

Q3

# January-September 2023

October 27, 2023

RESIDENTIAL HOUSE  
Vantaa, Finland



## MARKET OUTLOOK

# Continued weak market for housing investments

Started-up housing investments, new and renovations

Sweden	2023 ↓	2024 ↘(↗)	2025 ↗(↑)
Norway	2023 ↓	2024 ↘	2025 ↗
Finland	2023 ↓	2024 ↘	2025 ↗

Source: Navet

## MARKET OUTLOOK

# Mixed market for other building construction

Started-up other building construction investments, new and renovations

Sweden	2023 ↘	2024 ↘	2025 ↗
Norway	2023 ↑	2024 →(↗)	2025 →(↗)
Finland	2023 ↗(↓)	2024 ↘(↗)	2025 ↗

Source: Navet

## MARKET OUTLOOK

# Positive outlook for civil engineering investments

## Civil engineering investments

Sweden	2023 ↘	2024 ↗	2025 ↗
Norway	2023 ↗	2024 ↗	2025 →
Finland	2023 →	2024 ↗	2025 →

Source: Navet



MARKET OUTLOOK

# Lower level of investments in the Nordic market

Total construction and civil engineering investments, new and renovations

Sweden	2023 ↓	2024 ↘(→)	2025 ↗
Norway	2023 →	2024 →(↗)	2025 →(↗)
Finland	2023 ↘(↓)	2024 ↘(→)	2025 ↗

Source: Navet

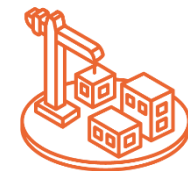


# Business area Construction

SOLNA SWIMMING POOL  
Solna



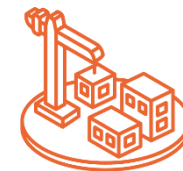
# Business area Construction



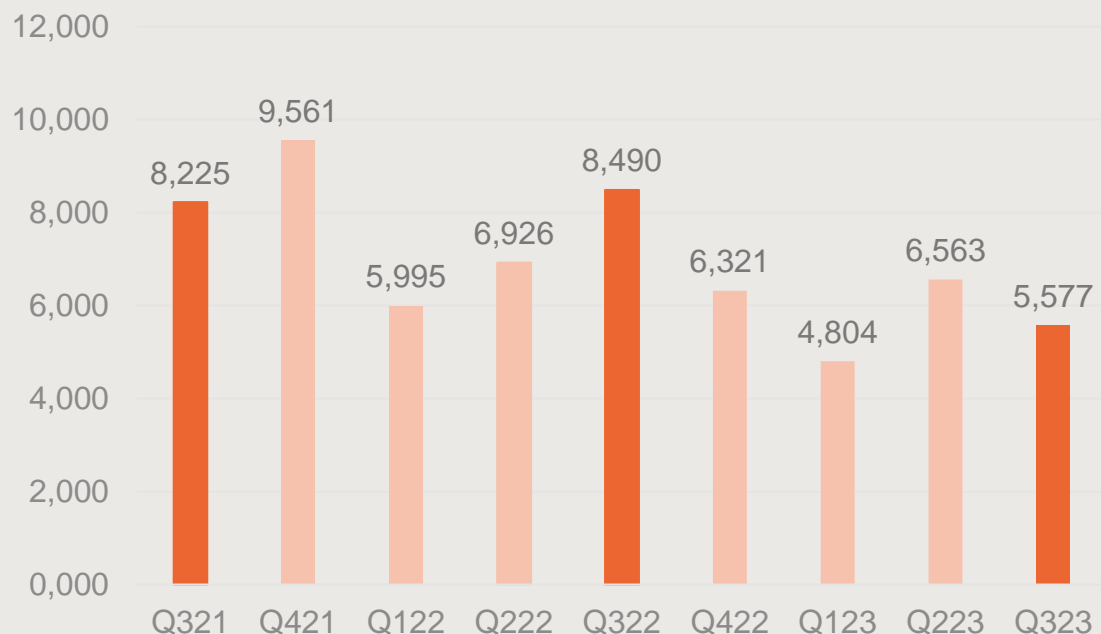
MSEK	Jul-Sep 2023	Jul-Sep 2022	Oct 2022-Sep 2023	Jan-Dec 2022
Net sales	5,789	6,306	29,081	28,999
Operating profit excl. Mall of Scandinavia	96	126	565	629
Operating margin excl. Mall of Scandinavia, %	1.7	2.0	1.9	2.2
Operating profit	96	126	965	629
Operating margin, %	1.7	2.0	3.3	2.2



# Weak housing market effects level of orders received and order backlog



## Orders received, MSEK

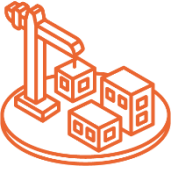


Order backlog  
**25.7**  
BSEK (31.1)



BRF Å-PROMENADEN  
Nyköping

# New contracts mainly from public customers



Assisted living  
facility with  
108 apartments  
(MSEK 337)

Swimming pool  
facility  
(MSEK 376)

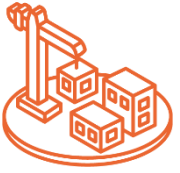
Greenhouse and  
visitor centre  
(MSEK 346)

Hospital  
(MEUR 26)

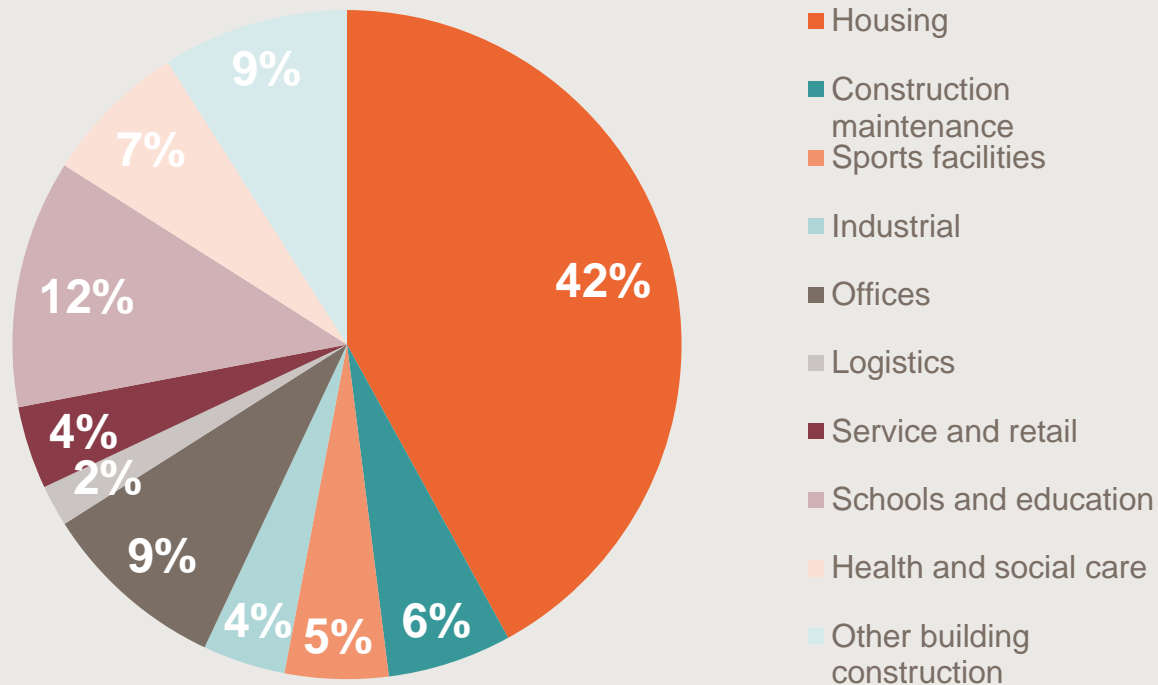


## BUSINESS AREA CONSTRUCTION

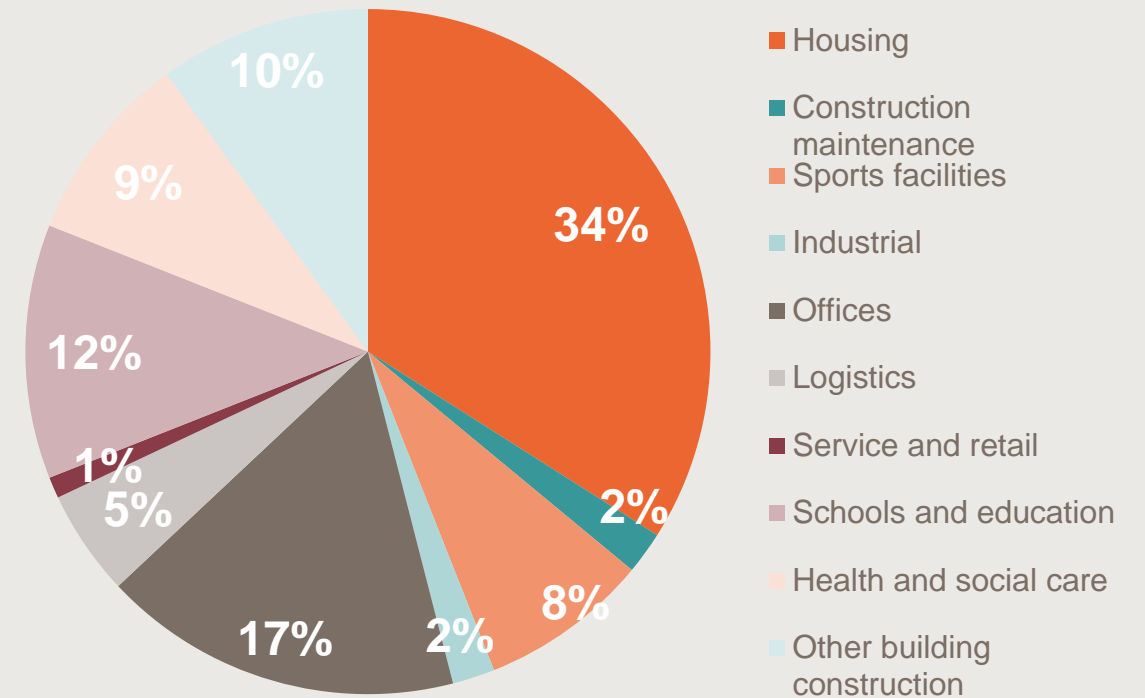
# Allocation per product area



### Net sales, rolling 12 months



### Order backlog, September 30, 2023







# Business area Civil Engineering

SUSPENSION BRIDGE  
Tyresö



# Business area Civil Engineering

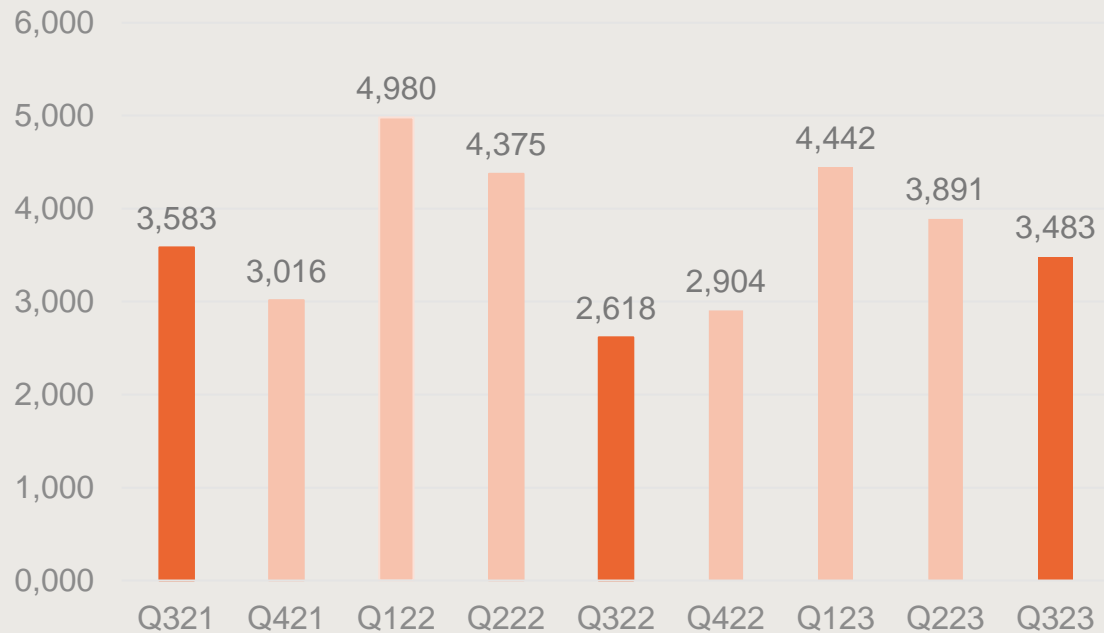


MSEK	Jul-Sep 2023	Jul-Sep 2022	Oct 2022-Sep 2023	Jan-Dec 2022
Net sales	3,491	3,584	15,115	14,965
Operating profit	110	118	496	494
Operating margin, %	3.2	3.3	3.3	3.3

# Stable level of orders received, good order backlog



### Orders received, MSEK



Order backlog

**15.1**  
BSEK (15.5)

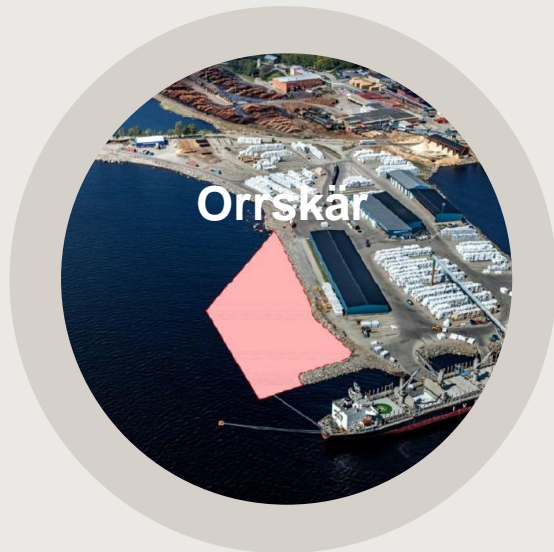




# New contracts in the third quarter



Dock and terminal  
foundation  
(MSEK 170)



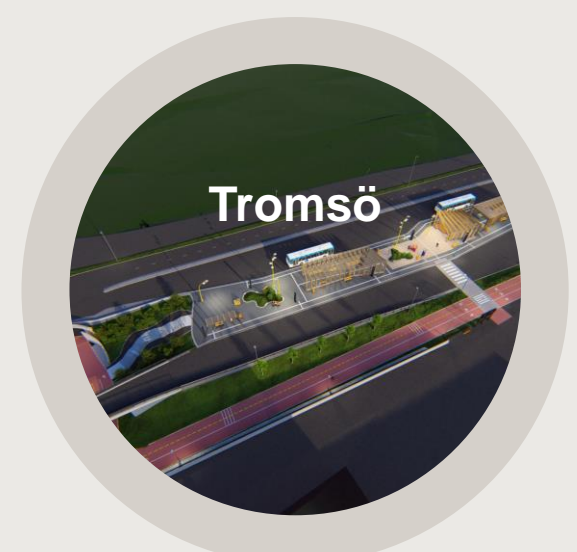
Wastewater and  
rainwater pipelines  
(MSEK 110)



Road enforcement  
(MSEK 115)



Bus terminal  
(MNOK 130)

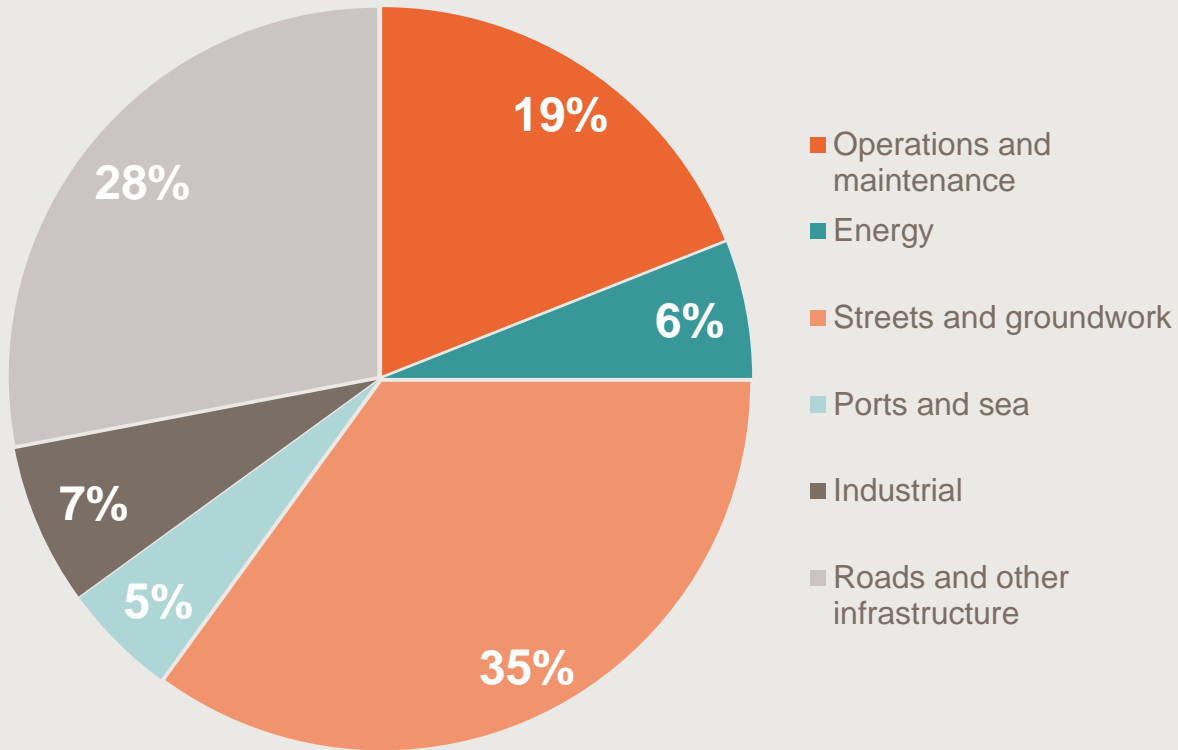


# BUSINESS AREA CIVIL ENGINEERING

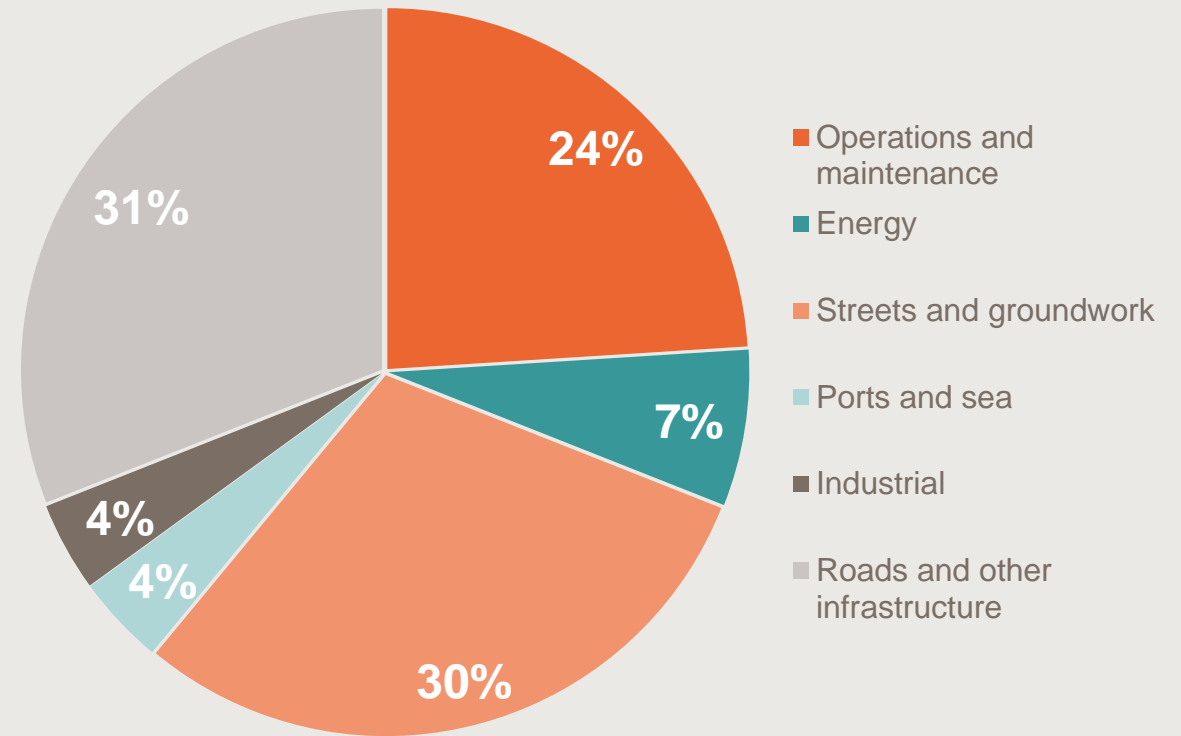
## Allocation per product area



Net sales, rolling 12 months



Order backlog, September 30, 2023







# Business area Industry

LJUNGBYHED  
AIRPORT  
Ljungbyhed



# Business area Industry

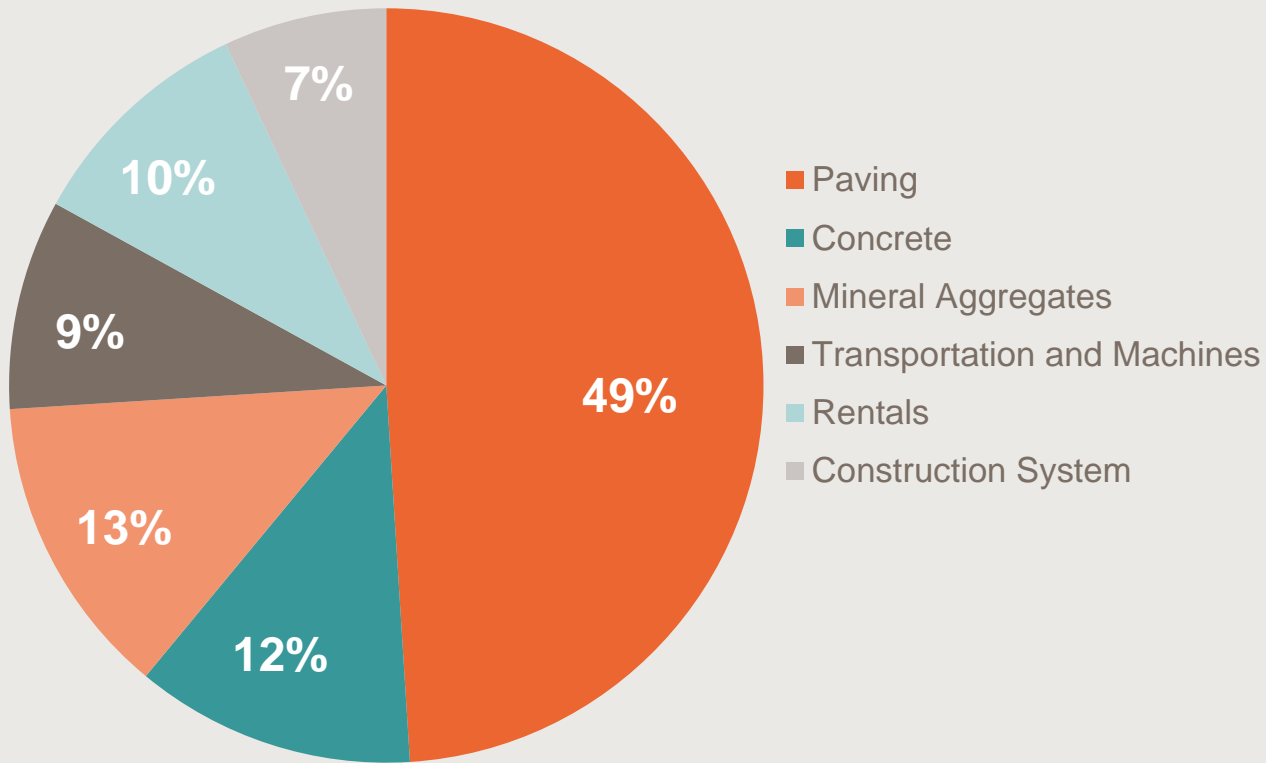


<b>MSEK</b>	<b>Jul-Sep 2023</b>	<b>Jul-Sep 2022</b>	<b>Oct 2022- Sep 2023</b>	<b>Jan-Dec 2022</b>
Net sales	<b>6,780</b>	7,096	20,564	21,433
Operating profit	<b>588</b>	519	769	747
Operating margin, %	<b>8.7</b>	7.3	3.7	3.5

# Allocation per product area



Net sales, rolling 12 months

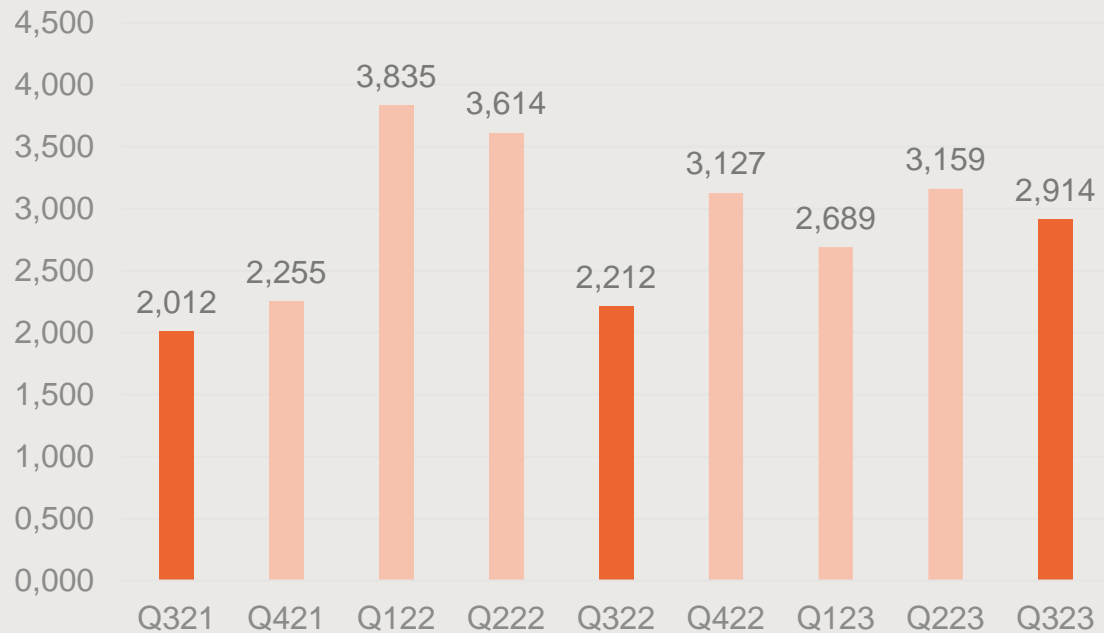




# Good level of orders received in the third quarter



## Orders received, MSEK



Order backlog

# 4.3

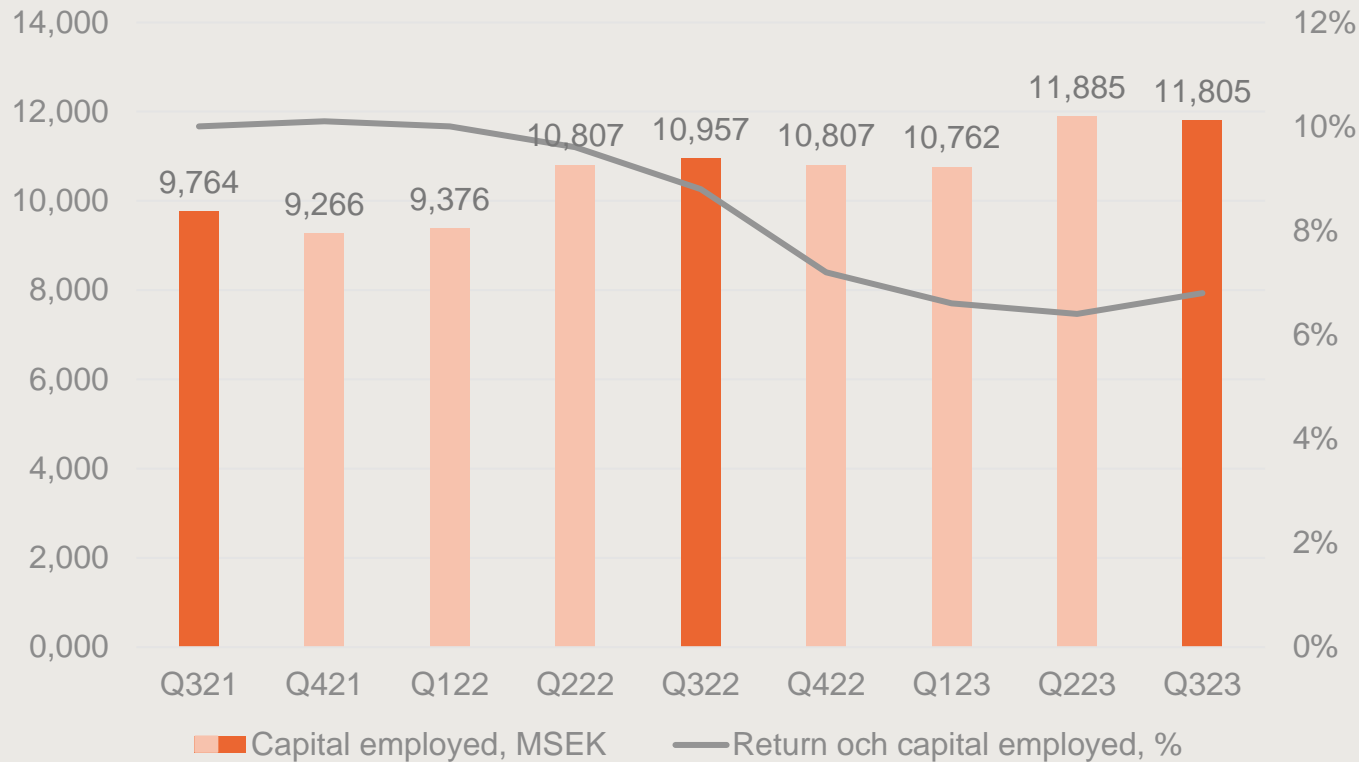
BSEK (4.3)



# More capital tied-up in working capital and investments



## Capital employed and return on capital employed\*



Return on capital employed

**6.8**  
% (8.8)

\*Based on rolling 12 months.





# Business area Project Development

HYLLIE HOMES  
Malmö



# Business area Project Development



MSEK	Jul-Sep 2023	Jul-Sep 2022	Oct 2022-Sep 2023	Jan-Dec 2022
Net sales	856	2,234	6,252	8,661
Operating profit	46	265	596	1,127
Operating margin, %	5.4	11.9	9.5	13.0
<i>of which Housing Development</i>	2.9	9.0	8.7	11.5



# Low level of housing start-ups and sales



MSEK	Jul-Sep 2023	Jul-Sep 2022	Oct 2022-Sep 2023	Jan-Dec 2022
<b>Total number of housing start-ups</b>	<b>165<sup>1</sup></b>	<b>470<sup>1</sup></b>	<b>962</b>	<b>2,336</b>
<i>of which tenant-owner associations, ownership and residential limited companies</i>	<i>40<sup>1</sup></i>	<i>428<sup>1</sup></i>	<i>251</i>	<i>1,810</i>
<i>of which in rental apartment projects</i>	<i>125</i>	<i>42</i>	<i>711</i>	<i>526</i>
<b>Total number of sold homes</b>	<b>153</b>	<b>257</b>	<b>811</b>	<b>1,709</b>
<i>of which tenant-owner associations, ownership and residential limited companies</i>	<i>153</i>	<i>257</i>	<i>482</i>	<i>1,643</i>
<i>of which in rental apartment projects</i>	<i>-</i>	<i>-</i>	<i>329</i>	<i>66</i>

<sup>1</sup>Includes 40 (56) homes that have been converted from rentals

# Own housing development production



Number	30 sep 2023	30 sep 2022	31 dec 2022
<b>Total number of homes under production</b>	<b>4,237</b>	<b>6,107</b>	<b>5,718</b>
<i>of which tenant-owner associations, ownership and residential limited companies</i>	2,879	5,046	4,539
<i>of which in rental apartment projects</i>	1,358	1,061	1,179
<b>Share of sold homes under production</b>	<b>60%</b>	<b>75%</b>	<b>70%</b>
<i>of which tenant-owner associations, ownership and residential limited companies</i>	67%	72%	69%
<i>of which in rental apartment projects</i>	44%	88%	73%
<b>Repurchased homes on the balance sheet at the end of the period, tenant-owner apartments/condominiums</b>	<b>301</b>	<b>103</b>	<b>105</b>

# Ongoing property projects in Property Development



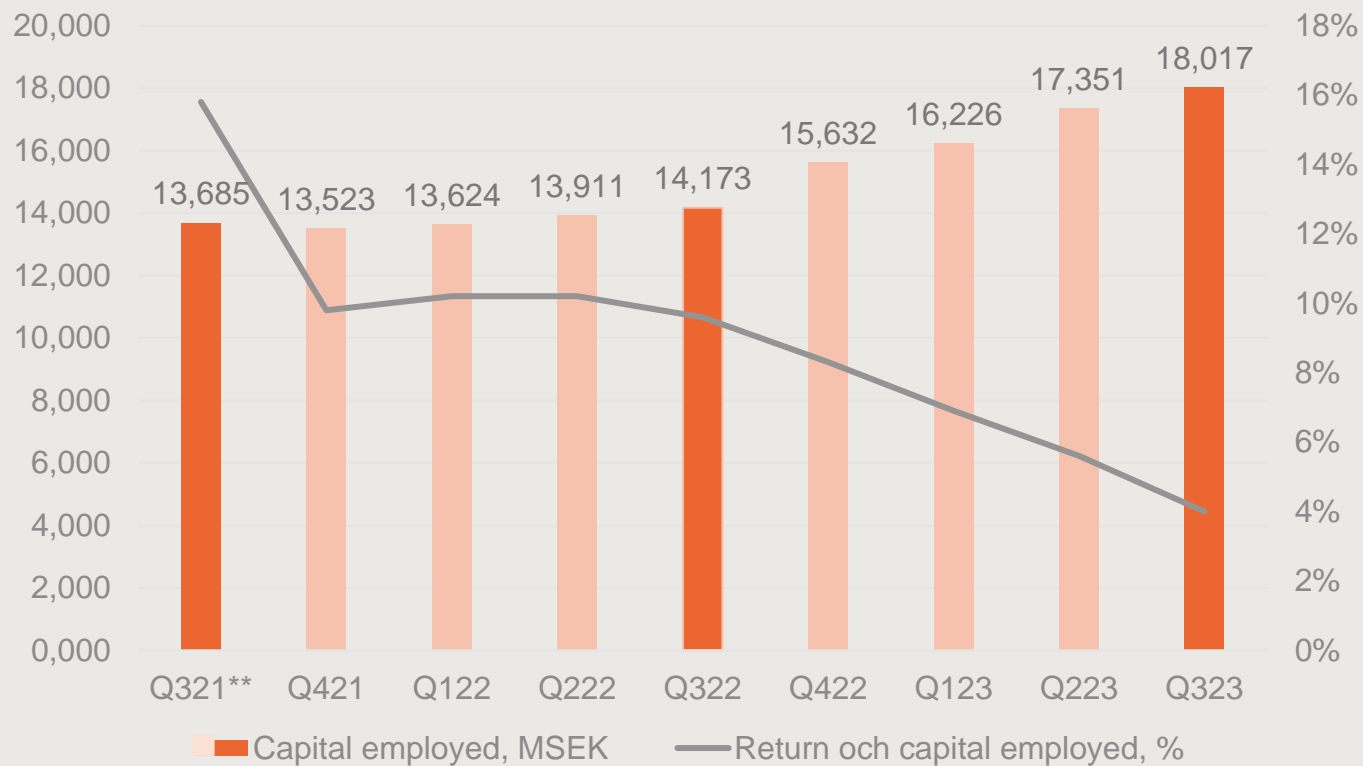
Type of project	Location	Rentable area, m <sup>2</sup>	Degree rented, %	Recognized value, MSEK	Total investment at completion, MSEK	Scheduled completion	Level of completion, %
Office building	Malmö	7,400	76	288	341	Completed	84
Office building	Jönköping	3,200	100	88	103	Q4-2023	86
Office building	Gothenburg	13,100	11	360	555	Q3-2024	65
Logistic facility	Södertälje	23,900	0	33	360	Q4-2024	9



# Increased investments and unsold homes tie up capital



Capital employed and return on capital employed\*



Return on capital employed

**4.0**

% (9.6)

\*Calculated on rolling 12 months.

\*\*The effect on profit of the distribution of Annehem Fastigheter of MSEK 896 is included in the return on capital employed.



# The Peab Group

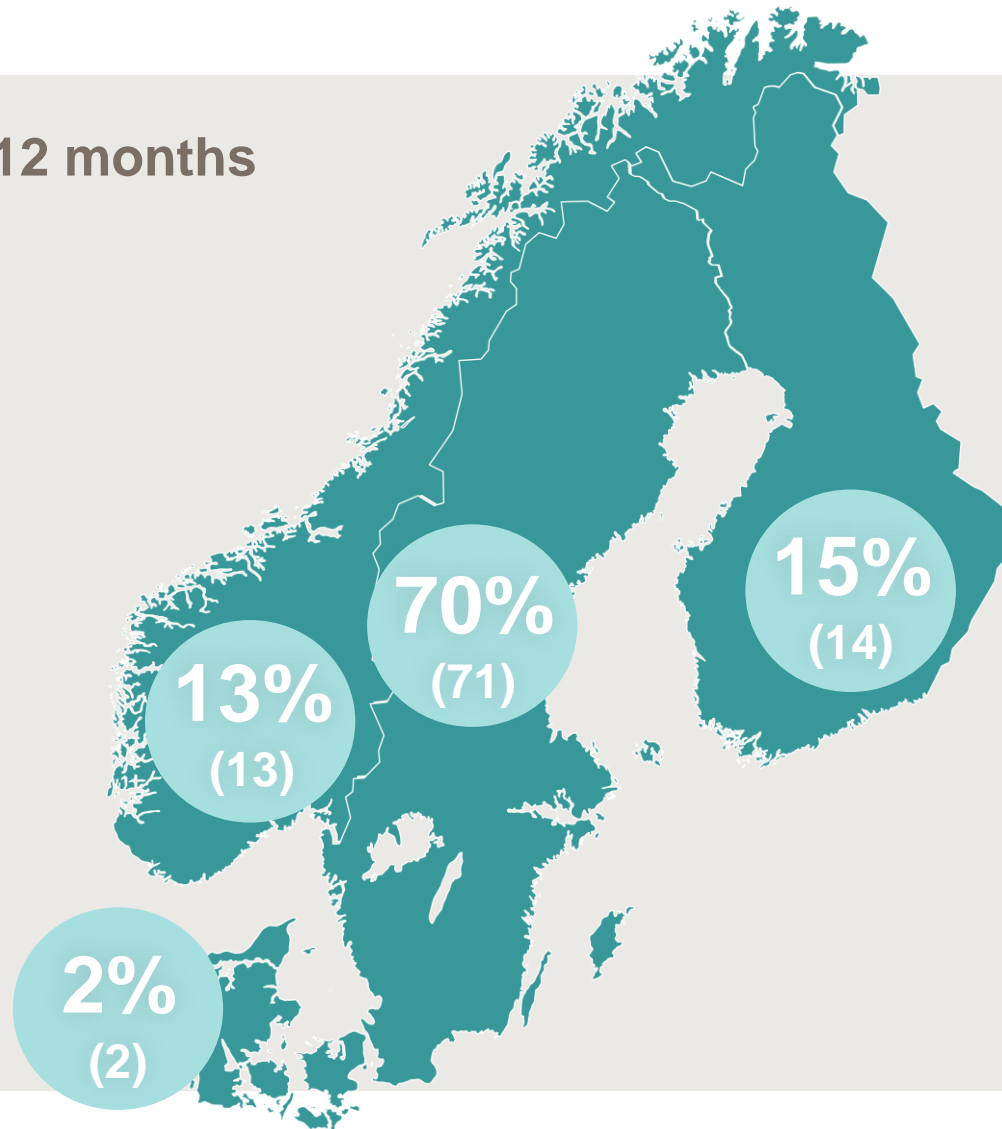
# Segment reporting

MSEK	Jul-Sep 2023	Jul-Sep 2022	Oct 2022- Sep 2023	Jan-Dec 2022
Net sales	14,736	16,685	60,230	63,135
Operating profit excl. Mall of Scandinavia	786	993	2,173	2,741
Operating margin excl. Mall of Scandinavia, %	5.3	6.0	3.6	4.3
Operating profit	786	993	2,573	2,741
Operating margin, %	5.3	6.0	4.3	4.3



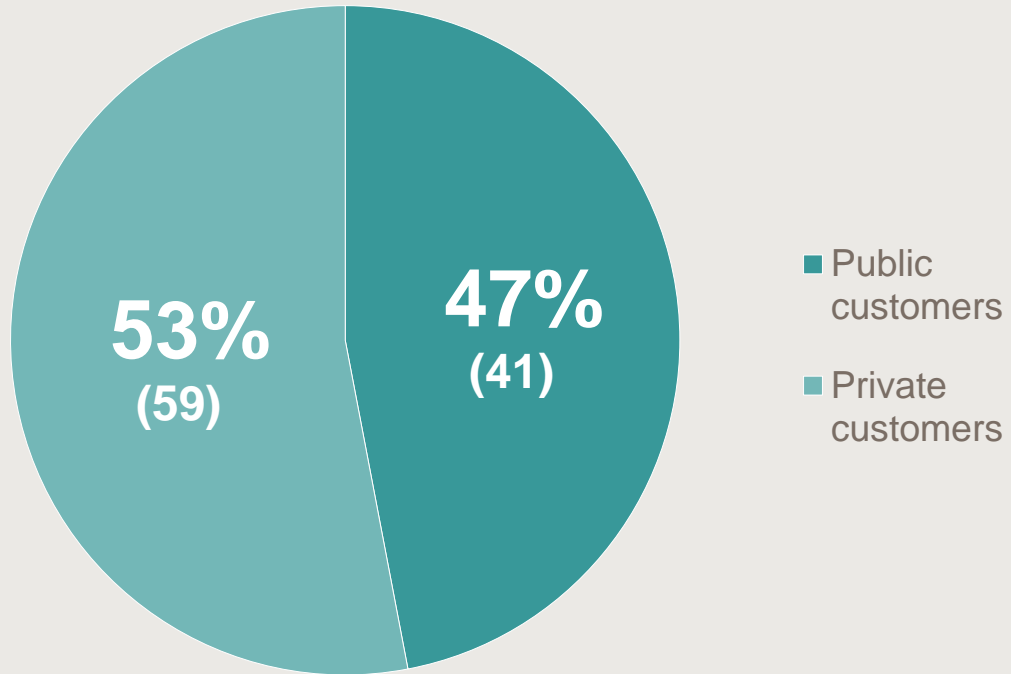
# Good presence in the Nordic region

Net sales, rolling 12 months



# The share of public customers increases

Net sales, rolling 12 months





THE GROUP

# Lower order backlog but continued good risk diversification

Orders received

**34.6**

BSEK (42.8)

Order backlog

**41.7**

BSEK (48.8)

Share of projects  
under MSEK 500

**80%**

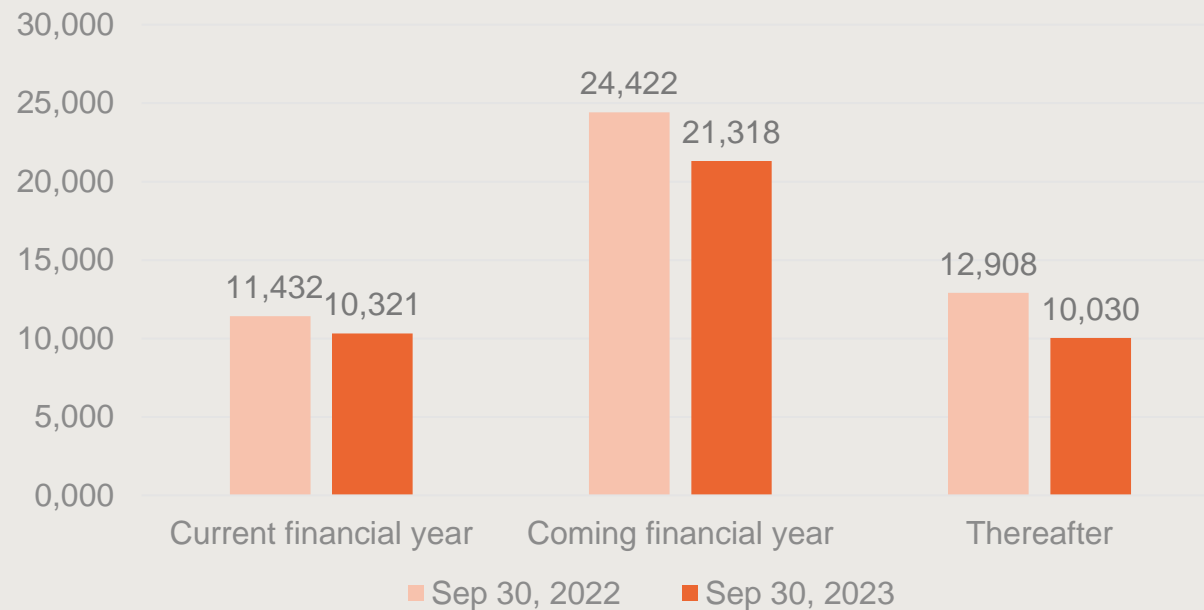
(82)



## THE GROUP

# Lower level of order backlog

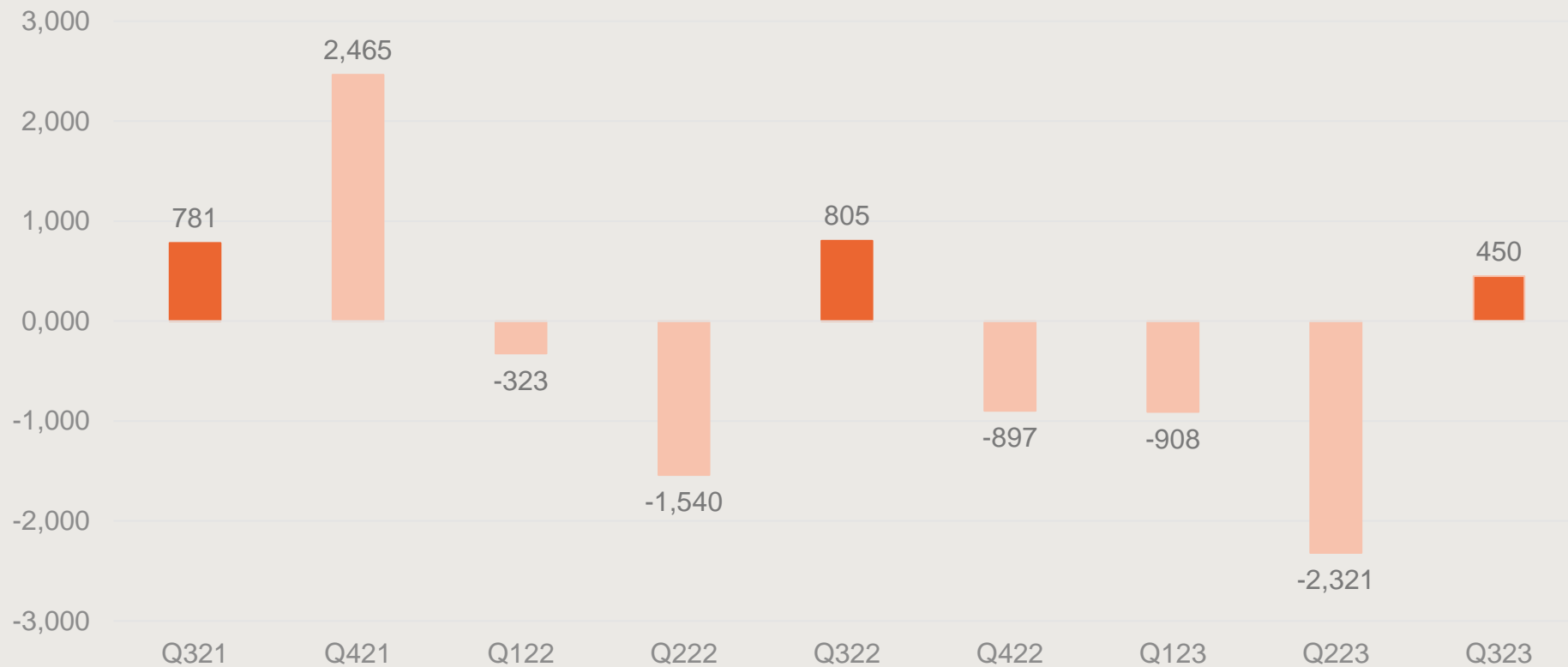
### Order backlog allocated over time, MSEK



**75%**  
after current  
financial year  
(77)

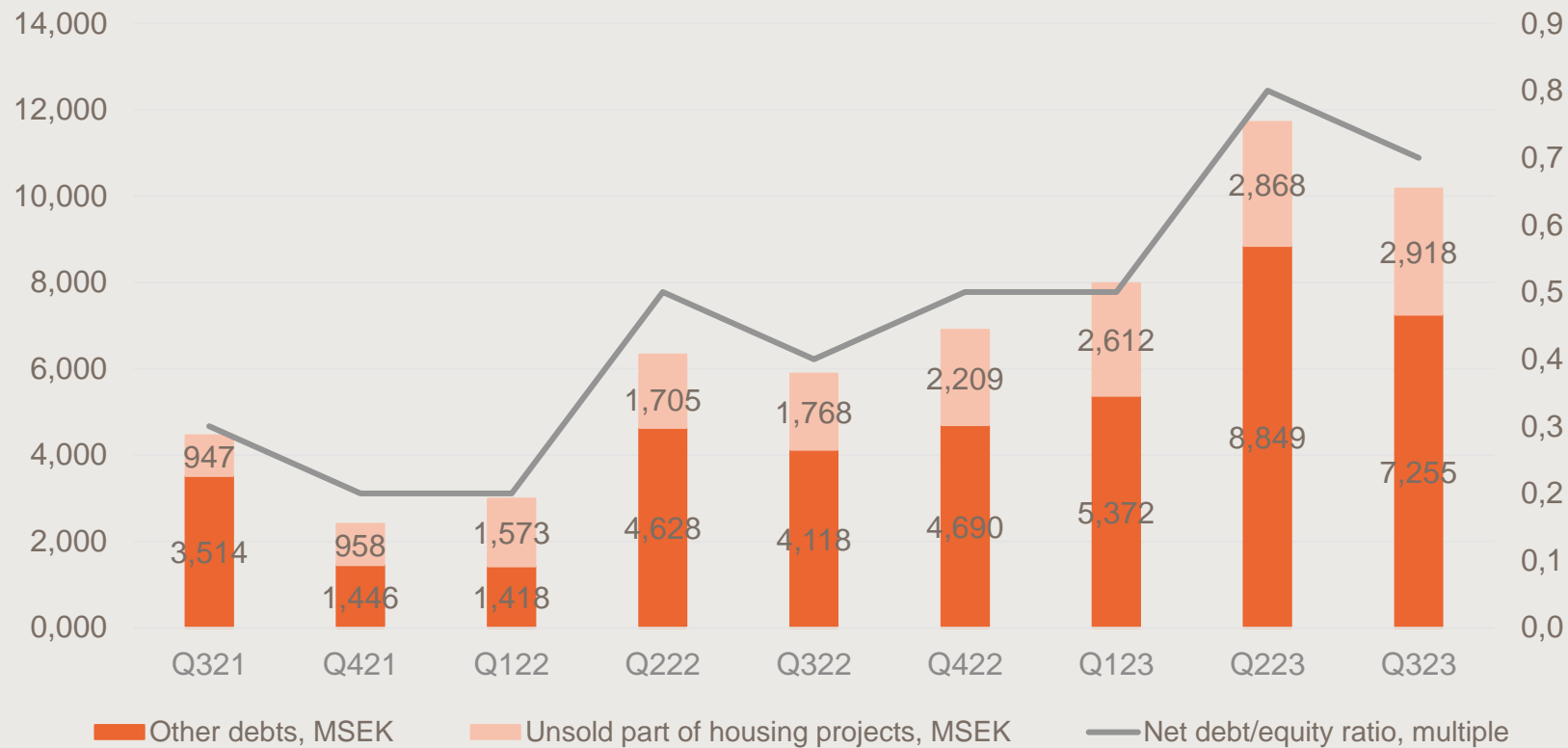
# Working capital and investments charge cash flow

Cash flow before financing, MSEK



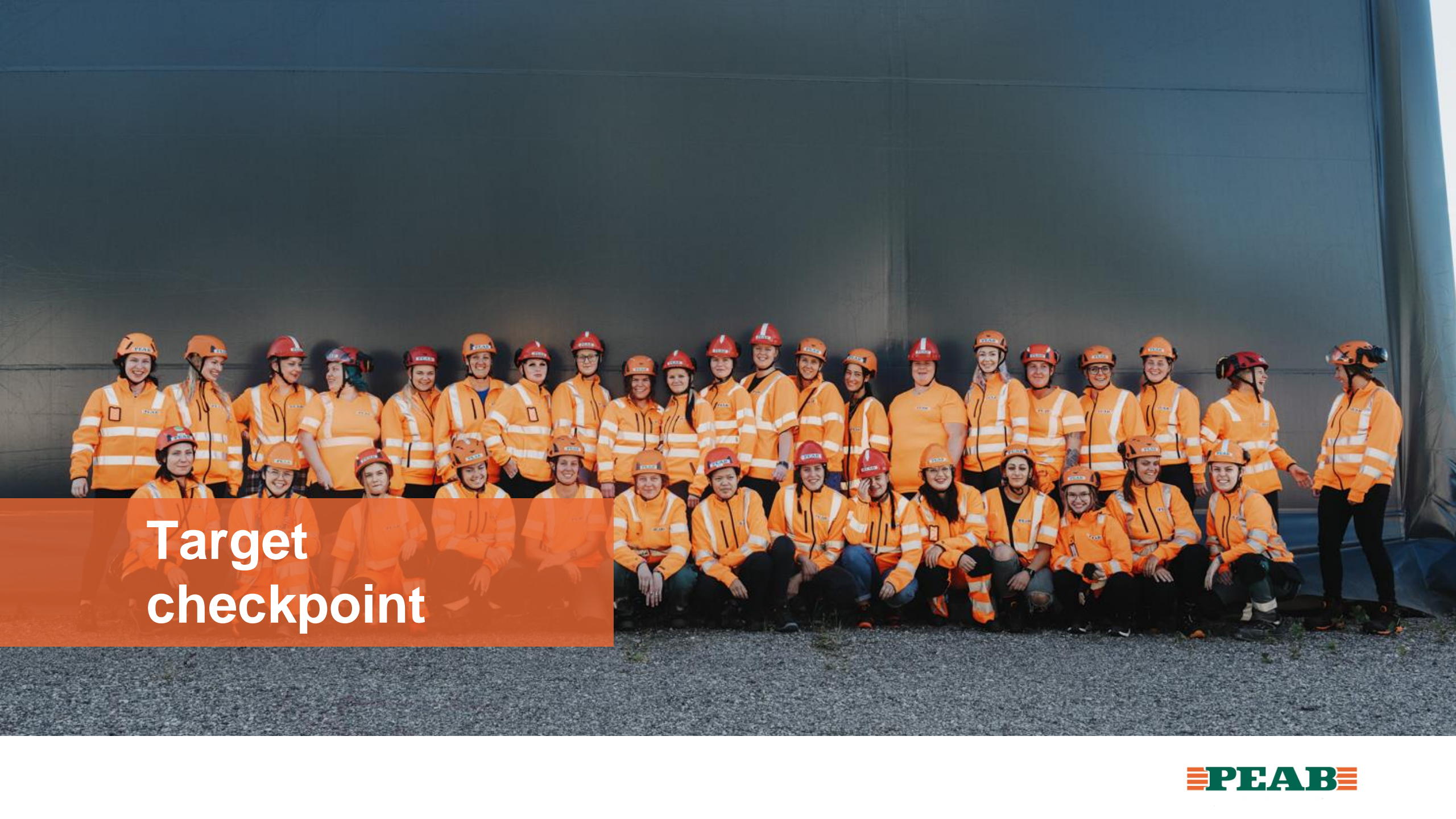
# Net debt affected by investments and working capital

Net debt and net debt/equity ratio



Net debt  
**10.2**  
 BSEK (5.9)





# Target checkpoint

# Four target areas, nine external targets

Most satisfied customers



**CSI**

always over

**75**

Best workplace



**eNPS**

always over benchmark

**Zero vision**

Serious accidents  
Through a contracting trend

Most profitable company



Operating margin

**>6 %**

Net debt/equity ratio

**0.3-0.7**

Dividend

**>50 %**

of profit for the year

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

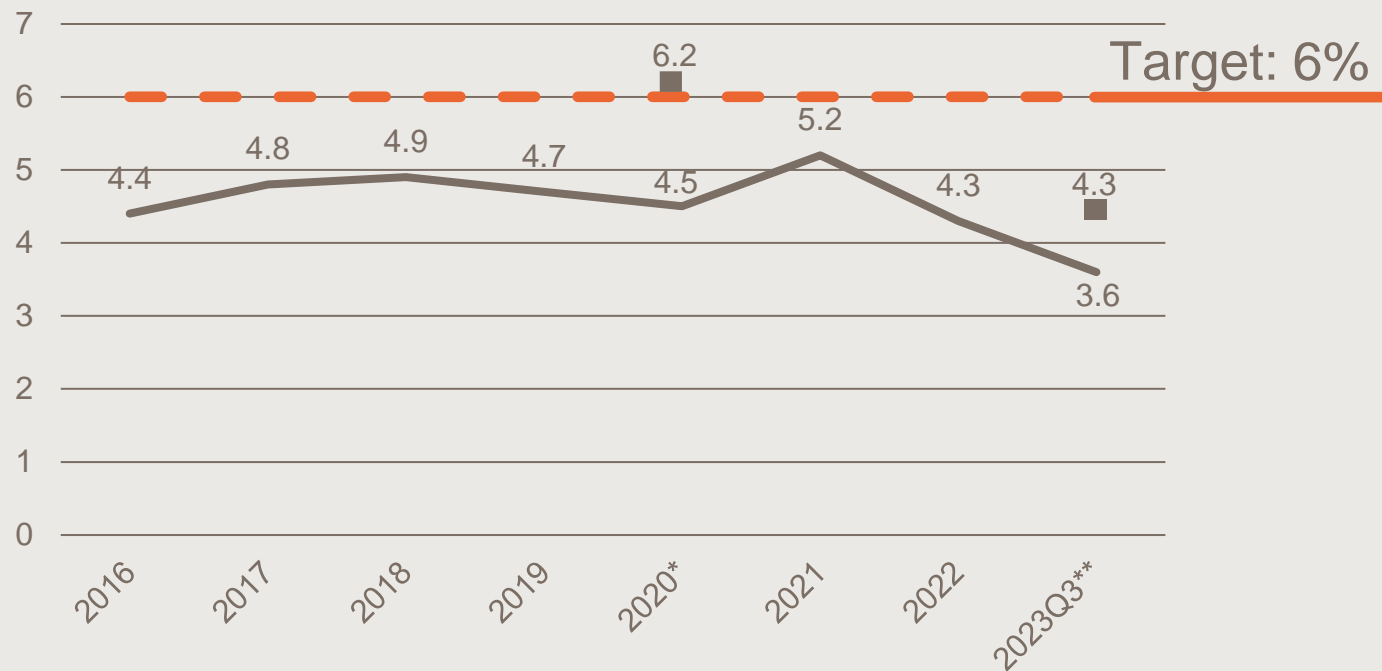


# MOST PROFITABLE COMPANY

## Operating margin over 6 percent



### Operating margin, Group



\*Operating margin exclusive effect of the distribution of Annehem Fastigheter of MSEK 952.

\*\* Operating margin exclusive effect of mall of Scandinavia of MSEK 400.

Years 2016-2018 are not translated according to the changed accounting principles for our own housing development projects.



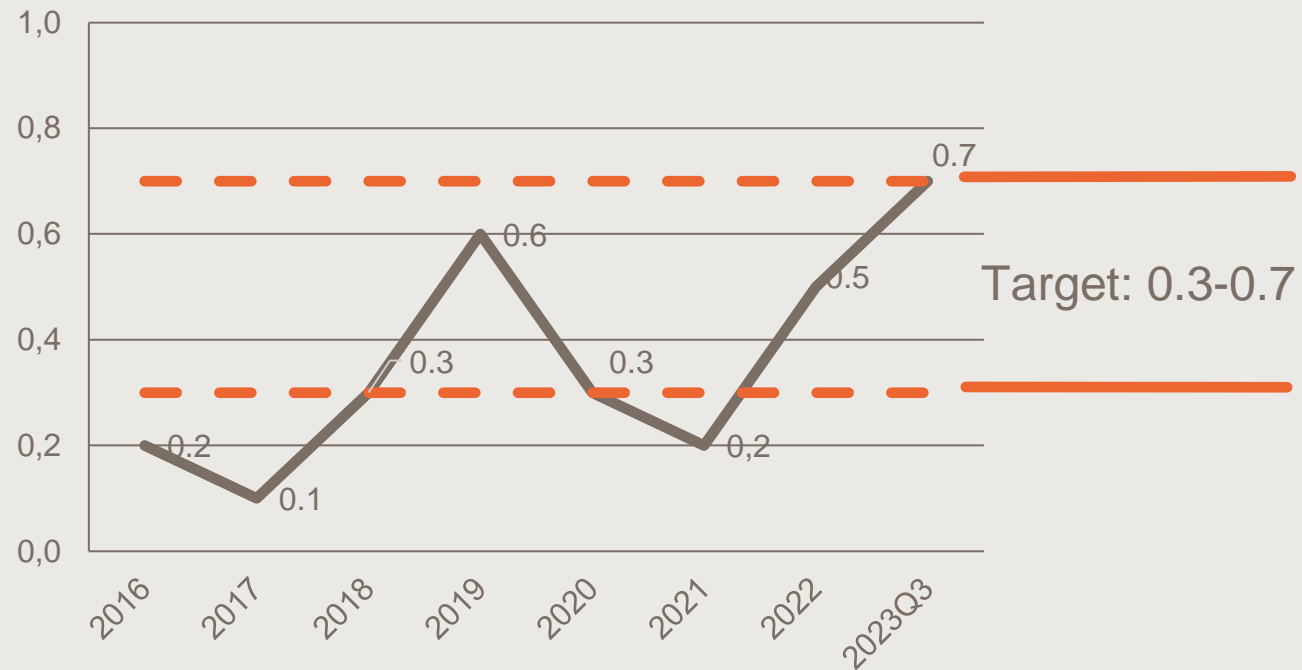


## MOST PROFITABLE COMPANY

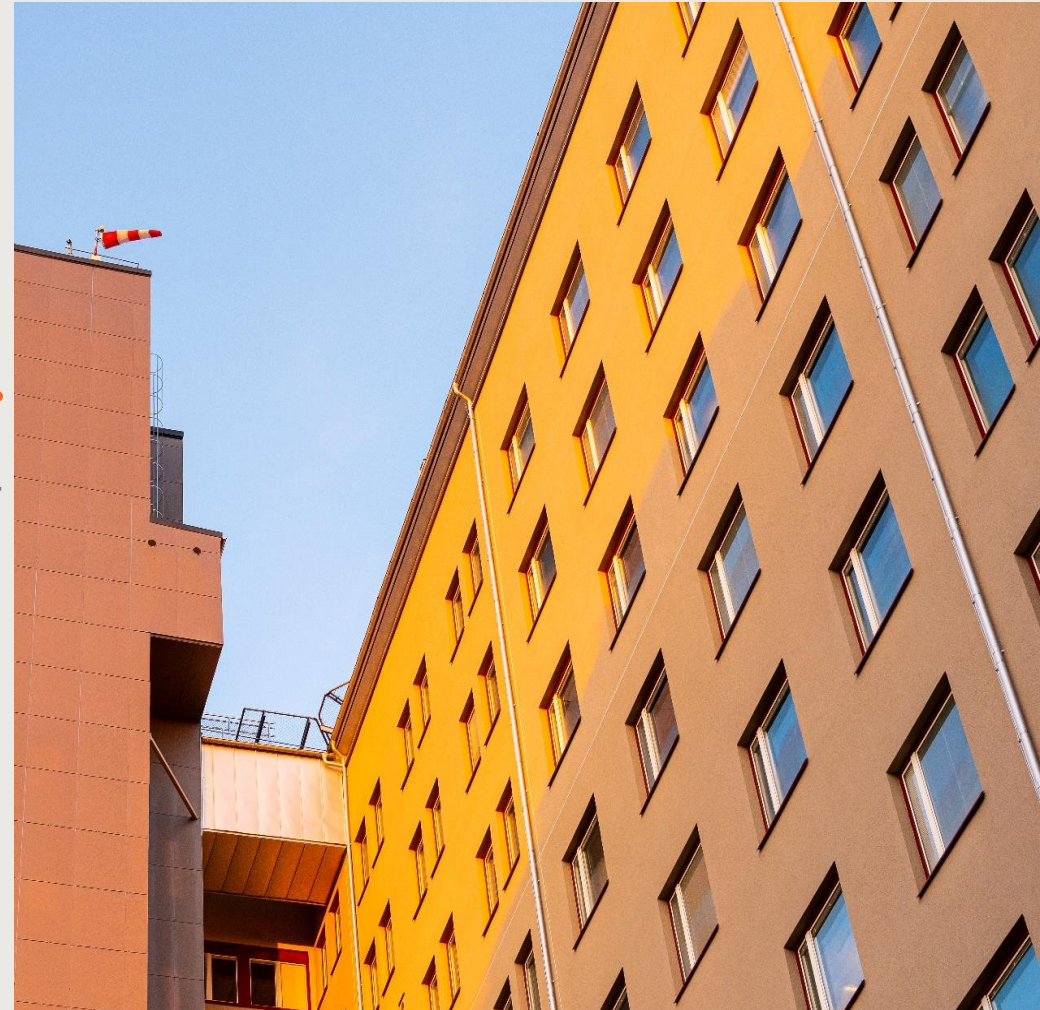
# Net debt/equity ratio within interval 0.3-0.7



### Net debt/equity ratio, Group



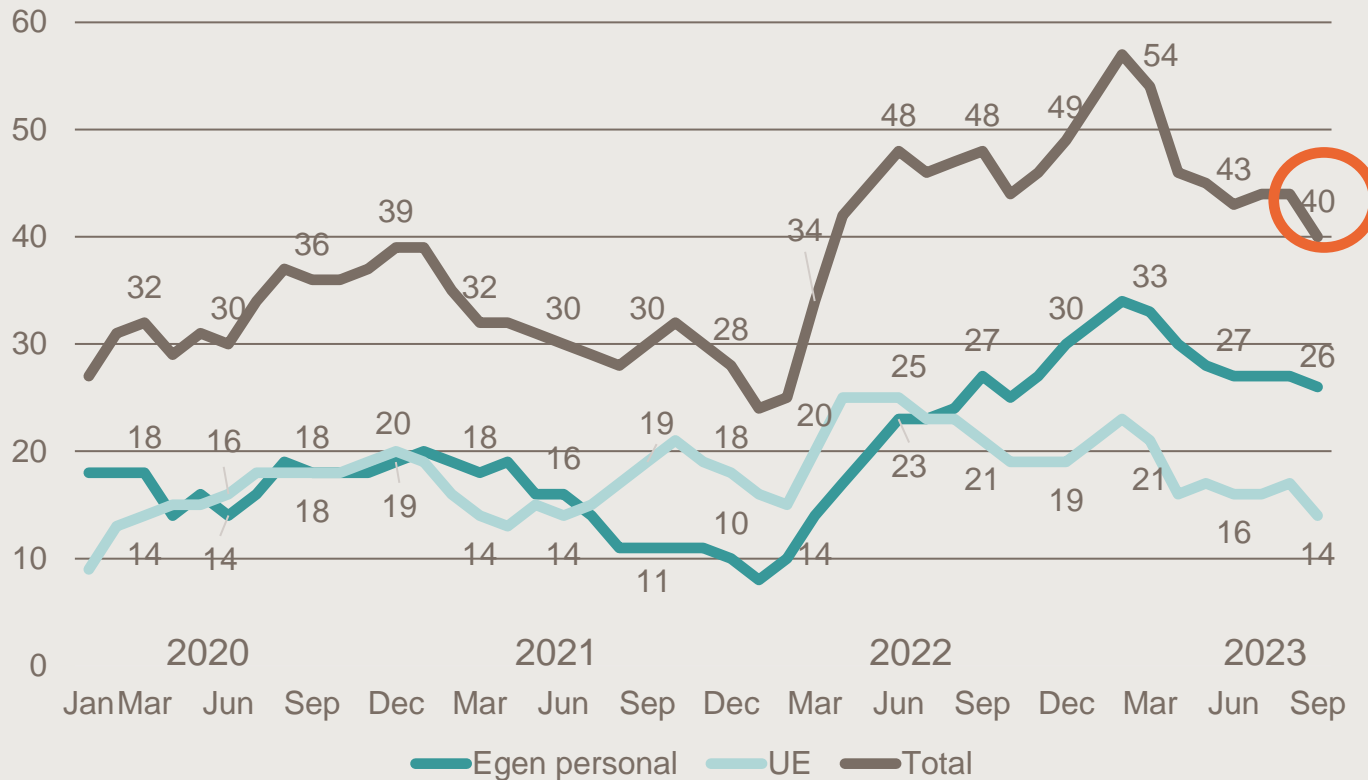
Years 2016-2018 are not translated according to the changed accounting principles for our own housing development projects.



# Zero vision for workplace accidents



Serious accidents, rolling 12 months, category 4



**Target:  
Contracting  
trend**



JAN-SEP 2023

# The market continues to be divided

- The trend with a weak Nordic housing market continues, while the market for public construction is more positive
- Lower level of orders received and order backlog due to low demand on housing projects
- Few homes sold and production-starts affect both our ability to generate profits and our indebtedness
- We continue to make strategic investments and streamline and adapt the organization to market conditions
- Four business areas that provide a good mix of products and customers are a strength for Peab
- In the long run the conditions for growth are good in the segments and markets we operate in







Q&A



A white 'Q4' text inside an orange rounded square.

Q4

**Next report:  
Year-end report 2023**

February 2, 2024

**Capital Markets Day in  
Stockholm**

February 13, 2024

# Thank you!

