

Alternative performance measures and financial definitions

Alternative performance measures are used to describe the development of operations and to enhance comparability between periods. These are not defined under IFRS but correspond to the methods applied by executive management and Board of Directors to measure the company's financial performance. Alternative performance measures should not be viewed as a substitute for financial information presented in accordance with IFRS but rather as a complement.

Definition and motivation of use

Calculation at quarterly report January-September 2017

<p>Available liquidity Liquid funds and short-term investments along with unutilized credit facilities.</p>	<table style="width: 100%; border-collapse: collapse;"> <tr> <td></td> <td style="text-align: right;">MSEK</td> </tr> <tr> <td>Liquid funds</td> <td style="text-align: right;">255</td> </tr> <tr> <td>Unutilized credit facilities</td> <td style="text-align: right;">3,615</td> </tr> <tr> <td>Available liquidity</td> <td style="text-align: right; border-top: 1px solid black;">3,870</td> </tr> </table>		MSEK	Liquid funds	255	Unutilized credit facilities	3,615	Available liquidity	3,870						
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<p>Equity per share Equity attributable to shareholders in parent company divided by the number of outstanding shares at the end of the period.</p>	<table style="width: 100%; border-collapse: collapse;"> <tr> <td>Equity, MSEK</td> <td style="text-align: right;">9,796</td> </tr> <tr> <td>Less equity attributable to non-controlling interests, MSEK</td> <td style="text-align: right;">-2</td> </tr> <tr> <td>Equity attributable to shareholders in parent company, MSEK</td> <td style="text-align: right; border-top: 1px solid black;">9,794</td> </tr> <tr> <td>Number of outstanding shares at the end of the period</td> <td style="text-align: right;">294,962,746</td> </tr> <tr> <td>Equity per share, SEK</td> <td style="text-align: right;">33.20</td> </tr> </table>	Equity, MSEK	9,796	Less equity attributable to non-controlling interests, MSEK	-2	Equity attributable to shareholders in parent company, MSEK	9,794	Number of outstanding shares at the end of the period	294,962,746	Equity per share, SEK	33.20				
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Equity per share, SEK	33.20														
<p>Net investments Change in the period of the reported value of current assets (CB-OB) plus depreciation and write-downs.</p>															
<p>Net debt Interest-bearing liabilities including provisions for pensions less liquid funds and interest-bearing assets.</p>	<table style="width: 100%; border-collapse: collapse;"> <tr> <td></td> <td style="text-align: right;">MSEK</td> </tr> <tr> <td>Interest-bearing long term liabilities</td> <td style="text-align: right;">2,688</td> </tr> <tr> <td>Interest-bearing current liabilities</td> <td style="text-align: right;">1,993</td> </tr> <tr> <td>- Interest-bearing long-term receivables</td> <td style="text-align: right;">-1,778</td> </tr> <tr> <td>- Interest-bearing current receivables</td> <td style="text-align: right;">-301</td> </tr> <tr> <td>- Liquid funds</td> <td style="text-align: right;">-255</td> </tr> <tr> <td>Net debt</td> <td style="text-align: right; border-top: 1px solid black;">2,347</td> </tr> </table>		MSEK	Interest-bearing long term liabilities	2,688	Interest-bearing current liabilities	1,993	- Interest-bearing long-term receivables	-1,778	- Interest-bearing current receivables	-301	- Liquid funds	-255	Net debt	2,347
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<p>Operative net sales and operative operating profit</p> <p>Operative net sales and operative operating profit are reported according to the percentage of completion method corresponding to segment reporting. Peab applies IFRIC 15, Agreements for the Construction of Real Estate, in legal reporting. IAS 18, Revenue, is applied on Peab's housing projects in Finland and Norway as well as Peab's own single homes in Sweden. Revenue from these projects is first recognized when the home is handed over to the buyer. Segment reporting is based on the percentage of completion method for all our projects since this mirrors how executive management and the Board monitor the business. There is a bridge in segment reporting between operative reporting according to the percentage of completion method and legal reporting.</p>											
<p>Orders received</p> <p>The number of orders received during the period.</p>											
<p>Order backlog</p> <p>The value at the end of the period of the remaining income in ongoing production plus orders received yet to be produced.</p>											
<p>Earnings per share</p> <p>Profit for the period attributable to shareholders in parent company divided by the average number of outstanding shares during the period.</p>	<table> <tr> <td>Profit for the period, MSEK</td> <td style="text-align: right;">1,386</td> </tr> <tr> <td>Less profit for the period attributable to non-controlling interests, MSEK</td> <td style="text-align: right;">—</td> </tr> <tr> <td>Profit for the period attributable to shareholders in parent company, MSEK</td> <td style="text-align: right;">1,386</td> </tr> <tr> <td>Average number of outstanding shares</td> <td style="text-align: right;">294,962,746</td> </tr> <tr> <td>Earnings per share, SEK</td> <td style="text-align: right;">4.70</td> </tr> </table>	Profit for the period, MSEK	1,386	Less profit for the period attributable to non-controlling interests, MSEK	—	Profit for the period attributable to shareholders in parent company, MSEK	1,386	Average number of outstanding shares	294,962,746	Earnings per share, SEK	4.70
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Definition and motivation of use**Calculation at quarterly report January-September 2017**

<p>Return on equity Profit in the rolling 12 month period attributable to shareholders in the parent company divided by the average (last four quarters) equity attributable to shareholders in the parent company. The measurement is used to make business efficient and form a rational capital structure.</p>	<table><tr><td>Profit for the period rolling 12 months, MSEK</td><td>1,947</td></tr><tr><td>Average equity, MSEK</td><td></td></tr><tr><td>Q3 2017</td><td>9,794</td></tr><tr><td>Q2 2017</td><td>9,215</td></tr><tr><td>Q1 2017</td><td>9,599</td></tr><tr><td>Q4 2016</td><td>9,380</td></tr><tr><td></td><td>37,988 / 4</td></tr><tr><td>Return on equity, %</td><td>9,497 20.5</td></tr></table>	Profit for the period rolling 12 months, MSEK	1,947	Average equity, MSEK		Q3 2017	9,794	Q2 2017	9,215	Q1 2017	9,599	Q4 2016	9,380		37,988 / 4	Return on equity, %	9,497 20.5				
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<p>Return on capital employed Pre-tax profit for the rolling 12 month period with the addition of financial expenses in percent of the average (last four quarters) capital employed. The measurement is used to measure capital efficiency and to allocate capital for new investments.</p>	<table><tr><td>Pre-tax profit rolling 12 months, MSEK</td><td>2,299</td></tr><tr><td>Financial expenses, MSEK</td><td>176</td></tr><tr><td>Total profit, MSEK</td><td><u>2,475</u></td></tr><tr><td>Average capital employed, MSEK</td><td></td></tr><tr><td>Q3 2017</td><td>14,477</td></tr><tr><td>Q2 2017</td><td>13,919</td></tr><tr><td>Q1 2017</td><td>13,541</td></tr><tr><td>Q4 2016</td><td>14,402</td></tr><tr><td></td><td>56,339 / 4</td></tr><tr><td>Return on capital employed, %</td><td>14,085 17.6</td></tr></table>	Pre-tax profit rolling 12 months, MSEK	2,299	Financial expenses, MSEK	176	Total profit, MSEK	<u>2,475</u>	Average capital employed, MSEK		Q3 2017	14,477	Q2 2017	13,919	Q1 2017	13,541	Q4 2016	14,402		56,339 / 4	Return on capital employed, %	14,085 17.6
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<p>Operating margin Operating profit as a percentage of net sales.</p>	<table><tr><td>Operating profit, MSEK</td><td>1,663</td></tr><tr><td>Net sales, MSEK</td><td>35,534</td></tr><tr><td>Operating margin, %</td><td>4.7</td></tr></table>	Operating profit, MSEK	1,663	Net sales, MSEK	35,534	Operating margin, %	4.7														
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<p>Net debt/equity ratio Interest-bearing net debt in relation to equity.</p>	<table> <tr> <td>Net debt, MSEK</td> <td style="text-align: right;">2,347</td> </tr> <tr> <td>Equity, MSEK</td> <td style="text-align: right;">9,796</td> </tr> <tr> <td>Net debt/equity ratio, multiple</td> <td style="text-align: right;">0.2</td> </tr> </table>	Net debt, MSEK	2,347	Equity, MSEK	9,796	Net debt/equity ratio, multiple	0.2						
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<p>Equity/assets ratio Equity as a percentage of total assets at the end of the period.</p>	<table> <tr> <td>Equity, MSEK</td> <td style="text-align: right;">9,796</td> </tr> <tr> <td>Total assets, MSEK</td> <td style="text-align: right;">32,309</td> </tr> <tr> <td>Equity/assets ratio, %</td> <td style="text-align: right;">30.3</td> </tr> </table>	Equity, MSEK	9,796	Total assets, MSEK	32,309	Equity/assets ratio, %	30.3						
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<p>Capital employed for the Group Total assets at the end of the period less non-interest-bearing operating liabilities and provisions.</p>	<table> <tr> <td></td> <td style="text-align: right;">MSEK</td> </tr> <tr> <td>Total assets</td> <td style="text-align: right;">32,309</td> </tr> <tr> <td>- Deferred tax liabilities</td> <td style="text-align: right;">-273</td> </tr> <tr> <td>- Other long-term liabilities</td> <td style="text-align: right;">-733</td> </tr> <tr> <td>- Other current liabilities</td> <td style="text-align: right;">-16,826</td> </tr> <tr> <td>Capital employed</td> <td style="text-align: right; border-top: 1px solid black;">14,477</td> </tr> </table>		MSEK	Total assets	32,309	- Deferred tax liabilities	-273	- Other long-term liabilities	-733	- Other current liabilities	-16,826	Capital employed	14,477
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<p>Capital employed for the business areas Total assets in the business areas at the end of the period reduced by deferred tax recoverables and internal receivables from the internal bank Peab Finans with deductions for non-interest-bearing liabilities, provisions and deferred tax liabilities.</p>													