

# Quarterly report

JANUARY – SEPTEMBER 2018



## Increased sales with an improved operating profit

### July – September 2018

- Net sales SEK 12,445 million (11,595)
- Operating profit SEK 743 million (714)
- Operating margin 6.0 percent (6.2)
- Pre-tax profit SEK 750 million (705)
- Earnings per share SEK 2.05 (1.98)
- Orders received SEK 11,473 million (10,651)
- Cash flow before financing SEK -876 million (104)

### January – September 2018

- Net sales SEK 37,388 million (35,491)
- Operating profit SEK 1,710 million (1,665)
- Operating margin 4.6 percent (4.7)
- Pre-tax profit SEK 1,679 million (1,633)
- Earnings per share SEK 4.73 (4.70)
- Orders received SEK 40,636 million (35,960)
- Order backlog SEK 48,036 million (40,211)
- Cash flow before financing SEK -1,970 million (787)
- Net debt SEK 4,441 million (2,347)
- Equity/assets ratio 29.4 percent (30.4)

# Comments from the CEO

Peab continued to develop positively during the third quarter and all the business areas except Project Development presented an improved operating profit. Market conditions remain good and we see an increase in orders received primarily in civil engineering and other building construction, which compensates for lower volumes in our own home development projects.

## MARKET CONDITIONS

The housing market in Sweden is slowing down in 2018 and is expected to continue to decline in 2019. The demand for new and refurbished private and public premises is high which will most likely continue in 2019. Conditions on the Norwegian construction market are similar with an expected reduction in housing construction in 2018 and even more tangible growth in other building construction. Housing construction is expected to remain on the same level in 2019 while other building construction declines. The construction market in Finland is affected positively by the growth in the economy and all segments are expected to have a good growth rate in 2018 and 2019. Market prospects for the civil engineering market in Sweden and Norway continue to be good, primarily due to government infrastructure projects.

## ORDER SITUATION

The continued high level of orders received in the third quarter entailed an increase for the nine month period to SEK 40.6 billion (36.0). The rise in orders received was generated in business areas Construction and Civil Engineering. There is an increase in civil engineering projects among the orders received for the quarter, and in Construction other building construction continues to compensate for lower volumes in our own home development projects. Examples of larger projects are the construction of the new IKEA store in Källered, the renovation and extension of the Members of Parliament building for Riksdagsförvaltningen in Stockholm as well as construction of the wind farms in Åsele and Lycksele. Order backlog was SEK 48 billion (40.2). The orders are well spread geographically and there is good product diversity.

## BUSINESS AREAS DEVELOPMENT

Net sales and operating profit increased in business areas Construction, Civil Engineering and Industry for January-September compared to the same period in 2017. Net sales and operating profit in business area Project Development were slightly less. Net sales in Housing Development increased while the operating profit for the nine month period contracted slightly. In Property Development both our wholly owned holdings and our joint venture companies continues to develop well.

## GROUP DEVELOPMENT

Net sales for the period January-September amounted to SEK 37,388 million (35,491), which was an increase of five percent. Operating profit was SEK 1,710 million (1,665) which meant an operating margin of 4.6 percent (4.7). Cash flow before financing was SEK -1,970 million (787), where the comparable figures included asset divestitures in Arenastaden of around SEK 835 million. Net debt was SEK 4,441 million (2,347). Cash flow and net debt have been affected by an increase in tied up working capital. The slowdown in the housing market, primarily in Stockholm, has entailed longer sales processes which has led to more working capital being tied up. The increase in volume in our own home development projects in Norway and Finland also ties up working capital.



## OUTLOOK FOR THE FUTURE

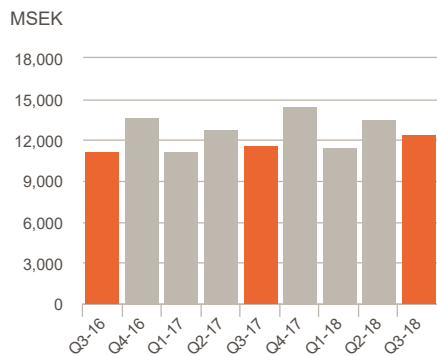
The market situation continues to be good with a stable demand in Sweden, Norway and Finland. Thanks to the wide range of our business we can handle a downturn in some product areas with an upturn in others. The slowdown on the tenant-owned housing market has affected the third quarter as well through less activity, particularly in Stockholm.

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

*Jesper Göransson*  
CEO and President

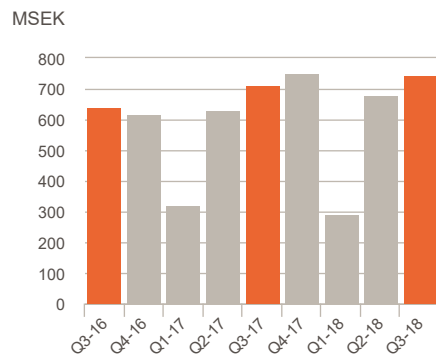
# Quarterly report January – September 2018

## Net sales <sup>1)</sup>



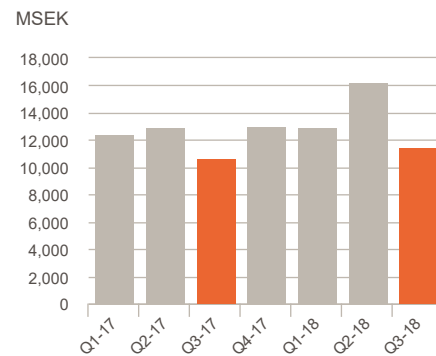
Group net sales for January-September 2018 amounted to SEK 37,388 million (35,491), which was an increase of five percent. After adjustments for acquired and divested units net sales increased by four percent compared to the same period last year.

## Operating profit <sup>1)</sup>



Operating profit for January-September 2018 amounted to SEK 1,710 million compared to SEK 1,665 million for the same period last year.

## Orders received <sup>1)</sup>



Orders received for January-September 2018 amounted to SEK 40,636 million compared to SEK 35,960 million for the same period last year. Order backlog amounted to SEK 48,036 million compared to SEK 40,205 million at the end of 2017.

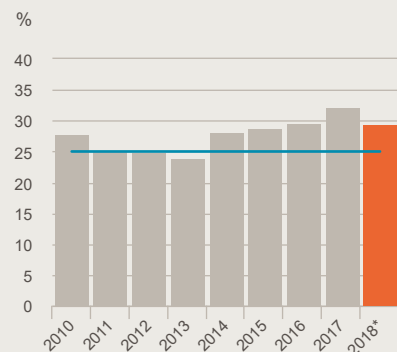
## Group <sup>1)</sup>

MSEK	Jul-Sep 2018	Jul-Sep 2017	Jan-Sep 2018	Jan-Sep 2017	Oct-Sep 2017/2018	Jan-Dec 2017
Net sales	12,445	11,595	37,388	35,491	51,878	49,981
Operating profit	743	714	1,710	1,665	2,463	2,418
Operating margin, %	6.0	6.2	4.6	4.7	4.7	4.8
Pre-tax profit	750	705	1,679	1,633	2,504	2,458
Profit for the period	604	585	1,394	1,387	2,074	2,067
Earnings per share, SEK	2.05	1.98	4.73	4.70	7.04	7.01
Return on equity, %	19.8 <sup>2)</sup>	20.1 <sup>2)</sup>	19.8 <sup>2)</sup>	20.1 <sup>2)</sup>	19.8	21.3
Net debt	4,441	2,347	4,441	2,347	4,441	1,216
Equity/assets ratio, %	29.4	30.4	29.4	30.4	29.4	32.2
Cash flow before financing	-876	104	-1,970	787	-462	2,295
Number of employees at the end of the period	14,866	14,606	14,866	14,606	14,866	14,344

<sup>1)</sup> Recalculated taking IFRS 15 into account. <sup>2)</sup> Calculated on rolling 12 months.

## Financial goals <sup>3)</sup>

### Equity/assets ratio



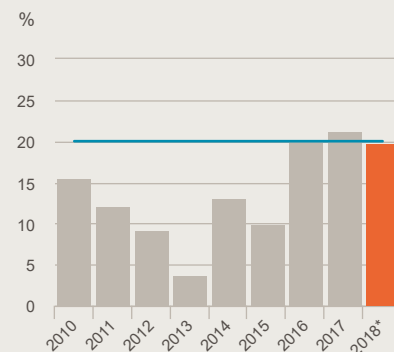
\* As of September 30 2018

Goal > 25%

The goal for the equity/assets ratio is at least 25 percent. On 30 September 2018 the equity/assets ratio was 29.4 percent compared to 32.2 percent at the end of last year.

<sup>3)</sup> Years 2010-2015 have not been recalculated taking IFRS 15 into account.

### Return on equity

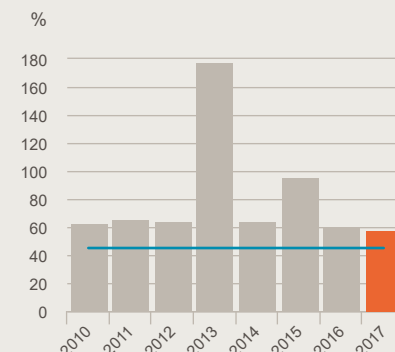


\* Rolling 12 months as of September 30 2018

Goal > 20%

The goal for return on equity is a yield of at least 20 percent. The return on equity calculated on a rolling 12 months period was 19.8 percent (20.1). For full year 2017 the return on equity amounted to 21.3 percent.

### Dividends



Goal > 50%

The goal for dividends is at least 50 percent of profit for the year. Dividend for 2017 of SEK 4.00 (3.60) per share corresponds to 58 percent (61) of profit for the year.



# Net sales and profit

## NEW ACCOUNTING PRINCIPLES FOR INCOME

IFRS 15 Revenue from contracts with customers, has as of 2018 replaced previous standards related to revenue recognition such as IAS 18 Revenue, IAS 11 Construction contracts and IFRIC 15 Agreements for the construction of real estate. No material effects have been identified. Up until the end of 2017 there were differences between operative and legal accounting in Project Development. This difference was also reflected in the way executive management and the Board followed up the Group as a whole. The operative and segment accounting was based on the percentage of completion. Swedish tenant-owned housing projects will continue to be recognized as previously through revenue over time while our own home developments in Sweden will, as of the implementation of IFRS 15, change over to revenue over time. IFRS 15 will not lead to any changes in reporting regarding housing projects in Finland and Norway compared to the current application since revenue is first recognized when the home is handed over to the buyer. As of implementation of IFRS 15 segment reporting mirrors legal reporting. The differences between operative and legal reporting therefore no longer exist for either business area Project Development or the Group as a whole. For business area Project Development this has entailed recalculating comparable figures in Housing Development. Peab has chosen to apply IFRS 15 retroactively by recalculating the financial reports for 2017. The recalculations have not had any material effect on either business area Project Development or the Group as a whole. All comparable figures for 2017 and 2016 in subsequent reports are recalculated if not otherwise noted. For more information regarding IFRS 15 and comparable figures please see note 1 or [www.peab.com/ifrs](http://www.peab.com/ifrs).

## NET SALES AND OPERATING PROFIT

### July – September 2018

Group net sales for the third quarter 2018 increased by seven percent and amounted to SEK 12,445 million (11,595).

Net sales in business area Construction increased by eight percent spread over all the business area's countries. Net sales in business area Civil Engineering increased by 17 percent and stemmed from Local market and Infrastructure. Business area Industry presented an increase in net sales of nine percent spread over all product areas except Transportation and Machines where net sales shrunk. Net sales in business area Project Development were slightly lower compared to the third quarter last year. Net sales increased in Property Development compared to the same period last year while net sales in Housing Development contracted by seven percent due to slowdown in the housing market.

Of the quarter's net sales SEK 2,585 million (2,408) were attributable to sales and production outside Sweden.

Operating profit for the third quarter 2018 amounted to SEK 743 million (714) and the operating margin was 6.0 percent (6.2). In business area Construction operating margin was 2.3 percent (2.1) and in business area Civil Engineering the operating margin was 3.0 percent (3.2). Business area Industry showed an operating margin of 9.5 percent (10.0). Operating profit in business area Project Development contracted compared to the third quarter last year as a result of lower operating profit in Housing Development. The operating margin in Housing Development amounted to 7.6 percent (9.9). The increase in the operating profit in Property Development is due to improved profit in both wholly owned and partially owned companies along with capital gains from property divestitures.

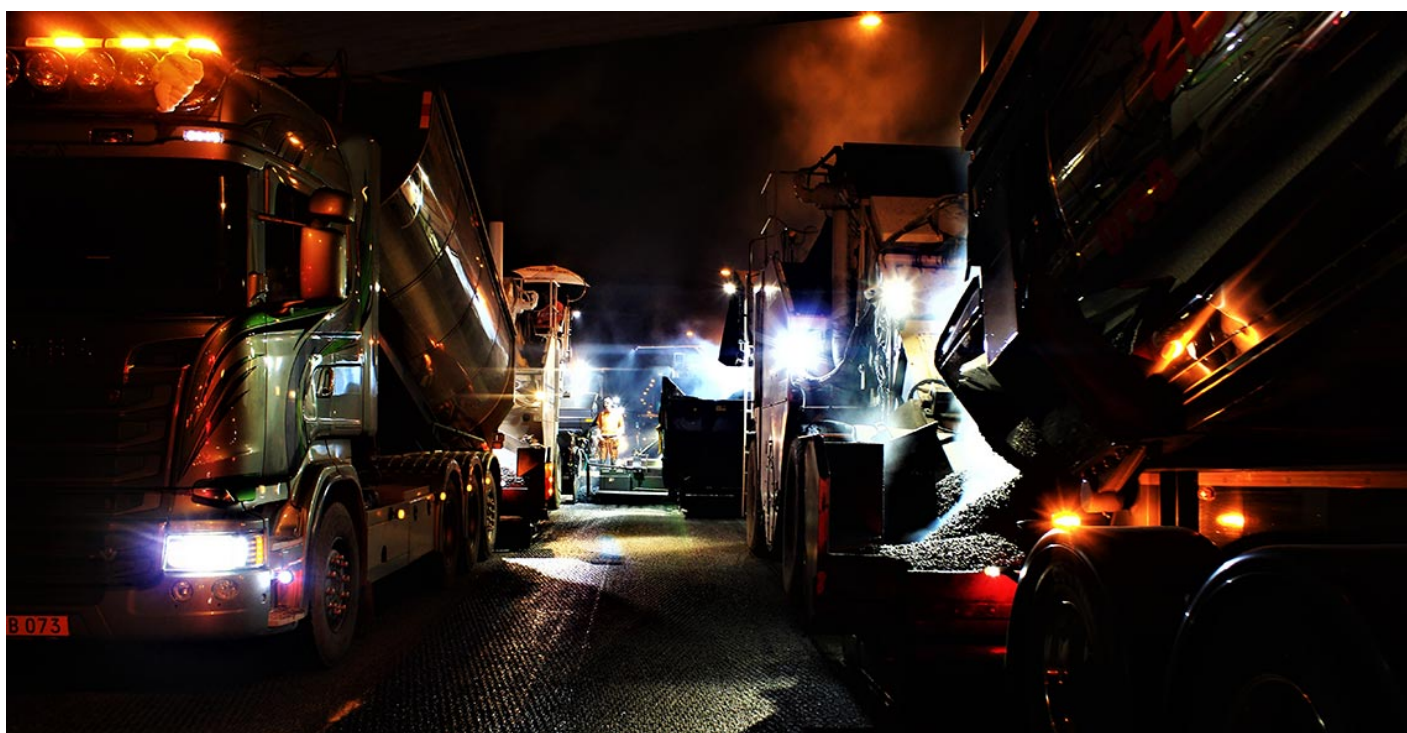
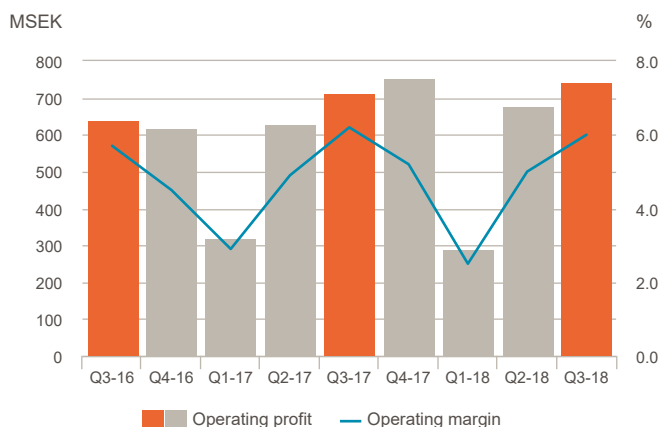
Depreciation and write-downs for the third quarter were SEK -258 million (-261).

Net financial items amounted to SEK 7 million (-9) of which net interest was SEK -14 million (-13).

Pre-tax profit was SEK 750 million (705).

Profit for the third quarter improved to SEK 604 million (585).

## Operating profit and operating margin, per quarter



## January – September 2018

Group net sales for the period January-September 2018 amounted to SEK 37,388 million (35,491), which was an increase of five percent. After adjustments for acquired and divested units net sales increased by four percent.

A continued favorable construction and civil engineering market has had a positive effect on all business areas during the period. Net sales in business area Construction increased by six percent spread over all three countries. Net sales in business area Civil Engineering increased by 19 percent and activity increased in all product areas. Business area Industry presented an increase in net sales of four percent spread over all product areas except Transportation and Machines where net sales shrunk. Net sales in business area Project Development were slightly lower, Property Development showing a decrease while net sales in Housing Development rose. In the first quarter of 2017 net sales in Property Development were affected by SEK 577 million from sales of assets in Arenastaden and Ulriksdal in Solna to Fabege.

Of the period's net sales SEK 7,461 million (6,712) were attributable to sales and production outside Sweden.

Operating profit for the period January-September 2018 amounted to SEK 1,710 million (1,665) and the operating margin was 4.6 percent (4.7). The operating margin for the latest rolling 12 month period was 4.7 percent compared to 4.8 percent for the entire year 2017.

The operating margin in business area Construction amounted to 2.3 percent compared to 2.2 percent the same period last year. The operating margin in business area Civil Engineering decreased slightly and was 2.8 percent (3.0). Business area Industry showed an operating margin of 6.1 percent (6.2). Business area Project Development had a somewhat lower operating profit during the period where the operating profit in Housing Development contracted while it increased in Property Development. The operating profit in Property Development improved through greater profit in both wholly owned and partly owned companies. The transactions regarding Arenastaden and Ulriksdal, which were carried out during the first quarter 2017 had no net effect on the result since the divestitures in Ulriksdal had a positive effect on operating profit by SEK 180 million and the sales of assets in Arenastaden had a negative effect of SEK 180 million. The operating margin in Housing Development was 8.1 percent compared to 8.9 percent for the same period last year.

Eliminations and reversal of internal profit in our own projects has affected operating profit net by SEK -20 million (-18). Elimination is reversed in connection with the external divestment of a project.

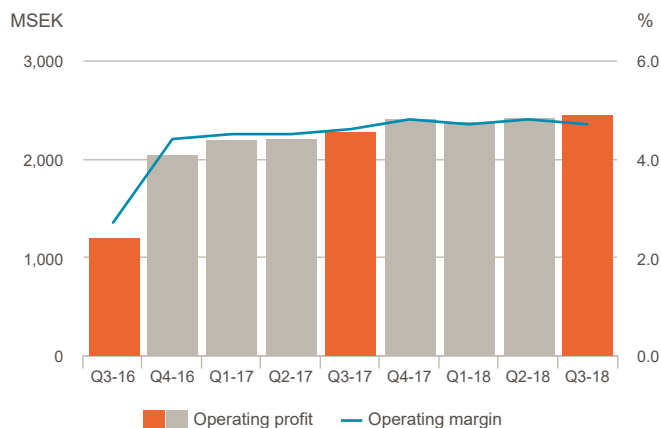
Depreciation and write-downs for the period were SEK -743 million (-700).

Net financial items amounted to SEK -31 million (-32) of which net interest improved to SEK -35 million (-44).

Pre-tax profit was SEK 1,679 million (1,633).

Profit for the period was SEK 1,394 million (1,387).

## Operating profit and operating margin, rolling 12 months



### SEASONAL VARIATIONS

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

# Financial position and cash flow

## FINANCIAL POSITION

The equity/assets ratio on 30 September 2018 was 29.4 percent compared to 32.2 percent at year-end. Interest-bearing net debt amounted to SEK 4,441 million compared to SEK 1,216 million at the end of 2017. Net debt increased due to investments in business area Project Development and Industry and more working capital. The average interest rate in the loan portfolio, including derivatives, was 1.7 percent (2.3) on 30 September 2018.

Group liquid funds, including unutilized credit facilities, were SEK 4,473 million at the end of the period compared to SEK 5,145 million on 31 December 2017.

At the end of the period Group contingent liabilities, excluding joint and several liabilities in trading and limited partnerships, amounted to SEK 11,054 million compared to SEK 10,468 million on 31 December 2017. SEK 8,729 million (6,764) of contingent liabilities was surety given for credit lines for tenant-owned apartments under production.

## PROJECT AND DEVELOPMENT PROPERTIES

In connection with implementation of IFRS 15 the previous balance item Work-in-progress has been included in the balance item Project and development properties. Recalculation of the financial reports for 2017 is presented on Peab's website [www.peab.com/ifrs](http://www.peab.com/ifrs). As of 1 January 2017 the recalculated reported amount was SEK 1,203 million.

## INVESTMENTS AND DIVESTMENTS

During the third quarter SEK 362 million (397) was net invested in tangible and intangible fixed assets and investment property. During the period January-September 2018 SEK 1,300 million (1,221) was net invested in tangible and intangible fixed assets and investment property and has primarily consisted of investments in machinery and operations and investment properties in Project Development.

Net investments in project and development properties, which are recognized as inventory items, totaled SEK 371 million (417) during the third quarter. Net investments in project and development properties totaled SEK 1,373 million (790) during the period January-September 2018 and stems from an increase in construction of housing projects in Finland and Norway as well as the acquisition of in development rights in, among other places, Finland. The corresponding period last year contained the divestiture of a number of properties in Ulriksdal in Solna as well as the acquisition of SEK 658 million in development rights on Kvarnholmen in Nacka.

## CASH FLOW

### July – September 2018

Cash flow from current operations was SEK -477 million (654), of which cash flow from changes in working capital was SEK -1,234 million (-127). The change in working capital included an increase in accounts receivables as well as construction of our own housing projects in Finland and Norway in Project Development.

Cash flow from investment activities was SEK -399 million (-550) and consisted of investments in machines and in operations and investment properties.

Cash flow before financing was SEK -876 million (104).

### January – September 2018

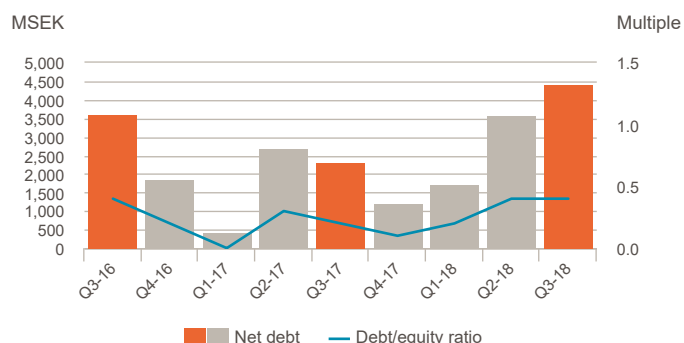
Cash flow from current operations was SEK -914 million (1,637) of which cash flow from changes in working capital was SEK -2,470 million (-134). The change in working capital included an increase in accounts receivables, the acquisition of in development rights in, among other places, Finland as well as construction of our own housing projects in Finland and Norway. In addition, a slowdown in the housing market has entailed longer sales processes which has increased working capital. The corresponding period last year contained the acquisition of SEK 658 million in development rights on Kvarnholmen in Nacka as well as the divestiture of properties in Arenastaden, Solna to Fabege.

Cash flow from investment activities was SEK -1,056 million (-850) and was largely due to investments in machinery and in operations property and investment property. The comparable period included the divestiture of financial assets to Fabege.

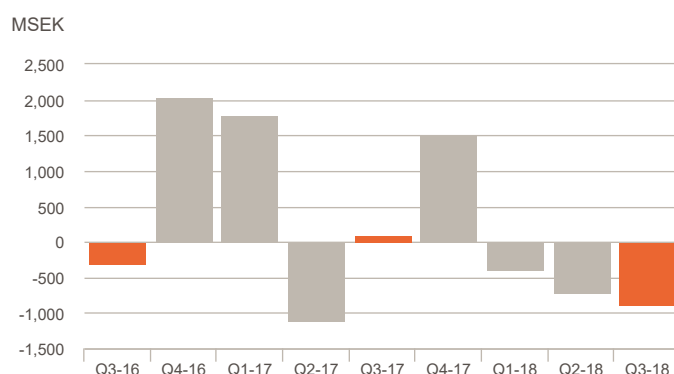
Cash flow before financing amounted to SEK -1,970 million compared to SEK 787 million for the same period last year. During the first quarter 2017 the transactions carried out regarding Arenastaden, Solna had a positive effect of SEK 835 million.

Cash flow from financing operations amounted to SEK 1,791 million (-1,573) of which SEK -1,180 million (-1,062) was disbursed dividends and changes in interest-bearing loans was SEK 2,971 million (-511).

## Net debt and debt/equity ratio



## Cash flow before financing



# Order situation

Implementation of IFRS 15 Revenue from contracts with customers entails new disclosure demands which will be presented in the Annual Report 2018. One of the disclosure demands refers to remaining performance obligations, more often called order backlog. In quarterly reports Peab has previously chosen to present information on orders received and order backlog in business areas Construction, Civil Engineering and Project Development. As of 2018 Industry presents orders received and order backlog for product areas Asphalt, Construction System and part of Rentals as well. In the other product areas in Industry contracts are usually short and therefore orders received and order backlog are not presented for them. Comparable figures regarding orders received and order backlog have been recalculated for 2017.

## July- September 2018

Orders received for the third quarter 2018 amounted to SEK 11,473 million compared to SEK 10,651 million for the same quarter last year. The orders received are well spread geographically and there is good product diversity.

## January – September 2018

Orders received for the period January-September 2018 amounted to SEK 40,636 million compared to SEK 35,960 million for the same period last year. The level of orders received has risen in business area Construction and Civil Engineering but contracted in Project Development and Industry. Included in orders received for business area Construction is the office project Platinan in Gothenburg for Vasakronan worth SEK 2,100 million. Included in orders received for business area Civil Engineering is the extension of the west Sweden railroad system at Olskroken in Gothenburg, worth SEK 2,900 million, for the Swedish Transport Administration. There have been fewer orders received in business area Project Development as a result of fewer housing production starts. The orders received in the period are well spread geographically and there is good product diversity.

Order backlog yet to be produced at the end of the period increased to SEK 48,036 million compared to SEK 40,211 million at the end of the same period last year. Of the total order backlog, 77 percent (75) is expected to be produced after 2018 (2017). Swedish operations accounted for 87 percent (84) of the order backlog.

## Orders received

MSEK	Jul-Sep 2018	Jul-Sep 2017	Jan-Sep 2018	Jan-Sep 2017	Oct-Sep 2017/2018	Jan-Dec 2017
Construction	6,815	7,110	24,805	21,505	32,580	29,280
Civil Engineering	3,546	3,047	13,598	10,798	16,991	14,191
Industry	1,123	982	3,562	3,751	4,963	5,152
Project Development	1,361	965	4,579	5,555	7,520	8,496
Eliminations	-1,372	-1,453	-5,908	-5,649	-8,379	-8,120
<b>Group</b>	<b>11,473</b>	<b>10,651</b>	<b>40,636</b>	<b>35,960</b>	<b>53,675</b>	<b>48,999</b>

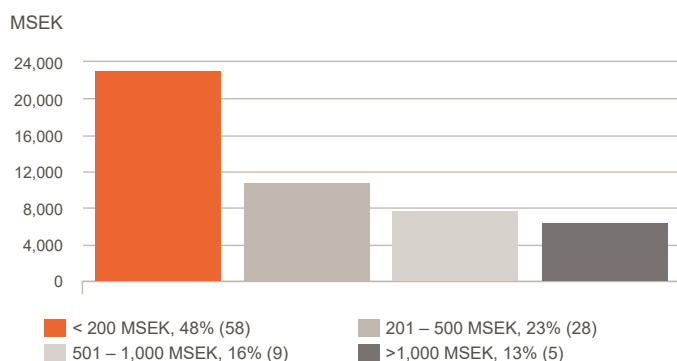
## Order backlog

MSEK	30 Sep 2018	30 Sep 2017	31 Dec 2017
Construction	31,723	26,699	26,805
Civil Engineering	15,031	11,253	10,832
Industry	2,266	2,534	2,533
Project Development	7,039	7,478	8,198
Eliminations	-8,023	-7,753	-8,163
<b>Group</b>	<b>48,036</b>	<b>40,211</b>	<b>40,205</b>

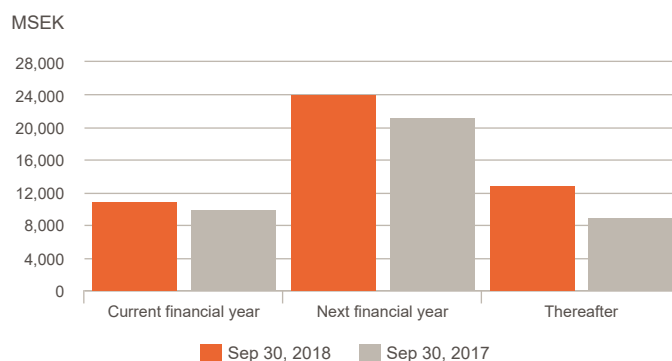
## We received several major contracts and agreements during the third quarter, including:

- Renovation of 391 apartments in Helsingborg. The customer is HSB Brf Åttekulla and the contract is worth SEK 157 million.
- Renovation and extension of the Members of Parliament Building in Stockholm. The customer is Riksdagsförvaltningen and the contract is worth SEK 615 million.
- Construction of 251 hotel rooms on three floors directly connected to Quality Hotel Friends in Solna. The customer is Strawberry Properties AB and the contract is worth SEK 350 million.
- Construction of the new IKEA department store in Källered. The customer is IKEA Fastigheter AB and the contract is worth SEK 795 million.
- Construction of the wind power plants Blakliden and Fäbodberget in Åsele and Lycksele. The customer is Blakliden Fäbodberget Wind AB and the contract is worth SEK 430 million.
- Construction of an office building and car park in Drottninghög in Helsingborg. The customer is Stenströms and Helsingborgshem AB and the contract is worth SEK 213 million.
- Construction of an office building according to Peab's Business Garden Concept in Jyväskylä, Finland. The customer is Specialplaceringsfond Fennica Fastigheter I and the contract is worth EUR 20 million.
- Construction of the first stage of a new medical building at Helsingborg Hospital. The customer is Region Skåne and the contract is worth SEK 136 million.
- Construction of Torp Shopping Center in Uddevalla with 16,500 square meters and extension as well as a substantial renovation of existing premises. The customer is Thon Property AB and the contract is worth SEK 580 million.
- Construction of a new railroad junction west of Sundsvall. It will be a so-called wye that connects the Adal and Mitt tracks. The customer is the Swedish Transport Administration and the contract is worth SEK 178 million.
- Construction of 65 apartments in Ålesund in northwestern Norway. The customer is Fri Sikt Dalsberga AS and the contract is worth NOK 201 million.

## Project allocation of order backlog, 30 Sep 2018



## Order backlog allocated over time



# Overview business areas

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

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

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

## PRESENTATION OF PROPERTY PROJECTS ON OUR OWN BALANCE SHEET

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

## GROUP FUNCTIONS

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

## Net sales and operating profit per business area

MSEK	Net sales						Operating profit					
	Jul-Sep 2018	Jul-Sep 2017	Jan-Sep 2018	Jan-Sep 2017	Oct-Sep 2017/2018	Jan-Dec 2017	Jul-Sep 2018	Jul-Sep 2017	Jan-Sep 2018	Jan-Sep 2017	Oct-Sep 2017/2018	Jan-Dec 2017
Construction	6,172	5,721	20,158	19,095	27,789	26,726	142	121	463	422	643	602
Civil Engineering	3,301	2,819	9,556	8,038	13,343	11,825	98	89	270	238	406	374
Industry	3,723	3,420	9,481	9,077	13,165	12,761	352	342	576	565	878	867
Project Development	1,878	1,926	5,940	6,138	8,145	8,343	165	174	540	558	786	804
– of which Property Development	217	131	544	896	661	1,013	38	-3	101	92	107	98
– of which Housing Development	1,661	1,795	5,396	5,242	7,484	7,330	127	177	439	466	679	706
Group functions	276	242	820	731	1,082	993	-9	-4	-119	-100	-247	-228
Eliminations	-2,905	-2,533	-8,567	-7,588	-11,646	-10,667	-5	-8	-20	-18	-3	-1
<b>Group</b>	<b>12,445</b>	<b>11,595</b>	<b>37,388</b>	<b>35,491</b>	<b>51,878</b>	<b>49,981</b>	<b>743</b>	<b>714</b>	<b>1,710</b>	<b>1,665</b>	<b>2,463</b>	<b>2,418</b>

%	Operating margin					
	Jul-Sep 2018	Jul-Sep 2017	Jan-Sep 2018	Jan-Sep 2017	Oct-Sep 2017/2018	Jan-Dec 2017
Construction	2.3	2.1	2.3	2.2	2.3	2.3
Civil Engineering	3.0	3.2	2.8	3.0	3.0	3.2
Industry	9.5	10.0	6.1	6.2	6.7	6.8
Project Development	8.8	9.0	9.1	9.1	9.7	9.6
– of which Property Development	17.5	-2.3	18.6	10.3	16.2	9.7
– of which Housing Development	7.6	9.9	8.1	8.9	9.1	9.6
Group functions						
Eliminations						
<b>Group</b>	<b>6.0</b>	<b>6.2</b>	<b>4.6</b>	<b>4.7</b>	<b>4.7</b>	<b>4.8</b>



# Business area Construction

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

Operations in business area Construction are run via some 150 local offices around the Nordic area, organized in eleven regions in Sweden, 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 primarily focused on the big city areas. Other regions are responsible for all types of construction projects in their geographic area.

## NET SALES AND PROFIT

### July – September 2018

Net sales for the third quarter 2018 increased by eight percent and amounted to SEK 6,172 million (5,721). The increase is spread over all the countries and there is a greater portion of other building construction for both private and public customers in net sales.

Operating profit for the third quarter amounted to SEK 142 million (121) and the operating margin was 2.3 percent (2.1).

### January – September 2018

Net sales for the period January-September 2018 increased by six percent and amounted to SEK 20,158 million (19,095). The increase is spread over all the countries and there is a greater portion of other building construction for both private and public customers in net sales.

Operating profit for the period January-September 2018 amounted to SEK 463 million (422) and the operating margin was 2.3 percent (2.2). The operating margin for the latest 12 month rolling period was unchanged at 2.3 percent compared to the entire year of 2017.

## ORDERS RECEIVED AND ORDER BACKLOG

### July – September 2018

Orders received during the third quarter 2018 amounted to SEK 6,815 million (7,110). In the orders received for the quarter other building construction compensated for lower volumes in our own home development projects.

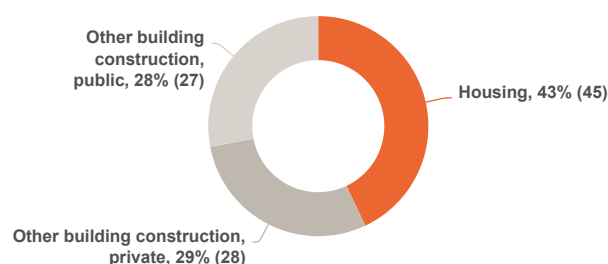
### January – September 2018

Orders received increased during the period January-September 2018 compared to same period last year and amounted to SEK 24,805 million (21,505). Included in orders received is the office project Platinan in Gothenburg for Vasakronan worth SEK 2,100 million. Orders received were well diversified in terms of products and geography.

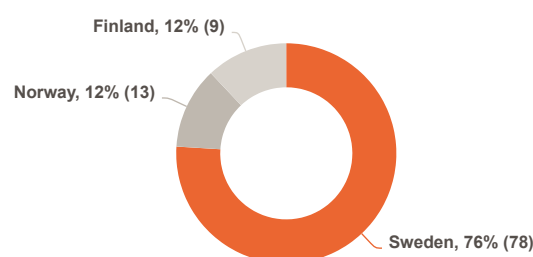
Order backlog 30 September 2018 increased to SEK 31,723 million compared to SEK 26,699 million at the end of September 2017.

## Net sales

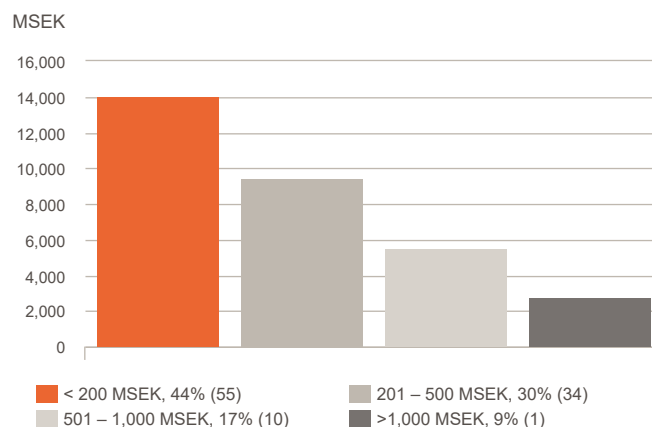
per product area, rolling 12 months



per geographic market, rolling 12 months



## Project allocation of order backlog, 30 Sep 2018



## Key ratios

	Jul-Sep 2018	Jul-Sep 2017	Jan-Sep 2018	Jan-Sep 2017	Oct-Sep 2017/2018	Jan-Dec 2017
Net sales, MSEK	6,172	5,721	20,158	19,095	27,789	26,726
Operating profit, MSEK	142	121	463	422	643	602
Operating margin, %	2.3	2.1	2.3	2.2	2.3	2.3
Orders received, MSEK	6,815	7,110	24,805	21,505	32,580	29,280
Order backlog, MSEK	31,723	26,699	31,723	26,699	31,723	26,805
Number of employees at the end of the period	6,688	6,706	6,688	6,706	6,688	6,685

# Business area Civil Engineering

Business area Civil Engineering is a leading supplier in Sweden 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. Civil Engineering operations are organized in geographic regions and the specialized product areas: Local market, Infrastructure and Operation and maintenance.

Business area Civil Engineering is active on the local civil engineering market working with landscaping and pipelines, foundation work and builds different kinds of facilities.

Infrastructure and heavy construction builds roads, railroads, bridges, tunnels and ports.

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

## NET SALES AND PROFIT

### July – September 2018

Net sales for the third quarter 2018 amounted to SEK 3,301 million (2,819) which was an increase of 17 percent.

Operating profit for the third quarter 2018 amounted to SEK 98 million (89) and the operating margin was 3.0 percent (3.2).

### January- September 2018

Net sales for the period January-September 2018 amounted to SEK 9,556 million (8,038) which was an increase of 19 percent. After adjustments for acquired units net sales increased by 17 percent. The increase during the period stems from all product areas and there is a greater portion of Infrastructure in net sales.

Operating profit for the period January-September 2018 amounted to SEK 270 million (238) and the operating margin was 2.8 percent (3.0). The operating margin for the latest 12 month rolling period was 3.0 percent compared to 3.2 percent for the entire year of 2017.

## ORDERS RECEIVED AND ORDER BACKLOG

### July – September 2018

Orders received increased by 16 percent during the third quarter 2018 and amounted to SEK 3,546 million (3,047).

### January- September 2018

Orders received during the period January-September 2018 amounted to SEK 13,598 million (10,798). Orders received included a SEK 2,900 million extension of the West Sweden railroad system, Olskroken, in Gothenburg for the Swedish Transport Administration.

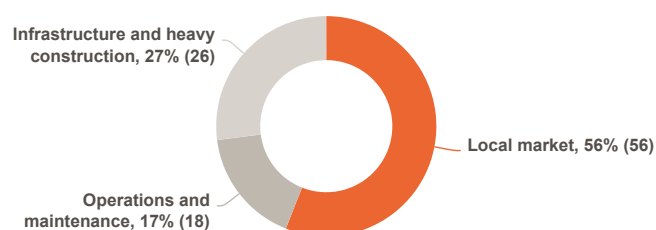
Order backlog on 30 September 2018 improved to SEK 15,031 million (11,253).

## Key ratios

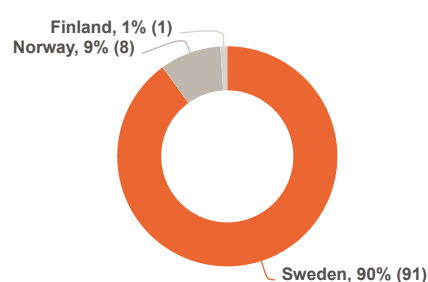
	Jul-Sep 2018	Jul-Sep 2017	Jan-Sep 2018	Jan-Sep 2017	Oct-Sep 2017/2018	Jan-Dec 2017
Net sales, MSEK	3,301	2,819	9,556	8,038	13,343	11,825
Operating profit, MSEK	98	89	270	238	406	374
Operating margin, %	3.0	3.2	2.8	3.0	3.0	3.2
Orders received, MSEK	3,546	3,047	13,598	10,798	16,991	14,191
Order backlog, MSEK	15,031	11,253	15,031	11,253	15,031	10,832
Number of employees at the end of the period	3,738	3,367	3,738	3,367	3,738	3,344

## Net sales

per product area, rolling 12 months

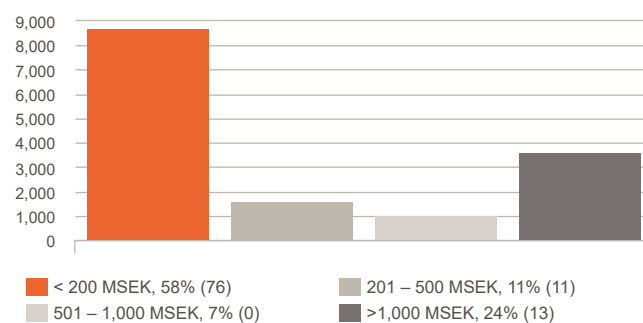


per geographic market, rolling 12 months



## Project allocation of order backlog, 30 Sep 2018

MSEK



# Business area Industry

Business area Industry is a complete supplier of the products and services needed to carry out a sustainable and cost-effective construction and civil engineering project. Industry offers everything from gravel, rock, concrete, asphalt and temporary electricity to prefabricated concrete elements. Business area Industry also rents out cranes, machines and transportation as well as handles production waste.

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

## NET SALES AND PROFIT

### July – September 2018

Net sales for the third quarter 2018 increased by nine percent and amounted to SEK 3,723 million (3,420). The increase in net sales was generated in all the product areas except Transportation and Machines where net sales contracted.

Operating profit for the third quarter 2018 amounted to SEK 352 million (342) and the operating margin was 9.5 percent (10.0). The increase in operating profit was primarily generated in Asphalt.

### January – September 2018

Net sales for the period January-September 2018 increased by four percent and amounted to SEK 9,481 (9,077). Even after adjustments for acquired and divested units net sales increased by four percent. The increase in net sales was generated in all the product areas except Transportation and Machines where net sales contracted.

Operating profit for the period January-September 2018 amounted to SEK 576 million (565). The operating margin was 6.1 percent (6.2). The operating margin was 6.7 percent during the latest rolling 12 month period compared to 6.8 percent for the entire year of 2017.

Capital employed in Industry at the end of the period amounted to SEK 6,512 million (5,759). The increase stems primarily from more investments in machines.

## ORDERS RECEIVED AND ORDER BACKLOG

### July – September 2018

Orders received increased by 14 percent during the third quarter 2018 and amounted to SEK 1,123 million (982).

### January- September 2018

Orders received during the period January-September 2018 amounted to SEK 3,562 million (3,751). Order backlog on 30 September 2018 amounted to SEK 2,266 million (2,534).

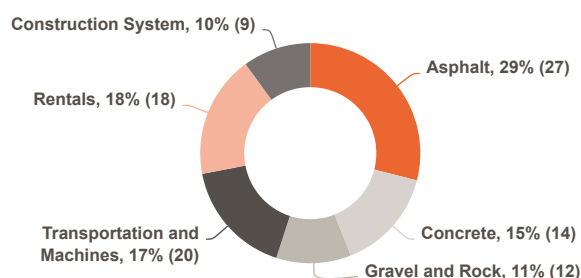
## Key ratios

	Jul-Sep 2018	Jul-Sep 2017	Jan-Sep 2018	Jan-Sep 2017	Oct-Sep 2017/2018	Jan-Dec 2017
Net sales, MSEK	3,723	3,420	9,481	9,077	13,165	12,761
Operating profit, MSEK	352	342	576	565	878	867
Operating margin, %	9.5	10.0	6.1	6.2	6.7	6.8
Orders received, MSEK	1,123	982	3,562	3,751	4,963	5,152
Order backlog, MSEK	2,266	2,534	2,266	2,534	2,266	2,533
Capital employed at the end of the period, MSEK	6,512	5,759	6,512	5,759	6,512	5,781
Number of employees at the end of the period	3,547	3,694	3,547	3,694	3,547	3,452
Concrete, thousands of m <sup>3</sup> <sup>1)</sup>	324	299	923	890	1,254	1,221
Asphalt, thousands of tons <sup>1)</sup>	1,080	1,052	1,870	1,884	2,605	2,619
Gravel and Rock, thousands of tons <sup>1)</sup>	3,684	3,956	10,329	10,457	14,671	14,799

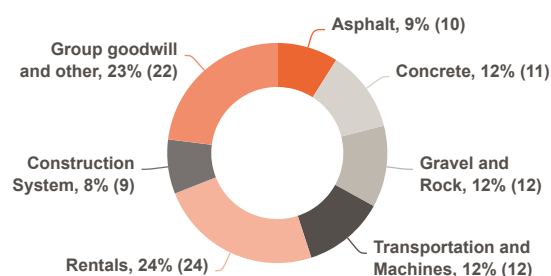
<sup>1)</sup> Refers to sold volume

## Net sales

per product area, rolling 12 months



## Capital employed, 30 September 2018



# Business area Project Development

Business area Project Development, which contains Housing Development and Property Development, creates sustainable and vibrant urban environments with residential and commercial property. The business area is responsible for the Group's acquisition, management and divestment of property as well as project developments that generate contract work for the other business areas. Project development takes place in wholly owned companies or in cooperation with other partners via joint ventures.

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

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

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

## NET SALES AND PROFIT

### July – September 2018

Net sales for the third quarter 2018 in business area Project Development amounted to SEK 1,878 million (1,926). Operating profit amounted to SEK 165 million (174).

### January – September 2018

Net sales for the period January-September 2018 in business area Project Development amounted to SEK 5,940 million (6,138). Operating profit amounted to SEK 540 million (558).

Capital employed in Project Development at the end of the period amounted to SEK 12,509 million (9,967). The increase is due to the acquisition of development rights, higher activity in our own housing projects in Finland and Norway as well as investments in operations and investment properties in Property Development. In addition, a slowdown in the housing market has entailed longer sales processes which has increased working capital.



## Capital employed

MSEK	30 Sep 2018	30 Sep 2017	31 Dec 2017
Operations property	1,147	900	1,036
Investment property	973	840	871
Project and development property	8,981	7,429	7,612
<i>of which housing development rights</i>	5,662	5,041	5,116
<i>of which commercial development rights</i>	645	625	627
<i>of which on going housing projects</i>	1,774	901	1,173
<i>of which on going commercial projects</i>	598	492	383
<i>of which completed projects</i>	10	190	170
<i>of which other</i>	292	180	143
Participation in joint ventures	980	933	912
Loans to joint ventures	1,429	1,457	1,383
Working capital and other	-1,001	-1,592	-1,828
<b>Total</b>	<b>12,509</b>	<b>9,967</b>	<b>9,986</b>

## Key ratios

	Jul-Sep 2018	Jul-Sep 2017	Jan-Sep 2018	Jan-Sep 2017	Oct-Sep 2017/2018	Jan-Dec 2017
Net sales, MSEK	1,878	1,926	5,940	6,138	8,145	8,343
<i>of which Property Development</i>	217	131	544	896	661	1,013
<i>of which Housing Development</i>	1,661	1,795	5,396	5,242	7,484	7,330
Operating profit, MSEK	165	174	540	558	786	804
<i>of which Property Development</i>	38	-3	101	92	107	98
<i>of which Housing Development</i>	127	177	439	466	679	706
Operating margin, %	8.8	9.0	9.1	9.1	9.7	9.6
<i>of which Property Development</i>	17.5	-2.3	18.6	10.3	16.2	9.7
<i>of which Housing Development</i>	7.6	9.9	8.1	8.9	9.1	9.6
Capital employed at the end of the period, MSEK	12,509	9,967	12,509	9,967	12,509	9,986
Orders received, MSEK	1,361	965	4,579	5,555	7,520	8,496
Order backlog, MSEK	7,039	7,478	7,039	7,478	7,039	8,198
Number of employees at the end of the period	377	351	377	351	377	361



## HOUSING DEVELOPMENT

### July – September 2018

Net sales decreased by seven percent in Housing Development and amounted to SEK 1,661 million (1,795). Operating profit amounted to SEK 127 million (177) and the operating margin was 7.6 percent (9.9).

The number of start-ups of our own developed homes during the third quarter amounted to 475 units (463) with a good geographic spread where most of the production starts are outside of the capital city areas. The number of sold homes was 402 (613). The slowdown on the tenant-owned housing market has affected the third quarter as well through less activity, particularly in Stockholm.

### January – September 2018

Net sales increased by three percent in Housing Development and amounted to SEK 5,396 million (5,242). Operating profit amounted to SEK 439 million (466) and the operating margin was 8.1 percent (8.9). The operating margin for the latest rolling 12 month period was 9.1 percent compared to 9.6 for the entire year of 2017.

The number of start-ups of our own developed homes during the period amounted to 1,591 units (1,980) with a good geographic spread in Sweden as well as in Norway and Finland. The number of sold homes during period January-September 2018 was 1,165 (1,797). The number of own developed homes in production at the end of the period was 6,105 (5,327). The level of sold homes in production was 64 percent compared to 72 percent at year-end 2017. The number of repurchased homes per 30 September 2018 was 84 (50).

At the end of the period capital employed had increased in Housing Development due to acquired development rights and greater activity in our own housing developments in Norway and Finland, which remain on the balance sheet until completion. In addition, the slowdown in the housing market has led to longer sales processes which has increased working capital.

The diagram shows when in time the housing projects in Norway and Finland are expected to be completed. The total number of ongoing own housing developments in Norway and Finland were 1,402 per 30 September 2018.

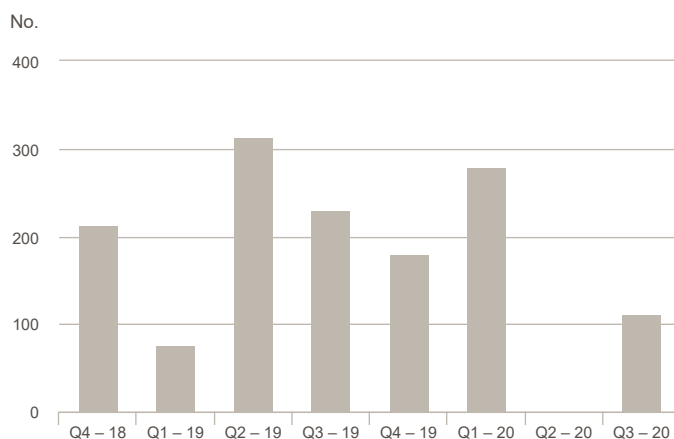
## Own housing development construction

	Jul-Sep 2018	Jul-Sep 2017	Jan-Sep 2018	Jan-Sep 2017	Oct-Sep 2017/2018	Jan-Dec 2017
Number of housing starts during the period	475	463	1,591	1,980	2,659	3,048
Number of sold homes during the period	402	613	1,165	1,797	2,102	2,734
Total number of homes under construction, at the end of the period	6,105	5,327	6,105	5,327	6,105	6,333
Share of sold homes under construction, at the end of the period	64%	71%	64%	71%	64%	72%
Number of repurchased homes in the balance sheet, at the end of the period	84	50	84	50	84	33

## Development rights for housing

Number, approx.	30 Sep 2018	30 Sep 2017	31 Dec 2017
Development rights on our own balance sheet	22,000	19,100	20,700
Development rights via joint ventures	5,600	4,000	4,800
Development rights via options etc.	7,900	7,900	7,100
<b>Total</b>	<b>35,500</b>	<b>31,000</b>	<b>32,600</b>

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



BRF REGISSÖREN  
Trollhättan

## PROPERTY DEVELOPMENT

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

### July – September 2018

During the third quarter 2018 net sales were SEK 217 million (131) and operating profit was SEK 38 million (-3). The increase in operating profit is due to improved profit in wholly and partly owned companies as well as capital gains from property divestitures.

### January – September 2018

During the period January-September 2018 net sales were SEK 544 million (896) and operating profit was SEK 101 million (92). Profit from partly owned companies was SEK 75 million (59) during the period. The first quarter last year included divestitures of assets in Arenastaden to Fabege, which affected net sales by SEK 577 million but had no effect on operating profit. The first quarter last year also included a capital gains effect of SEK 75 million attributable to the divestiture of joint venture companies to Catena.

In cases where no divestiture is planned properties can remain in the Group for a considerable length of time in order to garner rent and appreciation revenue or a combination of both. Included in the capital employed in Property Development are operations property for a reported value of SEK 1,147 million (900) and investment property at SEK 973 million (840).

During the first quarter Peab made the decision to gather all the offices in the Öresund region into the new Peab Center in Hyllie in Malmö, and invest around SEK 200 million in the new office building, the first of five planned in the project The Gate.

Peab has signed a rental agreement with the gym chain Actic that will move its headquarters and open a new gym in a new building in Ulriksdal, Solna. The total 2,600 square meters will consist of 1,150 square meters office space and the rest will be a gym on two floors. Peab will invest around SEK 280 million in the eleven story building. The three top floors will be offices and a gym and the other eight floors will be a garage with 475 parking spaces. The building is expected to be completed in the summer of 2020.

All major property projects are presented in the table below.

## PROPERTY PROJECTS

Completed projects	Location	Rentable area in m <sup>2</sup>	Degree rented, %	Recognized value, MSEK
Hotel	Västerås	14,500	100	509
Businesspark	Ängelholm	60,800	90	240
Businesspark	Ljungbyhed	76,100	60	77
Offices	Helsinki	9,300	100	278
Offices	Sigtuna	3,600	78	66
Other completed projects				368
<b>Total</b>				<b>1,538</b>
<i>of which operations property</i>				848
<i>of which investment property</i>				690

Ongoing projects	Location	Rentable area in m <sup>2</sup>	Degree rented, %	Recognized value, MSEK	Total investment at completion, MSEK	Timepoint of completion	Level of completion, %
Offices	Solna	12,400	100	238	453	Q4-2019	53
Offices	Malmö	4,900	68	61	185	Q1-2020	33
Offices	Helsingborg	4,500	100	35	117	Q1-2020	30
Offices and parking	Helsinki	7,600	27	192	342	Q1-2019	56
Offices and parking	Solna	2,600	100	8	281	Q2-2020	3
Other ongoing projects				48			
<b>Total</b>				<b>582</b>			
<i>of which operations property</i>				299			
<i>of which investment property</i>				283			

## SIGNIFICANT JOINT VENTURES

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

### Significant joint ventures

#### FASTIGHETS AB CENTUR

Own, manage and develop commercial property and housing.

**Peab's share:** 50 percent

**Partner:** Balder

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

**Recognized value on properties 30 September 2018** <sup>1)</sup>: SEK 5,145 million (4,862)

**Peab's portion of unrecognized fair value exclusive tax** <sup>1)</sup>: SEK 324 million (279)

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

#### FASTIGHETS AB ML4

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

**Peab's share:** 50 percent

**Partner:** Wihlborgs

**Location:** Lund

**Recognized value on properties 30 September 2018:** SEK 1,852 million (1,847)

#### TORNET BOSTADSPRODUKTION AB

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

**Peab's share:** 31 percent

**Partner:** Riksbyggen, Folksam and Balder

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

**Recognized value on properties 30 September 2018** <sup>1)</sup>: SEK 3,244 million (2,558)

**Peab's portion of unrecognized fair value exclusive tax** <sup>1)</sup>: SEK 190 million (135)

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

#### POINT HYLLIE HOLDING AB

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

**Peab's share:** 50 percent

**Partner:** Volito

**Location:** Hyllie, Malmö

**Recognized value of properties 30 September 2018:** SEK 940 million (785)

**Major ongoing projects:** 29 floor office building, The Point, Rentable area 20,000 m<sup>2</sup>

1) Valued at market price in joint venture companies. The market prices on properties that affect the recognized values in joint venture companies are not recognized in Peab's profit.



# The construction market

## SWEDEN

Investments in new production of single homes and apartment buildings are expected to decrease in 2018 and 2019. Volumes in other building construction investments during the first half-year were somewhat lower than anticipated, primarily because industrial building construction slowed down. Development is now driven forward by new production and refurbishment of office and retail space as well as public premises. Above all development is driven by continued growth in employment, the low level of vacancies and the need to invest in public premises. Civil engineering investments are expected to grow at a good rate in 2018 and 2019 boosted in part by the latest infrastructure plan which indicates a higher level of ambition. All in all building construction investments are expected to contract in 2018 but develop sideways in 2019.

## NORWAY

Housing construction investments in Norway declined during the first half-year. Most noticeably there was a sharp drop in new production of apartment buildings. The past three years of intense housing construction along with a slower than expected rate in population growth are believed to be the factors behind this development. On the other hand other building construction is expected to increase dramatically during 2018 with growth in all the included sectors. This upturn is driven by continued growth in the economy as a result of the recovery in the oil industry. Total building construction investments are expected to grow before they turn in 2019. Civil engineering investments are growing with the economy and this development is forecasted for 2018 and 2019.

## FINLAND

The Finnish economy is developing at a good rate which means good conditions for the construction market. Willingness to invest is considerable and in housing the greatest increase is in ongoing new production and refurbishment of apartment buildings. Housing investments are expected to grow in 2019 and then develop sideways in 2020. Industrial investments have been particularly notable in other building construction and risen more than expected. In total other building construction investments are predicted to increase this year before they level out in 2019 and 2020 and together, all building construction investments are expected to grow in 2018 and 2019. Civil engineering investments do not follow the same trend as housing and other building construction. Instead they are forecasted to develop sideways in the coming years.

## Housing

	2018	2019	2020
Sweden	↘	↘	↘
Norway	↘	→	→
Finland	↗	↗	↗

Forecast for started-up housing investments, new and renovations

Source: Industrifakta

## Other building construction

	2018	2019	2020
Sweden	→	→	↘
Norway	↑	↘	↘
Finland	↗	→	→

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

Source: Industrifakta

## Civil engineering

	2018	2019	2020
Sweden	↗	↗	–
Norway	↑	↗	–
Finland	→	→	–

Forecast for civil engineering investments

Source: Industrifakta

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





# Other information

## RISKS AND UNCERTAINTY FACTORS

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

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

The financial risks are connected to tying up capital and the need for capital, primarily in the form of interest rate risk and refinancing risk. Financial risks are dealt with on Group level. For further information on risks and uncertainty factors, see the 2017 Annual Report.

## HOLDINGS OF OWN SHARES

At the beginning of 2018 Peab's own B shareholding was 1,086,984 which corresponds to 0.4 percent of the total number of shares. No changes have taken place during the period January-September 2018.

## THE PEAB SHARE

Peab's B share is listed on the Nasdaq Stockholm, Large Cap list. As of 8 November 2018, the price of the Peab share was SEK 79.80, an increase of 13 percent during 2018. During the same period, the Swedish stock market decreased by 0.25 percent according to the general index in the business magazine "Affärsvärlden". During 2018 the Peab share has been quoted at a maximum of SEK 85.85 and a minimum of SEK 62.60.

## IMPORTANT EVENTS DURING THE REPORT PERIOD

Camila Buzaglo was appointed Chief Communications Officer at Peab and a member of executive management. Camila left a position as COO at IP-Only. She has previously worked with communication and public relations at Telia and in the Government and Parliament Offices as press secretary. Camila assumed her role as CCO on 1 November 2018.

## IMPORTANT EVENTS AFTER THE REPORT PERIOD

Lotta Brändström will become the Business Area Civil Engineering Manager at Peab on 1 January 2019. Lotta Brändström currently holds the position of Assistant Business Area Civil Engineering Manager at Peab. She has previously been the CEO of Göteborg Energi and held various positions within the Swedish Transport Administration and the Swedish Railway Authority. Lotta will take the place of Karl-Gunnar Karlsson who has been the combined Business Areas Civil Engineering and Industry Manager for several years. Karl-Gunnar will continue in his role as Business Area Industry Manager. Lotta will also become a member of executive management which will then consist of:

Jesper Göransson, President and CEO

Niclas Winkvist, CFO

Roger Linnér, COO

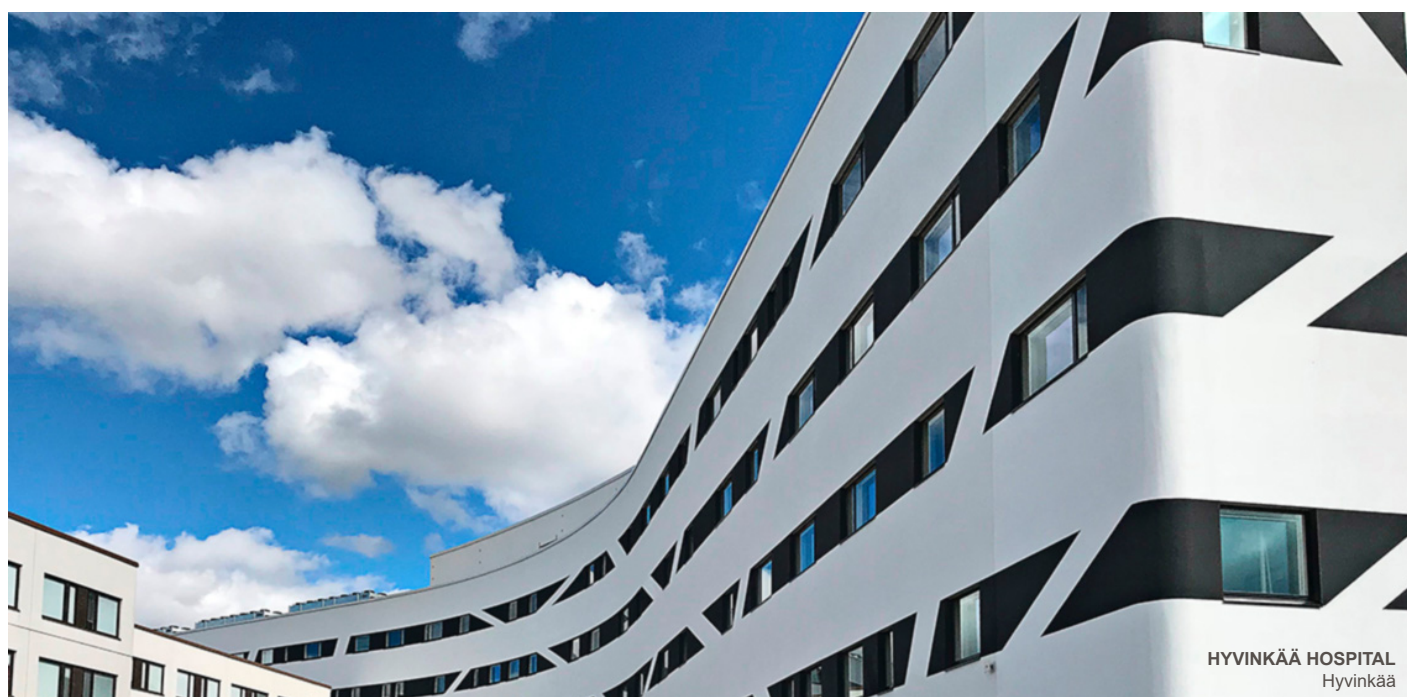
Camila Buzaglo, CCO

Stefan Danielsson, Business Area Construction Manager

Lotta Brändström, Business Areas Civil Engineering Manager

Karl-Gunnar Karlsson, Business Area Industry Manager

Göran Linder, Business Area Project Development Manager



## Report on the Group income statement

MSEK	Jul-Sep 2018	Jul-Sep 2017	Jan-Sep 2018	Jan-Sep 2017	Oct-Sep 2017/2018	Jan-Dec 2017
Net sales	12,445	11,595	37,388	35,491	51,878	49,981
Production costs	-11,153	-10,431	-33,673	-32,126	-46,776	-45,229
<b>Gross profit</b>	<b>1,292</b>	<b>1,164</b>	<b>3,715</b>	<b>3,365</b>	<b>5,102</b>	<b>4,752</b>
Sales and administrative expenses	-575	-528	-2,073	-1,919	-2,768	-2,614
Other operating income	45	78	97	234	168	305
Other operating costs	-19	0	-29	-15	-39	-25
<b>Operating profit</b>	<b>743</b>	<b>714</b>	<b>1,710</b>	<b>1,665</b>	<b>2,463</b>	<b>2,418</b>
Financial income	36	17	82	73	200	191
Financial expenses	-29	-26	-113	-105	-159	-151
<b>Net finance</b>	<b>7</b>	<b>-9</b>	<b>-31</b>	<b>-32</b>	<b>41</b>	<b>40</b>
<b>Pre-tax profit</b>	<b>750</b>	<b>705</b>	<b>1,679</b>	<b>1,633</b>	<b>2,504</b>	<b>2,458</b>
Tax	-146	-120	-285	-246	-430	-391
<b>Profit for the period</b>	<b>604</b>	<b>585</b>	<b>1,394</b>	<b>1,387</b>	<b>2,074</b>	<b>2,067</b>
<b>Profit for the period, attributable to:</b>						
Shareholders in parent company	604	585	1,394	1,387	2,074	2,067
Non-controlling interests	0	-	0	-	0	0
<b>Profit for the period</b>	<b>604</b>	<b>585</b>	<b>1,394</b>	<b>1,387</b>	<b>2,074</b>	<b>2,067</b>
<b>Key ratios</b>						
Earnings per share before and after dilution, SEK	2.05	1.98	4.73	4.70	7.04	7.01
Average number of outstanding shares, million	295.0	295.0	295.0	295.0	295.0	295.0
Return on capital employed, %			17.0 <sup>1)</sup>	17.3 <sup>1)</sup>	17.0	18.7
Return on equity, %			19.8 <sup>1)</sup>	20.1 <sup>1)</sup>	19.8	21.3

1) Calculated on rolling 12 months

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

MSEK	Jul-Sep 2018	Jul-Sep 2017	Jan-Sep 2018	Jan-Sep 2017	Oct-Sep 2017/2018	Jan-Dec 2017
<b>Profit for the period</b>	<b>604</b>	<b>585</b>	<b>1,394</b>	<b>1,387</b>	<b>2,074</b>	<b>2,067</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	-25	5	163	-49	159	-53
Translation differences transferred to profit for the period	-	0	-	-2	0	-2
Changes for the period in fair value of available-for-sale financial assets	-	-16	-	112	-167	-55
Changes in fair value of cash flow hedges for the period	9	13	27	41	98	112
Shares in joint ventures' other comprehensive income	0	0	1	0	1	0
Tax referring to items that can be reclassified or have been reclassified to income for the period	-6	-2	5	-12	1	-16
<b>Other comprehensive income for the period</b>	<b>-22</b>	<b>0</b>	<b>196</b>	<b>90</b>	<b>92</b>	<b>-14</b>
<b>Total comprehensive income for the period</b>	<b>582</b>	<b>585</b>	<b>1,590</b>	<b>1,477</b>	<b>2,166</b>	<b>2,053</b>
<b>Total comprehensive income for the period, attributable to:</b>						
Shareholders in parent company	581	585	1,589	1,477	2,165	2,053
Non-controlling interests	1	0	1	0	1	0
<b>Total comprehensive income for the period</b>	<b>582</b>	<b>585</b>	<b>1,590</b>	<b>1,477</b>	<b>2,166</b>	<b>2,053</b>

# Report on financial position for the Group in summary

MSEK	30 Sep 2018	30 Sep 2017	31 Dec 2017
<b>Assets</b>			
Intangible assets	2,230	2,056	2,167
Tangible assets	5,909	5,216	5,508
Investment property	973	840	871
Interest-bearing long-term receivables	1,420	1,778	1,520
Other financial fixed assets	1,303	1,222	1,147
Deferred tax recoverables	3	66	13
<b>Total fixed assets</b>	<b>11,838</b>	<b>11,178</b>	<b>11,226</b>
Project and development properties	8,981	7,429	7,612
Inventories	448	448	399
Interest-bearing current receivables	681	301	411
Other current receivables	14,074	11,914	11,882
Liquid funds	453	255	595
Available-for-sale financial assets	–	585	–
<b>Total current assets</b>	<b>24,637</b>	<b>20,932</b>	<b>20,899</b>
<b>Total assets</b>	<b>36,475</b>	<b>32,110</b>	<b>32,125</b>
<b>Equity and liabilities</b>			
<b>Equity</b>	<b>10,735</b>	<b>9,757</b>	<b>10,332</b>
<b>Liabilities</b>			
Interest-bearing long-term liabilities	4,366	2,688	2,573
Deferred tax liabilities	187	261	201
Other long-term liabilities	834	733	840
<b>Total long-term liabilities</b>	<b>5,387</b>	<b>3,682</b>	<b>3,614</b>
Interest-bearing current liabilities	2,629	1,993	1,169
Other current liabilities	17,724	16,678	17,010
<b>Total current liabilities</b>	<b>20,353</b>	<b>18,671</b>	<b>18,179</b>
<b>Total liabilities</b>	<b>25,740</b>	<b>22,353</b>	<b>21,793</b>
<b>Total equity and liabilities</b>	<b>36,475</b>	<b>32,110</b>	<b>32,125</b>
<b>Key ratios</b>			
Capital employed	17,730	14,438	14,074
Equity/assets ratio, %	29.4	30.4	32.2
Net debt	4,441	2,347	1,216
Equity per share, SEK	36.39	33.07	35.02
Number of outstanding shares at the end of the period, million	295.0	295.0	295.0

# Report on changes in Group equity in summary

MSEK	30 Sep 2018	30 Sep 2017	31 Dec 2017
<b>Equity attributable to shareholders in parent company</b>			
<b>Opening equity on 1 January</b>	<b>10,331</b>	<b>9,380</b>	<b>9,380</b>
Adjustment for retroactive application of IFRS 9 per 1 January 2018	-7	-	-
Adjustment for retroactive application of IFRS 15 per 1 January 2017	-	-40	-40
<b>Adjusted equity on 1 January</b>	<b>10,324</b>	<b>9,340</b>	<b>9,340</b>
Profit for the period	1,394	1,387	2,067
Other comprehensive income for the period	195	90	-14
<b>Comprehensive income for the period</b>	<b>1,589</b>	<b>1,477</b>	<b>2,053</b>
Cash dividend	-1,180	-1,062	-1,062
Acquisition of non-controlling interests, previous controlling interests	-	-	0
<b>Closing equity</b>	<b>10,733</b>	<b>9,755</b>	<b>10,331</b>
<b>Non-controlling interests</b>			
<b>Opening equity on 1 January</b>	<b>1</b>	<b>0</b>	<b>0</b>
Comprehensive income for the period	1	0	0
Acquisition of partially owned subsidiaries, non-controlling interests already	-	2	1
<b>Closing equity</b>	<b>2</b>	<b>2</b>	<b>1</b>
<b>Total closing equity</b>	<b>10,735</b>	<b>9,757</b>	<b>10,332</b>



# Report on Group cash flow in summary

MSEK	Jul-Sep 2018	Jul-Sep 2017	Jan-Sep 2018	Jan-Sep 2017	Oct-Sep 2017/2018	Jan-Dec 2017
<b>Cash flow from current operations before changes in working capital</b>	<b>757</b>	<b>781</b>	<b>1,556</b>	<b>1,771</b>	<b>2,581</b>	<b>2,796</b>
Increase (-) / Decrease (+) of project and development properties	-391	-171	-1,283	-596	-1,374	-687
Increase (-) / Decrease (+) of inventories	6	-39	-43	-91	20	-28
Increase (-) / Decrease (+) of current receivables / current liabilities	-849	83	-1,144	553	-939	758
<b>Cash flow from changes in working capital</b>	<b>-1,234</b>	<b>-127</b>	<b>-2,470</b>	<b>-134</b>	<b>-2,293</b>	<b>43</b>
<b>Cash flow from current operations</b>	<b>-477</b>	<b>654</b>	<b>-914</b>	<b>1,637</b>	<b>288</b>	<b>2,839</b>
Acquisition of subsidiaries / businesses, net effect on liquid funds	-4	-130	-19	-138	-41	-160
Disposal of subsidiaries / businesses, net effect on liquid funds	-	-	-	-	4	4
Acquisition of fixed assets	-569	-457	-1,382	-1,342	-2,005	-1,965
Sales of fixed assets	174	37	345	630	1,292	1,577
<b>Cash flow from investment operations</b>	<b>-399</b>	<b>-550</b>	<b>-1,056</b>	<b>-850</b>	<b>-750</b>	<b>-544</b>
<b>Cash flow before financing</b>	<b>-876</b>	<b>104</b>	<b>-1,970</b>	<b>787</b>	<b>-462</b>	<b>2,295</b>
Increase (+) / Decrease (-) of interest-bearing liabilities	792	-95	2,971	-511	1,794	-1,688
Dividend distributed to shareholders in parent company	-	-	-1,180	-1,062	-1,180	-1,062
<b>Cash flow from financing operations</b>	<b>792</b>	<b>-95</b>	<b>1,791</b>	<b>-1,573</b>	<b>614</b>	<b>-2,750</b>
<b>Cash flow for the period</b>	<b>-84</b>	<b>9</b>	<b>-179</b>	<b>-786</b>	<b>152</b>	<b>-455</b>
Cash at the beginning of the period	535	243	595	1,062	255	1,062
Exchange rate differences in cash	2	3	37	-21	46	-12
<b>Cash at the end of the period</b>	<b>453</b>	<b>255</b>	<b>453</b>	<b>255</b>	<b>453</b>	<b>595</b>

## Parent company

The parent company Peab AB's net sales for the period January-September 2018 amounted to SEK 218 million (189) and mainly consisted of internal Group services. Profit for the period amounted to SEK 1,235 million (-141). Profit for the period included dividends of SEK 1,509 million (-) from subsidiaries.

The parent company's assets mainly consist of participations in Group companies amounting to SEK 11,994 million (11,805). In the comparable period holdings of shares in Lemminkäinen Oyj worth SEK 585 million was included. The assets have been financed from equity of SEK 7,459 million (5,426) and long-term liabilities amounting to SEK 3,707 million (6,703).

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

## Report on the parent company income statement in summary

MSEK	Jul-Sep 2018	Jul-Sep 2017	Jan-Sep 2018	Jan-Sep 2017	Oct-Sep 2017/2018	Jan-Dec 2017
Net sales	63	60	218	189	291	262
Administrative expenses	-101	-83	-336	-290	-458	-412
<b>Operating profit</b>	<b>-38</b>	<b>-23</b>	<b>-118</b>	<b>-101</b>	<b>-167</b>	<b>-150</b>
<b>Result from financial investments</b>						
Profit from participation in Group companies	100	-	1,387	-	1,387	0
Other financial items	-21	-34	-70	-84	64	50
<b>Result after financial items</b>	<b>41</b>	<b>-57</b>	<b>1,199</b>	<b>-185</b>	<b>1,284</b>	<b>-100</b>
Appropriations	-	-	-	-	2,626	2,626
<b>Pre-tax profit</b>	<b>41</b>	<b>-57</b>	<b>1,199</b>	<b>-185</b>	<b>3,910</b>	<b>2,526</b>
Tax	14	13	36	44	-517	-509
<b>Profit for the period</b>	<b>55</b>	<b>-44</b>	<b>1,235</b>	<b>-141</b>	<b>3,393</b>	<b>2,017</b>

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

MSEK	Jul-Sep 2018	Jul-Sep 2017	Jan-Sep 2018	Jan-Sep 2017	Oct-Sep 2017/2018	Jan-Dec 2017
<b>Profit for the period</b>	<b>55</b>	<b>-44</b>	<b>1,235</b>	<b>-141</b>	<b>3,393</b>	<b>2,017</b>
<b>Other comprehensive income</b>						
<b>Items that can be reclassified or have been reclassified to income for the period</b>						
Changes for the period in fair value of available-for-sale financial assets	-	-26	-	105	-180	-75
<b>Total comprehensive income for the period</b>	<b>55</b>	<b>-70</b>	<b>1,235</b>	<b>-36</b>	<b>3,213</b>	<b>1,942</b>

# Report on financial position for the parent company in summary

MSEK	30 Sep 2018	30 Sep 2017	31 Dec 2017
<b>Assets</b>			
<b>Fixed assets</b>			
Intangible fixed assets	49	–	38
Tangible fixed assets	1	1	1
<b>Financial assets</b>			
Participation in Group companies	11,994	11,805	12,116
Deferred tax recoverables	103	98	110
<b>Total financial assets</b>	<b>12,097</b>	<b>11,903</b>	<b>12,226</b>
<b>Total fixed assets</b>	<b>12,147</b>	<b>11,904</b>	<b>12,265</b>
<b>Current asset</b>			
<b>Current receivables</b>			
Accounts receivable	0	2	1
Receivables from Group companies	53	45	3,472
Current tax assets	394	220	–
Other securities	–	585	–
Other receivables	5	0	4
Prepaid expenses and accrued income	12	11	15
<b>Total current receivables</b>	<b>464</b>	<b>863</b>	<b>3,492</b>
Liquid funds	0	0	0
<b>Total current assets</b>	<b>464</b>	<b>863</b>	<b>3,492</b>
<b>Total assets</b>	<b>12,611</b>	<b>12,767</b>	<b>15,757</b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Restricted equity	1,906	1,884	1,901
Non-restricted equity	5,553	3,542	5,503
<b>Total equity</b>	<b>7,459</b>	<b>5,426</b>	<b>7,404</b>
<b>Untaxed reserves</b>	<b>1,315</b>	<b>522</b>	<b>1,315</b>
<b>Provisions</b>			
Other provisions	34	32	32
<b>Total provisions</b>	<b>34</b>	<b>32</b>	<b>32</b>
<b>Long-term liabilities</b>			
Liabilities to Group companies	3,707	6,703	6,326
<b>Total long-term liabilities</b>	<b>3,707</b>	<b>6,703</b>	<b>6,326</b>
<b>Current liabilities</b>			
Accounts payable	19	18	25
Liabilities to Group companies	8	6	347
Current tax liabilities	–	–	225
Other liabilities	8	8	7
Accrued expenses and deferred income	61	52	76
<b>Total current liabilities</b>	<b>96</b>	<b>84</b>	<b>680</b>
<b>Total liabilities</b>	<b>3,803</b>	<b>6,787</b>	<b>7,006</b>
<b>Total equity and liabilities</b>	<b>12,611</b>	<b>12,767</b>	<b>15,757</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.

In 2018 the Group began to apply IFRS 9 Financial instruments and IFRS 15 Revenue from contracts with customers. The effects of the changeover to IFRS 9 and IFRS 15 are described below.

### EFFECT OF THE CHANGEOVER TO IFRS 9 AND IFRS 15

Peab applies IFRS 9 Financial instruments and IFRS 15 Revenue from contracts with customers as of 1 January 2018. Changes in the accounting principles subsequent to the implementation of IFRS 9 have been applied retroactively and the total effect has been recognized in equity per 1 January 2018. The Group has applied the exemption of not recalculating comparable information for previous periods.

Peab has chosen to apply IFRS 15 retroactively by recalculating the financial reports for 2017.

The effect on Group equity at the changeover to IFRS 9 and IFRS 15 is presented in the table below.

In the Annual Report 2017 Peab communicated that all housing in Norway would be recognized over time. This assessment was made before IFRS IC presented its interpretation in Agenda Paper 2C. Norway and IFRS IC have been holding discussions for a long time which is why there has been a great deal of uncertainty concerning whether or not the criteria for revenue over time (IFRS 15.35c) were considered met. As a consequence of IFRIC update March 2018 income will be recognized, as previously, at one point in time, and therefore the effects presented in the Annual Report 2017 concerning Norway will not occur.

As a result of the changed interpretation of IFRS 15 the effect of the changeover to IFRS 15 as well as the recalculated income statements and balance sheets presented in the Annual Report 2017 have been changed. New recalculated income statements and balance sheets for 2017 can be found on Peab's website, [www.peab.com/ifrs](http://www.peab.com/ifrs). Recalculated figures per quarter and segment are also presented there. The recalculations have not had any material effect on either business area Project Development or the Group as a whole.

MSEK	Equity
Closing balance 31 December 2016 before changeover to IFRS 15 and IFRS 9	9,380
Adjustments at changeover to IFRS 15	-40
<b>Adjusted opening balance 1 January 2017</b>	<b>9,340</b>
Closing balance 31 December 2017 before changeover to IFRS 15 and IFRS 9	10,362
Adjustments at changeover to IFRS 15	-30
<b>Adjusted closing balance 31 December 2017 before changeover to IFRS 9</b>	<b>10,332</b>
Adjustments at changeover to IFRS 9	-7
<b>Adjusted opening balance 1 January 2018</b>	<b>10,325</b>

Effects of the recalculation of the income statement for 2017 at the changeover to IFRS 15 are presented below.

MSEK	Jan-Sep 2017			Jan-Dec 2017		
	Reported	Adjustment IFRS 15	Recalculated	Reported	Adjustment IFRS 15	Recalculated
Net sales	35,534	-43	35,491	50,090	-109	49,981
Operating profit	1,663	2	1,665	2,405	13	2,418
Profit for the period	1,386	1	1,387	2,057	10	2,067
Total comprehensive income for the period	1,476	1	1,477	2,043	10	2,053

### IFRS 9 FINANCIAL INSTRUMENTS

IFRS 9 entails changes foremost regarding classification and valuation of financial assets and financial liabilities, write-downs of financial assets and hedging accounting. The standard replaces IAS 39 Financial instruments: Recognition and measurement.

IFRS 9 requires loss reserves for anticipated credit losses. This differs from IAS 39 that only requires loss reserves if something occurs that leads Peab to believe a customer may not be able to pay the entire balance due.

For further information on IFRS 9 please see Peab's website, [www.peab.com/ifrs](http://www.peab.com/ifrs).



## **IFRS 15 REVENUE FROM CONTRACTS WITH CUSTOMERS**

IFRS 15 Revenue from contracts with customers, replaces IAS 18 Revenue, IAS 11 Construction contracts and IFRIC 15 Agreements for the construction of real estate.

For business area Project Development implementing IFRS 15 means our own home (villas) developments in Sweden are reported according to so-called revenue over time. Swedish tenant-owned housing projects will continue to be recognized as previously through revenue over time. IFRS 15 has not led to any changes in reporting regarding housing projects in Finland and Norway since income is first recognized when the home is turned over to the buyer.

After implementation of IFRS 15 segment reporting mirrors legal reporting. The differences between operative and legal reporting no longer exist after implementation of IFRS 15. In regards to Peab's construction contract operations in business area Construction and Civil Engineering, IFRS 15 does not entail any material change in when income is recognized or for what amount. The changeover to IFRS 15 does not entail any material change for business area Industry either.

For further information on IFRS 15 please see Peab's website, [www.peab.com/ifrs](http://www.peab.com/ifrs).

### **Revenue recognition of Swedish tenant-owned housing projects**

Together with several other major housing developers Peab has received questions from Nasdaq Stockholm AB during the year regarding the application of IFRS 15 Revenue from contracts with customers as well as whether the tenant-owned housing association or the final home buyers are, in terms of accounting, Peab's customers according to IFRS 15. Peab has answered Nasdaq's questions and motivated why we consider the tenant-owned housing association to be Peab's customer. This conclusion is shared by our accountants. For this reason Peab applies revenue over time accounting to Swedish tenant-owned housing projects. In the beginning of October 2018 Nasdaq sent a letter to listed housing developers which put forth Nasdaq's perspective that it considers the final home buyers to be our customers, which would mean the revenue should be recognized at a single point in time, i.e. when the buyer accesses the home. Nasdaq will take into consideration the affected companies' viewpoints before it makes its final decision. The effects of a possible change in recognition have not yet been determined.

## **IFRS 16 LEASES**

IFRS 16 Leases will replace IAS 17 Leases as of 1 January 2019. Peab does not plan to prematurely apply the standard. IFRS 16 will require Peab as a lessee to report all leasing contracts as assets and liabilities on the balance sheet, representing the right to use the leased asset respectively the obligation to pay leasing fees. Regarding leasing contracts, depreciation of the leasing asset and interest costs on the leasing liability are recognized in the income statement. Peab is running a special project to implement, and determine the effect of, IFRS 16 on the Group's profit and position as well as additional disclosures. Peab's balance sheet total is expected to increase through activating contracts that are currently classified as operational, the operating profit is expected to improve while financial costs are expected to grow. Peab estimates that the balance sheet total will increase by around two-five percent but the analysis must be completed before any possible final effects can be quantified. Furthermore, the effects will be influenced by which of the available changeover methods Peab chooses to use for the changeover to IFRS 16, a choice Peab has not yet made.

## **PARENT COMPANY**

IFRS 15 Revenue from contracts with customers has not had any effect on parent company revenue accounting. IFRS 9 Financial instruments, entails new rules for writing down receivables based on anticipated credit losses. The parent company's current receivables from Group companies fall within the area of application for impairment rules in IFRS 9. The receivables are overwhelmingly Group contributions that are settled shortly after the balance sheet date. On material grounds no reserve is reported for anticipated credit losses regarding these receivables. Otherwise IFRS 9 had no effect on accounting on 1 January 2018. The new standard IFRS 16 Leasing does not affect the parent company since the standard is exempt from application in legal entities and leasing in the parent company is insignificant.

## Note 2 – Income allocation

Group Jan-Sep 2018 MSEK	Construction	Civil Engineering	Industry	Project Development	Group functions	Eliminations	Group
<b>Allocation per internal/external customer</b>							
External sales	16,247	8,322	6,843	5,902	74		37,388
Internal sales	3,911	1,234	2,638	38	746	-8,567	–
<b>Total income</b>	<b>20,158</b>	<b>9,556</b>	<b>9,481</b>	<b>5,940</b>	<b>820</b>	<b>-8,567</b>	<b>37,388</b>
<b>Allocation per country</b>							
Sweden	15,260	8,295	8,379	4,504	705	-7,216	29,927
Norway	2,439	1,147	670	225	67	-554	3,994
Finland	2,455	114	422	1,211	48	-793	3,457
Other	4		10			-4	10
<b>Total income</b>	<b>20,158</b>	<b>9,556</b>	<b>9,481</b>	<b>5,940</b>	<b>820</b>	<b>-8,567</b>	<b>37,388</b>
<b>Allocation per type of customer</b>							
Public sector	7,197	5,122	1,701	11	39		14,070
Private customers	9,050	3,200	5,142	5,891	35		23,318
Internal customers	3,911	1,234	2,638	38	746	-8,567	–
<b>Total income</b>	<b>20,158</b>	<b>9,556</b>	<b>9,481</b>	<b>5,940</b>	<b>820</b>	<b>-8,567</b>	<b>37,388</b>
<b>Allocation per point in time</b>							
At one point in time	52	26	4,437	2,071	86	-1,511	5,161
Over time	20,103	9,524	3,818	3,709	653	-6,286	31,521
Income from rent <sup>1)</sup>	3	6	1,226	160	81	-770	706
<b>Total income</b>	<b>20,158</b>	<b>9,556</b>	<b>9,481</b>	<b>5,940</b>	<b>820</b>	<b>-8,567</b>	<b>37,388</b>
<sup>1)</sup> Income from rent is recognized according to IAS 17							
<b>Allocation per type of income</b>							
Contract work	20,098	9,524	3,816	3,709		-5,627	31,520
Sales of products	4		2,953			-962	1,995
Sales of development projects				1,976		-9	1,967
Transportation services		1	1,322			-451	872
Administrative services	5		2		653	-659	1
Income from rent	3	6	1,226	160	81	-770	706
Other	48	25	162	95	86	-89	327
<b>Total income</b>	<b>20,158</b>	<b>9,556</b>	<b>9,481</b>	<b>5,940</b>	<b>820</b>	<b>-8,567</b>	<b>37,388</b>

Group Jan-Sep 2017 MSEK	Construction	Civil Engineering	Industry	Project Development	Group functions	Eliminations	Group
<b>Allocation per internal/external customer</b>							
External sales	15,800	6,964	6,558	6,098	71		35,491
Internal sales	3,295	1,074	2,519	40	660	-7,588	-
<b>Total income</b>	<b>19,095</b>	<b>8,038</b>	<b>9,077</b>	<b>6,138</b>	<b>731</b>	<b>-7,588</b>	<b>35,491</b>
<b>Allocation per country</b>							
Sweden	14,817	7,121	7,948	4,923	651	-6,681	28,779
Norway	2,389	837	794	390	51	-229	4,232
Finland	1,885	80	323	825	29	-675	2,467
Other	4		12			-3	13
<b>Total income</b>	<b>19,095</b>	<b>8,038</b>	<b>9,077</b>	<b>6,138</b>	<b>731</b>	<b>-7,588</b>	<b>35,491</b>
<b>Allocation per type of customer</b>							
Public sector	6,875	4,977	1,774	7	38		13,671
Private customers	8,925	1,987	4,784	6,091	33		21,820
Internal customers	3,295	1,074	2,519	40	660	-7,588	-
<b>Total income</b>	<b>19,095</b>	<b>8,038</b>	<b>9,077</b>	<b>6,138</b>	<b>731</b>	<b>-7,588</b>	<b>35,491</b>
<b>Allocation per point in time</b>							
At one point in time	62	42	4,534	1,994	82	-1,492	5,222
Over time	19,029	7,994	3,393	4,003	619	-5,378	29,660
Income from rent <sup>1)</sup>	4	2	1,150	141	30	-718	609
<b>Total income</b>	<b>19,095</b>	<b>8,038</b>	<b>9,077</b>	<b>6,138</b>	<b>731</b>	<b>-7,588</b>	<b>35,491</b>
<sup>1)</sup> Income from rent is recognized according to IAS 17							
<b>Allocation per type of income</b>							
Contract work	19,025	7,994	3,391	4,001		-4,755	29,656
Sales of products	4		2,806			-910	1,900
Sales of development projects				1,848			1,848
Transportation services		1	1,689			-539	1,151
Administrative services	4		2	2	619	-623	4
Income from rent	4	2	1,150	141	30	-718	609
Other	58	41	39	146	82	-43	323
<b>Total income</b>	<b>19,095</b>	<b>8,038</b>	<b>9,077</b>	<b>6,138</b>	<b>731</b>	<b>-7,588</b>	<b>35,491</b>

Group Jan-Dec 2017 MSEK	Construction	Civil Engineering	Industry	Project Development	Group functions	Eliminations	Group
<b>Allocation per external/internal customer</b>							
External sales	22,073	10,319	9,206	8,282	101		49,981
Internal sales	4,653	1,506	3,555	61	892	-10,667	-
<b>Total</b>	<b>26,726</b>	<b>11,825</b>	<b>12,761</b>	<b>8,343</b>	<b>993</b>	<b>-10,667</b>	<b>49,981</b>
<b>Allocation per country</b>							
Sweden	20,694	10,470	11,226	6,969	862	-9,329	40,892
Norway	3,304	1,237	1,075	434	84	-391	5,743
Finland	2,722	118	446	940	47	-942	3,331
Other	6		14			-5	15
<b>Total</b>	<b>26,726</b>	<b>11,825</b>	<b>12,761</b>	<b>8,343</b>	<b>993</b>	<b>-10,667</b>	<b>49,981</b>
<b>Allocation per type of customer</b>							
Public sector	8,712	7,388	2,685	19	92		18,896
Private customers	13,361	2,931	6,521	8,263	9		31,085
Internal customers	4,653	1,506	3,555	61	892	-10,667	-
<b>Total</b>	<b>26,726</b>	<b>11,825</b>	<b>12,761</b>	<b>8,343</b>	<b>993</b>	<b>-10,667</b>	<b>49,981</b>
<b>Allocation per point in time</b>							
At one point in time	96	51	6,251	3,015	119	-2,107	7,425
Over time	26,625	11,771	4,914	5,161	832	-7,589	41,714
Income from rent <sup>1)</sup>	5	3	1,596	167	42	-971	842
<b>Total</b>	<b>26,726</b>	<b>11,825</b>	<b>12,761</b>	<b>8,343</b>	<b>993</b>	<b>-10,667</b>	<b>49,981</b>
<b>Allocation per type of income</b>							
Contract work	26,619	11,771	4,911	5,159		-6,750	41,710
Sales of products	6		3,847			-1,238	2,615
Sales of development projects				2,802		-26	2,776
Transportation services		2	2,186			-728	1,460
Administrative services	6		3	2	832	-839	4
Income from rent	5	3	1,596	167	42	-971	842
Other	90	49	218	213	119	-115	574
<b>Total</b>	<b>26,726</b>	<b>11,825</b>	<b>12,761</b>	<b>8,343</b>	<b>993</b>	<b>-10,667</b>	<b>49,981</b>

1) Income from rent is recognized according to IAS 17

## Note 3 – Operating segment

Group Jan-Sep 2018 MSEK	Con- struction	Civil Engineering	Industry	Project Development	Group functions	Eliminations	Group
External sales	16,247	8,322	6,843	5,902	74	0	37,388
Internal sales	3,911	1,234	2,638	38	746	-8,567	–
<b>Total income</b>	<b>20,158</b>	<b>9,556</b>	<b>9,481</b>	<b>5,940</b>	<b>820</b>	<b>-8,567</b>	<b>37,388</b>
<b>Operating profit</b>	<b>463</b>	<b>270</b>	<b>576</b>	<b>540</b>	<b>-119</b>	<b>-20</b>	<b>1,710</b>
Operating margin, %	2.3	2.8	6.1	9.1			4.6
Net finance							-31
<b>Pre-tax profit</b>							<b>1,679</b>
Tax							-285
<b>Profit for the period</b>							<b>1,394</b>
<b>Capital employed (closing balance)</b>			<b>6,512</b>	<b>12,509</b>			

Group Jan-Sep 2017 MSEK	Con- struction	Civil Engineering	Industry	Project Development	Group functions	Eliminations	Group
External sales	15,800	6,964	6,558	6,098	71	0	35,491
Internal sales	3,295	1,074	2,519	40	660	-7,588	–
<b>Total income</b>	<b>19,095</b>	<b>8,038</b>	<b>9,077</b>	<b>6,138</b>	<b>731</b>	<b>-7,588</b>	<b>35,491</b>
<b>Operating profit</b>	<b>422</b>	<b>238</b>	<b>565</b>	<b>558</b>	<b>-100</b>	<b>-18</b>	<b>1,665</b>
Operating margin, %	2.2	3.0	6.2	9.1			4.7
Net finance							-32
<b>Pre-tax profit</b>							<b>1,633</b>
Tax							-246
<b>Profit for the period</b>							<b>1,387</b>
<b>Capital employed (closing balance)</b>			<b>5,759</b>	<b>9,967</b>			

Group Jan-Dec 2017 MSEK	Con- struction	Civil Engineering	Industry	Project Development	Group functions	Eliminations	Group
External sales	22,073	10,319	9,206	8,282	101	0	49,981
Internal sales	4,653	1,506	3,555	61	892	-10,667	–
<b>Total income</b>	<b>26,726</b>	<b>11,825</b>	<b>12,761</b>	<b>8,343</b>	<b>993</b>	<b>-10,667</b>	<b>49,981</b>
<b>Operating profit</b>	<b>602</b>	<b>374</b>	<b>867</b>	<b>804</b>	<b>-228</b>	<b>-1</b>	<b>2,418</b>
Operating margin, %	2.3	3.2	6.8	9.6			4.8
Net finance							40
<b>Pre-tax profit</b>							<b>2,458</b>
Tax							-391
<b>Profit for the year</b>							<b>2,067</b>
<b>Capital employed (closing balance)</b>			<b>5,781</b>	<b>9,986</b>			



## Note 4 – Financial assets and liabilities valued at fair value

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

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

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

Level 3: based on inputs unobservable to the market.

For a description of how fair value has been calculated see the Annual Report 2017, note 35. The fair value of financial assets and liabilities is estimated to be, in principle, the same as their recognized values.

Group	30 Sep 2018				30 Sep 2017				31 Dec 2017				
	MSEK	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
<b>Assets</b>													
Other securities held as fixed assets			94		94			50	50			59	59
<i>Whereof investment in unlisted funds and shares</i>			94		94			50	50			59	59
Other long-term receivables		5			5					2			2
<i>Whereof commodity hedging with futures</i>		5			5					2			2
Other current receivables		1			1		0		0	4			4
<i>Whereof currency swaps</i>		1			1		0		0	4			4
Avialable-for-sale financial assets						585			585				
<i>Whereof investment in listed shares</i>						585			585				
<b>Total assets</b>	<b>-</b>	<b>6</b>	<b>94</b>	<b>100</b>	<b>585</b>	<b>0</b>	<b>50</b>	<b>635</b>	<b>-</b>	<b>6</b>	<b>59</b>	<b>65</b>	
<b>Liabilities</b>													
Other long-term liabilities		21	24		45		54	23	77		44	23	67
<i>Whereof interest rate swaps</i>		21			21		54		54		44		44
<i>Whereof contingent consideration</i>			24		24			23	23			23	23
Other current liabilities		1	9		10		3	11	14		2	11	13
<i>Whereof currency swaps</i>		1			1		3		3		2		2
<i>Whereof contingent consideration</i>			9		9			11	11			11	11
<b>Total liabilities</b>	<b>-</b>	<b>22</b>	<b>33</b>	<b>55</b>	<b>-</b>	<b>57</b>	<b>34</b>	<b>91</b>	<b>-</b>	<b>46</b>	<b>34</b>	<b>80</b>	

Parent company	30 Sep 2018				30 Sep 2017				31 Dec 2017				
	MSEK	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
<b>Assets</b>													
Other securities held						585			585				
<i>Whereof shareholding in listed company</i>						585			585				
<b>Total assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>585</b>	<b>-</b>	<b>-</b>	<b>585</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	

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

Group	Other securities held as fixed asset			
	MSEK	30 Sep 2018	30 Sep 2017	31 Dec 2017
<b>Opening balance</b>		<b>59</b>	<b>54</b>	<b>54</b>
Investments during the period		14	6	17
Repayments during the period		-	-14	-14
Dividends received		-3	0	-1
Reported in profit for the period *		24	-1	-2
Reported in other comprehensive income		-	5	5
<b>Closing balance</b>		<b>94</b>	<b>50</b>	<b>59</b>

\* Reported in net financial items

Group	Contingent consideration			
	MSEK	30 Sep 2018	30 Sep 2017	31 Dec 2017
<b>Opening balance</b>		<b>34</b>	<b>23</b>	<b>23</b>
Acquisitions during the period		-	11	11
Payments during the period		-3	-	-
Reported in profit for the profit				
Other operating costs		1	-	-
Interest expense (discount) *		0	0	0
Reported in other comprehensive income		1	-	-
<b>Closing balance</b>		<b>33</b>	<b>34</b>	<b>34</b>

The contingent consideration will amount to at least SEK 3 million and at most SEK 39 million.

\* Reported in net financial items

# Future financial information

- Year-end Report 2018 8 February 2019
- Annual and Sustainability Report 2018 April 2019
- Quarterly Report January-March 2019 and Annual General Meeting 9 May 2019
- Quarterly Report January-June 2019 19 July 2019
- Quarterly Report January-September 2019 24 October 2019

*Förslöv, 9 November 2018*

*Jesper Göransson  
CEO and President*

## REVIEW REPORT

We have reviewed the interim report for Peab AB (publ) as of 30 September 2018 and the nine-month period which ended on this date. The Board of Directors and the CEO are responsible for the preparation and presentation of this interim financial information in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim financial information based on our review.

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

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

*Förslöv, 9 November 2018  
KPMG AB*

*Dan Kjellqvist  
Authorised Public Accountant*

# Quarterly data

## Group

MSEK	Jul-Sep 2018	Apr-Jun 2018	Jan-Mar 2018	Oct-Dec 2017	Jul-Sep 2017	Apr-Jun 2017	Jan-Mar 2017	Oct-Dec 2016	Jul-Sep 2016
Net sales	12,445	13,453	11,490	14,490	11,595	12,791	11,105	13,673	11,197
Production costs	-11,153	-12,038	-10,482	-13,103	-10,431	-11,461	-10,234	-12,409	-10,107
<b>Gross profit</b>	<b>1,292</b>	<b>1,415</b>	<b>1,008</b>	<b>1,387</b>	<b>1,164</b>	<b>1,330</b>	<b>871</b>	<b>1,264</b>	<b>1,090</b>
Sales and administrative expenses	-575	-761	-737	-695	-528	-735	-656	-700	-478
Other operating income	45	27	25	71	78	38	118	59	30
Other operating costs	-19	-4	-6	-10	0	-2	-13	-4	-3
<b>Operating profit</b>	<b>743</b>	<b>677</b>	<b>290</b>	<b>753</b>	<b>714</b>	<b>631</b>	<b>320</b>	<b>619</b>	<b>639</b>
Financial income	36	19	27	118	17	36	20	66	24
Financial expenses	-29	-23	-61	-46	-26	-50	-29	-71	-37
<b>Net finance</b>	<b>7</b>	<b>-4</b>	<b>-34</b>	<b>72</b>	<b>-9</b>	<b>-14</b>	<b>-9</b>	<b>-5</b>	<b>-13</b>
<b>Pre-tax profit</b>	<b>750</b>	<b>673</b>	<b>256</b>	<b>825</b>	<b>705</b>	<b>617</b>	<b>311</b>	<b>614</b>	<b>626</b>
Tax	-146	-101	-38	-145	-120	-92	-34	-96	-96
<b>Profit for the period</b>	<b>604</b>	<b>572</b>	<b>218</b>	<b>680</b>	<b>585</b>	<b>525</b>	<b>277</b>	<b>518</b>	<b>530</b>
<b>Profit for the period, attributable to:</b>									
Shareholders in parent company	604	572	218	680	585	525	277	518	530
Non-controlling interests	0	0	0	0	-	-	-	0	0
<b>Profit for the period</b>	<b>604</b>	<b>572</b>	<b>218</b>	<b>680</b>	<b>585</b>	<b>525</b>	<b>277</b>	<b>518</b>	<b>530</b>
<b>Key ratios</b>									
Earnings per share, SEK	2.05	1.94	0.74	2.31	1.98	1.78	0.94	1.76	1.80
Average number of outstanding shares, million	295.0	295.0	295.0	295.0	295.0	295.0	295.0	295.0	295.0
Capital employed (closing balance)	17,730	16,322	14,631	14,074	14,438	13,874	13,501	14,362	15,005
Equity (closing balance)	10,735	10,153	10,688	10,332	9,757	9,170	9,559	9,340	8,698

**Business areas**

MSEK	Jul-Sep 2018	Apr-Jun 2018	Jan-Mar 2018	Oct-Dec 2017	Jul-Sep 2017	Apr-Jun 2017	Jan-Mar 2017	Oct-Dec 2016	Jul-Sep 2016
<b>Net sales</b>									
Construction	6,172	7,423	6,563	7,631	5,721	6,988	6,386	6,992	5,510
Civil Engineering	3,301	3,439	2,816	3,787	2,819	2,831	2,388	3,292	2,654
Industry	3,723	3,580	2,178	3,684	3,420	3,420	2,237	3,462	3,449
Project Development	1,878	1,775	2,287	2,205	1,926	2,000	2,212	2,263	1,486
– of which Property Development	217	171	156	117	131	106	659	148	130
– of which Housing Development	1,661	1,604	2,131	2,088	1,795	1,894	1,553	2,115	1,356
Group functions	276	285	259	262	242	254	235	242	226
Eliminations	-2,905	-3,049	-2,613	-3,079	-2,533	-2,702	-2,353	-2,578	-2,128
<b>Group</b>	<b>12,445</b>	<b>13,453</b>	<b>11,490</b>	<b>14,490</b>	<b>11,595</b>	<b>12,791</b>	<b>11,105</b>	<b>13,673</b>	<b>11,197</b>
<b>Operating profit</b>									
Construction	142	178	143	180	121	162	139	147	127
Civil Engineering	98	130	42	136	89	110	39	120	93
Industry	352	262	-38	302	342	246	-23	227	336
Project Development	165	174	201	246	174	162	222	235	110
– of which Property Development	38	13	50	6	-3	5	90	20	-37
– of which Housing Development	127	161	151	240	177	157	132	215	147
Group functions	-9	-55	-55	-128	-4	-49	-47	-60	-6
Eliminations	-5	-12	-3	17	-8	0	-10	-50	-21
<b>Group</b>	<b>743</b>	<b>677</b>	<b>290</b>	<b>753</b>	<b>714</b>	<b>631</b>	<b>320</b>	<b>619</b>	<b>639</b>
<b>Operating profit, %</b>									
Construction	2.3	2.4	2.2	2.4	2.1	2.3	2.2	2.1	2.3
Civil Engineering	3.0	3.8	1.5	3.6	3.2	3.9	1.6	3.6	3.5
Industry	9.5	7.3	-1.7	8.2	10.0	7.2	-1.0	6.6	9.7
Project Development	8.8	9.8	8.8	11.2	9.0	8.1	10.0	10.4	7.4
– of which Property Development	17.5	7.6	32.1	5.1	-2.3	4.7	13.7	13.5	-28.5
– of which Housing Development	7.6	10.0	7.1	11.5	9.9	8.3	8.5	10.2	10.8
Group functions									
Eliminations									
<b>Group</b>	<b>6.0</b>	<b>5.0</b>	<b>2.5</b>	<b>5.2</b>	<b>6.2</b>	<b>4.9</b>	<b>2.9</b>	<b>4.5</b>	<b>5.7</b>
<b>Order situation, MSEK</b>									
Orders received	11,473	16,257	12,906	13,039	10,651	12,880	12,429		
Order backlog at the end of the period	48,036	47,453	43,055	40,205	40,211	39,470	38,149		

# Alternative performance measures and financial definitions

Alternative performance measures are used to describe the development of operations and to enhance comparability between periods. These are not defined under IFRS but correspond to the methods applied by executive management and Board of Directors to measure the company's financial performance. Alternative performance measures should not be viewed as a substitute for financial information presented in accordance with IFRS but rather as a complement. For more information see [www.peab.com/alternative-performance-measures](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, provisions 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 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 reported value of current assets (CB-OB) plus depreciation and write-downs.

## **Operating margin**

Operating profit as a percentage of net sales.

## **Order backlog**

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

## **Orders received**

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

## **Return on capital employed**

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

## **Return on equity**

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



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

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

Peab participates in developing a more sustainable society. This means that Peab strives to meet the demands and expectations from our surroundings 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 like schools, libraries, hospitals and infrastructure in the form of bridges and roads. In other words we make a difference in daily life in both small and large places.

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 returns for our shareholders.

Net sales, appr.

**SEK 52 billion**

Employees, appr.

**15 000**

## Business model

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



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



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



**Business area Industry** delivers, among other things, ballast, concrete, asphalt, temporary electricity and prefabricated concrete elements to external customers and the other business areas in Peab. The business area also provides cranes, machines and transportation as well as handling production waste.



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



Four collaborating business areas create added value