



Welcome!

Capital Market Day

February 10, 2021

GÅRDA VESTA
Gothenburg

Agenda for the Day

09:00 – 09:05 Welcome

09:05 – 09:20 Road to today

- Our history
- Update after 2020

09:20 – 09:30 Peab and external circumstances

09:30 – 09:45 Peab today

09:45 – 10:00 Pause

10:00 – 10:25 Where we're going

- Financial targets
- Non-financial targets

10:25 – 10:40 How we're getting there

10:40 – 10:55 Questions

10:55 – 11:00 Conclusion

**Capital Market
Day**

**February 10,
2021**





Road to today

Our history

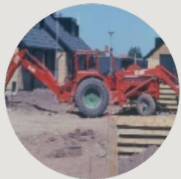
More than 60 years of community building



1959 1960 1970 1980 1990 2000 2010 2020



“We can do it, with our father’s tractor!”



Peab starts up in civil engineering



Peab starts up in construction



Peab begins to grow with acquisitions



Stock market listing, nationwide coverage. Establishment in Norway and Finland

Peab Industri begins to take form

Strong growth, both organically and through acquisitions



The Peab School is launched



On the road to our vision of The Nordic Community Builder

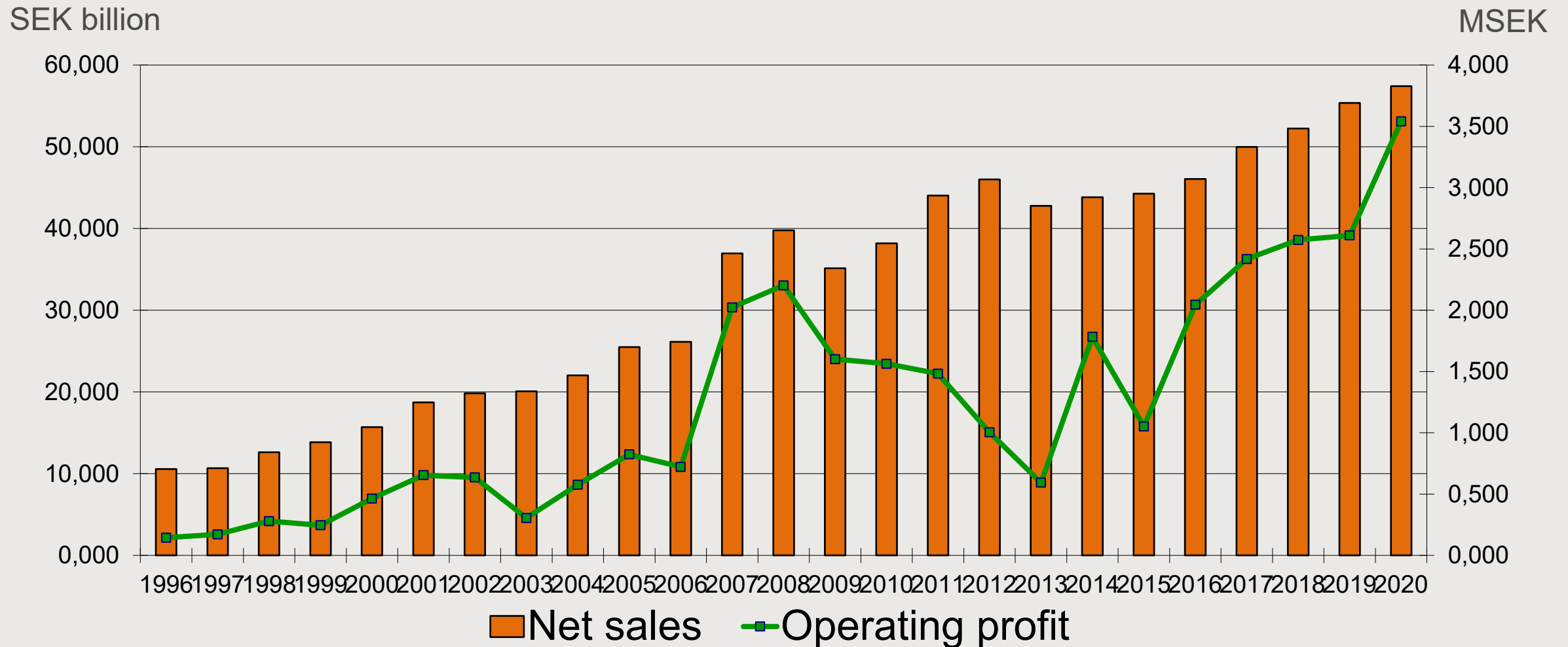
Four business areas created

Nordic acquisition in paving and mineral aggregates



Distribution and listing of Annhem Fastigheter

More than 25 years of profitable growth



The business for the past ten years





2020

Distribution of Annehem Fastigheter

Acquisition in paving and mineral aggregates

2020

From

20

to

85

asphalt plants

163

363

quarries

14,000

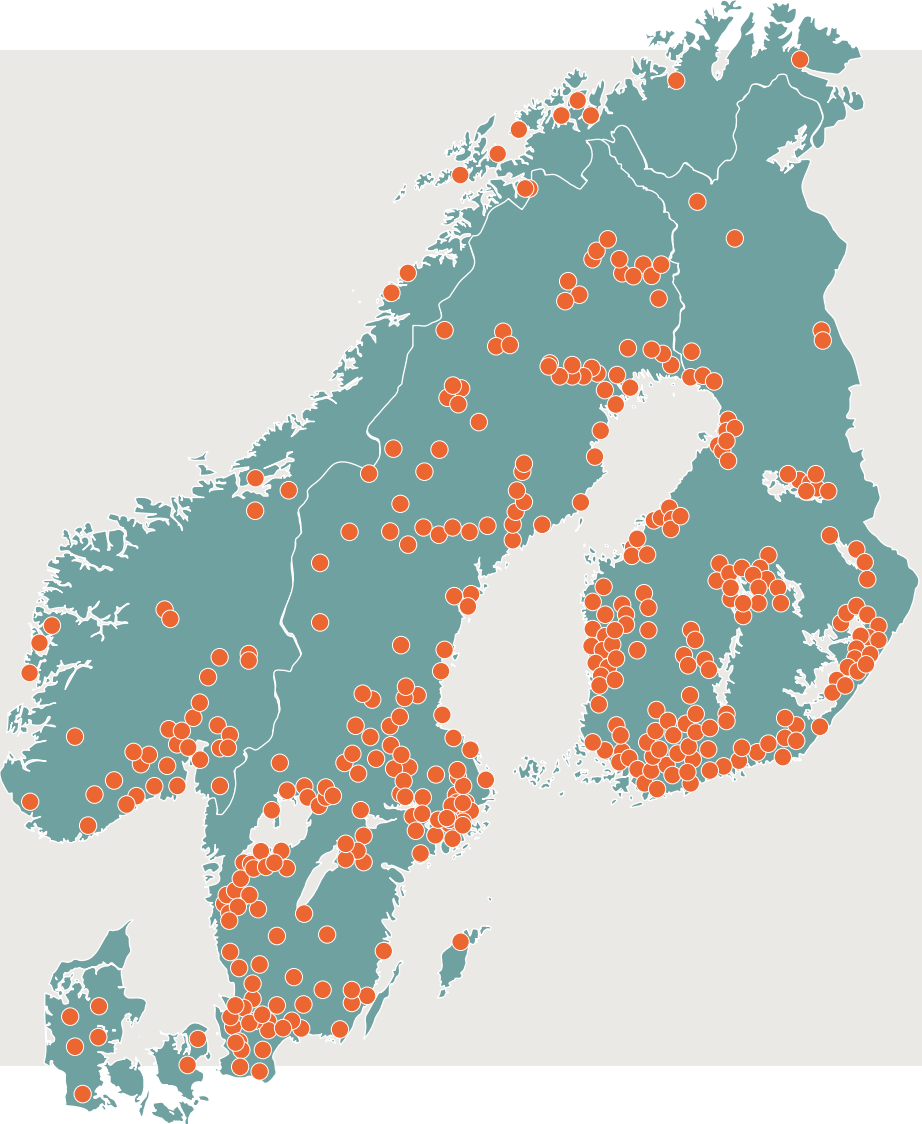
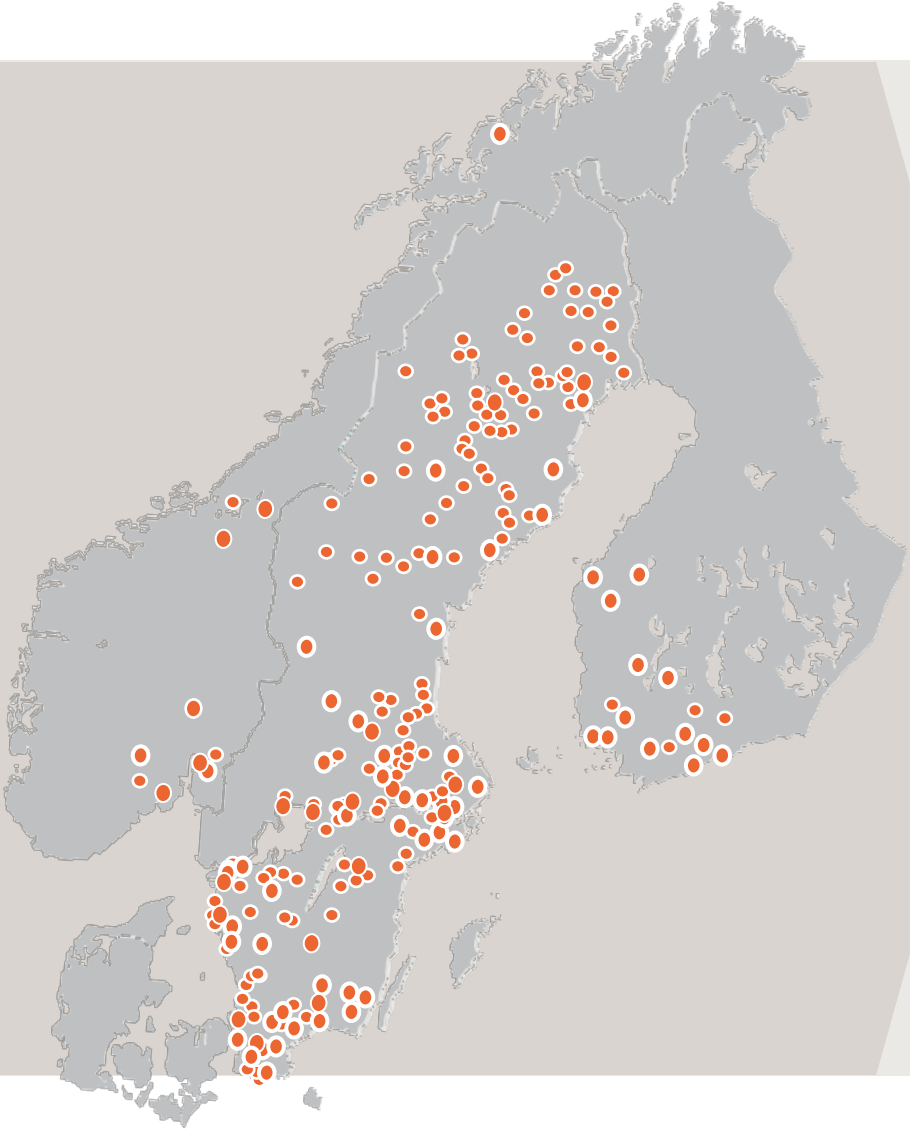
16,000

employees



Local presence in the Nordic region

2020





Road to today

Update after 2020

MARKNAD PROSPECTS

Stable market prospects

Total building construction and civil engineering investments, new construction and rebuilding

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

Source: Navet Analytics AB

GROUP

Effect on profit from the distribution

MSEK	2020	2019
Net sales	57,417	55,349
Operating profit	3,541	2,610
Operating margin, %	6.2*	4.7

Segment reporting

*The fourth quarter 2020 included the effect of the distribution of Annehem Fastigheter by SEK 952 million. Excluding the effect of the distribution of Annehem Fastigheter the operating margin was 4.5 percent.

GROUP

Strong development sums up Peab in 2020

Stable
**order
backlog**

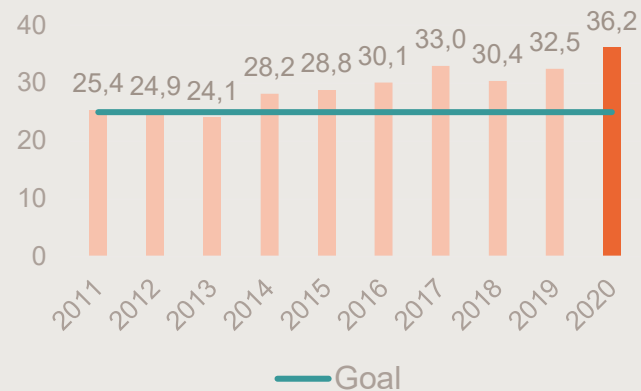
**Two
strategic
deals**

Strong
**financial
position**

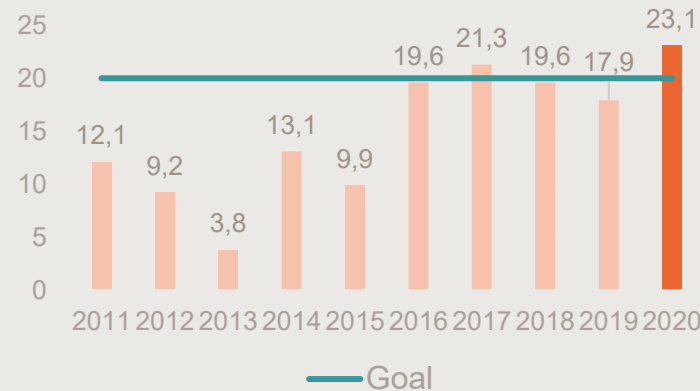
GROUP

Our financial targets and target achievement until the end of 2020

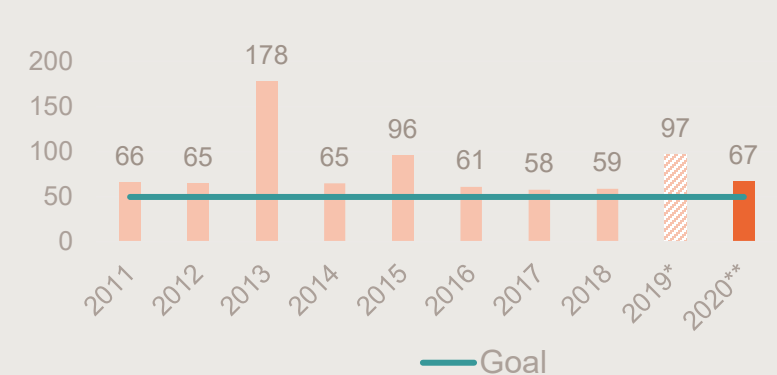
Equity/debt ratio, %



Return on equity, %

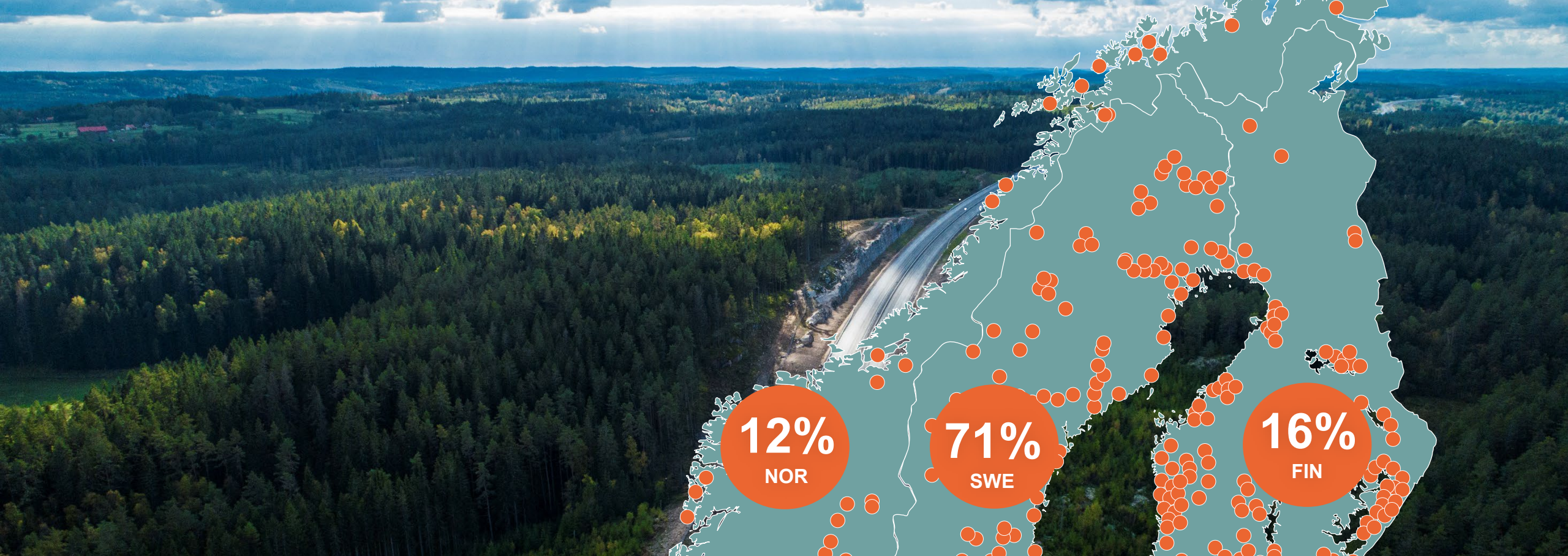


Dividend, %



Years 2011-2018 are not translated according to the changed accounting principles.

* In 2019 no dividend was distributed. The value of the distribution of Annehem Fastigheter at the time of the distribution in December 2020 was 97 percent of the profit for the year 2019. ** In 2020, the Board's proposal to the AGM. The proportion is calculated without the effect of MSEK 952 on profit due to the distribution of Annehem Fastigheter.



12%
NOR

71%
SWE

16%
FIN

1%
DEN

THE NORDIC COMMUNITY BUILDER
**Local presence in
the Nordic region**



Driving forces

External circumstances

External and market developments are going our way



Demography

Macro-
economics

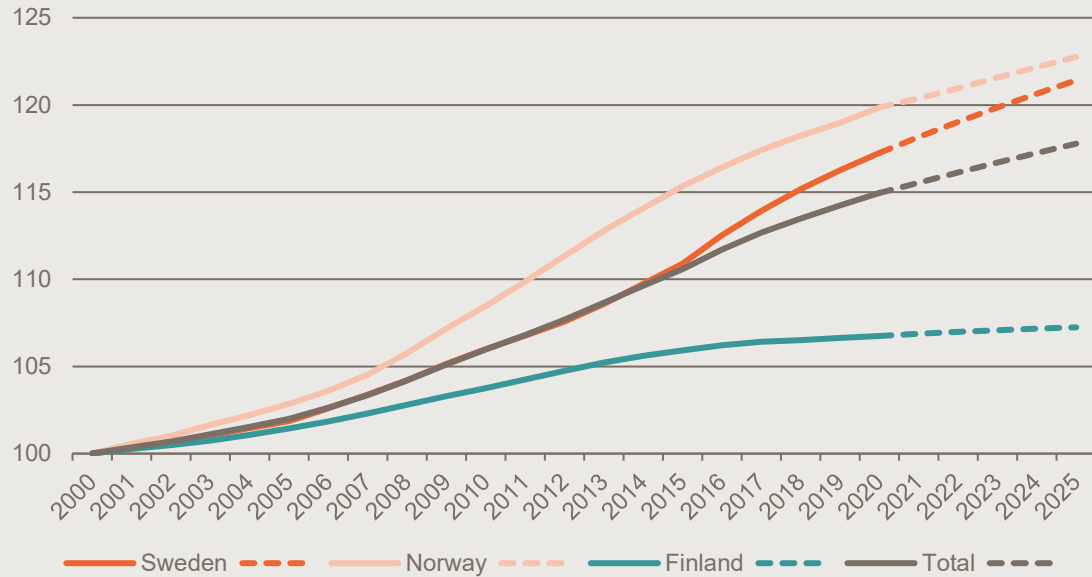
Sustainability

Digitalization

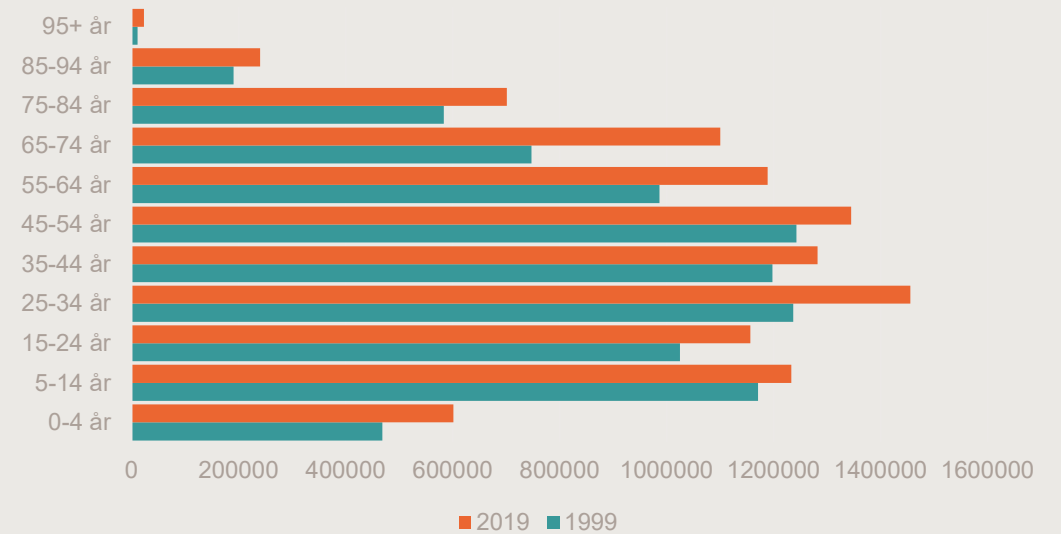
DEMOGRAPHY

Population drives continued demand

Population growth 2000-2025



Age distribution, Sweden



Population 1999
8,861,426

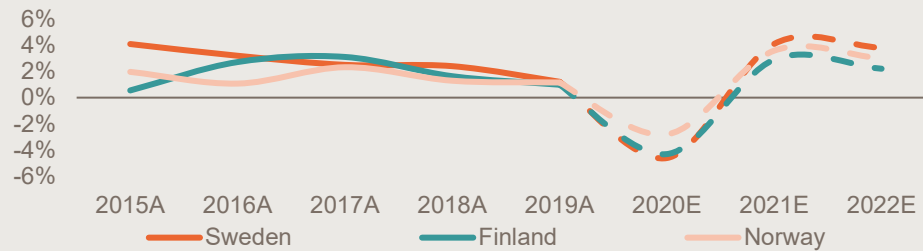
Population 2019
10,327,589

Sources: SCB, SSB, Stat.fi

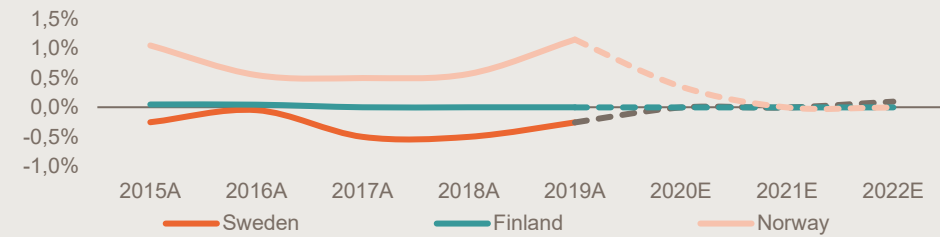
MACROECONOMICS

Low interest rates drive investments in community building

GDP growth



Policy rate¹



¹Average interest for the year. For Sweden the repo rate is used, for Finland ECB's refinancing rate is used and for Norway the policy rate is used.

Sources: ECB, Europeiska kommissionen, Finansdepartementet, IMF, Konjunkturinstitutet, Norges Bank, SCB, SSB, Statistikcentralen

SUSTAINABILITY

Growing (climate) demands steer towards sustainable investments



DIGITALIZATION

Social transformation and efficiency

Digitalization
creates the need
for changes in
society

Digital tools
streamline operations



EXTERNAL DRIVING FORCES

Advantages for Peab



Our community building delivers homes, schools, hospitals, roads etc.

Our operations deliver locally where growth occurs

We are well positioned for growing sustainable investments

Digitalization creates changes in society and drives our efficiency



Peab today

NORRLANDS
UNIVERSITETSSJUKHUS
Umeå

Peab 2021-

Greater
geographic
spread

Different mix of
operations

More focused
business model

New targets and
governance



Our guiding light

Culture & core values

The Peab Spirit

Down-to-earth

Developing

Personal

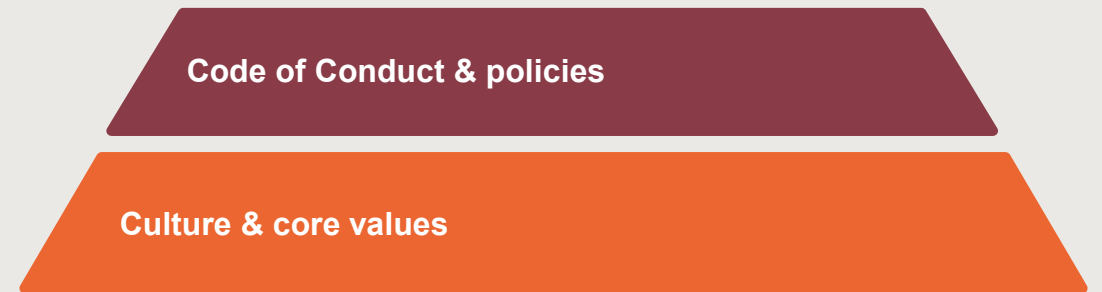
Reliable

Culture & core values

Our guiding lights

Code of Conduct & policies

Adopted by executive management and the Board



Our guiding lights

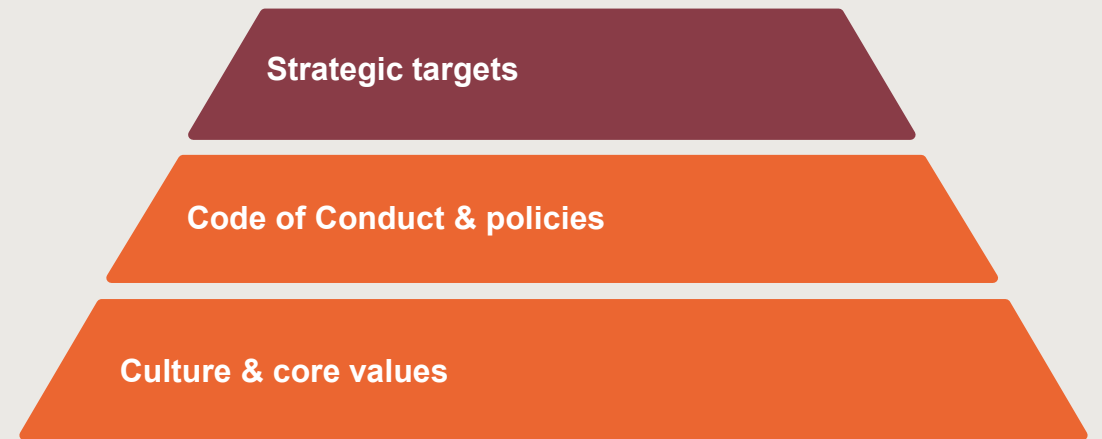
Strategic targets

Most satisfied customers

Best workplace

Most profitable company

Leader in social responsibility



Our guiding lights

Business concept

Peab is the Nordic Community Builder with a local presence.

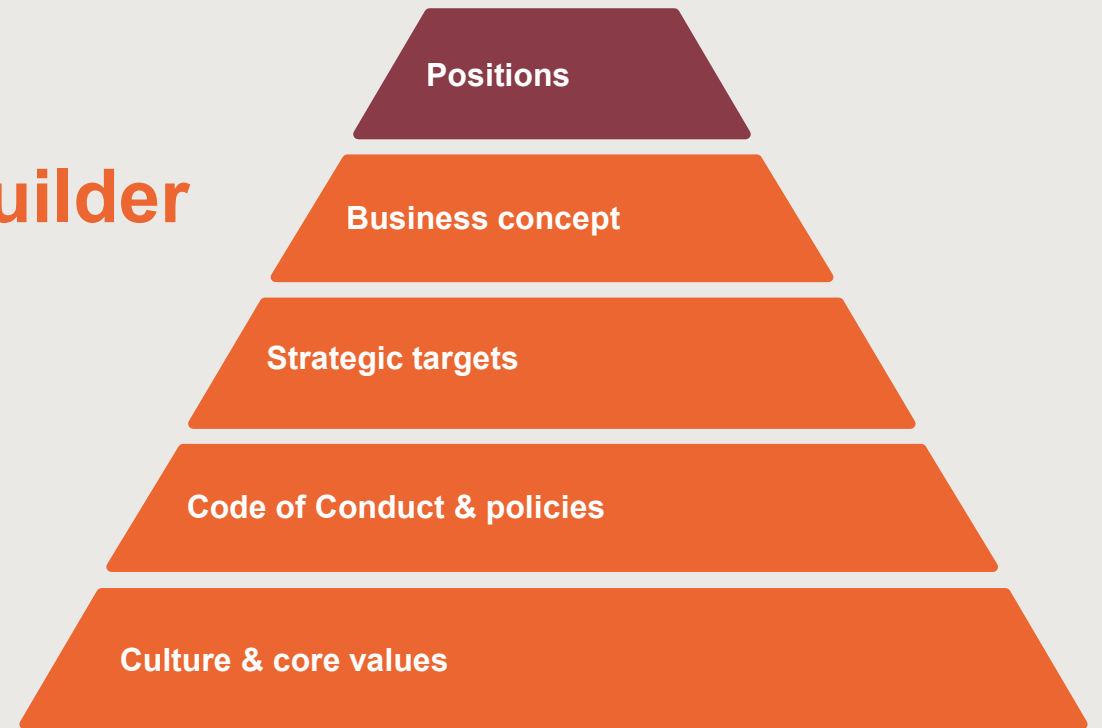
Focusing on our own resources and local partners we develop, do the groundwork and build everyday life where it's lived.



Our guiding lights

Positions

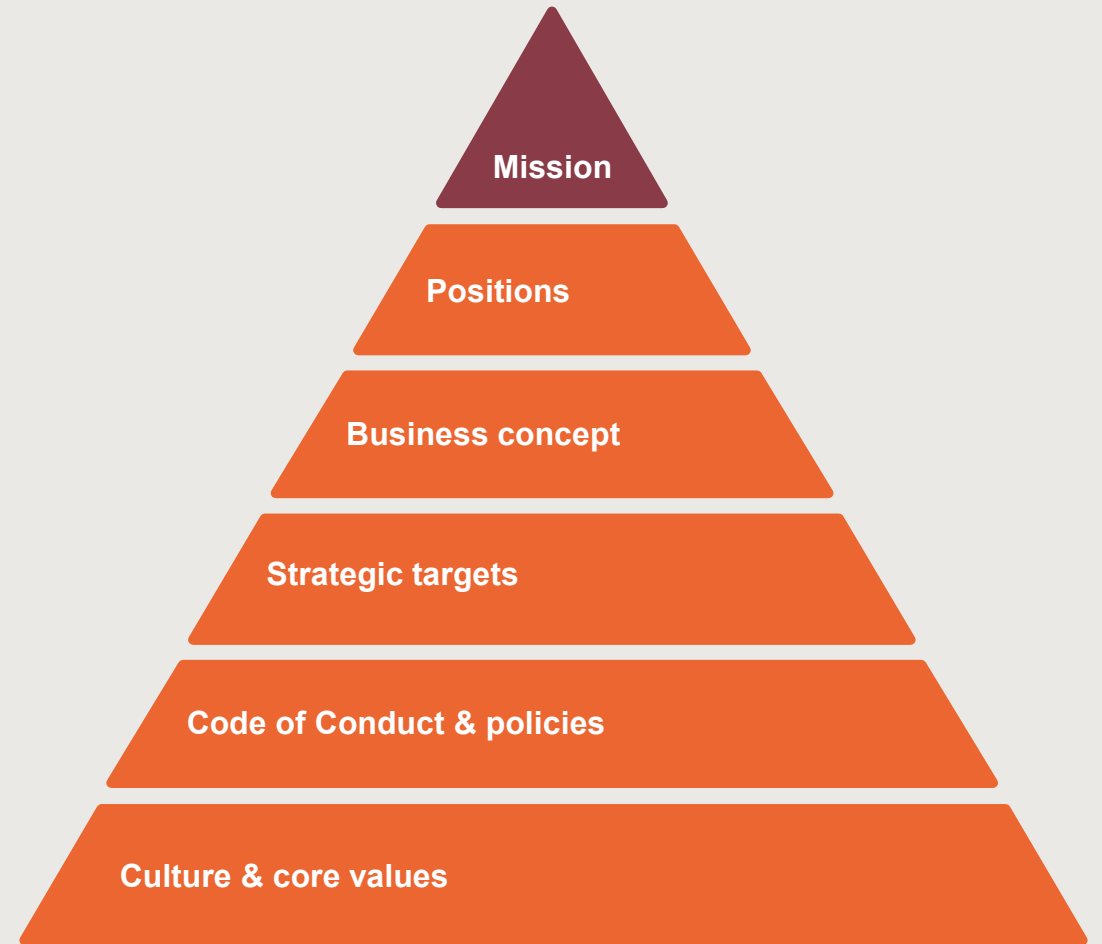
Locally produced community builder
The Nordic Community Builder



Our guiding lights

Mission

We improve everyday life where it's lived



OUR BUSINESS MODEL

Four collaborating business models

Project
Development



Industry



Civil Engineering



Construction

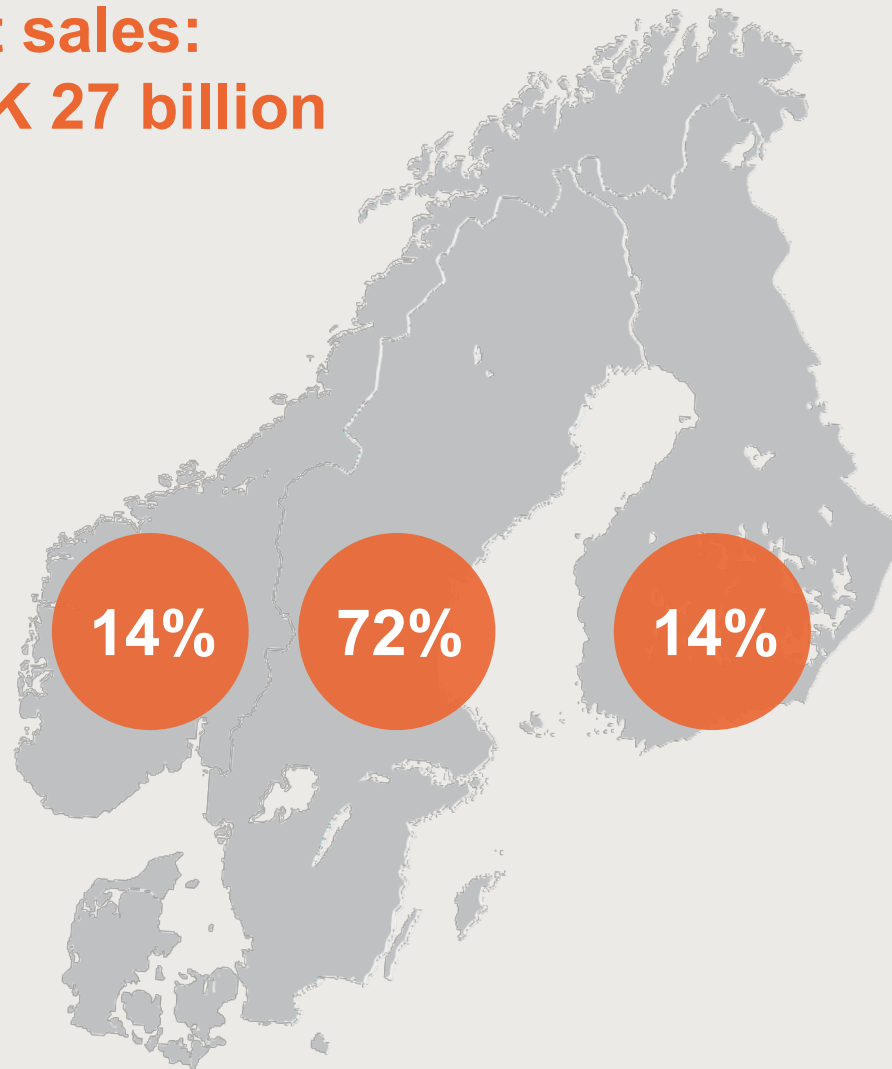
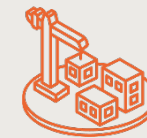


Business area Construction



- New production of homes
- Schools, hospitals, assisted living, sports facilities
- Public and commercial premises
- Renovations
- Rebuilding and extensions
- Construction maintenance services

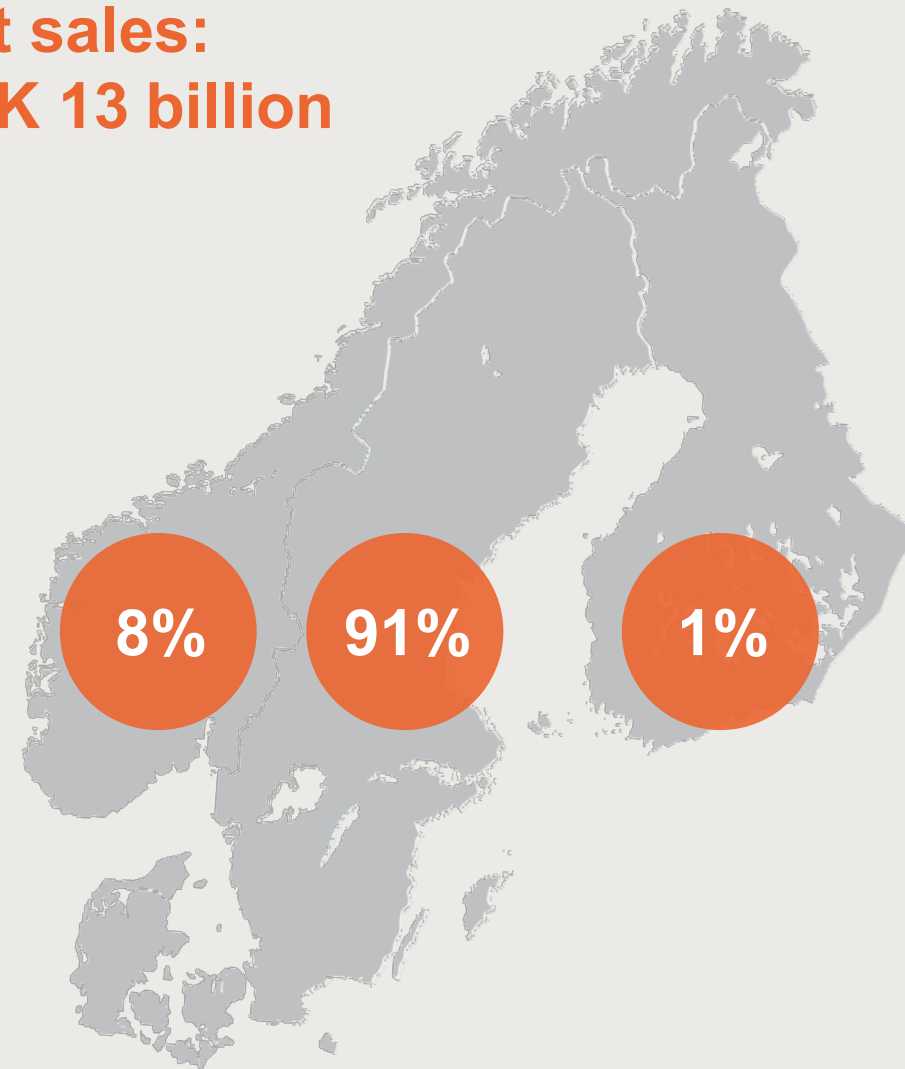
2020
Net sales:
SEK 27 billion



Business area Civil Engineering

- Infrastructure: Roads, railroads, ports, airports, bridges
- Local market: Industrial buildings and areas
- Operations and maintenance: Streets, parks
- Foundation work

2020
Net sales:
SEK 13 billion



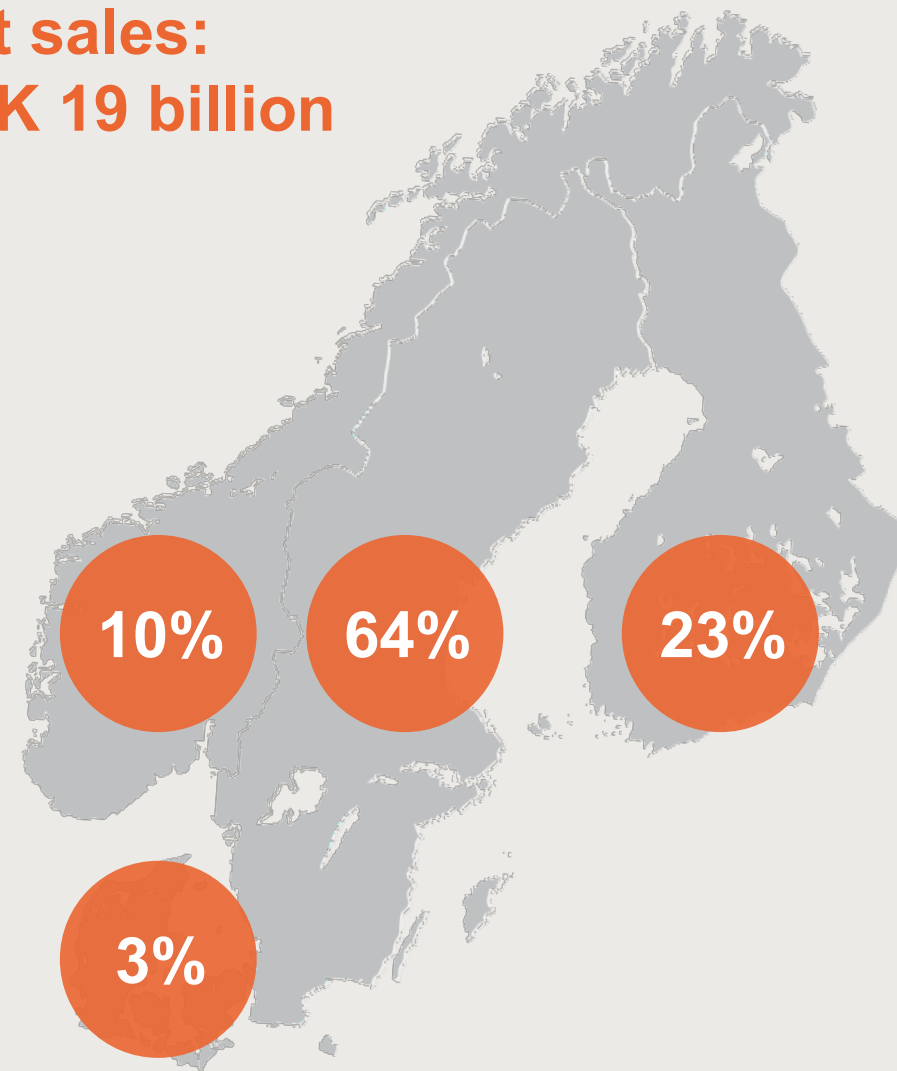
Business area Industry



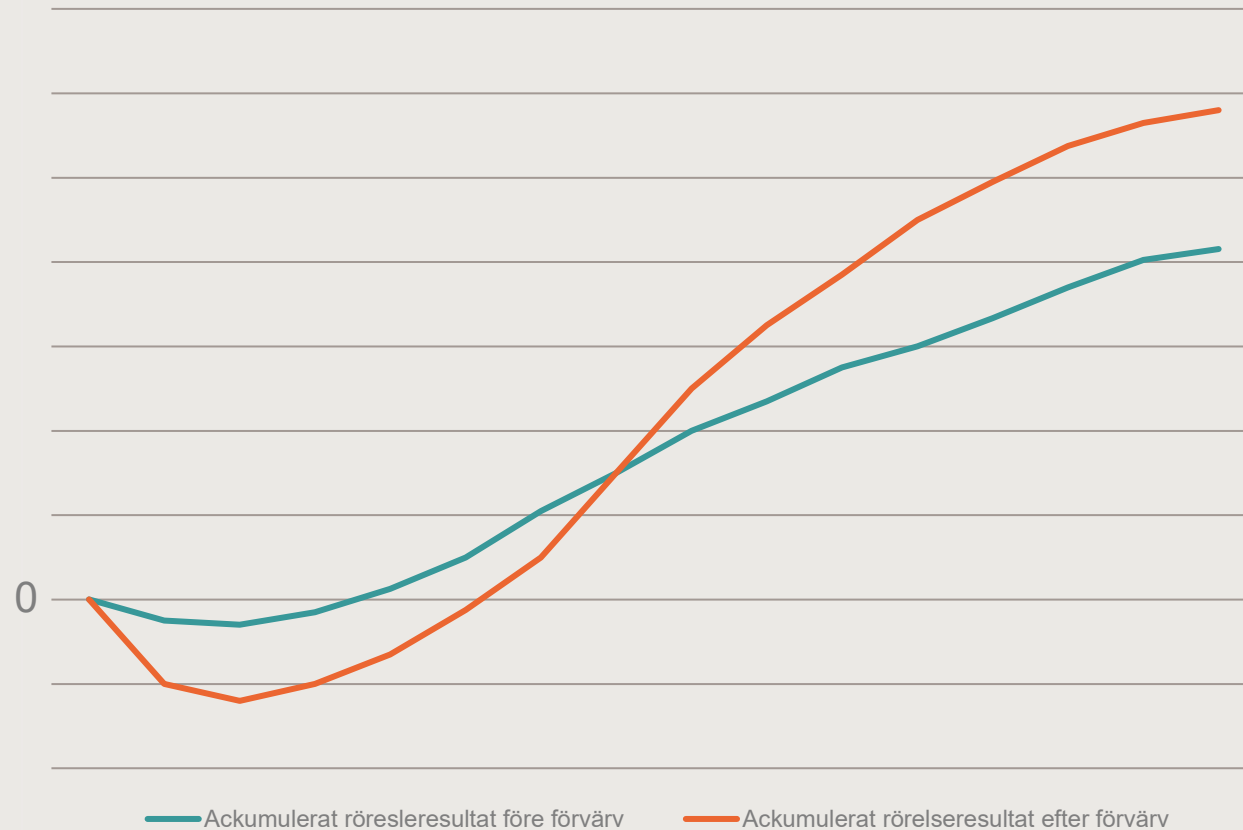
Total supplier of products and services for construction and civil engineering projects:

- Mineral aggregates, concrete, paving, prefabricated concrete elements
- Rental of cranes, machines, transportation, temporary electricity
- Recycles and handles production residue

2020
Net sales:
SEK 19 billion



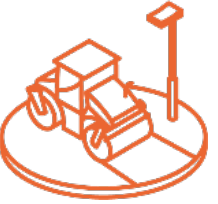
The acquisition increases seasonal variations



Greater seasonal variations with a negative impact on the first quarter

- Greater portion of operations are less sensitive to the business cycle
- BA Industry becomes more important for Peab
- Group more widespread geographically
- More tied-up capital

Our main brands in Industry



Peab Asfalt



Business area Project Development

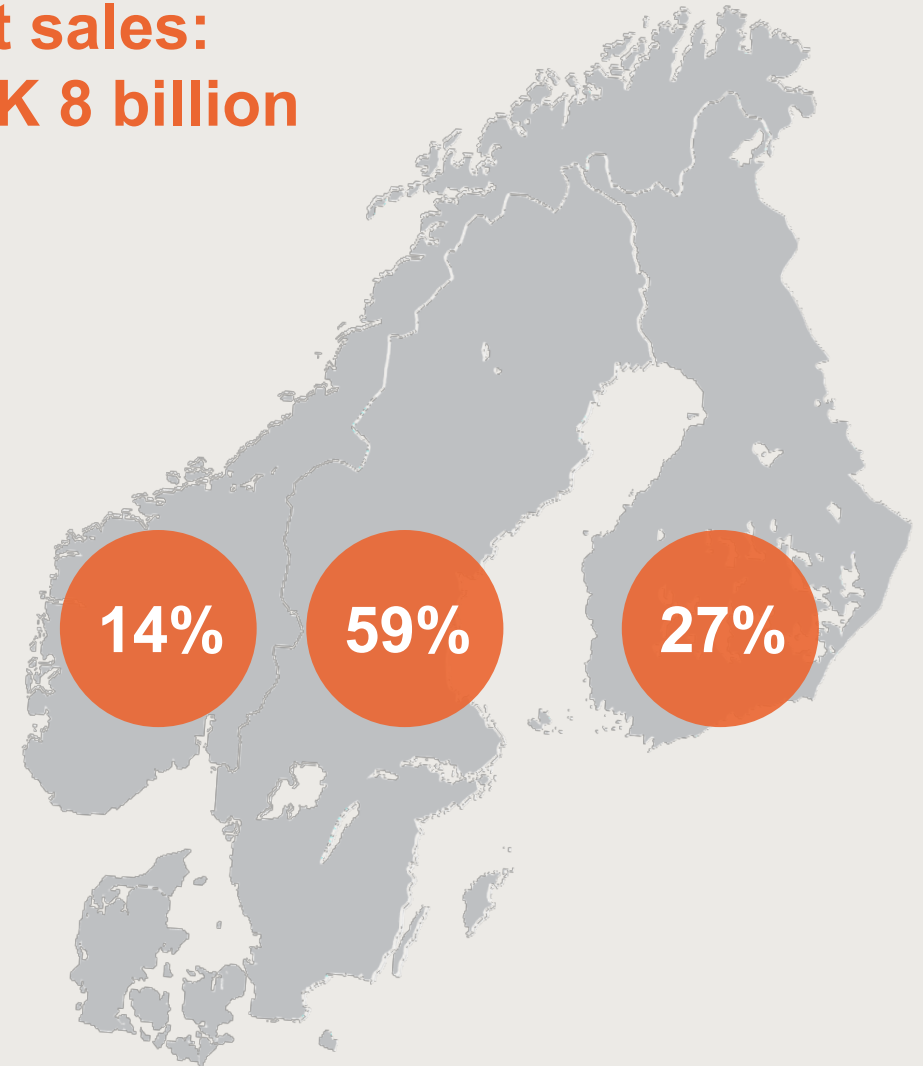


Creates sustainable and vibrant city environments

- Housing Development: From acquiring the land to sales
- Property Development : Commercial property, from acquiring the land to completed project

2020

Net sales:
SEK 8 billion



Net sales portion per land refers to housing Development

Tied-up capital from three perspectives



Development rights portfolio



Development business



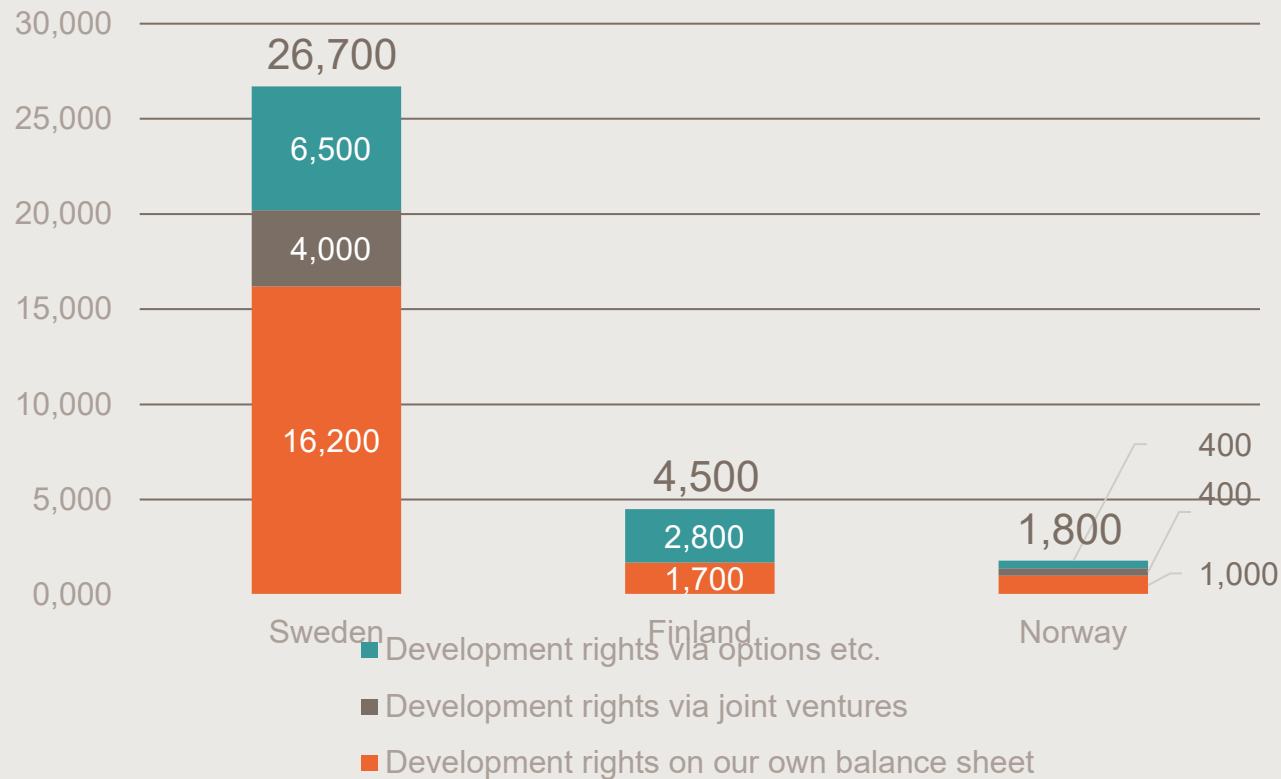
Joint venture companies



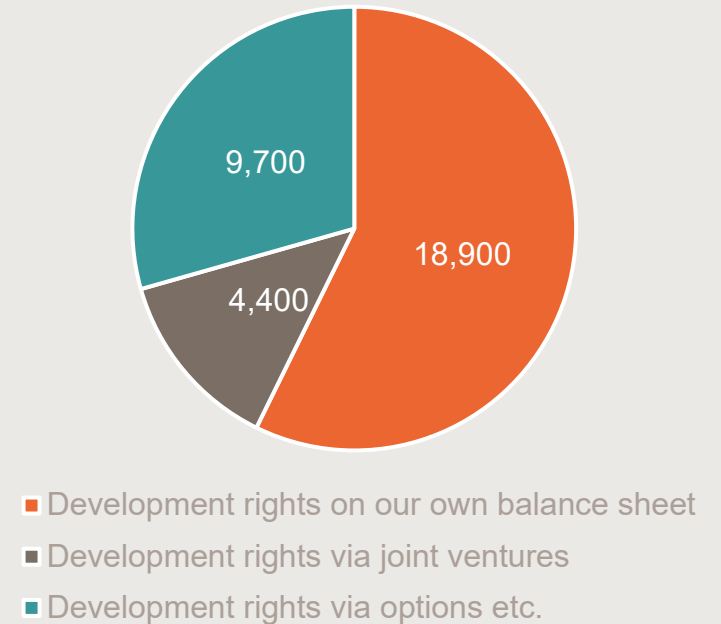
Peab has over 33,000 housing development rights



Number of housing development rights



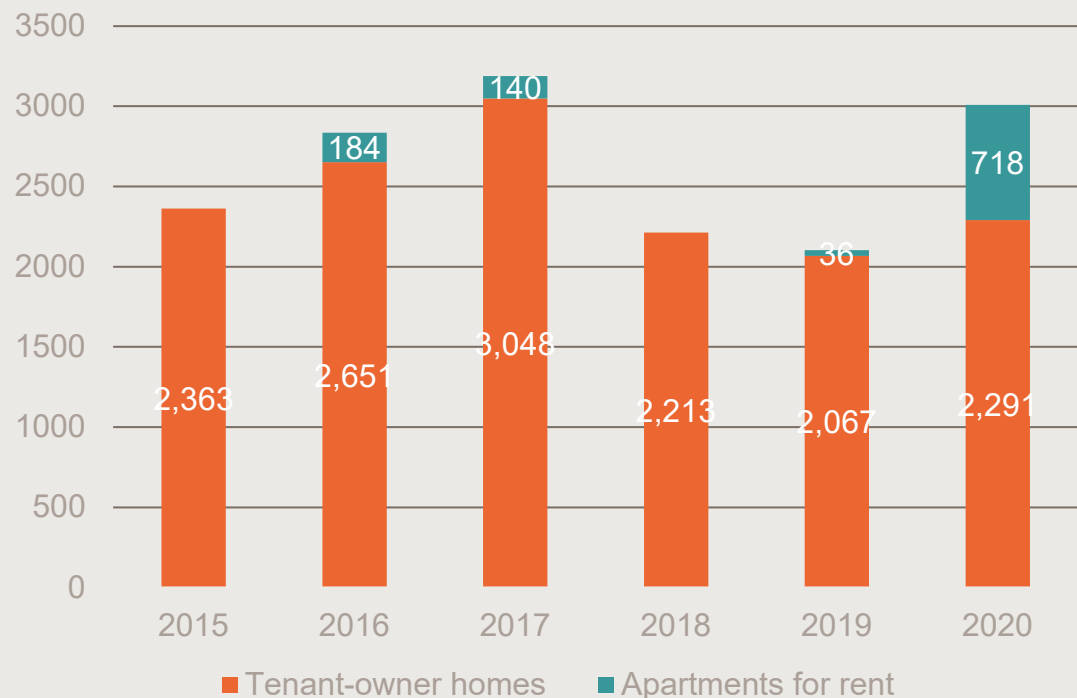
Development rights per ownership form, on December 31, 2020



Development of our own developed homes



Number of production-started homes



Number of apartment projects:

7

during the fourth quarter 2020 for SEK 1,599* billion

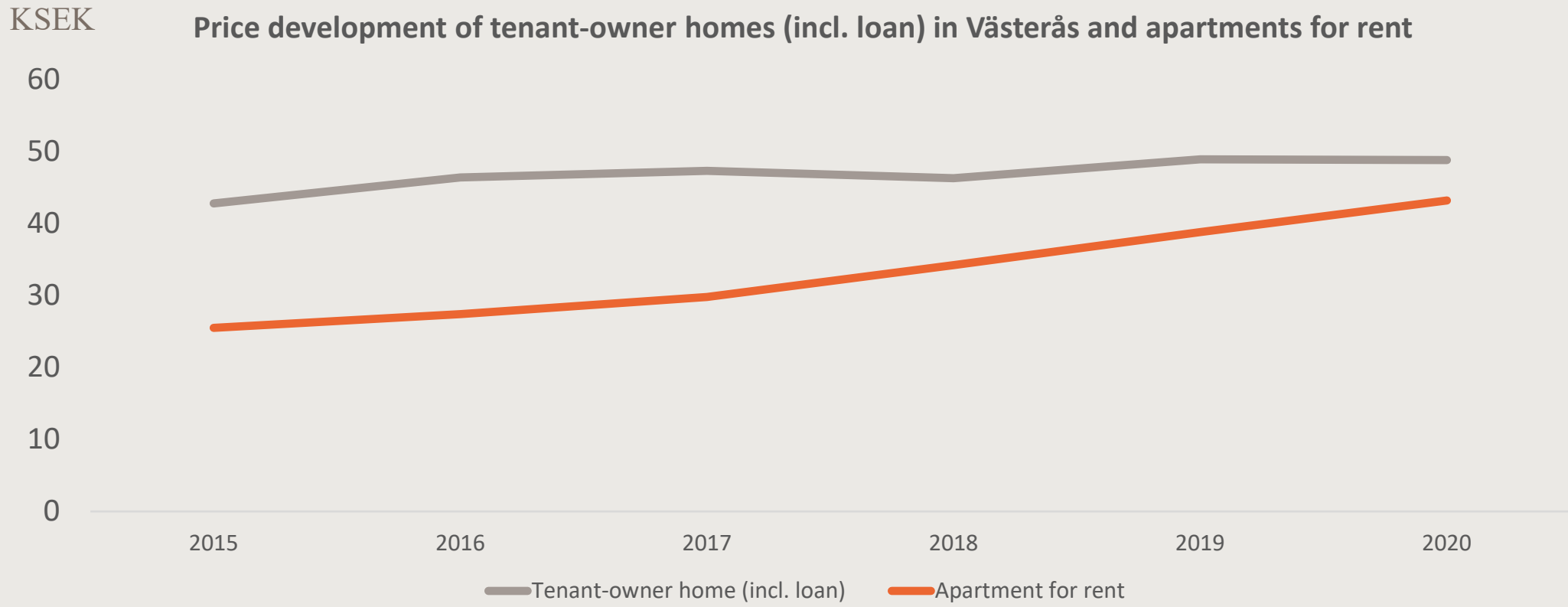
* Total figure comprises a sold community building.



LILLHAGSPARKEN
Gothenburg

Price development of apartments for rent and tenant-owner homes

Example:
Regional
city in
Sweden



Our pipeline in Property Development



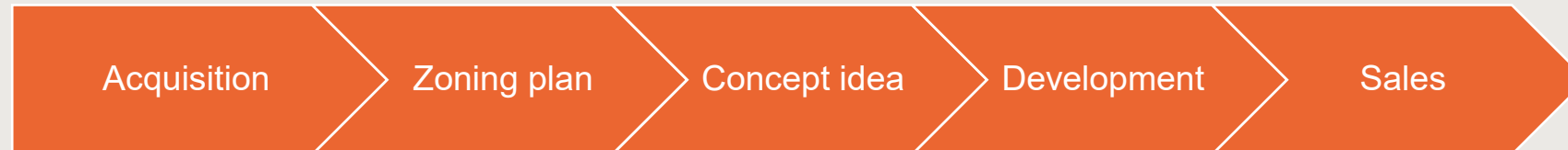
Ädellövsboden (Alingsås)



Varvsstaden (Malmö)



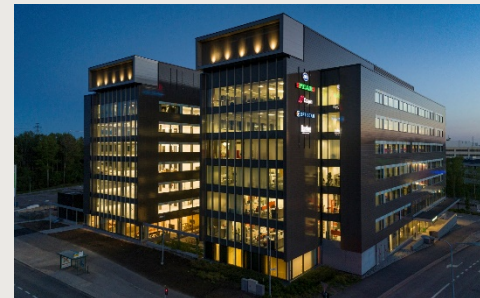
The Nest (Solna)



Balder Arena (Sundsvall)



The Corner (Malmö)



Ultimes Business Garden (Helsinki)

Access to further investment and development property



Significant joint venture companies:

- Centur (Balder)
- Tordnet (Folksam and Balder)
- ML4 (Wihlborgs)
- Point Hyllie (Volito)



Advantages of partnership:

- Attractive offers
- Unique expertise
- Access to capital
- Local networks
- Coordination gains
- Shared risks
- Basis for BA collaboration

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Capital Market
Day

February 10,
2021



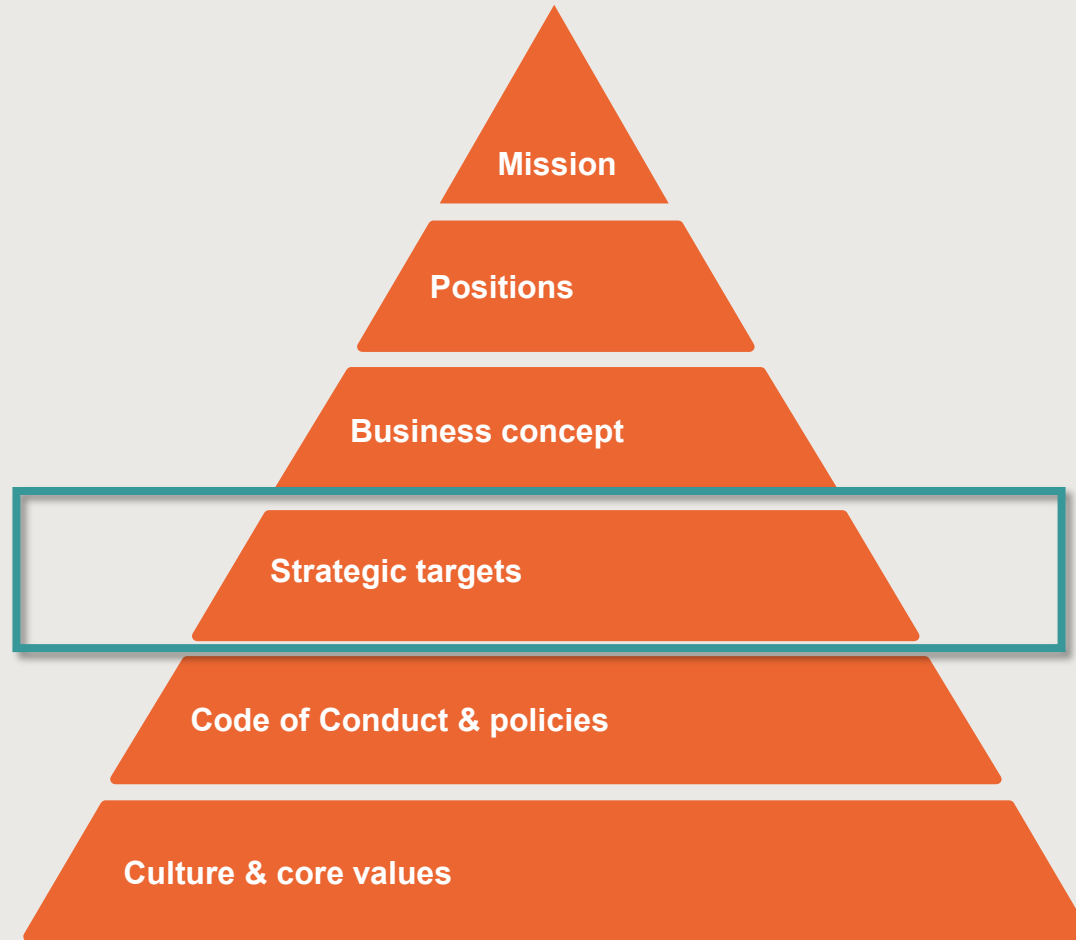


Where we're going

Our strategic targets

ALTA
OMSORGSENTER
Alta

Revised and new strategic targets



Our strategic targets

Most satisfied customers

Best workplace

Most profitable company

Leader in social responsibility



Driving forces

Most satisfied customers

- Quality in our delivery
- Engaged employees



Best workplace

- First choice for jobseekers
- Value-creating and developmental work
- Zero vision for workplace accidents
- Inclusive workplaces



Most profitable company

- Efficiency in every section
- Productivity and quality assurance
- Take advantage of our size and experience
- Right mix of operations
- Create value through high processing level



Leader in social responsibility

- Take responsibility for the climate and environment
- Order and correctness in the industry
- Work for equal opportunity in the industry
- Young people's education and development



Our external targets

Most satisfied customers



SCI

always over

75

Best workplace



eNPS

always over benchmark

Zero vision

Serious accidents
Through a continuously contracting trend

Most profitable company



Operating margin

>6 %

Net debt/equity ratio

0.3-0.7

Dividend

>50 %

Leader in social responsibility



Carbon dioxide intensity

Own production

60 %

Reduction by 2030

Carbon dioxide intensity

Input goods & purchased services

50 %

Reduction by 2030

Equal opportunity recruitment:

Number of women
always over
education market



Financial targets

Revised financial targets



Financial targets	Target	Outcome 2020	Outcome 2019
Operating margin, %	>6	4.5*	4.7
Net debt/equity ratio, times	0.3-0.7	0.3	0.6
Dividend, %	>50	67 ¹	97 ²

*Excluding the effect of the distribution of Annehem Fastigheter.
Including the effect of Annehem Fastigheter 6.2 procent.

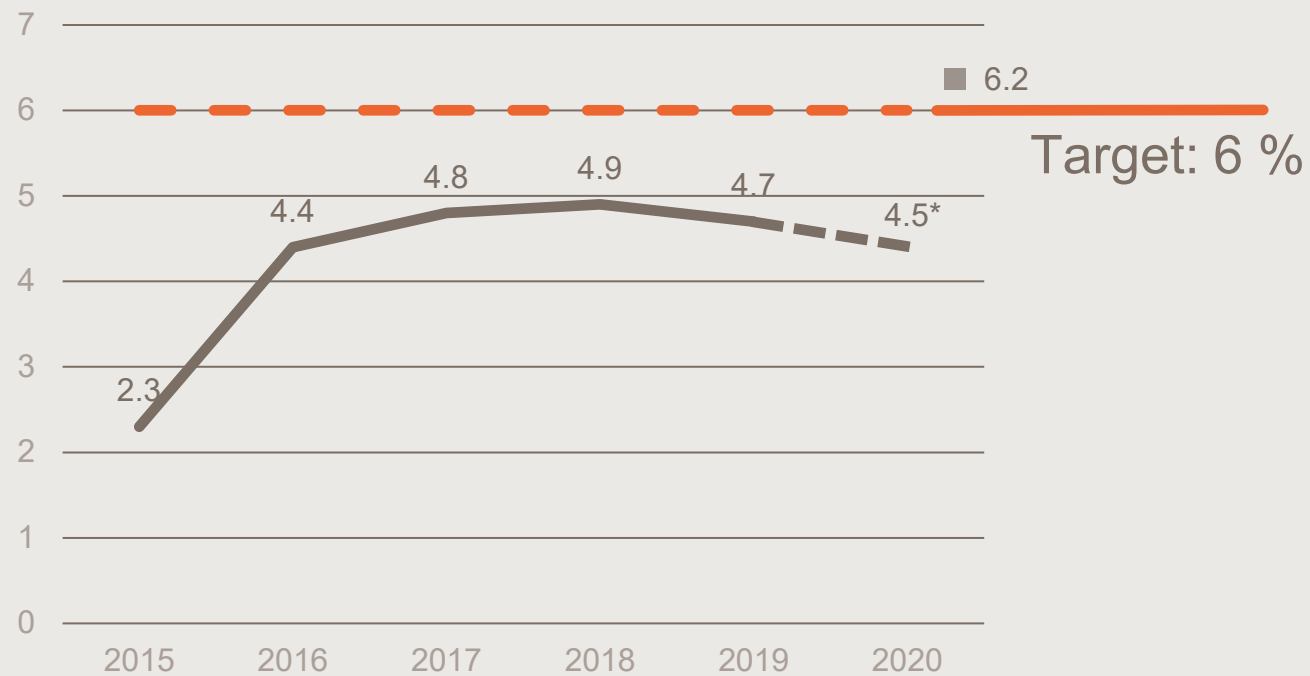
- 1) Board's proposal to the AGM. The proportion is calculated on profit for the year without the effect of MSEK 952 on profit due to the distribution of Annehem Fastigheter.
- 2) No dividend was distributed due to COVID-19. Refers to value of the distribution of Annehem Fastigheter at the time of the distribution in December 2020.

PROFITABILITY TARGET

Operative operating margin over six percent



Operating margin, Group



*Operating margin exclusive effect of distribution of Annehem Fastigheter.



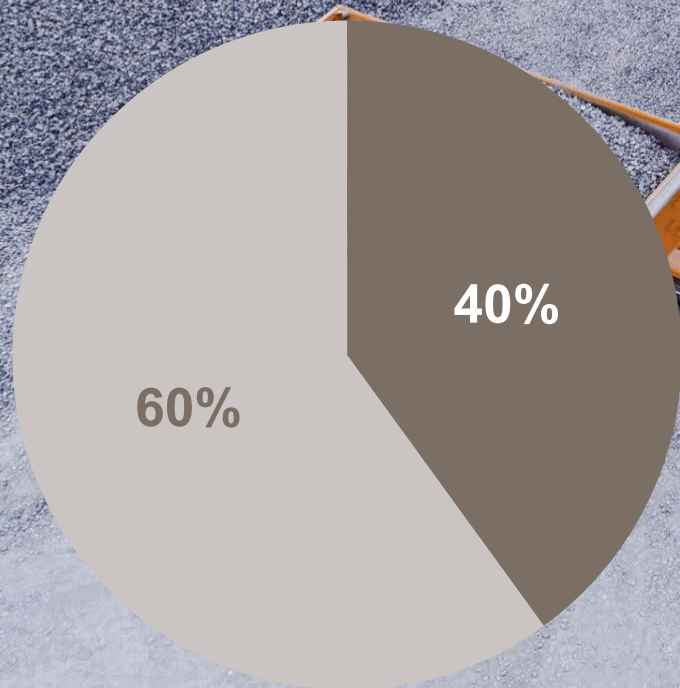
Years 2011-2018 are not translated according to the changed accounting principles for our own developed housing projects

CONDITIONS

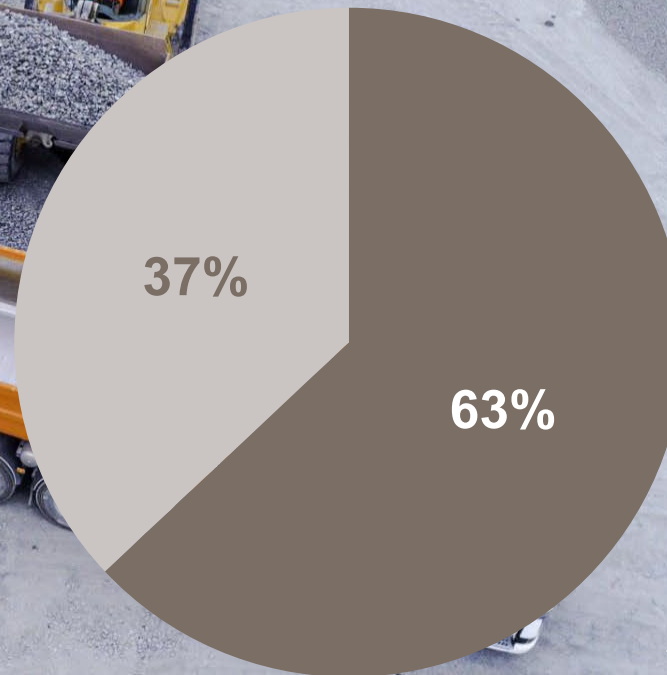
The capital intensive business areas represent 40 percent of net sales

Operating margin > 6 %

Net sales 2020



Operating profit 2020*



* Exklusive effekt från utdelningen av Annhem Fastigheter

■ Industri + Projektutveckling ■ Bygg + Anläggning

CONDITIONS

Targets for different kinds of business

Operating margin
> 6 %

Construction
and Civil
Engineering

3.5 %

Industry

7 %

(varies per
company)

Housing
Development

10 %

Property
Development

**Annual
exit profit**

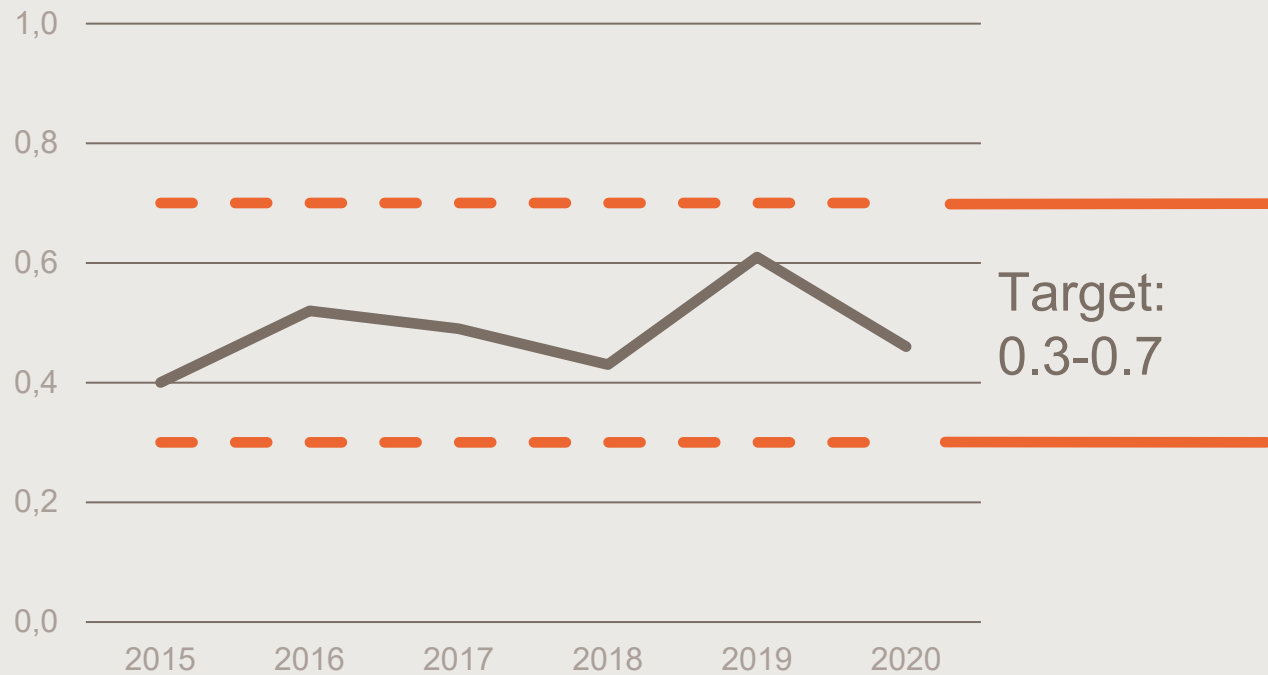
(taking into consideration
tied up capital)

STRATEGIC TARGET

Net debt/equity ratio within interval 0.3-0.7



Net debt/equity ratio, Group



Years 2011-2018 are not translated according to the changed accounting principles for our own developed housing projects.



GROUP

Net debt construction



MSEK	Dec 31 2020	Dec 31 2019
Bank loans (incl. financial leasing debts)	2,769	2,443
Market borrowing	2,359	3,607
Project financing, unsold part of ongoing housing projects	1,055	3,088
Interest-bearing receivables	-1,342	-1,230
Liquid funds	-968	-373
Net debt, segment reporting	3,873	7,535
Additional leasing debt according to IFRS 16	1,808	764
Project financing, sold portion of ongoing housing projects	4,001	4,875
Net debt, IFRS	9,682	13,174

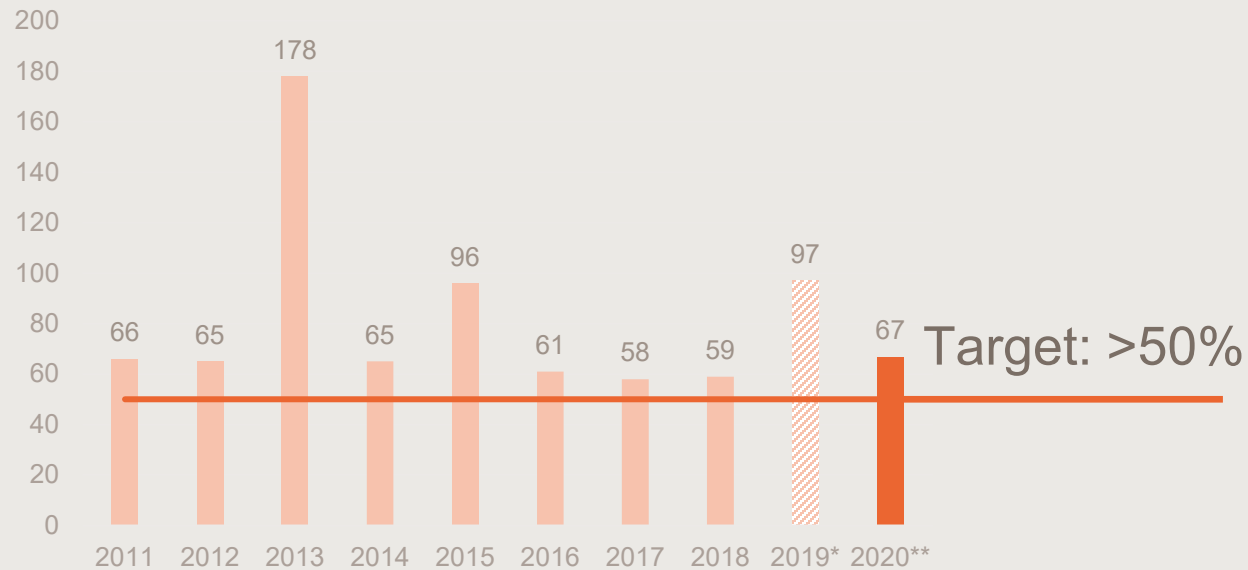
Net debt
3.9
SEK billion (7.5)

STRATEGIC TARGET

Dividend more than 50 percent of profit for the year



Dividend, % of profit for the year

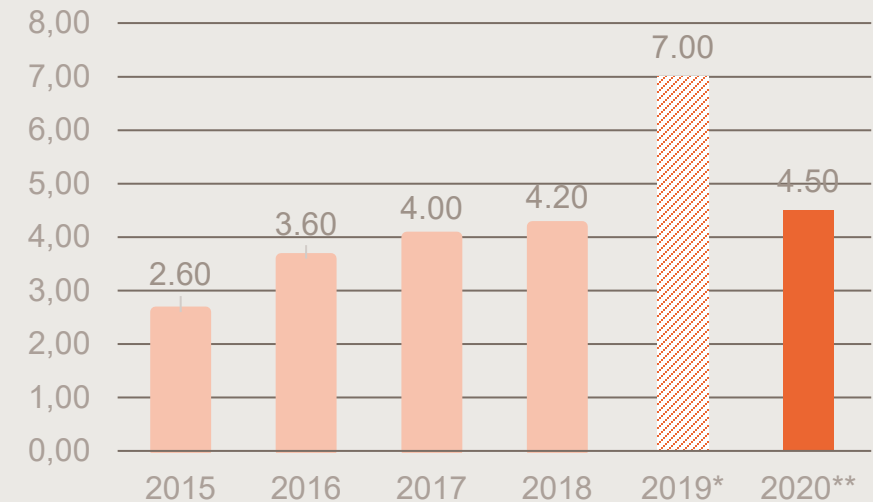


* In 2019 no dividend was distributed. The value of the distribution of Annehem Fastigheter at the time of the distribution in December 2020 was 97 percent of the profit for the year 2019.

** In 2020, the Board's proposal to the AGM.

Years 2011-2018 are not translated according to the changed accounting principles for our own developed housing projects

Dividend, SEK





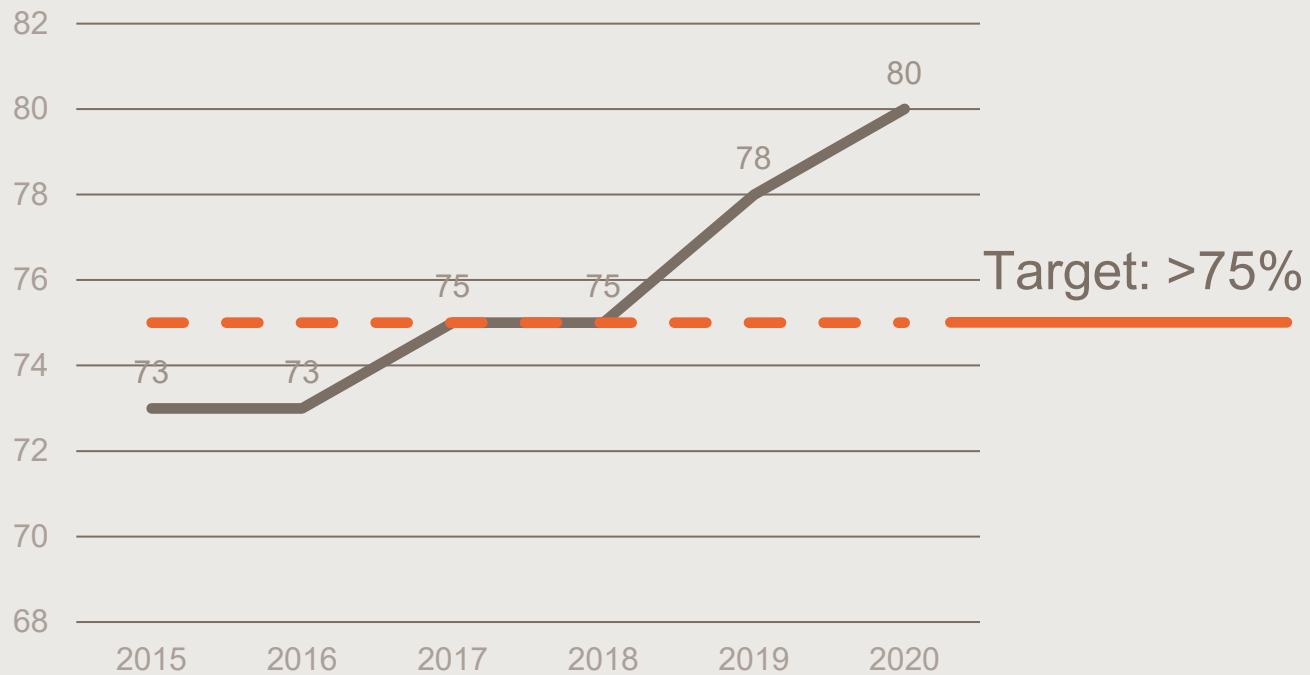
Non-financial targets

MOST SATISFIED CUSTOMERS

Focus on quality in our delivery



Satisfied customer index (SCI)



Three questions:

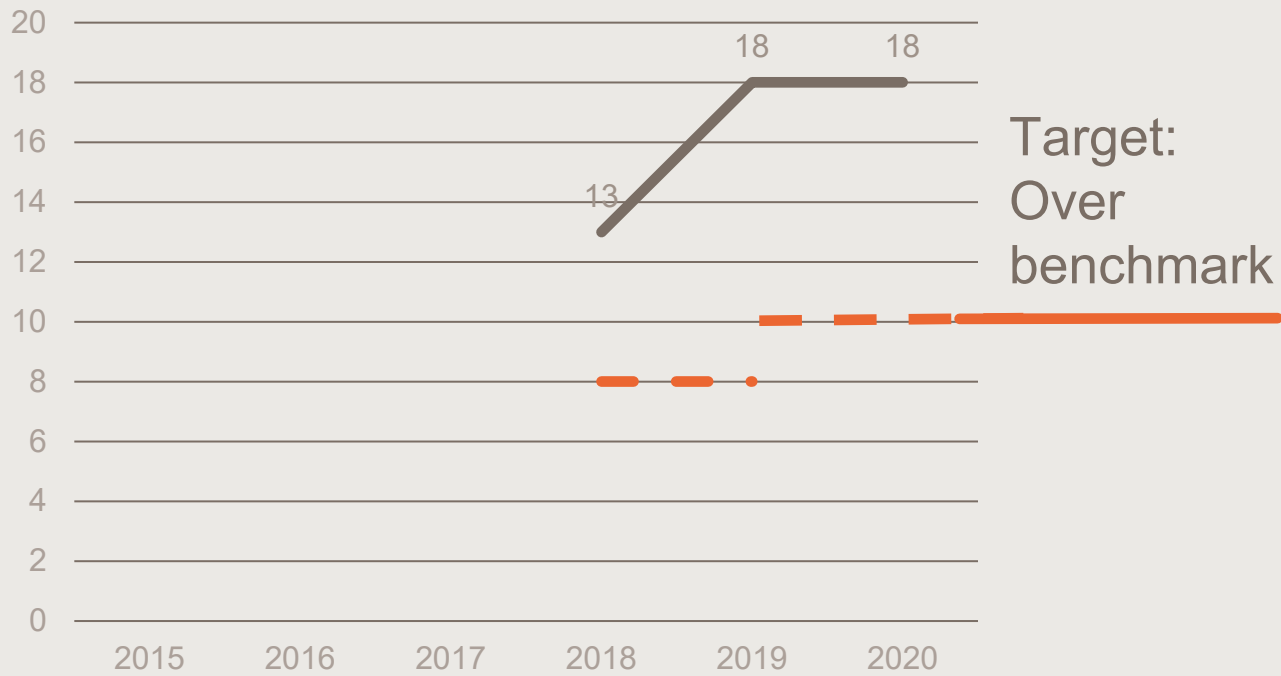
- Total satisfaction
- In relation to expectations
- In relation to an ideal supplier

BEST WORKPLACE

First choice for jobseekers



eNPS, Group

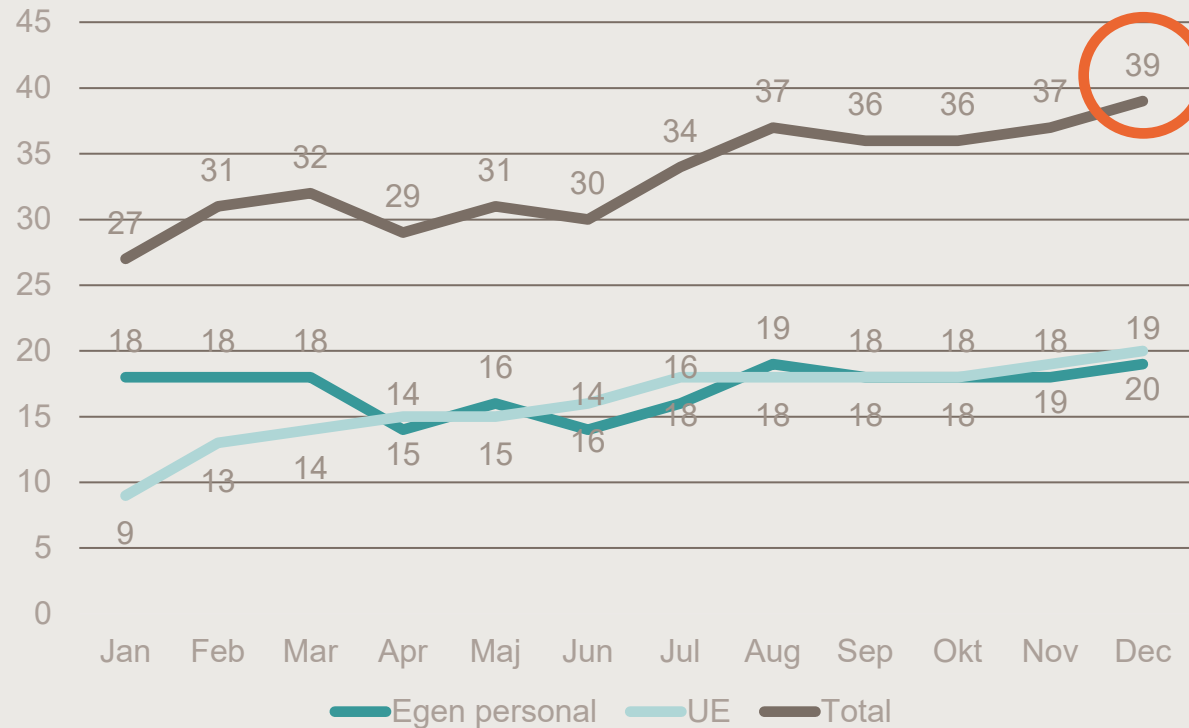


How probable is it that you would recommend us as an employer to someone you know?

Zero vision for workplace accidents



Serious accidents, rolling 12 months



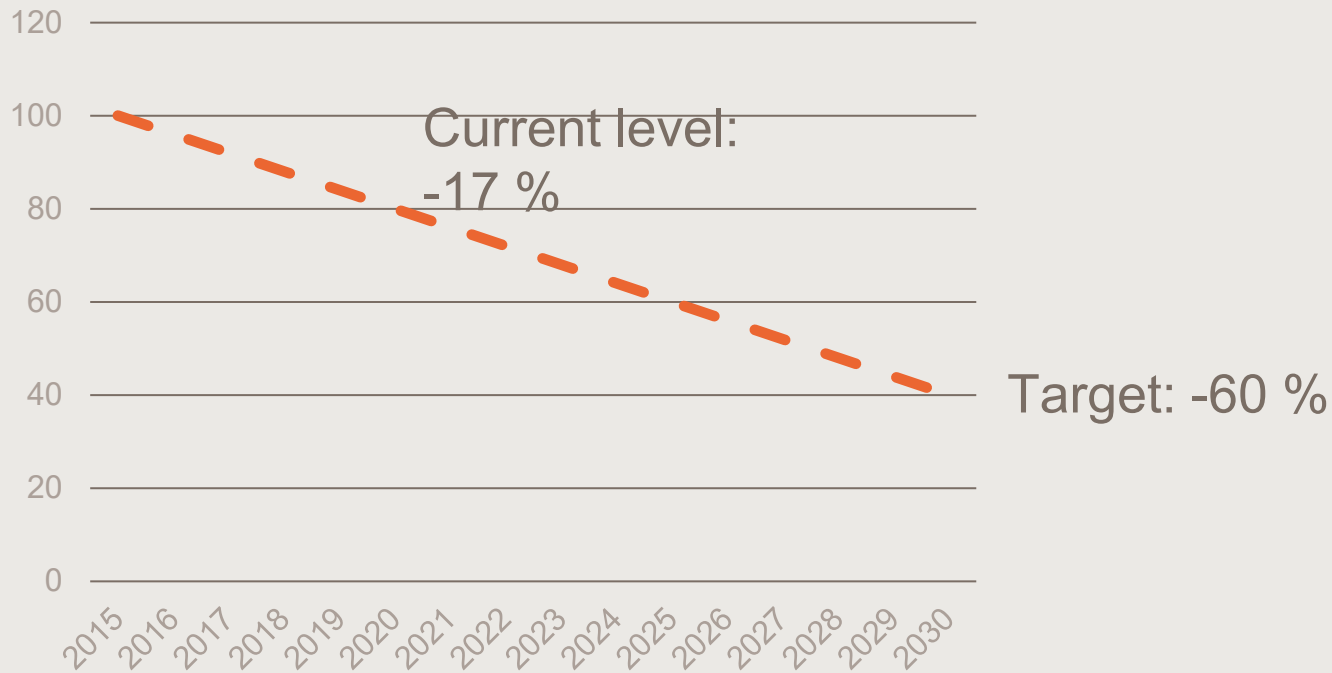
Target:
Continuously
contracting trend

Zero fatal accidents and continuously contracting trend (rolling 12 months, serious accidents classification 4)

Climate targets for our own production



Carbon dioxide intensity, own production (Scope 1 + 2)



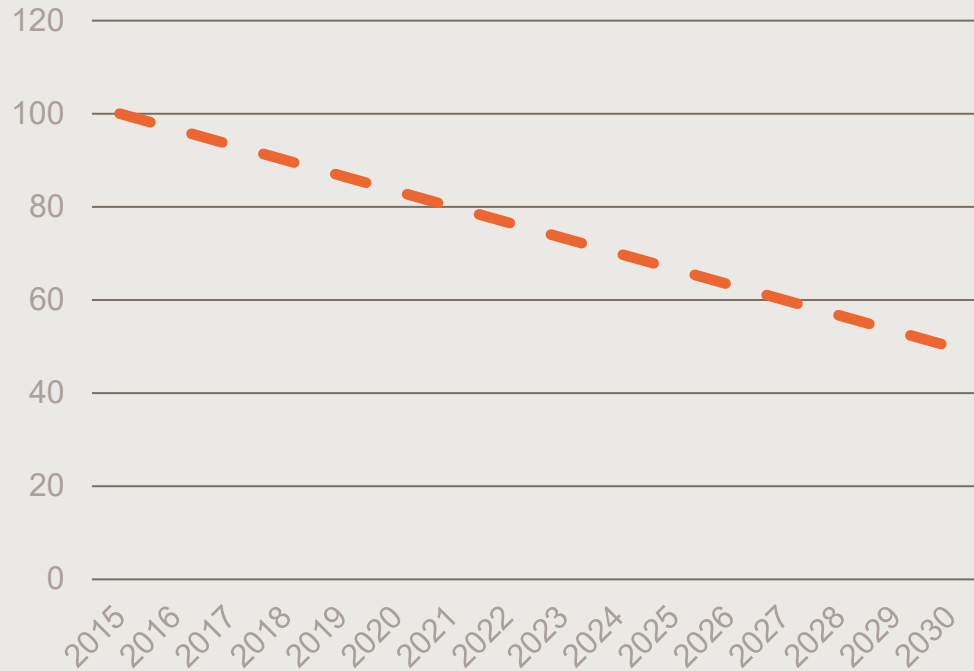
Reduced emissions of GHG Scope 1+2* (CO2e/MT)

* Direct and indirect emissions as a result of using fuel and energy in our own production

Climate targets for input goods and purchased services



Carbon dioxide intensity, input goods and purchased services (Scope 3)



Target: -50 %

Reduced emissions of GHG Scope 3* (CO2e/MT)

* Includes concrete/cement, asphalt/bitumen, transportation/fuel, steel, waste and business trips

Working for an equal opportunity industry



Target for equal opportunity recruitment:
Number of women recruited will always exceed education market

Core skills	Number of women employed in Peab in total (2020)	Number of women employed in Peab today < age (2020)	Number of women who have relevant degrees (2019/2020)
Production and processing (SW), %	1.5	24 years old or younger: 4.7	5.0
Production management and production support (WCW), %	12.9	26 years old or younger: 32.2	28.5

Number of women in new recruitment for core skills > number of women with degrees in relevant education markets

Core skills comprise both skilled workers and white-collar workers in positions close to production



How we get there

Overarching measures to achieve our targets

1. Higher processing ratio
2. Operational efficiency
3. Passing on knowledge
4. Innovation and requirements
5. Investments within Project Development

1. HIGHER PROCESSING RATIO

The individual business

Project
Development



Industry



Civil Engineering

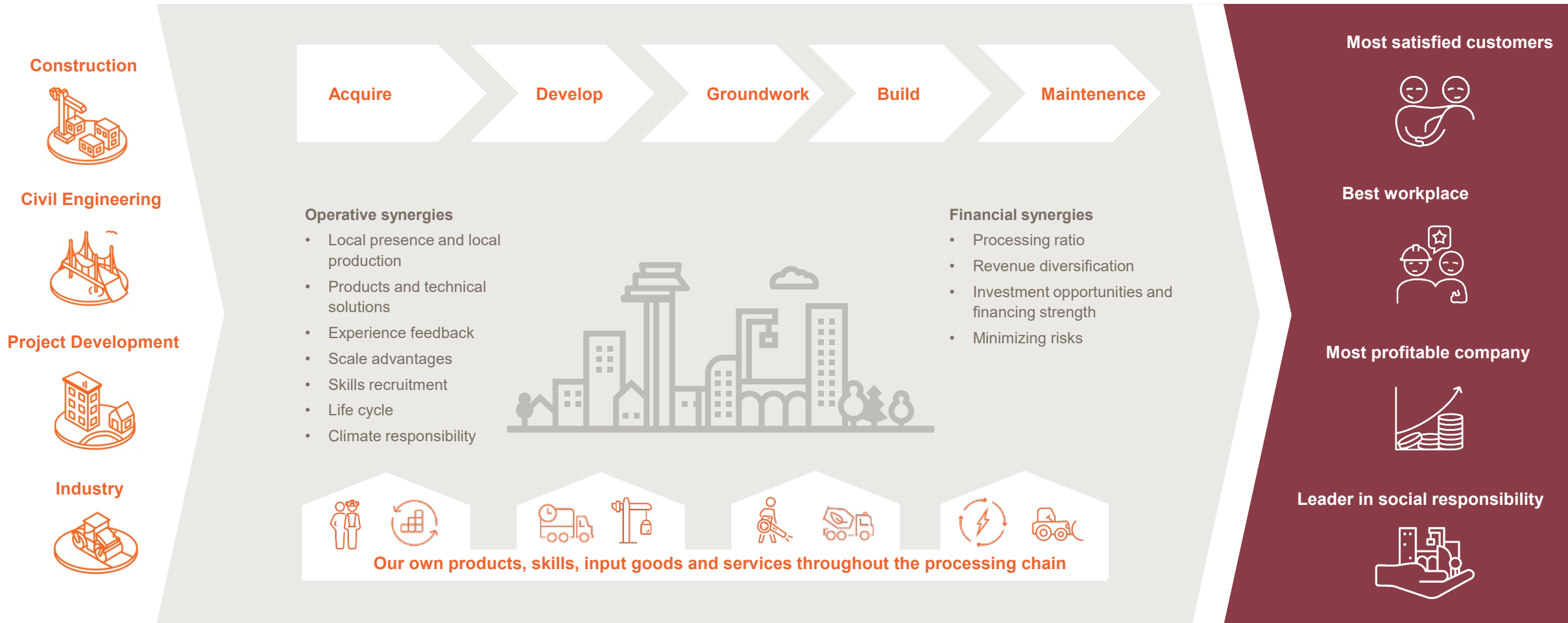


Construction



1. HIGHER PROCESSING RATIO

We increase value creation by having the entire business



2. OPERATIONAL EFFICIENCY

Construction technology solutions and other conceptual initiatives

NärBo



Architectural steering



Products & technical solutions



Processing



Meeting targets



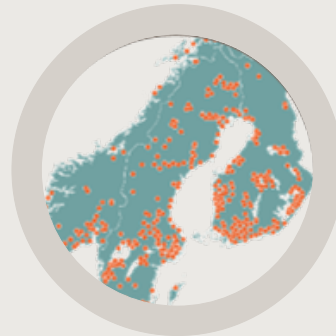
3. PASSING ON KNOWLEDGE

Our size promotes best practice and scale advantages

Local knowledge



Nordic perspective



Special skills



Digitalization as enabler



4. INNOVATION AND REQUIREMENTS

Meeting targets through responsibility on more levels



Innovation/
Product development



Products & technical solutions



Our own
resources



Meeting targets



5. INVESTMENTS WITHIN PROJECT DEVELOPMENT

Adjusting our business to suit the market

Tenant-owner projects



Apartments for rent



Commercial property



Community buildings



1.

Exposure to the Nordic construction and civil engineering markets

Favorable external factors

2.

Community builder with

Largest Nordic local presence
– close to customers

Highest percentage of own employees
– skills bank

Greatest capacity for high level of processing
– broad hit rate for our targets

3.

Four strategic targets that lead us forward

Most satisfied customers

Best workplace

Most profitable company

Leader in social responsibility

Q & A



Thank you!

