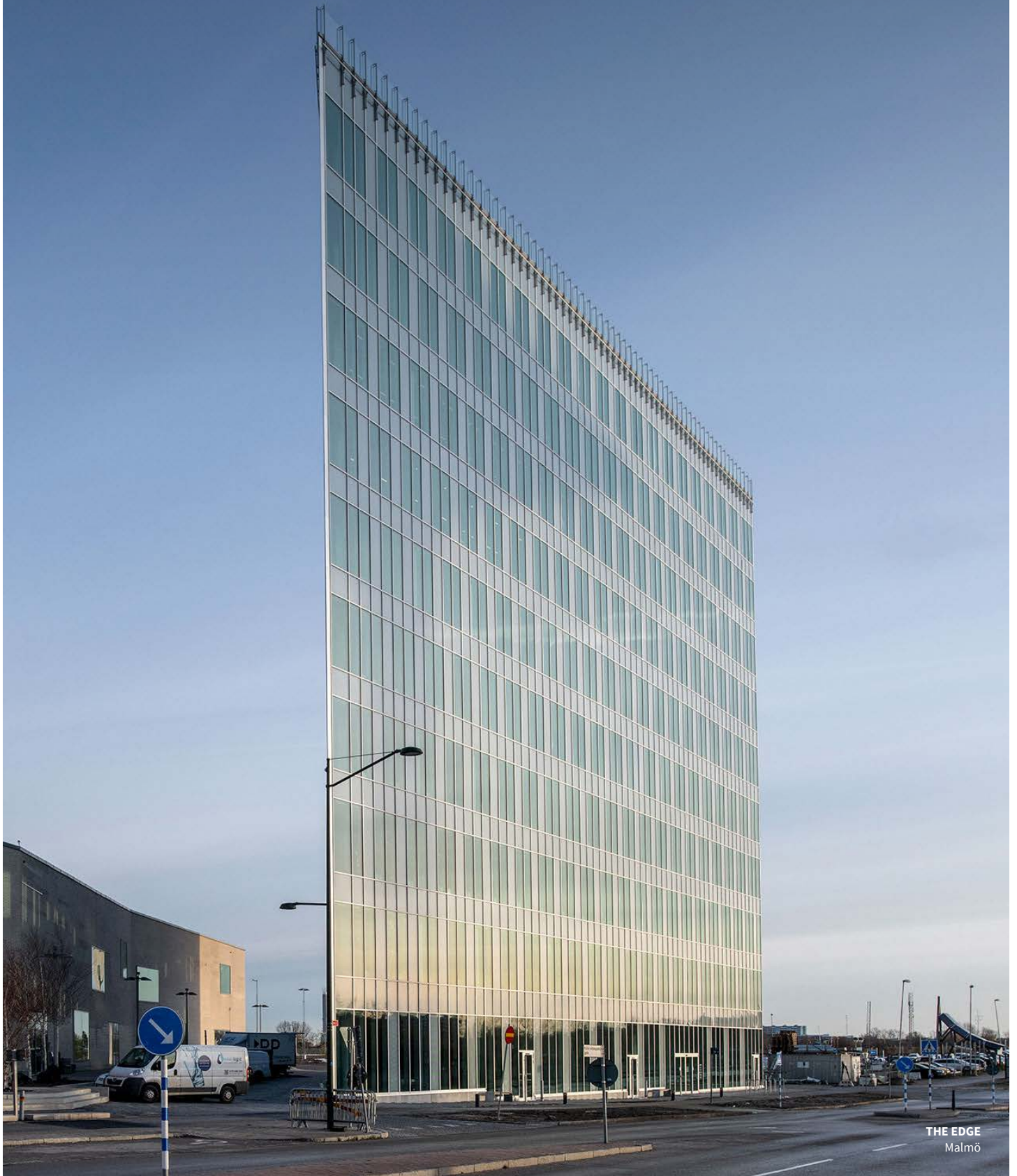


# Quarterly report

JANUARY – MARCH 2020



THE EDGE  
Malmö



**PEAB**  
THE NORDIC COMMUNITY BUILDER

# Stable quarter but greater uncertainty

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 3.

## Summary according to segment reporting

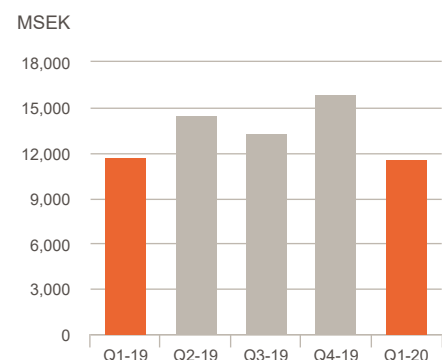
- Net sales SEK 11,638 million (11,663)
- Operating profit SEK 211 million (266)
- Operating margin 1.8 percent (2.3)
- Pre-tax profit SEK 141 million (276)
- Earnings per share SEK 0.41 (0.77)
- Orders received SEK 12,608 million (11,868)
- Order backlog SEK 44,151 million (47,532)
- Cash flow before financing SEK 1,597 million (1,256)
- Net debt SEK 4,186 million (5,323)
- Equity/assets ratio 33.8 percent (31.6)
- Real estate company Annehem Fastigheter founded
- Acquisition of paving and mineral aggregates operations from YIT finalized on April 1, 2020

## Group

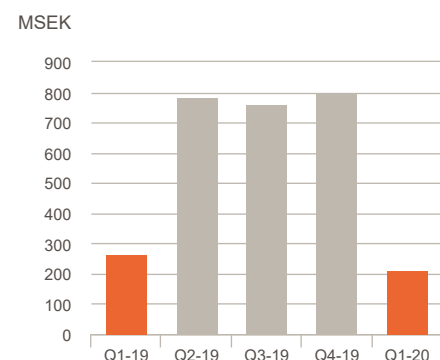
MSEK	Jan-Mar 2020	Jan-Mar 2019	Apr 2019- Mar 2020	Jan-Dec 2019
<b>Segment reporting</b>				
Net sales	11,638	11,663	55,324	55,349
Operating profit	211	266	2,555	2,610
Operating margin, %	1.8	2.3	4.6	4.7
Pre-tax profit	141	276	2,444	2,579
Profit for the period	121	228	2,031	2,138
Earnings per share, SEK	0.41	0.77	6.89	7.25
Return on equity, % <sup>1)</sup>	16.9	-	16.9	17.9
Return on capital employed, % <sup>1)</sup>	12.5	-	12.5	12.8
Net debt	4,186	5,323	4,186	7,535
Equity/assets ratio, %	33.8	31.6	33.8	32.5
Cash flow before financing	1,597	1,256	1,698	1,357
Number of employees at the end of the period	14,090	14,280	14,090	14,258
<b>Reporting according to IFRS</b>				
Net sales, IFRS	11,870	12,839	55,334	56,303
Operating profit, IFRS	170	791	2,664	3,285
Pre-tax profit, IFRS	81	795	2,513	3,227
Profit for the period, IFRS	68	638	2,086	2,656
Earnings per share, IFRS, SEK	0.23	2.16	7.07	9.00
Cash flow before financing, IFRS	1,264	3,135	1,355	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 March 31, 2019 are given.

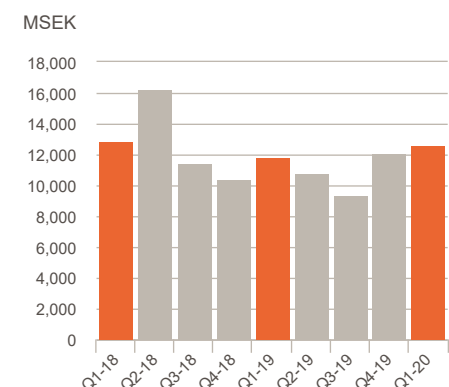
### Net sales



### Operating profit



### Orders received



# Comments from the CEO

The first quarter 2020 must be considered unique. We entered the year with stable market prospects but when we closed the books the picture was dramatically different. The underlying profit from our business areas was stable in the quarter and Peab's good financial position, high level of orders and a tried and true business model is the solid platform we stand on to face growing uncertainty.

## GROUP DEVELOPMENT

Net sales in the first quarter amounted to SEK 11,638 million (11,663). Operating profit was SEK 211 million (266), which entailed an operating margin of 1.8 percent (2.3). Cash flow before financing was strong and amounted to SEK 1,597 million (1,256). Net debt decreased to SEK 4,186 million compared to 5,323 at year-end.

## BUSINESS AREA DEVELOPMENT

The first quarter is seasonally weak, primarily in Civil Engineering and Industry. Net sales and operating profit in business area Construction contracted slightly compared to the first quarter 2019. Net sales in business area Civil Engineering also contracted slightly, primarily in Operations and maintenance but at the same time operating profit increased. Net sales in business area Industry were more or less unchanged compared to the corresponding quarter last year and operating profit was slightly lower. Acquisition costs connected to the deal with YIT continued to be a charge in the first quarter by SEK 10 million. Project Development reported lower net sales and operating profit. In Property Development operating profit was down by around SEK 20 million as a result of lower profit in operations connected to air travel and tourism due to the coronavirus pandemic. Profit in Housing Development increased. Housing sales were very strong until the end of March when we experienced an abrupt decline. We have had higher costs in Group functions for, among other things, consultants connected to development of our new digital system.

## ORDER SITUATION

The level of orders received in the first quarter 2020 increased and amounted to SEK 12,608 million compared to SEK 11,868 million in the corresponding period last year. The level of orders rose in business areas Construction, Civil Engineering and Project Development in the first quarter. Business area Industry reported a lower level of orders. Orders received in the first quarter 2020 are well spread in both place and product. Order backlog at the end of the period amounted to SEK 44,151 million compared to SEK 47,532 million in the corresponding period 2019.

## MARKET AND OUTLOOK FOR THE FUTURE

The development of the coronavirus into a pandemic sent shock waves through financial markets and rapidly closed down large sections of the global economy, resulting in a high degree of uncertainty about future developments.

The construction business is characterized by long lead times between orders received and completed projects. Up to this point in time the coronavirus has had relatively little effect on Peab and most of production has continued without disruptions, in part due to a large proportion of internal deliveries but also to a high degree thanks to our competent personnel focused on solving problems. Long-term effects are, however, difficult to assess.

The market forecasts that have been updated in conjunction with publishing this quarterly report indicate a downturn in building construction investments, primarily regarding housing and commercial premises. However, public premises are expected to be more stable and civil engineering investments are expected to increase in 2020.

Looking ahead we are convinced that demand for Peab's products will be good on all our markets. This is also underpinned by continued low interest rates. In addition, the construction industry can play a big role in kick-starting the economies in the countries where we have operations to lessen the effects of the coronavirus pandemic.



## WE CONTINUE TO DEVELOP PEAB

The Board decided to postpone the decision about both the ordinary dividend and the distribution of the shares in the real estate company Annehem Fastigheter. The Board intends to regularly evaluate the dividend capacity and it is both the Board's and executive management's opinion that the distribution and listing of Annehem Fastigheter is, as soon as market conditions allow, best for shareholders in Peab. This is why the work to build the company, appoint management and a board and adopt a business concept and strategies has continued undeterred in order to be ready for distribution when the time is right. The creation of Annehem Fastigheter means that our larger ongoing projects in Property Development are intended for sales to Annehem Fastigheter and will thereby be included in the planned extra distribution.

In the beginning of April we had the pleasure of welcoming 1,700 new employees to Peab when we took over the paving and mineral aggregates operations we acquired from YIT. Through the acquisition we continue to develop Peab as the local company with the big group resources. Through our four business areas that collaborate locally, a large portion of our own input goods and our own employees, we have good control over the construction process and this makes us less vulnerable in troubled times.

During the second quarter we will implement the coordination of support functions in our operations in order to achieve lower overhead, higher efficiency and greater flexibility. We are also building up structures to be able to furlough and train our employees. These measures will generate higher costs this year. At the same time we enhance our ability to handle different scenarios regarding current market developments and strengthen our long range competitiveness.

Peab is a major employer with many employees and many people at our workplaces. As a big 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 the coronavirus and keep our operations going.

Peab has a strong financial position and the deferred dividend decisions provide us with even more power and preparedness. We have a tried and true business model and a very competent organization. In other words, we are well-equipped for the future.

*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 conjunction 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.

To create clarity and enable the market to follow Peab's development regarding our own housing developments, revenue and expenses will continue to be recognized over time as the projects are successively 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 conjunction 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.se/ifrs](http://www.peab.se/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.

## NET SALES AND PROFIT

Group net sales for the first quarter 2020 amounted to SEK 11,638 million (11,663).

Net sales in business area Construction decreased by two percent. The proportion of housing projects continues to diminish while other building construction for the public sector is growing. Net sales in business area Civil Engineering decreased by five percent and the reduction is largely due to Operation and maintenance. Net sales in business area Industry were relatively unchanged compared to the same period last year. Net sales in Mineral Aggregates and Paving increased while net sales in Rentals and Construction System declined. Net sales in business area Project Development decreased by nine percent and the reduction stems from both Housing Development and Property Development.

Of the quarter's net sales SEK 2,651 million (2,230) were attributable to sales and production outside Sweden.

Operating profit for the first quarter 2020 amounted to SEK 211 million (266) and the operating margin was 1.8 percent (2.3). In business area Construction the operating margin was 2.2 percent (2.3).

In business area Civil Engineering the operating margin improved and was 1.5 percent (1.2). Operating profit was lower in business area Industry compared to the corresponding period last year. The reduction was due to higher costs for maintenance as a result of expanded operations. There have also been additional acquisition costs of SEK 10 million for the takeover of operations from YIT due to a drawn out process. The operating margin in business area Project Development increased in Housing Development to 8.1 percent (6.7) while the operating profit in Property Development was lower. Some operations in Property Development were affected negatively by around SEK 20 million by the coronavirus pandemic which has led to lower operating profit compared to the first quarter 2019. We have had higher costs in Group functions for, among other things, consultants connected to development of our new digital system.

Depreciation and write-downs for the first quarter were SEK -266 million (-248).

Eliminations and reversal of internal profit in our own projects have affected operating profit during the quarter net by SEK -1 million (-13).

Net financial items amounted to SEK -70 million (10) of which net interest was SEK -3 million (-12). Net financial items include exchange rate differences of SEK -81 million (11). The exchange rate differences have primarily occurred in the accounts as an effect from the revaluation of receivables from subsidiaries in Norway and Finland, and have no cash flow effect.

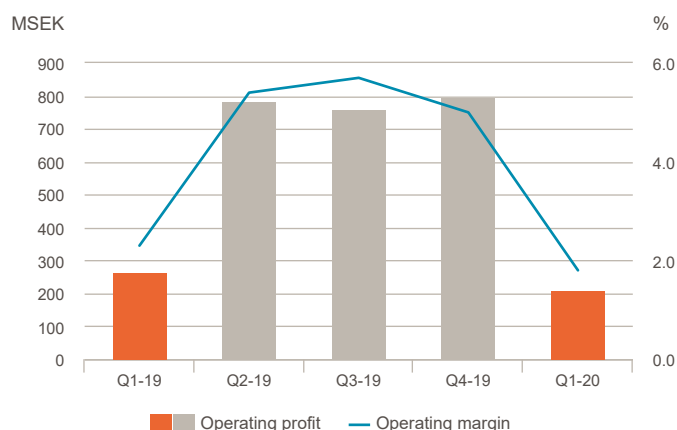
Pre-tax profit was SEK 141 million (276).

Profit for the period was SEK 121 million (228).

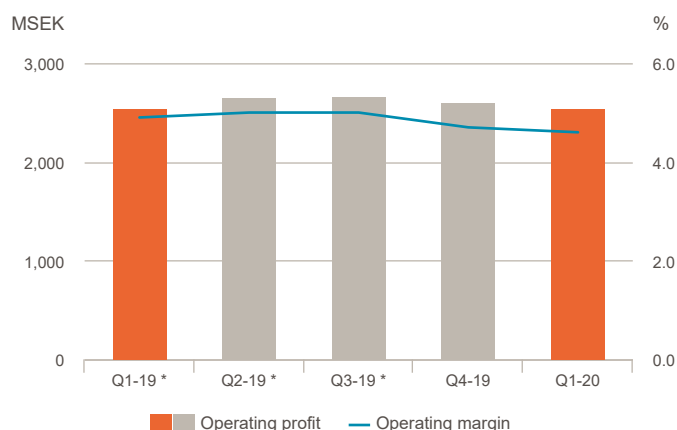
## SEASONAL VARIATIONS

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



\*Q1-Q3 2019 not translated

# Financial position and cash flow

## FINANCIAL POSITION

Total assets per March 31, 2020 were SEK 36,589 (37,695), of which equity amounted to SEK 12,349 million (11,920). This means the debt /equity ratio was 33.8 percent compared to 31.6 percent at the end of the corresponding period last year. Interest-bearing net debt was SEK 4,186 million compared to SEK 5,323 million at the same time last year. Net debt includes the unsold part of housing projects. The reduction in net debt is primarily due to an improved cash flow stemming from lower working capital. In addition, dividends from partially owned companies have had a positive effect. The average interest rate in our loan portfolio, including interest derivatives, was 1.6 percent (1.6) on March 31, 2020.

Group liquid funds according to IFRS, including unutilized credit facilities, were at the end of the period SEK 6,849 million 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 3,458 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 568 million of contingent liabilities compared to SEK 433 million on December 31, 2019.

## INVESTMENTS AND DIVESTITURES

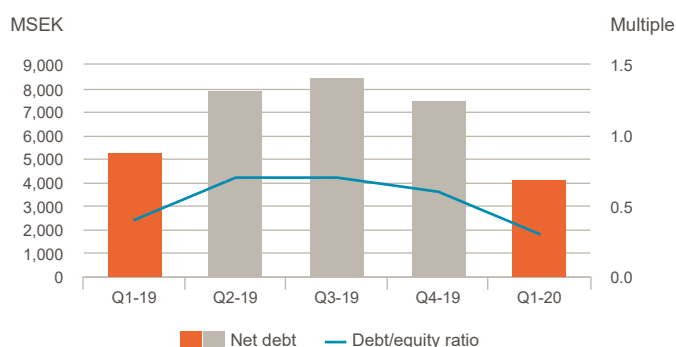
During the first quarter SEK 191 million (458) was net invested in tangible and intangible fixed assets and investment property.

Net divestitures in project and development properties, which are recognized as inventory items, totaled SEK 517 million (net divestitures SEK 184 million) during the period.

## Net debt

MSEK	31 Mar 2020	31 Mar 2019	Dec 31 2019
Bank loans	1,077	1,798	1,864
Commercial papers	579	130	1,359
Bonds	2,998	2,248	2,248
Financial leasing liabilities	541	587	579
Project financing, unsold part of housing projects	2,383	3,423	3,088
Interest-bearing receivables	-2,415	-1,707	-1,230
Liquid funds	-977	-1,156	-373
<b>Net debt</b>	<b>4,186</b>	<b>5,323</b>	<b>7,535</b>
Interest-bearing receivables	24	184	-
Additional leasing liabilities according to IFRS 16	638	815	764
Project financing, sold part of housing projects	5,223	5,079	4,875
Annehem Fastigheter	1,919	-	-
<b>Net debt, IFRS</b>	<b>11,990</b>	<b>11,401</b>	<b>13,174</b>

## Net debt and debt/equity ratio



## CASH FLOW

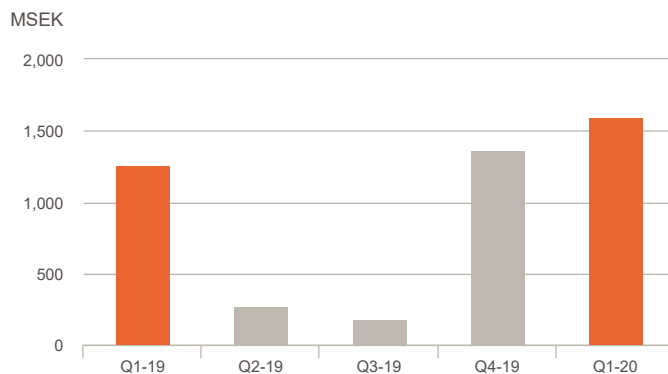
Cash flow from current operations was SEK 1,797 million (1,339), of which cash flow from changes in working capital was SEK 1,140 million (827). Cash flow from current operations included dividends of SEK 272 million (7) from partially owned companies. The change in working capital is largely due to diminished accounts receivable.

Cash flow from investment activities was SEK -200 million (-83) and mostly consisted of machinery investments. The first quarter of last year included repayment of loans from partially owned companies.

Cash flow before financing amounted to SEK 1,597 million (1,256).

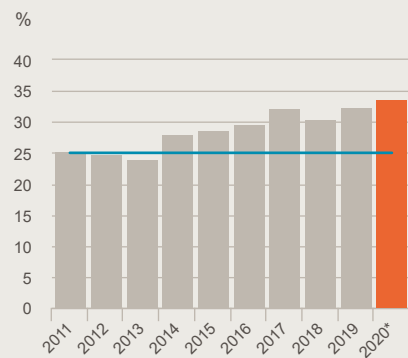
Cash flow from investment operations amounted to SEK -943 million (-1,493) and refers to repayment of loans.

## Cash flow before financing



## Financial goals

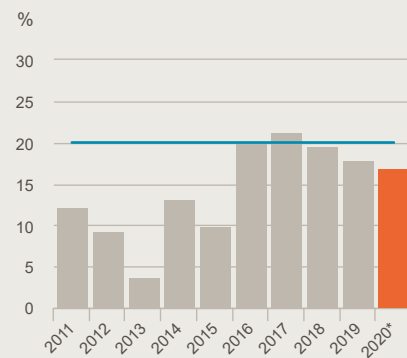
### Equity/assets ratio



\* As of March 31, 2020

Goal > 25%

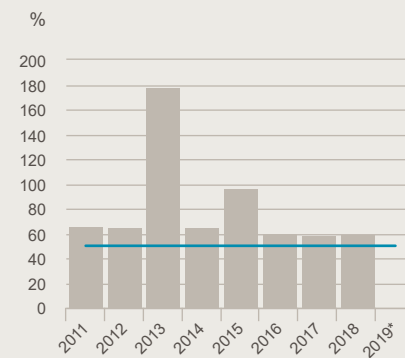
### Return on equity



\* Rolling 12 months as of March 31, 2020

Goal > 20%

### Dividends



\* Board of Directors' proposal for 2019 to the AGM is that no dividend be paid.

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

Orders received for the first quarter 2020 amounted to SEK 12,608 million compared to SEK 11,868 million for the same period last year. The level of orders received in business areas Construction, Civil Engineering and Project Development increased during the first quarter. The level of orders received was lower in both Paving and Construction System in business area Industry. Orders received in the first quarter 2020 are well spread in place and product segment.

## Orders received

MSEK	Jan-Mar 2020	Jan-Mar 2019	Apr 2019- Mar 2020	Jan-Dec 2019
Construction	7,449	6,368	27,236	26,155
Civil Engineering	3,435	3,069	13,474	13,108
Industry	1,399	2,280	5,293	6,174
Project Development	1,670	1,627	6,207	6,164
Eliminations	-1,345	-1,476	-7,340	-7,471
<b>Group</b>	<b>12,608</b>	<b>11,868</b>	<b>44,870</b>	<b>44,130</b>

Order backlog yet to be produced at the end of the period decreased to SEK 44,151 million compared to SEK 47,532 million at the end of the same period last year. Of the total order backlog, 42 percent (40) is expected to be produced after 2020 (2019). Swedish operations accounted for 79 percent (82) of the order backlog.

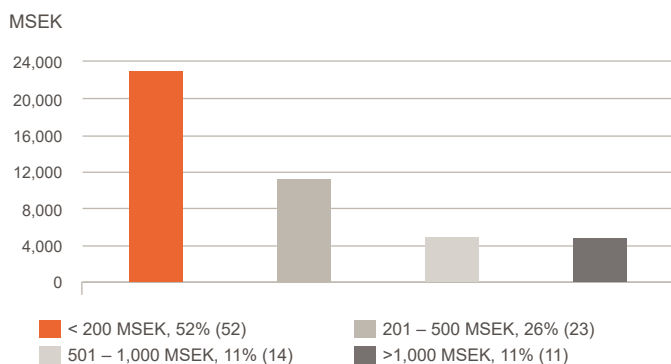
## Order backlog

MSEK	31 Mar 2020	31 Mar 2019	Dec 31 2019
Construction	27,832	29,479	26,928
Civil Engineering	14,146	13,843	13,446
Industry	3,409	3,981	2,548
Project Development	4,885	6,694	5,027
Eliminations	-6,121	-6,465	-5,455
<b>Group</b>	<b>44,151</b>	<b>47,532</b>	<b>42,494</b>

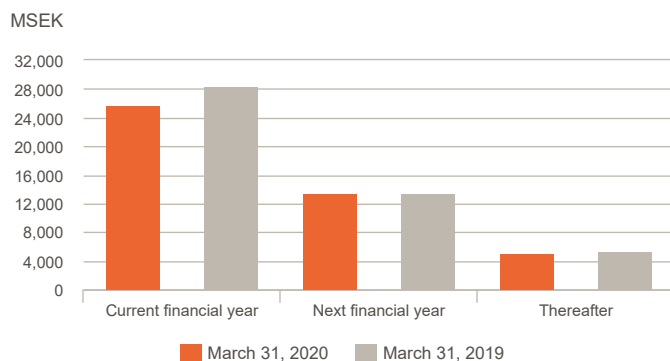
## We received several major projects and contracts in the first quarter, including:

- 🇳🇴 Extension and maintenance phase of the new section of highway on E6 between Kvål and Melhus in Norway. The customer is Nye Veier and the contract is worth NOK 784 million.
- 🇸🇪 Construction of a senior living in Hudiksvall. The customer is Hudiksvall Municipality and the contract is worth SEK 125 million.
- 🇸🇪 Construction of apartments in the city district Regementsstaden in Borås. The customer is the municipal housing company AB Bostäder in Borås and the contract is worth SEK 194 million.
- 🇸🇪 Construction of a 27,500 m<sup>2</sup> extension of chain store Jula's central warehouse in Skara. The customer is Jula Logistics AB and the contract is worth SEK 114 million.
- 🇸🇪 Construction of a new building centrally located in Örebro for Klöver. The tenant will be Scandic Hotels. The contract is worth SEK 218 million.
- 🇫🇮 Construction of an office building and hotel in Keilaniemi in Espoo, Finland. The contract is worth EUR 38 million. The customer for the office building is Real Estate Company Espoon Swing Plus C and Real Estate Company Espoon Swing Plus A for the hotel.
- 🇸🇪 Construction of 120 condominiums in Gärdet in central Stockholm. The customer is Aros Bostad and the contract is worth SEK 283 million.
- 🇸🇪 Construction of a middle school for grades 7-9 in Irsta, Västerås. The customer is Västerås City and the contract is worth SEK 196 million.
- 🇸🇪 Construction of 121 apartments in Söderport, in the center of Norrköping. The customer is Grundingen Fastighets AB and the contract is worth SEK 145 million.
- 🇫🇮 Construction of student housing and commercial space for Turun Ylioppilaskyläsäätiö in Åbo, Finland. The contract is worth EUR 23 million.
- 🇸🇪 Construction of senior living with 88 apartments in Eskilstuna. The customer is Eskilstuna Municipality and the contract is worth SEK 175 million.
- 🇸🇪 Construction of a new factory with an accompanying office building where the next generation of forestry machines will be manufactured in Umeå. The customer is Komatsu Forest AB and the contract is worth SEK 650 million.
- 🇸🇪 Construction of 166 energy efficient student apartments in Björkhagen, south of Stockholm. The customer is Stiftelsen Stockholms studentbostäder, SSSB, and the contract is worth SEK 152 million.
- 🇸🇪 Construction of a new healthcare building on the hospital grounds in Ängelholm. The customer is Hälsoctaden Ängelholm AB and the contract is worth SEK 176 million.

## Project allocation of order backlog, March 31, 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 3.

## Net sales and operating profit per business area

MSEK	Net sales				Operating profit			
	Jan-Mar 2020	Jan-Mar 2019	Apr 2019-Mar 2020	Jan-Dec 2019	Jan-Mar 2020	Jan-Mar 2019	Apr 2019-Mar 2020	Jan-Dec 2019
Construction	6,620	6,743	29,293	29,416	146	155	702	711
Civil Engineering	2,770	2,916	13,193	13,339	41	36	372	367
Industry	2,215	2,230	13,324	13,339	-66	-44	915	937
Project Development	1,969	2,167	8,927	9,125	174	180	1,009	1,015
– of which Property Development	122	173	735	786	25	46	279	300
– of which Housing Development	1,847	1,994	8,192	8,339	149	134	730	715
Group functions	283	275	1,184	1,176	-83	-48	-313	-278
Eliminations	-2,219	-2,668	-10,597	-11,046	-1	-13	-130	-142
<b>Group, segment reporting</b>	<b>11,638</b>	<b>11,663</b>	<b>55,324</b>	<b>55,349</b>	<b>211</b>	<b>266</b>	<b>2,555</b>	<b>2,610</b>
Adjustment housing to IFRS	252	1,176	30	954	-47	520	85	652
IFRS 16, additional leases	–	–	–	–	4	5	22	23
Annehem Fastigheter	40	–	40	–	6	–	6	–
Eliminations	-60	–	-60	–	-4	–	-4	–
<b>Group, IFRS</b>	<b>11,870</b>	<b>12,839</b>	<b>55,334</b>	<b>56,303</b>	<b>170</b>	<b>791</b>	<b>2,664</b>	<b>3,285</b>

MSEK	Operating margin			
	Jan-Mar 2020	Jan-Mar 2019	Apr 2019-Mar 2020	Jan-Dec 2019
Construction	2.2%	2.3%	2.4%	2.4%
Civil Engineering	1.5%	1.2%	2.8%	2.8%
Industry	-3.0%	-2.0%	6.9%	7.0%
Project Development	8.8%	8.3%	11.3%	11.1%
– of which Property Development	20.5%	26.6%	38.0%	38.2%
– of which Housing Development	8.1%	6.7%	8.9%	8.6%
Group functions				
Eliminations				
<b>Group, segment reporting</b>	<b>1.8%</b>	<b>2.3%</b>	<b>4.6%</b>	<b>4.7%</b>
Adjustment housing to IFRS				
IFRS 16, additional leases				
Annehem Fastigheter	15.0%	–	15.0%	–
Eliminations				
<b>Group, IFRS</b>	<b>1.4%</b>	<b>6.2%</b>	<b>4.8%</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 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

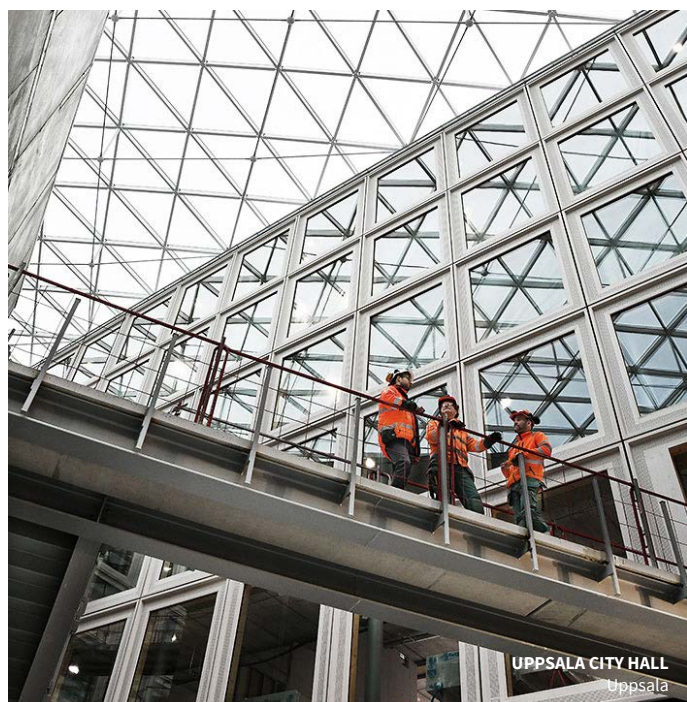
Net sales for the first quarter 2020 decreased slightly compared to the corresponding period last year and amounted to SEK 6,620 million (6,743). The portion of housing projects has continued to decline while other building construction in the public sector has increased.

Operating profit for the first quarter amounted to SEK 146 million (155) and the operating margin was 2.2 percent (2.3). The operating margin for the latest rolling 12 month period was 2.4 percent which was unchanged compared to full year 2019.

## ORDERS RECEIVED AND ORDER BACKLOG

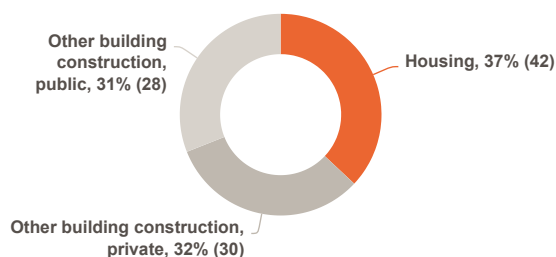
Orders received during the first quarter increased and amounted to SEK 7,449 million (6,368). The orders received were relatively well spread in both product and place.

Order backlog on March 31, 2020 was SEK 27,832 million compared to SEK 29,479 at the end of March 2019.

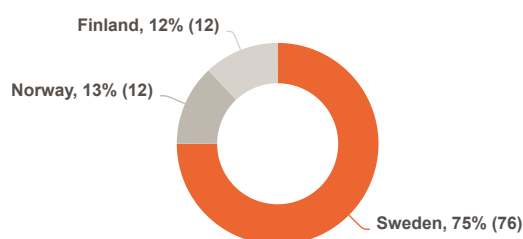


## Net sales

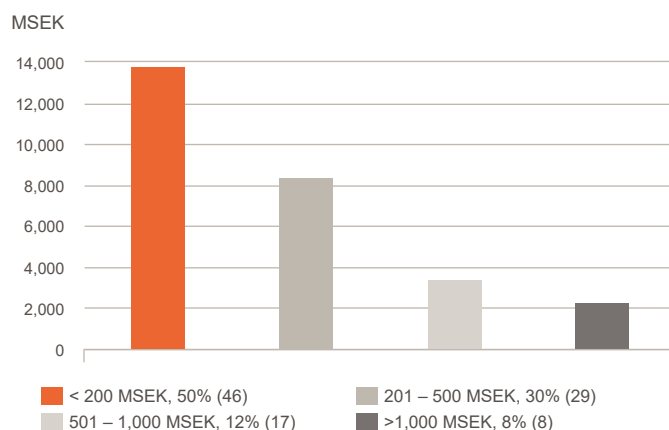
per product area, rolling 12 months



per geographic market, rolling 12 months



## Project allocation of order backlog, March 31, 2020



## Key ratios

	Jan-Mar 2020	Jan-Mar 2019	Apr 2019-Mar 2020	Jan-Dec 2019
Net sales, MSEK	6,620	6,743	29,293	29,416
Operating profit, MSEK	146	155	702	711
Operating margin, %	2.2	2.3	2.4	2.4
Orders received, MSEK	7,449	6,368	27,236	26,155
Order backlog, MSEK	27,832	29,479	27,832	26,928
Number of employees at the end of the period	6,155	6,399	6,155	6,299

# 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 Operation 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

The first quarter is the seasonally weakest quarter in Civil Engineering. Net sales for the first quarter 2020 contracted and amounted to SEK 2,770 million (2,916). The decrease in net sales is mainly attributable to Operation and maintenance.

Operating profit for the first quarter amounted to SEK 41 million (36) and the operating margin improved to 1.5 percent (1.2). The operating margin for the latest rolling 12 month period was 2.8 percent and therefore unchanged compared to the entire year of 2019.

## ORDERS RECEIVED AND ORDER BACKLOG

Orders received during the first quarter 2020 amounted to SEK 3,435 million (3,069). Order backlog on March 31, 2020 amounted to SEK 14,146 million (13,843).

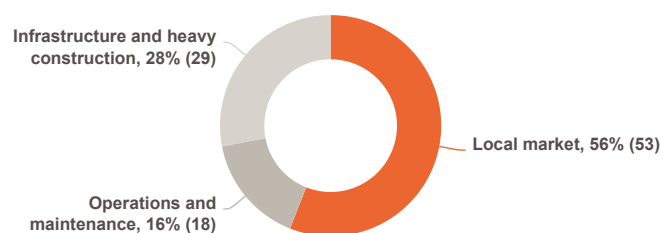


## Key ratios

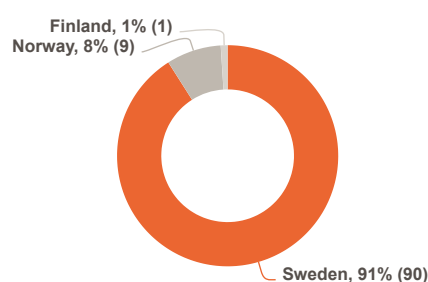
	Jan-Mar 2020	Jan-Mar 2019	Apr 2019-Mar 2020	Jan-Dec 2019
Net sales, MSEK	2,770	2,916	13,193	13,339
Operating profit, MSEK	41	36	372	367
Operating margin, %	1.5	1.2	2.8	2.8
Orders received, MSEK	3,435	3,069	13,474	13,108
Order backlog, MSEK	14,146	13,843	14,146	13,446
Number of employees at the end of the period	3,518	3,507	3,518	3,511

## Net sales

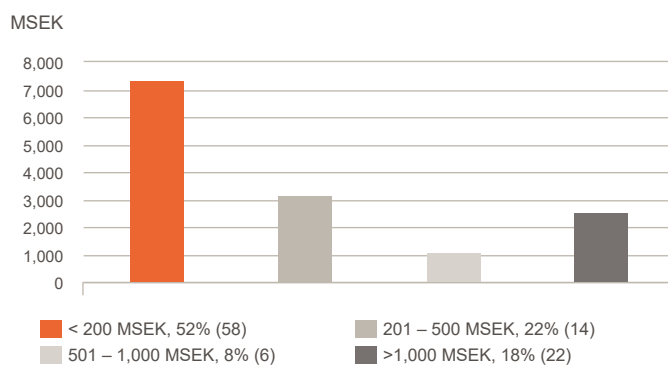
per product area, rolling 12 months



per geographic market, rolling 12 months



## Project allocation of order backlog, March 31, 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.

## NET SALES AND PROFIT

The first quarter is the seasonally weakest quarter in Industry due to winter weather. Net sales for the first quarter 2020 amounted to SEK 2,215 million (2,230). Net sales increased in Paving and Mineral Aggregates while they were lower in Rentals and Construction System. Even adjusted for acquired and divested units, net sales were unchanged compared to the corresponding quarter last year.

Operating profit for the first quarter 2020 amounted to SEK -66 million (-44) and the operating margin was -3.0 percent (-2.0). The reduction was due to higher costs for maintenance as a result of expanded operations. There have also been additional acquisition costs of SEK 10 million for the takeover of operations from YIT due to a drawn out process. The operating margin for the latest rolling 12 month period was 6.9 percent compared to 7.0 percent for the entire year of 2019.

Capital employed in Industry was at the end of the period SEK 6,399 million compared to SEK 6,223 million at the end of the corresponding period last year.

## ORDERS RECEIVED AND ORDER BACKLOG

Orders received during the first quarter 2020 was lower and amounted to SEK 1,399 million (2,280). Both Paving and Construction System have a lower order received compared to the first quarter 2019. The order backlog on March 31, 2020 amounted to SEK 3,409 million (3,981).

## ACQUISITION OF YIT'S 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.

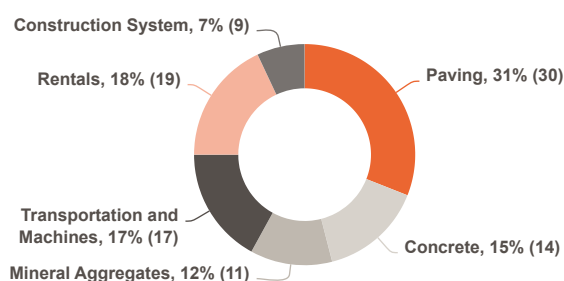
Through the acquisition Peab will expand its presence in Sweden, Norway and Finland and become established in the paving business in Denmark. This will give Peab a unique and market leading position in this business in the Nordic region. The acquisition entails taking over some 1,700 employees, around 200 strategically located quarries along with 63 production asphalt plants in the Nordic region. The operations will be primarily integrated into the companies Peab Asfalt and Swerock and for Peab Asfalt 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 is expected to amount to around SEK 3,000 million for a debt-free business and is fully financed.

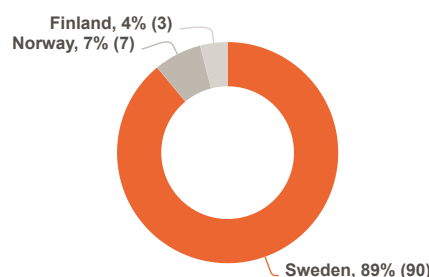
The acquired business had net sales of SEK 6,005 million with an adjusted EBITDA of SEK 240 million in 2018.

## Net sales

per product area, rolling 12 months



per geographic market, rolling 12 months



## Key ratios

	Jan-Mar 2020	Jan-Mar 2019	Apr 2019-Mar 2020	Jan-Dec 2019
Net sales, MSEK	2,215	2,230	13,324	13,339
Operating profit, MSEK	-66	-44	915	937
Operating margin, %	-3.0	-2.0	6.9	7.0
Orders received, MSEK	1,399	2,280	5,293	6,174
Order backlog, MSEK	3,409	3,981	3,409	2,548
Capital employed at the end of the period, MSEK	6,399	6,223	6,399	6,799
Number of employees at the end of the period	3,448	3,443	3,448	3,482
Concrete, thousands of m <sup>3</sup> <sup>1)</sup>	288	258	1,374	1,344
Paving, thousands of tons <sup>1)</sup>	38	19	2,737	2,718
Mineral Aggregates, thousands of tons <sup>1)</sup>	2,885	2,460	16,180	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

Net sales for the first quarter 2020 in business area Project Development amounted to SEK 1,969 million (2,167). Operating profit amounted to SEK 174 million (180).

Capital employed in Project Development at the end of the period amounted to SEK 13,898 million (15,633). Annehem Fastigheter was included with approximately SEK 1,600 million at the corresponding time last year.



## Capital employed

MSEK	31 Mar 2020	31 Mar 2019	Dec 31 2019
Operations property	118	1,041	1,226
Investment property	114	621	500
Project and development property	10,932	11,747	11,850
<i>of which housing development rights</i>	5,144	5,308	5,674
<i>of which commercial development rights</i>	584	626	556
<i>of which unsold part of ongoing housing projects</i>	3,042	3,682	3,520
<i>of which ongoing rental projects in Sweden</i>	946	1,187	846
<i>of which ongoing commercial projects</i>	524	370	445
<i>of which completed property</i>	218	250	391
<i>of which other</i>	474	324	418
Participation in joint ventures	1,585	1,214	2,019
Loans to joint ventures	1,119	1,253	1,106
Working capital and other	30	-243	-22
<b>Total</b>	<b>13,898</b>	<b>15,633</b>	<b>16,679</b>

## Key ratios

	Jan-Mar 2020	Jan-Mar 2019	Apr 2019- Mar 2020	Jan-Dec 2019
Net sales, MSEK	1,969	2,167	8,927	9,125
<i>of which Property Development</i>	122	173	735	786
<i>of which Housing Development</i>	1,847	1,994	8,192	8,339
Operating profit, MSEK	174	180	1,009	1,015
<i>of which Property Development</i>	25	46	279	300
<i>of which Housing Development</i>	149	134	730	715
Operating margin, %	8.8	8.3	11.3	11.1
<i>of which Property Development</i>	20.5	26.6	38.0	38.2
<i>of which Housing Development</i>	8.1	6.7	8.9	8.6
Capital employed at the end of the period, MSEK	13,898	15,633	13,898	16,679
Orders received, MSEK	1,670	1,627	6,207	6,164
Order backlog, MSEK	4,885	6,694	4,885	5,027
Number of employees at the end of the period	343	332	343	343

## HOUSING DEVELOPMENT

In Housing Development, net sales decreased to SEK 1,847 million (1,994) due to lower sales in Sweden. Operating profit improved to SEK 149 million (134) and the operating margin improved to 8.1 percent (6.7). The operating margin for the latest rolling 12 month period was 8.9 percent compared to 8.6 percent for the entire year of 2019.

The number of start-ups of our own developed homes amounted to 503 units (467) with a good geographic spread in all three countries. The number of sold homes increased to 787 (590), most of them sold in Sweden. Housing sales were very strong until the end of March when we experienced an abrupt decline. The number of own developed homes in production decreased and amounted to 4,538 (6,019) at the end of the period. The share of sold homes in production was 72 percent (65). The number of repurchased homes per March 31, 2020 was 245 (109). Most of the repurchased homes are related to Sweden and 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 fewer homes in production. 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

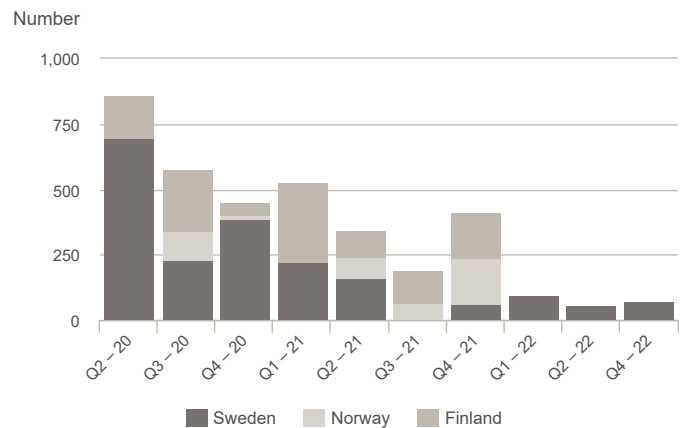
Number, approx.	31 Mar 2020	31 Mar 2019	Dec 31 2019
Development rights on our own balance sheet	20,000	20,900	20,300
Development rights via joint ventures	4,600	5,100	4,600
Development rights via options etc.	9,700	9,500	9,500
<b>Total</b>	<b>34,300</b>	<b>35,500</b>	<b>34,400</b>

## Own housing development construction

	Jan-Mar 2020	Jan-Mar 2019	Apr 2019-Mar 2020	Jan-Dec 2019
Number of housing starts during the period	503	467	2,103	2,067
Number of sold homes during the period	787	590	2,906	2,709
Total number of homes under construction, at the end of the period	4,538	6,019	4,538	4,616
Share of sold homes under construction, at the end of the period	72%	65%	72%	69%
Number of repurchased homes in the balance sheet, at the end of the period	245	109	245	253

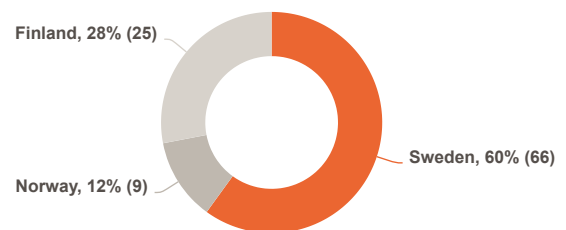


## Completion time of our own developed ongoing housing



## Net sales

per geographic market, rolling 12 months



## PROPERTY DEVELOPMENT

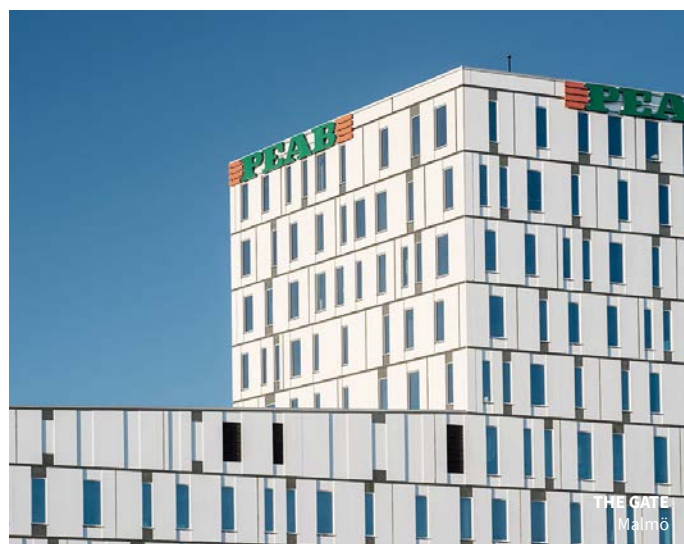
Net sales and operating profit from operations are derived from acquisitions, development, maintaining and managing wholly owned property, shares in the result from partly owned companies as well as capital gains/losses from the divestiture of completed projects and shares in partly owned companies.

Net sales in the first quarter 2020 were SEK 122 million (173) and operating profit was SEK 25 million (46). During the quarter some operations connected to air travel and tourism have been affected negatively by the coronavirus pandemic which has led to a lower operating profit by about SEK 20 million compared to the first quarter 2019. Last year Property Development also contained Annehem Fastigheter. No major property transactions have occurred during the quarter.

At the end of the first quarter capital employed in Property Development had contracted compared to the first quarter 2019 due to the transfer of fully developed properties to Annehem Fastigheter. At the same time last year Annehem Fastigheter was included by around SEK 1,600 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 larger ongoing projects in Property Development are intended for sales to Annehem Fastigheter and will thereby be included in the planned extra distribution. The table below presents the larger ongoing property projects per March 31, 2020.

## 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, %
Office building and parking	Solna	2,900	89	232	279	Q2-2020	83
Retail	Oslo	3,600	100	134	186	Q4-2020	72
Office building	Helsingborg	2,900	77	50	106	Q2-2021	47
Office building	Solna	4,300	89	58	194	Q3-2021	30
Other ongoing projects				50			
<b>Total</b>				<b>524</b>			
<i>of which operations property</i>				50			
<i>of which project and development property</i>				474			



## 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

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 March 31, 2020<sup>1)</sup>:** SEK 4,560 million (3,593)

**Peab's portion of unrecognized fair value exclusive tax<sup>1)</sup>:** SEK 262 million (221)

**Major ongoing projects:** Munkeback, 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 March 31, 2020<sup>1)</sup>:** SEK 6,708 million (6,163)

**Peab's portion of unrecognized fair value exclusive tax<sup>1)</sup>:** SEK 426 million (352)

**Major ongoing projects:** 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 March 31, 2020:** SEK 1,893 million (1,839)

**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. 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 this is 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 is continuing 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. 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 owns and manages high quality commercial, community and residential property with a clear environmental profile and good connections to the Nordic growth areas Stockholm, Skåne, Göteborg 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 will be 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.

## PROPERTY PORTFOLIO

Per March 31, 2020 Annehem Fastigheter owns fully developed properties and participations with a market value of SEK 3,119 million. This includes 50 percent ownership in two joint venture companies – Nya Bara Utvecklings AB and Point Hyllie Holding AB. Annehem Fastigheter has also signed a contract with Peab to acquire further properties after they are completed. Two of the properties, located in Solna and Oslo, will be taken over during 2020 at a total market value of SEK 582 million, and two properties located in Solna and Helsingborg will be taken over in 2021 at 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 book value.

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	Helsinki	9,300	85
Office building	Helsinki	7,600	80
Retail and offices	Gothenburg	6,300	97
Office building	Malmö	5,000	74
Office building	Malmö	1,000	100

Partly owned shares	Location	Type of property
Nya Bara Utvecklings AB, 50%	Bara, Malmö	Homes, community and commercial premises
Point Hyllie Holding AB, 50%	Hyllie, Malmö	Hotel and office building

## 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.

Net sales for the first quarter 2020 amounted to SEK 40 million. Operating profit for the period was SEK 6 million and the operating margin was 15 percent. Depreciation and write-downs amounted to SEK -11 million.



# Construction market

## SWEDEN

The difficult to assess situation regarding the continued spread of COVID-19 and its effects on the global economy make any forecasts concerning the Swedish economy highly uncertain. New residential construction will probably see a dramatic decline this year which will most likely continue in 2021. The service sector is hard hit by COVID-19 and the resulting recession, which will have a negative effect on new construction of private premises this year and the next. However, public building construction can grow during 2020-2021 if project starts are brought forward. Renters of premises moving or going bankrupt can contribute to more renovation work during the forecast period. The forecast for civil engineering investments indicates an increase in both 2020 and 2021. However, a recession can affect private investments while public projects may be postponed due to reprioritizing.

## NORWAY

There is a risk that compared to other Nordic countries Norway will be hit especially hard because its economy is also negatively affected by the drop in oil prices. Because of the weaker economy the forecast for residential construction, which is expected to be negatively affected by increasing turbulence on the market and rising unemployment, has been adjusted downward. Building construction investments in private premises are also expected to be negatively affected by the pandemic, especially in industry, which is in extension also hit by lower oil prices. Government finances on the other hand are strong after several years of good growth and higher employment providing the opportunity to keep public sector construction active. Growing investments in public building construction are expected to mitigate the effect of developments in total other building construction investments. The forecast for civil engineering investments indicates a stable rate of growth during 2020-2021.

## FINLAND

Because it is highly dependent on exports Finland is expected to be hit hard by the global pandemic and consequent recession. After a dramatic drop in GNP in 2020 a slight upturn is expected in 2021. Total housing investments are expected to decline in 2020 and 2021 as a result of less new production. Primarily private premise investments are most likely to be negatively affected in 2020 and 2021 by the current situation. A possible increase of public sector investments can, however, stabilize other building construction. The forecasts for civil engineering investments signal horizontal development in 2020 and 2021. There is, however, a risk for both delays and reprioritizations considering the uncertain situation.

## 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

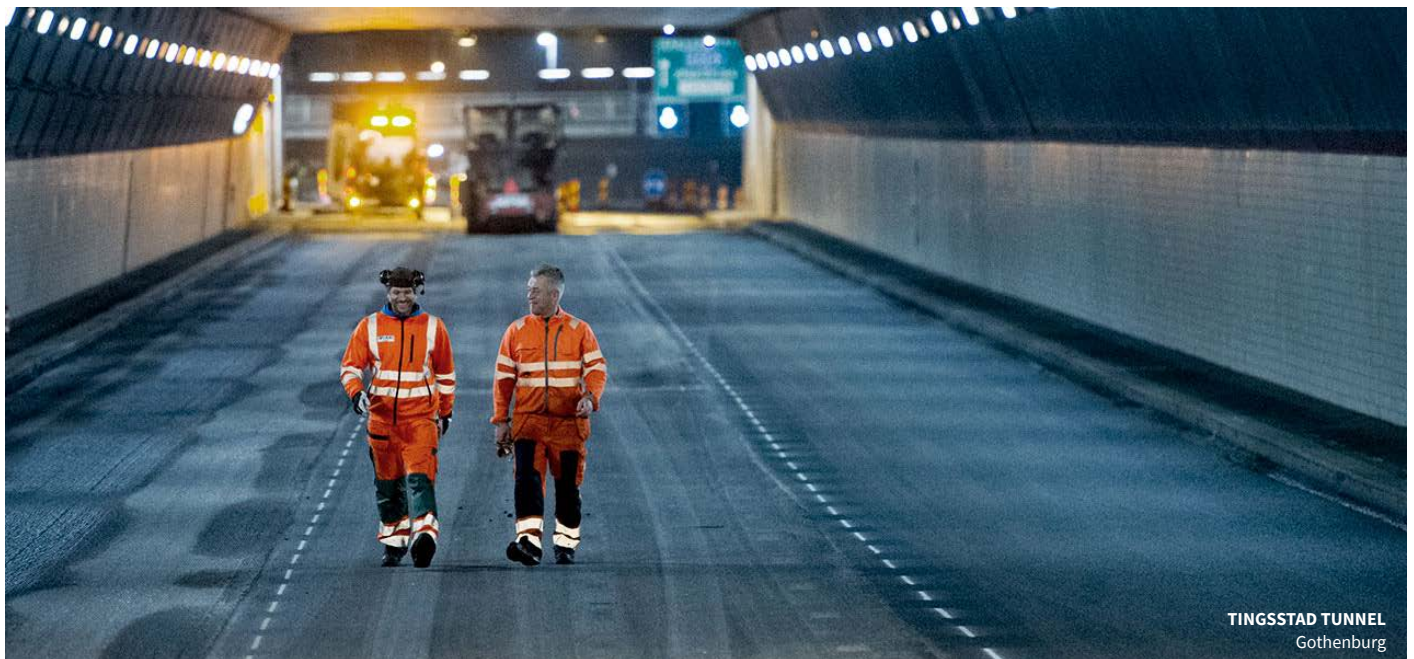
## Civil engineering

	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



TINGSSTAD TUNNEL  
Gothenburg



# Other information

## 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. 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. Production is limited during the winter period which is why disturbances have not yet been noted.

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.

## 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 quarter 2020.

## THE PEAB SHARE

Peab's B share is listed on the Nasdaq Stockholm, Large Cap list. As of May 5, 2020, the price of the Peab share was SEK 74.70 a decrease of 20 percent during 2020. During the same period, the Swedish stock market decreased by 14 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.

## 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 (Annehem 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 Annehem 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 Annehem 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 measures will be implemented successively based on market developments.

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 Annehem 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 a big 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.



## IMPORTANT EVENTS AFTER THE PERIOD

### Acquisition of YIT's 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 1,700 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 is expected to amount to around SEK 3,000 million for a debt-free business and is fully financed.

The acquired business had net sales of SEK 6,005 million with an adjusted EBITDA of SEK 240 million in 2018.

Since the operations were taken over on April 1, 2020 Peab has not been able to provide further financial information in this report. More information will be provided in the half-year report 2020.

## Report on the Group income statement, IFRS

Group net sales according to IFRS decreased by eight percent during the first quarter 2020 and amounted to SEK 11,870 million (12,839). The decrease is due to the fact that fewer projects were settled during the period than in the first quarter 2019. Several major projects in the Stockholm area were settled during the first quarter 2019.

Operating profit according to IFRS for the first quarter 2020 amounted to SEK 170 million (791) and the operating margin was 1.4 percent (6.2).

MSEK	Jan-Mar 2020	Jan-Mar 2019	Apr 2019- Mar 2020	Jan-Dec 2019
Net sales	11,870	12,839	55,334	56,303
Production costs	-10,962	-11,321	-49,953	-50,312
<b>Gross profit</b>	<b>908</b>	<b>1,518</b>	<b>5,381</b>	<b>5,991</b>
Sales and administrative expenses	-766	-751	-2,894	-2,879
Other operating income	37	27	290	280
Other operating costs	-9	-3	-113	-107
<b>Operating profit</b>	<b>170</b>	<b>791</b>	<b>2,664</b>	<b>3,285</b>
Financial income	40	54	116	130
Financial expenses	-129	-50	-267	-188
<b>Net finance</b>	<b>-89</b>	<b>4</b>	<b>-151</b>	<b>-58</b>
<b>Pre-tax profit</b>	<b>81</b>	<b>795</b>	<b>2,513</b>	<b>3,227</b>
Tax	-13	-157	-427	-571
<b>Profit for the period</b>	<b>68</b>	<b>638</b>	<b>2,086</b>	<b>2,656</b>
<b>Profit for the period, attributable to:</b>				
Shareholders in parent company	69	638	2,087	2,656
Non-controlling interests	-1	0	-1	0
<b>Profit for the period</b>	<b>68</b>	<b>638</b>	<b>2,086</b>	<b>2,656</b>
<b>Key ratios, IFRS</b>				
Earnings per share before and after dilution, SEK	0.23	2.16	7.07	9.00
Average number of outstanding shares, million	295.0	295.0	295.0	295.0
Return on capital employed, %	10.6 <sup>1)</sup>	-	10.6 <sup>1)</sup>	13.2
Return on equity, %	18.8 <sup>1)</sup>	-	18.8	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 March 31, 2019 are given.

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

MSEK	Jan-Mar 2020	Jan-Mar 2019	Apr 2019- Mar 2020	Jan-Dec 2019
<b>Profit for the period</b>	<b>68</b>	<b>638</b>	<b>2,086</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	-48	74	-73	49
Changes in fair value of cash flow hedges for the period	-7	12	-10	9
Shares in joint ventures' other comprehensive income	-1	0	-1	0
Tax referring to items that can be reclassified or have been reclassified to profit for the period	-11	7	-12	6
<b>Other comprehensive income for the period</b>	<b>-67</b>	<b>93</b>	<b>-96</b>	<b>64</b>
<b>Total comprehensive income for the period</b>	<b>1</b>	<b>731</b>	<b>1,990</b>	<b>2,720</b>
<b>Total comprehensive income for the period, attributable to:</b>				
Shareholders in parent company	2	730	1,992	2,720
Non-controlling interests	-1	1	-2	0
<b>Total comprehensive income for the period</b>	<b>1</b>	<b>731</b>	<b>1,990</b>	<b>2,720</b>

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

MSEK	Mar 31 2020	Mar 31 2019	Dec 31 2019	Jan 1 2019
<b>Assets</b>				
Intangible assets	2,326	2,282	2,334	2,250
Tangible assets	5,594	6,496	6,811	5,741
Investment property	130	675	558	589
Interest-bearing long-term receivables	1,118	1,253	1,086	1,445
Other financial fixed assets	1,654	1,444	2,097	1,297
Deferred tax recoverables	175	234	201	346
<b>Total fixed assets</b>	<b>10,997</b>	<b>12,384</b>	<b>13,087</b>	<b>11,668</b>
Project and development properties	16,453	16,875	16,948	17,219
Inventories	598	481	533	441
Interest-bearing current receivables	122	270	144	456
Other current receivables	11,635	11,357	12,603	13,030
Liquid funds	977	1,156	373	1,376
Assets held for value transfer to owners <sup>1)</sup>	1,999	-	-	-
<b>Total current assets</b>	<b>31,784</b>	<b>30,139</b>	<b>30,601</b>	<b>32,522</b>
<b>Total assets</b>	<b>42,781</b>	<b>42,523</b>	<b>43,688</b>	<b>44,190</b>
<b>Equity and liabilities</b>				
<b>Equity</b>	<b>11,560</b>	<b>10,808</b>	<b>11,559</b>	<b>10,077</b>
<b>Liabilities</b>				
Interest-bearing long-term liabilities	3,341	4,459	3,803	3,970
Interest-bearing long-term liabilities, project financing	415	284	326	213
Deferred tax liabilities	156	134	148	123
Other long-term liabilities	902	841	938	868
<b>Total long-term liabilities</b>	<b>4,814</b>	<b>5,718</b>	<b>5,215</b>	<b>5,174</b>
Interest-bearing current liabilities	2,493	1,119	3,011	1,310
Interest-bearing current liabilities, project financing	7,191	8,218	7,637	10,963
Other current liabilities	15,833	16,660	16,266	16,666
Liabilities referring to assets held for value transfer to owners <sup>2)</sup>	890	-	-	-
<b>Total current liabilities</b>	<b>26,407</b>	<b>25,997</b>	<b>26,914</b>	<b>28,939</b>
<b>Total liabilities</b>	<b>31,221</b>	<b>31,715</b>	<b>32,129</b>	<b>34,113</b>
<b>Total equity and liabilities</b>	<b>42,781</b>	<b>42,523</b>	<b>43,688</b>	<b>44,190</b>
<b>Key ratios, IFRS</b>				
Capital employed	25,830	24,888	26,336	26,533
Equity/assets ratio, %	27.0	25.4	26.5	22.8
Net debt	11,990	11,401	13,174	13,179
Equity per share, SEK	39.19	36.64	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 interest-bearing receivables of SEK 12 million and liquid funds of SEK 51 million per March 31, 2020.

<sup>2)</sup> The item includes interest-bearing liabilities of SEK 830 million per March 31, 2020.

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

MSEK	Mar 31 2020	Mar 31 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	69	638	2,656
Other comprehensive income for the period	-67	92	64
<b>Total comprehensive income for the period</b>	<b>2</b>	<b>730</b>	<b>2,720</b>
Cash dividend	-	-	-1,239
<b>Closing equity</b>	<b>11,559</b>	<b>10,806</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	-1	1	0
Shareholder contribution	-	-	1
<b>Closing equity</b>	<b>1</b>	<b>2</b>	<b>2</b>
<b>Total closing equity</b>	<b>11,560</b>	<b>10,808</b>	<b>11,559</b>

# Report on Group cash flow in summary, IFRS

MSEK	Jan-Mar 2020	Jan-Mar 2019	Apr 2019- Mar 2020	Jan-Dec 2019
<b>Cash flow from current operations before changes in working capital</b>	<b>665</b>	<b>987</b>	<b>3,547</b>	<b>3,869</b>
Increase (-) / Decrease (+) of project and development properties	330	671	-4	337
Increase (-) / Decrease (+) of inventories	-69	-69	-89	-89
Increase (-) / Decrease (+) of current receivables / current liabilities	555	1,629	-1,178	-104
<b>Cash flow from changes in working capital</b>	<b>816</b>	<b>2,231</b>	<b>-1,271</b>	<b>144</b>
<b>Cash flow from current operations</b>	<b>1,481</b>	<b>3,218</b>	<b>2,276</b>	<b>4,013</b>
Acquisition of subsidiaries / businesses, net effect on liquid funds	-	-	-22	-22
Sale of subsidiaries / businesses, net effect on liquid funds	-	-	163	163
Acquisition of fixed assets	-275	-415	-1,785	-1,925
Sale of fixed assets	58	332	723	997
<b>Cash flow from investment operations</b>	<b>-217</b>	<b>-83</b>	<b>-921</b>	<b>-787</b>
<b>Cash flow before financing</b>	<b>1,264</b>	<b>3,135</b>	<b>1,355</b>	<b>3,226</b>
Shareholder contribution holding with non-controlling interest	-	-	1	1
Increase (+) / Decrease (-) of interest-bearing liabilities	-241	-641	643	243
Increase (+) / Decrease (-) of interest-bearing liabilities, project financing	-359	-2,723	-880	-3,244
Dividend distributed to shareholders in parent company	-	-	-1,239	-1,239
<b>Cash flow from financing operations</b>	<b>-600</b>	<b>-3,364</b>	<b>-1,475</b>	<b>-4,239</b>
<b>Cash flow for the period</b>	<b>664</b>	<b>-229</b>	<b>-120</b>	<b>-1,013</b>
Cash at the beginning of the period	373	1,376	1,156	1,376
Exchange rate differences in cash	-9	9	-8	10
<b>Cash at the end of the period</b>	<b>1,028</b>	<b>1,156</b>	<b>1,028</b>	<b>373</b>

## Parent company

The parent company Peab AB's net sales for the first quarter 2020 amounted to SEK 76 million (74) and mainly consisted of internal Group services. Profit for the period amounted to SEK -58 million (-47).

The parent company's assets mainly consist of participations in Group companies amounting to SEK 12,750 million (12,045). The assets have been financed from equity of SEK 8,999 million (8,986) and long-term liabilities to Group companies amounting to SEK 951 million (1,471).

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 2020	Jan-Mar 2019	Apr 2019- Mar 2020	Jan-Dec 2019
Net sales	76	74	350	348
Administrative expenses	-133	-109	-537	-513
Other operating income	-	-	5	5
<b>Operating profit</b>	<b>-57</b>	<b>-35</b>	<b>-182</b>	<b>-160</b>
<b>Result from financial investments</b>				
Profit from participation in Group companies	-	-	130	130
Other financial items	-17	-23	-62	-68
<b>Result after financial items</b>	<b>-74</b>	<b>-58</b>	<b>-114</b>	<b>-98</b>
Appropriations	-	-	1,656	1,656
<b>Pre-tax profit</b>	<b>-74</b>	<b>-58</b>	<b>1,542</b>	<b>1,558</b>
Tax	16	11	-290	-295
<b>Profit for the period <sup>1)</sup></b>	<b>-58</b>	<b>-47</b>	<b>1,252</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	Mar 31 2020	Mar 31 2019	Dec 31 2019
<b>Assets</b>			
<b>Fixed assets</b>			
<b>Intangible assets</b>	49	52	51
<b>Tangible assets</b>	1	1	1
<b>Financial assets</b>			
Participation in Group companies	12,750	12,045	12,050
Deferred tax recoverables	118	110	119
<b>Total financial assets</b>	<b>12,868</b>	<b>12,155</b>	<b>12,169</b>
<b>Total fixed assets</b>	<b>12,918</b>	<b>12,208</b>	<b>12,221</b>
<b>Current assets</b>			
<b>Current receivables</b>			
Accounts receivable	0	0	1
Receivables from Group companies	61	154	2,479
Current tax assets	96	101	60
Other receivables	103	67	44
Prepaid expenses and accrued income	21	13	10
<b>Total current receivables</b>	<b>281</b>	<b>335</b>	<b>2,594</b>
Cash and bank	0	0	0
<b>Total current assets</b>	<b>281</b>	<b>335</b>	<b>2,594</b>
<b>Total assets</b>	<b>13,199</b>	<b>12,543</b>	<b>14,815</b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Restricted equity	1,901	1,904	1,901
Non-restricted equity	7,098	7,082	7,156
<b>Total equity</b>	<b>8,999</b>	<b>8,986</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	41	36	41
<b>Total provisions</b>	<b>41</b>	<b>36</b>	<b>41</b>
<b>Long-term liabilities</b>			
Liabilities to Group companies	951	1,471	2,791
<b>Total long-term liabilities</b>	<b>951</b>	<b>1,471</b>	<b>2,791</b>
<b>Current liabilities</b>			
Accounts payable	29	29	32
Liabilities to Group companies	702	18	404
Other liabilities	7	7	12
Accrued expenses and deferred income	67	66	75
<b>Total current liabilities</b>	<b>805</b>	<b>120</b>	<b>523</b>
<b>Total liabilities</b>	<b>1,756</b>	<b>1,591</b>	<b>3,314</b>
<b>Total equity and liabilities</b>	<b>13,199</b>	<b>12,543</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-Mar 2019 MSEK	Reported income statement	Changed accounting principles	Group IFRS
Net sales	11,359	1,480	12,839
Production costs	-10,367	-954	-11,321
<b>Gross profit</b>	<b>992</b>	<b>526</b>	<b>1,518</b>
Sales and administrative expenses	-751		-751
Other operating income	27		27
Other operating costs	-3		-3
<b>Operating profit</b>	<b>265</b>	<b>526</b>	<b>791</b>
Financial income	54		54
Financial expenses	-50		-50
<b>Net finance</b>	<b>4</b>	<b>-</b>	<b>4</b>
<b>Pre-tax profit</b>	<b>269</b>	<b>526</b>	<b>795</b>
Tax	-45	-112	-157
<b>Profit for the period</b>	<b>224</b>	<b>414</b>	<b>638</b>
<b>Profit for the period, attributable to:</b>			
Shareholders in parent company	224	414	638
Non-controlling interests	0	-	0
<b>Profit for the period</b>	<b>224</b>	<b>414</b>	<b>638</b>

Mar 31, 2019 MSEK	Reported balance sheet	Changed accounting principles	Group IFRS
<b>Assets</b>			
Intangible assets	2,282		2,282
Tangible assets	6,496		6,496
Investment property	675		675
Interest-bearing long-term receivables	1,253		1,253
Other financial fixed assets	1,439	5	1,444
Deferred tax recoverables	–	234	234
<b>Total fixed assets</b>	<b>12,145</b>	<b>239</b>	<b>12,384</b>
Project and development properties	10,541	6,334	16,875
Inventories	481		481
Interest-bearing current receivables	454	-184	270
Other current receivables	12,237	-880	11,357
Liquid funds	1,156		1,156
<b>Total current assets</b>	<b>24,869</b>	<b>5,270</b>	<b>30,139</b>
<b>Total assets</b>	<b>37,014</b>	<b>5,509</b>	<b>42,523</b>
<b>Equity and liabilities</b>			
<b>Equity</b>	<b>11,665</b>	<b>-857</b>	<b>10,808</b>
<b>Liabilities</b>			
Interest-bearing long-term liabilities	5,758	-1,299	4,459
Interest-bearing long-term liabilities, project financing	–	284	284
Deferred tax liabilities	134		134
Other long-term liabilities	1,055	-214	841
<b>Total long-term liabilities</b>	<b>6,947</b>	<b>-1,229</b>	<b>5,718</b>
Interest-bearing current liabilities	1,454	-335	1,119
Interest-bearing current liabilities, project financing	–	8,218	8,218
Other current liabilities	16,948	-288	16,660
<b>Total current liabilities</b>	<b>18,402</b>	<b>7,595</b>	<b>25,997</b>
<b>Total liabilities</b>	<b>25,349</b>	<b>6,366</b>	<b>31,715</b>
<b>Total equity and liabilities</b>	<b>37,014</b>	<b>5,509</b>	<b>42,523</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 OCH 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 och 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 och 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 och 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 och 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 – Revenue allocation

Group Jan-Mar 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	5,565	2,597	1,472	1,951	12		11,597	273	11,870
Internal sales	1,055	173	743	18	271	-2,219	41	-41	-
<b>Total</b>	<b>6,620</b>	<b>2,770</b>	<b>2,215</b>	<b>1,969</b>	<b>283</b>	<b>-2,219</b>	<b>11,638</b>	<b>232</b>	<b>11,870</b>
<b>Allocation per country</b>									
Sweden	4,893	2,505	1,957	1,168	238	-1,774	8,987	312	9,299
Norway	853	223	101	256	27	-141	1,319	-253	1,066
Finland	874	42	153	545	18	-304	1,328	173	1,501
Other			4				4		4
<b>Total</b>	<b>6,620</b>	<b>2,770</b>	<b>2,215</b>	<b>1,969</b>	<b>283</b>	<b>-2,219</b>	<b>11,638</b>	<b>232</b>	<b>11,870</b>
<b>Allocation per type of customer</b>									
Public sector	2,525	1,867	206	7	10		4,615	7	4,622
Private customers	3,040	730	1,266	1,944	2		6,982	266	7,248
Internal customers	1,055	173	743	18	271	-2,219	41	-41	-
<b>Total</b>	<b>6,620</b>	<b>2,770</b>	<b>2,215</b>	<b>1,969</b>	<b>283</b>	<b>-2,219</b>	<b>11,638</b>	<b>232</b>	<b>11,870</b>
<b>Allocation per point in time</b>									
At one point in time	1	2	1,158	136		-273	1,024	1,713	2,737
Over time	6,617	2,766	582	1,811	238	-1,596	10,418	-1,505	8,913
Rent revenue <sup>2)</sup>	2	2	475	22	45	-350	196	24	220
<b>Total</b>	<b>6,620</b>	<b>2,770</b>	<b>2,215</b>	<b>1,969</b>	<b>283</b>	<b>-2,219</b>	<b>11,638</b>	<b>232</b>	<b>11,870</b>
<b>Allocation per type of revenue</b>									
Construction contracts	6,617	2,766	582	1,808	5	-1,374	10,404	-1,505	8,899
Sales of goods			741			-156	585		585
Sales of property projects				100			100	1,712	1,812
Transportation services			355			-104	251		251
Administrative services				3	233	-222	14		14
Rent revenue <sup>2)</sup>	2	2	475	22	45	-350	196	24	220
Other	1	2	62	36		-13	88	1	89
<b>Total</b>	<b>6,620</b>	<b>2,770</b>	<b>2,215</b>	<b>1,969</b>	<b>283</b>	<b>-2,219</b>	<b>11,638</b>	<b>232</b>	<b>11,870</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 40 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-Mar 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	5,387	2,660	1,436	2,155	25		11,663	1,176	12,839
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>2,167</b>	<b>275</b>	<b>-2,668</b>	<b>11,663</b>	<b>1,176</b>	<b>12,839</b>
<b>Allocation per country</b>									
Sweden	5,282	2,628	2,020	1,508	233	-2,238	9,433	1,481	10,914
Norway	764	264	95	165	26	-141	1,173	-158	1,015
Finland	697	24	113	494	16	-289	1,055	-147	908
Other			2				2		2
<b>Total</b>	<b>6,743</b>	<b>2,916</b>	<b>2,230</b>	<b>2,167</b>	<b>275</b>	<b>-2,668</b>	<b>11,663</b>	<b>1,176</b>	<b>12,839</b>
<b>Allocation per type of customer</b>									
Public sector	3,077	1,579	203	9	14		4,882		4,882
Private customers	2,310	1,081	1,233	2,146	11		6,781	1,176	7,957
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>2,167</b>	<b>275</b>	<b>-2,668</b>	<b>11,663</b>	<b>1,176</b>	<b>12,839</b>
<b>Allocation per point in time</b>									
At one point in time	26	18	1,234	56	28	-402	960	2,822	3,782
Over time	6,716	2,895	493	2,065	214	-1,891	10,492	-1,646	8,846
Rent revenue <sup>2)</sup>	1	3	503	46	33	-375	211		211
<b>Total</b>	<b>6,743</b>	<b>2,916</b>	<b>2,230</b>	<b>2,167</b>	<b>275</b>	<b>-2,668</b>	<b>11,663</b>	<b>1,176</b>	<b>12,839</b>
<b>Allocation per type of revenue</b>									
Construction contracts	6,716	2,895	492	2,064	7	-1,684	10,490	-1,646	8,844
Sales of goods	1		781			-236	546		546
Sales of property projects				27			27	2,822	2,849
Transportation services			401			-137	264		264
Administrative services			1	1	207	-207	2		2
Rent revenue <sup>2)</sup>	1	3	503	46	33	-375	211		211
Other	25	18	52	29	28	-29	123		123
<b>Total</b>	<b>6,743</b>	<b>2,916</b>	<b>2,230</b>	<b>2,167</b>	<b>275</b>	<b>-2,668</b>	<b>11,663</b>	<b>1,176</b>	<b>12,839</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 3 – Operating segment and reconciliation between segment reporting and reporting according to IFRS

Group Jan-Mar 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	5,565	2,597	1,472	1,951	12		11,597	273	11,870
Internal sales	1,055	173	743	18	271	-2,219	41	-41	-
<b>Total revenue</b>	<b>6,620</b>	<b>2,770</b>	<b>2,215</b>	<b>1,969</b>	<b>283</b>	<b>-2,219</b>	<b>11,638</b>	<b>232</b>	<b>11,870</b>
<b>Operating profit</b>	<b>146</b>	<b>41</b>	<b>-66</b>	<b>174</b>	<b>-83</b>	<b>-1</b>	<b>211</b>	<b>-41</b>	<b>170</b>
<b>Operating margin, %</b>	<b>2.2</b>	<b>1.5</b>	<b>-3.0</b>	<b>8.8</b>			<b>1.8</b>		<b>1.4</b>
Financial income							40	0	40
Financial expenses							-110	-19 <sup>2)</sup>	-129
<b>Net finance</b>							<b>-70</b>	<b>-19 <sup>2)</sup></b>	<b>-89</b>
<b>Pre-tax profit</b>							<b>141</b>	<b>-60</b>	<b>81</b>
Tax							-20	7	-13
<b>Profit for the period</b>							<b>121</b>	<b>-53</b>	<b>68</b>
Capital employed (closing balance)	-1,570	-18	6,399	13,898		1,218	19,927	5,903	25,830
Total assets							36,589	6,192 <sup>3)</sup>	42,781
Equity/assets ratio, %							33.8		27.0
Cashflow before financing							1,597	-333	1,264

<sup>1)</sup> For more information about the allocation of revenue and profit items see note 2 and the section Overview business areas. <sup>2)</sup> Divided between Annehem SEK -12 million and IFRS 16, additional leases SEK -7 million. <sup>3)</sup> Divided between Annehem SEK 2,015 million, IFRS 16, additional leases SEK 631 million, housing projects SEK 4,697 million and internal items SEK -1,151 million.

Group Jan-Mar 2019 MSEK	Construction	Civil Engineering	Industry	Project Development	Group functions	Eliminations	Group Segment	Differences in accounting principles <sup>1)</sup>	Group IFRS
External sales	5,387	2,660	1,436	2,155	25		11,663	1,176	12,839
Internal sales	1,356	256	794	12	250	-2,668	-	-	-
<b>Total revenue</b>	<b>6,743</b>	<b>2,916</b>	<b>2,230</b>	<b>2,167</b>	<b>275</b>	<b>-2,668</b>	<b>11,663</b>	<b>1,176</b>	<b>12,839</b>
<b>Operating profit</b>	<b>155</b>	<b>36</b>	<b>-44</b>	<b>180</b>	<b>-48</b>	<b>-13</b>	<b>266</b>	<b>525</b>	<b>791</b>
<b>Operating margin, %</b>	<b>2.3</b>	<b>1.2</b>	<b>-2.0</b>	<b>8.3</b>			<b>2.3</b>		<b>6.2</b>
Financial income							54	-	54
Financial expenses							-44	-6 <sup>2)</sup>	-50
<b>Net finance</b>							<b>10</b>	<b>-6 <sup>2)</sup></b>	<b>4</b>
<b>Pre-tax profit</b>							<b>276</b>	<b>519</b>	<b>795</b>
Tax							-48	-109	-157
<b>Profit for the period</b>							<b>228</b>	<b>410</b>	<b>638</b>
Capital employed (closing balance)	-1,439	-74	6,223	15,633		-237	20,106	4,782	24,888
Total assets							37,695	4,828 <sup>3)</sup>	42,523
Equity/assets ratio, %							31.6		25.4
Cashflow before financing							1,256	1,879	3,135

<sup>1)</sup> For more information about the allocation of revenue and profit items see note 2 and the section Overview business areas. <sup>2)</sup> Refers to IFRS 16, additional leases SEK -6 million. <sup>3)</sup> Divided between IFRS 16, additional leases SEK 814 million and housing projects SEK 4,014 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 2 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 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 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	Mar 31 2020			Mar 31 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		98	98		82	82
<i>Of which investments in unlisted funds</i>		46	46		72	72		58	58
<i>Of which shareholding in unlisted company</i>		22	22		26	26		24	24
Other current receivables	2		2	9		9			-
<i>Of which commodity hedging with futures</i>	2		2	7		7			-
<i>Of which currency swaps</i>			-	2		2			-
<b>Total financial assets</b>	<b>2</b>	<b>68</b>	<b>70</b>	<b>9</b>	<b>98</b>	<b>107</b>	<b>-</b>	<b>82</b>	<b>82</b>
<b>Financial liabilities</b>									
Other long-term liabilities	12		12	17	1	18	13		13
<i>Of which interest rate swaps</i>	11		11	17		17	13		13
<i>Of which commodity hedging with futures</i>	1		1			-			-
<i>Of which contingent consideration</i>			-		1	1			-
Other current liabilities	8	1	9	1	11	12	3	1	4
<i>Of which currency swaps</i>	3		3	1		1	2		2
<i>Of which commodity hedging with futures</i>	5		5				1		1
<i>Of which contingent consideration</i>		1	1		11	11		1	1
<b>Total financial liabilities</b>	<b>20</b>	<b>1</b>	<b>21</b>	<b>18</b>	<b>12</b>	<b>30</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		
	Mar 31 2020	Mar 31 2019	Dec 31 2019	Mar 31 2020	Mar 31 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		1	9			
Sales				-1		-1
Dividends received	-16	-22	-55			
Reported in profit/loss for the period						
Net finance	4	4	15			
Reported in other comprehensive income				-1	1	0
<b>Closing balance</b>	<b>46</b>	<b>72</b>	<b>58</b>	<b>22</b>	<b>26</b>	<b>24</b>

Group	Contingent consideration		
	Mar 31 2020	Mar 31 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		-23	-31
Reported in profit/loss for the period			
Other operating costs (+) / other operating income (-)			-3
Interest expense (discount) <sup>1)</sup>		1	1
Reported in other comprehensive income		0	0
<b>Closing balance</b>	<b>1</b>	<b>12</b>	<b>1</b>

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

The contingent consideration will amount from SEK 0 million to a maximum of SEK 1 million.

# Future financial information

- Quarterly report January-June 2020 July 17, 2020
- Quarterly report January-September 2020 October 22, 2020
- Year-end report January-December 2020 February 4, 2021
- Annual and Sustainability Report 2020 April 2021

*Förslöv, May 6, 2020*

*Jesper Göransson  
CEO and President*

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

# Quarterly data

## Group, IFRS

MSEK	Jan-Mar 2020	Oct-Dec 2019	Jul-Sep 2019	Apr-Jun 2019	Jan-Mar 2019
Net sales	11,870	15,455	12,869	15,140	12,839
Production costs	-10,962	-13,869	-11,717	-13,405	-11,321
<b>Gross profit</b>	<b>908</b>	<b>1,586</b>	<b>1,152</b>	<b>1,735</b>	<b>1,518</b>
Sales and administrative expenses	-766	-751	-604	-773	-751
Other operating income	37	93	122	38	27
Other operating costs	-9	-95	-6	-3	-3
<b>Operating profit</b>	<b>170</b>	<b>833</b>	<b>664</b>	<b>997</b>	<b>791</b>
Financial income	40	31	14	31	54
Financial expenses	-129	-62	-35	-41	-50
<b>Net finance</b>	<b>-89</b>	<b>-31</b>	<b>-21</b>	<b>-10</b>	<b>4</b>
<b>Pre-tax profit</b>	<b>81</b>	<b>802</b>	<b>643</b>	<b>987</b>	<b>795</b>
Tax	-13	-149	-104	-161	-157
<b>Profit for the period</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	69	653	539	826	638
Non-controlling interests	-1	0	0	0	0
<b>Profit for the period</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	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
Capital employed (closing balance)	25,830	26,336	26,371	26,025	24,888
Equity (closing balance)	11,560	11,559	10,966	10,425	10,808

**Business areas**

MSEK	Jan-Mar 2020	Oct-Dec 2019	Jul-Sep 2019	Apr-Jun 2019	Jan-Mar 2019
<b>Net sales</b>					
Construction	6,620	8,371	6,520	7,782	6,743
Civil Engineering	2,770	3,792	3,257	3,374	2,916
Industry	2,215	3,592	3,820	3,697	2,230
Project Development	1,969	2,684	2,015	2,259	2,167
– of which Property Development	122	179	180	254	173
– of which Housing Development	1,847	2,505	1,835	2,005	1,994
Group functions	283	325	289	287	275
Eliminations	-2,219	-2,906	-2,600	-2,872	-2,668
<b>Group, segment reporting</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	252	-403	-432	613	1,176
IFRS 16 additional leases					
Annehem Fastigheter	40				
Eliminations	-60				
<b>Group, IFRS</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	146	207	150	199	155
Civil Engineering	41	132	76	123	36
Industry	-66	363	360	258	-44
Project Development	174	278	221	336	180
– of which Property Development	25	28	34	192	46
– of which Housing Development	149	250	187	144	134
Group functions	-83	-130	-10	-90	-48
Eliminations	-1	-53	-34	-42	-13
<b>Group, segment reporting</b>	<b>211</b>	<b>797</b>	<b>763</b>	<b>784</b>	<b>266</b>
Adjustment of housing to IFRS	-47	30	-105	207	520
IFRS 16 additional leases	4	6	6	6	5
Annehem Fastigheter	6				
Eliminations	-4				
<b>Group, IFRS</b>	<b>170</b>	<b>833</b>	<b>664</b>	<b>997</b>	<b>791</b>
<b>Operating margin, %</b>					
Construction	2.2	2.5	2.3	2.6	2.3
Civil Engineering	1.5	3.5	2.3	3.6	1.2
Industry	-3.0	10.1	9.4	7.0	-2.0
Project Development	8.8	10.4	11.0	14.9	8.3
– of which Property Development	20.5	15.6	18.9	75.6	26.6
– of which Housing Development	8.1	10.0	10.2	7.2	6.7
Group functions					
Eliminations					
<b>Group, segment reporting</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	15.0				
Eliminations					
<b>Group, IFRS</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	0.41	2.10	2.14	2.24	0.77
Capital employed (closing balance)	19,927	21,617	21,999	21,961	20,106
Equity (closing balance)	12,349	12,479	11,992	11,386	11,920
Orders received	12,608	12,096	9,349	10,817	11,868
Order backlog at the end of the period	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).

## **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.

# 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 55 billion**

Employees, appr.

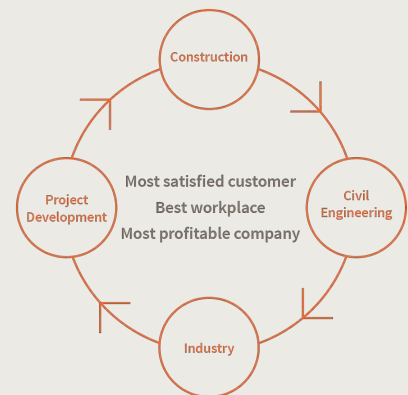
**16,000**

## 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: Klas Andersson, Peter Steen, Riku Rönkä, KG Z Fougstedt and wec360° AB.

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.