

PEAB AB (PUBL) INTERIM REPORT JANUARY–SEPTEMBER 2007.

Net sales for continuing operations increased by 24 per cent to SEK 22 370 million (18 055)

Operating profit from continuing operations amounted to SEK 789 million (389)

Profit for the period from continuing operations amounted to SEK 456 million (315). Profit for the period amounted to SEK 493 million (569). Profits include a change of SEK-173 million (61) in the value of the Brinova holding

Profit per share before dilution amounted to SEK 3.02 (3.34)

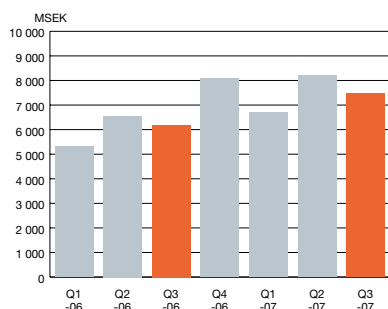
Orders received increased by 32 per cent and amounted to SEK 28 505 million (21 539)

Order backlog amounted to SEK 26 891 million (21 852)

Peab Industri is reported as discontinued operations

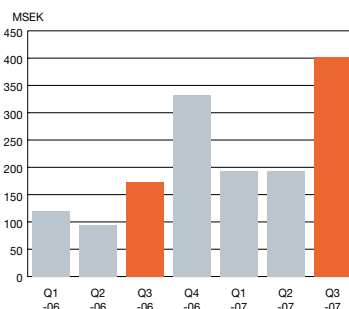
INTERIM REPORT JANUARI - SEPTEMBER 2007

Net sales



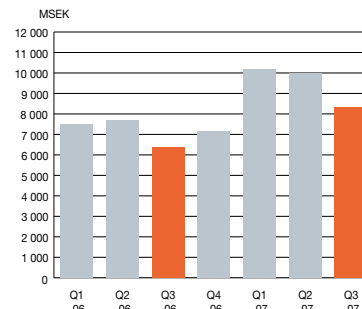
The Group's net sales for the January-September 2007 period amounted to SEK 22 370 million, which is an increase of 24 per cent compared to corresponding period the previous year. Adjusted for acquired and divested units, the increase in net sales amounted to 18 per cent.

Operating profit



The Group's operating profit for the January-September 2007 amounted to SEK 789 million compared to SEK 389 million the previous year. Operating profit for the latest rolling 12-month period amounted to SEK 1 122 million compared to SEK 722 million for the full year 2006.

Orders received per quarter



Orders received for January-September 2007 amounted to SEK 28 505 million, compared to SEK 21 539 million the previous period for the last year. Order backlog amounted to SEK 26 891 million compared with SEK 21 852 million at the the same time the previous year.

The Group

MSEK	Jan-Sep 2007	Jan-Sep 2006	Oct-Sep 2006/2007	Jan-Dec 2006	Financial objectives (full year)
Net sales	22 370	18 055	30 447	26 132	
Operating profit	789	389	1 122	722	
Operating margin	3.5%	2.2%	3.7%	2.8%	
Profit before tax	653	437	1 148	932	
Profit for the period 1)	493	569	972	1 048	
Profit per share before dilution, SEK 1)	3.02	3.34	5.86	6.18	
Return on equity 1)	14.8%	16.5%	28.0%	31.6%	>20%
Equity/assets ratio	23.3%	22.0%	23.3%	19.9%	>25%

¹⁾ Including profit from discontinued operations, net after tax

NEW CONTRACTS DURING THIRD QUARTER

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

- Peab has been commissioned to totally renovate Sollentuna public swimming baths with adjacent administration buildings. The order has been placed by the Municipality of Sollentuna and the value of the contract is about SEK 185 million.
- Peab has been commissioned to build a stage of west part of Norra Länken at Norrtull in Stockholm. The contract is being carried out as a consortium with the German company Bilfinger Berger. The order was placed by the Swedish National Road Administration and is worth a total of SEK 1 265 million, of which Peab's share amounts to SEK 341 million.
- Peab has been commissioned to build a new store for IKEA in Åbo, Finland. The customer is IKEA Fastigheter and the construction cost amounts to about SEK 250 million.
- Peab has been commissioned to carry out renovation and extension work to the Stockholm Town Hall on Kungsholmen. Among other things, the Stockholm Town Hall houses the Stockholm district court. The order has been made by Vasakronan and the contract is worth about SEK 330 million.
- Peab has been commissioned to build Malmö FF football club's new home stadium, the Swedbank Stadium in Malmö. The customer is Malmö Fotbollsstadion Fastighets AB and the contract is worth about SEK 580 million.



MD's COMMENTS.

The first nine months of the year were eventful ones for Peab. The listing of Peab Industri on the stock exchange on 1 October was the final stage of a project which had been in progress for more than a year. As a result, all the prerequisites for continued positive progress in Peab and Peab Industri are now in place.

The period was also characterised by continued strength in the construction markets where Peab is active, and among the consequences was an increase in order backlog to SEK 26 891 million a 23 per cent rise compared with 30 September 2006.

In recent years, Peab has chosen to focus on the construction of housing at reasonable prices. We are seeing a continuation of the interest in our housing projects and we are finding that the demand for this type of housing has not been as adversely affected by the increased market interest rates as more expensive housing. Despite this, in order to minimise the risk of unsold apartments, during the year we have decided to gradually increase requirements for advance sales before embarking upon new housing projects.

We are experiencing a stabil demand within the other segments, and we still assess that shortages of resources and price increases are main challenges facing Peab and the sector as a whole, although during the autumn we have noted a bit of easing in rises in prices of some input goods.

Peab has gradually been increasing its profits in recent years, a trend that is still continuing. Operating profit for the first nine months excluding Peab Industri more than doubled at SEK 789 million (389). Profits in Construction Sweden and Civil Engineering have been positively affected both by good earnings in the ongoing production; projects completed during the period and by projects which are approaching their final stages.

Because of the strong earnings and the impact of the distribution of Peab Industri, Peab's financial position continues to strengthen, thereby offering us further opportunities for developing the company.

Mats Paulsson
Managing Director

REPORTING ON PEAB INDUSTRI

The AGM of Peab held on 16 May 2007 resolved to distribute the shares in the subsidiary Peab Industri AB to Peab's shareholders.

Peab Industri's profit for the January-April period has been reported as discontinued operations in the Peab Group. Results from Peab Industri have been omitted from all income and cost items in the income statement and are reported net under the item "Profit from discontinued operations, net after tax". Comparative figures for previous periods have been restated to show continuing operations separated from discontinued operations.

Peab Industri has been excluded from the balance sheet as at 30 September 2007, whilst the comparative balance sheets accord with historic accounts.

For further information on Peab Industri's first nine months 2007, see separately published interim report.

NET SALES AND PROFIT

The Group's net sales for the period January-September increased by 24 per cent to SEK 22 370 million (18 055). Adjusted for acquired and divested units the increase in net sales amounted to 18 per cent. Of the period's net sales, SEK 3 721 million (2 560) related to sales and production outside Sweden.

Operating profit for the January-September period amounted to SEK 789 million compared with SEK 389 million for the corresponding period the previous year. A competition damage charge of SEK -85 million was charged to profit for the period (for further information see the section on Important events during the reporting period, page 7). Operating profit for the latest rolling 12-month period amounted to SEK 1 122 million compared with SEK 722 million for the full year 2006.

Shares in the profits of joint ventures are accounted for in accordance with the equity method. Shares in the profits of joint ventures amounted to SEK 2 million (-6) for the period.

Pre-tax profit amounted to SEK 653 million, compared with SEK 437 million for the same nine months the previous year.

The net financials item amounted to SEK -136 million (48), of which the financial net income/expense amounted to SEK 1 million (-15). The effect of valuing financial instruments at fair value was included in net financial items to the tune of SEK -153 million (63), of which the result valuing the Brinova holding at fair value amounted to SEK -173 million (61). The share holding is entered at the market price on balance sheet day.

Tax for the period amounted to SEK -197 million (-122), which is equivalent to a tax rate of approximately 30 per cent and mainly consist of deferred tax costs stemming from the exercising of tax loss carryforwards which had previously been capitalised as deferred tax receivables. Among other things, the tax rate was

affected by non-deductible charges for the Swedish Competition Authority.

Profit from discontinued operations, net after tax, amounted to SEK 37 million, and refers to Peab Industri's net profit for the January-April 2007 period, whilst corresponding profit for the January-September 2006 period amounted to SEK 254 million.

Profit for the period amounted to SEK 493 million (569).

FINANCIAL POSITION

The equity/assets ratio as at 30 September 2007 was 23.3 per cent, compared with 19.9 per cent at the end of the year. Net interest-bearing receivables amounted to SEK 574 million compared with net liabilities of SEK -1 575 million at the same time the previous year. The average interest rate on the loan portfolio amounted to 4.8 per cent (3.6).

The Group's liquid funds including non-utilised credit facilities amounted to SEK 4 726 million at the end of the period, compared with SEK 4 608 million as at 31 December 2006.

At the end of the period, the Group's contingent liabilities excluding joint and several liability in trading and limited partnerships amounted to SEK 1 440 million compared with SEK 1 498 million as at 31 December 2006. Of contingent liabilities, obligations to tenant-owners' cooperatives under construction amounted to SEK 1 282 million compared with SEK 1 107 million at the end of 2006.

INVESTMENTS

Net investments in tangible and intangible fixed assets amounted to SEK 671 million (555) during the period. During the period SEK 298 million (379) net was invested in project- and development properties.

CASH FLOW

The positive cash flow from current operations before working capital changes is mainly attributable to increased profitability. Cash flow from changes in working capital was reduced by SEK -227 million (-261) as a result of the acquisition of project and development properties. When project and development property is acquired through company acquisitions, this is charged to cash flow from investment activities similarly to acquisitions of subsidiaries. Cash flow from investment activities amounted to SEK 624 million (-422) and mainly stems from the repayment of loans by Peab Industri in conjunction with the distribution.

PERSONNEL

At the end of the period, the company employed a staff of 11 942 compared to 10 708 at the same time the previous year.

FINANCIAL TARGETS AND REPORTING STRUCTURE

As a result of the distribution of the shares in Peab Industri, in future Peab's activities will consist of construction and civil engineering work in Sweden, Norway and Finland. This resulted during the spring 2007 in a review of the financial targets and of the external reporting structure.

FINANCIAL TARGETS

The new financial objectives state the group's objectives and potential as a dedicated construction and civil engineering company.

These targets are:

- Return on equity of at least 20 per cent (previous 15 per cent)
- Equity/assets ratio of at least 25 per cent (unchanged)
- Dividend of at least 50 per cent of profit after tax (unchanged)

REPORTING STRUCTURE

The business sectors as from the first quarter 2007 are as follows:

- Construction Sweden
- Construction Abroad
- Civil Engineering
- Trust/Management

COMMENTS BY BUSINESS SECTORS

When establishing Peab Industri AB on 31 December 2006 there were certain minor company handovers between the Industry, Construction Sweden and Civil Engineering business areas. Historical comparative figures for the business areas have not been restated with regard to these handovers.

CONSTRUCTION SWEDEN

The Construction Sweden business sector comprises the group's resources relating to construction services in Sweden.

Net sales in Construction Sweden for the period January-September amounted to SEK 14 138 million, compared to SEK 12 274 million during the same period the previous year, equivalent to a rise of 15 per cent.

The operating profit for the period January-September amounted to SEK 756 million, compared to SEK 432 million during the same period the previous year. The operating profit and the operating margin for the period have been positively affected by good earnings in the ongoing production, strong production, projects completed during the period and by projects which are approaching their final stages.

The operating margin for the latest rolling 12-month period was 5.2 per cent compared with 4.0 per cent for the full year 2006.

CONSTRUCTION ABROAD

The Construction Abroad business sector consists of Peab's Norwegian and Finnish businesses. The metropolitan areas are the centres of gravity of these operations.

Net sales in Construction Abroad for the January-September amounted to SEK 3 721 million, compared to SEK 2 560 million during the same period the previous year, equivalent to a rise of 45 per cent.

Adjusted for acquired units the increase in net sales amounted to 25 per cent.

Operating loss for the period January-September amounted to SEK -3 million, compared to SEK -29 million during the same period the previous year.

CIVIL ENGINEERING

The Civil Engineering business sector consists of civil engineering related business in Sweden.

Net sales for the period January-September for Civil Engineering amounted to SEK 5 526 million compared with SEK 4 433 million for the same period the previous year, which corresponds to an increase of 25 per cent.

Operating profit for the January-September period amounted to SEK 214 million compared with SEK 135 million for the corresponding period the previous year. Operating profit and operating margin for the period were positively affected by good earnings in the ongoing production, completed projects and by projects approaching the final stages.

The operating margin for the latest rolling 12-month period was 3.2 per cent compared with 2.5 per cent for the full year 2006.

ORDERS RECEIVED

Total orders received by the Construction Sweden, Construction Abroad and Civil Engineering business sectors amounted to SEK 28 505 million (21 539) for the first nine months of 2007, which is an increase of 32 per cent. The order backlog at the end of the period totalled SEK 26 891 million compared with SEK 21 852 million at the same time last year. This represents an increase of 23 per cent. Of the total order backlog, 73 per cent (69) is expected to be produced after the current year. Construction projects accounted for 76 per cent (75) of the order backlog. Swedish operations accounted for 82 per cent (81) of the order backlog.

Order backlog and orders received Construction and Civil Engineering

MSEK	30 Sep 2007	30 Sep 2006	31 Dec 2006
Current financial year	7 284	6 694	16 314
Next financial year	15 087	11 685	3 486
Thereafter	4 520	3 473	842
Total order backlog	26 891	21 852	20 642
Order received	28 505	21 539	28 711

PROJECT DEVELOPMENT

Within its contracting operations, Peab also engages in internally developed construction of housing, comprising tenant-owner rights and single homes sold directly to the final customer. At the end of the

Internally developed housing construction

	Jan-Sep 2007	Jan-Sep 2006	Jan-Dec 2006
Number of housing starts during the period	1 779	1 827	2 518
Number of homes sold during the period	1 719	1 632	2 300
Total number of homes under construction, at the end of the period	4 351	3 956	4 193
Share of sold homes under construction, at the end of the period	75%	73%	75%
Number of repurchased tenant-owner rights/ shares in Finnish housing companies in own balance sheet, at the end of the period	76	4	38

period, 4 351 (3 956) internally developed homes were under construction, 75 per cent (73) of which were sold. The total holding of project and development properties in Construction Sweden and Abroad amounted to SEK 2 328 million (2 163) at the end of the period.

Of the number of housing repurchased, 72 in comparison with 32 at the end of the year, are attributable to Finnish housing companies.

TRUST/MANAGEMENT

Trust/Management comprises the central companies, certain subsidiaries and joint ventures and other holdings. Operating profit amounted to SEK -178 million (-100). A competition damage charge of SEK -85 million was charged to profit during the second quarter.

THE CONSTRUCTION MARKET

The economic cycle for the construction market continues to be favourable, and according to sector experts growth of approximately eight per cent is expected in Sweden in 2007. All segments of the construction market are assessed as growing well during the year with the exception of public civil engineering investment, where growth has tended to stagnate.

Investment in housing is still increasing despite the decrease in tenancy right building as a result of the removal of subsidies. Higher employment and wage and salary increases are factors which have so far increased demand and counteracted the impact of interest rate rises. Adjusted for the effects of discontinued government subsidies (the so called Odell concrete foundations) new building starts are expected to amount to approximately 38 000 for the years 2006-2008. Peab's focus on housing at reasonable prices has so far resulted in continuing good sales of projects in progress. Increasing interest rates have more clearly in Norway and Finland contributed to longer selling times.

Where civil engineering investment is concerned, the rise in private civil engineering investment continues, driven by power and energy installation initiatives due to such factors as continued high energy prices and also new commitments to renewable sources of energy. Public infrastructure investment in the form of road investments and railway investments is lower than expected with uncertainty about future government aspirations. Hopefully, a number of urgent road and railway investments will result in increased demands for new projects. High local government demand for both new and converted property is expected to contribute to the continued growth in the building of business premises.

Private local investment will also contribute to this rise. This increase is being driven by growing retail sales and investments in office conversions and the relocation of dedicated premises to the right positions. Demand for investment in new industrial premises has also grown.

RISKS AND UNCERTAINTY FACTORS

Peab business is largely project related. Operational risks affect day-to-day business and may, for example, be associated with tender

procedures, percentage of completion and price risks.

Structured risk assessment is crucial in the construction business to ensure that risks are identified and correctly priced in any tenders submitted. Peab applies percentage of completion revenue recognition. The application of the percentage of completion method depends on reliable forecasting. Well developed monitoring and system support for monitoring and forecasting for each project are crucial to limiting risks of incorrect percentage of completion revenue recognition.

For Peab price risks refer to such aspects as unforeseen material and subcontractor cost increases or employee wage increases. Risks vary according to the type of contract. Fixed price contracts also involve the risk of incorrect tender calculations, risks that price rises will deteriorate profits without options for compensation by the customer.

The group is also exposed to financial risks, such as changes in debt and interest rate levels. Through its shareholding in Brinova, Peab has a major exposure to a single holding. Large fluctuations in the price of the Brinova share may exert a major impact on the valuation of the holding, which would affect Peab's net financial items.

For further information on financial risks, see Note 32 of the 2006 annual report.

IMPORTANT EVENTS DURING THE REPORTING PERIOD

The Byggnads union called a strike on 18 April which focused entirely on Peab. The strike lasted for four working days. Some 800-900 Peab workers were affected.

Mats O Paulsson has resigned as deputy managing director of Peab AB in order to dedicate all his efforts to his post of CEO of Peab Industri AB. Mats O Paulsson was employed by Peab in 1999, and his posts have included CEO of Swerock, manager of the Industry business area, and, in recent years, also of Peab's civil engineering business. Mats O Paulsson has been vice CEO of Peab AB since 2000.

The district court's decision on competition damage charges related to asphaltting business was announced on 10 July 2007. Peab Sverige AB, Peab Asphalt AB and Peab Asphalt Syd AB were ordered to pay total competition damage charges of SEK 85 million. On 1 March 2007, Peab AB issued two letters of indemnity whereby Peab AB undertakes to pay any charges Peab Asphalt AB and Peab Asphalt Syd AB, which are part of the Peab Industri Group, might be ordered to pay in competition damage charges. These charges are included in the above amount. The competition damage charges have been charged to profit for the period. Peab Sverige AB, Peab Asphalt AB and Peab Asphalt Syd AB have appealed against the decision of the district court to the Swedish Market Court. The decision of the Swedish Market Court will not be made public until the second half of 2008 at the earliest.

Peab has renegotiated and extended bilateral loan agreements for a total of SEK 3.25 billion (previously SEK 3.0 billion) with six banks. As a result of the extension, the loan agreements which previously expired in February 2013 will now expire in September 2014. The loans are not subject to amortisation.

ACQUISITIONS DURING THE REPORTING PERIOD

Peab has acquired Stockholms Hamnentreprenad AB. The company has some 35 employees and 2006 sales amounted to SEK 70 million. Stockholms Hamnentreprenad builds installations in and next to water, mainly for Stockholms Hamnar AB and Stockholm City authorities.

ACCOUNTING PRINCIPLES

The interim report for the third quarter 2007 has been drawn up in accordance with the IFRS standards adopted by the EU and the IFRIC interpretations of the current standards adopted by the EU. This report has been prepared in accordance with IAS 34, Interim reporting and RR 31, Interim reporting for groups.

Parent company reports have been prepared in accordance with the Swedish Company Accounts Act and RR 32:06 Reporting of legal entities.

The interim report has been prepared in accordance with the same accounting policies and assumptions as described for the 2006 annual report.

DISTRIBUTION OF PEAB INDUSTRI

The Peab Industri group was established on 31 December 2006 through the acquisition of companies from the rest of the Peab group for the consolidated value reported in Peab. The AGM of Peab held on 16 May 2007 resolved to distribute the shares in Peab Industri AB in accordance with the so-called "Lex Asea", which since the end of last year comprises the group's Industry business area. We have assessed that the distribution of Peab Industri will create the right preconditions for and make possible further specialisation, development, growth and profitability for both Peab and Peab Industri.

The consolidated value of the net assets which were distributed with regard to Peab Industri amounted to SEK 638 million (before distribution costs), equivalent to about SEK 7.50 per outstanding share.

As per 30 September 2007, Peab's interest-bearing loans to Peab Industri amounted to SEK 200 million. The loan consists of a subordinated loan of SEK 200 million, which will be amortised in December 2007 when Peab intends to subscribe to shares in Peab Industri. The loan is subject to market interest rate.

The shares in Peab Industri, divided into A-shares and B-shares, were divested on 27 September 2007 and the B-share was listed on the OMX Nordic Stock Exchange in Stockholm on 1 October 2007.

PERSONNEL CONVERTIBLE DEBENTURES 2007/2012

On 16 May 2007, the AGMs of Peab AB and Peab Industri AB resolved to issue and offer convertible debentures to all employees. The decision involves:

- The offer of participation in the program will be made to all employees of Peab AB and Peab Industri AB on market-related terms, and each employee will have the possibility to subscribe to a minimum of 200 convertibles in each program.
- The convertible debentures will run from 1 December 2007 until 30 November 2012. Each convertible can be converted during a part of December 2010 and 2011 and part of September 2012 to a B-share in the respective companies.
- The conversion rate amounting to SEK 68.00 was established on 15 November 2007 and the issuing amount related to the Peab Convertible Debt Instruments 2007/2012 to SEK 598 400 000 equivalent to 8 800 000 new convertibles. At conversion to shares the dilution effect will be 5.05 per cent of the share capital and 2.51 per cent of the voting share, based on the current number of registered shares. The convertible debt interest rate, which will finally be established on 1 December 2007, will be based on the five year swap interest rate on 1 December 2007 with a markup of 0.75 per cent.

In order to offset possible dilution, the AGMs of the respective companies resolved to authorise the respective boards of directors to buy back shares, including authorising them to buy back and then withdraw the same number of B-shares which are issued when the convertible debentures are exercised.

The proposed issues will give all employees an opportunity to share in both companies' progress, thus boosting their sense of belonging and dedication.

CONVERTIBLES IN PEAB INDUSTRI

An extraordinary general meeting of Peab Industri AB held on 13 August 2007 resolved to issue convertible debentures to a nominal value of max SEK 200 million. Peab Industri will issue 3.0 million convertible debentures in December 2007 and the whole of the convertible offer will be entirely aimed at Peab AB who intends to subscribe. The terms and conditions for these convertible debentures will be consistent with the terms and conditions of the convertible debentures which Peab Industri intends for its staff, described in the previous paragraph.

Share capital and number of shares

	Share capital MSEK	Number of registered A-shares	Number of registered B-shares	Total number of registered shares	Holdings of own shares	Shares owned by other shareholders
Share capital and number of shares, 1 January 2007	872.0	9 805 702	77 390 242	87 195 944	7 315 000	79 880 944
Withdrawal of own shares 2007-06-15	-55.0	—	-5 500 000	-5 500 000	-5 500 000	—
Bonus issue 2007-06-15	57.2	—	—	—	—	—
Conversion personnel convertible debentures 2007-07-19	57.4	—	5 373 604	5 373 604	—	5 373 604
Split 2:1 2007-09-27	—	9 805 702	77 263 846	87 069 548	1 815 000	85 254 548
Acquisition/disposal of own shares during the period	—	—	—	—	—	—
Share capital and number of shares, 30 September 2007	931.6	19 611 404	154 527 692	174 139 096	3 630 000	170 509 096

WITHDRAWAL OF SHARES AND BONUS ISSUE

Peab's AGM resolved on a reduction in share capital of SEK 55 000 000 through the withdrawal without repayment of 5 500 000 B-shares which were previously bought back by the company with the requisite authority and on a increase in the company's share capital of SEK 57 187 162 through transfer from unrestricted equity to the share capital (bonus issue). The capital increasing without the issue of new shares.

CONVERSION OF CONVERTIBLE PROMISSORY NOTES 2005/2008

Peab's AGM resolved on an additional window for converting Peab's convertible promissory notes 2005/2008 to B-shares during the period 18 June - 2 July 2007. Of the overall nominal amount of SEK 479 million, SEK 468 million, or 97.7 per cent, were converted to 5 373 604 new B-shares. The new shares were registered on 19 July 2007. After conversion, a nominal total of SEK 11 million remain of Peab's convertible promissory notes 2005/2008 which after restatement correspond to a maximum of 462 035 new B-shares.

HOLDINGS OF OWN SHARES

At the beginning of 2007, Peab's holding of own shares amounted to 7 315 000 B-shares, corresponding to 8.4 per cent of the total number of shares. On 16 May 2007, the Peab Annual General Meeting resolved to authorise the board of directors to acquire at the most the number of shares in Peab AB such that after acquisition Peab would hold a maximum of 10 per cent of the registered number of shares in the company. During 2007, the holding of own shares has declined by 5 500 000 B-shares through withdrawal and thereafter increased by 1 815 000 B-shares after the 2:1 split. No acquisitions or transfers of own shares have been made during the January-September period. As at 30 September, Peab's holding of own shares amounted to 3 630 000 B-shares, corresponding to 2.1 per cent of the total number of shares. In October 2007, based on the AGM's authorisation, Peab's board of directors decided to buy back an additional maximum of 2 000 000 B-shares. Since this decision, 620 000 B-shares have been bought back.

2:1 SHARE SPLIT

Peab's AGM resolved upon a 2:1 share split such that each existing share be divided into two shares of the same share type. The record day was 27 September 2007 after the right to participate in the distribution of Peab Industri AB was separated.

THE PEAB-SHARE

Peab's B-share is listed on the OMX Nordic Exchange in Stockholm. A recalculation has been performed as regards the historical share prices together with an adjustment for the split 2:1. As at 22 November 2007, the price of the Peab share was SEK 46.70, which is equivalent to a decline of 19 per cent since the end of the year. During the same period, the Swedish stock market declined by 10 per cent according to Affärsvärlden's general index. During 2007,

the Peab share was quoted at a maximum of SEK 86.50 and a minimum of SEK 45.10.

THE PARENT COMPANY

The parent company Peab AB's net sales amounted to SEK 41 million (43) and mainly consisted of internal Group services. Profit after tax amounted to SEK 1 206 million (452). Profit includes dividends from subsidiaries of SEK 1 557 million (511).

The parent company's assets mainly consist of participations in group companies amounting to SEK 7 169 million (6 049), shares in Brinova Fastigheter AB worth SEK 508 million (518), shares in Annehem Fastigheter AB worth SEK 49 million (-) and interest-bearing receivables of SEK 215 million (46). The assets have been financed from equity of SEK 4 305 million (4 019) and long-term liabilities amounting to SEK 3 945 million (2 688).

The parent company's liquid assets amounted to SEK 11 million (11) at the end of the period.

The parent company is indirectly affected by the risks described in the section Risks and Uncertainty Factors.

AGM

The AGM of Peab will be held on 15 May 2008 at Grevieparken in Grevie.

NOMINATING COMMITTEE

At the AGM held on 16 May 2007, Malte Åkerström (chairman), Leif Franzon, Göran Grosskopf and Fredrik Paulsson were appointed to the Peab nominating committee. Shareholders wishing to submit proposed candidates for Peab's nominating committee can do so at email address valberedning@peab.se or by applying to Peab AB, Att. Nominating Committee, 260 92 Förslöv, Sweden. For consideration by the 2008 AGM, proposals must be in the hands of the company by 14 January 2008.

FUTURE FINANCIAL INFORMATION.

- Year-end Report 2007: 14 February 2008
- Annual report 2007: In the beginning of April 2008
- Interim report January – March 2008 and Annual General Meeting: 15 May 2008
- Interim report January – June 2008: 26 August 2008
- Interim report January – September 2008: 25 November 2008
- Year-end Report 2008: 14 February 2009

Förslöv, 23 November 2007

Mats Paulsson
Managing Director

The information in this interim report has not been reviewed separately by the company's auditors.

Condensed income statement

The Group MSEK	Jan-Sep 2007	Jan-Sep 2006	Jul-Sep 2007	Jul-Sep 2006	Oct-Sep 2006/2007	Jan-Dec 2006
Continued operations						
Net sales	22 370	18 055	7 478	6 187	30 447	26 132
Production costs	-20 293	-16 609	-6 774	-5 725	-27 685	-24 001
Gross profit	2 077	1 446	704	462	2 762	2 131
Selling and administrative expenses	-1 205	-1 048	-306	-289	-1 573	-1 416
Participation in profit of joint ventures	2	-6	4	1	-4	-12
Result from participations in joint ventures sold	0	—	0	0	11	11
Result from participations Group companies sold	—	-3	—	—	11	8
Competition claim charge	-85	—	—	—	-85	—
Operating profit	789	389	402	174	1 122	722
Financial net income/expense	-136	48	-115	23	26	210
Profit before tax	653	437	287	197	1 148	932
Tax	-197	-122	-80	-55	-299	-224
Profit for the period from continuous operations	456	315	207	142	849	708
Profit from discontinued operations, net after tax	37	254	—	136	123	340
Profit for the period	493	569	207	278	972	1 048
Profit attributable to shareholders' in Parent Company	493	568	207	278	972	1 047
Profit attributable to minority interest	0	1	0	0	0	1
Key ratios						
Profit per share, SEK	3.02	3.34	1.23	1.64	5.86	6.18
– after dilution	2.93	3.14	1.17	1.54	5.68	5.89
Profit per share from discontinued operations, SEK	2.79	1.85	1.23	0.84	5.12	4.18
– after dilution	2.72	1.87	1.21	0.85	4.86	4.01
Average number of outstanding shares, million	163.4	169.8	170.5	169.2	164.5	169.2
– after dilution	170.8	180.8	170.8	180.2	172.7	180.2
Return of capital employed	14.6%	7.8%			24.6%	17.2%
Return on equity	14.8%	16.5%			28.0%	31.6%

Condensed balance sheet

The Group MSEK	30 Sep 2007	30 Sep 2006	31 Dec 2006
Assets			
Intangible assets	458	428	659
Tangible assets	591	2 265	2 595
Interest-bearing long-term receivables	362	113	99
Other financial fixed assets	933	863	1 023
Deferred tax assets	543	723	244
Total fixed assets	2 887	4 392	4 620
Project- and development properties	2 328	2 163	2 030
Inventories	62	280	284
Interest-bearing short-term receivables	111	175	81
Other current receivables	8 126	8 293	8 579
Short-term shareholdings	7	5	6
Liquid funds	1 019	837	913
Total current assets	11 653	11 753	11 893
Total assets	14 540	16 145	16 513
Shareholders' equity and liabilities			
Shareholders' equity	3 395	3 544	3 278
Liabilities			
Interest-bearing long-term liabilities	732	1 388	1 460
Other long-term liabilities	128	147	180
Total long-term liabilities	860	1 535	1 640
Interest-bearing short-term liabilities	193	1 317	1 173
Other short-term liabilities	10 092	9 749	10 422
Total current liabilities	10 285	11 066	11 595
Total liabilities	11 145	12 601	13 235
Total shareholders' equity and liabilities	14 540	16 145	16 513
Key ratios			
Capital employed	4 320	6 249	5 911
Equity/assets ratio	23.3%	22.0%	19.9%
Net assets (+) / Net debt (-)	574	-1 575	-1 534
Adjusted equity per share, SEK	19.91	20.99	20.51
– after dilution	19.92	22.37	22.00
Number of outstanding shares at end of period, million	170.5	169.4	159.8
– after dilution	171.0	180.4	170.8

Change in shareholders' equity

The Group MSEK	30 Sep 2007	30 Sep 2006	31 Dec 2006
Shareholders' equity attributable to shareholders' in Parent Company			
Opening balance shareholders' equity, 1 January	3 277	3 348	3 348
Changes in translation reserve for the period	82	-34	-61
Profit for the period	493	568	1 047
Cash dividend	-280	-255	-255
Distribution of shares in Peab Industri AB ¹⁾	-639		
Acquisition of own shares		-86	-822
Disposal of own shares		2	20
Conversion convertible promissory notes	459		
Written back deferred tax on convertible promissory notes which have been converted	2		
Closing balance shareholders' equity	3 394	3 543	3 277
Shareholders' equity attributable to minority interest			
Opening balance shareholders' equity, 1 January	1	0	0
Profit for the period	0	1	1
Closing balance shareholders' equity	1	1	1
Total closing balance shareholders' equity	3 395	3 544	3 278

¹⁾ Of which distribution costs

-1

Condensed cash flow statement

The Group MSEK	Jan-Sep 2007	Jan-Sep 2006	Jul-Sep 2007	Jul-Sep 2006	Oct-Sep 2006/2007	Jan-Dec 2006
Cash flow from current operations before working capital changes	1 080	1 015	424	467	1 781	1 716
Cash flow from changes in working capital	-450	712	-778	-10	311	1 473
Cash flow from current operations	630	1 727	-354	457	2 092	3 189
Acquisition of subsidiaries	-221	-166	-54	-44	-525	-470
Disposal of subsidiaries	8	—	3	—	10	2
Liquid funds, discontinued operations	-64	—	—	—	-64	—
Acquisition of fixed assets	-527	-313	-229	-139	-710	-496
Sales of fixed assets	1 428	57	1 370	34	1 608	237
Cash flow from investment operations	624	-422	1 090	-149	319	-727
Cash flow before financing	1 254	1 305	736	308	2 411	2 462
Cash flow from financing operations	-1 163	-598	-596	-225	-2 254	-1 689
Cash flow for the period	91	707	140	83	157	773
Cash at the beginning of the period	913	130	870	753	837	130
Exchange rate differences in cash	15	—	9	1	25	10
Cash at the end of the period	1 019	837	1 019	837	1 019	913

Net sales and operating profit per business area

Mkr	Net sales				Operating profit				Operating margin			
	Jan-Sep 2007	Jan-Sep 2006	Oct-Sep 2006/2007	Jan-Dec 2006	Jan-sep 2007	Jan-sep 2006	Oct-sep 2006/2007	Jan-Dec 2006	Jan-Sep 2007	Jan-Sep 2006	Oct-Sep 2006/2007	Jan-Dec 2006
Construction Sweden	14 138	12 274	19 583	17 719	756	432	1 028	704	5.3%	3.5%	5.2%	4.0%
Construction Abroad	3 721	2 560	4 917	3 756	-3	-29	20	-6	-0.1%	-1.1%	-0.4%	-0.2%
Civil Engineering	5 526	4 433	7 608	6 515	214	135	240	161	3.9%	3.0%	3.2%	2.5%
Trust/Management	107	82	179	154	-178	-100	-213	-135				
Eliminations	-1 122	-970	-1 464	-1 312								
Group total	22 370	18 379	30 823	26 832	789	438	1 075	724	3.5%	2.4%	3.5%	2.7%

When establishing Peab Industri AB on 31 December 2006 there were certain minor company handovers between the Industry, Construction Sweden and Civil Engineering business areas. Comparative figures have not been translated at historical values because of these handovers.

DISCONTINUED OPERATIONS - DISTRIBUTION OF PEAB INDUSTRI.

The AGM held on 16 May 2007 resolved to distribute the shares in Peab Industri AB to Peab's shareholders. Peab Industri's profit for the January-April period has been recognised as Profit from discontinued operations, net after tax in the Peab Group. Discontinued operations are recognised separately from continuing operations in the income statement. Comparative figures for previous periods have

been restated to show discontinued operations separate from continuing operations. Peab Industri has been excluded from the balance sheet as at 30 September 2007, whilst the comparative balance sheets accord with historic accounts.

Peab Industri's cash flow has been included in the cash flow statement for the January-April period. Liquid funds in Peab Industri as at 30 April 2007, amounting to SEK 64 million, have been recognised as a discontinued operations under investment operations.

Profit from discontinued operations

The Group MSEK	Jan-Sep ¹⁾ 2007	Jan-Sep 2006	Jul-Sep 2007	Jul-Sep 2006	Oct-Sep ¹⁾ 2006/2007	Jan-Dec 2006
Net sales	1 652	4 209	—	1 754	3 448	6 005
Production costs	-1 495	-3 656	—	-1 497	-3 092	-5 253
Selling and administrative expenses	-89	-164	—	-57	-151	-226
Participation in profit of joint ventures	0	0	—	2	3	3
Result from participations in joint ventures sold	—	3	—	3	-3	—
Operating profit	68	392	—	205	205	529
Financial net income/expenses	-23	-40	—	-16	-33	-50
Profit before tax	45	352	—	189	172	479
Tax	-12	-98	—	-53	-53	-139
Profit after tax	33	254	—	136	119	340
Adjustment relating to minority in jointly owned company ²⁾	4	—	—	—	4	—
Profit from discontinued operations, net after tax	37	254	—	136	123	340

The impact of discontinued operations on individual group assets and liabilities

MSEK	30 September 2007
Intangible assets	319
Tangible assets	2 355
Financial fixed assets	375
Inventories	282
Short-term financial receivables	5
Current receivables	1 111
Short-term shareholdings	2
Liquid funds	64
Deferred tax liabilities	-141
Provisions	-41
Long-term liabilities	-2 329
Short-term liabilities	-1 359
	643
Adjustment relating to minority in jointly owned company ²⁾	-5
Discontinued assets and liabilities, net	638

Net cash flow in discontinued operations

MSEK	Jan-Sep ¹⁾ 2007
Cash flow from current operations	165
Cash flow from investment operations	-278
Cash flow from financing operations	132
Net cash flow in discontinued operations	19

¹⁾ Refers to the period until April 2007

²⁾ Relates to adjustment of minority participation which is recognised as a joint venture in continuing operations.

QUARTERLY FIGURES

The Group per quarter

MSEK	Jul-Sep 2007	Apr-Jun 2007	Jan-Mar 2007	Oct-Dec 2006	Jul-Sep 2006	Apr-Jun 2006	Jan-Mar 2006
Continuing operations							
Net sales	7 478	8 187	6 705	8 077	6 187	6 552	5 316
Production costs	-6 774	-7 402	-6 117	-7 392	-5 725	-6 006	-4 878
Gross profit	704	785	588	685	462	546	438
Selling and administrative expenses	-306	-502	-397	-368	-289	-441	-318
Participations in profit of joint ventures	4	-5	3	-6	1	-7	0
Result from participations in joint ventures sold	—	0	0	11	—	—	—
Result from participations in Group companies sold	—	—	—	11	0	-3	—
Competition claim charge	—	-85	—	—	—	—	—
Operating profit	402	193	194	333	174	95	120
Financial net income/expense	-115	21	-42	162	23	-119	144
Profit before tax	287	214	152	495	197	-24	264
Tax	-80	-74	-43	-102	-55	9	-76
Profit for the period from continuing operations	207	140	109	393	142	-15	188
Profit from discontinued operations, net after tax	—	29	8	86	136	130	-12
Profit for the period	207	169	117	479	278	115	176
Profit attributable to shareholders' in Parent Company	207	169	117	479	278	114	176
Profit attributable to minority interest	0	0	0	0	0	1	0
Earnings per share, SEK	1.23	1.06	0.73	2.84	1.64	0.67	1.03
– after dilution	1.21	1.04	0.73	2.75	1.54	0.63	0.97
Average number of outstanding shares, million	170.5	159.9	159.8	167.6	169.1	170.0	170.2
– after dilution	170.8	170.8	170.8	178.6	180.1	181.0	181.2

Business area per quarter

MSEK	Jul-Sep 2007	Apr-Jun 2007	Jan-Mar 2007	Oct-Dec 2006	Jul-Sep 2006	Apr-Jun 2006	Jan-Mar 2006
Net sales							
Construction Sweden	4 460	5 221	4 457	5 445	3 897	4 606	3 771
Construction Abroad	1 339	1 315	1 067	1 196	975	864	721
Civil Engineering	1 987	2 012	1 527	2 082	1 595	1 620	1 218
Trust/Management	27	36	44	72	30	27	25
Eliminations	-335	-397	-390	-342	-267	-400	-303
Total	7 478	8 187	6 705	8 453	6 230	6 717	5 432
Operating profit							
Construction Sweden	306	260	190	272	144	162	126
Construction Abroad	13	-13	-3	23	-11	-11	-7
Civil Engineering	106	68	40	26	63	39	33
Trust/Management	-23	-122	-33	-35	-30	-41	-29
Total	402	193	194	286	166	149	123
Order situation Construction and Civil Engineering							
Orders received	8 340	10 004	10 161	7 172	6 370	7 688	7 481
Order backlog at the end of the period	26 891	26 017	24 150	20 642	21 852	21 715	20 714

When establishing Peab Industri AB on 31 December 2006 there were certain minor company handovers between the Industry, Construction Sweden and Civil Engineering business areas. Comparative figures have not been translated at historical values because of these handovers.

Condensed income statement

Parent company MSEK	Jan-Sep 2007	Jan-Sep 2006	Jul-Sep 2007	Jul-Sep 2006	Jan-Dec 2006
Net sales	41	43	12	13	59
Administrative expenses	-118	-98	-34	-28	-139
Competition claim charge	-35	—	—	—	—
Operating profit	-112	-55	-22	-15	-80
Resultat from financial investments					
Result from participations in Group companies	1 450	511	—	—	510
Other financial investments	-219	0	-134	3	152
Profit before tax	1 119	456	-156	-12	582
Tax	87	-4	42	-13	-18
Profit for the period	1 206	452	-114	-25	564

Condensed balance sheet

Parent company MSEK	30 Sep 2007	30 Sep 2006	31 Dec 2006
Assets			
Fixed assets			
Machinery and equipment	3	3	3
Participations in Group companies	7 169	6 049	7 816
Participations in joint ventures	—	26	—
Receivables from Group companies	160	17	241
Other securities held as fixed assets	564	539	711
Interest-bearing long-term receivables	200	—	—
Deferred tax assets	27	—	—
Other long-term receivables	1	1	1
Total fixed assets	8 124	6 635	8 772
Current assets			
Project- and development properties	—	3	—
Accounts receivables	1	1	0
Receivables from Group companies	22	0	1
Interest-bearing short-term receivables	15	46	15
Income tax recoverables	3	1	1
Other short-term receivables	142	50	2 355
Prepaid expenses and accrued income	5	2	3
Liquid funds	11	11	19
Total current assets	199	114	2 394
Total assets	8 323	6 749	11 166
Shareholders' equity and liabilities			
Shareholders' equity	4 305	4 019	3 518
Long-term liabilities			
Liabilities to Group companies	3 934	2 224	6 898
Convertible promissory note	11	464	465
Deferred tax liabilities	—	7	63
Total long-term liabilities	3 945	2 695	7 426
Short-term liabilities			
Accounts payable	5	5	7
Liabilities to Group companies	3	1	15
Other short-term liabilities	42	4	170
Accrued expenses and deferred income	23	25	30
Total short-term liabilities	73	35	222
Total shareholders' equity and liabilities	8 323	6 749	11 166
Pledged assets and contingent liabilities for Parent Company			
Pledged assets	—	—	—
Contingent liabilities	8 229	8 597	8 710

List of shareholders, 31 October 2007

Shareholders	A-shares	B-shares	Total no of shares	Proportion of capital, %	Proportion of votes, %
Mats Paulsson with company	5 574 234	19 235 510	24 809 744	14.2%	21.4%
Erik Paulsson with family and company	6 975 780	11 405 028	18 380 808	10.6%	23.1%
Karl-Axel Granlund with company		10 200 000	10 200 000	5.9%	2.9%
Fredrik Paulsson with family and company	2 402 343	3 394 100	5 796 443	3.3%	7.8%
Stefan Paulsson with family and company	2 402 343	3 362 074	5 764 417	3.3%	7.8%
Swedbank Robur funds		4 127 401	4 127 401	2.4%	1.2%
JP Morgan Chase Bank		2 968 431	2 968 431	1.7%	0.8%
Skandia Life		2 766 700	2 766 700	1.6%	0.8%
Svante Paulsson with family and company	983 376	1 401 160	2 384 536	1.4%	3.2%
Sara Karlsson with family and company	1 016 080	696 038	1 712 118	1.0%	3.1%
Other	257 248	90 721 250	90 978 498	52.2%	26.7%
Number of outstanding shares	19 611 404	150 277 692	169 889 096		
Peab AB		4 250 000	4 250 000	2.4%	1.2%
Number of registered shares	19 611 404	154 527 692	174 139 096	100.0%	100.0%

Källa: VPC

