.

At the end of the period Group contingent liabilities, excluding joint and several liabilities in trading and limited partnerships, amounted to SEK 10,215 million compared to SEK 10,302 million on 31 December 2018. SEK 7,376 million (7,935) of contingent liabilities was surety given for credit lines for tenant-owned apartments under production.

## INVESTMENTS AND DIVESTMENTS

During the period SEK 492 million (435) was net invested in tangible and intangible fixed assets and investment property and consisted primarily of office building construction and investments in machinery.

Net investments in project and development properties, which are recognized as inventory items, totaled SEK 650 million (97) during the period. Most of the investments refer to ongoing housing projects in Norway and Finland and our own developed rental projects in Sweden.

## CASH FLOW

Cash flow from current operations was SEK 642 million (-246), of which cash flow from changes in working capital was SEK 181 million (-350). The change in working capital has been affected positively by a reduction in accounts receivable but negatively by in part construction of housing projects in Finland and Norway and our own developed rental projects in Project Development in Sweden.

Cash flow from investment activities was SEK -83 million (-144).

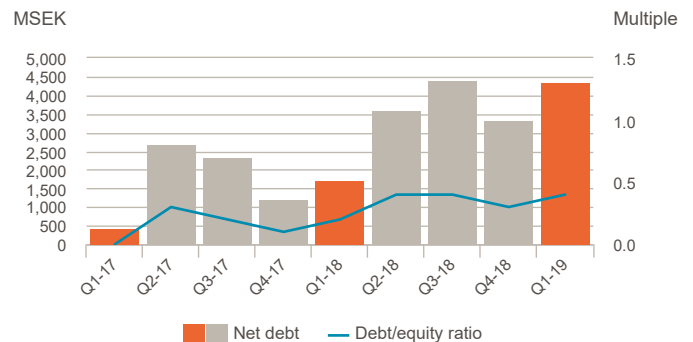
Cash flow before financing amounted to SEK 559 million (-390).

Cash flow from financing operations amounted to SEK -788 million (62) and refers to amortized loan liabilities.

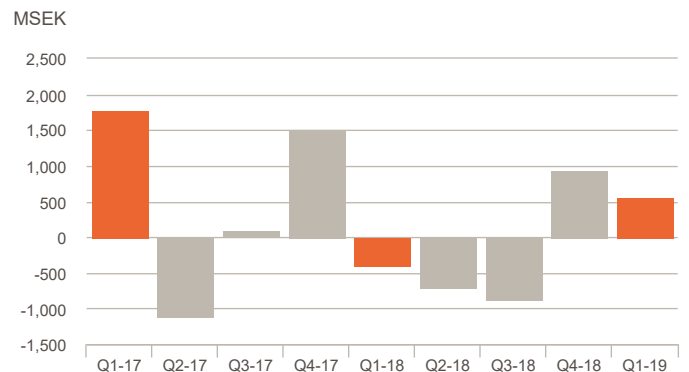
## Net debt

MSEK	31 Mar 2019	31 Mar 2018	31 Dec 2018
Bank loans	3,432	2,117	3,383
Commercial papers	130	550	730
Bonds	2,248	650	2,248
Financial leasing liabilities	587	566	593
Additional leasing liabilities according to IFRS 16	815	–	–
Other interest-bearing liabilities	0	60	58
Interest-bearing receivables	-1,707	-1,945	-2,085
Liquid funds	-1,156	-289	-1,376
<b>Net debt</b>	<b>4,349</b>	<b>1,709</b>	<b>3,551</b>

## Net debt and debt/equity ratio



## Cash flow before financing



# Order situation

Orders received for the first quarter 2019 amounted to SEK 11,868 million compared to SEK 12,906 million for the same period last year. The level of orders received in business areas Construction and Civil Engineering contracted during the first quarter. It increased in business area Industry, primarily related to Asphalt. There have been fewer orders received in business area Project Development as a result of fewer housing production starts. Orders received in the first quarter 2019 are well spread geographically and there is good product diversity.

## Orders received

MSEK	Jan-Mar 2019	Jan-Mar 2018	Apr-Mar 2018/2019	Jan-Dec 2018
Construction	6,368	8,144	29,231	31,007
Civil Engineering	3,069	3,859	15,559	16,349
Industry	2,280	1,546	5,845	5,111
Project Development	1,627	2,061	6,247	6,681
Eliminations	-1,476	-2,704	-6,833	-8,061
<b>Group</b>	<b>11,868</b>	<b>12,906</b>	<b>50,049</b>	<b>51,087</b>

Order backlog yet to be produced at the end of the period increased to SEK 47,532 million compared to SEK 43,055 million at the end of the same period last year. Of the total order backlog, 40 percent (42) is expected to be produced after 2019 (2018). Swedish operations accounted for 82 percent (84) of the order backlog.

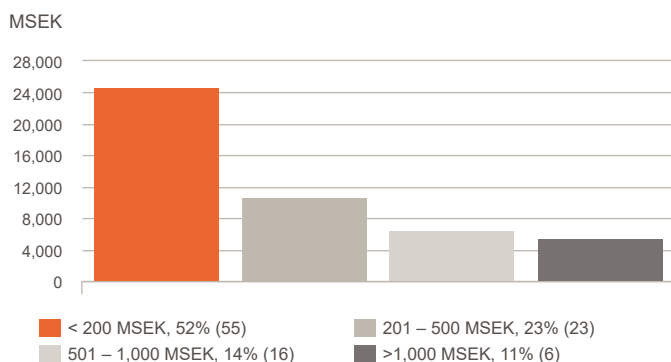
## Order backlog

MSEK	31 Mar 2019	31 Mar 2018	31 Dec 2018
Construction	29,479	28,428	29,776
Civil Engineering	13,843	11,889	13,620
Industry	3,981	3,563	2,246
Project Development	6,694	8,275	7,134
Eliminations	-6,465	-9,100	-6,957
<b>Group</b>	<b>47,532</b>	<b>43,055</b>	<b>45,819</b>

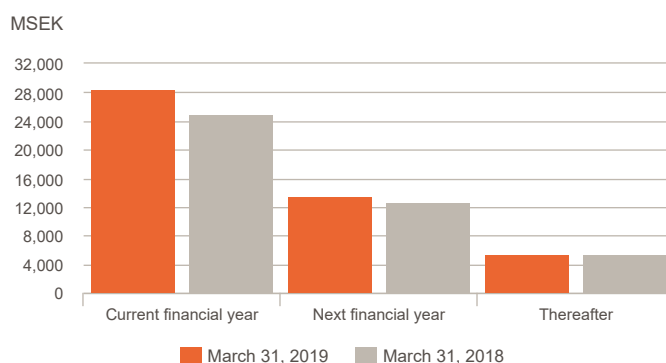
## We received several major contracts and agreements during the first quarter, including:

- Construction of two apartment buildings, a parking garage and a store in Turku. The customer is Auratum Asunnot Turku Oy and the contract is worth MEUR 16 million.
- Renovation of Aleksis Kivi Elementary School in Helsinki. The customer is the City of Helsinki and the contract is worth MEUR 22 million.
- Construction of 108 apartments in Helsingborg. The customer is Tornet Bostad Drottninghög AB and the contract is worth SEK 133 million.
- Ground laying and foundation work for the new heating plant Carpe Futurum in Uppsala. The customer is Vattenfall AB and the contract is worth SEK 143 million.
- Construction of 122 apartments and 1,400 m2 retail space in city block Hjulet in Falkenberg. The customer is Kvarteret Hjulet Fastighets AB and the contract is worth SEK 255 million.
- Rebuilding wards in the main building of Helsingborg Hospital. The customer is Region Skåne, Regional property and the contract is worth SEK 277 million.
- Construction of offices and apartments with a connecting garage in city block Konsuln in Linköping. The customer is Fastighets AB L E Lundberg and the contract is worth SEK 344 million.
- Construction of a hotel at Hundfjället in Sälen. The customer is SkiStar Lodge Hundfjället AB and the contract is worth SEK 381 million.
- Renovation and rebuilding the University of Tromsø, Narvik campus, in Northern Norway. The customer is Statsbygg and the contract is worth NOK 132 million.
- Construction of a hospital on Östermyrankatu in Seinäjoki, Finland. The customer is Kiinteistö Oy Seinäjoen Terveysteknologiakeskus and the contract is worth EUR 30 million.
- Operation and maintenance of public roads in the Kalmar area. The customer is the Swedish Transport Administration and the cumulative worth of the contract is SEK 200 million. The contract is spread over four years.
- Commission to take responsibility for operation and maintenance of public roads in Uppsala for four years. The customer is the Swedish Transport Administration and the cumulative worth of the contract is SEK 193 million.

## Project allocation of order backlog, 31 March 2019



## Order backlog allocated over time



# Overview business areas

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

## RECOGNITION OF INTERNAL PROJECTS BETWEEN BUSINESS AREAS CONSTRUCTION AND PROJECT DEVELOPMENT

Business area Construction reports net sales and profit/loss referring to the contract construction in our own housing projects, in rental projects and other property projects to business area Project Development. Recognition takes place over time as the projects are completed. Business area Project Development reports net sales for both contract construction and the developer part of our own housing projects. The recognized profit/loss consists of the profit/loss in the developer part recognized over time.

## RECOGNITION OF PROPERTY PROJECTS ON OUR OWN BALANCE SHEET

The underlying sales value of property projects on our own balance sheet, reported as project and development property, that are sold in the form of a company via shares is recognized as net sales and the reported 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/loss is recognized as other operating income or other operating cost.

## GROUP FUNCTIONS

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

## Net sales and operating profit per business area

MSEK	Net sales				Operating profit				Operating margin			
	Jan-Mar 2019	Jan-Mar 2018	Apr-Mar 2018/2019	Jan-Dec 2018	Jan-Mar 2019	Jan-Mar 2018	Apr-Mar 2018/2019	Jan-Dec 2018	Jan-Mar 2019	Jan-Mar 2018	Apr-Mar 2018/2019	Jan-Dec 2018
Construction	6,743	6,563	28,520	28,340	156	143	683	670	2.3%	2.2%	2.4%	2.4%
Civil Engineering	2,916	2,816	13,845	13,745	36	42	409	415	1.2%	1.5%	3.0%	3.0%
Industry	2,230	2,178	13,336	13,284	-44	-38	971	977	-2.0%	-1.7%	7.3%	7.4%
Project Development	1,863	2,287	7,420	7,844	178	201	762	785	9.6%	8.8%	10.3%	10.0%
– of which Property Development	173	156	755	738	46	50	166	170	26.6%	32.1%	22.0%	23.0%
– of which Housing Development	1,690	2,131	6,665	7,106	132	151	596	615	7.8%	7.1%	8.9%	8.7%
Group functions	275	259	1,059	1,043	-48	-55	-267	-274				
Eliminations	-2,668	-2,613	-12,078	-12,023	-13	-3	-10	0				
<b>Group</b>	<b>11,359</b>	<b>11,490</b>	<b>52,102</b>	<b>52,233</b>	<b>265</b>	<b>290</b>	<b>2,548</b>	<b>2,573</b>	<b>2.3%</b>	<b>2.5%</b>	<b>4.9%</b>	<b>4.9%</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 twelve regions in Sweden, three in Norway and two in Finland. There are three specialized housing production regions in Stockholm, Gothenburg and the Öresund region. Construction maintenance operations are run in a nationwide region 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

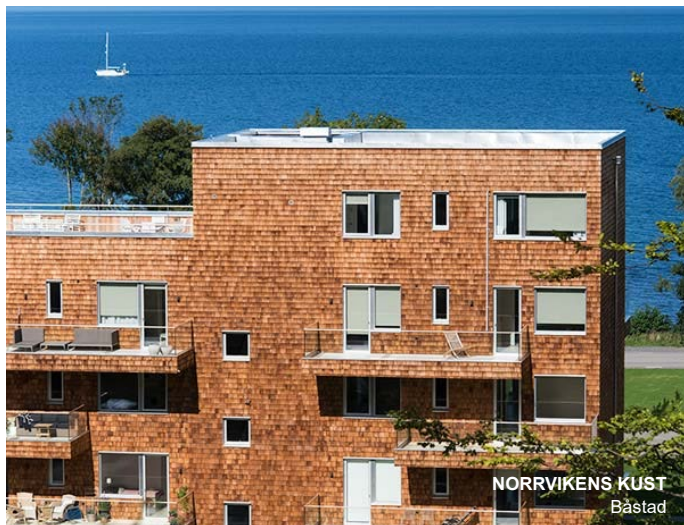
Net sales for the first quarter 2019 increased by three percent and amounted to SEK 6,743 million (6,563). Net sales include a continued increase in the portion of other building construction for both private and public customers.

Operating profit for the period amounted to SEK 156 million (143) and the operating margin increased to 2.3 percent (2.2). The operating margin for the latest 12 month rolling period was unchanged with 2.4 percent compared to the entire year of 2018.

## ORDERS RECEIVED AND ORDER BACKLOG

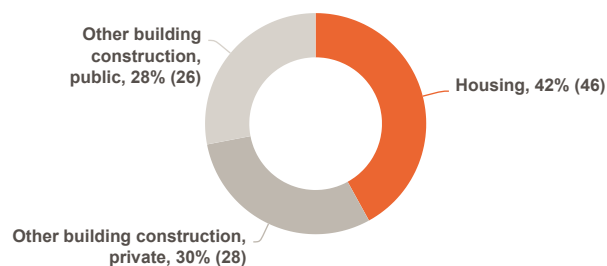
Orders received during the period contracted to SEK 6,368 million (8,144). The orders received are relatively well spread regarding products and location.

Order backlog 31 March 2019 increased to SEK 29,479 million compared to SEK 28,428 million at the end of March 2018.

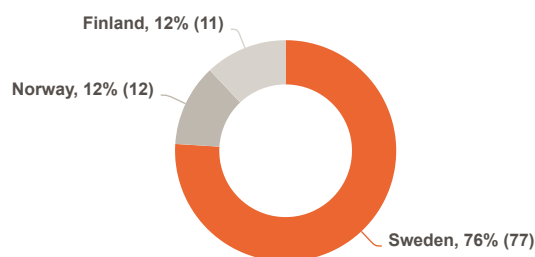


## Net sales

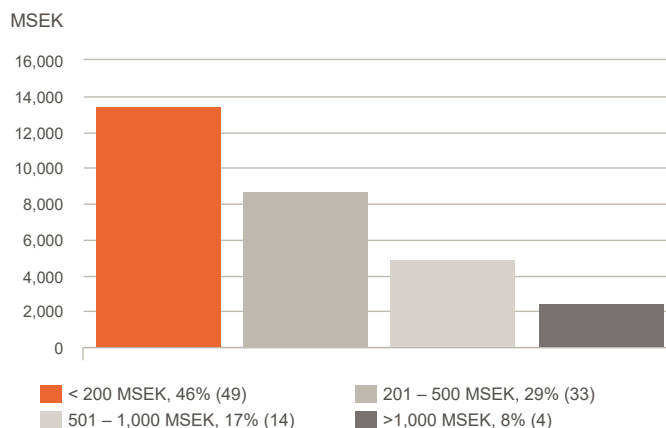
per product area, rolling 12 months



per geographic market, rolling 12 months



## Project allocation of order backlog, 31 March 2019



## Key ratios

	Jan-Mar 2019	Jan-Mar 2018	Apr-Mar 2018/2019	Jan-Dec 2018
Net sales, MSEK	6,743	6,563	28,520	28,340
Operating profit, MSEK	156	143	683	670
Operating margin, %	2.3	2.2	2.4	2.4
Orders received, MSEK	6,368	8,144	29,231	31,007
Order backlog, MSEK	29,479	28,428	29,479	29,776
Number of employees at the end of the period	6,399	6,636	6,399	6,631



# 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 Operation and maintenance.

Business area Civil Engineering is active on the local civil engineering market 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.

Civil Engineering also provides operation and maintenance 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

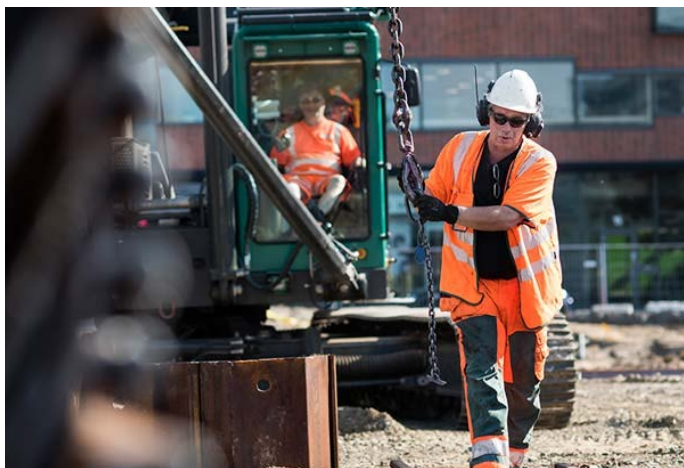
The first quarter is usually the weakest quarter in Civil Engineering due to the season. Net sales increased by four percent during the first quarter 2019, amounting to SEK 2,916 million (2,816). After adjustments for acquired units net sales increased by three percent. The increase during the first quarter stems from product areas Operations and maintenance and Infrastructure.

Operating profit for the first quarter 2019 amounted to SEK 36 million (42) and the operating margin shrunk to 1.2 percent (1.5). The operating margin for the latest 12 month rolling period was unchanged with 3.0 percent compared to the entire year of 2018.

## ORDERS RECEIVED AND ORDER BACKLOG

Orders received during the first quarter 2019 amounted to SEK 3,069 million (3,859).

Order backlog on 31 March 2019 amounted to SEK 13,843 million (11,889).

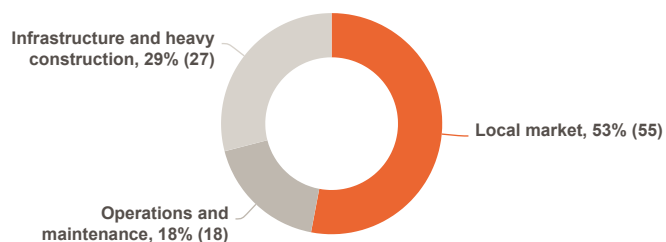


## Key ratios

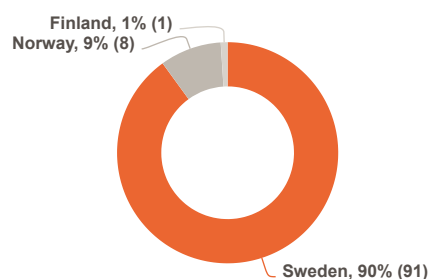
	Jan-Mar 2019	Jan-Mar 2018	Apr-Mar 2018/2019	Jan-Dec 2018
Net sales, MSEK	2,916	2,816	13,845	13,745
Operating profit, MSEK	36	42	409	415
Operating margin, %	1.2	1.5	3.0	3.0
Orders received, MSEK	3,069	3,859	15,559	16,349
Order backlog, MSEK	13,843	11,889	13,843	13,620
Number of employees at the end of the period	3,507	3,429	3,507	3,580

## Net sales

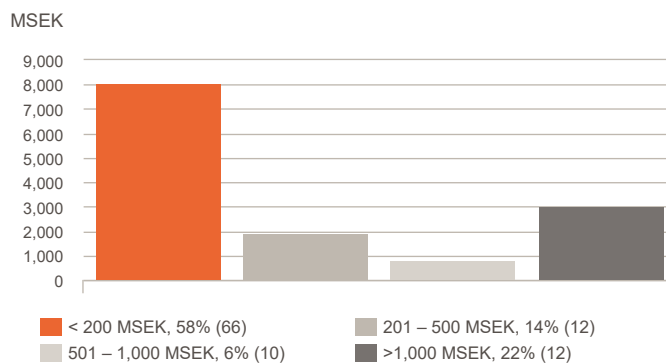
per product area, rolling 12 months



per geographic market, rolling 12 months



## Project allocation of order backlog, 31 March 2019



# 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 Swedish, Norwegian and Finnish markets. Industry offers everything from gravel and rock material, concrete, asphalt and temporary electricity to prefabricated concrete elements. Business area Industry also assists with crane rental, import and distribution of binder to the concrete industry, machines and transportation as well as recycles production waste.

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

## NET SALES AND PROFIT

The first quarter is usually the weakest in Industry due to the winter weather. Net sales for the first quarter 2019 increased by two percent and amounted to SEK 2,230 million (2,178). Even adjusted for acquisitions net sales increased by two percent.

Operating profit for the first quarter 2019 dropped to SEK -44 million (-38). Lower profit is explained by the fact that larger operations generate higher maintenance costs, particularly in Asphalt. The operating margin for the business area contracted to -2.0 percent (-1.7). The operating margin for the latest rolling 12 month period was 7.3 percent compared to 7.4 percent for the entire year 2018.

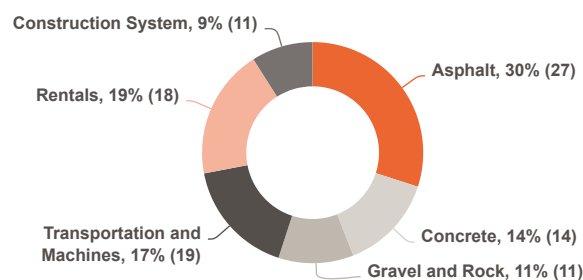
Capital employed in Industry was at the end of the period SEK 6,322 million compared to SEK 5,674 million at the end of the corresponding period last year. The increase is primarily attributable to investments in machinery. The effect of additional IFRS 16, Leases was SEK 99 million per 31 March 2019.

## ORDERS RECEIVED AND ORDER BACKLOG

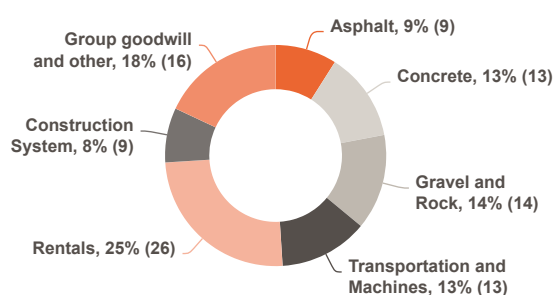
Orders received during the first quarter 2019 amounted to SEK 2,280 million (1,546). The increase is primarily related to Asphalt. Order backlog on 31 March 2019 amounted to SEK 3,981 million (3,563).

## Net sales

per product area, rolling 12 months



## Capital employed, 31 March 2019



## Key ratios

	Jan-Mar 2019	Jan-Mar 2018	Apr-Mar 2018/2019	Jan-Dec 2018
Net sales, MSEK	2,230	2,178	13,336	13,284
Operating profit, MSEK	-44	-38	971	977
Operating margin, %	-2.0	-1.7	7.3	7.4
Orders received, MSEK	2,280	1,546	5,845	5,111
Order backlog, MSEK	3,981	3,563	3,981	2,246
Capital employed at the end of the period, MSEK	6,322	5,674	6,322	6,432
Number of employees at the end of the period	3,443	3,417	3,443	3,484
Concrete, thousands of m <sup>3</sup> <sup>1)</sup>	258	197	1,355	1,294
Asphalt, thousands of tons <sup>1)</sup>	19	11	2,714	2,706
Gravel and Rock, thousands of tons <sup>1)</sup>	2,460	2,407	14,734	14,681

1) Refers to sold volume

# Business area Project Development

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.

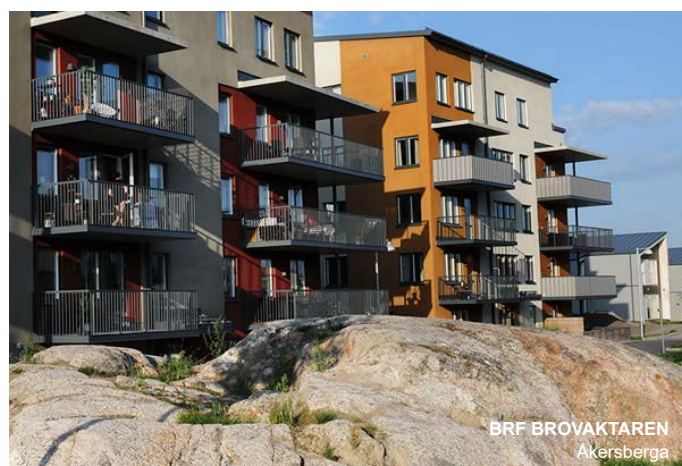
Operations in Property Development revolve around the acquisition, development, maintenance and management as well as the divestiture of commercial property. In cases where no divestment is planned property may remain in the Group for a long period of time in order to generate rental and appreciation revenues or a combination of both.

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

Net sales for the first quarter 2019 in business area Project Development amounted to SEK 1,863 million (2,287) and operating profit was SEK 178 million (201).

Capital employed in Project Development at the end of the period amounted to SEK 13,910 million (10,867). The increase is due to investments in project and development properties, more ongoing housing projects in Finland and Norway as well as investments in operations and investment properties in Property Development. The increase also included additional IFRS 16, Leases per 31 March 2019 of SEK 343 million divided into SEK 115 million in operations properties, SEK 54 million in investment properties, SEK 176 million in project and development properties and SEK -2 million in other receivables.



## Capital employed

MSEK	31 Mar 2019	31 Mar 2018	31 Dec 2018
Operations property	1,156	1,050	915
Investment property	675	988	589
Project and development property	10,539	7,708	9,685
<i>of which housing development rights</i>	5,484	5,266	5,394
<i>of which commercial development rights</i>	626	604	656
<i>of which on going housing projects</i>	2,298	1,035	2,034
<i>of which on going commercial projects including rental projects</i>	1,557	497	1,227
<i>of which completed projects</i>	250	132	14
<i>of which other</i>	324	174	360
Participation in joint ventures	1,189	913	1,019
Loans to joint ventures	1,253	1,387	1,466
Working capital and other	-902	-1,179	-690
<b>Total</b>	<b>13,910</b>	<b>10,867</b>	<b>12,984</b>

## Key ratios

	Jan-Mar 2019	Jan-Mar 2018	Apr-Mar 2018/2019	Jan-Dec 2018
Net sales, MSEK	1,863	2,287	7,420	7,844
<i>of which Property Development</i>	173	156	755	738
<i>of which Housing Development</i>	1,690	2,131	6,665	7,106
Operating profit, MSEK	178	201	762	785
<i>of which Property Development</i>	46	50	166	170
<i>of which Housing Development</i>	132	151	596	615
Operating margin, %	9.6	8.8	10.3	10.0
<i>of which Property Development</i>	26.6	32.1	22.0	23.0
<i>of which Housing Development</i>	7.8	7.1	8.9	8.7
Capital employed at the end of the period, MSEK	13,910	10,867	13,910	12,984
Orders received, MSEK	1,627	2,061	6,247	6,681
Order backlog, MSEK	6,694	8,275	6,694	7,134
Number of employees at the end of the period	332	367	332	379

## HOUSING DEVELOPMENT

Net sales in Housing Development decreased to SEK 1,690 million (2,131) and operating profit decreased to SEK 132 million (151). The reduction is due to the fact that fewer projects in Norway and Finland were turned over. The operating margin increased to 7.8 percent (7.1). In the latest rolling 12 month period the operating margin amounted to 8.9 percent compared to 8.7 percent for the entire year of 2018.

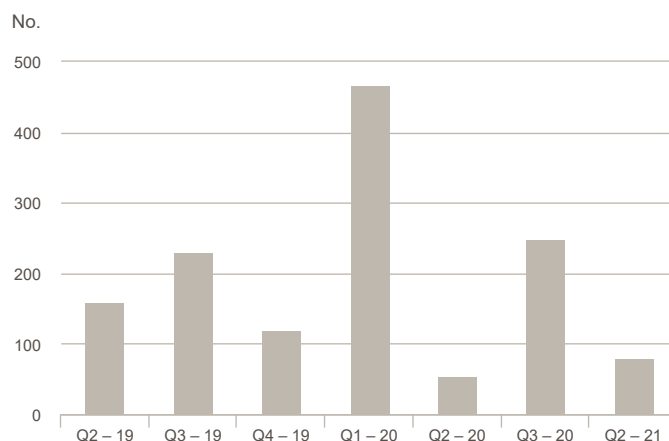
The number of start-ups of our own developed homes amounted to 467 units (557) and they were divided between Sweden and Finland, with a good geographic spread in both countries. The number of sold homes was 590 (372), most of them sold in Sweden. Greater sales efforts in Stockholm led to higher sales during the period compared to the first quarter 2018. The number of own developed homes in production at the end of the period was 6,019 (6,265). The level of sold homes in production was 65 percent (68). The number of repurchased homes per 31 March 2019 was 109 (50) and around half of them were 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.

At the end of March 2019 capital employed increased due to higher investments in project and development property and greater activity in our own housing developments in Norway and Finland, which remain on the balance sheet until completion. The diagram shows when in time the housing projects in Norway and Finland are expected to be completed. The total number of ongoing own housing developments in Norway and Finland were 1,360 per 31 March 2019.

## Development rights for housing

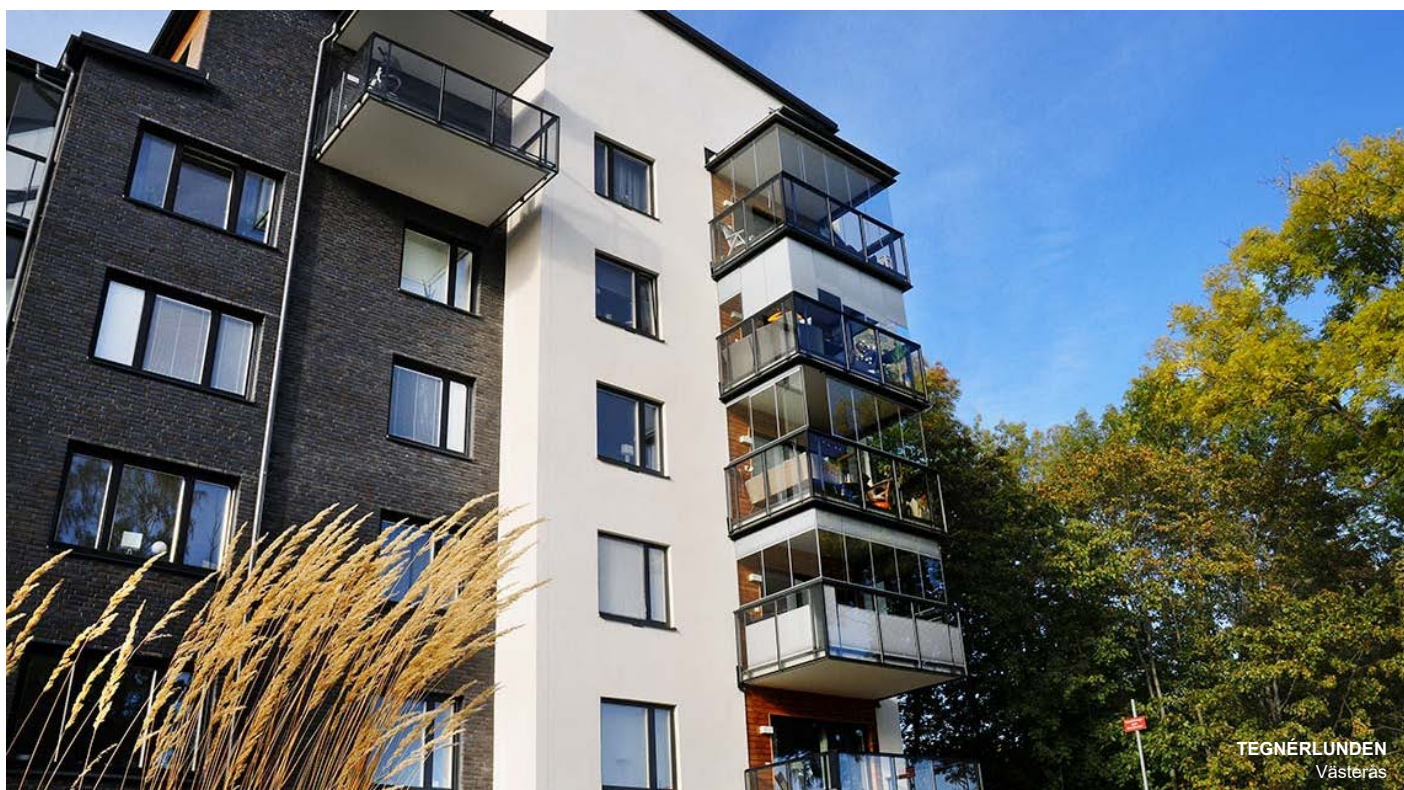
Number, approx.	31 Mar 2019	31 Mar 2018	31 Dec 2018
Development rights on our own balance sheet	20,900	20,300	21,300
Development rights via joint ventures	5,100	5,400	5,000
Development rights via options etc.	9,500	7,700	9,100
<b>Total</b>	<b>35,500</b>	<b>33,400</b>	<b>35,400</b>

## When in time ongoing housing projects in Norway and Finland will be completed



## Own housing development construction

	Jan-Mar 2019	Jan-Mar 2018	Apr-Mar 2018/2019	Jan-Dec 2018
Number of housing starts during the period	467	557	2,123	2,213
Number of sold homes during the period	590	372	2,043	1,825
Total number of homes under construction, at the end of the period	6,019	6,265	6,019	6,231
Share of sold homes under construction, at the end of the period	65%	68%	65%	63%
Number of repurchased homes in the balance sheet, at the end of the period	109	50	109	104



## PROPERTY DEVELOPMENT

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

During the first quarter 2019 net sales in Property Development were SEK 173 million (156) and operating profit was SEK 46 million (50).

Our partially owned companies continue to develop well and profit in the first quarter from partially owned companies amounted to SEK 46 million (35).

In cases where no divestiture is planned properties can remain in the Group for a considerable length of time in order to garner rent and appreciation revenue or a combination of both. Capital employed in Property Development includes operations property for a recognized value of SEK 1,156 million (1,050), of which SEK 151 is additional IFRS 16 Leases and SEK 675 million (988) is investment property, of which SEK 54 is additional IFRS 16 Leases. Project and development property are as of this report included in the tables below. The tables show our major property projects per 31 March 2019.



## PROPERTY PROJECTS

Completed projects	Location	Area in m <sup>2</sup>	Degree rented, %	Recognized value, MSEK
Businesspark	Ängelholm	62,800	95	245
Businesspark	Ljungbyhed	76,100	62	114
Office building	Helsinki	9,300	100	278
Office building	Helsinki	7,600	27	250
Tenancy	Malmö	4,600	100	142
Office building	Sigtuna	3,600	74	66
Other completed projects				105
<b>Total</b>				<b>1,200</b>
<i>of which operations property</i>				599
<i>of which investment property</i>				587
<i>of which project and development property</i>				14

Ongoing projects	Location	Area in m <sup>2</sup>	Degree rented, %	Recognized value, MSEK	Total investment at completion, MSEK	Timepoint of completion	Level of completion, %
Offices	Solna	12,400	100	338	449	Q4-2019	75
Retail and offices	Gothenburg	6,400	95	132	169	Q3-2019	78
Retail	Oslo	3,600	100	117	189	Q3-2020	62
Office building	Malmö	4,900	68	103	185	Q1-2020	56
Office building and parking	Solna	2,900	89	97	277	Q2-2020	35
Office building	Helsingborg	4,500	100	35	117	Q1-2021	30
Other ongoing projects				24			
<b>Total</b>				<b>846</b>			
<i>of which operations property</i>				441			
<i>of which investment property</i>				35			
<i>of which project and development property</i>				370			

## PEAB'S PARTIALLY OWNED COMPANY ACTURUM DIVESTS PROPERTIES

Acturum signed a contract in December 2018 with Fastator and Offentliga Hus to sell all the remaining property. Acturum was founded by Peab and FAM – The Wallenberg Foundations' holding company – as equal partners in 2013. The company acquired a property portfolio in Södertälje from Astra Zeneca which had decided to close up its research operations in the area. Acturum has since developed a number of properties and is now entering a new phase focused primarily on management. The transfer is planned for the second quarter of 2019 and Peab's share of the profit is expected to be at least SEK 120 million. The profit will be recognized in the second quarter of 2019.

## SIGNIFICANT JOINT VENTURES

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

### Significant joint ventures

#### 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 31 March 2019** <sup>1)</sup>: SEK 6,163 million (5,085)

**Peab's portion of unrecognized fair value exclusive tax** <sup>1)</sup>: SEK 352 million (328)

**Major ongoing projects:** Hotel Stay-at Varvsstaden, Malmö Rentable area 3,900 m<sup>2</sup>, Lyckholms Gothenburg, Rentable area 6,400 m<sup>2</sup>

#### 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 31 March 2019:** SEK 1,839 million (1,848)

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

#### TORNET BOSTADSPRODUKTION AB

Build 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 31 March 2019** <sup>1)</sup>: SEK 3,593 million (2,959)

**Peab's portion of unrecognized fair value exclusive tax** <sup>1)</sup>: SEK 221 million (167)

**Major ongoing projects:** Munkeböck, Gothenburg Rentable area 14,800 m<sup>2</sup>, Kungsängen, Upplandsbro Rentable area 8,800 m<sup>2</sup> and several apartment building projects in Västerås, Helsingborg, Malmö and Örebro

#### POINT HYLLIE HOLDING AB

Develop, own and manage the office property The Point as well as own and manage the hotel property Vårdshuset 5 (Operator Quality Hotel View).

**Peab's share:** 50 percent

**Partner:** Volito

**Location:** Hyllie, Malmö

**Recognized value of properties 31 March 2019:** SEK 1,075 million (843)

**Major ongoing projects:** 29 floor office building, The Point, Rentable area 20,000 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 recognized in Peab's profit.

# The construction market

## SWEDEN

New production of homes is expected to decrease in 2019 and 2020 but at the same time this creates room for long neglected renovation. All in all housing construction is expected to decline. Weaker growth will probably have a negative effect on construction of private premises while public building construction is promoted by a growing population and the need for new premises. Nonetheless investments in public premises are expected to fall this year and then rise again in 2020. All in all other building construction is expected to contract in 2019 and then level out in 2020. Civil engineering investments look like they might increase in both 2019 and 2020 and the higher ambitions laid out in the latest infrastructure proposition will have a positive effect.

## NORWAY

Growth in Norway is expected accelerate even more this year. After housing construction investments declined somewhat in 2018 they are expected to stabilize in 2019 before they take off again in 2020, driven, among other things, by more jobs. Good economic development should also promote investments in building construction which is expected to grow at a good rate during 2019-2020. This is primarily driven by rising premise construction where an increase in industrial and public building construction investments is predicted. The forecast for civil engineering investments indicates a continued good rate of development during 2019-2020.

## FINLAND

Finland's economy is expected to slow in 2019. While the construction of single homes shows an upward tendency, apartment building construction is expected to drop in coming years. All in all housing construction is expected to remain on the same level during 2019 followed by a slight decline in 2020. Construction of private premises will mostly likely contract due to the weaker economic growth. At the same time public building construction appears to develop positively, which means other building construction is expected to grow in 2019 and level out in 2020. The forecast for civil engineering investments signals a slight decline in 2019 followed by them leveling out in 2020.

## Housing

	2019	2020	2021
Sweden	↘	↘	→
Norway	→	↗	→
Finland	↗	↘	↘

Forecast for started-up housing investments, new and renovations

Source: Industrifakta

## Other building construction

	2019	2020	2021
Sweden	↘	→	→
Norway	↗	↗	↘
Finland	↗	→	→

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

Source: Industrifakta

## Civil engineering

	2019	2020	2021
Sweden	↗	↗	–
Norway	↗	↗	–
Finland	↘	→	–

Forecast for civil engineering investments

Source: Industrifakta

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



# Other information

## RISKS AND UNCERTAINTY FACTORS

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

Handling operational risks is a constant ongoing process since there are always a large number of projects that are beginning, up and running and ending. Operational risks are taken care of in the line organization in each business area. Peab's business is to a large extent project related. Grey areas concerning contract terms can lead to borderline issues followed by negotiations with customers.

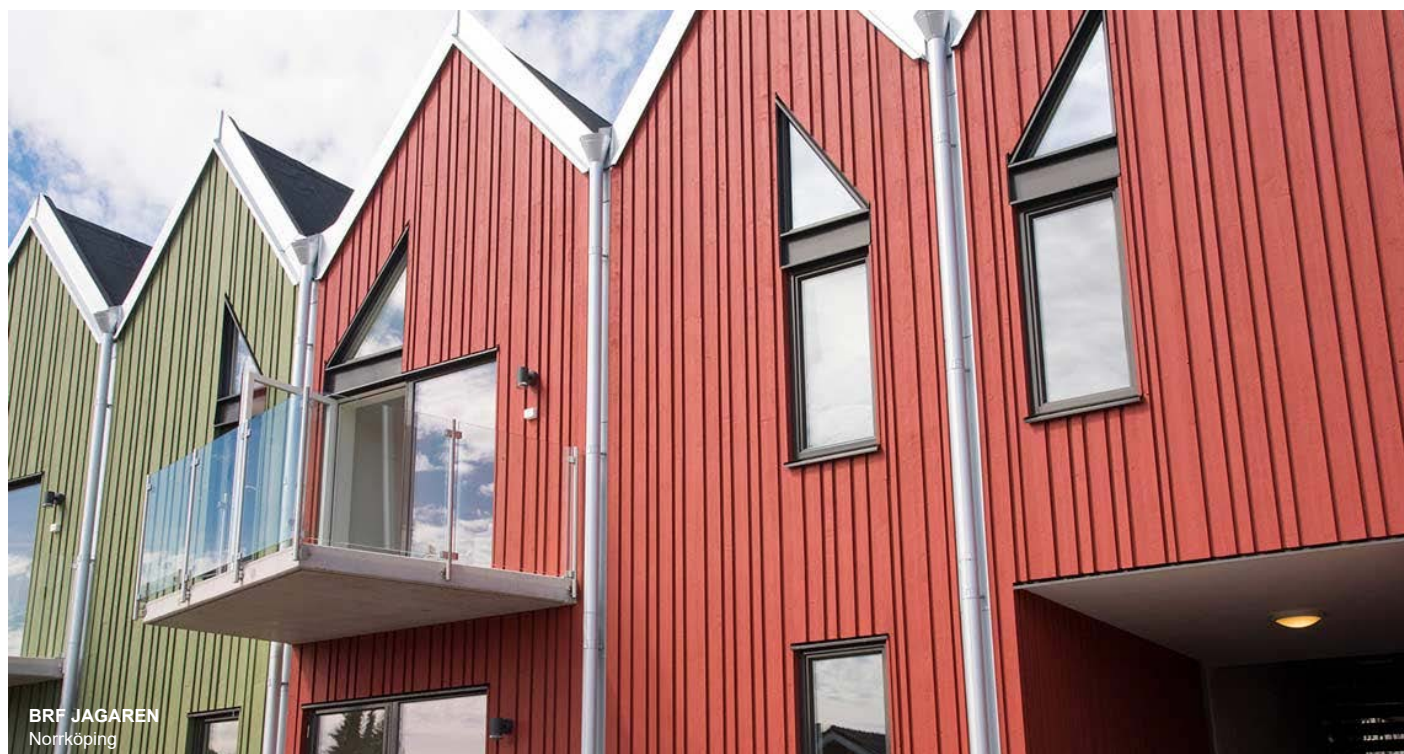
The financial risks are connected to tying up capital and the need for capital, primarily in the form of interest rate risk and refinancing risk. Financial risks are dealt with on Group level. For further information on risks and uncertainty factors, see the 2018 Annual and Sustainability Report.

## HOLDINGS OF OWN SHARES

At the beginning of 2019 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 quarter 2019.

## THE PEAB SHARE

Peab's B share is listed on the Nasdaq Stockholm, Large Cap list. As of 8 May 2019, the price of the Peab share was SEK 84.50, an increase of 17 percent during 2019. During the same period, the Swedish stock market increased by 16 percent according to the general index in the business magazine "Affärsvärlden". During 2019 the Peab share has been quoted at a maximum of SEK 89.70 and a minimum of SEK 71.00.





# Report on the Group income statement

MSEK	Jan-Mar 2019	Jan-Mar 2018	Apr-Mar 2018/2019	Jan-Dec 2018
Net sales	11,359	11,490	52,102	52,233
Production costs	-10,367	-10,482	-46,930	-47,045
<b>Gross profit</b>	<b>992</b>	<b>1,008</b>	<b>5,172</b>	<b>5,188</b>
Sales and administrative expenses	-751	-737	-2,798	-2,784
Other operating income	27	25	218	216
Other operating costs	-3	-6	-44	-47
<b>Operating profit</b>	<b>265</b>	<b>290</b>	<b>2,548</b>	<b>2,573</b>
Financial income	54	27	127	100
Financial expenses	-50	-61	-144	-155
<b>Net finance</b>	<b>4</b>	<b>-34</b>	<b>-17</b>	<b>-55</b>
<b>Pre-tax profit</b>	<b>269</b>	<b>256</b>	<b>2,531</b>	<b>2,518</b>
Tax	-45	-38	-425	-418
<b>Profit for the period</b>	<b>224</b>	<b>218</b>	<b>2,106</b>	<b>2,100</b>
<b>Profit for the period, attributable to:</b>				
Shareholders in parent company	224	218	2,106	2,100
Non-controlling interests	0	0	0	0
<b>Profit for the period</b>	<b>224</b>	<b>218</b>	<b>2,106</b>	<b>2,100</b>
<b>Key ratios</b>				
Earnings per share before and after dilution, SEK	0.76	0.74	7.14	7.12
Average number of outstanding shares, million	295.0	295.0	295.0	295.0
Return on capital employed, %	15.0 <sup>1)</sup>	18.1 <sup>1)</sup>	15.0	15.9
Return on equity, %	19.2 <sup>1)</sup>	20.1 <sup>1)</sup>	19.2	19.6

1) Calculated on rolling 12 months

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

MSEK	Jan-Mar 2019	Jan-Mar 2018	Apr-Mar 2018/2019	Jan-Dec 2018
<b>Profit for the period</b>	<b>224</b>	<b>218</b>	<b>2,106</b>	<b>2,100</b>
<b>Other comprehensive income</b>				
<b>Items that can be reclassified or have been reclassified to income for the period</b>				
Translation differences for the period from translation of foreign operations	74	130	30	86
Changes in fair value of cash flow hedges for the period	12	8	24	20
Shares in joint ventures' other comprehensive income	0	1	-1	0
Tax referring to items that can be reclassified or have been reclassified to profit for the period	7	6	-2	-3
<b>Other comprehensive income for the period</b>	<b>93</b>	<b>145</b>	<b>51</b>	<b>103</b>
<b>Total comprehensive income for the period</b>	<b>317</b>	<b>363</b>	<b>2,157</b>	<b>2,203</b>
<b>Total comprehensive income for the period, attributable to:</b>				
Shareholders in parent company	316	363	2,156	2,203
Non-controlling interests	1	0	1	0
<b>Total comprehensive income for the period</b>	<b>317</b>	<b>363</b>	<b>2,157</b>	<b>2,203</b>

# Report on financial position for the Group in summary

MSEK	31 Mar 2019	31 Mar 2018	31 Dec 2018
<b>Assets</b>			
Intangible assets	2,282	2,205	2,250
Tangible assets	6,496	5,549	5,741
Investment property	675	988	589
Interest-bearing long-term receivables	1,253	1,382	1,445
Other financial fixed assets	1,439	1,187	1,292
Deferred tax recoverables	–	10	–
<b>Total fixed assets</b>	<b>12,145</b>	<b>11,321</b>	<b>11,317</b>
Project and development properties	10,541	7,708	9,685
Inventories	481	461	441
Interest-bearing current receivables	454	563	640
Other current receivables	12,237	11,666	13,857
Liquid funds	1,156	289	1,376
<b>Total current assets</b>	<b>24,869</b>	<b>20,687</b>	<b>25,999</b>
<b>Total assets</b>	<b>37,014</b>	<b>32,008</b>	<b>37,316</b>
<b>Equity and liabilities</b>			
<b>Equity</b>	<b>11,665</b>	<b>10,688</b>	<b>11,348</b>
<b>Liabilities</b>			
Interest-bearing long-term liabilities	5,758	2,358	5,194
Deferred tax liabilities	134	142	123
Other long-term liabilities	1,055	849	977
<b>Total long-term liabilities</b>	<b>6,947</b>	<b>3,349</b>	<b>6,294</b>
Interest-bearing current liabilities	1,454	1,585	1,818
Other current liabilities	16,948	16,386	17,856
<b>Total current liabilities</b>	<b>18,402</b>	<b>17,971</b>	<b>19,674</b>
<b>Total liabilities</b>	<b>25,349</b>	<b>21,320</b>	<b>25,968</b>
<b>Total equity and liabilities</b>	<b>37,014</b>	<b>32,008</b>	<b>37,316</b>
<b>Key ratios</b>			
Capital employed	18,877 <sup>1)</sup>	14,631	18,360
Equity/assets ratio, %	31.5 <sup>2)</sup>	33.4	30.4
Net debt	4,349 <sup>3)</sup>	1,709	3,551
Equity per share, SEK	39.54	36.23	38.47
Number of outstanding shares at the end of the period, million	295.0	295.0	295.0

<sup>1)</sup> Excluding additional IFRS 16 Leases, capital employed was SEK 18,063 million per 31 March 2019.

<sup>2)</sup> Excluding additional IFRS 16 Leases, the equity/asset ratio was 32.2 percent per 31 March 2019.

<sup>3)</sup> Excluding additional IFRS 16 Leases, net debt was SEK 3,534 million per 31 March 2019.

## Report on changes in Group equity in summary

MSEK	31 Mar 2019	31 Mar 2018	31 Dec 2018
<b>Equity attributable to shareholders in parent company</b>			
Opening equity on 1 January	11,347	10,331	10,331
Adjustment for retroactive application of IFRS 9 per 1 January 2018	–	-7	-7
<b>Adjusted equity on 1 January</b>	<b>11,347</b>	<b>10,324</b>	<b>10,324</b>
Profit for the period	224	218	2,100
Other comprehensive income for the period	92	145	103
<b>Comprehensive income for the period</b>	<b>316</b>	<b>363</b>	<b>2,203</b>
Cash dividend	–	–	-1,180
<b>Closing equity</b>	<b>11,663</b>	<b>10,687</b>	<b>11,347</b>
<b>Non-controlling interests</b>			
Opening equity on 1 January	1	1	1
Comprehensive income for the period	1	0	0
<b>Closing equity</b>	<b>2</b>	<b>1</b>	<b>1</b>
<b>Total closing equity</b>	<b>11,665</b>	<b>10,688</b>	<b>11,348</b>

# Report on Group cash flow in summary

MSEK	Jan-Mar 2019	Jan-Mar 2018	Apr-Mar 2018/2019	Jan-Dec 2018
<b>Cash flow from current operations before changes in working capital</b>	<b>461</b>	<b>104</b>	<b>3,051</b>	<b>2,694</b>
Increase (-) / Decrease (+) of project and development properties	-534	-79	-2,523	-2,068
Increase (-) / Decrease (+) of inventories	-69	-59	-49	-39
Increase (-) / Decrease (+) of current receivables / current liabilities	784	-212	159	-837
<b>Cash flow from changes in working capital</b>	<b>181</b>	<b>-350</b>	<b>-2,413</b>	<b>-2,944</b>
<b>Cash flow from current operations</b>	<b>642</b>	<b>-246</b>	<b>638</b>	<b>-250</b>
Acquisition of subsidiaries / businesses, net effect on liquid funds	-	-15	-8	-23
Sale of subsidiaries / businesses, net effect on liquid funds	-	-	15	15
Acquisition of fixed assets	-415	-235	-2,270	-2,090
Sale of fixed assets	332	106	1,553	1,327
<b>Cash flow from investment operations</b>	<b>-83</b>	<b>-144</b>	<b>-710</b>	<b>-771</b>
<b>Cash flow before financing</b>	<b>559</b>	<b>-390</b>	<b>-72</b>	<b>-1,021</b>
Increase (+) / Decrease (-) of interest-bearing liabilities	-788	62	2,100	2,950
Dividend distributed to shareholders in parent company	-	-	-1,180	-1,180
<b>Cash flow from financing operations</b>	<b>-788</b>	<b>62</b>	<b>920</b>	<b>1,770</b>
<b>Cash flow for the period</b>	<b>-229</b>	<b>-328</b>	<b>848</b>	<b>749</b>
Cash at the beginning of the period	1,376	595	289	595
Exchange rate differences in cash	9	22	19	32
<b>Cash at the end of the period</b>	<b>1,156</b>	<b>289</b>	<b>1,156</b>	<b>1,376</b>

## Parent company

The parent company Peab AB's net sales for the first quarter 2019 amounted to SEK 74 million (75) and mainly consisted of internal Group services. Profit for the period amounted to SEK -47 million (-49).

The parent company's assets mainly consist of participations in Group companies amounting to SEK 12,045 million (12,116). The assets have been financed from equity of SEK 8,986 million (7,355) and long-term liabilities amounting to SEK 1,471 million (3,696).

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	Jan-Mar 2019	Jan-Mar 2018	Apr-Mar 2018/2019	Jan-Dec 2018
Net sales	74	75	298	299
Administrative expenses	-109	-109	-470	-470
<b>Operating profit</b>	<b>-35</b>	<b>-34</b>	<b>-172</b>	<b>-171</b>
<b>Result from financial investments</b>				
Profit from participation in Group companies	-	-	1,388	1,388
Other financial items	-23	-29	-83	-89
<b>Result after financial items</b>	<b>-58</b>	<b>-63</b>	<b>1,133</b>	<b>1,128</b>
Appropriations	-	-	2,083	2,083
<b>Pre-tax profit</b>	<b>-58</b>	<b>-63</b>	<b>3,216</b>	<b>3,211</b>
Tax	11	14	-405	-402
<b>Profit and comprehensive income for the period</b>	<b>-47</b>	<b>-49</b>	<b>2,811</b>	<b>2,809</b>

# Report on financial position for the parent company in summary

MSEK	31 mar 2019	31 mar 2018	31 Dec 2018
<b>Assets</b>			
<b>Fixed assets</b>			
<b>Intangible assets</b>	52	43	51
<b>Tangible assets</b>	1	1	1
<b>Financial assets</b>			
Participation in Group companies	12,045	12,116	12,045
Deferred tax recoverables	110	110	111
<b>Total financial assets</b>	<b>12,155</b>	<b>12,226</b>	<b>12,156</b>
<b>Total fixed assets</b>	<b>12,208</b>	<b>12,270</b>	<b>12,208</b>
<b>Current asset</b>			
<b>Current receivables</b>			
Accounts receivable	0	4	0
Receivables from Group companies	154	68	2,736
Current tax assets	101	92	85
Other receivables	67	61	2
Prepaid expenses and accrued income	13	14	11
<b>Total current receivables</b>	<b>335</b>	<b>239</b>	<b>2,834</b>
Cash and bank	0	0	0
<b>Total current assets</b>	<b>335</b>	<b>239</b>	<b>2,834</b>
<b>Total assets</b>	<b>12,543</b>	<b>12,509</b>	<b>15,042</b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Restricted equity	1,904	1,904	1,905
Non-restricted equity	7,082	5,451	7,128
<b>Total equity</b>	<b>8,986</b>	<b>7,355</b>	<b>9,033</b>
<b>Untaxed reserves</b>	<b>1,930</b>	<b>1,315</b>	<b>1,930</b>
<b>Provisions</b>			
Other provisions	36	33	36
<b>Total provisions</b>	<b>36</b>	<b>33</b>	<b>36</b>
<b>Long-term liabilities</b>			
Liabilities to Group companies	1,471	3,696	3,883
<b>Total long-term liabilities</b>	<b>1,471</b>	<b>3,696</b>	<b>3,883</b>
<b>Current liabilities</b>			
Accounts payable	29	22	31
Liabilities to Group companies	18	14	59
Other liabilities	7	8	4
Accrued expenses and deferred income	66	66	66
<b>Total current liabilities</b>	<b>120</b>	<b>110</b>	<b>160</b>
<b>Total liabilities</b>	<b>1,591</b>	<b>3,806</b>	<b>4,043</b>
<b>Total equity and liabilities</b>	<b>12,543</b>	<b>12,509</b>	<b>15,042</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.

The Group began to apply IFRS 16, Leases in 2019.

## IFRS 16 LEASES

IFRS 16, Leases replaced IAS 17, Leases as of 1 January 2019. IFRS 16 will basically require Peab as a lessee to report all leasing contracts as assets and liabilities on the balance sheet, representing the right to use the leased asset respectively the obligation to pay leasing fees. Regarding leasing contracts, depreciation of the leasing asset and interest costs on the leasing liability are recognized in the income statement. This will not have any material effect on profit before tax. Affected leases primarily cover rents for offices and other premises, leaseholds, land rentals and vehicles. IFRS 16, Leases is applied in segment reporting.

When changing over to the new standard Peab has elected the modified retroactive method with the alternative to let the right-of-use asset be measured at the amount of the lease liability at the changeover with adjustments for any prepaid or accrued leasing fees. The elected changeover method does not require recalculating comparable periods.

Right-of-use leases shorter than 12 months or which end within 12 months from the changeover date are classified as current leases and therefore are not included in liabilities or right-of-use assets. In addition, Peab has elected not to recognize leases for which the underlying asset has a low value as a right-of-use asset respectively a lease liability.

Existing finance leases previously recognized according to IAS 17, Leases are reclassified according to IFRS 16 for the amount they were recognized at the day immediately before application of the new standard.

An incremental borrowing rate has been determined per country, right-of-use period and type of asset per 1 January 2019.

Effects of the changeover to IFRS 16 are given below. For further information concerning the changeover to IFRS 16 see the Annual Report 2018, note 45.

Group, MSEK	Reported balance sheet 2018-12-31	Adjustment 2019-01-01	Adjusted balance sheet 2019-01-01
<b>Assets</b>			
Tangible assets	5,741	618	6,359
Investment property	589	53	642
Project and development properties	9,685	206	9,891
Other current receivables	13,857	-27	13,830
Other assets	7,444	-	7,444
<b>Total assets</b>	<b>37,316</b>	<b>850</b>	<b>38,166</b>
<b>Equity and liabilities</b>			
Equity	11,348	-	11,348
Interest-bearing liabilities	7,012	850	7,862
Other liabilities	18,956	-	18,956
<b>Total equity and liabilities</b>	<b>37,316</b>	<b>850</b>	<b>38,166</b>

## Recognition of additional leases according to IFRS 16

Group, MSEK	Jan-Mar 2019	Group, MSEK	2019-01-01	2019-03-31
Production costs	4	Fixed assets	671	667
Sales and administrative expenses	1	Current assets	179	147
<b>Operating profit</b>	<b>5</b>	<b>Total assets</b>	<b>850</b>	<b>814</b>
Financial expenses	-6	Equity	-	-1
<b>Pre-tax profit</b>	<b>-1</b>	Interest-bearing long-term liabilities	702	662
Tax	0	Interest-bearing current liabilities	148	153
<b>Profit for the period</b>	<b>-1</b>	<b>Total equity and liabilities</b>	<b>850</b>	<b>814</b>

## PARENT COMPANY

The new standard IFRS 16, Leases which is applied as of 1 January 2019 does not affect the parent company since the standard is exempt from application in corporations and leasing in the parent company is insignificant.

## Note 2 – Revenue allocation

Group Jan-Mar 2019 MSEK	Construction	Civil Engineering	Industry	Project Development	Group functions	Eliminations	Group
<b>Allocation per external/internal</b>							
External sales	5,387	2,660	1,436	1,851	25		11,359
Internal sales	1,356	256	794	12	250	-2,668	–
<b>Total</b>	<b>6,743</b>	<b>2,916</b>	<b>2,230</b>	<b>1,863</b>	<b>275</b>	<b>-2,668</b>	<b>11,359</b>
<b>Allocation per country</b>							
Sweden	5,282	2,628	2,020	1,509	233	-2,238	9,434
Norway	764	264	95	7	26	-141	1,015
Finland	697	24	113	347	16	-289	908
Other			2				2
<b>Total</b>	<b>6,743</b>	<b>2,916</b>	<b>2,230</b>	<b>1,863</b>	<b>275</b>	<b>-2,668</b>	<b>11,359</b>
<b>Allocation per type of customer</b>							
Public sector	3,077	1,579	203	9	14		4,882
Private customers	2,310	1,081	1,233	1,842	11		6,477
Internal customers	1,356	256	794	12	250	-2,668	–
<b>Total</b>	<b>6,743</b>	<b>2,916</b>	<b>2,230</b>	<b>1,863</b>	<b>275</b>	<b>-2,668</b>	<b>11,359</b>
<b>Allocation per point in time</b>							
At one point in time	26	18	1,234	580	28	-402	1,484
Over time	6,716	2,895	493	1,237	214	-1,891	9,664
Rent revenue <sup>1)</sup>	1	3	503	46	33	-375	211
<b>Total</b>	<b>6,743</b>	<b>2,916</b>	<b>2,230</b>	<b>1,863</b>	<b>275</b>	<b>-2,668</b>	<b>11,359</b>
<b>Allocation per type of revenue</b>							
Contract work	6,716	2,895	492	1,236	7	-1,684	9,662
Sales of products	1		781			-236	546
Sales of development projects				551			551
Transportation services etc.			401			-137	264
Administrative services			1	1	207	-207	2
Rent revenue	1	3	503	46	33	-375	211
Other	25	18	52	29	28	-29	123
<b>Total</b>	<b>6,743</b>	<b>2,916</b>	<b>2,230</b>	<b>1,863</b>	<b>275</b>	<b>-2,668</b>	<b>11,359</b>

<sup>1)</sup> Rent revenue is recognized according to IFRS 16



Group Jan-Mar 2018 MSEK	Construction	Civil Engineering	Industry	Project Development	Group functions	Eliminations	Group
<b>Allocation per external/internal</b>							
External sales	5,312	2,488	1,394	2,272	24		11,490
Internal sales	1,251	328	784	15	235	-2,613	–
<b>Total</b>	<b>6,563</b>	<b>2,816</b>	<b>2,178</b>	<b>2,287</b>	<b>259</b>	<b>-2,613</b>	<b>11,490</b>

**Allocation per country**

Sweden	5,072	2,479	1,970	1,503	222	-2,281	8,965
Norway	752	309	100	178	22	-118	1,243
Finland	738	28	106	606	15	-213	1,280
Other	1		2			-1	2
<b>Total</b>	<b>6,563</b>	<b>2,816</b>	<b>2,178</b>	<b>2,287</b>	<b>259</b>	<b>-2,613</b>	<b>11,490</b>

**Allocation per type of customer**

Public sector	2,398	1,754	166	3	12		4,333
Private customers	2,914	734	1,228	2,269	12		7,157
Internal customers	1,251	328	784	15	235	-2,613	–
<b>Total</b>	<b>6,563</b>	<b>2,816</b>	<b>2,178</b>	<b>2,287</b>	<b>259</b>	<b>-2,613</b>	<b>11,490</b>

**Allocation per point in time**

At one point in time	9	12	1,261	809	27	-441	1,677
Over time	6,554	2,802	436	1,428	212	-1,864	9,568
Rent revenue <sup>1)</sup>		2	481	50	20	-308	245
<b>Total</b>	<b>6,563</b>	<b>2,816</b>	<b>2,178</b>	<b>2,287</b>	<b>259</b>	<b>-2,613</b>	<b>11,490</b>

1) Rent revenue is recognized according to IAS 17

**Allocation per type of revenue**

Contract work	6,552	2,802	436	1,428		-1,650	9,568
Sales of products	1		831			-284	548
Sales of development projects				777		-3	774
Transportation services etc.			408			-140	268
Administrative services	2				212	-214	–
Rent revenue		2	481	50	20	-308	245
Other	8	12	22	32	27	-14	87
<b>Total</b>	<b>6,563</b>	<b>2,816</b>	<b>2,178</b>	<b>2,287</b>	<b>259</b>	<b>-2,613</b>	<b>11,490</b>

Group Jan-Dec 2018 MSEK	Construction	Civil Engineering	Industry	Project Development	Group functions	Eliminations	Group
<b>Allocation per external/internal</b>							
External sales	22,850	12,032	9,474	7,775	102		52,233
Internal sales	5,490	1,713	3,810	69	941	-12,023	–
<b>Total</b>	<b>28,340</b>	<b>13,745</b>	<b>13,284</b>	<b>7,844</b>	<b>1,043</b>	<b>-12,023</b>	<b>52,233</b>

**Allocation per country**

Sweden	21,578	11,878	11,791	5,949	889	-10,149	41,936
Norway	3,389	1,712	935	494	91	-741	5,880
Finland	3,368	155	539	1,401	63	-1,128	4,398
Other	5		19			-5	19
<b>Total</b>	<b>28,340</b>	<b>13,745</b>	<b>13,284</b>	<b>7,844</b>	<b>1,043</b>	<b>-12,023</b>	<b>52,233</b>

**Allocation per type of customer**

Public sector	10,178	7,958	2,727	119	88		21,070
Private customers	12,672	4,074	6,747	7,656	14		31,163
Internal customers	5,490	1,713	3,810	69	941	-12,023	–
<b>Total</b>	<b>28,340</b>	<b>13,745</b>	<b>13,284</b>	<b>7,844</b>	<b>1,043</b>	<b>-12,023</b>	<b>52,233</b>

**Allocation per point in time**

At one point in time	67	32	5,652	2,361	121	-1,593	6,640
Over time	28,269	13,706	5,663	5,256	810	-9,056	44,648
Rent revenue <sup>1)</sup>	4	7	1,969	227	112	-1,374	945
<b>Total</b>	<b>28,340</b>	<b>13,745</b>	<b>13,284</b>	<b>7,844</b>	<b>1,043</b>	<b>-12,023</b>	<b>52,233</b>

<sup>1)</sup> Rent revenue is recognized according to IAS 17

**Allocation per type of revenue**

Contract work	28,262	13,706	5,663	5,254		-8,240	44,645
Sales of products	5		3,545			-822	2,728
Sales of development projects				2,188			2,188
Transportation services etc.		1	1,901			-672	1,230
Administrative services	7			2	810	-816	3
Rent revenue	4	7	1,969	227	112	-1,374	945
Other	62	31	206	173	121	-99	494
<b>Total</b>	<b>28,340</b>	<b>13,745</b>	<b>13,284</b>	<b>7,844</b>	<b>1,043</b>	<b>-12,023</b>	<b>52,233</b>

## Note 3 – Operating segment

Group Jan-Mar 2019 MSEK	Con- struction	Civil Engineering	Industry	Project Development	Group functions	Eliminations	Group
External sales	5,387	2,660	1,436	1,851	25		11,359
Internal sales	1,356	256	794	12	250	-2,668	–
<b>Total income</b>	<b>6,743</b>	<b>2,916</b>	<b>2,230</b>	<b>1,863</b>	<b>275</b>	<b>-2,668</b>	<b>11,359</b>
<b>Operating profit</b>	<b>156</b>	<b>36</b>	<b>-44</b>	<b>178</b>	<b>-48</b>	<b>-13</b>	<b>265</b>
<b>Operating margin, %</b>	<b>2.3</b>	<b>1.2</b>	<b>-2.0</b>	<b>9.6</b>			<b>2.3</b>
Net finance							4
<b>Pre-tax profit</b>							<b>269</b>
Tax							-45
<b>Profit for the period</b>							<b>224</b>
<b>Capital employed (closing balance)</b>			<b>6,322</b>	<b>13,910</b>			

Group Jan-Mar 2018 MSEK	Con- struction	Civil Engineering	Industry	Project Development	Group functions	Eliminations	Group
External sales	5,312	2,488	1,394	2,272	24		11,490
Internal sales	1,251	328	784	15	235	-2,613	–
<b>Total income</b>	<b>6,563</b>	<b>2,816</b>	<b>2,178</b>	<b>2,287</b>	<b>259</b>	<b>-2,613</b>	<b>11,490</b>
<b>Operating profit</b>	<b>143</b>	<b>42</b>	<b>-38</b>	<b>201</b>	<b>-55</b>	<b>-3</b>	<b>290</b>
<b>Operating margin, %</b>	<b>2.2</b>	<b>1.5</b>	<b>-1.7</b>	<b>8.8</b>			<b>2.5</b>
Net finance							-34
<b>Pre-tax profit</b>							<b>256</b>
Tax							-38
<b>Profit for the period</b>							<b>218</b>
<b>Capital employed (closing balance)</b>			<b>5,674</b>	<b>10,867</b>			

Group Jan-Dec 2018 MSEK	Con- struction	Civil Engineering	Industry	Project Development	Group functions	Eliminations	Group
External sales	22,850	12,032	9,474	7,775	102		52,233
Internal sales	5,490	1,713	3,810	69	941	-12,023	–
<b>Total income</b>	<b>28,340</b>	<b>13,745</b>	<b>13,284</b>	<b>7,844</b>	<b>1,043</b>	<b>-12,023</b>	<b>52,233</b>
<b>Operating profit</b>	<b>670</b>	<b>415</b>	<b>977</b>	<b>785</b>	<b>-274</b>	<b>0</b>	<b>2,573</b>
<b>Operating margin, %</b>	<b>2.4</b>	<b>3.0</b>	<b>7.4</b>	<b>10.0</b>			<b>4.9</b>
Net finance							-55
<b>Pre-tax profit</b>							<b>2,518</b>
Tax							-418
<b>Profit for the year</b>							<b>2,100</b>
<b>Capital employed (closing balance)</b>			<b>6,432</b>	<b>12,984</b>			

## Note 4 – 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 2018, note 34. The fair value of financial assets and liabilities is estimated to be, in principle, the same as their recognized values.

Group	31 Mar 2019			31 Mar 2018			31 Dec 2018		
	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		93	93		92	92		109	109
<i>Of which investments in unlisted funds</i>		72	72		71	71		89	89
<i>Of which shareholding in unlisted company</i>		21	21		21	21		20	20
Other long-term receivables			–	2		2			–
<i>Of which commodity hedging with futures</i>			–	2		2			–
Other current receivables	9		9	1		1	1		1
<i>Of which commodity hedging with futures</i>	7		7			–			–
<i>Of which currency swaps</i>	2		2	1		1	1		1
Other securities held as current assets		38	38			–			–
<i>Of which repurchased shares in tenant-owner associations</i>		38	38			–			–
<b>Total financial assets</b>	<b>9</b>	<b>131</b>	<b>140</b>	<b>3</b>	<b>92</b>	<b>95</b>	<b>1</b>	<b>109</b>	<b>110</b>
<b>Financial liabilities</b>									
Other long-term liabilities	17	1	18	36	23	59	22	23	45
<i>Of which interest rate swaps</i>	17		17	36		36	18		18
<i>Of which commodity hedging with futures</i>			–			–	4		4
<i>Of which contingent consideration</i>		1	1		23	23		23	23
Other current liabilities	1	11	12	10	11	21	1	11	12
<i>Of which currency swaps</i>	1		1	10		10	1		1
<i>Of which contingent consideration</i>		11	11		11	11		11	11
<b>Total financial liabilities</b>	<b>18</b>	<b>12</b>	<b>30</b>	<b>46</b>	<b>34</b>	<b>80</b>	<b>23</b>	<b>34</b>	<b>57</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							Other securities held as current asset
	Unlisted funds			Unlisted shares			Repurchased shares in tenant-owner associations	
	31 Mar 2019	31 Mar 2018	31 Dec 2018	31 Mar 2019	31 Mar 2018	31 Dec 2018	31 Mar 2019	
<b>MSEK</b>								
<b>Opening balance</b>	<b>89</b>	<b>59</b>	<b>59</b>	<b>20</b>	<b>21</b>	<b>21</b>	<b>–</b>	
Investments	1	5	19				471	
Sales						-12	-331	
Dividends received	-22		-3					
Reported in profit/loss for the period								
Production costs <sup>1)</sup>							-102	
Net finance	4	7	14			11		
Reported in other comprehensive income				1				
<b>Closing balance</b>	<b>72</b>	<b>71</b>	<b>89</b>	<b>21</b>	<b>21</b>	<b>20</b>	<b>38</b>	

<sup>1)</sup> Have corresponded to project provisions of SEK 102 million and therefore the net effect in the income statement is SEK 0 million.

Group	Contingent consideration		
	31 Mar 2019	31 Mar 2018	31 Dec 2018
<b>MSEK</b>			
<b>Opening balance</b>	<b>34</b>	<b>34</b>	<b>34</b>
Acquisitions during the period			2
Payments during the period	-23		-3
Reported in profit for the period			
Other operating costs			1
Interest expense (discount) <sup>1)</sup>	1	0	0
Reported in other comprehensive income	0		0
<b>Closing balance</b>	<b>12</b>	<b>34</b>	<b>34</b>

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

The contingent consideration will amount to at least SEK 3 million and at most SEK 17 million.

## Future financial information

### FUTURE INFORMATION

- Quarterly report January-June 2019 19 July 2019
- Quarterly report January-September 2019 24 October 2019
- Year-end report 2019 6 February 2020
- Annual and Sustainability Report 2019 April 2020

*Förslöv May 9, 2019*

*Jesper Göransson  
CEO and President*

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

# Quarterly data

## Group

MSEK	Jan-Mar 2019	Oct-Dec 2018	Jul-Sep 2018	Apr-Jun 2018	Jan-Mar 2018	Oct-Dec 2017	Jul-Sep 2017	Apr-Jun 2017	Jan-Mar 2017
Net sales	11,359	14,845	12,445	13,453	11,490	14,490	11,595	12,791	11,105
Production costs	-10,367	-13,372	-11,153	-12,038	-10,482	-13,103	-10,431	-11,461	-10,234
<b>Gross profit</b>	<b>992</b>	<b>1,473</b>	<b>1,292</b>	<b>1,415</b>	<b>1,008</b>	<b>1,387</b>	<b>1,164</b>	<b>1,330</b>	<b>871</b>
Sales and administrative expenses	-751	-711	-575	-761	-737	-695	-528	-735	-656
Other operating income	27	119	45	27	25	71	78	38	118
Other operating costs	-3	-18	-19	-4	-6	-10	0	-2	-13
<b>Operating profit</b>	<b>265</b>	<b>863</b>	<b>743</b>	<b>677</b>	<b>290</b>	<b>753</b>	<b>714</b>	<b>631</b>	<b>320</b>
Financial income	54	18	36	19	27	118	17	36	20
Financial expenses	-50	-42	-29	-23	-61	-46	-26	-50	-29
<b>Net finance</b>	<b>4</b>	<b>-24</b>	<b>7</b>	<b>-4</b>	<b>-34</b>	<b>72</b>	<b>-9</b>	<b>-14</b>	<b>-9</b>
<b>Pre-tax profit</b>	<b>269</b>	<b>839</b>	<b>750</b>	<b>673</b>	<b>256</b>	<b>825</b>	<b>705</b>	<b>617</b>	<b>311</b>
Tax	-45	-133	-146	-101	-38	-145	-120	-92	-34
<b>Profit for the period</b>	<b>224</b>	<b>706</b>	<b>604</b>	<b>572</b>	<b>218</b>	<b>680</b>	<b>585</b>	<b>525</b>	<b>277</b>
<b>Profit for the period, attributable to:</b>									
Shareholders in parent company	224	706	604	572	218	680	585	525	277
Non-controlling interests	0	0	0	0	0	0	-	-	-
<b>Profit for the period</b>	<b>224</b>	<b>706</b>	<b>604</b>	<b>572</b>	<b>218</b>	<b>680</b>	<b>585</b>	<b>525</b>	<b>277</b>
<b>Key ratios</b>									
Earnings per share, SEK	0.76	2.39	2.05	1.94	0.74	2.31	1.98	1.78	0.94
Average number of outstanding shares, million	295.0	295.0	295.0	295.0	295.0	295.0	295.0	295.0	295.0
Capital employed (closing balance)	18,877	18,360	17,730	16,322	14,631	14,074	14,438	13,874	13,501
Equity (closing balance)	11,665	11,348	10,735	10,153	10,688	10,332	9,757	9,170	9,559

**Business areas**

MSEK	Jan-Mar 2019	Oct-Dec 2018	Jul-Sep 2018	Apr-Jun 2018	Jan-Mar 2018	Oct-Dec 2017	Jul-Sep 2017	Apr-Jun 2017	Jan-Mar 2017
<b>Net sales</b>									
Construction	6,743	8,182	6,172	7,423	6,563	7,631	5,721	6,988	6,386
Civil Engineering	2,916	4,189	3,301	3,439	2,816	3,787	2,819	2,831	2,388
Industry	2,230	3,803	3,723	3,580	2,178	3,684	3,420	3,420	2,237
Project Development	1,863	1,904	1,878	1,775	2,287	2,205	1,926	2,000	2,212
– of which Property Development	173	194	217	171	156	117	131	106	659
– of which Housing Development	1,690	1,710	1,661	1,604	2,131	2,088	1,795	1,894	1,553
Group functions	275	223	276	285	259	262	242	254	235
Eliminations	-2,668	-3,456	-2,905	-3,049	-2,613	-3,079	-2,533	-2,702	-2,353
<b>Group</b>	<b>11,359</b>	<b>14,845</b>	<b>12,445</b>	<b>13,453</b>	<b>11,490</b>	<b>14,490</b>	<b>11,595</b>	<b>12,791</b>	<b>11,105</b>
<b>Operating profit</b>									
Construction	156	207	142	178	143	180	121	162	139
Civil Engineering	36	145	98	130	42	136	89	110	39
Industry	-44	401	352	262	-38	302	342	246	-23
Project Development	178	245	165	174	201	246	174	162	222
– of which Property Development	46	69	38	13	50	6	-3	5	90
– of which Housing Development	132	176	127	161	151	240	177	157	132
Group functions	-48	-155	-9	-55	-55	-128	-4	-49	-47
Eliminations	-13	20	-5	-12	-3	17	-8	0	-10
<b>Group</b>	<b>265</b>	<b>863</b>	<b>743</b>	<b>677</b>	<b>290</b>	<b>753</b>	<b>714</b>	<b>631</b>	<b>320</b>
<b>Operating margin, %</b>									
Construction	2.3	2.5	2.3	2.4	2.2	2.4	2.1	2.3	2.2
Civil Engineering	1.2	3.5	3.0	3.8	1.5	3.6	3.2	3.9	1.6
Industry	-2.0	10.5	9.5	7.3	-1.7	8.2	10.0	7.2	-1.0
Project Development	9.6	12.9	8.8	9.8	8.8	11.2	9.0	8.1	10.0
– of which Property Development	26.6	35.6	17.5	7.6	32.1	5.1	-2.3	4.7	13.7
– of which Housing Development	7.8	10.3	7.6	10.0	7.1	11.5	9.9	8.3	8.5
Group functions									
Eliminations									
<b>Group</b>	<b>2.3</b>	<b>5.8</b>	<b>6.0</b>	<b>5.0</b>	<b>2.5</b>	<b>5.2</b>	<b>6.2</b>	<b>4.9</b>	<b>2.9</b>
<b>Order situation, MSEK</b>									
Orders received	11,868	10,451	11,473	16,257	12,906	13,039	10,651	12,880	12,429
Order backlog at the end of the period	47,532	45,819	48,036	47,453	43,055	40,205	40,211	39,470	38,149

# 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. For more information and calculations, see [www.peab.com/alternative-performance-measures](http://www.peab.com/alternative-performance-measures).

## **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.

## **Orders received**

The sum of orders received during the period. Measures how new orders replace produced work.

## **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.



# The Nordic Community Builder

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

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

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 52 billion**

Employees, appr.

**15,000**

## 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 a construction project.

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, ballast, concrete, asphalt, 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 handling production waste.



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