

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 2018										
<p>Available liquidity Liquid funds and short-term investments along with unutilized credit facilities. Shows the Group's available liquidity.</p>	<p style="text-align: right;">MSEK</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">Liquid funds</td> <td style="text-align: right;">1,376</td> </tr> <tr> <td>Unutilized credit facilities</td> <td style="text-align: right;">4,470</td> </tr> <tr> <td>Available liquidity</td> <td style="text-align: right; border-top: 1px solid black;">5,846</td> </tr> </table>	Liquid funds	1,376	Unutilized credit facilities	4,470	Available liquidity	5,846				
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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 style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">Equity, MSEK</td> <td style="text-align: right;">11,348</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;">11,347</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;">38.47</td> </tr> </table>	Equity, MSEK	11,348	Less equity attributable to non-controlling interests, MSEK	-1	Equity attributable to shareholders in parent company, MSEK	11,347	Number of outstanding shares at the end of the period	294,962,746	Equity per share, SEK	38.47
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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 period.</p>	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">Cash flow from current operations, MSEK</td> <td style="text-align: right;">-250</td> </tr> <tr> <td>Cash flow from investment operations, MSEK</td> <td style="text-align: right;">-771</td> </tr> <tr> <td>Total cash flow before financing, MSEK</td> <td style="text-align: right; border-top: 1px solid black;">-1,021</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;">-3.46</td> </tr> </table>	Cash flow from current operations, MSEK	-250	Cash flow from investment operations, MSEK	-771	Total cash flow before financing, MSEK	-1,021	Average number of outstanding shares	294,962,746	Cash flow per share, SEK	-3.46
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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>											

Definition and motivation of use
Calculation at year-end report January-December 2018

<p>Net debt Interest-bearing liabilities 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;">5,194</td> </tr> <tr> <td>Interest-bearing current liabilities</td> <td style="text-align: right;">1,818</td> </tr> <tr> <td>- Interest-bearing long-term receivables</td> <td style="text-align: right;">-1,445</td> </tr> <tr> <td>- Interest-bearing current receivables</td> <td style="text-align: right;">-640</td> </tr> <tr> <td>- Liquid funds</td> <td style="text-align: right;">-1,376</td> </tr> <tr> <td>Net debt</td> <td style="text-align: right; border-top: 1px solid black;">3,551</td> </tr> </table>		MSEK	Interest-bearing long-term liabilities	5,194	Interest-bearing current liabilities	1,818	- Interest-bearing long-term receivables	-1,445	- Interest-bearing current receivables	-640	- Liquid funds	-1,376	Net debt	3,551				
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<p>Orders received The sum of orders received during the period. Measures how new orders replace produced work.</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>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 style="width: 100%; border-collapse: collapse;"> <tr> <td>Profit for the period, MSEK</td> <td style="text-align: right;">2,100</td> </tr> <tr> <td>Less profit for the period attributable to non-controlling interests, MSEK</td> <td style="text-align: right;">0</td> </tr> <tr> <td>Profit for the period attributable to shareholders in parent company, MSEK</td> <td style="text-align: right; border-top: 1px solid black;">2,100</td> </tr> <tr> <td>Average number of outstanding shares</td> <td style="text-align: right;">294,962,746</td> </tr> <tr> <td>Earnings per share, SEK</td> <td style="text-align: right;">7.12</td> </tr> </table>	Profit for the period, MSEK	2,100	Less profit for the period attributable to non-controlling interests, MSEK	0	Profit for the period attributable to shareholders in parent company, MSEK	2,100	Average number of outstanding shares	294,962,746	Earnings per share, SEK	7.12								
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<p>Return on equity Profit of 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 style="width: 100%; border-collapse: collapse;"> <tr> <td>Profit for the period, MSEK</td> <td style="text-align: right;">2,100</td> </tr> <tr> <td>Average equity, MSEK</td> <td></td> </tr> <tr> <td>Q4 2018</td> <td style="text-align: right;">11,347</td> </tr> <tr> <td>Q3 2018</td> <td style="text-align: right;">10,733</td> </tr> <tr> <td>Q2 2018</td> <td style="text-align: right;">10,152</td> </tr> <tr> <td>Q1 2018</td> <td style="text-align: right;">10,687</td> </tr> <tr> <td></td> <td style="text-align: right; border-top: 1px solid black;">42,919 / 4</td> </tr> <tr> <td>Return on equity, %</td> <td style="text-align: right;">10,730</td> </tr> <tr> <td></td> <td style="text-align: right;">19.6</td> </tr> </table>	Profit for the period, MSEK	2,100	Average equity, MSEK		Q4 2018	11,347	Q3 2018	10,733	Q2 2018	10,152	Q1 2018	10,687		42,919 / 4	Return on equity, %	10,730		19.6
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Definition and motivation of use
Calculation at year-end report January-December 2018

<p>Return on capital employed 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.</p>	<table> <tr> <td>Pre-tax profit, MSEK</td> <td style="text-align: right;">2,518</td> </tr> <tr> <td>Financial expenses, MSEK</td> <td style="text-align: right;">155</td> </tr> <tr> <td>Total profit, MSEK</td> <td style="text-align: right; border-top: 1px solid black;">2,673</td> </tr> <tr> <td>Average capital employed, MSEK</td> <td></td> </tr> <tr> <td>Q4 2018</td> <td style="text-align: right;">18,360</td> </tr> <tr> <td>Q3 2018</td> <td style="text-align: right;">17,730</td> </tr> <tr> <td>Q2 2018</td> <td style="text-align: right;">16,322</td> </tr> <tr> <td>Q1 2018</td> <td style="text-align: right;">14,631</td> </tr> <tr> <td></td> <td style="text-align: right;">67,043 / 4</td> </tr> <tr> <td>Return on capital employed, %</td> <td style="text-align: right;">15.9</td> </tr> </table>	Pre-tax profit, MSEK	2,518	Financial expenses, MSEK	155	Total profit, MSEK	2,673	Average capital employed, MSEK		Q4 2018	18,360	Q3 2018	17,730	Q2 2018	16,322	Q1 2018	14,631		67,043 / 4	Return on capital employed, %	15.9
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<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;">2,518</td> </tr> <tr> <td>Interest expenses, MSEK</td> <td style="text-align: right;">122</td> </tr> <tr> <td>Total, MSEK</td> <td style="text-align: right; border-top: 1px solid black;">2,640</td> </tr> <tr> <td>Interest coverage ratio, multiple</td> <td style="text-align: right;">21.6</td> </tr> </table>	Pre-tax profit, MSEK	2,518	Interest expenses, MSEK	122	Total, MSEK	2,640	Interest coverage ratio, multiple	21.6												
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<p>Operating margin Operating profit as a percentage of net sales.</p>	<table> <tr> <td>Operating profit, MSEK</td> <td style="text-align: right;">2,573</td> </tr> <tr> <td>Net sales, MSEK</td> <td style="text-align: right;">52,233</td> </tr> <tr> <td>Operating margin, %</td> <td style="text-align: right;">4.9</td> </tr> </table>	Operating profit, MSEK	2,573	Net sales, MSEK	52,233	Operating margin, %	4.9														
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<p>Net debt/equity ratio Interest-bearing net debt in relation to equity. Shows financial position.</p>	<table> <tr> <td>Net debt, MSEK</td> <td style="text-align: right;">3,551</td> </tr> <tr> <td>Equity, MSEK</td> <td style="text-align: right;">11,348</td> </tr> <tr> <td>Net debt/equity ratio, multiple</td> <td style="text-align: right;">0.3</td> </tr> </table>	Net debt, MSEK	3,551	Equity, MSEK	11,348	Net debt/equity ratio, multiple	0.3														
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<p>Equity/assets ratio Equity as a percentage of total assets at the end of the period. Shows financial position.</p>	<table> <tr> <td>Equity, MSEK</td> <td style="text-align: right;">11,348</td> </tr> <tr> <td>Total assets, MSEK</td> <td style="text-align: right;">37,316</td> </tr> <tr> <td>Equity/assets ratio, %</td> <td style="text-align: right;">30.4</td> </tr> </table>	Equity, MSEK	11,348	Total assets, MSEK	37,316	Equity/assets ratio, %	30.4														
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Definition and motivation of use**Calculation at year-end report January-December 2018****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.

	MSEK
Total assets	37,316
- Deferred tax liabilities	-123
- Other long-term liabilities	-977
- Other current liabilities	-17,856
Capital employed	18,360

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.