



INTERIM REPORT JANUARY-SEPTEMBER 2005

Net sales increased by 17 per cent to SEK 17 727 million (15 195)
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Operating profit amounted to SEK 476 million (374)
.....

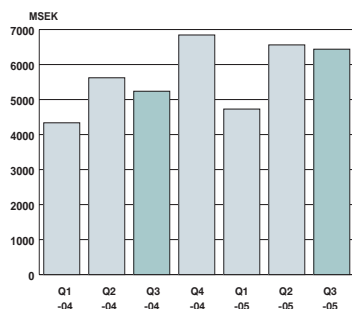
Profit for the period amounted to SEK 662 million (236)
.....

Profit per share amounted to SEK 7.80 (2.78)
.....

Orders received increased by 12 per cent to SEK 17 364 million (15 513)
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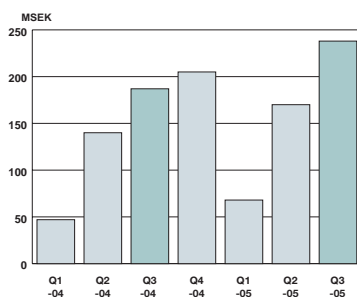
Order backlog increased by 12 per cent to SEK 17 862 million (15 956)
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Net sales per quarter



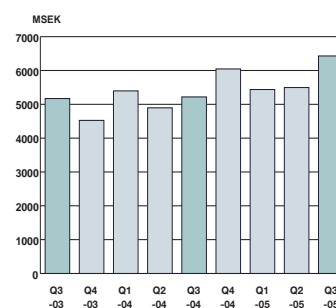
The Group's net sales for the January-September 2005 period amounted to SEK 17 727 million, which was an increase of 17 per cent compared with the corresponding period the previous year. Adjusted for acquired and divested units, the increase in net sales amounted to 16 per cent.

Operating profit per quarter



The Group's operating profit for the January-September 2005 period amounted to SEK 476 million, compared to SEK 374 million the previous year. Operating profits for the latest rolling 12-month period amounted to SEK 681 million compared to SEK 579 million for the full year 2004.

Orders received per quarter



Orders received for the January-September 2005 period amounted to SEK 17 364 million, compared to SEK 15 513 million the previous year. Order backlog amounted to SEK 17 862 million, compared to SEK 15 899 million at the end of the year.

The Group

MSEK	Jan-Sep 2005	Jan-Sep 2004	Oct-Sep 2004/2005	Jan-Dec 2004	Financial objectives
Net sales	17 727	15 195	24 571	22 039	
Operating profit	476	374	681	579	
Operating margin	2.7%	2.5%	2.8%	2.6%	
Profit after financial items	567	319	771	523	
Profit for the period	662	236	815	389	
Return on capital employed	12.1%	8.3%	16.4%	13.4%	>12%
Return on equity	23.1%	9.7%	29.1%	15.4%	>15%
Profit per share, SEK	7.80	2.78	9.58	4.56	
Equity/assets ratio	23.3%	22.0%	23.3%	23.1%	>25%

New contracts during the third quarter

We took on several major projects during the third quarter, including:

- Peab has been commissioned to build two stores for IKEA. One in Kalmar and one in Haparanda-Tornio. The customer is IKEA Fastigheter AB and the contracts are worth SEK 157 million and SEK 142 million.
- Peab has been commissioned to carry out part of the extensions to the University Hospital in Akershus outside Oslo. The customer is Nye Ahus/Helse Öst and the overall contract sum amounts to approximately NOK 270 million.
- Peab has been commissioned to build Stadium's new distribution centre in the suburb of Herstadberg in Norrköping. The contract has a ceiling price of SEK 131 million and is linked to an incentive agreement.
- Peab has been contracted to build 75 further new flats at Dockan in Malmö for the tenant owner's society Kaj 33. JM is the client and the contract is worth SEK 108 million.

MD's comments

During the third quarter low interest rates and a generally good economic climate have further fuelled the fires of the building and construction industry. The demand for newly constructed homes remains high in Peab's markets. In the civil engineering market, during the year we have focused on minor projects with lower risks while waiting for tenders for prioritized infrastructure projects to get underway during the autumn. The demand for commercial space is still strong whilst the demand for newly constructed office space is relatively limited.

Peab's order book is still well filled with an order backlog of SEK 17.9 billion (16.0). Sales increased by 17 per cent compared to the same period the previous year, which together with widening margins resulted in increased operating profits of SEK 476 million (374) and improved cash flow.

Despite good market conditions we must continue to develop cost-effective methods of construction, and therefore the industry needs renewal in a number of areas. Prefabrication is an important part of this process, and Peab's investment in the concrete element factory in Katrineholm has proved to be well timed. Efficient purchasing is yet another important factor in keeping down costs. Peab is in a constant process of developing purchasing and logistics. Among other things, this applies to central specification contracts with a reduced number of suppliers, international purchases and last but by no means least, the utilisation of internal resources. The availability of skilled personnel is also extremely important if we are to comply with our customers' price, quality and delivery time requirements in the future. Therefore, Peab is continuing the work of developing and reinforcing the personnel organisation, focusing on personnel supply, the salary systems and healthcare.



Naturally, the good market is also providing opportunities for increasing earnings, but we must also seize the moment to carry on developing the business. The Peab name must be associated with customer focus, quality, dedication, long-term thinking and rapidity in decision making. For a construction company such as Peab the trust of the customer is crucial to providing our shareholders with long-term good returns.

Mats Paulsson
Managing Director

Net sales and profit

The Group's net sales for the January to September period increased by 17 per cent to SEK 17 727 million (15 195). Adjusted for acquired and divested units the increase in net sales amounted to 16 per cent. Of the period's net sales, SEK 2 765 million (2 018) related to sales and production outside Sweden.

Operating profit for the period January-September amounted to SEK 476 million compared to SEK 374 million for the corresponding period the previous year. Operating profit for the latest rolling 12-month period amounted to SEK 681 million compared with SEK 579 million for the full year 2004.

Participation in the profits of joint ventures are booked in accordance with the equity method. The period's share of profits in joint ventures before tax amounted to SEK 22 million (0). Peab recognises results from participations one quarter in arrears.

Profit after financial items for the period January-September amounted to SEK 567 million compared to SEK 319 million during the same period previous year. Net financial items was SEK 91 million (-55), of which net interest expense amounted to SEK -55 million (-59). The effect of valuing financial instruments at fair value was included in net financial items to the tune of SEK 146 million (4), of which the result of the market valuation of convertible promissory notes in Brinova amounted to SEK 152 million (3).

Profit for the period amounted to SEK 662 million (236). A divestment of convertible promissory notes in Brinova will not result

in any tax costs, as any gains can be offset against tax losses from shares sold (aktiefällanförluster), which are not recognised in the balance sheet. The annual tax cost on profit after financial items, excluding the income regarding the Brinova convertible, is estimated at approximately 27 per cent, excluding taxable one-off items. This corresponds to tax costs of SEK 116 million for the period January-September 2005. During the period, deferred tax revenue of SEK 211 million was recognised as a result of decisions taken during the period concerning previous years' taxation, which has resulted in revaluation of deferred tax assets. Net tax revenue of SEK 95 million was entered during the period January-September compared to a tax cost of SEK 83 million the previous year.

Financial position

The equity/assets ratio was 23.3 per cent, compared with 23.1 per cent at the end of the year. Net debt amounted to SEK 1 824 million, compared with SEK 1 847 million at the same time last year. The average interest rate on the loan portfolio amounted to 3.1 per cent (3.4).

The Group's disposable liquid funds amounted to SEK 4 035 million at the end of the period, compared to SEK 3 635 million as at 31 December 2004. Disposable liquid funds include commercial papers issued to a value of SEK 929 million, compared to SEK 890 million on 31 December 2004.

At the end of the period, the Group's contingent liabilities

excluding joint and several liability in trading and limited partnerships amounted to SEK 699 million compared to SEK 863 million as at 31 December 2004. This amount includes the SEK 227 million charge that the Swedish Competition Authority is demanding that Peab pay in the current asphalt cartel case. The lawsuit is due to be heard during the autumn of 2006 at the earliest. Of other contingent liabilities SEK 294 million relates to obligations to tenant-owners' cooperatives under construction, compared with SEK 389 million at 31 December 2004.

Investments

Net investment in tangible and intangible fixed assets amounted to SEK 300 million (399) during the period. The net change in shares and participations amounted to SEK 33 million (-19). During the period SEK 232 million (300) net was invested in project- and development properties.

Cash flow

Cash flow before financing for the period January-September amounted to SEK 346 million (71). Cash flow from changes in working capital includes disposal of project- and development properties amounting to SEK 41 million (acquisition -327). When project- and development property is acquired through company acquisition, this is charged to cash flow from the investment activity similarly to acquisitions of subsidiaries.

Personnel convertible debentures

During June, all staff of the group, excluding external Board of Directors and Managing Director, were offered the opportunity to acquire convertible debentures in Peab. The convertibles of nominal SEK 478.5 million were oversubscribed. A total of 5.5 million convertible debentures were issued, each with a nominal value of SEK 87, to a total value of SEK 478.5 million. The difference between the discounted value and the nominal amount with deduction of deferred tax has been recognised in equity to the tune of SEK 19.3 million. The convertible debentures runs from 16 June 2005 to 15 June 2008 with a coupon of 2.69 per cent. The debentures may be converted to shares from 1 to 15 October 2007 and from 1 to 15 April 2008.

Personnel

At the end of the period, the company employed a staff of 11 491 compared to 11 081 at the same time the previous year.

Comments by business sectors

Construction and Civil Engineering

The Construction and Civil Engineering business sector comprises the Group's resources concerning Construction and Civil Engineering related services. Peab covers the whole of Sweden, while in Norway and Finland its activities are centred in the metropolitan areas.

Net sales in the Construction and Civil Engineering for the first nine months amounted to SEK 15 484 million, compared to SEK 13 173 million the previous year, equivalent to a rise of 18 per cent.

Operating profits amounted to SEK 311 million for the period January-September, compared to SEK 258 million the same period previous year. Both the building and civil engineering markets in Sweden are enjoying increased volumes and widening margins. The operating margin for the Swedish Building and Civil Engineering

business sector stood at 2.9 per cent over the latest 12-month period compared to 2.5 per cent for the full year 2004.

Norwegian and Finnish activities reported January-September operating losses of SEK -58 million (-3). The construction business in Norway reported a small operating profit for the period. The negative operating results stem entirely from Finnish construction activities in the Helsinki region. Operating results include a goodwill write-down regarding Finnish activities of SEK -18 million (0).

Capital employed in Construction and Civil Engineering amounted to SEK 4 188 million (3 214). Return on capital employed for the latest 12-month period was 14.0 per cent, compared with 14.1 for the full year 2004.

Orders received during the first nine months amounted to SEK 17 364 million (15 513). The order backlog at the end of the period amounted to SEK 17 862 million, compared to SEK 15 956 million the corresponding period previous year. This represents an increase of 12 per cent. Of the total order backlog, 68 per cent (70) is expected to be produced after the current year. Construction projects accounted for 75 per cent (72) of the order backlog. Swedish operations accounted for 83 per cent (84) of the backlog. A good order backlog in a rising construction market is now enabling the Group to be more selective in its choice of future projects.

Order backlog and orders received Construction and Civil Engineering

MSEK	2005-09-30	2004-09-30	2004-12-31
Current financial year	5 805	4 849	11 757
Comming financial year	9 353	8 068	3 210
There after	2 704	3 039	932
Total order backlog	17 862	15 956	15 899
Orders received	17 364	15 513	21 559

Within its contracting operations, Peab also engages in internally developed construction of housing, comprising tenant-owner rights and single homes sold directly to the end customer. In the first nine months of the year Peab started construction of 1 532 (815) internally developed tenant-owner rights and single homes, of which 821 (381) units were started during the third quarter. As at 30 September, Peab had a total of 2 607 (1 591) internally developed tenant-owner rights and single homes under current construction, of which 70 per cent (69) had been sold.

Under normal circumstances, Peab has an undertaking to purchase from the tenant-owners' cooperatives any tenant-owner rights that have not been sold six months after the final inspection. Repurchased tenant-owner rights are recognized in the balance sheet as project- and development properties. By the end of the first half, 25 tenant-owner rights had been repurchased to a book value of SEK 35 million, compared to 59 tenant-owner rights to a book value of SEK 115 million at the end of the year. The reduction is above all a result of sales of apartments in Hammarby Sjöstad in Stockholm.

As a result of the increased volume of internally developed projects, capital tied up in project- and development properties has increased. Peab's ambition is to commit a maximum of SEK 2 000 million to project- and development properties. As at 30 September, the total holding of project- and development properties in Construction and Civil Engineering amounted to SEK 1 831 million (1 406). As at 30 September, Peab's project portfolio contained 198

projects (154) over a total of about 1.5 million square metres (1.4), corresponding to building rights for which detailed plans have been made. The majority of these building rights were in the growth regions of Malmö, Gothenburg, Stockholm and Mälardalen.

Building rights			
<i>Thousand sq.m</i>	<i>2005-09-30</i>	<i>2004-09-30</i>	<i>2004-12-31</i>
Housing	962	933	1 018
Commercial premises	343	360	361
Industrial premises	172	151	161
Total	1 477	1 444	1 540
Number of projects	198	154	171

Industry

The Industry business sector comprises the Group's activities within ready-mixed concrete, concrete production and prefab, rock/gravel, transport, manufacture and laying of asphalt, and plant and crane hire.

Net sales in Industry for the first nine months amounted to SEK 3 220 million (2 992), which represents an increase of 8 per cent. Operating profits amounted to SEK 265 million (236). Industry profits are seasonally stronger during the second half of the year than the first.

Swerock is experiencing good growth with strong demand for ready-mixed concrete. During the period a new concrete factory was set up in Malmö in response to the rapid development in the region.

Development work at the Peab prefab facilities in Katrineholm is continuing towards a joint group building concept, especially in the area of residential building. Capacity utilisation at the plant is now increasing as products begin to meet the high quality requirements placed.

Peab Asphalt's market is characterised by strong demand but also by pressure on prices and increased oil prices.

Lambertsson's plant and crane hire continues to exploit capacity well despite the increase in hire capacity stemming from investments made in 2004. Those parts of Lambertsson which carry out work on temporary electricity installations on building and civil engineering sites possess niche competence, and are making good progress.

Capital employed in the Industry business sector amounted to SEK 1 938 million (1 847). Return on capital employed for the latest rolling 12-month period was 17.5 per cent, compared to 16.3 per cent for the full year 2004.

Trust/Management

Trust/Management comprises the central companies, certain subsidiaries and joint ventures and other holdings. Operating profits amounted to SEK -100 million (-120). Common Group costs were recognised at a total of SEK -82 million (-77).

The construction market

The prospects for the Swedish building market continue optimistic and developments during the present year are expected to be at least in line with those in 2004. Market growth is driven by the intense demand for new homes together with continuing low interest rate levels. Above all, there is a major need for new homes at reasonable living prices, and this is the segment at which Peab aims

most of its residential project development efforts. Demand for homes is also great in Norway and Finland, still concentrated around the metropolitan areas.

Public road and civil engineering investment in Sweden is expected to remain stable with relatively expansive investment plans during the next few years. A major part of the planned project is so far advanced that the risk of delays or postponements is assessed as limited.

Continued high office space vacancies will result in low levels of investment in the future. On the other hand, investment in commercial space is expected to rise during coming years as a consequence of increased household consumption space. Good conditions are also forecasted for public building as a result of improved local government finances.

Prospects for Swedish industrial investment are still assessed to be unchanged from 2004.

Important events during the period

Peab has acquired the Hamnen 21:149 block in Malmö from Saab. The property comprises the original inner Kockums district with an area of about 20 hectares. The underlying property acquisition value is approximately SEK 280 million. At a later stage, Peab intends to gradually develop the district.

Peab has acquired Steningehöjden in the Municipality of Sigtuna. The intention of the acquisition is to build an entirely new municipal district dimensioned for approximately 900 homes. The acquired area is 46 hectares in size and the purchase price was SEK 130 million.

Jonas Svantesson, deputy MD of Peab AB, has retired from his position at Peab. Jonas was appointed in 2001 and has been mainly responsible for group HR matters.

Jan Johansson has been appointed deputy MD of Peab AB. Jan started to work for Peab in 1986, and today he is the head of Construction Division South.

Peab has acquired all the shares in Markarbeten i Värmland AB. The company engages in civil engineering activities in central Sweden with 30 employees and had sales amounting to approximately SEK 60 million in 2004.

Peab has acquired the property Tygelsjö 76:1 in Klagshamn. The area comprises 550 hectares of land and is partly planned for housing development today. The purchase price was SEK 72 million.

Peab has acquired building rights at Ulriksdalsfältet and part of the Järva 4:11 property in Frösunda. The seller is the city of Solna and the purchase price amounts to approximately SEK 860 million, which will be paid in stages as the area is developed. The agreement is conditional on approval by Solna's local council. The construction of 900 apartments and 500 town terraced houses is planned for Ulriksdal along with construction of offices for about 5 000 jobs. The total area amounts to 265 000 square meters.

The chairman of the board of directors of Peab, Ulf H Jansson, retired from the board of Peab on personal grounds. Ulf H Jansson was elected to Peab's board of directors in 1995, and he has been chairman of the board since 2000.

Göran Grosskopf has been appointed as the new chairman of the board of Peab. Göran Grosskopf was elected into the board of directors in 2004, and he is also chairman of the boards of InterIKEA SA and Bergendahlgruppen AB, and is a member of the boards of AB Ratos, Possio AB and others.

The Peab share

Peab's B-share is listed on the O-list of the Stockholmsbörsen. As at 23 November 2005, the price of the Peab share was SEK 95.00, which is equivalent to a increase of 46 per cent since the beginning of the year. During the corresponding period, the Swedish stock market increased by 26 per cent according to Affärsvärlden's general index. During 2005, the Peab share has traded at a maximum of SEK 96.00 and a minimum of SEK 61.00.

Holdings of own shares

At the start of 2005, Peab's holding of own shares amounted to 2 209 800 B-shares, corresponding to 2.5 per cent of the total number of shares. During the first nine months there were no share buybacks, while 116 600 B-shares were divested as part of the purchase price of company acquisitions.

Peab's share buyback mandate for its own shares allows among other things the option of buying back and subsequently redeeming those B shares required to offset any dilution caused by the conversion of convertible personnel debentures.

Number of outstanding shares, 30 September 2005

Number of registered shares	87 195 944
Holding of own shares, 31 December 2004	-2 209 800
Number of outstanding shares, 31 December 2004	84 986 144
Disposal of own shares during 2005	116 600
Number of outstanding shares, 30 September 2005	85 102 744

Accounting principles

The IAS regulation which was adopted by the EU during 2002 stipulates that from and including 2005 listed companies within the European Union must apply the IFRS international accounting principles to their group accounts. Peab's 2005 report for the first nine months has therefore been drawn up in accordance with the IFRS standards adopted by the EU and the interpretations of current standards adopted by the EU, IFRIC. The present report has been drawn up in accordance with IAS 34, Interim Financial Reporting.

Peab's annual report for the 2004 financial year contained a description of the accounting principles affected by the transition to the IFRS. For a description of the accounting principles Peab has applied in the interim report for the period January-September 2005 and the effects which the altered principles have had on the balance sheet as at 1 January 2004 and 31 December 2004, and the 2004 income statement and cash flow analysis, see the section entitled "Transition to reporting in accordance with IFRS - International Financial Reporting Standard" in the 2004 annual report. Pages 9-11 of the present report contain a description of the affects of the new accounting principles on comparison with the period January-September 2004.

IAS 39 - Financial Instruments: Recognition and Measurement, IFRS 4 Insurance Contracts, and IFRS 5, Non-Current Assets Held for Sale and Discontinued Operations which must be applied from 1 January 2005 had no effect on Peab's opening equity as at 1 January 2005. As the rules of the Swedish Annual Accounts Act on valuation of financial instruments at fair value was applied to the 2004 annual accounts and the effect on Peab's reporting was in accordance with the rules of IAS 39, opening equity for 2005 was not affected.

All comparative figures in this report have been recalculated in accordance with the new accounting principles.

In the present quarterly report, the following definitions of key ratios have been changed as a result of the transition to the IFRS:

Earnings per share

Profit for the period attributable to shareholders in the parent company divided by the average number of outstanding shares during the period.

Equity per share

Equity attributable to shareholders in the parent company divided by the number of outstanding shares at the end of the period.

Return on equity

Profit for the period attributable to shareholders in the parent company divided by average equity attributable to holders of participations in the parent company.

Annual General Meeting

Peab's regular AGM will be held on 17 May 2006 at 3 pm in Grevieparken in Grevie.

Nominating Committee

At the annual general meeting held on 12 May 2005 Malte Åkerström (chairman), Leif Franzon, Mats Paulsson och Ulf H. Jansson were elected as members of the nominating committee.

Shareholders wishing to submit names for Peab's nominating committee can do so to email address valberedning@peab.se or to postal address Peab AB, Att. Nominating Committee, 260 92 Förslöv, Sweden. In order to be considered, nominations to the committee should be submitted at the latest by 10 February 2006.

Future information

- Year-end Report 2005:
16 February 2006
- Interim Report January-March 2006:
17 May 2006
- Interim Report January-June 2006:
25 August 2006
- Interim Report January-September 2006:
24 November 2006
- Year-end Report 2006:
15 February 2007

Förslöv, 24 November 2005

Mats Paulsson
Managing Director

The information in this interim report has not been subject to closer inspection by the company's auditor.

Condensed income statement

<i>The Group</i> <i>MSEK</i>	<i>Jan-Sep</i> <i>2005</i>	<i>Jan-Sep</i> <i>2004</i>	<i>Jul-Sep</i> <i>2005</i>	<i>Jul-Sep</i> <i>2004</i>	<i>Oct-Sep</i> <i>2004/2005</i>	<i>Jan-Dec</i> <i>2004</i>
Net sales	17 727	15 195	6 438	5 237	24 571	22 039
Production and management expenses	-16 263	-13 880	-5 966	-4 759	-22 542	-20 159
Gross profit	1 464	1 315	472	478	2 029	1 880
Selling and administrative expenses	-1 013	-956	-251	-297	-1 389	-1 332
Participation in profit before tax of joint ventures	22	0	17	-2	26	4
Result from participations in joint ventures sold	0	13	-	8	12	25
Result from participations in Group companies sold	3	2	0	0	3	2
Operating profit	476	374	238	187	681	579
Profit from financial items	91	-55	-58	-8	90	-56
Profit after financial items	567	319	180	179	771	523
Tax	95	-83	-63	-47	44	-134
Profit for the period	662	236	117	132	815	389
Profit attributable to shareholders' in Parent Company	663	236	117	128	814	387
Profit attributable to minority interest	-1	0	0	4	1	2
Key ratios						
Profit per share, SEK	7.80	2.78	1.37	1.51	9.58	4.56
– after complete conversion	7.63	2.78	1.29	1.51	9.42	4.56
Average number of outstanding shares, million	85.0	84.9	85.1	84.9	85.0	84.9
– after complete conversion	86.9	84.9	90.6	84.9	86.4	84.9
Return on capital employed	12.1%	8.3%			16.4%	13.4%
Return on equity	23.1%	9.7%			29.1%	15.4%

Condensed balance sheet

<i>The Group</i> <i>MSEK</i>	<i>30 Sep</i> <i>2005</i>	<i>30 Sep</i> <i>2004</i>	<i>31 Dec</i> <i>2004</i>
Assets			
Intangible assets	377	390	395
Tangible fixed assets	1 851	1 926	1 779
Interest-bearing long-term receivables	588	412	432
Financial fixed assets	259	206	241
Deferred tax assets	943	742	688
Project- and development properties	1 831	1 406	1 599
Inventories	223	223	226
Interest-bearing short-term receivables	273	237	175
Other current receivables	6 907	5 720	5 863
Short-term shareholdings	2	0	3
Liquid funds	190	116	85
Total assets	13 444	11 378	11 486
Shareholders' equity and liabilities			
Shareholders' equity	3 135	2 503	2 653
Interest-bearing long-term liabilities	1 676	1 523	1 035
Other long-term liabilities	102	111	99
Interest-bearing short-term liabilities	1 201	1 089	1 326
Other current liabilities	7 330	6 152	6 373
Total shareholders' equity and liabilities	13 444	11 378	11 486
Key ratios			
Capital employed	6 012	5 115	5 014
Equity/assets ratio	23.3%	22.0%	23.1%
Net debt	1 824	1 847	1 666
Adjusted equity per share, SEK	36.84	29.00	30.84
– after complete conversion	39.68	29.00	30.84
Number of outstanding shares at end of period, million	85.1	85.0	85.0
– after complete conversion	90.6	85.0	85.0

Change in shareholders' equity

The Group MSEK	30 Sep 2005	30 Sep 2004	31 Dec 2004
Shareholders' equity attributable to shareholders' in Parent Company			
Opening balance shareholders' equity, 1 January	2 620	2 196	2 196
Effect of changed accounting principle		209	209
Adjusted opening balance shareholders' equity, 1 January	2 620	2 405	2 405
Cash dividend	-212	-187	-187
Disposal of own shares	9	10	10
Shareholders' equity convertible debentures	19		
Exchange rates differences	36	1	5
Profit for the period	663	236	387
Closing balance shareholders' equity	3 135	2 465	2 620
Shareholders' equity attributable to minority interest			
Opening balance shareholders' equity, 1 January	33	63	63
Acquisition	-32	-25	2
Disposal			-34
Profit for the period	-1	-0	2
Closing balance shareholders' equity	0	38	33
Total closing balance shareholders' equity	3 135	2 503	2 653

Condensed cash flow statement

The Group MSEK	Jan-Sep 2005	Jan-Sep 2004	Jul-Sep 2005	Jul-Sep 2004	Oct-Sep 2004/2005	Jan-Dec 2004
Cash flow from current operations before working capital changes	748	509	406	274	1 049	810
Cash flow from changes in working capital	176	-327	189	-231	229	-274
Cash flow from current operations	924	182	595	43	1 278	536
Acquisition of subsidiaries	-307	-97	-35	-42	-456	-246
Disposal of subsidiaries	7	11	4	0	33	37
Acquisition of fixed assets	-300	-248	-104	-69	-332	-280
Sales of fixed assets	22	223	7	64	59	260
Cash flow from investment operations	-578	-111	-128	-47	-696	-229
Cash flow before financing	346	71	467	-4	582	307
Cash flow from financing operations	-242	-162	-407	18	-513	-433
Cash flow for the period	104	-91	60	14	69	-126
Cash at the beginning of the period	85	206	130	102	116	206
Exchange rate differences in cash	1	1	0	0	5	5
Cash at the end of the period	190	116	190	116	190	85

Net sales and operating profit per business area

MSEK	Net sales				Operating profit				Operating margin			
	Jan-Sep 2005	Jan-Sep 2004	Oct-Sep 2004/2005	Jan-Dec 2004	Jan-Sep 2005	Jan-Sep 2004	Oct-Sep 2004/2005	Jan-Dec 2004	Jan-Sep 2005	Jan-Sep 2004	Oct-Sep 2004/2005	Jan-Dec 2004
Construction and Civil Engineering												
Sweden	12 880	11 344	18 030	16 494	369	261	520	412	2.9%	2.3%	2.9%	2.5%
Abroad	2 604	1 829	3 550	2 775	-58	-3	-43	12	-2.2%	-0.2%	-1.2%	0.4%
Total	15 484	13 173	21 580	19 269	311	258	477	424	2.0%	2.0%	2.2%	2.2%
Industry												
Swerock/Asphalt	2 764	2 578	3 736	3 550	167	149	205	187	6.0%	5.8%	5.5%	5.3%
Plant/Cranes	456	414	622	580	98	87	134	123	21.5%	21.0%	21.5%	21.2%
Total	3 220	2 992	4 358	4 130	265	236	339	310	8.2%	7.9%	7.8%	7.5%
Trust/Management	72	49	87	64	-100	-120	-135	-155				
Eliminations	-1 049	-1 019	-1 454	-1 424								
The Group	17 727	15 195	24 571	22 039	476	374	681	579	2.7%	2.5%	2.8%	2.6%

The group per quarter

	Jul-Sep 2005	Apr-Jun 2005	Jan-Mar 2005	Oct-Dec 2004	Jul-Sep 2004	Apr-Jun 2004	Jan-Mar 2004
MSEK							
Net sales	6 438	6 561	4 728	6 844	5 237	5 622	4 336
Production and management expenses	-5 966	-5 990	-4 307	-6 279	-4 759	-5 157	-3 964
Gross profit	472	571	421	565	478	465	372
Selling and administrative expenses	-251	-407	-355	-376	-297	-335	-324
Participations of profit before tax of joint ventures	17	3	2	4	-2	5	-3
Result from participations in joint ventures sold	-	-	0	12	8	5	0
Result from participations in Group companies sold	0	3	0	0	0	0	2
Operating profit	238	170	68	205	187	140	47
Profit from financial items	-58	169	-20	-1	-8	-18	-29
Profit after financial items	180	339	48	204	179	122	18
Tax	-63	-40	198	-51	-47	-31	-5
Profit for the period	117	299	246	153	132	91	13
Profit attributable to shareholders' in Parent Company	117	299	247	151	128	91	17
Profit attributable to minority interest	0	0	-1	2	4	0	-4
Earnings per share, SEK	1.37	3.51	2.91	1.78	1.51	1.07	0.20
– after complete conversion	1.29	3.51	2.91	1.78	1.51	1.07	0.20
Average number of outstanding shares, million	85.1	85.0	85.0	85.0	84.9	84.9	84.8
– after complete conversion	90.6	85.2	85.0	85.0	84.9	84.9	84.8

Business area per quarter

	Jul-Sep 2005	Apr-Jun 2005	Jan-Mar 2005	Oct-Dec 2004	Jul-Sep 2004	Apr-Jun 2004	Jan-Mar 2004
MSEK							
Net sales							
Construction and Civil Engineering	5 424	5 655	4 405	6 096	4 310	4 818	4 045
Industry	1 357	1 288	575	1 138	1 275	1 179	538
Trust/Management	26	27	19	15	19	15	15
Elimination	-369	-409	-271	-405	-367	-390	-262
Total	6 438	6 561	4 728	6 844	5 237	5 622	4 336
Operating profit							
Construction and Civil Engineering	112	102	97	166	95	99	64
Industry	156	110	-1	74	146	86	4
Trust/Management	-30	-42	-28	-35	-54	-45	-21
Total	238	170	68	205	187	140	47
Order situation Construction and Civil Engineering							
Orders received	6 430	5 496	5 438	6 046	5 219	4 897	5 397
Order backlog at the end of the period	17 862	16 793	16 945	15 899	15 956	15 030	14 936

Accounting in accordance with the IFRS

From 1 January 2005, consolidated accounts will be drawn up in accordance with the IFRS standards and interpretations adopted by the EU Commission. The first annual report to which the IFRS will apply will be that for the 2005 financial year.

Conversion of 2004 accounts has been made in accordance with IFRS 1, which regulates the way in which companies which are drawing up complete group reports in accordance with IFRS for the first time should deal with the transition to the new set of regulations. The principal rule is that all IFRSs applying to 2005 should be applied retroactively. Comparative figures for 2004 have been recalculated in accordance with the standards that will apply on 31 December 2005. Peab's annual report for the 2004 financial year contained a description of the accounting principles which will be affected by the transition to the IFRS. For a description of the effects that the altered principles had on the balance sheets as at 1 January 2004 and 31 December 2004 and on the 2004 income and cash flow statements, see the section entitled "Transition to reporting in accordance with the IFRS - International Financial Reporting Standard" in the 2004 annual report.

Below is an account of how the new accounting principles affected comparison with the third quarter of 2004.

IFRS 3 – Business Combination

Goodwill is no longer amortised according to plan. It is compulsory to examine the need for possible writedowns at least once a year and in addition whenever

the need for writedowns is indicated. Impairment loss must be carried out in those cases where the value in use or the net sale value is lower than the carrying amount.

IAS 12 – Income Taxes

The previous Swedish recommendations on so-called asset acquisitions in RR 9, Income taxes, will no longer apply after the introduction of the IFRS. This means that in the case of acquisitions involving deferred tax, this deferred tax must normally be valued at nominal tax rate. Therefore acquired deferred tax assets attributable to tax losses carry forward have been reassessed at nominal value, where previously they were recognized at acquisition value. Thus the requisitioning of deferred tax assets will be accounted as a tax cost at par.

IAS 17 – Leases

Leasing agreements applying mostly to the leasing of motorcars were previously classified under operational leasing. These leasing agreements have been reclassified as financial leasing agreements and entered as tangible fixed assets and interest-bearing liabilities, respectively.

IAS 11 – Construction Contracts

To adapt to IAS 11, Construction contracts, revenues from housing projects for sale will be recognised in profits based on actual percentage of sale based on binding agreements with the home buyer. Thus revenue is recognised as the percentage of completion multiplied by percentage of sale on each individual

project. Previously, revenue was recognized based among other things on prior booking agreements. The regulations follow the Swedish Construction Confederation's supplement to the industry recommendation concerning "Percentage-of-completion revenue recognition in housing projects for sale."

IAS 1 - Presentation of Financial Statements

Minority participations in annual profits are no longer recognized in the income statement. Results are instead specified in connection with the income statement divided between majority and minority interests.

IAS 27 - Consolidated and Separate Financial Statements

Minority interests are recognized under equity as a separate item.

IAS 39 - Financial Instruments

The recommendation enters into force from 2005 and is not retroactive. In the 2004 year-end accounts (but not in the quarterly reports) Peab applied the new Swedish Annual Accounts Act rules to valuation of financial instruments at fair value. As far as Peab is concerned this meant that the valuation rules in IAS 39 were already applied to year-end accounts for 2004 for all financial instruments, and consequently no recalculation of the 2005 opening balance was required.

Comparison

The tables below show the effect of the new accounting rules on comparisons between the third quarter of 2004 and 2005. In certain cases the new rules have affected the definitions of certain key ratios, which have therefore been recalculated.

Income statement January-September 2004

MSEK	Previously principles Jan-Sep 2004	IFRS 3 Business Comb. (Goodwill)	IAS 12 Income Taxes	IAS 17 Leases	IAS 11 Construction Contracts	IAS 27 Consolidated Statements	IAS 39 Financial Instruments	According to IFRS Jan-Sep 2004
Net sales	15 168				27			15 195
Production and management expenses	-13 900	16		4				-13 880
Gross profit	1 268	16		4	27			1 315
Selling and administrative expenses	-981	25						-956
Participations of profit before tax of joint ventures	0							0
Result from participations in joint ventures sold	13							13
Result from participations in Group companies sold	2							2
Operating profit	302	41		4	27			374
Profit from financial items	-55			-4			4	-55
Profit after financial items	247	41		0	27		4	319
Tax	-35		-40		-8			-83
Minority interests	0							0
Profit for the period	212	41	-40	0	19		4	236
Profit attributable to shareholders' in Parent Company								236
Profit attributable to minority interest								0
Key ratios								
Earnings per share, SEK	2.49							2.78
Profit margin	2.0%							2.5%

Income statement July-September 2004

MSEK	Previously principles Jul-Sep 2004	IFRS 3 Business Comb. (Goodwill)	IAS 12 Income Taxes	IAS 17 Leases	IAS 11 Construction Contracts	IAS 27 Consolidated Statements	IAS 39 Financial Instruments	According to IFRS Jul-Sep 2004
Net sales	5 213				24			5 237
Production and management expenses	-4 763	5		-1				-4 759
Gross profit	450	5		-1	24			478
Selling and administrative expenses	-306	9						-297
Participations of profit before tax of joint ventures	-2							-2
Result from participations in joint ventures sold	8							8
Result from participations in Group companies sold	0							0
Operating profit	150	14		-1	24			187
Profit from financial items	-21			-1			14	-8
Profit after financial items	129	14		-2	24		14	179
Tax	-18		-22		-7			-47
Minority interests	-4					4		0
Profit for the period	107	14	-22	-2	17	4	14	132
Profit attributable to shareholders' in Parent Company								128
Profit attributable to minority interest								4
Key ratios								
Earnings per share, SEK	1.31							1.51
Profit margin	2.9%							3.6%

Balance sheet 2004-09-30

MSEK	Previously principles 2004-09-30	IFRS 3 Business Comb. (Goodwill)	IAS 12 Income Taxes	IAS 17 Leases	IAS 11 Construction Contracts	IAS 27 Consolidated Statements	IAS 39 Financial Instruments	According to IFRS 2004-09-30
Assets								
Intangible assets	349	41						390
Tangible fixed assets	1 759			167				1 926
Interest-bearing long-term receivables	387						25	412
Financial fixed assets	206							206
Deferred tax assets	452		255	1	31		3	742
Project- and development properties	1 406							1 406
Inventories	223							223
Interest-bearing short-term receivables	237							237
Other current receivables	5 781				-61			5 720
Short-term shareholdings	0							0
Liquid funds	116							116
Total assets	10 916	41	255	168	-30	0	28	11 378
Shareholders' equity and liabilities								
Shareholders' equity	2 234	41	255	-2	-82	38	19	2 503
Minority interests	38					-38		0
Allocations ¹⁾	98							98
Interest-bearing long-term liabilities	1 415			100				1 515
Other long-term liabilities	16						5	21
Interest-bearing short-term liabilities	1 019			70				1 089
Other current liabilities	6 096				52		4	6 152
Total shareholders' equity and liabilities	10 916	41	255	168	-30	0	28	11 378
Key ratios								
Capital employed	4 722							5 115
Equity/assets ratio	20.8%							22.0%
Net debt	1 710							1 847
Equity per share, SEK	26.29							29.00

¹⁾ Provisions have ceased to constitute a separate category between equity and liabilities and are now divided between long-term and current liabilities.

Cash flow statement January-September 2004

MSEK	Previously principles Jan-Sep 2004	IFRS 3 Business Comb. (Goodwill)	IAS 17 Leases	IAS 11 Construction Contracts	IAS 39 Financial Instruments	According to IFRS Jan-Sep 2004
Current operations						
Profit after financial items	247	41		27	4	319
Adjustments for non-cash items	255	-41	43		-4	253
Income tax paid	-63					-63
Cash flow from current operations before working capital changes	439	0	43	27	0	509
Cash flow from changes in working capital						
Increase/decrease project- and development properties	-327					-327
Increase/decrease inventories	-3					-3
Increase/decrease current receivables	-190			-23		-213
Increase/decrease current liabilities	220			-4		216
Cash flow from changes in working capital	-300			-27		-327
Cash flow from current operations	139	0	43	0	0	182
Cash flow from investment operations	-111					-111
Cash flow before financing	28	0	43	0	0	71
Financing operations						
Borrowings	68		-43			25
Cash dividend paid	-187					-187
Cash flow from financing operations	-119		-43			-162
Cash flow for the period	-91	0	0	0	0	-91
Cash at the beginning of the period	206					206
Exchange rate differences in cash	1					1
Cash at end of period	116	0	0	0	0	116

List of shareholders, 31 October 2005

Shareholders	A-shares	B-shares	Total no of shares	Proportion of capital, %	Proportion of votes, %
Erik Paulsson with family and company	3 487 890	3 699 514	7 187 404	8.2%	22.0%
Mats Paulsson with company	2 787 117	4 655 590	7 442 707	8.5%	18.5%
Mohammed Al-Amoudi with bolag	0	18 854 865	18 854 865	21.6%	10.7%
Fredrik Paulsson with family and company	1 186 429	1 147 750	2 334 179	2.7%	7.4%
Stefan Paulsson with family and company	1 186 430	1 132 356	2 318 786	2.7%	7.4%
Svante Paulsson with family and company	491 688	728 880	1 220 568	1.4%	3.2%
Sara Karlsson with family and company	508 040	348 019	856 059	1.0%	3.1%
Karl-Axel Granlund with company	0	4 025 000	4 025 000	4.6%	2.3%
Robur funds	0	1 529 890	1 529 890	1.8%	0.9%
AMF Pension funds	0	1 265 400	1 265 400	1.5%	0.7%
SHB/SPP funds	0	838 656	838 656	1.0%	0.5%
Other	158 108	37 071 122	37 229 230	42.6%	22.1%
Number of outstanding shares	9 805 702	75 297 042	85 102 744		
Peab AB	0	2 093 200	2 093 200	2.4%	1.2%
Number of registered shares	9 805 702	77 390 242	87 195 944	100.0%	100.0%

Source: SIS Ägarservice, VPC

