



PEAB AB YEAR-END REPORT JANUARY–DECEMBER 2011.

Operative net sales amounted to SEK 44,015 million (38,184)

Operative operating profit amounted to SEK 1,483 million (1,563)

Earnings per share before dilution amounted to SEK 3.26 (4.11)

Orders received during the year increased by 9 percent to SEK 37,986 million (34,764)

Order backlog in Construction and Civil Engineering has grown by 5 percent since the beginning of 2011 to SEK 28,378 million

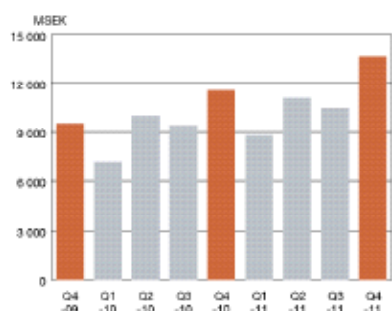
Continued investments for growth

The Board proposes a dividend of SEK 2.10 (2.60) per share, corresponding to 66 percent (63) of the profit for the year



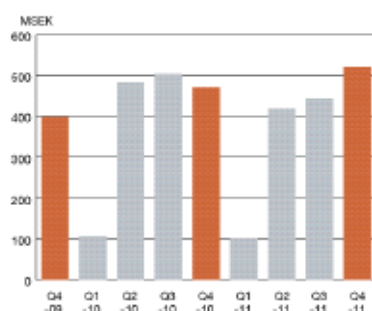
YEAR-END REPORT JANUARY - DECEMBER 2011

Operative net sales



Group operative net sales for 2011 amounted to SEK 44,015 million (38,184), which was an increase of 15 percent. After adjustments for acquired and divested units operative net sales increased by 13 percent compared to last year.

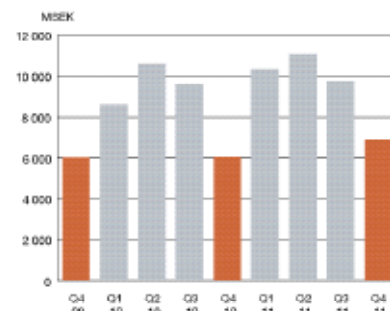
Operative operating profit



Operative operating profit for 2011 amounted to SEK 1,483 million compared to SEK 1,563 million for the last year.

Construction and Civil Engineering

Orders received



Orders received for 2011 amounted to SEK 37,986 million compared to SEK 34,764 million for the last year. Order backlog amounted to SEK 28,378 million compared to SEK 27,063 million per 31 December 2010.

Group

MSEK	Jan-Dec 2011	Jan-Dec 2010	Jan-Dec 2009	Financial objectives
Operative net sales	44,015	38,184	35,140	
Net sales	43,539	38,045	34,868	
Operative operating profit	1,483	1,563	1,601	
Operative operating margin, %	3.4	4.1	4.6	
Operating profit	1,505	1,503	1,573	
Operating margin, %	3.5	4.0	4.5	
Pre-tax profit	1,195	1,513	1,619	
Profit for the year	943	1,190	1,301	
Earnings per share before dilution, SEK	3.26	4.11	4.52	
Return on equity, %	12.1	15.6	18.7	> 20%
Equity/assets ratio, %	25.4	27.8	28.6	> 25%

NEW CONTRACTS DURING THE FOURTH QUARTER

We received several major contracts during the fourth quarter, including:

- Peab has been contracted to build an office building in Hammerfest in northern Norway. The client is the Italian oil company Eni and the contract is worth NOK 144 million.
- Peab has been awarded a contract to build a new adventure pool in Ängelholm. The client is Kunskapsporten and the contract is worth SEK 202 million.
- Peab has signed a partnering agreement for the expansion of Hotel Gothia Towers in Gothenburg with a third 29 story hotel tower and a 6 story extension on top of existing East Tower. The customer is Svenska Mässan and the contract is worth some SEK 1 billion.
- Peab has been contracted to build a total of 120 new rental apartments in Stockholm for three different projects. The total contract is worth SEK 200 million.
- Peab has been given the responsibility to maintain and run the roads within the operational areas of Sundsvall, Strömsund, Lycksele and Piteå, for three years. The customer is the Swedish Transport Administration and the total contract is worth SEK 264 million.
- Peab has been contracted to carry out an expansion of Nordby mall just north of Strömstad. The client is Orvelin Shoppingcenter AB and the contract is worth SEK 195 million.
- Peab has been commissioned to build project Speilet, a residential and office complex in downtown Trondheim. The client is Kaibygg II Nedre Elvehavn. The contract is worth NOK 101 million.
- Peab has been contracted to build a new department store for IKEA in Älmhult. The customer is IKEA Fastigheter AB and the contract is worth SEK 265 million.
- Peab has been contracted to build the shopping center Mall of Scandinavia in Solna. The client is Unibail-Rodamco and the contract is worth some SEK 3,500 million. The Mall of Scandinavia will be the largest and most modern shopping mall in Scandinavia with 250 stores and many restaurants. The project order will be registered in the first quarter of 2012.

COMMENTS BY THE CEO

The year ended on a positive note with continued significant growth and a strong result. Favorable production conditions in the fourth quarter allowed for a high level of production.

Operative net sales in 2011 amounted to SEK 44,015 million (38,184), which is an increase by 15 percent compared to 2010. Operative operating profit totaled SEK 1,483 million compared to SEK 1,563 million in 2010. Our current production is profitable and we have used our cash flow for investments in all our Nordic operations. We have acquired companies, started up in new places and invested in development projects. This is all part of our plan to strengthen our position but these measures have had a short-term negative effect on profitability and cash flow. Construction has also suffered a decline in profits in ongoing production due to downwardly adjusted project forecasts and cautious revenue recognition in big projects where production will continue for quite some time. However, housing construction has finished the year well showing growing net sales and rising margins. Civil Engineering and Industry have also ended the year positively with high net sales levels and better margins than in 2010.

Orders received for 2011 amounted to SEK 37,986 million compared to SEK 34,764 million in 2010. The increase stems from business area Construction. Order backlog grew to SEK 28,378 million compared to SEK 27,063 million at the end of 2010. The commission to build the Mall of Scandinavia in Arenastaden in Solna, which is the largest contract Peab has ever received to date and worth some SEK 3,500 million, is not included in the order backlog. It will be registered in the first quarter of 2012. This substantial level of orders gives us a stable platform for the future in light of the growing uncertain of developments in the economy.

During 2011 we sold 1,531 (2,179) of our own developed homes and started production on 1,711 (2,113). The debt concerns in the world around us, a possible weakened economy and tighter credit terms from banks have led to a hesitant housing market. Lower interest rates and a significant underlying need for housing create a base for housing production and demand for rental apartment buildings has continued to be good.

In order to create a platform for continued growth, as of 1 January 2012 our operations are divided into four Nordic business areas: Construction, Civil Engineering, Industry and Property Development. By creating a separate business area Property Development we enhance specialization and raise our level of ambition in this area. We intend to become a Nordic leader in acquiring, enriching, managing and divesting commercial property and apartment buildings with rentals.



It is very difficult to assess the future of markets in 2012. While we continue to see a good range of new projects we are on our guard about the effects the debt crisis may have on construction and civil engineering in our markets. In the scenario we consider most likely we expect start-ups in building construction to slow and stable volumes in civil engineering in the Nordic markets in 2012, compared to 2011.

*Jan Johansson
CEO and President*

ACCOUNTING PRINCIPLES FOR HOUSING

Peab applies IFRIC 15, Agreements for the construction of real estate, in legal reporting. As a result IAS 18, Revenue, will be applied to Peab's housing projects in Finland and Norway as well as Peab's own single homes in Sweden. Revenue from these projects will be recognised first when the home is handed over to the buyer. Segments are reported through the percentage of completion method in all our projects since this reflects the way executive management and the Board monitor the business. A bridge is created in segment reporting between operative reporting according to the percentage of completion method and legal reporting.

NET SALES AND PROFIT

Group operative net sales for 2011 amounted to SEK 44,015 million (38,184), which was an increase of 15 percent. After adjustments for acquired and divested units operative net sales increased by 13 percent compared to the last year. Adjustments in housing reporting affected net sales by SEK -476 million (-139). Group net sales for 2011 increased by 14 percent to SEK 43,539 million (38,045). Of the period's net sales, SEK 7,616 million (5,425) was attributable to sales and production outside Sweden.

Operative operating profit for 2011 was SEK 1,483 million compared to SEK 1,563 million for the last year. Adjustments in housing reporting affected operating profit by SEK 22 million (-60). Operating profit for 2011 amounted to SEK 1,505 million compared to SEK 1,503 million for the last year. Peab is in a phase of expansion, which has had a negative effect on profitability in all our operations. Construction has suffered a decline in profits in ongoing production due to downwardly adjusted project forecasts and cautious revenue recognition in big projects where production will continue for quite some time. Housing construction has finished the year well showing growing net sales and rising margins. Civil Engineering and Industry have also ended the year positively with high net sales levels and better margins than in 2010.

Depreciation for the year was SEK 803 million (725).

Net financial items amounted to SEK -310 million (10), of which net interest expense amounted to SEK -234 million (-175). The effect of valuing financial instruments at fair value affected net financial items by SEK -83 million (166), of which the income effect of valuing the Brinova holding at fair value amounted to SEK -81 million (179). The shareholding is reported at market price on the balance sheet date. Peab's holding in Catena is reported as an associated company and has therefore not been given a market value.

Pre-tax profit amounted to SEK 1,195 million compared to SEK 1,513 million for the last year.

Tax for the year was SEK -252 million (-323).

Profit for the year amounted to SEK 943 million (1,190).

FINANCIAL POSITION

The equity/assets ratio on 31 December 2011 was 25.4 percent compared to 27.8 percent at the previous year-end. We are in an expansive phase, which has tied up more capital during the year. Interest-bearing net debt amounted to SEK 6,626 million compared to SEK 5,719 million at the end of 2010. The increase is primarily connected to the strong growth in Peab through a higher level of

working capital, acquisitions and investments in machines as well as housing and property developments. Net debt decreased during the fourth quarter, in part as a result of a strong cash flow. The average interest rate in the loan portfolio including derivatives on 31 December 2011 was 3.5 percent (2.9).

Group liquid funds, including non-utilized credit facilities, were SEK 4,944 million at the end of the year compared to SEK 5,274 million on 31 December 2010.

At the end of the year, Group contingent liabilities, excluding joint and several liabilities in trading and limited partnerships, amounted to SEK 2,136 million compared to SEK 1,602 million on 31 December 2010. Of contingent liabilities, obligations to tenant-owners' associations under construction were SEK 1,554 million compared to SEK 1,238 million at the previous year-end.

INVESTMENTS

Net investments of tangible and intangible assets amounted to SEK 970 million (597) during the year. Project and development properties were invested for a total of SEK 259 million (789) during the year.

CASH FLOW

Cash flow from current operations before changes in working capital was SEK 2,192 million (1,890). Cash flow from changes in working capital was SEK -2,132 million (-727). The growth in net sales during the year has generated a higher level of working capital. The acquisition of project and development property for SEK -682 million (-634) is also included in the change in working capital.

Cash flow from investment activities was SEK -1,131 million compared to SEK -1,478 million the previous year and this is due to Peab's growth through strategic acquisitions as well as investments in machines and housing and property development projects. In addition, we have made a financial investment in a block of shares in Lemminkäinen Oyj. Cash flow before financing amounted to SEK -1,071 million compared to SEK -315 million for the last year. High earnings at the end of the year resulted in a strong cash flow in the fourth quarter.

PERSONNEL

At the end of the year, the company had 14,830 employees compared to 13,778 at the same time the previous year.

COMMENTS ON THE BUSINESS AREAS

Peab's business areas Construction, Civil Engineering and Industry are operating segments.

CONSTRUCTION

The Construction business area comprises the Group's construction related services and is run in five divisions in Sweden, one division in Norway, one division in Finland and one nordic division that handles property development.

Operative net sales for 2011 amounted to SEK 27,967 million (24,186), which is an increase of 16 percent. After adjustments for acquired units the increase was 13 percent.

Operative operating profit for the year amounted to SEK 599 million compared to SEK 835 million the last year. Operative operating

margin sank to 2.1 percent compared to 3.5 percent for the last year.

Construction has suffered a decline in profits in ongoing production due to downwardly adjusted project forecasts and cautious revenue recognition in big projects where production will continue for quite some time. Housing construction has finished the year well showing growing net sales and rising margins.

CIVIL ENGINEERING

The Civil Engineering business area consists of civil engineering related operations and is run in a single Nordic division.

Net sales for 2011 amounted to SEK 11,554 million compared to SEK 10,664 million for the last year, which is an increase of 8 percent. Even after adjustments for acquired units the increase was 8 percent.

Operating profit for the year amounted to SEK 390 million compared to SEK 356 million for the last year. Operating margin amounted to 3.4 percent compared to 3.3 percent for the last year.

The orders received in tough competition continue to have a negative effect on operating profit and margins during the year. Civil Engineering ended the year positively with high net sales levels and better margins than in 2010.

INDUSTRY

The Industry business area is run in two divisions, Industry and Construction systems. Both of them are focused on the Nordic construction and civil engineering markets.

Net sales for 2011 amounted to SEK 10,404 million compared to SEK 8,508 million for the last year, which is an increase of 22 percent. Even after adjustments for acquired and divested units the increase was 22 percent. A large part of the increase in net sales refers to transportation operations that have lower margins and tie up less capital compared to Peab's other industrial operations.

Operating profit for the year amounted to SEK 693 million compared to SEK 544 million for the last year. Operating margin was 6.7 percent compared to 6.4 percent for the last year.

Both net sales and profits have increased compared to 2010 as a result of more activity in construction and civil engineering markets. Industry ended the year positively with high net sales levels and better margins than in 2010.

ORDERS RECEIVED AND ORDER BACKLOG CONSTRUCTION AND CIVIL ENGINEERING

Orders received for 2011 amounted to SEK 37,986 million compared to SEK 34,764 million for the last year.

Order backlog yet to be produced at the end of the year amounted

to SEK 28,378 million compared to SEK 27,063 million the last year. Order backlog has increased in construction operation since 2010.

Of the total order backlog, 24 percent (29) is expected to be produced after 2012. Construction projects accounted for 70 percent (68) of the order backlog. Swedish operations accounted for 86 percent (88) of the order backlog.

No orders received or order backlog is given for the business area Industry.

Order backlog and orders received Construction and Civil Engineering

MSEK	31 Dec 2011	31 Dec 2010	31 Dec 2009
Coming financial year	21,578	19,137	17,338
Next financial year	5,164	6,374	5,191
Thereafter	1,636	1,552	1,958
Total order backlog	28,378	27,063	24,487
Orders received	37,986	34,764	30,393

HOUSING PRODUCTION

Peab produces all kinds of housing which includes apartment buildings with tenant-owners, condominiums and rentals. We also have a certain amount of single home construction.

Our own housing developments do not include rental production. New production of Peab's own housing developments made up 11 percent of net sales for 2011 compared to 9 percent for 2010. The number of homes in production at the end of the year was 3,470 compared to 3,212 the previous year-end. The level of own housing development start-ups is slightly lower than last year and amounted to 1,711 (2,113). The number of sold homes during the year was 1,531 compared to 2,179 during 2010.

The fact that 73 percent (77) of our housing in production is already sold means we have a good platform to start up new projects. However, the current financial unrest and mortgage ceiling in Sweden have resulted in longer sales processes, which has a negative effect on our ability to start up new projects with the current demands on the number of homes sold before production begins. An effect of continued turbulence on the market can be that interest rates are lower than would have otherwise been the case, which is positive for housing construction.

Several aspects such as demography, the economy, interest rates, and access to mortgages are driving demand. All these factors indicate continuing good demand in all kinds of housing and the demand for rental apartment buildings continues to be good.

Peab's own housing development construction

	Jan-Dec 2011	Jan-Dec 2010	Jan-Dec 2009
Number of housing starts during the year	1,711	2,113	910
Number of homes sold during the year	1,531	2,179	1,082
Total number of homes under construction, at the end of the year	3,470	3,212	2,832
Share of sold homes under construction, at the end of the year	73%	77%	76%
Number of repurchased homes in the balance sheet, at the end of the year	183	213	258

Total holdings of project and development property at the end of the year amounted to SEK 5,180 million compared to SEK 4,921 million per 31 December 2010. The increase is partly a result of reclassification of property from fixed assets in connection with the creation of the new division for property development. The number of repurchased homes on 31 December 2011 was 183 (213) and is evenly divided in Sweden, Norway and Finland.

THE CONSTRUCTION MARKET

The total estimated increase in ongoing building construction in Sweden in 2011 is about 15 percent after strong development in several sectors during the first three quarters. However, civil engineering construction continued to shrink in 2011 and the final tally is expected to land at a decline of 2 percent for the entire year. All in all this would entail an increase in Swedish building construction investments by 9 percent in 2011 according to the analytics company Industrifakta.

Heading into 2012 there is still a great deal of uncertainty, particularly regarding how the debt crisis will affect getting credit, which is fundamental for the entire construction and property sector. Falling housing prices and tougher terms for home financing as well as a growing caution in households has reduced the demand for single homes and tenant owned apartments. As a result a shift to rentals is expected in 2012. Lower interest rates can soften these effects but probably not enough to maintain the current level of housing construction. At the same time the housing shortage is considerable and we have to speed up the rate of renovation and improvements in energy efficiency if we are going to meet climate goals. Premise construction start-ups are also expected to significantly decrease in 2012 after several years of intense growth although there is a substantial revamping need in this sector as well. The sharpest drop will most likely be seen in retail construction in 2012 and 2013 since low household consumption makes these investments less interesting. All in all the forecast for ongoing building construction indicates a decrease by 9 percent in 2012, but there is a great deal of uncertainty because of the shaky situation in Europe and the rest of the world.

The forecast for civil engineering construction in 2012 is an increase of around 2 percent. Volumes should grow considering the substantial need to invest in energy supply, communication and more, in particular in the Stockholm and Gothenburg regions. Unfortunately the minority government in both the Parliament and many municipalities can lead to sluggish decision processes in civil engineering construction. All in all building and civil engineering investments are expected to shrink by around 5 percent in 2012.

After an increase in ongoing building construction in Norway by some 12 percent in 2011 forecasts now indicate a slight reduction in construction volumes by about 5 percent in 2012. The decline in the housing sector is in new construction and renovation of apartment buildings while the strong demand for single homes is expected to rise by a further 8 percent. In other building construction a drop is expected in both private and public premises by about 10 percent in 2012. Commercial premises have become much more difficult to finance due to restrictive banks and construction of public premises is hampered by more stringent budgets and the high level of debt in many municipalities. Forecasts for Norwegian civil engineering con-

struction, which preliminary indicated growth of about 5 percent in 2011 have now been revised up to 8 percent for 2012. The driving factors behind this growth are extensive welfare projects and energy related investments. All in all this signifies a total forecast of a decrease of 3 percent in Norwegian construction in 2012.

Ongoing building construction grew in Finland by about 4 percent in 2011, which was more than expected. In 2012 there is a great deal of uncertainty surrounding the entire Finnish economy due to the turbulence in the EMU. At the moment the forecast for ongoing building construction is a decrease of 2 percent due to a drop in construction in apartment buildings and private premises. Restrictive banks and cautious households as well as reductions in government subsidies can also have negative effects on the construction of single homes. At the same time there is still a considerable need for new housing in growth centers and older housing requires a great deal of renovation and energy efficiency measures. There is also a demand for modern offices and foreign chain stores have intensified their presence in Finland. However, developments in the EMU can have a significant effect on construction of commercial premises. No change is expected in start-ups of public premises in 2012 since needs are growing in healthcare, education etc. and possible government subsidies to support the labor market can have a positive effect on construction in the public sector. Civil engineering decreased by around 2 percent in Finland in 2011 and the forecast for 2012 is a slight increase of around 1 percent. This is, however, an adjustment downwards despite an expected increase in investments in railroads, tunnels, energy supplies and the mining industry. The total forecast for construction investments in 2012 is a decline of 1 percent, which can turn out to be an optimistic assessment.

Renovation and maintenance has historically been much more resistant to financial crises and shifts in the economy. The forecast for 2012 is no exception and this area is expected to grow by 3 percent in Sweden and Norway and a slightly more modest 2 percent in Finland.

RISKS AND UNCERTAINTY FACTORS

Peab's business is largely project related. Operational risks in day-to-day business are primarily connected to bids, percentage of completion and volume and price risks.

Structured risk assessment is crucial in the business to ensure that risks are identified, that tenders submitted are correctly priced and that the proper resources are available.

Peab applies the percentage of completion method in project reporting. The application of the percentage of completion method depends on reliable forecasting. Well developed monitoring and system support for monitoring and forecasting in each project are crucial to limiting risks of incorrect revenue recognition.

For Peab, price risks mainly refer to unforeseen price hikes for materials, subcontractors and wages. Risks vary according to the type of contract. Fixed price contracts also involve the risk of incorrect tender calculations and the risk that price hikes deteriorate profits because the company can not demand compensation from customers for them.

The Group is exposed to financial risks such as changes in debt and interest rate levels. Peab's shareholding in Brinova creates considerable

exposure for the company through 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 risks and uncertainty factors, see the 2010 Annual Report.

IMPORTANT EVENTS DURING THE YEAR

Jan Johansson was appointed new President and CEO of Peab and took up this position at the AGM on 10 May 2011. Jan Johansson, 52, has a Master of Science in Engineering and joined Peab in 1986. Jan has been Deputy CEO with responsibility for Peab's operations since 2009. Mats Paulsson was elected Vice Chairman of the Board.

Mats Leifland has resigned from his position as Deputy CEO of Peab and he has begun his new post as President of Medicon Village AB in Lund. Mats Leifland 54, joined Peab in 1995, when he was appointed CFO and he was a Deputy CEO from 1996.

Peab disposes 2,080,225 shares of Lemminkäinen Oyj, representing 10.59 percent of the capital and votes. The deal was done through direct purchase of 1,140,225 shares on NASDAQ OMX Helsinki, and signed by futures contracts for the purchase of 940,000 shares. The block of shares is presented under the category Financial assets available-for-sale and therefore any changes in value are reported under Other comprehensive income.

Peab has issued unsecured bonds for a total of SEK 1,000 million that run for three, four and five years. These transactions are so-called private placements. Peab has also signed a new five year credit agreement with DNB Bank for SEK 200 million which supplements the existing credit agreement of SEK 300 million due in 2013.

IMPORTANT EVENTS AFTER THE YEAR-END

Peab was divided into four business areas on 1 January 2012: Construction, Civil Engineering, Industry and Property Development. The Nordic region is the domestic market for all the business areas. The new organization will be mirrored in reporting as of the first quarter of 2012. In keeping with this, executive management has expanded to include the managers of each business area. Peab's executive management after the change:

- Jan Johansson, CEO and President
- Jesper Göransson, Deputy CEO and CFO
- Mats Johansson, Deputy CEO, Strategy / HR
- Tore Hallersbo, Deputy CEO and BA Manager Construction
- Tore Nilsson, BA Manager Civil Engineering

- Karl-Gunnar Karlsson, BA Manager Industry
- Tomas Anderson, BA Manager Property Development

ACQUISITIONS DURING THE YEAR

Peab has acquired 90.1 percent of the shares in K. Nordang AS. The construction company operates in Western Norway. K. Nordang AS had net sales of about NOK 300 million in 2010 and has around 80 employees.

Peab has acquired 50 percent of the shares in Fastighets AB Centur (fd Balder Fjorton AB) from Fastighets AB Balder. The total investment by Peab amounts to SEK 270 million. The property portfolio contains good locations in Sweden and offers interesting exploitation and development opportunities.

Peab has acquired 65 percent of the shares in Terje Hansen AS. The company manufactures and paves asphalt in the greater Oslo area. Terje Hansen AS has about 45 employees and had net sales of NOK 144 million in 2010.

ACCOUNTING PRINCIPLES

This interim report is presented according to the IFRS standards and interpretations of valid standards, IFRICs, that have been adopted by EU. This report is presented in accordance with IAS 34, Interim financial reporting.

The parent company's reports have been prepared according to the Swedish Company Accounts Act and RFR 2, Accounting rules for legal entities. The accounting principle for Group contribution for the parent company has changed. This means that paid and received Group contributions are presented under Results from shares in Group companies in the income statement. The comparable year has been correspondingly recalculated.

This interim report has otherwise been presented according to the same accounting principles and prerequisites as described in the Annual Report of 2010.

HOLDINGS OF OWN SHARES

At the beginning of 2011 Peab's own B share holding was 9,308,220 which corresponds to 3.1 percent of the total number of shares. Peab's Annual General Meeting on 10 May 2011 resolved to authorise the Board to, during the period until the next Annual General Meeting, acquire shares so that the company would have at most 10 percent of the total shares in Peab AB. During the year 360,000 B shares have been repurchased.

Peab has sold 8,581,236 B shares to Ingvar Kamprad, correspond-

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 2011	1,583.9	34,319,957	261,729,773	296,049,730	9,308,220	286,741,510
Acquisition of own shares during the year					360,000	-360,000
Disposal of own shares during the year					-8,581,236	8,581,236
Share capital and number of shares 31 December 2011	1,583.9	34,319,957	261,729,773	296,049,730	1,086,984	294,962,746

ing to 2.9 percent of the capital. The disposal is a direct transaction between the parties off-exchange. Following the disposal Peab holds 1,086,984 own B shares corresponding to 0.4 percent of the capital.

THE PEAB SHARE

Peab's B share is listed on the NASDAQ OMX Stockholm, Large Cap list. As of 31 December 2011, the price of the Peab share was SEK 34.30 a decrease of 40 percent during 2011. During the same period, the Swedish stock market decreased by 16 percent according to general index in the business magazine "Affärsvärlden". During 2011, the Peab share has been quoted at a maximum of SEK 59.20 and a minimum of SEK 26.60.

PARENT COMPANY

The parent company Peab AB's net sales for 2011 amounted to SEK 99 million (82) and mainly consisted of internal Group services. Profit after tax amounted to SEK 1,292 million (1,610).

The parent company's assets mainly consist of participations in Group companies amounting to SEK 11,525 million (11,728), shares in Catena AB worth SEK 133 million (263), shares in Brinova Fastigheter AB worth SEK 491 million (572), shares in Lemminkäinen Oyj worth SEK 191 million (-) and convertible bonds in Peab Industri AB worth SEK 582 million (578). The assets have been financed from equity of SEK 8,164 million (7,355) and long-term liabilities amounting to SEK 5,386 million (6,256).

The parent company's liquid assets amounted to SEK 2 million (3) at the end of the year.

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

PROPOSED DIVIDEND

A dividend of SEK 2.10 per share (2.60) is proposed for year 2011. Excluding the 1,086,984 shares owned by Peab AB as at 14 February 2012, which do not entitle to dividend, the proposed dividend is equivalent to a total dividend distribution of SEK 619 million (746). Calculated as a share of the Group's reported profit for the year, the proposed dividend amounts to 66 percent (63). The proposed dividend is equivalent to a direct return of 5.8 percent based on the closing price on 14 February 2012.

ANNUAL GENERAL MEETING

The Annual General Meeting of Peab will be held on 15 May 2012 at Grevieparken in Grevie.

NOMINATING COMMITTEE

At the Annual General Meeting held on 10 May 2011, Malte Åkerström (chairman), Leif Franzon, Göran Grosskopf and Erik Paulsson were appointed to the Peab nominating committee. Leif Franzon died in the autumn of 2011. The nominating committee decided not to replace Leif Franzon for the remainder of his term which stretches until the 2012 AGM.

FUTURE FINANCIAL INFORMATION

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|--|------------------|
| • Annual report 2011 | April 2012 |
| • Interim report January-March 2012 and Annual General Meeting | 15 May 2012 |
| • Half-year report January-June 2012 | 21 August 2012 |
| • Interim report January-September 2012 | 14 November 2012 |
| • Year-end report 2012 | 14 February 2013 |

Förslöv, 15 February 2012

*Jan Johansson
CEO and President*

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

Condensed income statement for the Group

MSEK	Jan-Dec 2011	Jan-Dec 2010	Oct-Dec 2011	Oct-Dec 2010
Net sales	43,539	38,045	13,244	11,538
Production costs	-39,842	-34,533	-12,068	-10,491
Gross profit	3,697	3,512	1,176	1,047
Sales and administrative expenses	-2,265	-2,139	-665	-656
Profit from participation in joint ventures/ associated companies	24	95	-14	29
Other operating income	58	38	14	19
Other operating costs	-9	-3	-7	-3
Operating profit	1,505	1,503	504	436
Net financial items	-310	10	-74	28
Pre-tax profit	1,195	1,513	430	464
Tax	-252	-323	-51	-60
Profit for the period	943	1,190	379	404
Profit for the period, attributable to:				
Shareholders in parent company	943	1,187	379	403
Non-controlling interests	0	3	0	1
Profit for the period	943	1,190	379	404
Key ratios				
Earnings per share, SEK	3.26	4.11	1.31	1.39
- after dilution	3.26	4.10	1.30	1.39
Average number of outstanding shares, million	288.9	288.6	288.9	286.7
- after dilution	297.7	297.4	297.7	295.5
Return on capital employed, %	10.5	11.7		
Return on equity, %	12.1	15.6		

Condensed comprehensive income statement for the Group

MSEK	Jan-Dec 2011	Jan-Dec 2010	Oct-Dec 2011	Oct-Dec 2010
Profit for the period	943	1,190	379	404
Other comprehensive income				
Translation differences for the period from translation of foreign operations	0	-167	-45	-14
Profit/loss from currency risk hedging in foreign operations	1	65	19	3
Translation differences transferred to profit for the period	-1	-3	-1	-
Changes for the period in fair value of available-for-sale financial assets	-17	-	-15	-
Changes in fair value of cash flow hedges for the period	-204	33	-36	89
Share in associated companies' other comprehensive income	-2	-	-1	-
Tax attributable to components in other comprehensive income	16	-47	0	-9
Other comprehensive income for the period	-207	-119	-79	69
Total comprehensive income for the period	736	1,071	300	473
Total comprehensive income for the period, attributable to:				
Shareholders in parent company	736	1,068	300	472
Non-controlling interests	0	3	0	1
Total comprehensive income for the period	736	1,071	300	473

Condensed balance sheet for the Group

MSEK	31 Dec 2011	31 Dec 2010
Assets		
Intangible assets	2,231	2,190
Tangible assets	4,580	4,847
Interest-bearing long-term receivables	1,314	474
Other financial fixed assets	2,567	2,056
Deferred tax recoverables	158	90
Total fixed assets	10,850	9,657
Project and development properties	5,180	4,921
Inventories	416	411
Work in progress	1,689	1,263
Interest-bearing current receivables	237	36
Other current receivables	12,007	10,482
Short-term holdings	9	1
Liquid funds	961	809
Total current assets	20,499	17,923
Total assets	31,349	27,580
Equity and liabilities		
Equity	7,947	7,673
Liabilities		
Interest-bearing long-term liabilities	7,412	5,437
Deferred tax liabilities	376	326
Other long-term liabilities	420	298
Total long-term liabilities	8,208	6,061
Interest-bearing current liabilities	1,735	1,602
Other current liabilities	13,459	12,244
Total current liabilities	15,194	13,846
Total liabilities	23,402	19,907
Total equity and liabilities	31,349	27,580
Key ratios		
Capital employed	17,094	14,712
Equity/assets ratio, %	25.4	27.8
Net debt	6,626	5,719
Equity per share, SEK	26.94	26.76
- after dilution	28.10	27.93
Number of outstanding shares at the end of the year, million	294.9	286.7
- after dilution	303.8	295.5

Condensed statement of changes in Group's equity

MSEK	31 Dec 2011	31 Dec 2010
Equity attributable to shareholders in parent company		
Opening equity on 1 January	7,673	7,563
Profit for the year	943	1,187
Other comprehensive income for the year	-207	-119
Comprehensive income for the year	736	1,068
Cash dividend	-746	-728
Acquisition of own shares	-16	-177
Disposal of own shares	300	4
Acquisition of non-controlling interests, controlling interests held already	-	-57
Closing equity	7,947	7,673
Non-controlling interests		
Opening equity on 1 January	0	43
Profit for the year	0	3
Acquisition of non-controlling interests, controlling interests held already	0	-46
Closing equity	0	0
Total closing equity	7,947	7,673

Condensed cash flow statement for the Group

	Jan-Dec 2011	Jan-Dec 2010	Oct-Dec 2011	Oct-Dec 2010
MSEK				
Cash flow from current operations before changes in working capital	2,192	1,890	806	807
Cash flow from changes in working capital	-2,132	-727	-156	-28
Cash flow from current operations	60	1,163	650	779
Acquisition of subsidiaries	-329	-400	-32	-178
Disposal of subsidiaries	77	58	79	66
Acquisition of fixed assets	-1,348	-1,298	-237	-625
Sales of fixed assets	469	162	259	51
Cash flow from investment operations	-1,131	-1,478	69	-686
Cash flow before financing	-1,071	-315	719	93
Cash flow from financing operations	1,227	-1,330	-575	-837
Cash flow for the period	156	-1,645	144	-744
Cash at the beginning of the period	810	2,488	823	1,561
Exchange rate differences in cash	4	-33	3	-7
Cash at the end of the period	970	810	970	810

Net sales and operating profit per business area

MSEK	Net sales			Operating profit			Operating margin		
	Jan-Dec 2011	Jan-Dec 2010	Jan-Dec 2009	Jan-Dec 2011	Jan-Dec 2010	Jan-Dec 2009	Jan-Dec 2011	Jan-Dec 2010	Jan-Dec 2009
Construction	27,967	24,186	22,355	599	835	814	2.1%	3.5%	3.6%
Civil Engineering	11,554	10,664	9,339	390	356	446	3.4%	3.3%	4.8%
Industry	10,404	8,508	7,581	693	544	514	6.7%	6.4%	6.8%
Group functions	176	146	180	-199	-172	-173			
Eliminations	-6,086	-5,320	-4,315						
Operative¹⁾	44,015	38,184	35,140	1,483	1,563	1,601	3.4%	4.1%	4.6%
Adjustment for housing reporting ²⁾	-476	-139	-272	22	-60	-28			
Legal	43,539	38,045	34,868	1,505	1,503	1,573	3.5%	4.0%	4.5%

¹⁾ According to the percentage of completion method (IAS 11)

²⁾ Adjustment in accounting principle for own single homes in Sweden as well as housing in Finland and Norway according to the completed contract method (IAS 18)

Quarterly data

Group

	Oct-Dec 2011	Jul-Sep 2011	Apr-Jun 2011	Jan-Mar 2011	Oct-Dec 2010	Jul-Sep 2010	Apr-Jun 2010	Jan-Mar 2010	Oct-Dec 2009
MSEK									
Net sales	13,244	10,557	11,030	8,708	11,538	9,124	10,283	7,100	9,228
Production costs	-12,068	-9,609	-10,151	-8,014	-10,491	-8,289	-9,283	-6,470	-8,278
Gross profit	1,176	948	879	694	1,047	835	1,000	630	950
Sales and administrative expenses	-665	-517	-479	-604	-656	-401	-560	-522	-588
Profit from participation in joint ventures/associated companies	-14	18	17	3	29	26	51	-11	-7
Other operating income	14	12	10	22	19	6	8	5	17
Other operating costs	-7	-1	-	-1	-3	0	0	0	0
Operating profit	504	460	427	114	436	466	499	102	372
Net financial items	-74	-107	-89	-40	28	55	-75	2	6
Pre-tax profit	430	353	338	74	464	521	424	104	378
Tax	-51	-93	-89	-19	-60	-131	-105	-27	-8
Profit for the period	379	260	249	55	404	390	319	77	370
Profit for the period, attributable to:									
Shareholders in parent company	379	259	250	55	403	390	315	79	369
Non-controlling interests	0	1	-1	0	1	0	4	-2	1
Profit for the period	379	260	249	55	404	390	319	77	370
Key ratios									
Earnings per share, SEK	1.31	0.90	0.87	0.19	1.39	1.36	1.09	0.27	1.27
- after dilution	1.30	0.90	0.87	0.19	1.39	1.35	1.08	0.27	1.26
Average number of outstanding shares, million	288.9	287.2	286.7	286.7	286.7	286.8	290.0	291.1	291.1
- after dilution	297.7	296.0	295.5	295.5	295.5	295.6	298.8	299.9	299.9

Business areas

	Oct-Dec 2011	Jul-Sep 2011	Apr-Jun 2011	Jan-Mar 2011	Oct-Dec 2010	Jul-Sep 2010	Apr-Jun 2010	Jan-Mar 2010	Oct-Dec 2009
MSEK									
Net sales									
Construction	9,066	6,035	6,747	6,119	7,552	5,619	6,035	4,980	5,996
Civil Engineering	3,413	2,835	2,930	2,376	3,319	2,657	2,703	1,985	2,700
Industry	3,017	3,023	2,675	1,689	2,265	2,556	2,392	1,295	2,024
Group functions	44	38	56	38	46	33	34	33	50
Eliminations	-1,885	-1,461	-1,315	-1,425	-1,613	-1,453	-1,150	-1,104	-1,244
Operative ¹⁾	13,655	10,470	11,093	8,797	11,569	9,412	10,014	7,189	9,526
Adjustment for housing reporting ²⁾	-411	87	-63	-89	-31	-288	269	-89	-298
Legal	13,244	10,557	11,030	8,708	11,538	9,124	10,283	7,100	9,228
Operating profit									
Construction	218	105	144	132	241	198	279	117	194
Civil Engineering	128	109	115	38	113	99	79	65	118
Industry	229	269	196	-1	160	232	175	-23	122
Group functions	-54	-41	-37	-67	-45	-26	-49	-52	-36
Operative ¹⁾	521	442	418	102	469	503	484	107	398
Adjustment for housing reporting ²⁾	-17	18	9	12	-33	-37	15	-5	-26
Legal	504	460	427	114	436	466	499	102	372
Order situation									
Orders received	6,902	9,751	11,027	10,306	6,056	9,547	10,570	8,591	6,039
Order backlog at the end of the period	28,378	32,888	31,515	29,689	27,063	30,753	29,039	26,769	24,487

¹⁾ According to the percentage of completion method (IAS 11)

²⁾ Adjustment in accounting principle for own single homes in Sweden as well as housing in Finland and Norway according to the completed contract method (IAS 18)

Condensed income statement for the parent company

MSEK	Jan-Dec 2011	Jan-Dec 2010	Oct-Dec 2011	Oct-Dec 2010
Net sales	99	82	16	22
Administrative expenses	-145	-152	-26	-35
Operating profit	-46	-70	-10	-13
Result from financial investments				
Profit from participation in Group companies	1,862	1,634	716	192
Profit from participation in associated companies	6	59	-130	59
Other financial items	-249	-15	-41	19
Profit after financial investments	1,573	1,608	535	257
Appropriations	-156	0	-156	0
Pre-tax profit	1,417	1,608	379	257
Tax	-125	2	-167	-49
Profit for the period	1,292	1,610	212	208

Condensed comprehensive income statement for the parent company

MSEK	Jan-Dec 2011	Jan-Dec 2010	Oct-Dec 2011	Oct-Dec 2010
Profit for the period	1,292	1,610	212	208
Other comprehensive income				
Changes for the period in fair value of available-for-sale financial assets	-21	-	-22	-
Total comprehensive income for the period	1,271	1,610	190	208

Condensed balance sheet for the parent company

MSEK	31 Dec 2011	31 Dec 2010
Assets		
Fixed assets		
Machinery and equipment	2	2
Participation in Group companies	11,525	11,728
Participation in associated companies	133	263
Receivables from Group companies	1,447	1,015
Other securities held as fixed assets	709	602
Other long-term receivables	1	1
Total fixed assets	13,817	13,611
Current assets		
Accounts receivable	-	0
Receivables from Group companies	37	27
Interest-bearing current receivables	-	5
Prepaid expenses and accrued income	7	8
Liquid funds	2	3
Total current assets	46	43
Total assets	13,863	13,654
Equity and liabilities		
Equity	8,164	7,355
Untaxed reserves	156	0
Long-term liabilities		
Liabilities to Group companies	4,794	5,670
Convertible promissory note	590	581
Deferred tax liabilities	2	5
Total long-term liabilities	5,386	6,256
Current liabilities		
Accounts payable	11	4
Liabilities to Group companies	2	4
Income tax liabilities	120	1
Other liabilities	6	4
Accrued expenses and deferred income	18	30
Total current liabilities	157	43
Total liabilities	5,543	6,299
Total equity and liabilities	13,863	13,654
Pledged assets and contingent liabilities for the parent company		
Pledged assets	-	-
Contingent liabilities	18,195	15,126

List of shareholders 31 December 2011

Shareholder	A shares	B shares	Total no of shares	Proportion of capital, %	Proportion of votes, %
Mats Paulsson with companies	9,754,910	34,398,610	44,153,520	14.9	21.8
Erik Paulsson with family and companies	12,207,615	11,918,299	24,125,914	8.1	22.2
Karl-Axel Granlund with family and companies		17,912,000	17,912,000	6.1	3.0
Anita Paulsson with family and companies	4,261,431	6,013,905	10,275,336	3.5	8.0
Fredrik Paulsson with family and companies	4,261,430	6,002,154	10,263,584	3.5	8.0
Kamprad family foundation of		8,581,236	8,581,236	2.9	1.4
Peab's profit sharing foundation		7,803,432	7,803,432	2.6	1.3
Folksam		6,900,000	6,900,000	2.3	1.1
Lannebo Funds		6,696,309	6,696,309	2.3	1.1
Handelsbanken Funds		5,249,706	5,249,706	1.8	0.9
Danica Pension		4,114,102	4,114,102	1.4	0.7
Länsförsäkringar Funds		3,432,434	3,432,434	1.2	0.6
Swedbank Robur Funds		3,381,165	3,381,165	1.1	0.6
Svante Paulsson with family and companies	1,720,908	1,350,705	3,071,613	1.0	3.1
SEB Investment Management		3,051,595	3,051,595	1.0	0.5
Sara Karlsson with family and companies	1,778,140	863,299	2,641,439	0.9	3.1
Foreign owners		35,530,174	35,530,174	12.0	5.9
Others	335,523	97,443,664	97,779,187	33.0	16.5
Number of outstanding shares	34,319,957	260,642,789	294,962,746		
Peab AB		1,086,984	1,086,984	0.4	0.2
Number of registered shares	34,319,957	261,729,773	296,049,730	100.0	100.0

Source: Euroclear Sweden AB

