

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-June 2018 | | | | | | | | | | |
|--|---|---|--------|---|-------|---|--------|---|-------------|--------------------------|-------|
| <p>Available liquidity Liquid funds and short-term investments along with unutilized credit facilities. Shows the Group's available liquidity.</p> | <p style="text-align: right;">MSEK</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">Liquid funds</td> <td style="text-align: right;">535</td> </tr> <tr> <td>Unutilized credit facilities</td> <td style="text-align: right;">2,718</td> </tr> <tr> <td>Available liquidity</td> <td style="text-align: right; border-top: 1px solid black;">3,253</td> </tr> </table> | Liquid funds | 535 | Unutilized credit facilities | 2,718 | Available liquidity | 3,253 | | | | |
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| Unutilized credit facilities | 2,718 | | | | | | | | | | |
| Available liquidity | 3,253 | | | | | | | | | | |
| <p>Equity per share Equity attributable to shareholders in parent company divided by the number of outstanding shares at the end of the period.</p> | <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">Equity, MSEK</td> <td style="text-align: right;">10,153</td> </tr> <tr> <td>Less equity attributable to non-controlling interests, MSEK</td> <td style="text-align: right;">-1</td> </tr> <tr> <td>Equity attributable to shareholders in parent company, MSEK</td> <td style="text-align: right; border-top: 1px solid black;">10,152</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;">34.42</td> </tr> </table> | Equity, MSEK | 10,153 | Less equity attributable to non-controlling interests, MSEK | -1 | Equity attributable to shareholders in parent company, MSEK | 10,152 | Number of outstanding shares at the end of the period | 294,962,746 | Equity per share, SEK | 34.42 |
| Equity, MSEK | 10,153 | | | | | | | | | | |
| Less equity attributable to non-controlling interests, MSEK | -1 | | | | | | | | | | |
| Equity attributable to shareholders in parent company, MSEK | 10,152 | | | | | | | | | | |
| Number of outstanding shares at the end of the period | 294,962,746 | | | | | | | | | | |
| Equity per share, SEK | 34.42 | | | | | | | | | | |
| <p>Cash flow per share Cash flow per share calculated as the total of the cash flow from current operations and the cash flow from investment operations divided by the average number of outstanding shares during the period.</p> | <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">Cash flow from current operations, MSEK</td> <td style="text-align: right;">-437</td> </tr> <tr> <td>Cash flow from investment operations, MSEK</td> <td style="text-align: right;">-657</td> </tr> <tr> <td>Total cash flow before financing, MSEK</td> <td style="text-align: right; border-top: 1px solid black;">-1,094</td> </tr> <tr> <td>Average number of outstanding shares</td> <td style="text-align: right;">294,962,746</td> </tr> <tr> <td>Cash flow per share, SEK</td> <td style="text-align: right;">-3.71</td> </tr> </table> | Cash flow from current operations, MSEK | -437 | Cash flow from investment operations, MSEK | -657 | Total cash flow before financing, MSEK | -1,094 | Average number of outstanding shares | 294,962,746 | Cash flow per share, SEK | -3.71 |
| Cash flow from current operations, MSEK | -437 | | | | | | | | | | |
| Cash flow from investment operations, MSEK | -657 | | | | | | | | | | |
| Total cash flow before financing, MSEK | -1,094 | | | | | | | | | | |
| Average number of outstanding shares | 294,962,746 | | | | | | | | | | |
| Cash flow per share, SEK | -3.71 | | | | | | | | | | |
| <p>Net investments Change in the period of the reported value of current assets (CB-OB) plus depreciation and write-downs.</p> | | | | | | | | | | | |

Definition and motivation of use
Calculation at quarterly report January-June 2018

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|--|--|-----------------------------|-------|--|-------|---|------------|--|-------------|--|-------------|----------------|-------|-----------------|--------------|----------------------------|---------------|--|------|
| <p>Net debt Interest-bearing liabilities less liquid funds and interest-bearing assets.</p> | <table style="width: 100%; border-collapse: collapse;"> <tr> <td></td> <td style="text-align: right;">MSEK</td> </tr> <tr> <td>Interest-bearing long term liabilities</td> <td style="text-align: right;">3,627</td> </tr> <tr> <td>Interest-bearing current liabilities</td> <td style="text-align: right;">2,542</td> </tr> <tr> <td>- Interest-bearing long-term receivables</td> <td style="text-align: right;">-1,398</td> </tr> <tr> <td>- Interest-bearing current receivables</td> <td style="text-align: right;">-644</td> </tr> <tr> <td>- Liquid funds</td> <td style="text-align: right;">-535</td> </tr> <tr> <td>Net debt</td> <td style="text-align: right; border-top: 1px solid black;">3,592</td> </tr> </table> | | MSEK | Interest-bearing long term liabilities | 3,627 | Interest-bearing current liabilities | 2,542 | - Interest-bearing long-term receivables | -1,398 | - Interest-bearing current receivables | -644 | - Liquid funds | -535 | Net debt | 3,592 | | | | |
| | MSEK | | | | | | | | | | | | | | | | | | |
| Interest-bearing long term liabilities | 3,627 | | | | | | | | | | | | | | | | | | |
| Interest-bearing current liabilities | 2,542 | | | | | | | | | | | | | | | | | | |
| - Interest-bearing long-term receivables | -1,398 | | | | | | | | | | | | | | | | | | |
| - Interest-bearing current receivables | -644 | | | | | | | | | | | | | | | | | | |
| - Liquid funds | -535 | | | | | | | | | | | | | | | | | | |
| Net debt | 3,592 | | | | | | | | | | | | | | | | | | |
| <p>Orders received The sum of orders received during the period. Measures how new orders replace produced work.</p> | | | | | | | | | | | | | | | | | | | |
| <p>Order backlog The value at the end of the period of the remaining income in ongoing production plus orders received yet to be produced.</p> | | | | | | | | | | | | | | | | | | | |
| <p>Earnings per share Profit for the period attributable to shareholders in parent company divided by the average number of outstanding shares during the period.</p> | <table style="width: 100%; border-collapse: collapse;"> <tr> <td>Profit for the period, MSEK</td> <td style="text-align: right;">790</td> </tr> <tr> <td>Less profit for the period attributable to non-controlling interests, MSEK</td> <td style="text-align: right;">0</td> </tr> <tr> <td>Profit for the period attributable to shareholders in parent company, MSEK</td> <td style="text-align: right; border-top: 1px solid black;">790</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;">2.68</td> </tr> </table> | Profit for the period, MSEK | 790 | Less profit for the period attributable to non-controlling interests, MSEK | 0 | Profit for the period attributable to shareholders in parent company, MSEK | 790 | Average number of outstanding shares | 294,962,746 | Earnings per share, SEK | 2.68 | | | | | | | | |
| Profit for the period, MSEK | 790 | | | | | | | | | | | | | | | | | | |
| Less profit for the period attributable to non-controlling interests, MSEK | 0 | | | | | | | | | | | | | | | | | | |
| Profit for the period attributable to shareholders in parent company, MSEK | 790 | | | | | | | | | | | | | | | | | | |
| Average number of outstanding shares | 294,962,746 | | | | | | | | | | | | | | | | | | |
| Earnings per share, SEK | 2.68 | | | | | | | | | | | | | | | | | | |
| <p>Return on equity Profit for the rolling 12 months period attributable to shareholders in the parent company divided by the average (last four quarters) equity attributable to shareholders in the parent company. The measurement is used to make business efficient and form a rational capital structure.</p> | <table style="width: 100%; border-collapse: collapse;"> <tr> <td>Profit for the period, MSEK</td> <td style="text-align: right;">2,055</td> </tr> <tr> <td>Average equity, MSEK</td> <td></td> </tr> <tr> <td>Q2 2018</td> <td style="text-align: right;">10,152</td> </tr> <tr> <td>Q1 2018</td> <td style="text-align: right;">10,687</td> </tr> <tr> <td>Q4 2017</td> <td style="text-align: right;">10,331</td> </tr> <tr> <td>Q3 2017</td> <td style="text-align: right;">9,755</td> </tr> <tr> <td></td> <td style="text-align: right;">40,925 / 4</td> </tr> <tr> <td>Return on equity, %</td> <td style="text-align: right; border-top: 1px solid black;">10,231</td> </tr> <tr> <td></td> <td style="text-align: right;">20.1</td> </tr> </table> | Profit for the period, MSEK | 2,055 | Average equity, MSEK | | Q2 2018 | 10,152 | Q1 2018 | 10,687 | Q4 2017 | 10,331 | Q3 2017 | 9,755 | | 40,925 / 4 | Return on equity, % | 10,231 | | 20.1 |
| Profit for the period, MSEK | 2,055 | | | | | | | | | | | | | | | | | | |
| Average equity, MSEK | | | | | | | | | | | | | | | | | | | |
| Q2 2018 | 10,152 | | | | | | | | | | | | | | | | | | |
| Q1 2018 | 10,687 | | | | | | | | | | | | | | | | | | |
| Q4 2017 | 10,331 | | | | | | | | | | | | | | | | | | |
| Q3 2017 | 9,755 | | | | | | | | | | | | | | | | | | |
| | 40,925 / 4 | | | | | | | | | | | | | | | | | | |
| Return on equity, % | 10,231 | | | | | | | | | | | | | | | | | | |
| | 20.1 | | | | | | | | | | | | | | | | | | |

Definition and motivation of use**Calculation at quarterly report January-June 2018**

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| Return on capital employed Pre-tax profit for the rolling 12 months 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. | Pre-tax profit, MSEK 2,459 Financial expenses, MSEK 156 Total profit, MSEK 2,615 Average capital employed, MSEK Q2 2018 16,322 Q1 2018 14,631 Q4 2017 14,074 Q3 2017 14,438 59,465 / 4 14,866 Return on capital employed, % 17.6 |
| Interest coverage ratio Pre-tax profit items plus interest expenses in relation to interest expenses. Measured to see how well interest expenses can be covered. | Pre-tax profit, MSEK 929 Interest expenses, MSEK 58 Total, MSEK 987 Interest coverage ratio, multiple 17.0 |
| Operating margin Operating profit as a percentage of net sales. | Operating profit, MSEK 967 Net sales, MSEK 24,943 Operating margin, % 3.9 |
| Net debt/equity ratio Interest-bearing net debt in relation to equity. Shows financial position. | Net debt, MSEK 3,592 Equity, MSEK 10,153 Net debt/equity ratio, multiple 0.4 |
| Equity/assets ratio Equity as a percentage of total assets at the end of the period. Shows financial position. | Equity, MSEK 10,153 Total assets, MSEK 34,802 Equity/assets ratio, % 29.2 |

Definition and motivation of use**Calculation at quarterly report January-June 2018**

| | |
|---|---|
| Capital employed for the Group Total assets at the end of the period less non-interest-bearing operating liabilities and provisions. The measurement is used to measure capital utilization and its effectiveness. | MSEK Total assets 34,802 - Deferred tax liabilities -110 - Other long-term liabilities -830 - Other current liabilities -17,540 <hr/> Capital employed 16,322 |
| 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. | |