

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 2019										
<p>Available liquidity Liquid funds and short-term investments along with unutilized credit facilities. Shows the Group's available liquidity.</p>	<p style="text-align: right;">MSEK</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">Liquid funds</td> <td style="text-align: right;">1,128</td> </tr> <tr> <td>Unutilized credit facilities</td> <td style="text-align: right;">2,950</td> </tr> <tr> <td>Available liquidity</td> <td style="text-align: right; border-top: 1px solid black;">4,078</td> </tr> </table>	Liquid funds	1,128	Unutilized credit facilities	2,950	Available liquidity	4,078				
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<p>Equity per share Equity attributable to shareholders in parent company divided by the number of outstanding shares at the end of the period.</p>	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">Equity, MSEK</td> <td style="text-align: right;">11,144</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;">11,142</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;">37.77</td> </tr> </table>	Equity, MSEK	11,144	Less equity attributable to non-controlling interests, MSEK	-2	Equity attributable to shareholders in parent company, MSEK	11,142	Number of outstanding shares at the end of the period	294,962,746	Equity per share, SEK	37.77
Equity, MSEK	11,144										
Less equity attributable to non-controlling interests, MSEK	-2										
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<p>Cash flow per share Cash flow per share calculated as the total of the cash flow from current operations and the cash flow from investment operations divided by the average number of outstanding shares during the period.</p>	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">Cash flow from current operations, MSEK</td> <td style="text-align: right;">-334</td> </tr> <tr> <td>Cash flow from investment operations, MSEK</td> <td style="text-align: right;">-428</td> </tr> <tr> <td>Total cash flow before financing, MSEK</td> <td style="text-align: right; border-top: 1px solid black;">-762</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;">-2.58</td> </tr> </table>	Cash flow from current operations, MSEK	-334	Cash flow from investment operations, MSEK	-428	Total cash flow before financing, MSEK	-762	Average number of outstanding shares	294,962,746	Cash flow per share, SEK	-2.58
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<p>Net investments Change in the period of the reported value of current assets (CB-OB) plus depreciation and write-downs.</p>											

Definition and motivation of use
Calculation at quarterly report January-June 2019

Net debt Interest-bearing liabilities including provisions for pensions less liquid funds and interest-bearing assets.	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;"></td> <td style="text-align: right; vertical-align: bottom;">MSEK</td> </tr> <tr> <td>Interest-bearing long-term liabilities</td> <td style="text-align: right;">6,851</td> </tr> <tr> <td>Interest-bearing current liabilities</td> <td style="text-align: right;">3,072</td> </tr> <tr> <td>- Interest-bearing long-term receivables</td> <td style="text-align: right;">-1,067</td> </tr> <tr> <td>- Interest-bearing current receivables</td> <td style="text-align: right;">-487</td> </tr> <tr> <td>- Liquid funds</td> <td style="text-align: right;">-1,128</td> </tr> <tr> <td>Net debt</td> <td style="text-align: right; border-top: 1px solid black;">7,241</td> </tr> <tr> <td>- Additional IFRS 16 Leasing</td> <td style="text-align: right;">-827</td> </tr> <tr> <td>Net debt, excluding additional IFRS 16 liabilities</td> <td style="text-align: right; border-top: 1px solid black;">6,414</td> </tr> </table>		MSEK	Interest-bearing long-term liabilities	6,851	Interest-bearing current liabilities	3,072	- Interest-bearing long-term receivables	-1,067	- Interest-bearing current receivables	-487	- Liquid funds	-1,128	Net debt	7,241	- Additional IFRS 16 Leasing	-827	Net debt, excluding additional IFRS 16 liabilities	6,414
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Orders received The sum of orders received during the period. Measures how new orders replace produced work.																			
Order backlog The value at the end of the period of the remaining income in ongoing production plus orders received yet to be produced.																			
Earnings per share Profit for the period attributable to shareholders in parent company divided by the average number of outstanding shares during the period.	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">Profit for the period, MSEK</td> <td style="text-align: right;">912</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;">912</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;">3.09</td> </tr> </table>	Profit for the period, MSEK	912	Less profit for the period attributable to non-controlling interests, MSEK	0	Profit for the period attributable to shareholders in parent company, MSEK	912	Average number of outstanding shares	294,962,746	Earnings per share, SEK	3.09								
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Return on equity Profit of the rolling 12 month period attributable to shareholders in the parent company divided by the average (last four quarters) equity attributable to shareholders in the parent company. The measurement is used to create efficient business and a rational capital structure and show how the Group has increased shareholders equity.	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">Profit for the period, MSEK</td> <td style="text-align: right;">2,222</td> </tr> <tr> <td>Average equity, MSEK</td> <td></td> </tr> <tr> <td>Q2 2019</td> <td style="text-align: right;">11,142</td> </tr> <tr> <td>Q1 2019</td> <td style="text-align: right;">11,663</td> </tr> <tr> <td>Q4 2018</td> <td style="text-align: right;">11,347</td> </tr> <tr> <td>Q3 2018</td> <td style="text-align: right;">10,733</td> </tr> <tr> <td></td> <td style="text-align: right;">44,885 / 4</td> </tr> <tr> <td>Return on equity, %</td> <td style="text-align: right; border-top: 1px solid black;">19.8</td> </tr> </table>	Profit for the period, MSEK	2,222	Average equity, MSEK		Q2 2019	11,142	Q1 2019	11,663	Q4 2018	11,347	Q3 2018	10,733		44,885 / 4	Return on equity, %	19.8		
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Definition and motivation of use
Calculation at quarterly report January-June 2019

<p>Return on capital employed</p> <p>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 and show the Group's earning capacity independent of financing.</p>	<table> <tr> <td>Pre-tax profit, MSEK</td> <td style="text-align: right;">2,669</td> </tr> <tr> <td>Financial expenses, MSEK</td> <td style="text-align: right;">162</td> </tr> <tr> <td>Total profit, MSEK</td> <td style="text-align: right; border-top: 1px solid black;">2,831</td> </tr> <tr> <td>Average capital employed, MSEK</td> <td></td> </tr> <tr> <td>Q2 2019</td> <td style="text-align: right;">21,067</td> </tr> <tr> <td>Q1 2019</td> <td style="text-align: right;">18,877</td> </tr> <tr> <td>Q4 2018</td> <td style="text-align: right;">18,360</td> </tr> <tr> <td>Q3 2018</td> <td style="text-align: right;">17,730</td> </tr> <tr> <td></td> <td style="text-align: right; border-top: 1px solid black;">76,034 / 4</td> </tr> <tr> <td>Return on capital employed, %</td> <td style="text-align: right;">14.9</td> </tr> </table>	Pre-tax profit, MSEK	2,669	Financial expenses, MSEK	162	Total profit, MSEK	2,831	Average capital employed, MSEK		Q2 2019	21,067	Q1 2019	18,877	Q4 2018	18,360	Q3 2018	17,730		76,034 / 4	Return on capital employed, %	14.9
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<p>Interest coverage ratio</p> <p>Pre-tax profit items plus interest expenses in relation to interest expenses. Measured to see how well interest expenses can be covered.</p>	<table> <tr> <td>Pre-tax profit, MSEK</td> <td style="text-align: right;">1,080</td> </tr> <tr> <td>Interest expenses, MSEK</td> <td style="text-align: right;">79</td> </tr> <tr> <td>Total, MSEK</td> <td style="text-align: right; border-top: 1px solid black;">1,159</td> </tr> <tr> <td>Interest coverage ratio, multiple</td> <td style="text-align: right;">14.7</td> </tr> </table>	Pre-tax profit, MSEK	1,080	Interest expenses, MSEK	79	Total, MSEK	1,159	Interest coverage ratio, multiple	14.7												
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<p>Operating margin</p> <p>Operating profit as a percentage of net sales.</p>	<table> <tr> <td>Operating profit, MSEK</td> <td style="text-align: right;">1,086</td> </tr> <tr> <td>Net sales, MSEK</td> <td style="text-align: right;">25,695</td> </tr> <tr> <td>Operating margin, %</td> <td style="text-align: right;">4.2</td> </tr> </table>	Operating profit, MSEK	1,086	Net sales, MSEK	25,695	Operating margin, %	4.2														
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<p>Equity/assets ratio</p> <p>Equity as a percentage of total assets at the end of the period. Shows financial position.</p>	<table> <tr> <td>Equity, MSEK</td> <td style="text-align: right;">11,144</td> </tr> <tr> <td>Total assets, MSEK</td> <td style="text-align: right;">40,436</td> </tr> <tr> <td>Equity/assets ratio, %</td> <td style="text-align: right;">27.6</td> </tr> <tr> <td>Equity, excluding additional IFRS 16 Leasing, MSEK</td> <td style="text-align: right;">11,146</td> </tr> <tr> <td>Total assets, excluding additional IFRS 16 Leasing, MSEK</td> <td style="text-align: right;">39,612</td> </tr> <tr> <td>Equity/assets ratio, excluding additional IFRS 16 Leasing, %</td> <td style="text-align: right;">28.1</td> </tr> </table>	Equity, MSEK	11,144	Total assets, MSEK	40,436	Equity/assets ratio, %	27.6	Equity, excluding additional IFRS 16 Leasing, MSEK	11,146	Total assets, excluding additional IFRS 16 Leasing, MSEK	39,612	Equity/assets ratio, excluding additional IFRS 16 Leasing, %	28.1								
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Definition and motivation of use**Calculation at quarterly report January-June 2019****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	40,436
- Deferred tax liabilities	-147
- Other long-term liabilities	-992
- Other current liabilities	-18,230
Capital employed	21,067
- Additional IFRS 16 Leases	-825
Capital employed, excluding IFRS 16 Leases	20,242

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.