

Capital Markets Day

February 13, 2024

Welcome!



First group in the trainee program The Construction Year

Peab's executive management



Jesper Göransson
President and CEO



Niclas Winkvist
CFO



Johan Dagertun
CSO



Camila Buzaglo
CCO



Roger Linnér
COO and in charge
of part of BA
Industry



Stefan Danielsson
Business Area Manager
Construction



Lotta Brändström
Business Area Manager
Civil Engineering, Peab
Asfalt and Swerock



Göran Linder
Business Area Manager
Project Development

Agenda

13:00 – 13:05	Welcome
13:05 – 13:45	Current situation and strategic focus
13:45 – 14:10	<i>BA Industry:</i> Foundation of the value chain and sustainability work
14:10 – 14:25	<i>Construction contract operations:</i> Flexible organization and early customer dialogues
14:25 – 14:45	Pause
14:45 – 14:55	Sustainability as a competitive edge
14:55 – 15:15	<i>BA Project Development:</i> Building for the future
15:15 – 15:40	Q&A
15:40 – 15:45	Conclusion



Current situation and strategic focus

Jesper Göransson, President and CEO
Niclas Winkvist, CFO

External circumstance and market

Demography

Geopolitics

**Macro-
economy**

Market

Digitalization

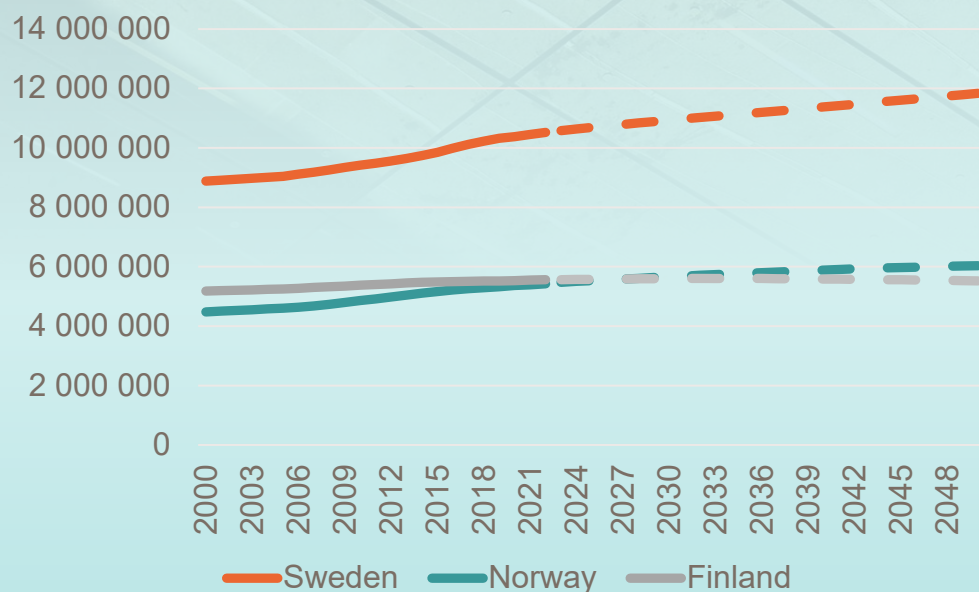
Sustainability

**Climate
change**

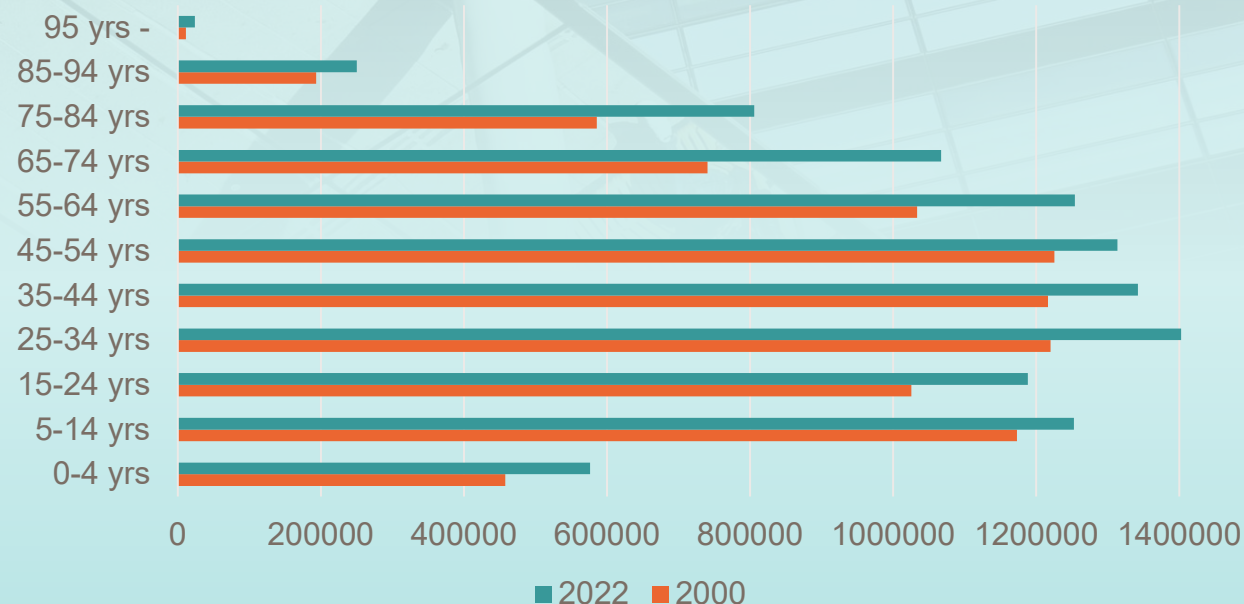
DEMOGRAPHY

Population growth drives continued demand

Population growth 2000 - 2050



Age structure, Sweden



Population 2000
8,882,792

Population 2022
10,523,578

Sources: SCB, SSB, Stat.fi

Geopolitics set the tone for our market

Kärnkraften splittrar länderna på toppmötet: "Ett uppvaknande"

Tappar väst intresset för Putins krig mot Ukraina?

Därför är Israel viktigare för USA – än Ukraina

Biden lovar Zelenskyj fortsatt stöd efter mötet i Vita huset

Tuffa förhandlingar väntar om nytt stöd till Ukraina

EU:s energikris: Fria från Putin – ändå sårbara

Ökat intresse för geopolitik hos svenska företag

Kriget mellan Israel och Hamas

Generalstrejker utlysta till stöd för Gaza

Arvid Åhlund: Nu låter Trump precis som historiens värsta demagoger

Därför kan Israel strunta i FN

Ny gasledning färdigbyggd – ska minska beroendet av Ryssland

"Till skillnad från Trump vill få européer frikoppla sig från Kina"

Europas oro för en ny Trump i Vita huset

"Kreml har siktet inställt på USA och Tyskland" – Ryssland vill splittra väst och ha en värld med några stormakter

MACROECONOMY

Growth up in 2024, inflationen and interest rates down



%	2023	2024	2025
GNP	-0.7	+0.6	+2,5
CPI, annual average	+8.7	+3.4	+1,6
Policy rate in December	3.8	3.4	2,6



GNP	+1.4	+1.1	+1,8
CPI, annual average	+5.8	+3.3	+3,0
Policy rate in December	4.3	3.8	3,3



GNP	-0.2	+0.5	+1,7
CPI, annual average	+6.0	+2.3	+1,7
Policy rate in December	3.4	3.4	2,9



GNP	+1.4	+1.6	+2,4
CPI, annual average	+3.9	+1.7	+1,8
Policy rate in December	3.4	3.4	+2,9

Source: Navet Analytics

MARKET

Peab's housing project start-ups from top year 2021

Building type	2021	2022	2023
Tenant-owner (advance sales)	3,020	1,810	121*
%	100%	-40%	-96%
Rental apartments (own balance sheet)	676	526	606
%	100%	-22%	-10%
Housing, external	3,519	2,387	1,524
%	100%	-32%	-57%
Total	7,215	4,723	2,251
%	100%	-35%	-69%

*Of which 85 are conversions from rentals

MARKET

Lower investment level on the Nordic market

Total building construction and civil engineering investments, new construction and renovations

Sweden

2023



2024



2025



Norway

2023



2024



2025



Finland

2023



2024



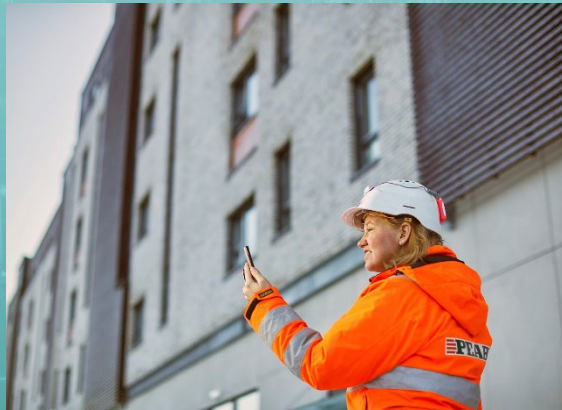
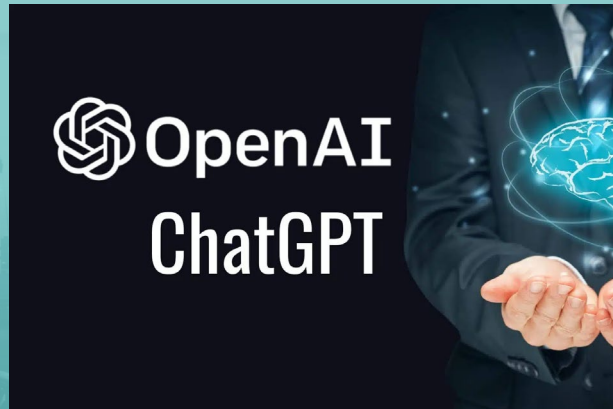
2025



Source: Navet Analytics

DIGITALIZATION

Societal transition with opportunities and risks



SUSTAINABILITY

Extensive sustainability demands generate potential business



Vasakronan



CLIMATE CHANGE

Climate challenges are providing us with projects



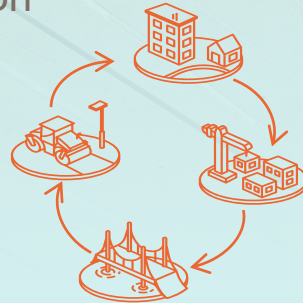
Peab's strategic strengths

1 Four competitive business areas

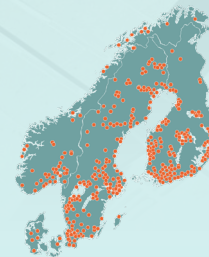


2 Business areas in collaboration

- Acquire
- Develop
- Groundwork
- Build
- Divest
- Maintain



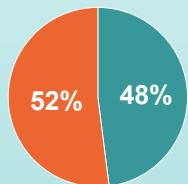
3 Strategic assets and local presence



4 Sustainable offers



5 Good customer mix



- Public sector customers
- Private customers

6 14,000 highly skilled employees



7 Unique company culture

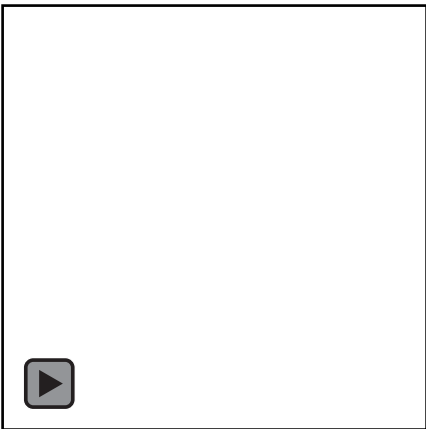


8 Long-term owner

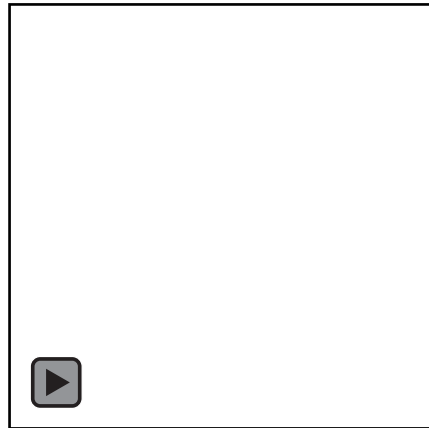


1) Four competitive business areas

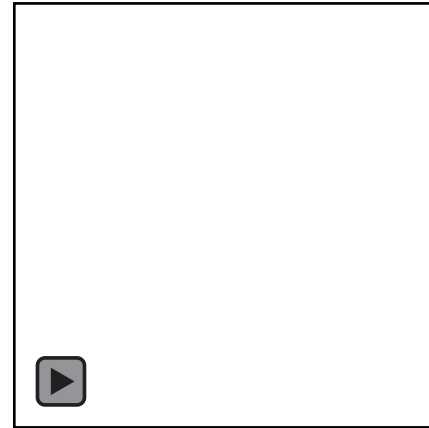
Project Development



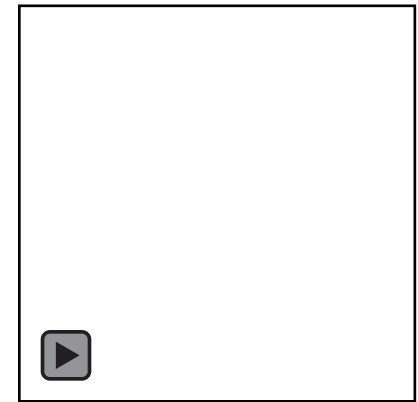
Industry



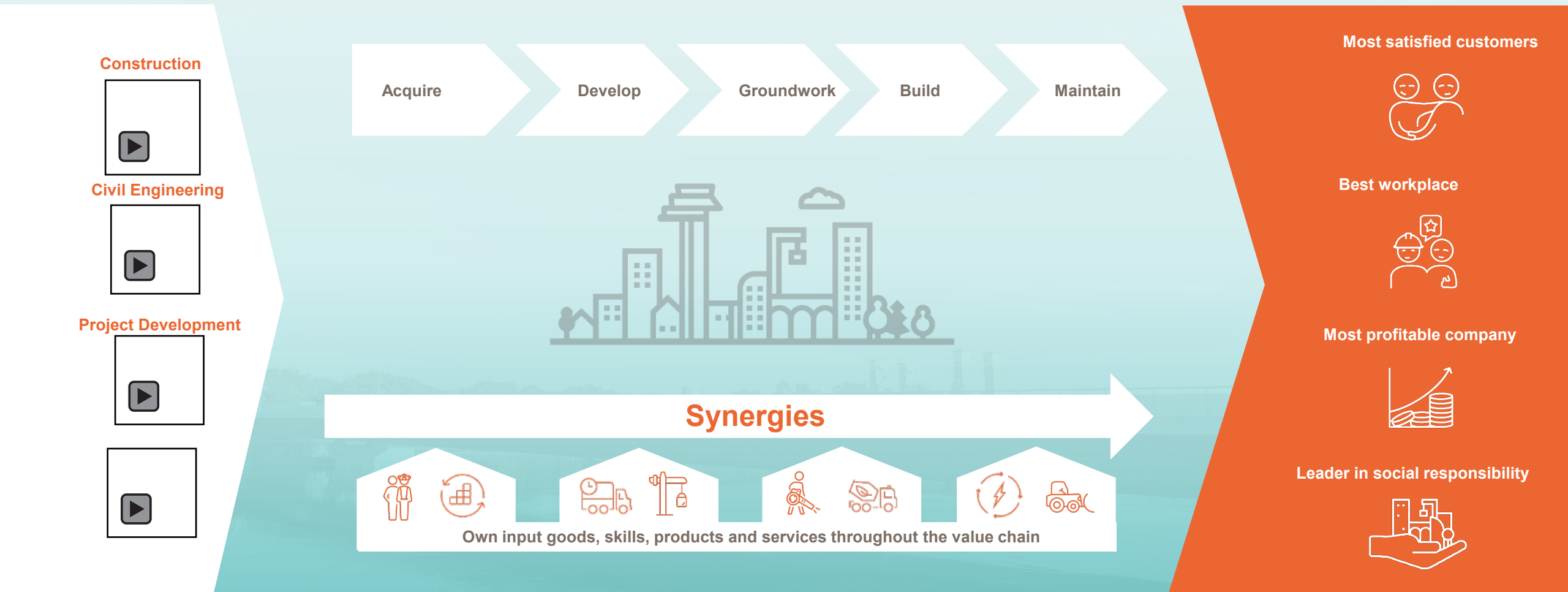
Civil Engineering



Construction

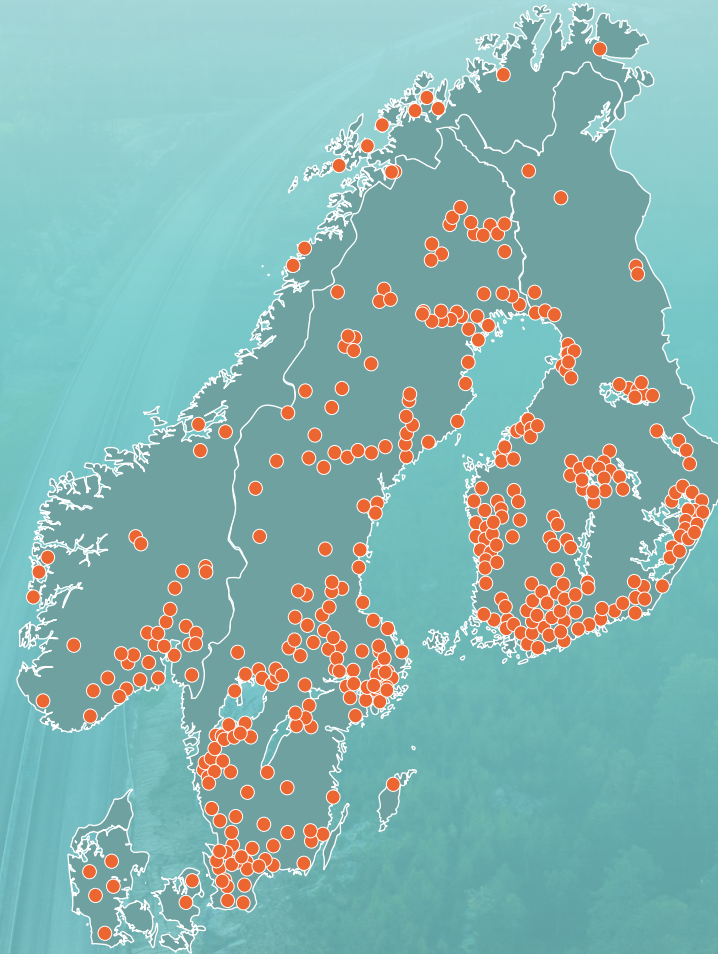


2) We increase value creation through collaboration



3) Strategic assets and local presence

- In the Nordic region
- 150+ permanent workplaces
- 53 concrete factories
- 78 asphalt plants
- 279 active quarries
- 4 prefab factories
- 44 rental depots
- 34,000 housing development rights



4) Sustainable offers

eco
prefab

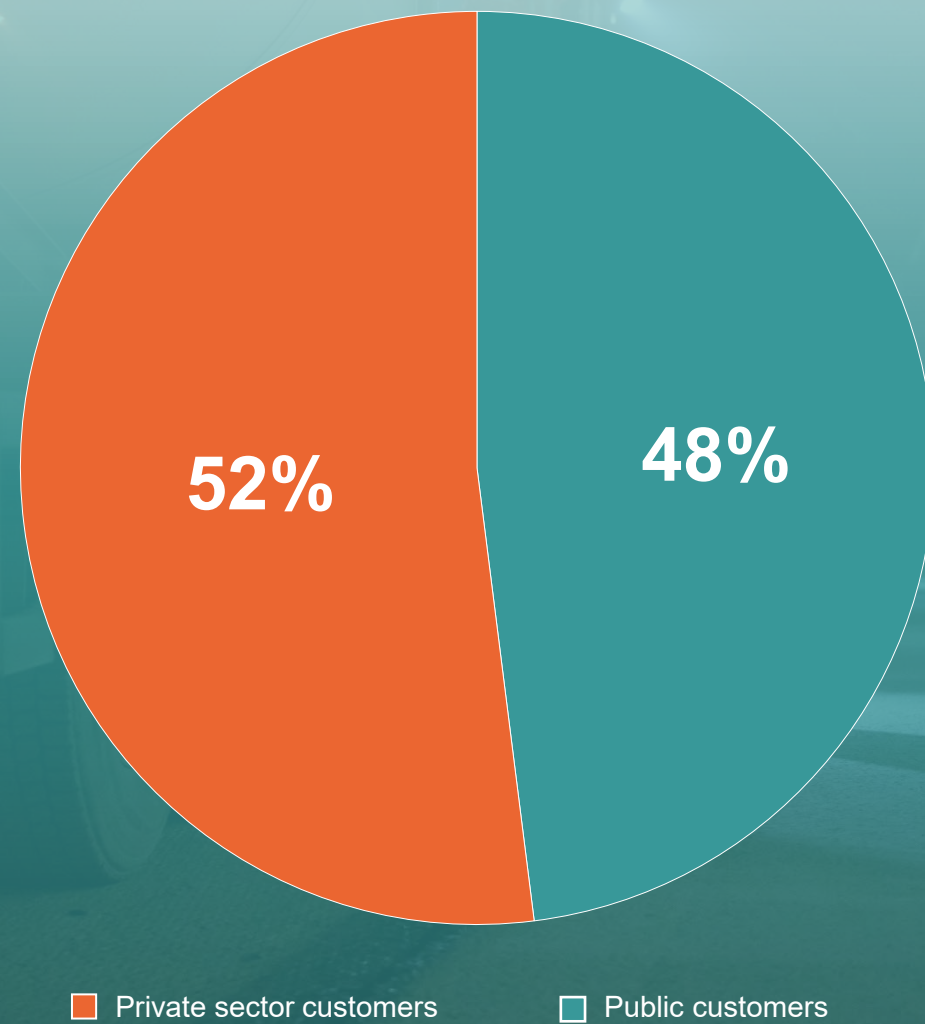
eco
stomme

eco
betong®

eco
ballast®

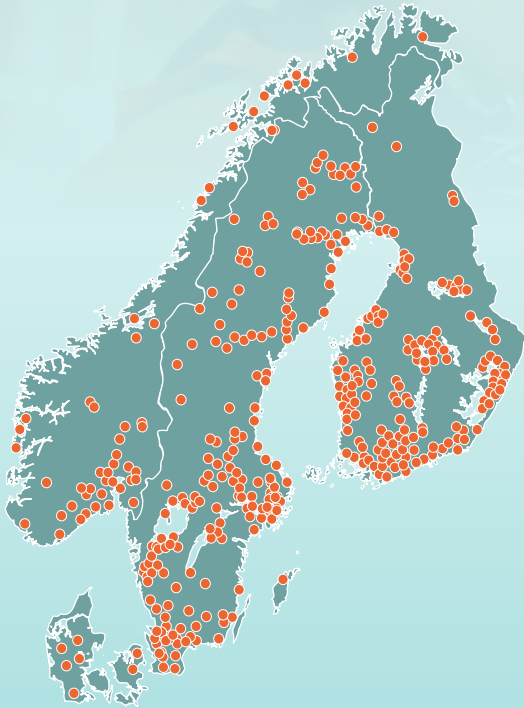
eco®
asfalt

5) Good customer mix



6) 14,000 highly skilled employees

Nordic perspective



Local knowledge



Special expertise, for example...



7) Unique culture



Peab's core values make us special

8) Long-term owner



Long-term and stable major owner gives us room to achieve our targets

Positive results over time



Our focus in the current market

Take advantage of our
unique market position

Take advantage of our
sustainable offer

Strengthen our
operational efficiency

Our targets remain the same





Financial targets

GROUP

Segment reporting

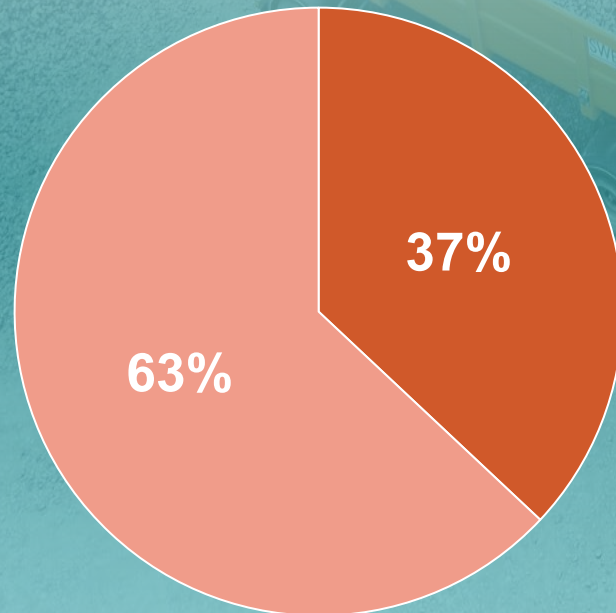
MSEK	2023	2022
Net sales	58,821	63,135
Operating profit	1,853	2,741
Operating margin, %	3.2	4.3
Net debt	8,676	6,899
Net debt/equity ratio	0.6	0.5

PREREQUISITES

The capital intensive business areas represent just under 40 percent of net sales

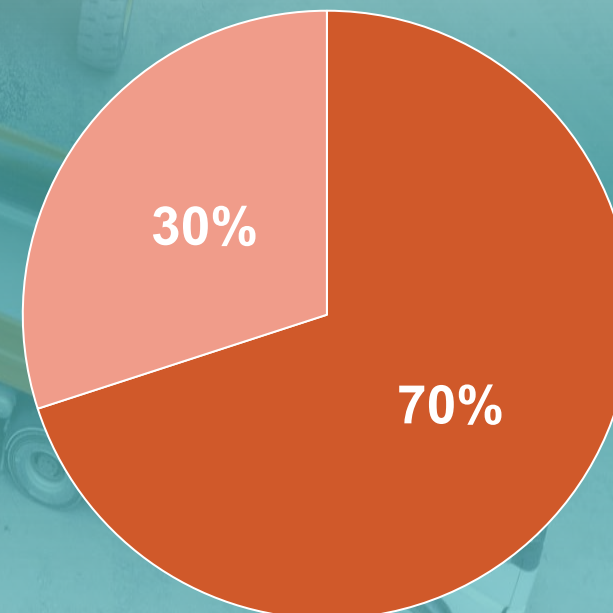
Operating
margin
> 6 %

Net sales 2023



Construction + Civil Engineering

Operating profit 2023

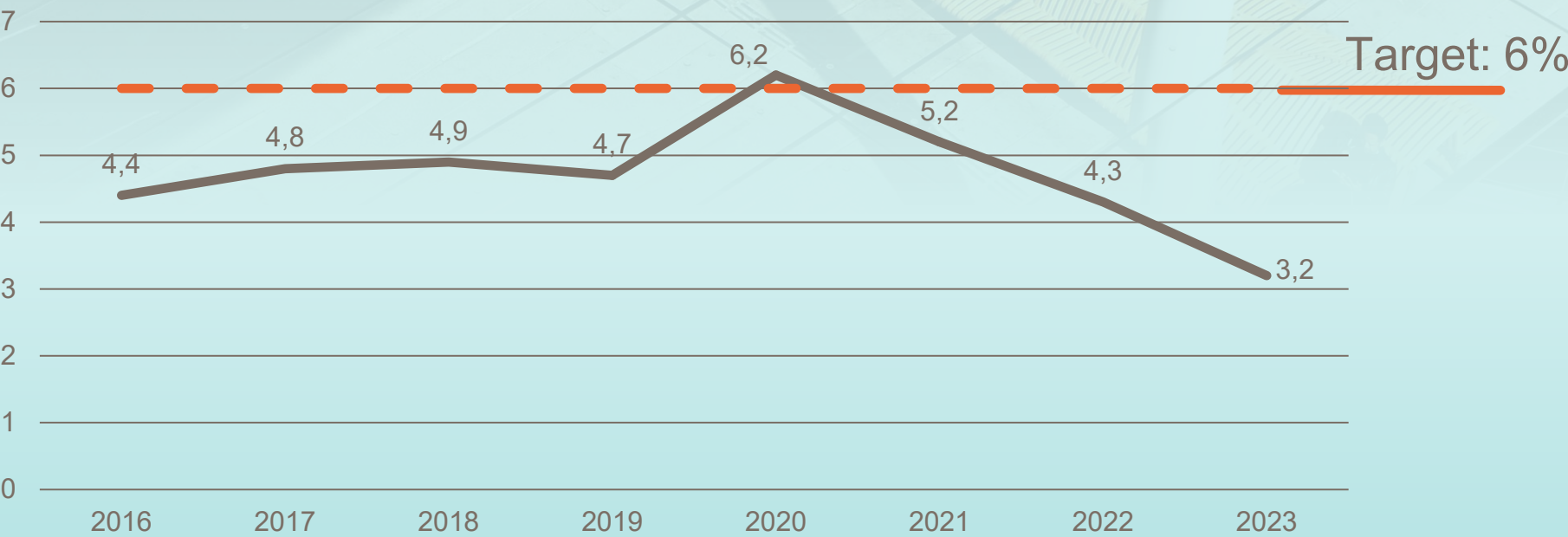


Industry + Project Development

MOST PROFITABLE COMPANY

Operating margin over 6 percent

Operating margin, Group



Refers to segment reporting.

Years 2016-2018 not translated according to changes in accounting principles for our own housing developments.

PREREQUISITES

Benchmarks for different types of business

Operating
margin
> 6 %

Construction &
Civil Engineering

3.5%

Industry

7%

(varies per
company)

Housing
Development

10%

Property
Development

**Annual
exit profit**

(accounting for
tied up capital)

Prerequisites for achieving the operating margin target

**Favorable
market for the
entire
business**

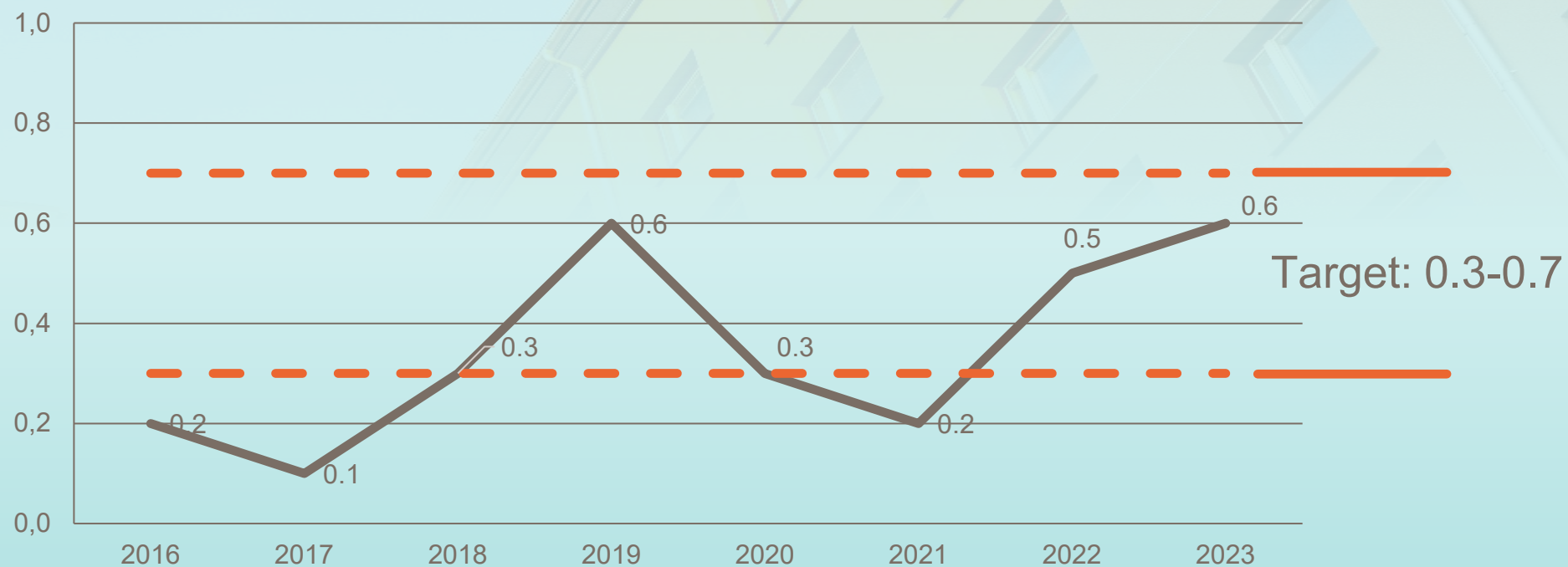
**Achieve
benchmarks**

**Capital intensive
operations at least
40%
of net sales**

MOST PROFITABLE COMPANY

Net debt/equity ratio within the interval 0.3–0.7

Net debt/equity ratio, Group



Years 2016-2018 not translated according to changes in accounting principles for our own housing developments.

GROUP

Net debt structure

MSEK	Dec 31, 2023	Dec 31, 2022
Bank loans (incl. financial leasing debt)	6,217	4,837
Market loans	3,655	2,976
Project financing, unsold part of ongoing housing projects	2,685	2,209
Interest-bearing receivables	-2,638	-1,617
Cash	-1,243	-1,506
Net debt, segment reporting	8,676	6,899

Net debt

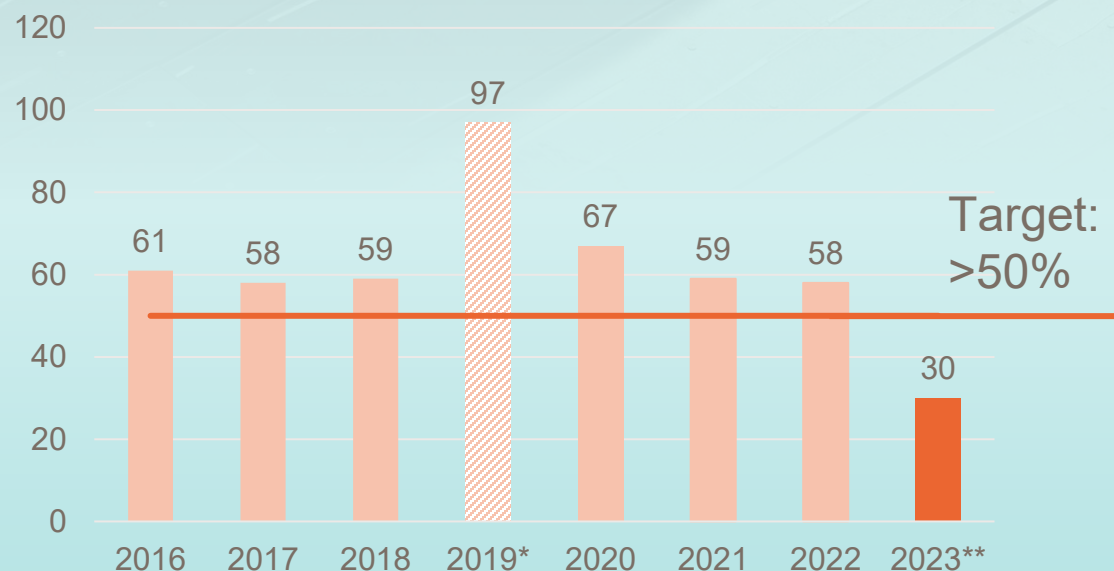
8.7

BSEK (6.9)

MOST PROFITABLE COMPANY

Dividend more than 50 percent of profit for the year

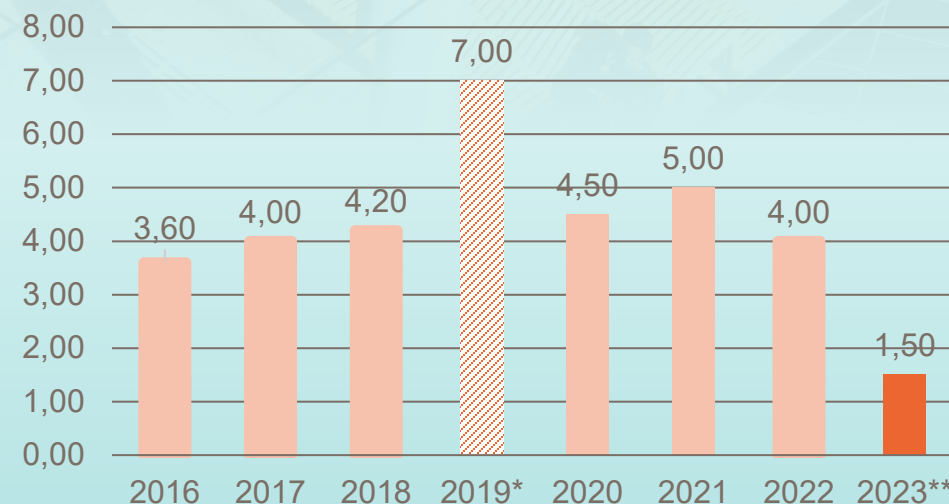
Dividend, % of profit for the year



*For 2019, no cash dividend has been paid. The value of the distribution of Annehem Fastigheter at the time of the distribution in December 2020 amounted to 97 percent of the profit for the year 2019

** För 2023, Board of Directors' proposal to the AGM

Dividend, SEK



Refers to segment reporting.



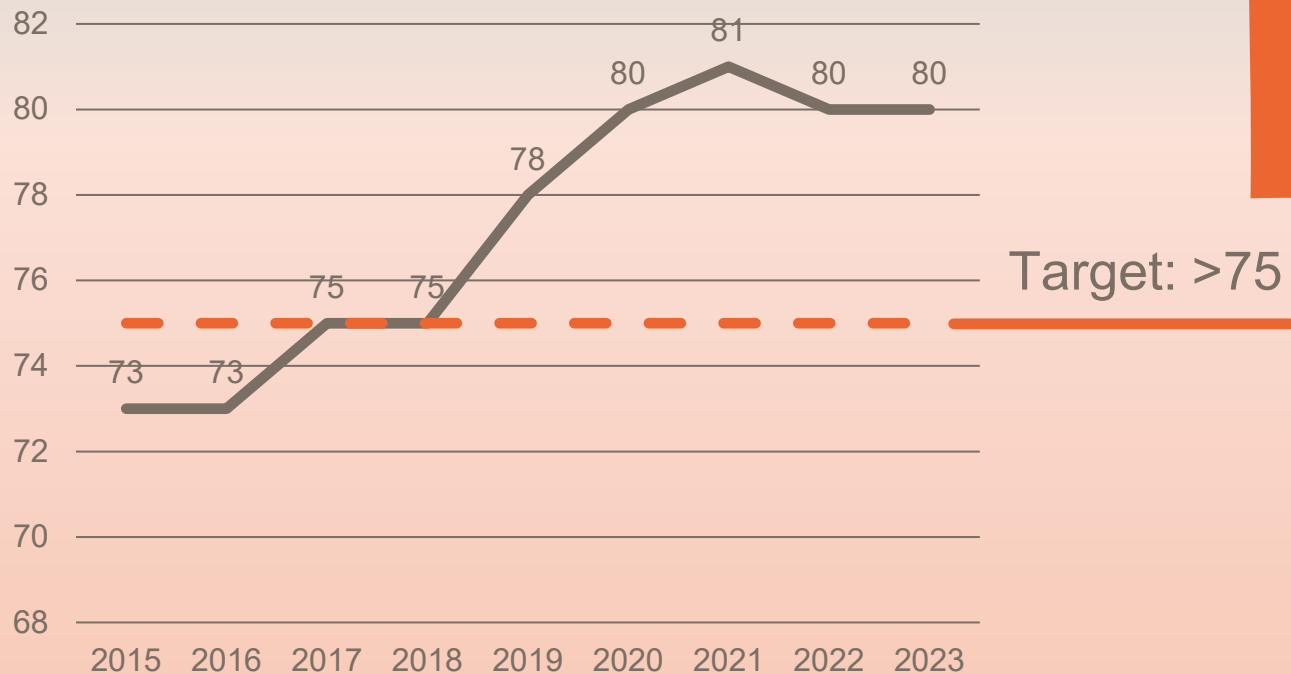
Non-financial targets

MOST SATISFIED CUSTOMERS

Focus on quality in our delivery



Customer Satisfaction Index (CSI)



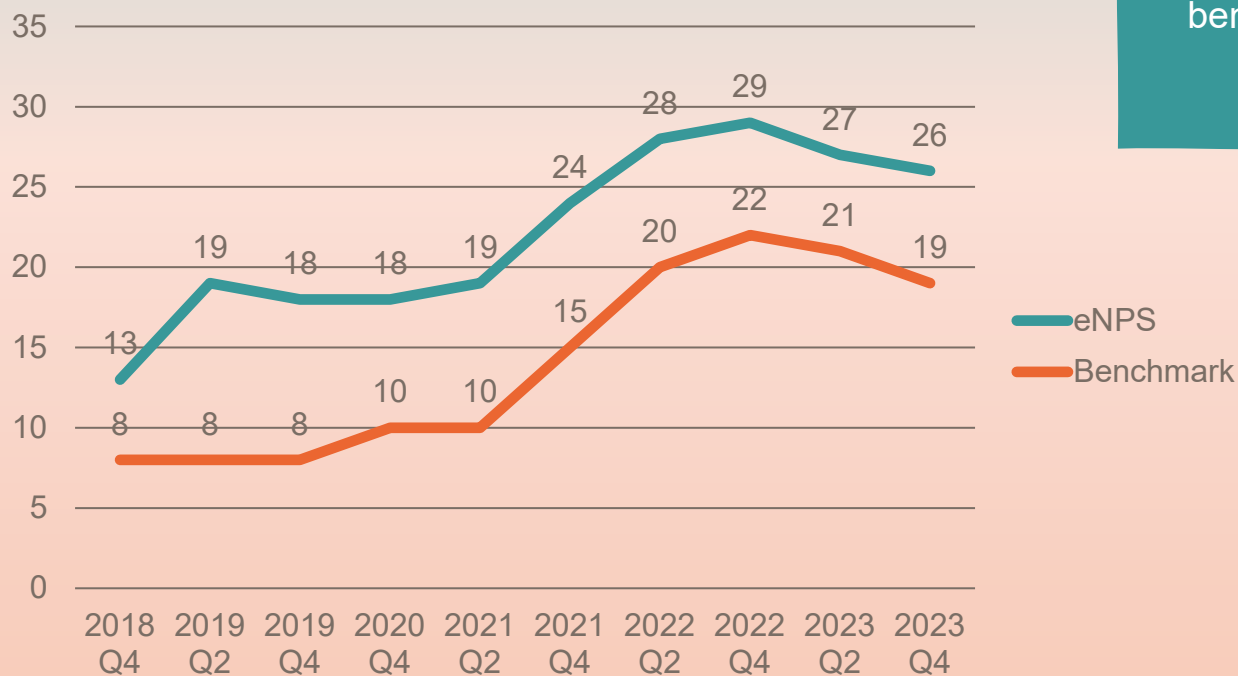
Three questions:

- Total satisfaction
- In relation to expectations
- In relation to ideal supplier

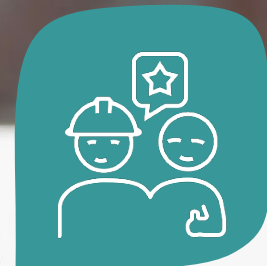
BEST WORKPLACE

Attractive employer

eNPS, recommend Peab



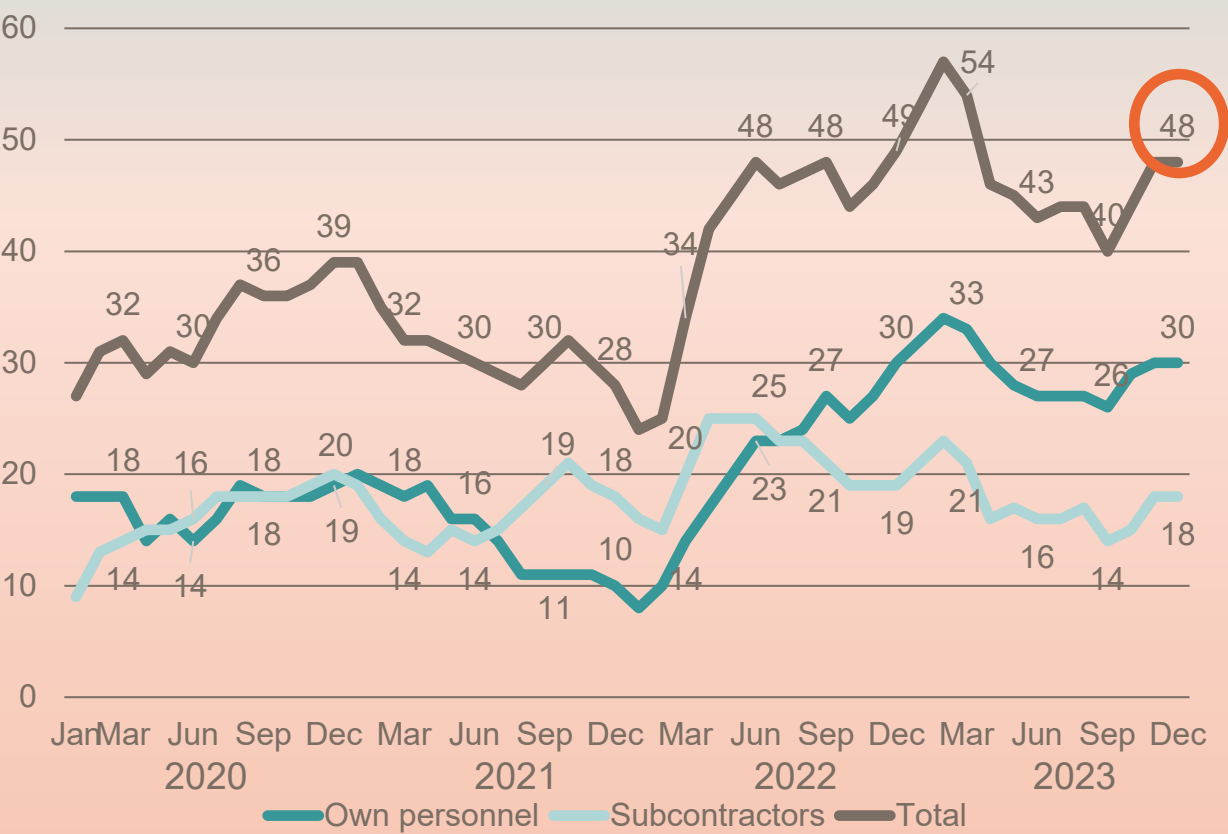
Target:
Over industry
benchmark



BEST WORKPLACE

Zero vision workplace accidents

Serious accidents - rolling 12 months, category 4



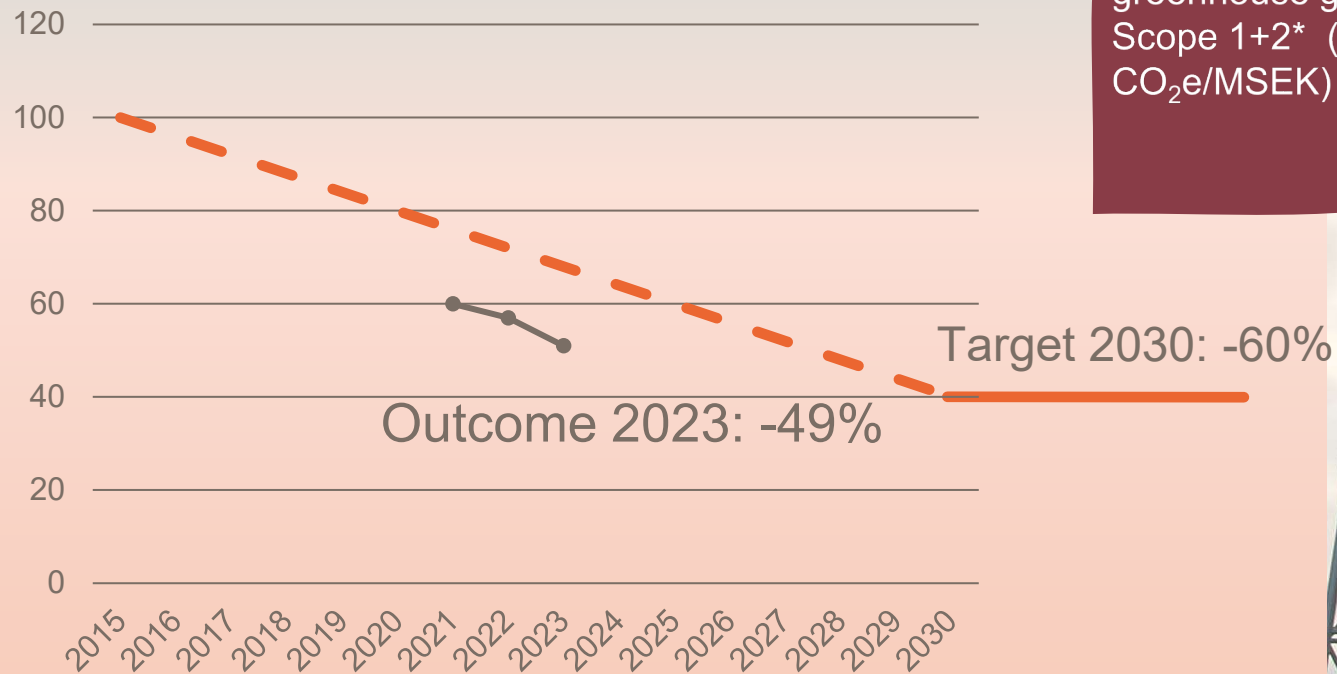
Target:
Contracting
trend



LEADER IN SOCIAL RESPONSIBILITY

Climate targets for own production

Carbon dioxide intensity, own production*
(Scope 1 + 2)



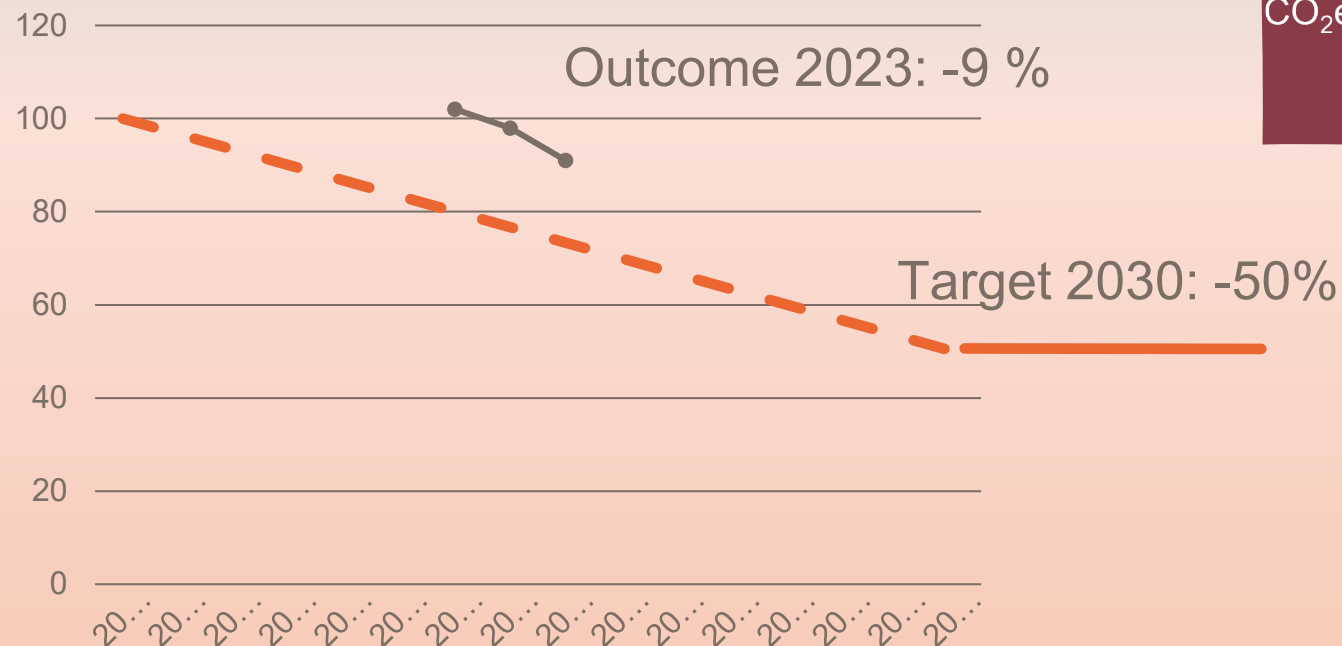
* Direct and indirect emissions as a result of fuel and energy consumption in our own production



LEADER IN SOCIAL RESPONSIBILITY

Climate targets for input goods and purchased services

Carbon dioxide intensity, input goods and purchased services* (Scope 3)



* Includes concrete/cement, asphalt/bitumen, transportation and work machine services, steel, waste and business trips

Reduced emissions of greenhouse gases
Scope 3* (ton CO₂e/MSEK)

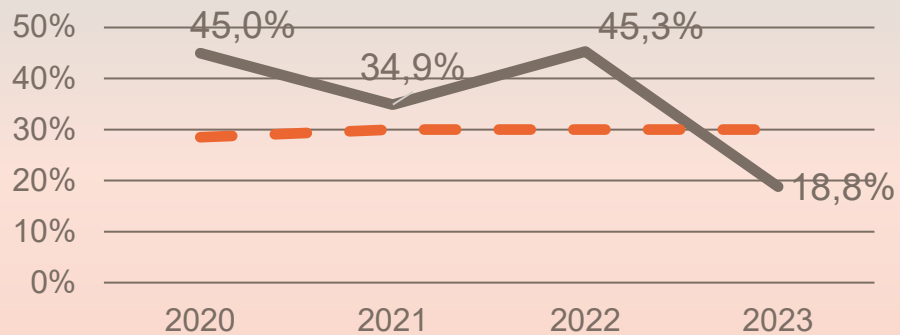


LEADER IN SOCIAL RESPONSIBILITY

Equal recruitment: Share of women always greater than education market



Production management and support* (WCW), %

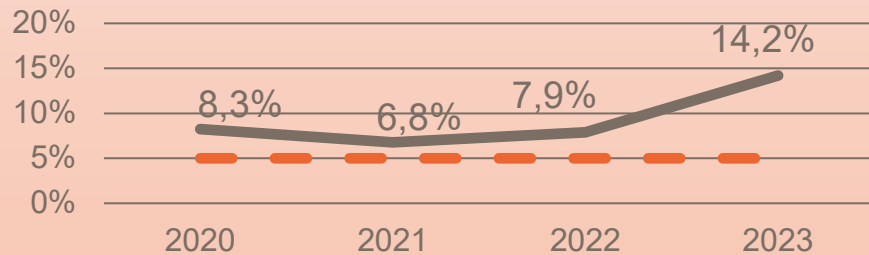


Target 2023: >30%

Target 2024: >30%

*27 years old or younger

Production and processing* (SW), %



Target 2023: >5.0%

Target 2024: >6.0%

*25 years old or younger

Share of newly recruited women for core skills > share of women with degrees in relevant education markets



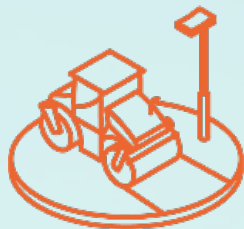
BA Industry: Foundation of value chain and sustainability work

Lotta Brändström, BA Manager Civil Engineering,
Head of Peab Asphalt and Swerock

Roger Linnér, COO, Head of prefab and rental operations

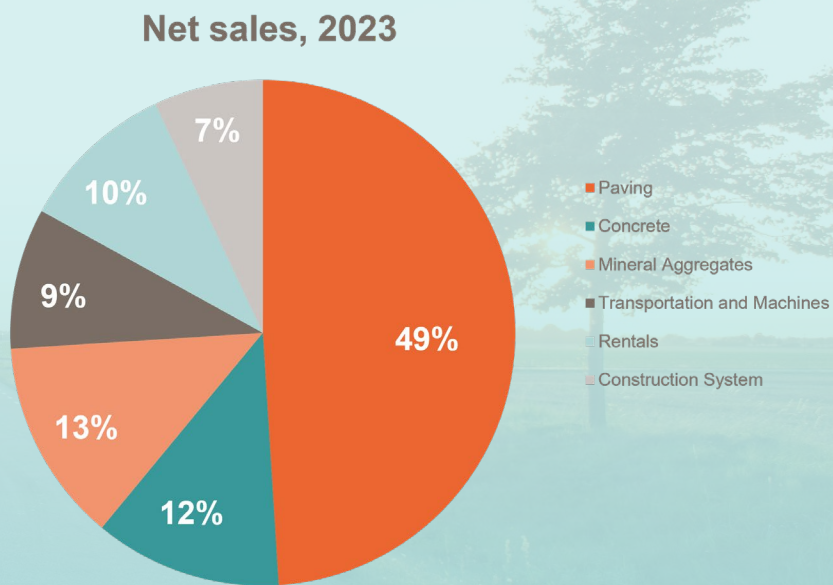
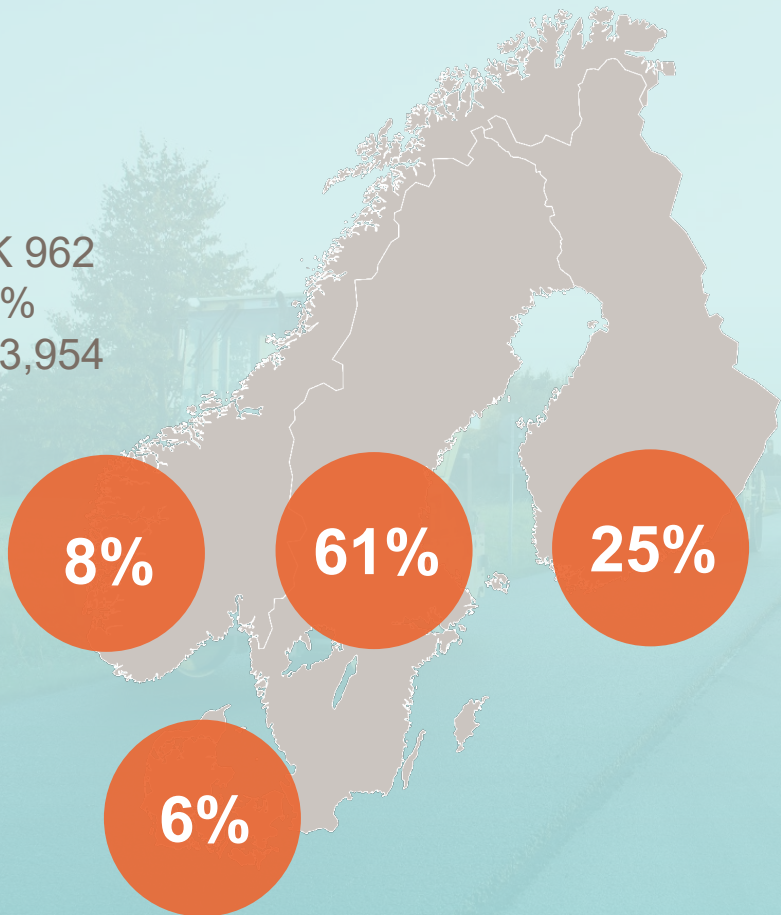
BUSINESS AREA

Industry



2023

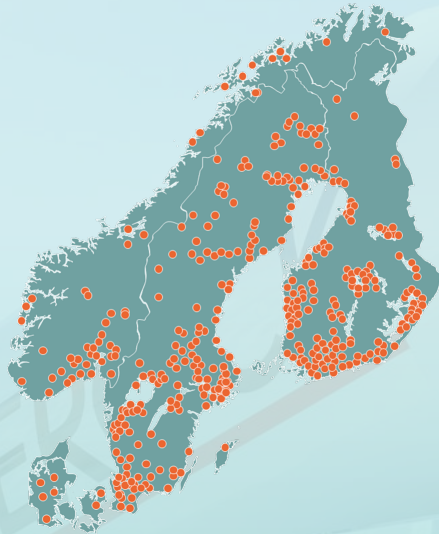
Net sales: BSEK 20
Operating profit: MSEK 962
Operating margin: 4.8 %
Order backlog: MSEK 3,954



Business area important for the other business areas' capacity

1/5

To internal customers



4/5

To external customers

Refers to the business area's net sales 2023

BA Industry ensures input goods critical to the Group – with lower climate footprint



Up to 50% lower emissions

- Replaces at least 30% of cement component
- Recycled steel rebar
- Green electricity in production
- Long distance transportation by rail



Total emission reduction for all included components:

- Housing -30%
- Commercial property -25%



Up to 50% lower emissions

- Alternative binders such as Merit replace cement
- Verified environmental product declaration



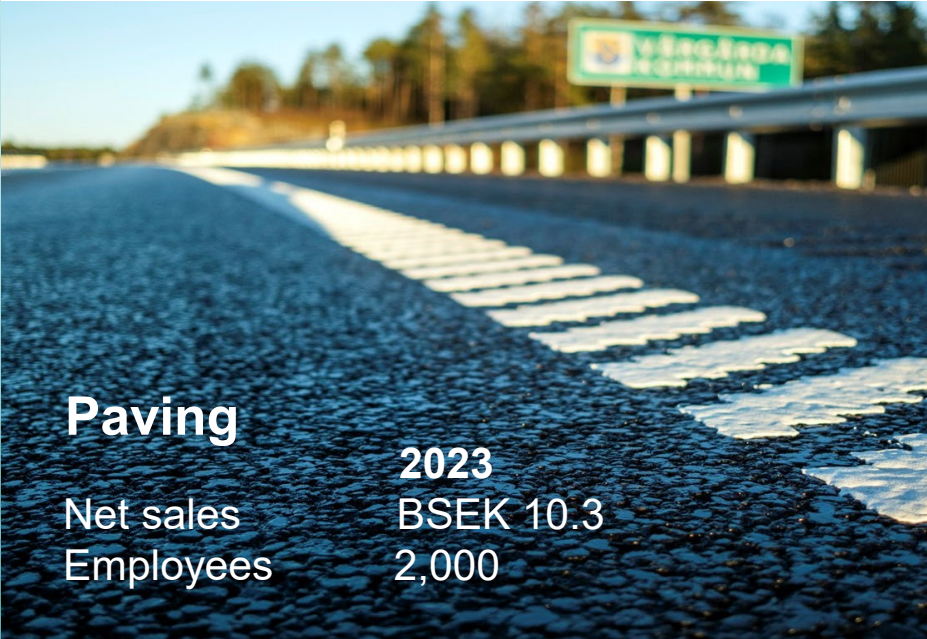
- Made of recycled raw materials
- Replaces or supplements virgin material
- CE marked, EPD certified



65% lower emissions

- Renewable fuel replaces fossil fuel
- Reclaimed asphalt pavement depending on purpose
- Verified environmental product declaration

BA Industry: Swerock and Peab Asfalt



Paving

	2023
Net sales	BSEK 10.3
Employees	2,000



Concrete, mineral aggregates and transportation

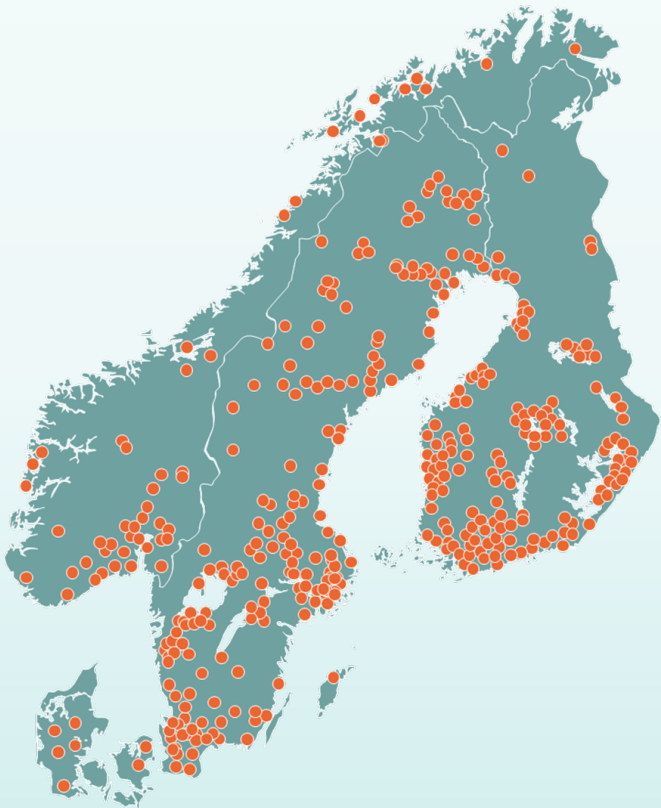
	2023
Net sales	BSEK 6.6
Employees	1,100

Market position in concrete, mineral aggregates and asphalt

72
asphalt plants

279
active quarries

56
concrete factories



	Sweden	Finland	Norway	Denmark
Market position concrete	#1	Top 3	-	-
Market position Mineral aggregates	#1	Top 3	Top 3	-
Market position asphalt	Top 3	#1	Top 3	Top 3

1.1
million m³
concrete 2023
Nordic region

24.8
million ton mineral
aggregates 2023
Nordic region

5.5
million ton asphalt
2023
Nordic region

Good progress in paving and mineral aggregates operations



BA Industry: Services and rentals

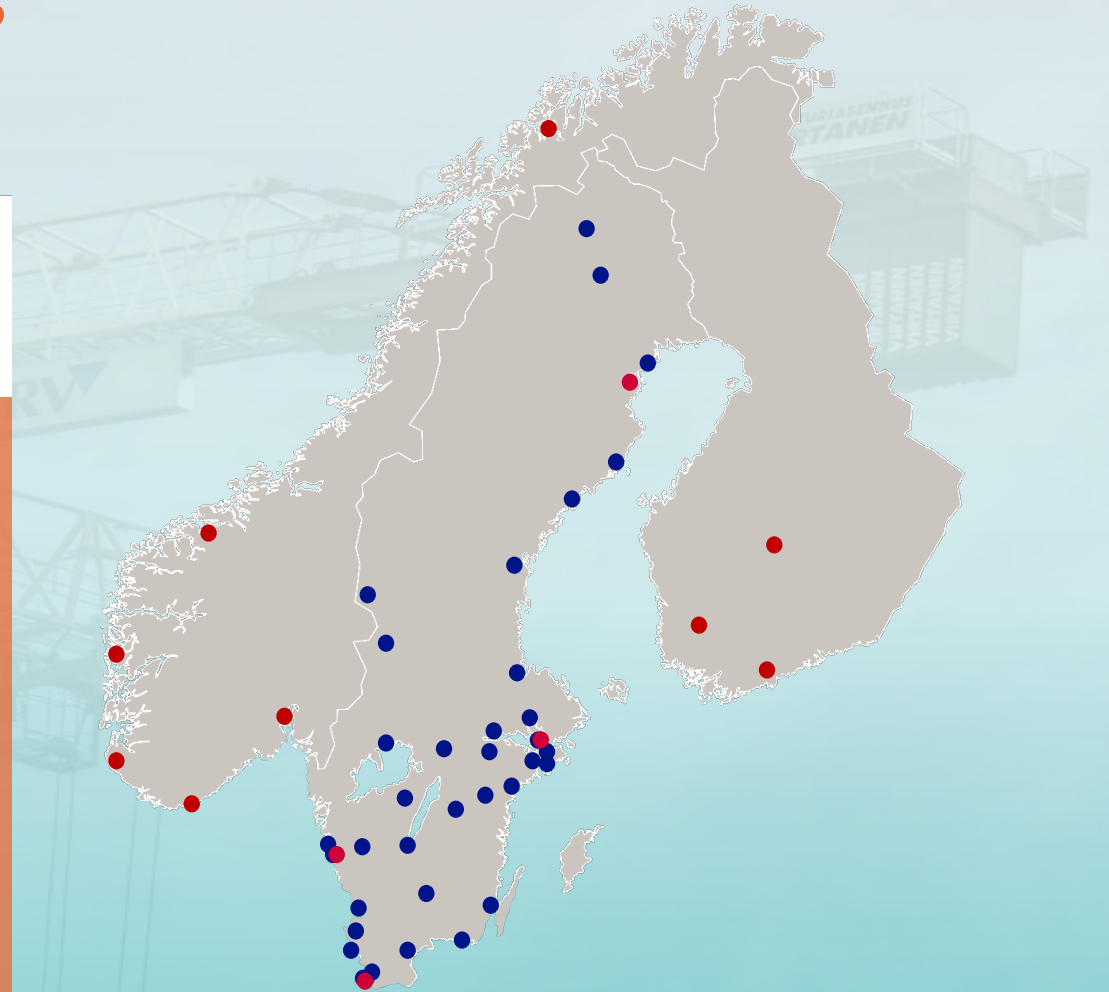


Services and rentals

Market position: **2023**

- Nr. 1 in Nordic region: Tower cranes
- Sweden's broadast product offer

Net sales: BSEK 2.1
Employees: 750



BA Industry: Prefab operations



SMIDMEK



SYSTEM

**Concrete elements, frame contracts
and construction systems**

Market position:

2023

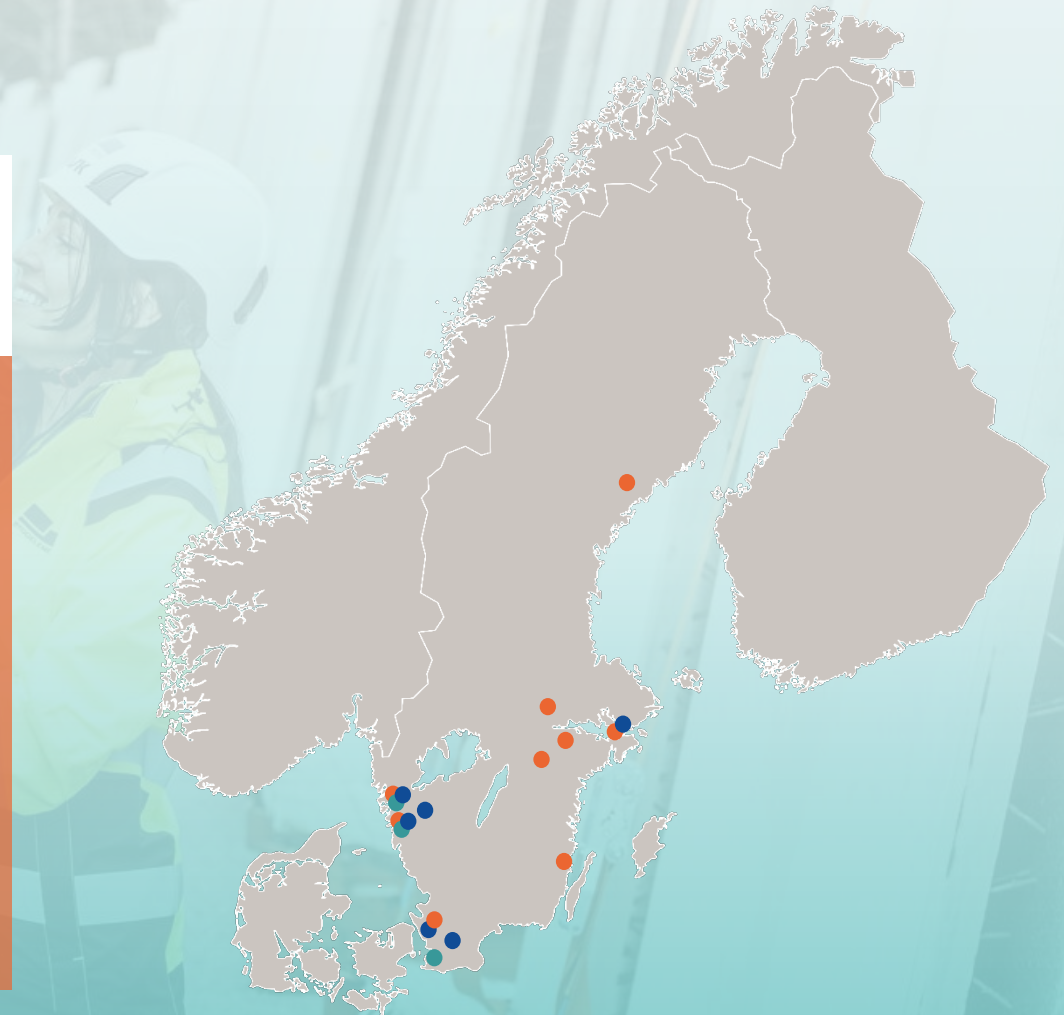
- Top 3 in Sweden
- Best climate offer in the Nordic region

Net sales:

BSEK 1.4

Employees:

380



Advantages of the investment

Automation



**Lowest
climate impact**



**Broad
offer**



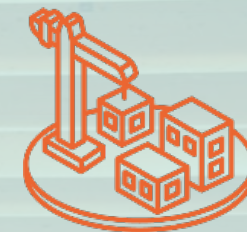
**Net sales and
market shares**



Flexible organization and early customer dialogues in construction contract operations

Stefan Danielsson, BA Manager Construction

BUSINESS AREA Construction



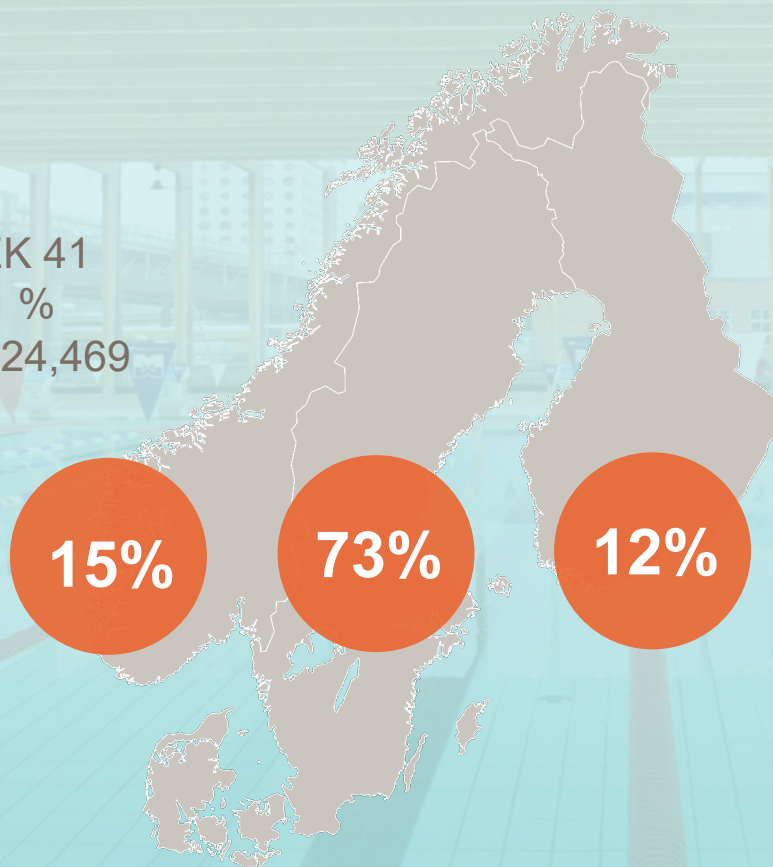
2023

Net sales: BSEK 27.8

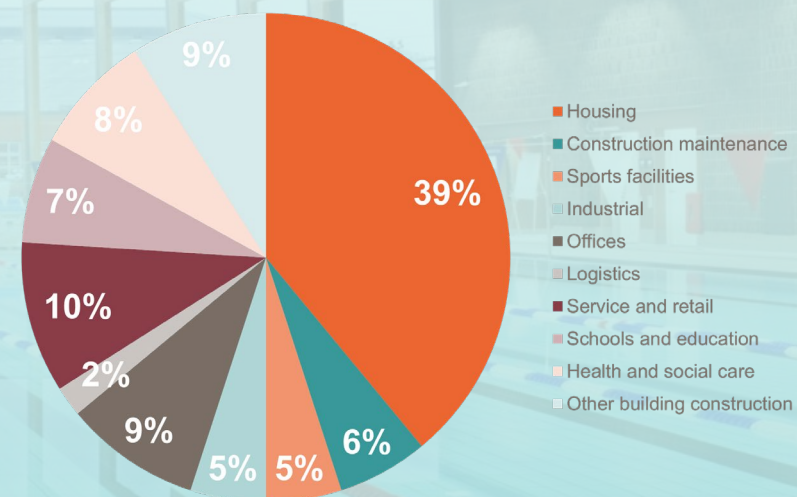
Operating profit*: MSEK 41

Operating margin*: 0.1 %

Order backlog: MSEK 24,469



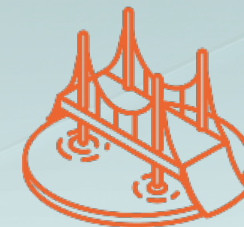
Net sales, 2023



*excl. effect of Mall of Scandinavia

BUSINESS AREA

Civil Engineering



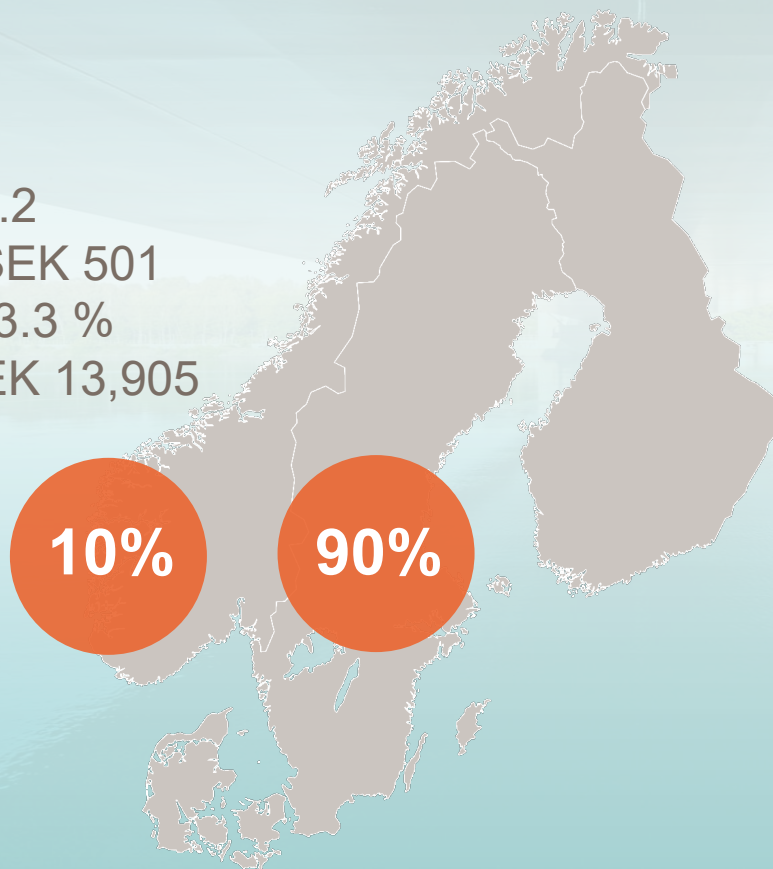
2023

Net sales: BSEK 15.2

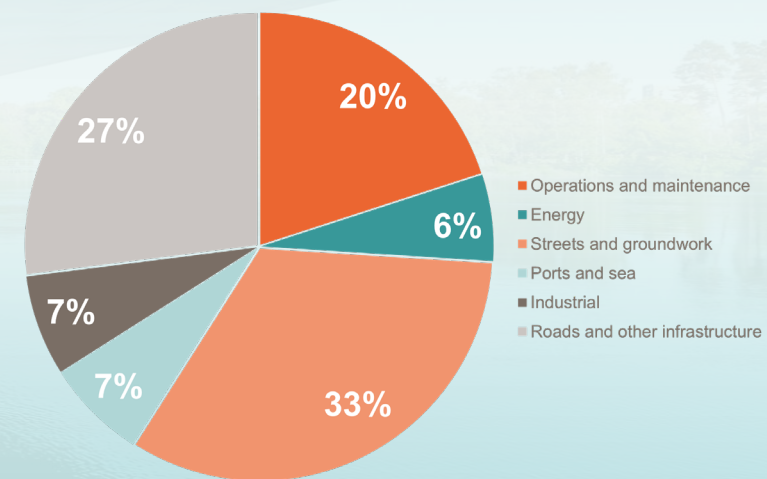
Operating profit: MSEK 501

Operating margin*: 3.3 %

Order backlog: MSEK 13,905

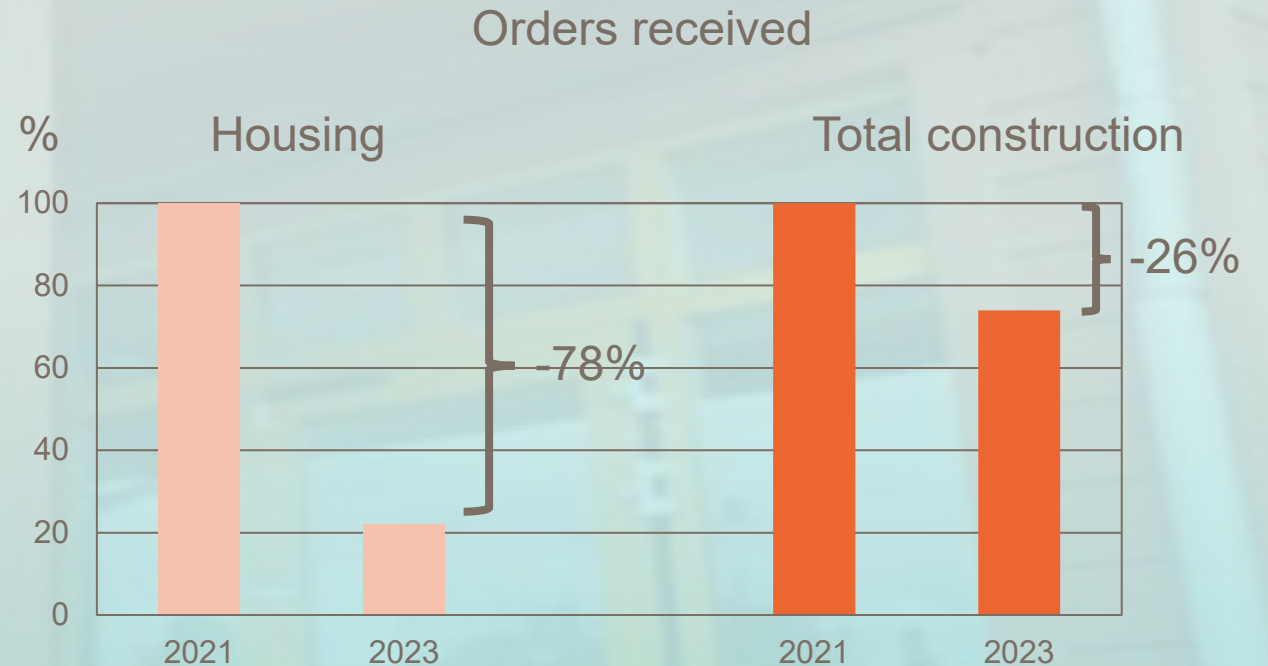


Net sales, 2023



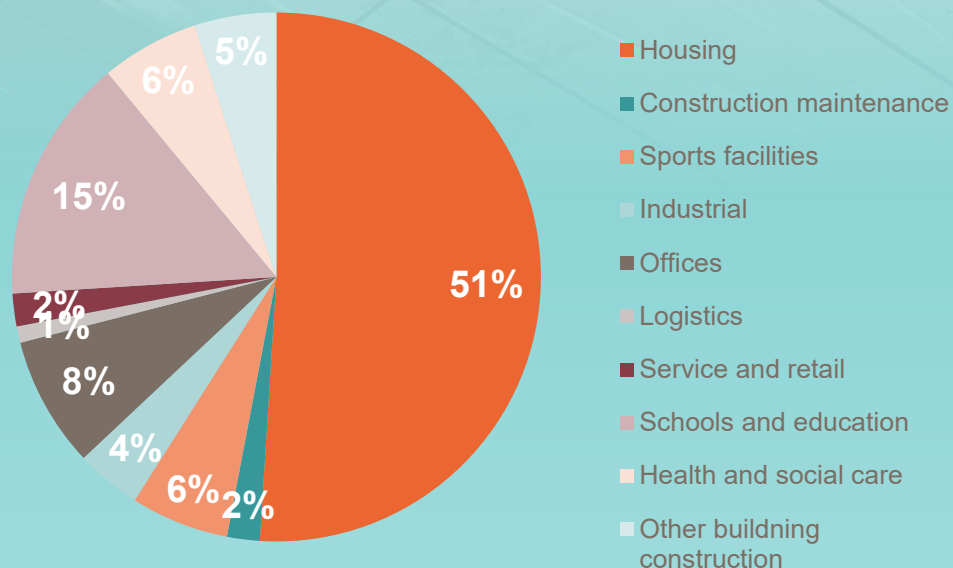
Flexible construction operations

- Other building construction
- Public sector customers
- Skills exchange
- In early on
- Production expertise and experience
- Peab stable partner

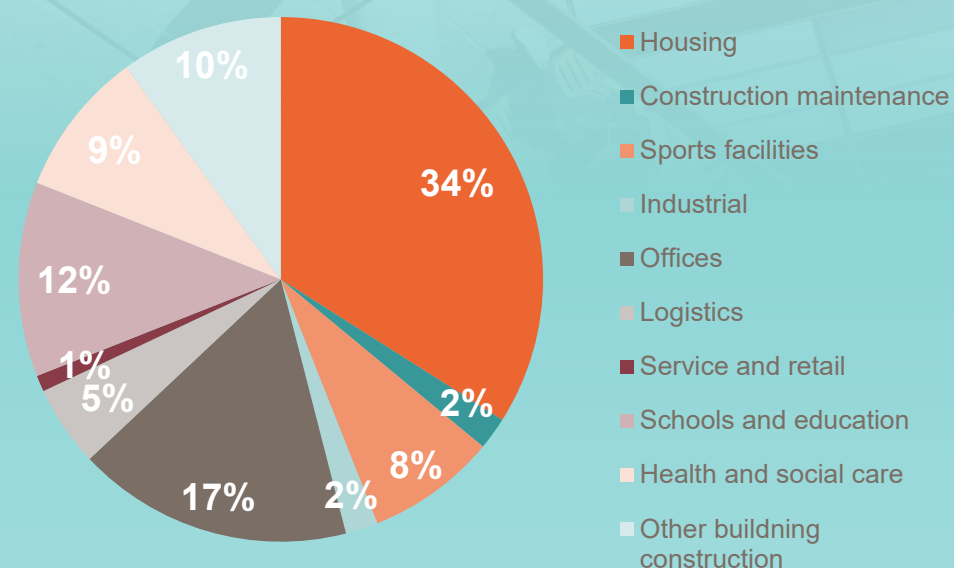


Adapting construction portfolio to market circumstances

Order backlog December 31, 2021



Order backlog December 31, 2023



How we ensure successful construction contract projects

**Right
project**

**Right
skills**

**Right
material &
resources**

**Right risk
(contract)**

**Right
customer
mix**

**Early
customer
dialogue**

Early customer dialogue: Skelleftehamn

“After extensive preparatory work we’re looking forward to starting construction of the project. Together with Peab we’ll work actively to reduce climate impact in production and prepare the dock for fossil free operations”



Thérèse Bäckström Zidoli,
Function Head, Skellefteå Municipality



Advantages of early customer dialogue

- Best solution for customers
- Time and cost efficient
- Sustainable work methods and products
- Climate steering
- Peab's entire offer
- Risk elimination
- Profitability



Example of larger ongoing phase 1 contracts

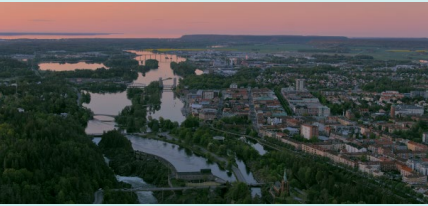
Business area Civil Engineering:



Kiruna moving houses



Boden roads and railroad



Trollhättan Water Treatment Plant



New Bodø Airport



Kol Pier Stockholm



Masthugg Pier Gothenburg

Business area Construction:



New train station Gothenburg



Campus ACE Skellefteå



Västervång School Burlöv



Women's Clinic Lund



ABB Robotics Västerås



Jail Borås

Potential future orders in construction contract operations



**Around BSEK 19 in potential orders
from ongoing phase 1 contracts over
the next two years**

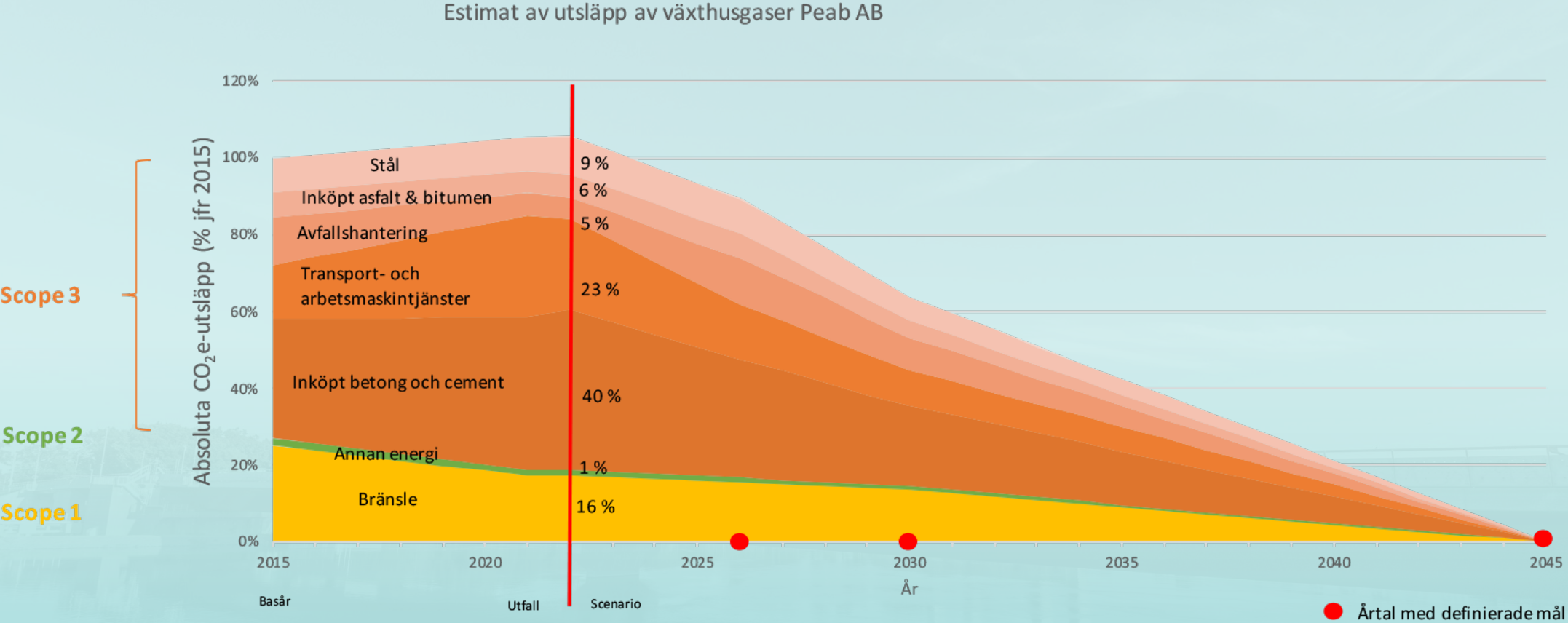
Pause



Sustainability as a competitive edge

Johan Dagertun, CSO

1.1 million tons carbon dioxide will be 0 in 2045



How we drive our own and customers' emission reductions



Proactive work on climate reducing measures in our production:



Activities in the value chain:

- Fossil free steel
- Electrified vehicles and machines
- Logistics development
- Peab Construction Maintenance



- NärBo
- ECO Construction site

- Reuse inventory
- Less waste
- New production with recycled material



Concrete climate measures with Wihlborgs



A photograph of a modern, multi-story apartment building with light-colored siding and balconies. In the foreground, there is a paved walkway, some landscaping with tall grasses, and a covered bike parking area with several bicycles parked. The image has a warm, orange-toned overlay.

Project Development builds for the future

Göran Linder, Head of BA Project Development

BUSINESS AREA

Project Development

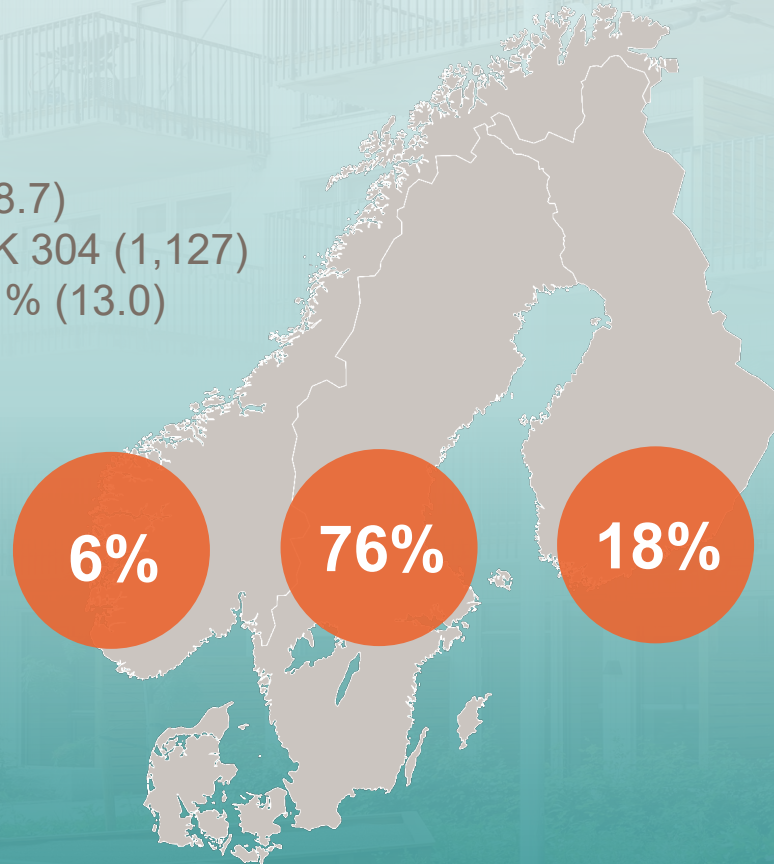


2023

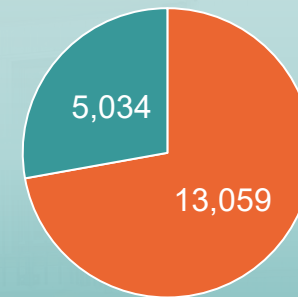
Net sales: BSEK 5.7 (8.7)

Operating profit: MSEK 304 (1,127)

Operating margin: 5.3 % (13.0)



Capital employed,
MSEK



- Housing development
- Property development

The need for new housing is great in the Nordics

Sweden

67,300

Homes per year
up to 2030

Source: Boverket

Norway

28,000

Homes per year
up to 2033

Source : SSB

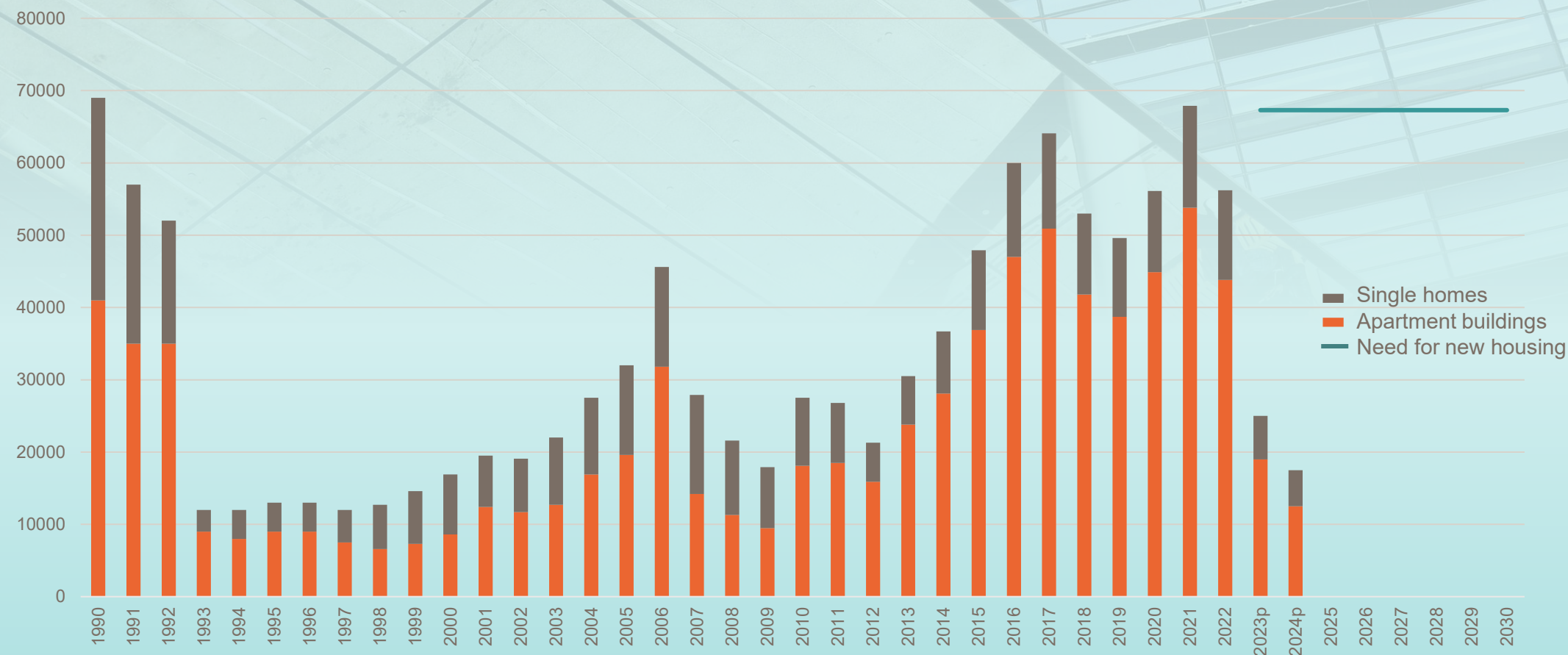
Finland

35,000

Homes per year
up to 2040

Source : VTT

Started-up housing in Sweden 1990–2030



Source: Byggindustrin, Boverket

Tied-up capital from three perspectives



Development rights portfolio



BSEK 8.9

Ongoing and completed projects



BSEK 5.7

Engagement in joint ventures

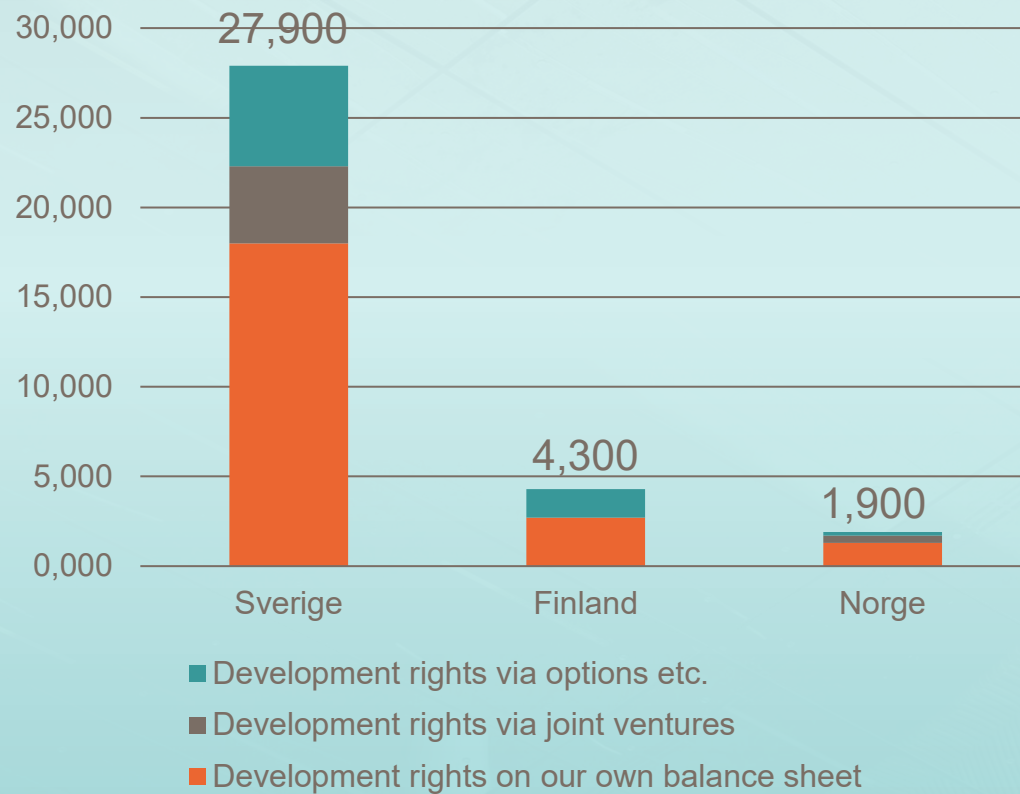


BSEK 4.3

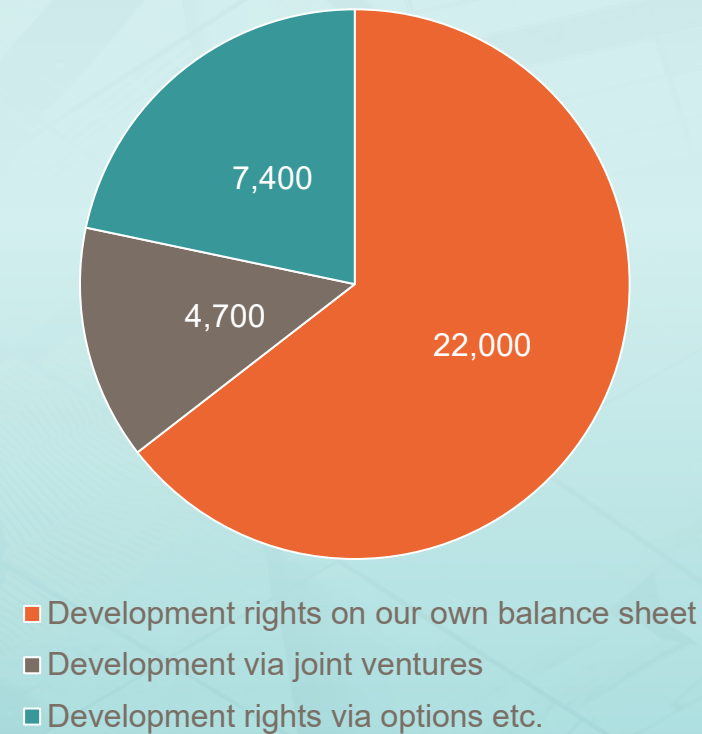
Peab possesses around 34,000 development rights



Number of development rights



Development rights per ownership form, per December 31, 2023



Adapting our business to the market situation

Tenant-owner projects

- Start certain projects
- Prepare for future starts

Rentals

- Start certain projects

Commercial Property

- Focus on leasing
- Diversify portfolio, e.g. logistics
- Sell before project start

Community buildings

- Use DR portfolio for the public sector, like nursing homes
- LOI

Tied-up capital from three perspectives



Development rights portfolio



BSEK 8.9

Ongoing and completed projects



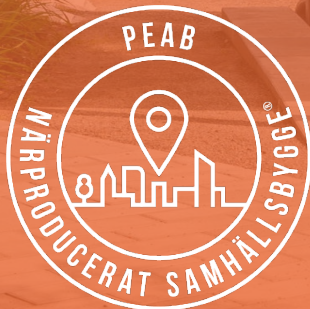
BSEK 5.7

Engagement in joint ventures



BSEK 4.3

Q & A





Conclusion

Conclusion

Driving forces over time

Demography

Geopolitics

Macro/Market

Sustainability/Climate change

Digitalization

Peab's values

Strategic assets in Industry

Development rights portfolio in Project
Development

Locally rooted construction contract work

Know-how for major projects

Integrated operations