

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.

Definition and motivation of use	Calculation at year-end report January-December 2017										
<p>Direct return, shares Dividend as a percentage of the share price at year-end. Measures the return generated by the proposed dividend in relation to the share price at year-end.</p>	<table> <tr> <td>Proposed dividend by the Board per share, SEK</td> <td style="text-align: right;">4.00</td> </tr> <tr> <td>Share price at year-end, SEK</td> <td style="text-align: right;">70.60</td> </tr> <tr> <td>Direct return, %</td> <td style="text-align: right;">5.7</td> </tr> </table>	Proposed dividend by the Board per share, SEK	4.00	Share price at year-end, SEK	70.60	Direct return, %	5.7				
Proposed dividend by the Board per share, SEK	4.00										
Share price at year-end, SEK	70.60										
Direct return, %	5.7										
<p>Available liquidity Liquid funds and short-term investments along with unutilized credit facilities. Shows the Group's available liquidity.</p>	<table> <tr> <td></td> <td style="text-align: right;">MSEK</td> </tr> <tr> <td>Liquid funds</td> <td style="text-align: right;">595</td> </tr> <tr> <td>Unutilized credit facilities</td> <td style="text-align: right;">4,550</td> </tr> <tr> <td>Available liquidity</td> <td style="text-align: right; border-top: 1px solid black;">5,145</td> </tr> </table>		MSEK	Liquid funds	595	Unutilized credit facilities	4,550	Available liquidity	5,145		
	MSEK										
Liquid funds	595										
Unutilized credit facilities	4,550										
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<p>Equity per share Equity attributable to shareholders in parent company divided by the number of outstanding shares at the end of the period.</p>	<table> <tr> <td>Equity, MSEK</td> <td style="text-align: right;">10,362</td> </tr> <tr> <td>Less equity attributable to non-controlling interests, MSEK</td> <td style="text-align: right;">-1</td> </tr> <tr> <td>Equity attributable to shareholders in parent company, MSEK</td> <td style="text-align: right; border-top: 1px solid black;">10,361</td> </tr> <tr> <td>Number of outstanding shares at the end of the period</td> <td style="text-align: right;">294,962,746</td> </tr> <tr> <td>Equity per share, SEK</td> <td style="text-align: right;">35.13</td> </tr> </table>	Equity, MSEK	10,362	Less equity attributable to non-controlling interests, MSEK	-1	Equity attributable to shareholders in parent company, MSEK	10,361	Number of outstanding shares at the end of the period	294,962,746	Equity per share, SEK	35.13
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<p>Cash flow per share Cash flow per share calculated as the total of the cash flow from current operations and the cash flow from investment operations divided by the average number of outstanding shares during the year.</p>	<table> <tr> <td>Cash flow from current operations, MSEK</td> <td style="text-align: right;">2,839</td> </tr> <tr> <td>Cash flow from investment operations, MSEK</td> <td style="text-align: right;">-544</td> </tr> <tr> <td>Total cash flow, MSEK</td> <td style="text-align: right; border-top: 1px solid black;">2,295</td> </tr> <tr> <td>Average number of outstanding shares</td> <td style="text-align: right;">294,962,746</td> </tr> <tr> <td>Cash flow per share, SEK</td> <td style="text-align: right;">7.78</td> </tr> </table>	Cash flow from current operations, MSEK	2,839	Cash flow from investment operations, MSEK	-544	Total cash flow, MSEK	2,295	Average number of outstanding shares	294,962,746	Cash flow per share, SEK	7.78
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<p>Net investments Change in the period of the reported value of current assets (CB-OB) plus depreciation and write-downs.</p>															
<p>Net debt Interest-bearing liabilities including provisions for pensions less liquid funds and interest-bearing assets.</p>	<table style="width: 100%; border-collapse: collapse;"> <tr> <td></td> <td style="text-align: right;">MSEK</td> </tr> <tr> <td>Interest-bearing long term liabilities</td> <td style="text-align: right;">2,573</td> </tr> <tr> <td>Interest-bearing current liabilities</td> <td style="text-align: right;">1,169</td> </tr> <tr> <td>- Interest-bearing long-term receivables</td> <td style="text-align: right;">-1,520</td> </tr> <tr> <td>- Interest-bearing current receivables</td> <td style="text-align: right;">-411</td> </tr> <tr> <td>- Liquid funds</td> <td style="text-align: right;">-595</td> </tr> <tr> <td>Net debt</td> <td style="text-align: right; border-top: 1px solid black;">1,216</td> </tr> </table>		MSEK	Interest-bearing long term liabilities	2,573	Interest-bearing current liabilities	1,169	- Interest-bearing long-term receivables	-1,520	- Interest-bearing current receivables	-411	- Liquid funds	-595	Net debt	1,216
	MSEK														
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<p>Operative net sales and operative operating profit Operative net sales and operative operating profit are reported according to the percentage of completion method corresponding to segment reporting. Peab applies IFRIC 15, Agreements for the Construction of Real Estate, in legal reporting. IAS 18, Revenue, is applied on Peab's housing projects in Finland and Norway as well as Peab's own single homes in Sweden. Revenue from these projects is first recognized when the home is handed over to the buyer. Segment reporting is based on the percentage of completion method for all our projects since this mirrors how executive management and the Board monitor the business. There is a bridge in segment reporting between operative reporting according to the percentage of completion method and legal reporting.</p>															
<p>Orders received The number of orders received during the period.</p>															
<p>Order backlog The value at the end of the period of the remaining income in ongoing production plus orders received yet to be produced.</p>															
<p>P/E-ratio Share price at year-end divided by earnings per share.</p>	<table style="width: 100%; border-collapse: collapse;"> <tr> <td>Share price at year-end, SEK</td> <td style="text-align: right;">70.60</td> </tr> <tr> <td>Earnings per share, SEK</td> <td style="text-align: right;">6.97</td> </tr> <tr> <td>P/E ratio</td> <td style="text-align: right;">10</td> </tr> </table>	Share price at year-end, SEK	70.60	Earnings per share, SEK	6.97	P/E ratio	10								
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<p>Earnings per share Profit for the period attributable to shareholders in parent company divided by the average number of outstanding shares during the period.</p>	<table> <tr> <td>Profit for the year, MSEK</td> <td></td> <td>2,057</td> </tr> <tr> <td>Less profit for the year attributable to non-controlling interests, MSEK</td> <td></td> <td>0</td> </tr> <tr> <td>Profit for the year attributable to shareholders in parent company, MSEK</td> <td></td> <td>2,057</td> </tr> <tr> <td>Average number of outstanding shares</td> <td></td> <td>294,962,746</td> </tr> <tr> <td>Earnings per share, SEK</td> <td></td> <td>6.97</td> </tr> </table>	Profit for the year, MSEK		2,057	Less profit for the year attributable to non-controlling interests, MSEK		0	Profit for the year attributable to shareholders in parent company, MSEK		2,057	Average number of outstanding shares		294,962,746	Earnings per share, SEK		6.97															
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<p>Return on equity Profit in the rolling 12 month period attributable to shareholders in the parent company divided by the average (last four quarters) equity attributable to shareholders in the parent company. The measurement is used to make business efficient and form a rational capital structure.</p>	<table> <tr> <td>Profit for the year, MSEK</td> <td></td> <td>2,057</td> </tr> <tr> <td>Average equity, MSEK</td> <td></td> <td></td> </tr> <tr> <td>Q4 2017</td> <td>10,361</td> <td></td> </tr> <tr> <td>Q3 2017</td> <td>9,794</td> <td></td> </tr> <tr> <td>Q2 2017</td> <td>9,215</td> <td></td> </tr> <tr> <td>Q1 2017</td> <td>9,599</td> <td></td> </tr> <tr> <td></td> <td>38,969 / 4</td> <td>9,742</td> </tr> <tr> <td>Return on equity, %</td> <td></td> <td>21.1</td> </tr> </table>	Profit for the year, MSEK		2,057	Average equity, MSEK			Q4 2017	10,361		Q3 2017	9,794		Q2 2017	9,215		Q1 2017	9,599			38,969 / 4	9,742	Return on equity, %		21.1						
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<p>Return on capital employed Pre-tax profit for 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.</p>	<table> <tr> <td>Pre-tax profit, MSEK</td> <td></td> <td>2,445</td> </tr> <tr> <td>Financial expenses, MSEK</td> <td></td> <td>151</td> </tr> <tr> <td>Total profit, MSEK</td> <td></td> <td>2,596</td> </tr> <tr> <td>Average capital employed, MSEK</td> <td></td> <td></td> </tr> <tr> <td>Q4 2017</td> <td>14,104</td> <td></td> </tr> <tr> <td>Q3 2017</td> <td>14,477</td> <td></td> </tr> <tr> <td>Q2 2017</td> <td>13,919</td> <td></td> </tr> <tr> <td>Q1 2017</td> <td>13,541</td> <td></td> </tr> <tr> <td></td> <td>56,041 / 4</td> <td>14,010</td> </tr> <tr> <td>Return on capital employed, %</td> <td></td> <td>18.5</td> </tr> </table>	Pre-tax profit, MSEK		2,445	Financial expenses, MSEK		151	Total profit, MSEK		2,596	Average capital employed, MSEK			Q4 2017	14,104		Q3 2017	14,477		Q2 2017	13,919		Q1 2017	13,541			56,041 / 4	14,010	Return on capital employed, %		18.5
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Definition and motivation of use**Calculation at year-end report January-December 2017**

<p>Interest coverage ratio Pre-tax profit items plus interest expenses in relation to interest expenses. Measured to see how well interest expenses can be covered.</p>	<table> <tr> <td>Pre-tax profit, MSEK</td> <td style="text-align: right;">2,445</td> </tr> <tr> <td>Interest expenses, MSEK</td> <td style="text-align: right;">118</td> </tr> <tr> <td>Total, MSEK</td> <td style="text-align: right; border-top: 1px solid black;">2,563</td> </tr> <tr> <td>Interest coverage ratio, multiple</td> <td style="text-align: right;">21.7</td> </tr> </table>	Pre-tax profit, MSEK	2,445	Interest expenses, MSEK	118	Total, MSEK	2,563	Interest coverage ratio, multiple	21.7				
Pre-tax profit, MSEK	2,445												
Interest expenses, MSEK	118												
Total, MSEK	2,563												
Interest coverage ratio, multiple	21.7												
<p>Operating margin Operating profit as a percentage of net sales.</p>	<table> <tr> <td>Operating profit, MSEK</td> <td style="text-align: right;">2,405</td> </tr> <tr> <td>Net sales, MSEK</td> <td style="text-align: right;">50,090</td> </tr> <tr> <td>Operating margin, %</td> <td style="text-align: right;">4.8</td> </tr> </table>	Operating profit, MSEK	2,405	Net sales, MSEK	50,090	Operating margin, %	4.8						
Operating profit, MSEK	2,405												
Net sales, MSEK	50,090												
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<p>Net debt/equity ratio Interest-bearing net debt in relation to equity.</p>	<table> <tr> <td>Net debt, MSEK</td> <td style="text-align: right;">1,216</td> </tr> <tr> <td>Equity, MSEK</td> <td style="text-align: right;">10,362</td> </tr> <tr> <td>Net debt/equity ratio, multiple</td> <td style="text-align: right;">0.1</td> </tr> </table>	Net debt, MSEK	1,216	Equity, MSEK	10,362	Net debt/equity ratio, multiple	0.1						
Net debt, MSEK	1,216												
Equity, MSEK	10,362												
Net debt/equity ratio, multiple	0.1												
<p>Equity/assets ratio Equity as a percentage of total assets at the end of the period. Show financial position.</p>	<table> <tr> <td>Equity, MSEK</td> <td style="text-align: right;">10,362</td> </tr> <tr> <td>Total assets, MSEK</td> <td style="text-align: right;">32,276</td> </tr> <tr> <td>Equity/assets ratio, %</td> <td style="text-align: right;">32.1</td> </tr> </table>	Equity, MSEK	10,362	Total assets, MSEK	32,276	Equity/assets ratio, %	32.1						
Equity, MSEK	10,362												
Total assets, MSEK	32,276												
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<p>Capital employed for the Group Total assets at the end of the period less non-interest-bearing operating liabilities and provisions. Measures capital employment and effectivity.</p>	<table> <tr> <td></td> <td style="text-align: right;">MSEK</td> </tr> <tr> <td>Total assets</td> <td style="text-align: right;">32,276</td> </tr> <tr> <td>- Deferred tax liabilities</td> <td style="text-align: right;">-211</td> </tr> <tr> <td>- Other long-term liabilities</td> <td style="text-align: right;">-840</td> </tr> <tr> <td>- Other current liabilities</td> <td style="text-align: right;">-17,121</td> </tr> <tr> <td>Capital employed</td> <td style="text-align: right; border-top: 1px solid black;">14,104</td> </tr> </table>		MSEK	Total assets	32,276	- Deferred tax liabilities	-211	- Other long-term liabilities	-840	- Other current liabilities	-17,121	Capital employed	14,104
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Total assets	32,276												
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<p>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. Measures capital employment and effectivity in the business areas, and is presented solely as a net amount per business area.</p>													