

Year-end report

JANUARY – DECEMBER 2018



Improved profit and increased dividends

October – December 2018

- Net sales SEK 14,845 million (14,490)
- Operating profit SEK 863 million (753)
- Operating margin 5.8 percent (5.2)
- Pre-tax profit SEK 839 million (825)
- Earnings per share SEK 2.39 (2.31)
- Orders received SEK 10,451 million (13,039)
- Cash flow before financing SEK 949 million (1,508)

January – December 2018

- Net sales SEK 52,233 million (49,981)
- Operating profit SEK 2,573 million (2,418)
- Operating margin 4.9 percent (4.8)
- Pre-tax profit SEK 2,518 million (2,458)
- Earnings per share SEK 7.12 (7.01)
- Orders received SEK 51,087 million (48,999)
- Order backlog SEK 45,819 million (40,205)
- Cash flow before financing SEK -1,021 million (2,295)
- Net debt SEK 3,551 million (1,216)
- Equity/assets ratio 30.4 percent (32.2)
- The Board proposes a dividend of SEK 4.20 (4.00) per share

Comments from the CEO

After a strong finish we can conclude that 2018 was a stable year in which our business developed positively. Net sales, profits and margins all grew and we start 2019 with a large and well diversified order backlog.

MARKET CONDITIONS

The housing market in Sweden is expected to continue to decline in 2019 while other building construction is expected to stay on the same level. In Norway housing construction and other building construction is expected to level off in 2019. The construction market in Finland is expected to show an upswing in housing construction in 2019 and sideways development in other building construction. Market prospects for the civil engineering market in Sweden and Norway continue to be good, primarily due to government infrastructure projects.

ORDER SITUATION

The level of orders received in the fourth quarter was slightly lower than in the others in the year but still it continued to be high, which meant that the total amount of orders received for 2018 rose to SEK 51.1 billion (49.0). The increase in orders received was generated in business areas Construction and Civil Engineering. There continues to be a shift to civil engineering projects among the orders received for the quarter, and in Construction other building construction continues to grow in relation to our own home development projects. Order backlog at the end of the year was SEK 45.8 billion (40.2). The orders are well spread geographically and there is good product diversity.

BUSINESS AREA DEVELOPMENT

Net sales increased by six percent in business area Construction in 2018 with higher operating profit and operating margin. Net sales in Civil Engineering increased by 16 percent with improved operating profit. Net sales increased by four percent in business area Industry and operating profit and operating margin improved. Net sales and operating profit in business area Project Development fell somewhat. Housing Development presented slightly lower net sales with lower operating profit for the entire year. In Property Development both our wholly owned holdings and our joint venture companies continued to develop well.

GROUP DEVELOPMENT

Net sales amounted to SEK 52,233 million (49,981) in 2018, which was an increase of five percent. Operating profit was SEK 2,573 million (2,418) which meant an operating margin of 4.9 percent (4.8). Cash flow before financing was SEK -1,021 million (2,295). Net debt was SEK 3,551 million (1,216). Cash flow and net debt have been affected by an increase in tied up working capital by, among other things, several ongoing housing projects in Norway and Finland. In addition, we have continued to invest in machines and the development of operations property and investment property.



OUTLOOK FOR THE FUTURE

The total market in 2019 is expected to remain on the same level but with different circumstances depending on location and product. The stable economy in the Nordic countries and a significant underlying need provide a good foundation for the construction market in the foreseeable future. We have a strong order backlog in 2019 and with the wide range of our business we can handle a downturn in some product areas with an upturn in others. Peab has a unique position through our four complementary business areas and all our employees who are welded together by a strong company culture.

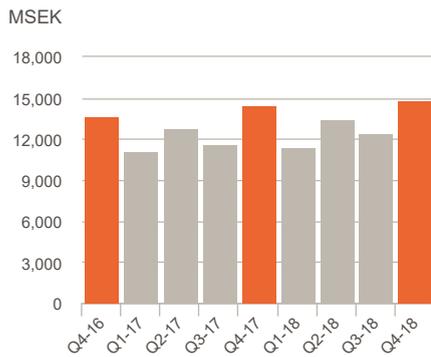
Our business model creates opportunities throughout the entire value chain in a construction project and provides us with a good platform to deliver comprehensive solutions to our customers. From this foundation we will continue to strive towards our strategic goals to have the most satisfied customers, be the best workplace and the most profitable company in the industry.

Based on the Group's considerable profitability development, order situation and financial position together with a balanced investment need, the Board proposes that the dividend is raised to SEK 4.20 (4.00) per share.

Jesper Göransson
CEO and President

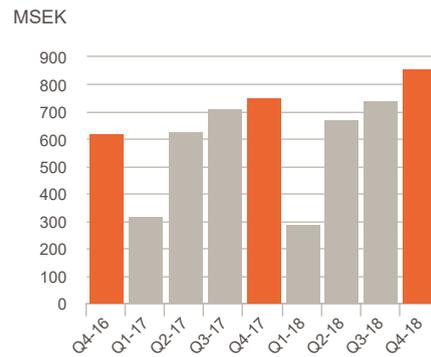
Year-end report January – December 2018

Net sales ¹⁾



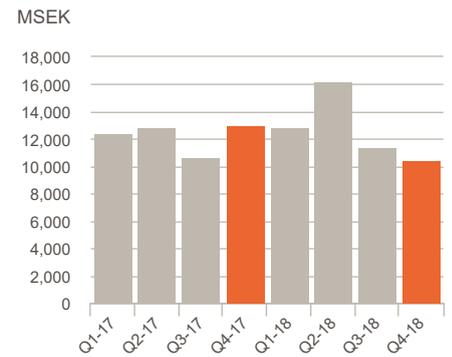
Group net sales for 2018 amounted to SEK 52,233 million (49,981), which was an increase of five percent. After adjustments for acquired and divested units net sales increased by four percent compared to the last year.

Operating profit ¹⁾



Operating profit for 2018 amounted to SEK 2,573 million compared to SEK 2,418 million for the last year.

Orders received ¹⁾



Orders received for 2018 amounted to SEK 51,087 million compared to SEK 48,999 million for the last year. Order backlog amounted to SEK 45,819 million compared to SEK 40,205 million at the end of 2017.

Group ¹⁾

MSEK	Oct-Dec 2018	Oct-Dec 2017	Jan-Dec 2018	Jan-Dec 2017
Net sales	14,845	14,490	52,233	49,981
Operating profit	863	753	2,573	2,418
Operating margin, %	5.8	5.2	4.9	4.8
Pre-tax profit	839	825	2,518	2,458
Profit for the period	706	680	2,100	2,067
Earnings per share, SEK	2.39	2.31	7.12	7.01
Return on equity, %	19.6 ²⁾	21.3 ²⁾	19.6	21.3
Net debt	3,551	1,216	3,551	1,216
Equity/assets ratio, %	30.4	32.2	30.4	32.2
Cash flow before financing	949	1,508	-1,021	2,295
Number of employees at the end of the period	14,614	14,344	14,614	14,344

¹⁾ Recalculated taking IFRS 15 into account. ²⁾ Calculated on rolling 12 months.

Financial goals ³⁾

Equity/assets ratio



Goal > 25%

The goal for the equity/assets ratio is at least 25 percent. On 31 December 2018 the equity/assets ratio was 30.4 percent compared to 32.2 percent at the end of last year.

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

Return on equity



Goal > 20%

The goal for return on equity is a yield of at least 20 percent. The return on equity calculated was 19.6 percent (21.3).

Dividends



* Board of Directors' proposal for 2018 to the AGM
Goal > 50%

The goal for dividends is at least 50 percent of profit for the year. The Board's proposal for a dividend in 2018 of SEK 4.20 (4.00) per share corresponds to 59 percent (58) 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.

NET SALES AND PROFIT

October – December 2018

Group net sales for the fourth quarter 2018 increased by two percent and amounted to SEK 14,845 million (14,490). Net sales in business area Construction increased by seven percent spread over all the business area's countries. Net sales in business area Civil Engineering increased by eleven percent and stemmed from Infrastructure and Operations and maintenance. Business area Industry presented an increase in net sales of three percent. Net sales in business area Project Development were slightly lower compared to the fourth quarter last year. Net sales decreased in Housing Development by 18 percent compared to the same period last year due to slowdown in the housing market while net sales in Property Development increased slightly compared to the same period last year.

Of the quarter's net sales SEK 2,836 million (2,377) were attributable to sales and production outside Sweden.

Operating profit for the fourth quarter 2018 amounted to SEK 863 million (753) and the operating margin improved to 5.8 percent (5.2). In business area Construction operating margin was 2.5 percent (2.4) and in business area Civil Engineering the operating margin was 3.5 percent (3.6). Business area Industry showed an improved operating margin of 10.5 percent (8.2). Operating profit in business area Project Development was unchanged compared to the fourth quarter last year where operating profit in Housing Development was lower while in Property Development it was higher. The operating margin in Housing Development amounted to 10.3 percent (11.5). The higher operating profit in Property Development is explained by the improved profit in primarily wholly owned and partially owned companies.

Eliminations and reversal of internal profit in our own projects have affected operating profit net by SEK 20 million (17). Elimination is reversed in connection with the external divestment of a project.

Depreciation and write-downs for the fourth quarter were SEK -281 million (-257).

Net financial items amounted to SEK -24 million (72) of which net interest was SEK -13 million (0). Last year included gains of SEK 93 million from the divestiture of 2,458,447 shares in Lemminkäinen Oyj.

Pre-tax profit was SEK 839 million (825).

Profit for the fourth quarter improved to SEK 706 million (680).

Operating profit and operating margin, per quarter



PROTNESET PORT TERMINAL
Tromsø

January – December 2018

Group net sales for 2018 amounted to SEK 52,233 million (49,981), 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 year. Net sales in business area Construction increased by six percent spread over all three countries. Net sales in business area Civil Engineering increased by 16 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 in both Housing Development and Property Development. The reduction in Housing Development is due to less activity in the housing market in Sweden, primarily in Stockholm. 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 year's net sales SEK 10,297 million (9,089) were attributable to sales and production outside Sweden.

Operating profit for 2018 increased to SEK 2,573 million (2,418) and the operating margin was 4.9 percent (4.8).

Development has stable in both contract businesses in Peab during the year. The operating margin in business area Construction amounted to 2.4 percent compared to 2.3 percent the last year and in business area Civil Engineering the operating margin was 3.0 percent (3.2). Business area Industry showed an improved operating margin of 7.4 percent (6.8). Business area Project Development had a lower operating profit but the operating margin improved to 10.0 percent (9.6). Operating profit in Housing Development declined as a result of fewer production starts in Sweden, primarily in Stockholm, and lower income recognition from projects in Norway and Finland. The operating margin in Housing Development was 8.7 percent (9.6). 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. Last year in Property Development also included capital gains of SEK 75 million from the divestiture of Peab's share in the joint venture company to Catena.

Eliminations and reversal of internal profit in our own projects have affected operating profit net by SEK 0 million (-1). Elimination is reversed in connection with the external divestment of a project.

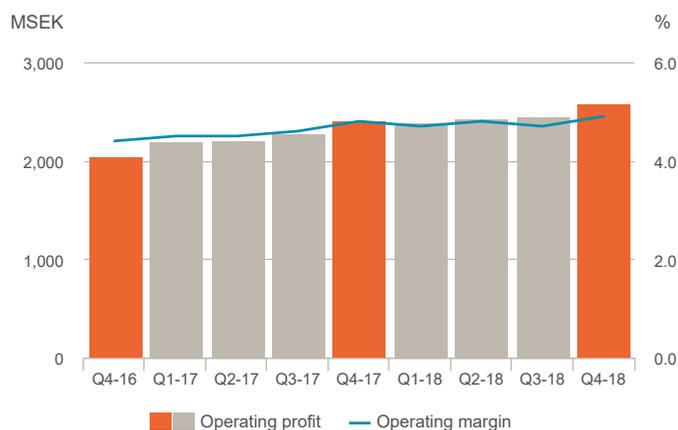
Depreciation and write-downs for the year were SEK -1,024 million (-957).

Net financial items amounted to SEK -55 million (40) of which net interest was SEK -48 million (-44). Last year net financial items included dividends from Lemminkäinen Oyj of SEK 16 million as well as capital gains of SEK 93 million from the sales of 2,458,447 shares in Lemminkäinen Oyj.

Pre-tax profit was SEK 2,518 million (2,458). Tax for the year was SEK -418 million (-391), which corresponds to 17 percent (16) in tax. The lower tax is due to non-taxable income from the sales of companies as well as the revaluation of deferred taxes.

Profit for the year was SEK 2,100 million (2,067).

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 31 December 2018 was 30.4 percent compared to 32.2 percent at previous year-end. Interest-bearing net debt amounted to SEK 3,551 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. During the fourth quarter the property Ångkraftverket 2 in Västerås, containing a hotel and Kokpunkten Actionbad was divested, which entailed a reduction in net debt by SEK 765 million.

The average interest rate in the loan portfolio, including derivatives, was 1.4 percent (2.6) on 31 December 2018.

Group liquid funds, including unutilized credit facilities, were SEK 5,846 million at the end of the year compared to SEK 5,145 million on 31 December 2017.

At the end of the year Group contingent liabilities, excluding joint and several liabilities in trading and limited partnerships, amounted to SEK 10,378 million compared to SEK 10,468 million on 31 December 2017. SEK 7,580 million (7,750) 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. As of 1 January 2017 the recalculated reported amount was SEK 1,203 million.

INVESTMENTS AND DIVESTMENTS

During the fourth quarter SEK 279 million was net divested (net invested with SEK 691 million) in tangible and intangible fixed assets and investment property. During the fourth quarter the property Ångkraftverket 2 in Västerås, containing a hotel and Kokpunkten Actionbad, was divested for around SEK 800 million.

During the year 2018 SEK 1,021 million (1,912) 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 730 million (107) during the fourth quarter. Net investments in project and development properties totaled SEK 2,103 million (847) during the year 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. Included in 2017 was the acquisition of development rights on Kvarnholmen in Nacka for SEK 658 million as well as the sales of a number of properties in Arenastaden, Solna to Fabege.

CASH FLOW

October – December 2018

Cash flow from current operations was SEK 664 million (1,202), of which cash flow from changes in working capital was SEK -474 million (177). The change in working capital included an increase in investments in project and development property as well as construction of our own housing projects in Finland and Norway in Project Development.

Cash flow from investment activities was SEK 285 million (306) which included the divestiture of the property Ångkraftverket 2 in Västerås, containing a hotel and Kokpunkten Actionbad, for around SEK 800 million. The comparable period included the divestiture of shares in Lemminkäinen Oyj for about SEK 575 million.

Cash flow before financing was SEK 949 million (1,508).

January – December 2018

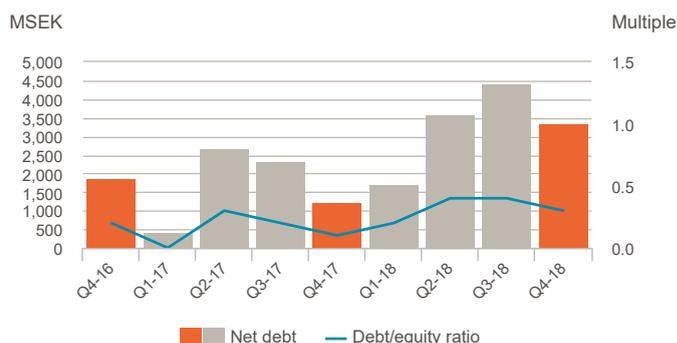
Cash flow from current operations was SEK -250 million (2,839) of which cash flow from changes in working capital was SEK -2,944 million (43). The change in working capital included the effects of higher investments in project and development property and construction of our own housing projects in Finland and Norway. Included in 2017 was the acquisition of development rights on Kvarnholmen in Nacka for SEK 658 million as well as the sales of a number of properties in Arenastaden, Solna to Fabege.

Cash flow from investment activities was SEK -771 million (-544) and was largely due to investments in machinery and in operations property and investment property. The amount also included the divestiture of the property Ångkraftverket 2 in Västerås, containing a hotel and Kokpunkten Actionbad, for around SEK 800 million. The comparable period included the divestiture of shares in Lemminkäinen Oyj for about SEK 575 million as well as the divestiture of financial assets to Fabege.

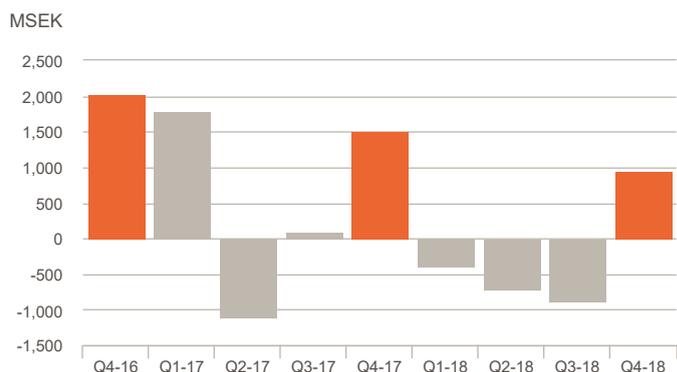
Cash flow before financing amounted to SEK -1,021 million compared to SEK 2,295 million for the last year. During the first quarter 2017 the transactions carried out regarding Arenastaden, Solna had a positive effect of SEK 835 million.

Cash flow from financing operations amounted to SEK 1,770 million (-2,750) of which SEK -1,180 million (-1,062) was disbursed dividends and changes in interest-bearing loans was SEK 2,950 million (-1,688).

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.

October- December 2018

Orders received for the fourth quarter 2018 amounted to SEK 10,451 million compared to SEK 13,039 million for the last year. The orders received are well spread geographically and there is good product diversity.

Orders received

MSEK	Oct-Dec 2018	Oct-Dec 2017	Jan-Dec 2018	Jan-Dec 2017
Construction	6,202	7,775	31,007	29,280
Civil Engineering	2,751	3,393	16,349	14,191
Industry	1,549	1,401	5,111	5,152
Project Development	2,102	2,941	6,681	8,496
Eliminations	-2,153	-2,471	-8,061	-8,120
Group	10,451	13,039	51,087	48,999

January – December 2018

Orders received for 2018 amounted to SEK 51,087 million compared to SEK 48,999 million for the last year. The level of orders received has risen in business area Construction and Civil Engineering but contracted in Project Development. 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 Group's 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 year increased to SEK 45,819 million compared to SEK 40,205 million at the end of the last year. Of the total order backlog, 33 percent (34) is expected to be produced after 2019 (2018). Swedish operations accounted for 84 percent (86) of the order backlog.

Order backlog

MSEK	31 Dec 2018	31 Dec 2017
Construction	29,776	26,805
Civil Engineering	13,620	10,832
Industry	2,246	2,533
Project Development	7,134	8,198
Eliminations	-6,957	-8,163
Group	45,819	40,205

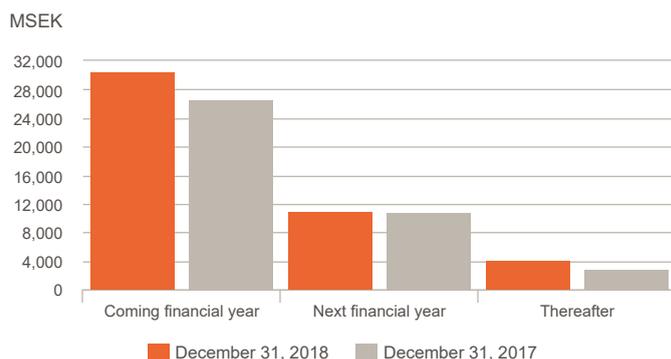
We received several major contracts and agreements during the fourth quarter, including:

- Construction of 115 apartments in Östersund. The customer is Östersundshem and the contract is worth SEK 145 million.
- Reinforce the ground in city block Tora, which is the first stage of street work in Bromstensstaden in Spånga. The customer is the City of Stockholm and the contract is worth SEK 116 million.
- Construction of apartments and commercial space in Årnes, northeast of Oslo. The customer is Årnes Kvartalet AS and the contract is worth NOK 176 million.
- Renovation of Gudlav Bilder School in Sollefteå. The customer is Sollefteå Municipality and the contract is worth SEK 177 million.
- Renovation and expansion of Helgedal School in Kristianstad. The customer is Kristianstad Municipality and the contract is worth SEK 133 million.
- Construction of a garage for combat vehicles, a multifunctional building as well as a gym and exercise room at Tofta training camp and target range on Gotland. The customer is the Swedish Fortifications Agency and the contract is worth SEK 330 million.
- Construction of 31 apartments in Ålesund in northwestern Norway. The customer is Mostein Boligutvikling and the contract is worth NOK 109 million.
- Construction of an office and apartment building in Jyväskylä, Finland. The customers are Järvi-Suomen Asunnot Oy and Royal-House Oy and the contract is worth EUR 21 million.
- Commission to build a new section of highway 1053, Flygplatsvägen, outside Rörbäcksnäs in Malung-Sälén Municipality. The customer is the Swedish Transport Administration and the contract is worth SEK 117 million.
- Construction of a healthcare center in Hamnvik in Northern Norway. The customer is lbestad Municipality and the contract is worth NOK 122 million.
- Construction of a new museum for Hurtigruten in Stokmarknes in Northern Norway. The customer is Vernebygg AS and the contract is worth NOK 127 million.
- Construction of a part of Service Building 57 on Malmö hospital grounds. The customer is Region Skåne and the contract is worth SEK 132 million.

Project allocation of order backlog, 31 Dec 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.

RECOGNITION 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

	Net sales				Operating profit				Operating margin			
	Oct-Dec 2018	Oct-Dec 2017	Jan-Dec 2018	Jan-Dec 2017	Oct-Dec 2018	Oct-Dec 2017	Jan-Dec 2018	Jan-Dec 2017	Oct-Dec 2018	Oct-Dec 2017	Jan-Dec 2018	Jan-Dec 2017
MSEK												
Construction	8,182	7,631	28,340	26,726	207	180	670	602	2.5%	2.4%	2.4%	2.3%
Civil Engineering	4,189	3,787	13,745	11,825	145	136	415	374	3.5%	3.6%	3.0%	3.2%
Industry	3,803	3,684	13,284	12,761	401	302	977	867	10.5%	8.2%	7.4%	6.8%
Project Development	1,904	2,205	7,844	8,343	245	246	785	804	12.9%	11.2%	10.0%	9.6%
– of which Property Development	194	117	738	1,013	69	6	170	98	35.6%	5.1%	23.0%	9.7%
– of which Housing Development	1,710	2,088	7,106	7,330	176	240	615	706	10.3%	11.5%	8.7%	9.6%
Group functions	223	262	1,043	993	-155	-128	-274	-228				
Eliminations	-3,456	-3,079	-12,023	-10,667	20	17	0	-1				
Group	14,845	14,490	52,233	49,981	863	753	2,573	2,418	5.8%	5.2%	4.9%	4.8%

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 twelve 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

October – December 2018

Net sales for the fourth quarter 2018 increased by seven percent and amounted to SEK 8,182 million (7,631). The increase is spread over all the three countries and there is a greater portion of other building construction for both private and public customers in net sales.

Operating profit for the fourth quarter amounted to SEK 207 million (180) and the operating margin was 2.5 percent (2.4).

January – December 2018

Net sales for 2018 increased by six percent and amounted to SEK 28,340 million (26,726). The increase is spread over all the three countries and there is a greater portion of other building construction for both private and public customers in net sales.

Operating profit for 2018 amounted to SEK 670 million (602) and the operating margin was 2.4 percent (2.3).

ORDERS RECEIVED AND ORDER BACKLOG

October – December 2018

Orders received during the fourth quarter 2018 amounted to SEK 6,202 million (7,775). In the orders received other building construction compensated to a certain extent for lower volumes in our own home development projects.

January – December 2018

Orders received increased during 2018 compared to last year and amounted to SEK 31,007 million (29,280). 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. In the orders received other building construction compensated for lower volumes in our own home development projects.

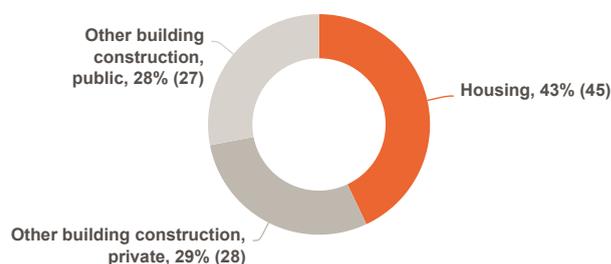
Order backlog 31 December 2018 increased to SEK 29,776 million compared to SEK 26,805 million at the end of December 2017.

Key ratios

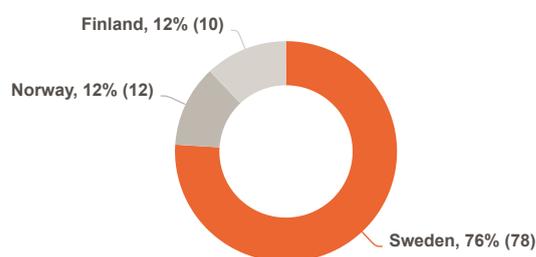
	Oct-Dec 2018	Oct-Dec 2017	Jan-Dec 2018	Jan-Dec 2017
Net sales, MSEK	8,182	7,631	28,340	26,726
Operating profit, MSEK	207	180	670	602
Operating margin, %	2.5	2.4	2.4	2.3
Orders received, MSEK	6,202	7,775	31,007	29,280
Order backlog, MSEK	29,776	26,805	29,776	26,805
Number of employees at the end of the year	6,631	6,685	6,631	6,685

Net sales

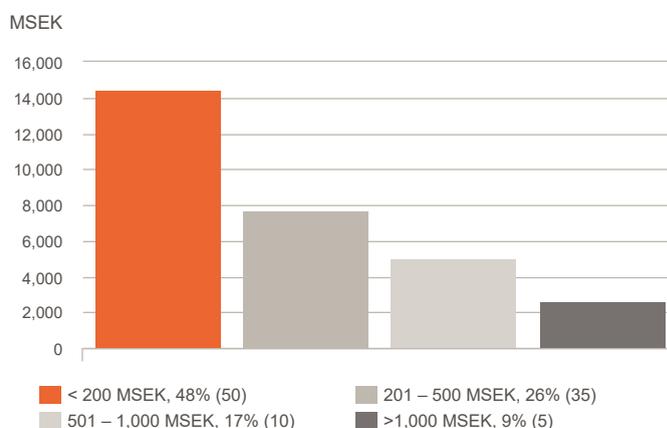
per product area, 2018



per geographic market, 2018



Project allocation of order backlog, 31 Dec 2018



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

October – December 2018

Net sales for the fourth quarter 2018 amounted to SEK 4,189 million (3,787) which was an increase of eleven percent. The increase stems from Infrastructure and Operations and maintenance.

Operating profit for the fourth quarter 2018 amounted to SEK 145 million (136) and the operating margin was 3.5 percent (3.6).

January- December 2018

Net sales for 2018 amounted to SEK 13,745 million (11,825) which was an increase of 16 percent. After adjustments for acquired units net sales increased by 15 percent. The increase during the year stems from all product areas and there is a greater portion of Infrastructure in net sales.

Operating profit for 2018 amounted to SEK 415 million (374) and the operating margin was 3.0 percent (3.2).

ORDERS RECEIVED AND ORDER BACKLOG

October – December 2018

Orders received during the fourth quarter 2018 amounted to SEK 2,751 million (3,393).

January – December 2018

Orders received during 2018 amounted to SEK 16,349 million (14,191). 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 31 December 2018 increased to SEK 13,620 million (10,832).

Key ratios

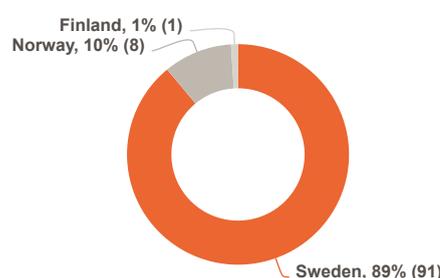
	Oct-Dec 2018	Oct-Dec 2017	Jan-Dec 2018	Jan-Dec 2017
Net sales, MSEK	4,189	3,787	13,745	11,825
Operating profit, MSEK	145	136	415	374
Operating margin, %	3.5	3.6	3.0	3.2
Orders received, MSEK	2,751	3,393	16,349	14,191
Order backlog, MSEK	13,620	10,832	13,620	10,832
Number of employees at the end of the year	3,580	3,344	3,580	3,344

Net sales

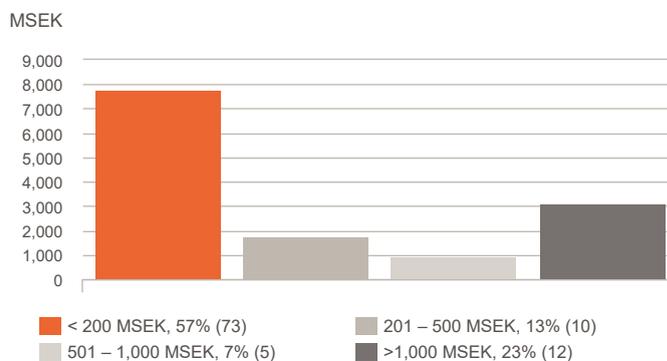
per product area, 2018



per geographic market, 2018



Project allocation of order backlog, 31 Dec 2018



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

October – December 2018

Net sales for the fourth quarter 2018 increased by three percent and amounted to SEK 3,803 million (3,684).

Operating profit for the fourth quarter 2018 amounted to SEK 401 million (302) and the operating margin was 10.5 percent (8.2). The increase in operating profit was primarily generated in Asphalt. Because the season got started late due to a long winter at the beginning of the year there has been a rush of activity in Asphalt during the fourth quarter to complete received orders.

January – December 2018

Net sales for 2018 increased by four percent and amounted to SEK 13,284 (12,761). The favorable construction and civil engineering markets have had a positive effect on every product area. 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 2018 amounted to SEK 977 million (867). The operating margin improved to 7.4 percent (6.8). The increase in operating profit is primarily due to Asphalt as well as improvements in Construction System.

Capital employed in Industry at the end of the year amounted to SEK 6,432 million (5,781). The increase stems primarily from more investments in machines.

ORDERS RECEIVED AND ORDER BACKLOG

October – December 2018

Orders received increased by eleven percent during the fourth quarter 2018 and amounted to SEK 1,549 million (1,401). The increase is due to higher volumes in Asphalt.

January – December 2018

Orders received during 2018 amounted to SEK 5,111 million (5,152). Order backlog on 31 December 2018 amounted to SEK 2,246 million (2,533).

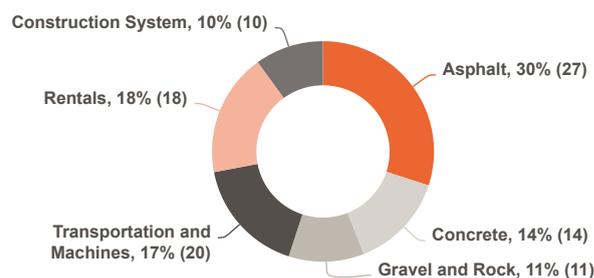
Key ratios

	Oct-Dec 2018	Oct-Dec 2017	Jan-Dec 2018	Jan-Dec 2017
Net sales, MSEK	3,803	3,684	13,284	12,761
Operating profit, MSEK	401	302	977	867
Operating margin, %	10.5	8.2	7.4	6.8
Orders received, MSEK	1,549	1,401	5,111	5,152
Order backlog, MSEK	2,246	2,533	2,246	2,533
Capital employed at the end of the year, MSEK	6,432	5,781	6,432	5,781
Number of employees at the end of the year	3,484	3,452	3,484	3,452
Concrete, thousands of m ³ ¹⁾	371	331	1,294	1,221
Asphalt, thousands of tons ¹⁾	836	735	2,706	2,619
Gravel and Rock, thousands of tons ¹⁾	4,352	4,342	14,681	14,799

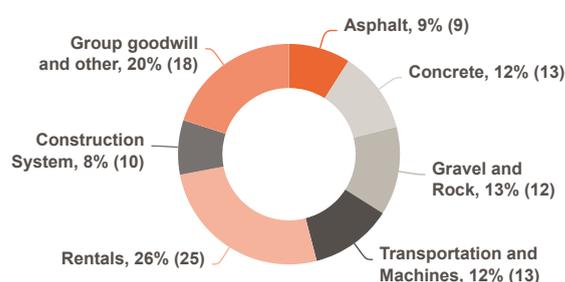
¹⁾ Refers to sold volume

Net sales

per product area, 2018



Capital employed, 31 December 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

October – December 2018

Net sales for the fourth quarter 2018 in business area Project Development amounted to SEK 1,904 million (2,205). Operating profit amounted to SEK 245 million (246).

January – December 2018

Net sales for 2018 in business area Project Development amounted to SEK 7,844 million (8,343). Operating profit amounted to SEK 785 million (804).

Capital employed in Project Development at the end of the year amounted to SEK 12,984 million (9,986). The increase is due to investments in project and development properties, higher activity in our own housing projects in Finland and Norway as well as investments in operations and investment properties in Property Development.

Key ratios

	Oct-Dec 2018	Oct-Dec 2017	Jan-Dec 2018	Jan-Dec 2017
Net sales, MSEK	1,904	2,205	7,844	8,343
<i>of which Property Development</i>	194	117	738	1,013
<i>of which Housing Development</i>	1,710	2,088	7,106	7,330
Operating profit, MSEK	245	246	785	804
<i>of which Property Development</i>	69	6	170	98
<i>of which Housing Development</i>	176	240	615	706
Operating margin, %	12.9	11.2	10.0	9.6
<i>of which Property Development</i>	35.6	5.1	23.0	9.7
<i>of which Housing Development</i>	10.3	11.5	8.7	9.6
Capital employed at the end of the year, MSEK	12,984	9,986	12,984	9,986
Orders received, MSEK	2,102	2,941	6,681	8,496
Order backlog, MSEK	7,134	8,198	7,134	8,198
Number of employees at the end of the year	379	361	379	361



Capital employed

MSEK	31 Dec 2018	31 Dec 2017
Operations property	915	1,036
Investment property	589	871
Project and development property	9,685	7,612
<i>of which housing development rights</i>	5,394	5,116
<i>of which commercial development rights</i>	656	627
<i>of which on going housing projects</i>	2,034	1,173
<i>of which on going commercial projects</i>	1,227	383
<i>of which completed projects</i>	14	170
<i>of which other</i>	360	143
Participation in joint ventures	1,019	912
Loans to joint ventures	1,466	1,383
Working capital and other	-690	-1,828
Total	12,984	9,986

HOUSING DEVELOPMENT

October – December 2018

Net sales decreased by 18 percent in Housing Development due to the decline in the housing market and amounted to SEK 1,710 million (2,088). Operating profit amounted to SEK 176 million (240) and the operating margin was 10.3 percent (11.5).

The number of start-ups of our own developed homes during the fourth quarter amounted to 622 units (1,068) with a good geographic spread where most of the production starts are outside of the capital city areas. The number of sold homes was 660 (937). The slowdown on the tenant-owned housing market has affected even the fourth quarter as well through less activity in Sweden, particularly in Stockholm.

January – December 2018

Net sales decreased by three percent in Housing Development and amounted to SEK 7,106 million (7,330). Operating profit amounted to SEK 615 million (706) and the operating margin was 8.7 percent (9.6).

The number of start-ups of our own developed homes during the year amounted to 2,213 units (3,048) with a good geographic spread in Sweden as well as in Norway and Finland. The number of sold homes during 2018 was 1,825 (2,734). The number of own developed homes in production at the end of the year was 6,231 (6,333). The level of sold homes in production was 63 percent compared to 72 percent at year-end 2017. The number of repurchased homes per 31 December 2018 was 104 (33) and was spread over the three countries.

At the end of the year capital employed had increased in Housing Development due to higher investments in project and development property and greater activity in our own housing developments in Norway and Finland, which remain on the balance sheet until completion.

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 1,446 per 31 December 2018.

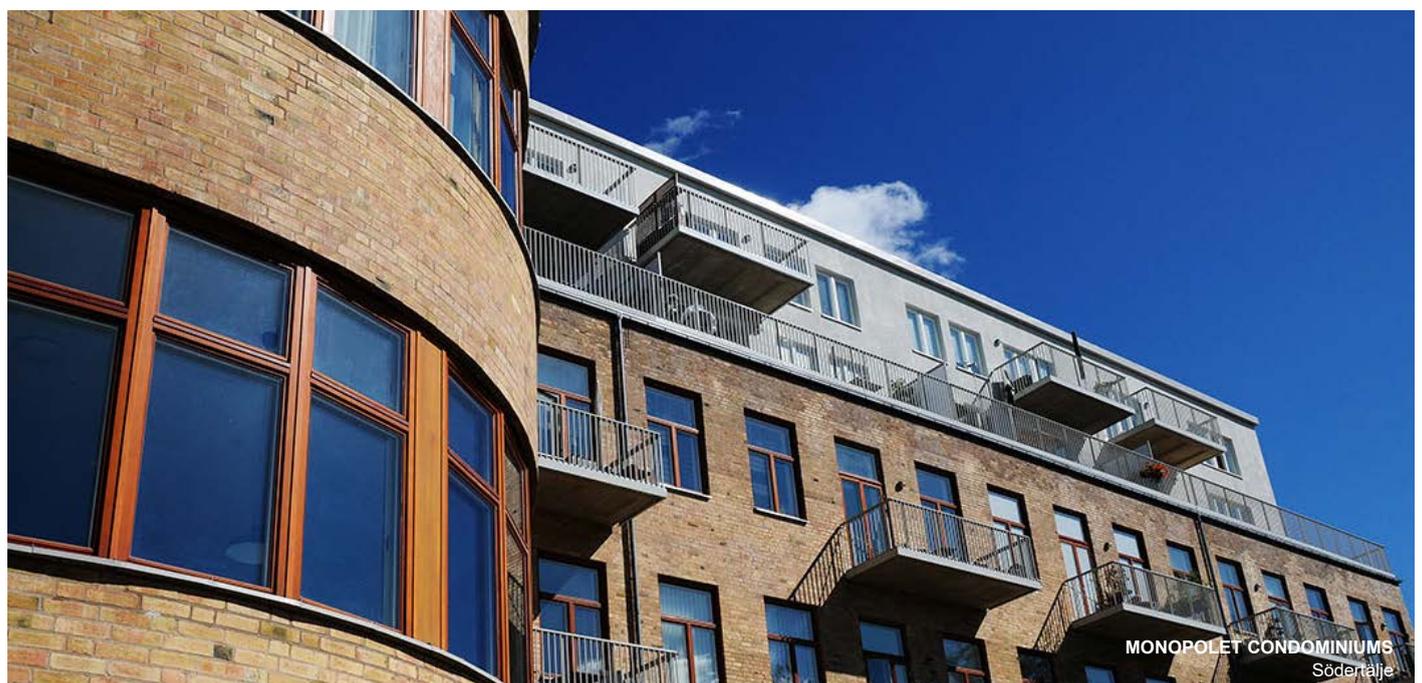
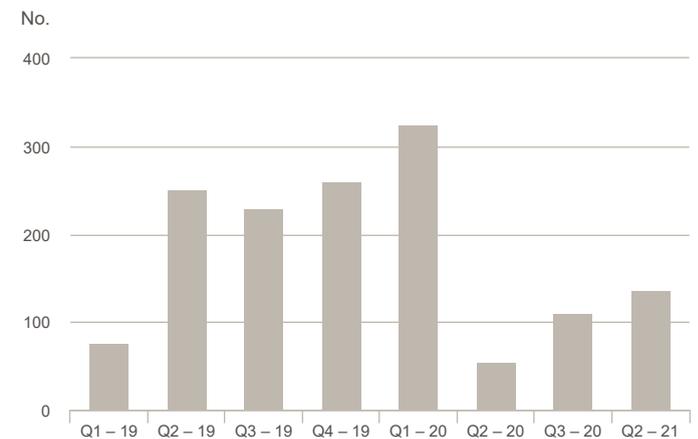
Own housing development construction

	Oct-Dec 2018	Oct-Dec 2017	Jan-Dec 2018	Jan-Dec 2017
Number of housing starts during the period	622	1,068	2,213	3,048
Number of sold homes during the period	660	937	1,825	2,734
Total number of homes under construction, at the end of the period	6,231	6,333	6,231	6,333
Share of sold homes under construction, at the end of the period	63%	72%	63%	72%
Number of repurchased homes in the balance sheet, at the end of the period	104	33	104	33

Development rights for housing

Number, approx.	31 Dec 2018	31 Dec 2017
Development rights on our own balance sheet	21,300	20,700
Development rights via joint ventures	5,000	4,800
Development rights via options etc.	9,100	7,100
Total	35,400	32,600

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



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.

October – December 2018

During the fourth quarter 2018 net sales were SEK 194 million (117) and operating profit was SEK 69 million (6). The increase in operating profit is due to improved profit in wholly and partly owned companies.

January – December 2018

During 2018 net sales were SEK 738 million (1,013) and operating profit was SEK 170 million (98). The increase in operating profit is primarily due to improved profit from wholly owned and partially owned companies. Profit from partly owned companies was SEK 101 million (72) during the year. 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 915 million (1 036) and investment property at SEK 589 million (871).

PROPERTY PROJECTS

Completed projects	Location	Area in m ²	Degree rented, %	Recognized value, MSEK
Businesspark	Ängelholm	60,800	90	241
Businesspark	Ljungbyhed	76,100	61	91
Offices	Helsinki	9,300	100	276
Tenancy	Malmö	4,600	100	142
Offices	Sigtuna	3,600	78	66
Other completed projects				24
Total				840
<i>of which operations property</i>				541
<i>of which investment property</i>				299

Ongoing projects	Location	Area in m ²	Degree rented, %	Recognized value, MSEK	Total investment at completion, MSEK	Timepoint of completion	Level of completion, %
Offices	Solna	12,400	100	287	453	Q4-2019	53
Offices	Malmö	4,900	68	87	185	Q1-2020	33
Offices	Helsingborg	4,500	100	35	117	Q1-2020	30
Offices and parking	Helsinki	7,600	27	240	342	Q1-2019	56
Other ongoing projects				15			
Total				664			
<i>of which operations property</i>				374			
<i>of which investment property</i>				290			

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.

Peab has divested Ångkraftverket 2 in Västerås which is rented by Steam Hotel and Kokpunkten Actionbad. Centur, owned equally by Peab and Balder, purchased the property. The hotel and water park was developed by Peab. The transaction had no material effect on operating profit but it reduced capital employed by around SEK 800 million.

All major property projects are presented in the table below.

PEAB'S PARTIALLY OWNED COMPANY ACTURUM DIVESTS PROPERTIES

Acturum signed a contract in December 2018 with Fastator and Offentliga Hus to sell all the remaining property. Acturum was founded by Peab and FAM – The Wallenberg Foundations' holding company – as equal partners in 2013. The company acquired a property portfolio in Södertälje from Astra Zeneca which had decided to close up its research operations in the area. Acturum has since developed a number of properties and is now entering a new phase focused primarily on management. The transfer is planned for the second quarter of 2019 and Peab's share of the revenue is expected to be at least SEK 120 million. The revenue will be recognized in the second quarter of 2019.

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.

Change in ownership of Tornet Bostadsproduktion

Ownership of Tornet has changed since Folksam, Peab and Balder acquired Riksbyggen's shares in the company. Peab and Balder already owned 31 percent each and Folksam owned 19 percent. In December 2018 the remaining shareholders acquired Riksbyggen's 19 percent shareholding so that ownership is equally divided, giving each shareholder a third of the company. Peab has accordingly acquired 2.3 percent of the shares in Tornet for the purchase price of SEK 17 million. In addition, the three shareholders have issued owner's loans to Tornet for SEK 100 million each.

Significant joint ventures

FASTIGHETS AB CENTUR

Own, manage and develop commercial property and housing.

Peab's share: 50 percent

Partner: Balder

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

Recognized value on properties 31 December 2018 ¹⁾: SEK 6,085 million (4,978)

Peab's portion of unrecognized fair value exclusive tax ¹⁾: SEK 353 million (298)

Major ongoing projects: Hotel Stay-at Varvsstaden, Malmö Rentable area 3,900 m², Lyckholms Gothenburg, Rentable area 6,400 m²

FASTIGHETS AB ML4

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

Peab's share: 50 percent

Partner: Wahlborgs

Location: Lund

Recognized value on properties 31 December 2018: SEK 1,849 million (1,854)

TORNET BOSTADSPRODUKTION AB

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

Peab's share: 33 percent

Partner: Folksam and Balder

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

Recognized value on properties 31 December 2018 ¹⁾: SEK 3,428 million (2,830)

Peab's portion of unrecognized fair value exclusive tax ¹⁾: SEK 212 million (166)

Major ongoing projects: Munkebäck, Gothenburg Rentable area 14,800 m², Kungsängen, Upplandsbro Rentable area 8,800 m² 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 31 December 2018: SEK 1,008 million (818)

Major ongoing projects: 29 floor office building, The Point, Rentable area 20,000 m²

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

New production of homes is expected to decrease in 2019 and 2020. The forecast for other building construction is difficult to make but growth in employment and the population as well as an aging population are forces driving demand for premises. On top of that the need to modernize schools and healthcare facilities especially promotes investments in other building construction. All in all building construction investments are expected to contract in 2019 and then level out in 2020. Civil engineering investments look like they might increase during the forecast period and the new government will most likely strive to achieve the ambitions laid out in the latest infrastructure proposition.

NORWAY

Housing construction investments in Norway declined in 2018 and are expected to level out in 2019 before they turn up again in 2020. Other building construction is expected to have the opposite development, partly as a reaction to the increase in 2018 and partly because of interest hikes and a global recession. Civil engineering investments, however, are expected to grow at a good rate during the entire forecast period.

FINLAND

Housing investments increased in 2018 and are expected to grow in 2019 as well, which is largely due to higher income in households and a built-up need for investments. Investments are then expected to level off in 2020. Weaker growth in the economy is reflected in the forecasts for other building construction which is basically showing no growth in the period 2018-2020. The forecasts for civil engineering investments signal weak growth for the period 2018-2019 on the whole.

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	↗	→	→

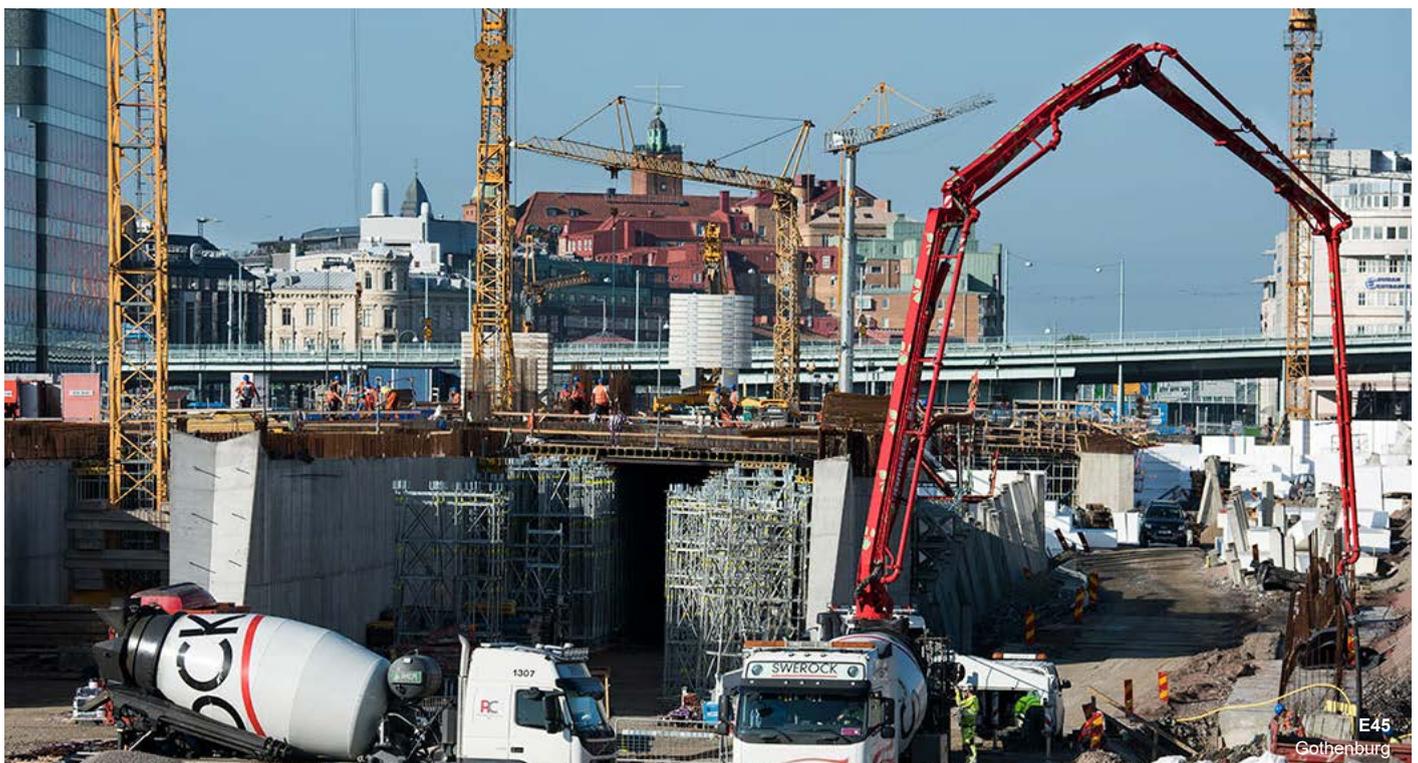
Forecast for started-up other building construction investments, new and renovations (Industry, office/retail etc. and public premises)
Source: Industrifakta

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 year 2018.

THE PEAB SHARE

Peab's B share is listed on the Nasdaq Stockholm, Large Cap list. As of 31 December 2018, the price of the Peab share was SEK 72.40, an increase of three percent during 2018. During the same period, the Swedish stock market decreased by eight 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 CCO 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.

Lotta Brändström became the Business Area Civil Engineering Manager at Peab on 1 January 2019. Lotta Brändström held the position of Assistant Business Area Civil Engineering Manager. She has previously been the CEO of Göteborg Energi and held various positions within the Swedish Transport Administration and the Swedish Railway Authority. Lotta Brändström took the place of Karl-Gunnar Karlsson who was the combined Business Areas Civil Engineering and Industry Manager for several years. Karl-Gunnar Karlsson will continue in his role as Business Area Industry Manager. Lotta Brändström also became a member of executive management which now consists 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	Oct-Dec 2018	Oct-Dec 2017	Jan-Dec 2018	Jan-Dec 2017
Net sales	14,845	14,490	52,233	49,981
Production costs	-13,372	-13,103	-47,045	-45,229
Gross profit	1,473	1,387	5,188	4,752
Sales and administrative expenses	-711	-695	-2,784	-2,614
Other operating income	119	71	216	305
Other operating costs	-18	-10	-47	-25
Operating profit	863	753	2,573	2,418
Financial income	18	118	100	191
Financial expenses	-42	-46	-155	-151
Net finance	-24	72	-55	40
Pre-tax profit	839	825	2,518	2,458
Tax	-133	-145	-418	-391
Profit for the period	706	680	2,100	2,067
Profit for the period, attributable to:				
Shareholders in parent company	706	680	2,100	2,067
Non-controlling interests	0	0	0	0
Profit for the period	706	680	2,100	2,067
Key ratios				
Earnings per share before and after dilution, SEK	2.39	2.31	7.12	7.01
Average number of outstanding shares, million	295.0	295.0	295.0	295.0
Return on capital employed, %			15.9	18.7
Return on equity, %			19.6	21.3

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

MSEK	Oct-Dec 2018	Oct-Dec 2017	Jan-Dec 2018	Jan-Dec 2017
Profit for the period	706	680	2,100	2,067
Other comprehensive income				
Items that can be reclassified or have been reclassified to income for the period				
Translation differences for the period from translation of foreign operations	-77	-4	86	-53
Translation differences transferred to profit for the period	-	0	-	-2
Changes for the period in fair value of available-for-sale financial assets	-	-167	-	-55
Changes in fair value of cash flow hedges for the period	-7	71	20	112
Shares in joint ventures' other comprehensive income	-1	0	0	0
Tax referring to items that can be reclassified or have been reclassified to income for the period	-8	-4	-3	-16
Other comprehensive income for the period	-93	-104	103	-14
Total comprehensive income for the period	613	576	2,203	2,053
Total comprehensive income for the period, attributable to:				
Shareholders in parent company	614	576	2,203	2,053
Non-controlling interests	-1	0	0	0
Total comprehensive income for the period	613	576	2,203	2,053

Report on financial position for the Group in summary

MSEK	31 Dec 2018	31 Dec 2017
Assets		
Intangible assets	2,250	2,167
Tangible assets	5,741	5,508
Investment property	589	871
Interest-bearing long-term receivables	1,445	1,520
Other financial fixed assets	1,292	1,147
Deferred tax recoverables	–	13
Total fixed assets	11,317	11,226
Project and development properties	9,685	7,612
Inventories	441	399
Interest-bearing current receivables	640	411
Other current receivables	13,857	11,882
Liquid funds	1,376	595
Total current assets	25,999	20,899
Total assets	37,316	32,125
Equity and liabilities		
Equity	11,348	10,332
Liabilities		
Interest-bearing long-term liabilities	5,194	2,573
Deferred tax liabilities	123	201
Other long-term liabilities	977	840
Total long-term liabilities	6,294	3,614
Interest-bearing current liabilities	1,818	1,169
Other current liabilities	17,856	17,010
Total current liabilities	19,674	18,179
Total liabilities	25,968	21,793
Total equity and liabilities	37,316	32,125
Key ratios		
Capital employed	18,360	14,074
Equity/assets ratio, %	30.4	32.2
Net debt	3,551	1,216
Equity per share, SEK	38.47	35.02
Number of outstanding shares at the end of the period, million	295.0	295.0

Report on changes in Group equity in summary

MSEK	31 Dec 2018	31 Dec 2017
Equity attributable to shareholders in parent company		
Opening equity on 1 January	10,331	9,380
Adjustment for retroactive application of IFRS 9 per 1 January 2018	-7	-
Adjustment for retroactive application of IFRS 15 per 1 January 2017	-	-40
Adjusted equity on 1 January	10,324	9,340
Profit for the period	2,100	2,067
Other comprehensive income for the period	103	-14
Total comprehensive income for the period	2,203	2,053
Cash dividend	-1,180	-1,062
Acquisition of non-controlling interests, previous controlling interests	-	0
Closing equity	11,347	10,331
Non-controlling interests		
Opening equity on 1 January	1	0
Total comprehensive income for the period	0	0
Acquisition of partially owned subsidiaries, non-controlling interests already	-	1
Closing equity	1	1
Total closing equity	11,348	10,332

Report on Group cash flow in summary

MSEK	Oct-Dec 2018	Oct-Dec 2017	Jan-Dec 2018	Jan-Dec 2017
Cash flow from current operations before changes in working capital	1,138	1,025	2,694	2,796
Increase (-) / Decrease (+) of project and development properties	-785	-91	-2,068	-687
Increase (-) / Decrease (+) of inventories	4	63	-39	-28
Increase (-) / Decrease (+) of current receivables / current liabilities	307	205	-837	758
Cash flow from changes in working capital	-474	177	-2,944	43
Cash flow from current operations	664	1,202	-250	2,839
Acquisition of subsidiaries / businesses, net effect on liquid funds	-4	-22	-23	-160
Disposal of subsidiaries / businesses, net effect on liquid funds	15	4	15	4
Acquisition of fixed assets	-708	-623	-2,090	-1,965
Sales of fixed assets	982	947	1,327	1,577
Cash flow from investment operations	285	306	-771	-544
Cash flow before financing	949	1,508	-1,021	2,295
Increase (+) / Decrease (-) of interest-bearing liabilities	-21	-1,177	2,950	-1,688
Dividend distributed to shareholders in parent company	-	-	-1,180	-1,062
Cash flow from financing operations	-21	-1,177	1,770	-2,750
Cash flow for the period	928	331	749	-455
Cash at the beginning of the period	453	255	595	1,062
Exchange rate differences in cash	-5	9	32	-12
Cash at the end of the period	1,376	595	1,376	595

Parent company

The parent company Peab AB's net sales for 2018 amounted to SEK 299 million (262) and mainly consisted of internal Group services. Profit for the year amounted to SEK 2,809 million (2 017). Profit for the year included dividends of SEK 1,509 million (-) from subsidiaries.

The parent company's assets mainly consist of participations in Group companies amounting to SEK 12,045 million (12,116). The assets have been financed from equity of SEK 9,033 million (7,404) and long-term liabilities amounting to SEK 3,883 million (6,326).

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	Oct-Dec 2018	Oct-Dec 2017	Jan-Dec 2018	Jan-Dec 2017
Net sales	81	73	299	262
Administrative expenses	-134	-122	-470	-412
Operating profit	-53	-49	-171	-150
Result from financial investments				
Profit from participation in Group companies	1	0	1,388	0
Other financial items	-19	134	-89	50
Result after financial items	-71	85	1,128	-100
Appropriations	2,083	2,626	2,083	2,626
Pre-tax profit	2,012	2,711	3,211	2,526
Tax	-438	-553	-402	-509
Profit for the period	1,574	2,158	2,809	2,017

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

MSEK	Oct-Dec 2018	Oct-Dec 2017	Jan-Dec 2018	Jan-Dec 2017
Profit for the period	1,574	2,158	2,809	2,017
Other comprehensive income				
Items that can be reclassified or have been reclassified to income for the period				
Changes for the period in fair value of available-for-sale financial assets	-	-180	-	-75
Total comprehensive income for the period	1,574	1,978	2,809	1,942

Report on financial position for the parent company in summary

MSEK	31 Dec 2018	31 Dec 2017
Assets		
Fixed assets		
Intangible fixed assets	51	38
Tangible fixed assets	1	1
Financial assets		
Participation in Group companies	12,045	12,116
Deferred tax recoverables	111	110
Total financial assets	12,156	12,226
Total fixed assets	12,208	12,265
Current asset		
Current receivables		
Accounts receivable	0	1
Receivables from Group companies	2,736	3,472
Current tax assets	85	–
Other receivables	2	4
Prepaid expenses and accrued income	11	15
Total current receivables	2,834	3,492
Liquid funds	0	0
Total current assets	2,834	3,492
Total assets	15,042	15,757
Equity and liabilities		
Equity		
Restricted equity	1,905	1,901
Non-restricted equity	7,128	5,503
Total equity	9,033	7,404
Untaxed reserves	1,930	1,315
Provisions		
Other provisions	36	32
Total provisions	36	32
Long-term liabilities		
Liabilities to Group companies	3,883	6,326
Total long-term liabilities	3,883	6,326
Current liabilities		
Accounts payable	31	25
Liabilities to Group companies	59	347
Current tax liabilities	–	225
Other liabilities	4	7
Accrued expenses and deferred income	66	76
Total current liabilities	160	680
Total liabilities	4,079	7,006
Total equity and liabilities	15,042	15,757

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. 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
Adjusted opening balance 1 January 2017	9,340
Closing balance 31 December 2017 before changeover to IFRS 15 and IFRS 9	10,362
Adjustments at changeover to IFRS 15	-30
Adjusted closing balance 31 December 2017 before changeover to IFRS 9	10,332
Adjustments at changeover to IFRS 9	-7
Adjusted opening balance 1 January 2018	10,325

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

MSEK	Jan-Dec 2017		
	Reported	Adjustment IFRS 15	Recalculated
Net sales	50,090	-109	49,981
Operating profit	2,405	13	2,418
Profit for the period	2,057	10	2,067
Total comprehensive income for the period	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.

IFRS 9 has not had any material effect on the Group balance sheet. For further information on IFRS 9 please see Peab's website, 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.

Revenue recognition of Swedish tenant-owned housing projects

Together with several other major housing developers Peab has received questions from Nasdaq Stockholm AB (Nasdaq) 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, we have had a dialogue 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.

The reconciliation between Nasdaq and ESME came to the conclusion that, in this case, the accounting review should be focused on the application of IFRS 10 Consolidated financial statements. Regarding the matter of whether or not a company has controlling interest over a tenant-owned housing association, and thereby ought to consolidate the association, there is, taking into consideration all relevant facts and circumstances, room for companies to arrive at different conclusions. There are variations between different companies' operational, business and contractual structures and several factors can be significant, such as board composition, terms for land procurement, contract work, financing and divestment as well as the tenure of the condominiums, in deciding whether or not controlling interest exists. With this in mind Nasdaq believes that a presumption for consolidation (in accordance with IFRS 10) exists if the construction company (or representatives for it) make up a majority of the members of a tenant-owned housing association or have the right to appoint more than half of the members in its board. However, a judgement must be made in each individual case and specific circumstances in a company's business model, such as the statutes in a tenant-owned housing association and contract terms, can render different conclusions regarding whether or not tenant-owned housing associations ought to be consolidated or not.

After a review of the factors above our conclusion is that Peab cannot be considered to have controlling interest over tenant-owned housing associations according to IFRS 10 Consolidated financial statements.

In the beginning of December 2018 Nasdaq sent a letter to Peab with the information that Nasdaq had decided to criticize Peab for a lack of clarity in the Annual Report for 2017 concerning the grounds for Peab's assessment that controlling interest does not exist when revenue over time is applied to tenant-owned housing associations. Nasdaq requires that clearer information is presented in the Annual Report for 2018. Nasdaq explained that any changes concerning consolidation of tenant-owned housing projects should be through a correction with retroactive application in the Annual Report for 2018. The letter also stated that for Nasdaq the matter is now concluded and that Finansinspektionen has been notified. Finansinspektionen has announced that they intend to continue to review the question of tenant-owned housing project accounting in the Annual Report for 2017.

NEW IFRS AND INTERPRETATIONS THAT HAVE NOT YET BEEN APPLIED, IFRS 16 LEASES

IFRS 16 Leases replace IAS 17 Leases as of 1 January 2019. IFRS 16 will basically 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 does not believe this will have any material effect on profit before tax. Affected leases primarily cover rent for offices and other premises, leaseholds, land rentals and vehicles.

When changing over to the new standard Peab has elected the modified retroactive method with the alternative to let the right-of-use asset be measured at the amount of the lease liability at the changeover with adjustments for any prepaid or accrued leasing fees. The elected changeover method does not require recalculating comparable periods.

Right-of-use leases shorter than 12 months or which end within 12 months from the changeover date are classified as current leases and therefore are not included in liabilities or right-of-use assets. In addition, Peab has elected not to recognize leases for which the underlying asset has a low value as a right-of-use asset respectively a lease liability.

Existing finance leases previously recognized according to IAS 17 Leases are reclassified according to IFRS 16 for the amount they were recognized at the day immediately before application of the new standard.

An incremental borrowing rate has been determined per country, right-of-use period and type of asset.

Effects of the changeover to IFRS 16 are given below.

MSEK	Adjustment 1 January 2019
Fixed assets, right-of-use	671
Project and development property, right-of-use	206
Prepaid costs	-27
Leasing liabilities, interest-bearing	850

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 Leases 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-Dec 2018 MSEK	Construction	Civil Engineering	Industry	Project Development	Group functions	Eliminations	Group
Allocation per external/internal customer							
External sales	22,850	12,032	9,474	7,775	102		52,233
Internal sales	5,490	1,713	3,810	69	941	-12,023	–
Total	28,340	13,745	13,284	7,844	1,043	-12,023	52,233
Allocation per country							
Sweden	21,578	11,878	11,791	5,949	889	-10,149	41,936
Norway	3,389	1,712	935	494	91	-741	5,880
Finland	3,368	155	539	1,401	63	-1,128	4,398
Other	5		19			-5	19
Total	28,340	13,745	13,284	7,844	1,043	-12,023	52,233
Allocation per type of customer							
Public sector	10,178	7,958	2,727	119	88		21,070
Private customers	12,672	4,074	6,747	7,656	14		31,163
Internal customers	5,490	1,713	3,810	69	941	-12,023	–
Total	28,340	13,745	13,284	7,844	1,043	-12,023	52,233
Allocation per point in time							
At one point in time	67	32	5,652	2,361	121	-1,593	6,640
Over time	28,269	13,706	5,663	5,256	810	-9,056	44,648
Income from rent ¹⁾	4	7	1,969	227	112	-1,374	945
Total	28,340	13,745	13,284	7,844	1,043	-12,023	52,233
Allocation per type of income							
Contract work	28,262	13,706	5,663	5,254		-8,240	44,645
Sales of products	5		3,545			-822	2,728
Sales of development projects				2,188			2,188
Transportation services etc.		1	1,901			-672	1,230
Administrative services	7			2	810	-816	3
Income from rent	4	7	1,969	227	112	-1,374	945
Other	62	31	206	173	121	-99	494
Total	28,340	13,745	13,284	7,844	1,043	-12,023	52,233

¹⁾ Income from rent is recognized according to IAS 17

Group Jan-Dec 2017 MSEK	Construction	Civil Engineering	Industry	Project Development	Group functions	Eliminations	Group
Allocation per external/internal customer							
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	–
Total	26,726	11,825	12,761	8,343	993	-10,667	49,981

Allocation per country

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
Total	26,726	11,825	12,761	8,343	993	-10,667	49,981

Allocation per type of customer

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	–
Total	26,726	11,825	12,761	8,343	993	-10,667	49,981

Allocation per point in time

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 ¹⁾	5	3	1,596	167	42	-971	842
Total	26,726	11,825	12,761	8,343	993	-10,667	49,981

1) Income from rent is recognized according to IAS 17

Allocation per type of income

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
Total	26,726	11,825	12,761	8,343	993	-10,667	49,981

Note 3 – Operating segment

Group Jan-Dec 2018 MSEK	Con- struction	Civil Engineering	Industry	Project Development	Group functions	Eliminations	Group
External sales	22,850	12,032	9,474	7,775	102		52,233
Internal sales	5,490	1,713	3,810	69	941	-12,023	–
Total income	28,340	13,745	13,284	7,844	1,043	-12,023	52,233
Operating profit	670	415	977	785	-274	0	2,573
Operating margin, %	2.4	3.0	7.4	10.0			4.9
Net finance							-55
Pre-tax profit							2,518
Tax							-418
Profit for the year							2,100
Capital employed (closing balance)			6,432	12,984			

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		49,981
Internal sales	4,653	1,506	3,555	61	892	-10,667	–
Total income	26,726	11,825	12,761	8,343	993	-10,667	49,981
Operating profit	602	374	867	804	-228	-1	2,418
Operating margin, %	2.3	3.2	6.8	9.6			4.8
Net finance							40
Pre-tax profit							2,458
Tax							-391
Profit for the year							2,067
Capital employed (closing balance)			5,781	9,986			

Future financial information

PROPOSED DIVIDEND

A dividend of SEK 4.20 (4.00) per share is proposed for 2018. Excluding the 1,086,984 shares owned by Peab AB per 7 February 2019, which are not entitled to dividends, the proposed dividend is equivalent to a total dividend distribution of SEK 1,239 million (1,180). Calculated as a share of the Group's reported profit for the year, the proposed dividend amounts to 59 percent (57). The proposed dividend is equivalent to a direct return of 5.5 percent based on the closing price on 7 February 2019.

ANNUAL GENERAL MEETING

The Annual General Meeting of Peab will be held on 9 May 2019 at Grevieparken in Grevie.

NOMINATION COMMITTEE

At the Annual General Meeting held on 7 May 2018, Göran Grosskopf, Malte Åkerström, Mats Rasmussen and Ulf Liljedahl were appointed to the Peab Nomination Committee and Ulf Liljedahl was named its Chairman.

FUTURE INFORMATION

- | | |
|--|---------------------|
| • Annual and Sustainability Report 2018 | Week 15, 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 Oktober 2019 |
| • Year-end report 2019 | 6 February 2020 |

Förslöv, 8 February 2019

*Jesper Göransson
CEO and President*

The information in this interim report has not been reviewed separately by the company's auditors.

Quarterly data

Group

MSEK	Oct-Dec 2018	Jul-Sep 2018	Apr-Jun 2018	Jan-Mar 2018	Oct-Dec 2017	Jul-Sep 2017	Apr-Jun 2017	Jan-Mar 2017	Oct-Dec 2016
Net sales	14,845	12,445	13,453	11,490	14,490	11,595	12,791	11,105	13,673
Production costs	-13,372	-11,153	-12,038	-10,482	-13,103	-10,431	-11,461	-10,234	-12,409
Gross profit	1,473	1,292	1,415	1,008	1,387	1,164	1,330	871	1,264
Sales and administrative expenses	-711	-575	-761	-737	-695	-528	-735	-656	-700
Other operating income	119	45	27	25	71	78	38	118	59
Other operating costs	-18	-19	-4	-6	-10	0	-2	-13	-4
Operating profit	863	743	677	290	753	714	631	320	619
Financial income	18	36	19	27	118	17	36	20	66
Financial expenses	-42	-29	-23	-61	-46	-26	-50	-29	-71
Net finance	-24	7	-4	-34	72	-9	-14	-9	-5
Pre-tax profit	839	750	673	256	825	705	617	311	614
Tax	-133	-146	-101	-38	-145	-120	-92	-34	-96
Profit for the period	706	604	572	218	680	585	525	277	518
Profit for the period, attributable to:									
Shareholders in parent company	706	604	572	218	680	585	525	277	518
Non-controlling interests	0	0	0	0	0	-	-	-	0
Profit for the period	706	604	572	218	680	585	525	277	518
Key ratios									
Earnings per share, SEK	2.39	2.05	1.94	0.74	2.31	1.98	1.78	0.94	1.76
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)	18,360	17,730	16,322	14,631	14,074	14,438	13,874	13,501	14,362
Equity (closing balance)	11,348	10,735	10,153	10,688	10,332	9,757	9,170	9,559	9,340

Business areas

MSEK	Oct-Dec 2018	Jul-Sep 2018	Apr-Jun 2018	Jan-Mar 2018	Oct-Dec 2017	Jul-Sep 2017	Apr-Jun 2017	Jan-Mar 2017	Oct-Dec 2016
Net sales									
Construction	8,182	6,172	7,423	6,563	7,631	5,721	6,988	6,386	6,992
Civil Engineering	4,189	3,301	3,439	2,816	3,787	2,819	2,831	2,388	3,292
Industry	3,803	3,723	3,580	2,178	3,684	3,420	3,420	2,237	3,462
Project Development	1,904	1,878	1,775	2,287	2,205	1,926	2,000	2,212	2,263
– of which Property Development	194	217	171	156	117	131	106	659	148
– of which Housing Development	1,710	1,661	1,604	2,131	2,088	1,795	1,894	1,553	2,115
Group functions	223	276	285	259	262	242	254	235	242
Eliminations	-3,456	-2,905	-3,049	-2,613	-3,079	-2,533	-2,702	-2,353	-2,578
Group	14,845	12,445	13,453	11,490	14,490	11,595	12,791	11,105	13,673
Operating profit									
Construction	207	142	178	143	180	121	162	139	147
Civil Engineering	145	98	130	42	136	89	110	39	120
Industry	401	352	262	-38	302	342	246	-23	227
Project Development	245	165	174	201	246	174	162	222	235
– of which Property Development	69	38	13	50	6	-3	5	90	20
– of which Housing Development	176	127	161	151	240	177	157	132	215
Group functions	-155	-9	-55	-55	-128	-4	-49	-47	-60
Eliminations	20	-5	-12	-3	17	-8	0	-10	-50
Group	863	743	677	290	753	714	631	320	619
Operating profit, %									
Construction	2.5	2.3	2.4	2.2	2.4	2.1	2.3	2.2	2.1
Civil Engineering	3.5	3.0	3.8	1.5	3.6	3.2	3.9	1.6	3.6
Industry	10.5	9.5	7.3	-1.7	8.2	10.0	7.2	-1.0	6.6
Project Development	12.9	8.8	9.8	8.8	11.2	9.0	8.1	10.0	10.4
– of which Property Development	35.6	17.5	7.6	32.1	5.1	-2.3	4.7	13.7	13.5
– of which Housing Development	10.3	7.6	10.0	7.1	11.5	9.9	8.3	8.5	10.2
Group functions									
Eliminations									
Group	5.8	6.0	5.0	2.5	5.2	6.2	4.9	2.9	4.5
Order situation, MSEK									
Orders received	10,451	11,473	16,257	12,906	13,039	10,651	12,880	12,429	
Order backlog at the end of the period	45,819	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.

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 (CBOB) 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