

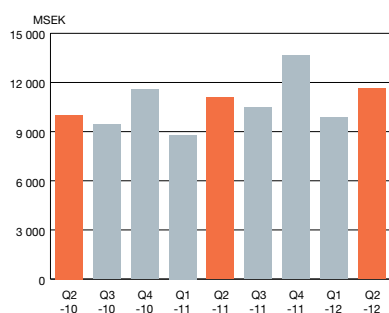


Peab Half-year Report January – June 2012

- Operative net sales amounted to SEK 21,495 million (19,890)
- Operative operating profit amounted to SEK 217 million (520).
Project write-downs of SEK 425 million charged the second quarter of 2012.
- Earnings per share before dilution amounted to SEK 0.36 (1.06)
- Orders received during the first half year amounted to SEK 20,968 million (21,333)
- Order backlog in Construction and Civil Engineering amounted to SEK 31,145 million (31,515)

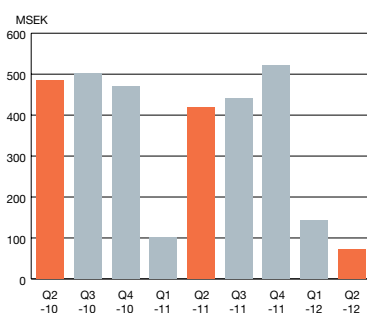
HALF-YEAR REPORT JANUARY - JUNE 2012

Operative net sales



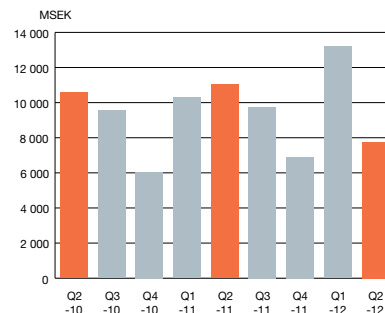
Group operative net sales the first half of 2012 amounted to SEK 21,495 million (19,890), which was an increase of 8 percent. Even after adjustments for acquired and divested units operative net sales increased by 8 percent compared to the same period last year.

Operative operating profit



Operative operating profit the first half of 2012 amounted to SEK 217 million compared to SEK 520 million for the same period last year. Project write-downs totaling SEK 425 million for three different projects charged profits in the second quarter.

Construction and Civil Engineering Orders received



Orders received the first half of 2012 amounted to SEK 20,968 million compared to SEK 21,333 million for the same period last year. Order backlog amounted to SEK 31,145 million compared to SEK 28,378 million per 31 December 2011.

Group

MSEK	Jan-Jun 2012	Jan-Jun 2011	Jul-Jun 2011/2012	Jan-Dec 2011	Financial objectives
Operative net sales ¹⁾	21,495	19,890	45,620	44,015	
Net sales	21,568	19,738	45,369	43,539	
Operative operating profit ¹⁾	217	520	1,180	1,483	
Operative operating margin, % ¹⁾	1.0	2.6	2.6	3.4	
Operating profit	226	541	1,190	1,505	
Operating margin, %	1.0	2.7	2.6	3.5	
Pre-tax profit	136	412	919	1,195	
Profit for the period	102	304	741	943	
Earnings per share before dilution, SEK	0.36	1.06	2.54	3.26	
Return on equity, %	10.1 ²⁾	15.5 ²⁾	10.1	12.1	> 20%
Equity/assets ratio, %	22.8	24.6	22.8	25.4	> 25%

¹⁾ Operative net sales and operative operating profit are reported according to percentage of completion method. Net sales and operating profit are reported according to legal accounting.

²⁾ Calculated on rolling 12 months

NEW CONTRACTS DURING THE SECOND QUARTER

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

- Peab has been contracted to carry out an expansion of the Fagernes terminal at the port of Narvik. The client is Northland Resources and the contract is worth SEK 400 million.
- Peab has been commissioned to build a new shopping center at Kungens Kurva in southern Stockholm. The client is Ikano Retail Centres and the contract is worth SEK 273 million.
- Peab has been contracted to build the city block Hunden in Luleå which will contain offices, hotels, shops, homes and public areas. The client is Norrporten, and the total investment amounts to approximately SEK 500 million, of which Peab's share is SEK 360 million.
- Peab has been commissioned to build a road bridge and ramps over railroad tracks in Arenastaden in Solna. The client is Råsta Projektutveckling AB and the contract is worth SEK 290 million.
- Peab has been contracted to handle the operation and maintenance of roads in the Rättvik, Avesta, Gävle, Heby and Tierp for four years. The customer is The Swedish Transport Administration and the total contract is worth SEK 460 million.
- Peab has been commissioned to build a development center in Älmhult for all products in the IKEA catalog. The customer is IKEA Fastigheter AB and the contract is worth SEK 179 million.
- Peab has been commissioned to build a new main building at the Swedish University of Agricultural Sciences Ultuna in Uppsala. The client is Akademiska Hus Uppsala AB and the contract is worth SEK 482 million.
- Peab has been commissioned to build a new department store for IKEA in Uddevalla. The customer is IKEA Fastigheter AB and the contract is worth SEK 292 million.

COMMENTS BY THE CEO

During the first half year we have continued to see a great deal of activity on our markets with a good range of new projects, except in the housing segment which continues to be weak. Operative net sales during the first half year 2012 was SEK 21,495 million (19,890), which was an increase of 8 percent compared with 2011. Operative operating profit amounted to SEK 217 million compared to SEK 520 million for the same period last year. The reduction in profit is largely due to project write-downs in the second quarter in three projects. Stockholmsarenan (Tele2 Arena) has proven to be much more complex than we anticipated when the contract was signed. This has led to delays and higher costs which all in all have charged the second quarter by SEK 300 million. Two commercial projects in central Oslo have charged profits by SEK 125 million through project write-downs in the Norwegian operations. Underlying earnings in Construction are stable but too low. At the same time we note that Civil Engineering and Industry have continued to develop well. Property Development operations are now up and running and have begun to generate results and synergies with other operations.

Orders received during the first half year amounted to SEK 20,968 million compared to SEK 21,333 million for the first half year 2011. The level of order backlog was SEK 31.1 billion compared to SEK 33.0 billion at the end of the first quarter. The reduction is due to a high level of production as well as a greater focus on profitability in new projects.

Developments have been weak in the housing market. Only in Stockholm, Gothenburg and Helsinki are operations running more or less on a normal level. There were 849 (959) production start-ups of our own developed homes and the number of sold homes in the period amounted to 841 (972). The level of sold homes in production was 72 percent compared to 73 percent at the end of 2011. As long as the supply of housing loans functions we believe demand for housing with different ownership forms will increase in the future.

With a view to create long-term value Peab has been characterized by strong growth and expansion combined with a high level of investments during the past two years. Investment levels in 2012 will also exceed our normal investment requirements, primarily due to planned and implemented actions taken in our newly established operations in business area Property Development. We will balance this with a stable financial base and clear financing strategy.

Our expansion in the past few years, together with a wave of retirements, has also entailed a greater number of new employees. We are now working to methodically develop our leadership, project organization and internal processes for the purpose of improving profitability according to an action plan, primarily in Construction.



The market conditions in the Nordic region for construction and civil engineering investments are in the long-term relatively stable. However, a short-term slowdown is expected on these markets in building construction. A decline in total Swedish building construction is anticipated while civil engineering investments are expected to grow. In Norway both building construction and civil engineering investments are expected to increase. A considerable drop in total building construction is expected in Finland while the civil engineering market is expected to remain stable.

Having established our four business areas and bolstered executive management we will now continue to develop Peab. Our strong market position, broad range of products and services and profound customer focus provides us with a stable platform for development and long-term improved profitability, even on a weaker market.

*Jan Johansson
CEO and President*

NET SALES AND PROFIT ¹⁾

Group operative net sales for the first half of 2012 amounted to SEK 21,495 million (19,890), which was an increase of 8 percent. Even after adjustments for acquired and divested units operative net sales increased by 8 percent compared to the same period last year. Adjustments in housing reporting affected net sales by SEK 73 million (-152). Group net sales for the first half of 2012 increased by 9 percent to SEK 21,568 million (19,738). Of the period's net sales, SEK 4,133 million (2,959) was attributable to sales and production outside Sweden.

Operative operating profit for the first half of 2012 amounted to SEK 217 million compared to SEK 520 million for the same period last year. Adjustments in housing reporting affected operating profit by SEK 9 million (21). Operating profit for the first half of 2012 amounted to SEK 226 million compared to SEK 541 million for the same period last year. Swedish Construction reports a lower level of margins. A project write-down for Stockholmsarenan (Tele2 Arena) has charged profits by SEK 300 million. Construction operations in Norway and Finland have charged profits during the first half year through higher costs and lower earnings in ongoing production. Two project write-downs have also charged profits in Norwegian operations by SEK 125 million.

The high level of production in construction and civil engineering markets along with favorable weather conditions have had a positive effect on Civil Engineering and Industry compared to the same period last year.

Property Development operations are now up and running and have begun to generate results and synergies with other operations.

Depreciation for the period was SEK 425 million (378).

Net financial items amounted to SEK -90 million (-129), of which net interest expense amounted to SEK -145 million (-111). Received dividends amounted to SEK 28 million (20) during the second quarter. The effect of valuing financial instruments at fair value affected net financial items by SEK 32 million (-52), of which the income effect of valuing the Brinova holding at fair value amounted to SEK 26 million (-47). 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 136 million compared to SEK 412 million for the same period last year.

Tax for the period was SEK -34 million (-108).

Profit for the period amounted to SEK 102 million (304).

FINANCIAL POSITION

The equity/assets ratio on 30 June 2012 was 22.8 percent compared to 25.4 percent at the previous year-end. Interest-bearing net debt amounted to SEK 8,094 million compared to SEK 6,626 million at the end of 2011. The increase is due to seasonal effects

and dividends paid in the second quarter. The average interest rate in the loan portfolio including derivatives on 30 June 2012 was 3.2 percent (3.3).

Group liquid funds, including non-utilized credit facilities, were SEK 3,743 million at the end of the period compared to SEK 4,944 million on 31 December 2011.

At the end of the period, Group contingent liabilities, excluding joint and several liabilities in trading and limited partnerships, amounted to SEK 2,897 million compared to SEK 2,136 million on 31 December 2011. Of contingent liabilities, obligations to tenant-owners' associations under construction were SEK 1,922 million compared to SEK 1,554 million at the previous year-end.

INVESTMENTS

Net investment of tangible and intangible assets amounted to SEK 576 million (267) during the period. Investments in project and development properties totaled SEK 494 million (424) during the first half of 2012.

CASH FLOW

Cash flow from current operations was SEK -463 million (-630). The acquisition of project and development property for SEK 506 million (409) is also included in the cash flow from current operations. During the comparable period working capital was affected negatively by the considerable increase in net sales.

Cash flow from investment activities was SEK -406 million compared to SEK -672 million the same period the previous year. During the period we continued to invest in housing and property development projects as well as machines. The redemption of futures for shares in Lemminkäinen Oyj has affected cash flow by the cash paid for shares. The period has been affected positively by the settlement of interest-bearing receivables. The comparable period included significant investments in housing and property development projects as well as strategic company acquisitions.

Cash flow before financing amounted to SEK -869 million compared to SEK -1,302 million for the same period the last year.

ORDERS RECEIVED AND ORDER BACKLOG CONSTRUCTION AND CIVIL ENGINEERING

Orders received for the first half of 2012 amounted to SEK 20,968 million compared to SEK 21,333 million for the same period last year. Included in orders received is Peab's single largest project ever, the Mall of Scandinavia in Solna, worth around SEK 3,500 million.

Order backlog yet to be produced at the end of the period amounted to SEK 31,145 million compared to SEK 31,515 million the same period last year.

Of the total order backlog, 55 percent (55) is expected to be produced after 2012. Construction projects accounted for 68 percent

¹⁾ Peab applies IFRIC 15, Agreements for the Construction of Real Estate, in the reporting. As a result of the new principle 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. Segment reporting is based on the percentage of completion method for all our projects since this mirrors how executive management and the Board monitor the business. There is a bridge in segment reporting between operative reporting according to the percentage of completion method and legal reporting. Operative net sales and operative operating profit are reported according to the percentage of completion method. Net sales and operating profit are reporting according to legal accounting.

(66) of the order backlog. Swedish operations accounted for 85 percent (85) 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	30 Jun 2012	30 Jun 2011	31 Dec 2011
Current financial year	14,115	14,113	21,578
Next financial year	11,507	13,707	5,164
Thereafter	5,523	3,695	1,636
Total order backlog	31,145	31,515	28,378
Orders received	20,968	21,333	37,986

PERSONNEL

At the end of the period, the company had 15,209 employees compared to 15,560 at the same time the previous year.

COMMENTS ON THE BUSINESS AREAS

As of 1 January 2012 the Peab Group is presented in four different business areas: Construction, Civil Engineering, Industry and Property Development. Comparable figures for the year 2011 have been translated into the new business areas. The business areas are also operating segments.

Construction of our own development projects is presented in segment reporting according to the percentage of completion method. Unrealized internal profits and net sales are eliminated within the Group. When our own housing development projects are divested these effects are returned to the Group and the capital gains from the sales are reported in business area Property Development.

Construction

Business area Construction comprises the Group's construction related services and own housing projects. Operations are run in five divisions in Sweden, one division in Norway, one division in Finland.

Operative net sales for the first half of 2012 amounted to SEK 13,477 million (12,811), which is an increase of 5 percent. After adjustments for acquired and divested units the increase was 6 percent.

Operative operating profit for the first half of 2012 amounted to SEK -112 million (281). Operative operating margin sank to -0.8 percent compared to 2.2 percent for the same period last year. Operative margin for the latest rolling 12 month period was 0.7

percent compared to 2.2 percent for full year 2011. Adjusted for project write-downs of SEK 425 million the operating margin for the period was 2.3 percent and for the last 12 month period 2.2 percent.

Swedish Construction reports a lower level of margins. Project write-down for Stockholmsarenan (Tele2 Arena) has charged profits by SEK 300 million. Construction operations in Norway and Finland have charged profits during the first half year through higher costs and lower earnings in ongoing production. Two project write-downs have also charged profits in Norwegian operations by SEK 125 million.

All types of housing such as apartment buildings with tenant-owner rights and rentals as well as condominiums are produced in business area Construction. We also produce a certain amount of single homes. Project development and ownership of apartments for rent are handled in business area Property Development.

New production of Peab's own housing developments made up 10 percent of net sales for the first half of 2012 compared to 11 percent for the same period the last year.

Developments have been weak in the housing market. Only in Stockholm, Gothenburg and Helsinki are operations running more or less on a normal level. The level of own housing development start-ups amounted to 849 (959). The number of sold homes during the period was 841 compared to 972 during the same period 2011. The number of homes in production at the end of the period was 3,389 compared to 3,470 the previous year-end. The number of sold homes in production was 72 percent compared to 73 percent at the end of 2011.

The current financial turbulence as well as the ceiling on mortgages in Sweden has entailed longer sales processes. This has a negative effect on our ability to start up new projects, given the requirements for presales at the start of production. Continued concern on the market results in lower interest rates and this is favorable for construction.

The housing demand is affected by several factors such as demography, the economy, interest rates and access to housing loans. All in all these factors indicate a good demand for housing with different kinds of ownership forms in the long-term and we have noticed the demand for apartment buildings with rentals continues to be strong.

The number of repurchased homes on 30 June 2012 was 198 compared to 183 per 31 December 2011 and is evenly divided in Sweden, Finland and Norway.

Peab's own housing development construction

	Jan-Jun 2012	Jan-Jun 2011	Jan-Dec 2011
Number of housing starts during the period	849	959	1,711
Number of homes sold during the period	841	972	1,531
Total number of homes under construction, at the end of the period	3,389	3,488	3,470
Share of sold homes under construction, at the end of the period	72%	78%	73%
Number of repurchased homes in the balance sheet, at the end of the period	198	179	183

Civil Engineering

The business area Civil Engineering works in the Local civil engineering market, Infrastructure and heavy industry as well as Operation & maintenance. The operations are run in geographical regions in Sweden, Norway and Finland.

Net sales for the first half of 2012 amounted to SEK 5,570 million compared to SEK 5,306 million for the same period last year, which is an increase of 5 percent. Even after adjustments for acquired units the increase was 5 percent.

Operating profit for the first half of 2012 amounted to SEK 154 million (153). Operating margin amounted to 2.8 percent compared to 2.9 percent for the same period last year. Operative margin for the latest rolling 12 month period was 3.3 percent, compared to 3.4 percent for full year 2011.

The Local civil engineering market has had a positive development during the period as a result of higher activity on the construction market. Volumes have been lower in Operation & maintenance due to the milder winter weather. Infrastructure and heavy industry has had a high production rate but profit is lower than in the same period last year.

Industry

Business area Industry is run in seven market segments; Asphalt, Concrete, Gravel & Rock, Transportation & Machines, Foundations, Rentals and Industrial Construction. All of them work on the Nordic construction and civil engineering markets.

Net sales for the first half of 2012 amounted to SEK 4,924 million compared to SEK 4,364 million for the same period last year, which is an increase of 13 percent. After adjustments for acquired and divested units the increase was 11 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 first half of 2012 amounted to SEK 260 million compared to SEK 195 million for the same period last year. Operating margin has increased and was 5.3 percent compared to 4.5 percent for the same period last year. Operative margin for the latest rolling 12 month period was 6.9 percent, compared to 6.7 percent for the full year 2011.

As a result of the high level of activity in the construction and civil engineering markets net sales and profits have grown in Gravel & Rock, Foundations, Rentals and Industrial Construction compared to the same period last year. Net sales has increased in Transportation & Machines with the same level of profitability. Net sales has increased in Asphalt and Concrete but profits are down. The increasing price press in above all Asphalt has had a negative effect on profits.

Property Development

Group operations revolving around acquisitions, development and divestiture of commercial property and rental property in the Nordic region are now run in the new business area Property Development.

This business is followed up in three areas; listed holdings, associated companies and joint ventures and wholly owned subsidiaries and projects. Listed holdings consists of shares in Brinova (disposed after the report period) and Catena. Associated compa-

nies and joint ventures consists of, for instance, Peab's ownership in Tornet (ownership of apartments for rent), in Centur (ownership and development of commercial property), in companies connected to the development of Arenastaden as well as other holdings. Wholly owned subsidiaries and projects consists of a number of holdings that include everything from land for development where zoning is being worked out to completed projects ready for sale. Net sales and operating profit from operations is derived from running our wholly owned property, shares in the profit from associated companies and joint ventures as well as capital gains from the divestiture of completed property and shares in associated companies and joint ventures.

During the first half of 2012 net sales were SEK 149 million (77) and operating profit amounted to SEK 52 million (9). This includes capital gains of SEK 73 million (-) from property sales.

We believe the demand for property projects in the Nordic region will continue to be good with a great deal of interest from both local and international players. We will continue to invest in existing and new property development projects in 2012.

THE CONSTRUCTION MARKET

Marketing conditions in the Nordic region for construction and civil engineering investments are in the long-term relatively stable. However, a short-term slowdown is expected on these markets in building construction.

The strong development in Swedish building construction has continued during the first quarter 2012 to a certain extent, but the increase in project start-ups has been concentrated to premises. The only area in housing construction with a positive development is refurbishment. Analysis company Industrifakta believes new construction of housing will continue to drop in 2012 despite the growing accumulative housing shortage. This is due to the general uncertainty regarding jobs and the economy combined with more restrictive banks and the previously implemented tougher financial terms for home buyers.

Swedish building construction in 2012 is decided by how developments in the world around us affect the willingness of households and companies to invest and the ability to finance new construction projects. Several factors point to a normalization after the past two years of intensive growth in private and public premises. A weakened export market can diminish investments in industry and construction of commercial premises can decline due to greater unemployment and restraint on the part of households. Lower tax revenues and a need to use more resources for welfare can limit public sector investments. This will most likely slow down new construction while the need to refurbish public premises and improve energy efficiency in them is constantly growing. This need exists for offices and housing as well. Swedish civil engineering construction dropped in 2011, but a slight recovery is expected in 2012 and considerable investments ought to be made in railroads and the energy sector.

Start-ups in building construction have continued to grow on the Norwegian market compared to the first quarter of 2011, but there are signs that housing construction has peaked. Nonetheless, the demand for housing continues to be strong at the same time household borrowing is at an alarming level. There has been a dramatic surge in industrial construction during the first quarter of 2012 and commercial and public sector construction continues to

develop positively. Held up by substantial household consumption that will stimulate economic growth in 2012 and a continued stable labor market construction of private and public premises should remain on a relatively high level for the rest of the year. Civil engineering construction is expected to continue to grow due to the significant need for investments nationally and locally. Another positive factor is a clear political stance that Norway must become more energy efficient and reduce its dependence on fossil fuels.

As expected the Finnish construction market has continued to decline during the first quarter of 2012. Start-ups in building construction dropped drastically during the first quarter and this spilled into every sector except single homes. The decline was sharpest in the industrial sector and construction of new apartment buildings and less noticeable in commercial and public premises. The bleak forecast for economic growth and complications in the eurozone entail a risk that ongoing building construction will continue to decline throughout 2012. The only sectors where there might be some growth appear to be in refurbishment of apartment buildings and maintenance and repairs. There is a possibility civil engineering investment can grow but this is definitely not for certain.

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 cannot demand compensation from customers for them.

The Group is exposed to financial risks such as changes in debt and interest rate levels.

For further information on risks and uncertainty factors, see the 2011 Annual Report.

IMPORTANT EVENTS DURING THE PERIOD

Peab was divided into four business areas on 1 January 2012; Construction, Civil Engineering, Industry and Property Development. In keeping with this, executive management has been expanded to include the managers of each business area.

Tina Hermansson Berg has been appointed Director of Human Resources. She took up her new position on 1 June 2012 and became a member of executive management. Tina Hermansson Berg was previously Executive Vice President of Human Resources & Corporate Communication at Mölnlycke Health Care AB.

Peab has redeemed its futures for the purchase of 940,000 shares in Lemminkäinen Oyj, which is equivalent to 4.78 percent of the company's shares and votes. This means Peab directly owns 2,080,225 shares in Lemminkäinen Oyj, corresponding to 10.59 percent of both shares and votes.

Peab has issued bonds amounting to SEK 400 million in the MTN program, which was established in February 2012. The maturity of the bonds is 3 years and the issue was divided into a part with a fixed interest rate and a part with a variable interest rate. Nord-ea has administrated the issue and the loan ceiling for the MTN program is SEK 3,000 million.

IMPORTANT EVENTS AFTER THE PERIOD

Niclas Winkvist has been appointed Head of Strategy and Business Support and is also now a member of executive management. He will keep his responsibilities for M&A, and he will now also take on the overall responsibility for the Group's strategy work. Niclas Winkvist is 45 years old and was previously CFO for Peab Industri.

Mats Johansson, Executive Vice President responsible for Business Ethics and Safety and Security, has left his position in accordance with his pension agreement. Responsibility for these issues has been handed over to HR Director Tina Hermansson Berg. Peab's executive management after the change is as follows:

- Jan Johansson, CEO and President
- Jesper Göransson, Deputy CEO and CFO
- 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
- Tina Hermansson Berg, Director of Human Resources
- Niclas Winkvist, Head of Strategy and Business Support

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 2012	1,583.9	34,319,957	261,729,773	296,049,730	1,086,984	294,962,746
Share capital and number of shares 30 June 2012	1,583.9	34,319,957	261,729,773	296,049,730	1,086,984	294,962,746

After the period ended Peab received payment for the shares in Brinova Fastigheter AB (publ) that Backahill AB acquired through its mandatory offer. Peab received a total of SEK 518 million in cash.

ACCOUNTING PRINCIPLES

This half-year 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.

This half-year report has otherwise been presented according to the same accounting principles and prerequisites as described in the Annual Report of 2011.

HOLDINGS OF OWN SHARES

At the beginning of 2012 Peab's own B share holding was 1,086,984 which corresponds to 0.4 percent of the total number of shares. No changes have taken place in the first half of 2012.

THE PEAB SHARE

Peab's B share is listed on the NASDAQ OMX Stockholm, Large Cap list. As of 20 August 2012, the price of the Peab share was SEK 31.76 a decrease of 7 percent during 2012. During the same period, the Swedish stock market increased by 9 percent according to general index in the business magazine "Affärsvärlden". During 2012, the Peab share has been quoted at a maximum of SEK 39.70 and a minimum of SEK 30.00.

PARENT COMPANY

The parent company Peab AB's net sales for the first half of 2012 amounted to SEK 48 million (60) and mainly consisted of internal Group services. Profit after tax amounted to SEK -12 million (1,154).

The parent company's assets mainly consist of participations in Group companies amounting to SEK 11,314 million (11,728), shares in Catena AB worth SEK 133 million (263), shares in Brinova Fastigheter AB worth SEK 517 million (525), shares in Lemminkäinen Oyj worth SEK 284 million (-) and convertible bonds in Peab Industri AB worth SEK 585 million (580). The assets have been financed from equity of SEK 7,462 million (7,756) and long-term liabilities amounting to SEK 5,548 million (5,488).

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

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

FUTURE FINANCIAL INFORMATION

- Interim report January-September 2012 14 November 2012
- Year-end report 2012 14 February 2013
- Annual report 2012 April 2013

The Board of Directors and the CEO hereby certify that the interim report for the first half-year 2012 gives a true and fair view of the parent company's and the Group's operations, financial position and profits, as well as describes significant risks and uncertainties that the parent company and the companies within the Group face.

Förslöv 21 August 2012

*Jan Johansson
CEO and President*

*Göran Grosskopf
Chairman*

*Mats Paulsson
Vice chairman*

*Karl-Axel Granlund
Board member*

*Annette Brodin Rampe
Board member*

*Svante Paulsson
Board member*

*Fredrik Paulsson
Board member*

*Lars Sköld
Board member*

*Anne-Marie Pålsson
Board member*

*Patrik Svensson
Board member*

*Lars Modin
Board member*

*Monica Mattsson
Deputy Board member*

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

Condensed income statement for the Group

MSEK	Jan-Jun 2012	Jan-Jun 2011	Apr-Jun 2012	Apr-Jun 2011	Jul-Jun 2011/2012	Jan-Dec 2011
Net sales	21,568	19,738	11,670	11,030	45,369	43,539
Production costs	-20,233	-18,165	-11,042	-10,151	-41,910	-39,842
Gross profit	1,335	1,573	628	879	3,459	3,697
Sales and administrative expenses	-1,161	-1,083	-594	-479	-2,343	-2,265
Profit from participation in joint ventures/ associated companies	9	20	19	17	13	24
Other operating income	44	32	25	10	70	58
Other operating costs	-1	-1	0	-	-9	-9
Operating profit	226	541	78	427	1,190	1,505
Net financial items	-90	-129	-45	-89	-271	-310
Pre-tax profit	136	412	33	338	919	1,195
Tax	-34	-108	-8	-89	-178	-252
Profit for the period	102	304	25	249	741	943

Profit for the period, attributable to:

Shareholders in parent company	105	305	26	250	743	943
Non-controlling interests	-3	-1	-1	-1	-2	0
Profit for the period	102	304	25	249	741	943

Key ratios

Earnings per share, SEK	0.36	1.06	0.09	0.87	2.54	3.26
- after dilution	0.36	1.06	0.09	0.87	2.54	3.26
Average number of outstanding shares, million	295.0	286.7	295.0	286.7	293.0	288.9
- after dilution	303.8	295.5	303.8	295.5	301.8	297.7
Return on capital employed, %	8.4 ¹⁾	10.9 ¹⁾			8.4	10.5
Return on equity, %	10.1 ¹⁾	15.5 ¹⁾			10.1	12.1

¹⁾ Calculated on rolling 12 months

Condensed comprehensive income statement for the Group

MSEK	Jan-Jun 2012	Jan-Jun 2011	Apr-Jun 2012	Apr-Jun 2011	Jul-Jun 2011/2012	Jan-Dec 2011
Profit for the period	102	304	25	249	741	943
Other comprehensive income						
Translation differences for the period from translation of foreign operations	1	40	-3	65	-39	0
Profit/loss from currency risk hedging in foreign operations	-3	-16	-	-25	14	1
Translation differences transferred to profit for the period	-	-	-	-	-1	-1
Changes for the period in fair value of available-for-sale financial assets	-65	-	-72	-	-82	-17
Changes in fair value of cash flow hedges for the period	79	-5	-49	-12	-120	-204
Share in associated companies' other comprehensive income	-1	-	-	-	-3	-2
Tax attributable to components in other comprehensive income	-2	5	6	15	9	16
Other comprehensive income for the period	9	24	-118	43	-222	-207
Total comprehensive income for the period	111	328	-93	292	519	736
Total comprehensive income for the period, attributable to:						
Shareholders in parent company	114	329	-92	293	521	736
Non-controlling interests	-3	-1	-1	-1	-2	0
Total comprehensive income for the period	111	328	-93	292	519	736

Condensed balance sheet for the Group

MSEK	30 Jun 2012	30 Jun 2011	31 Dec 2011
Assets			
Intangible assets	2,213	2,210	2,231
Tangible assets	4,749	4,324	4,580
Interest-bearing long-term receivables	1,269	772	1,314
Other financial fixed assets	2,436	2,134	2,567
Deferred tax recoverables	226	94	158
Total fixed assets	10,893	9,534	10,850
Project and development properties	5,674	5,723	5,180
Inventories	459	406	416
Work in progress	1,649	1,461	1,689
Interest-bearing current receivables	299	95	237
Other current receivables	13,445	11,604	12,007
Short-term holdings	11	1	9
Liquid funds	208	653	961
Total current assets	21,745	19,943	20,499
Total assets	32,638	29,477	31,349
Equity and liabilities			
Equity	7,438	7,249	7,947
Liabilities			
Interest-bearing long-term liabilities	7,526	7,290	7,412
Deferred tax liabilities	361	248	376
Other long-term liabilities	393	257	420
Total long-term liabilities	8,280	7,795	8,208
Interest-bearing current liabilities	2,355	1,812	1,735
Other current liabilities	14,565	12,621	13,459
Total current liabilities	16,920	14,433	15,194
Total liabilities	25,200	22,228	23,402
Total equity and liabilities	32,638	29,477	31,349
Key ratios			
Capital employed	17,319	16,351	17,094
Equity/assets ratio, %	22.8	24.6	25.4
Net debt	8,094	7,581	6,626
Equity per share, SEK	25.23	25.30	26.94
- after dilution	26.45	26.53	28.10
Number of outstanding shares at the end of the period, million	295.0	286.5	295.0
- after dilution	303.8	295.3	303.8

Condensed statement of changes in Group's equity

MSEK	30 Jun 2012	30 Jun 2011	31 Dec 2011
Equity attributable to shareholders in parent company			
Opening equity on 1 January	7,947	7,673	7,673
Profit for the period	105	305	943
Other comprehensive income for the period	9	24	-207
Comprehensive income for the period	114	329	736
Cash dividend	-620	-746	-746
Acquisition of own shares	-	-7	-16
Disposal of own shares	-	-	300
Closing equity	7,441	7,249	7,947
Non-controlling interests			
Opening equity on 1 January	0	0	0
Profit for the period	-3	-1	0
Acquisition of non-controlling interests, controlling interests already	-	1	-
Closing equity	-3	0	0
Total closing equity	7,438	7,249	7,947

Condensed cash flow statement for the Group

MSEK	Jan-Jun 2012	Jan-Jun 2011	Apr-Jun 2012	Apr-Jun 2011	Jul-Jun 2011/2012	Jan-Dec 2011
Cash flow from current operations before changes in working capital	321	809	12	631	1,704	2,192
Cash flow from changes in working capital	-784	-1,439	-355	-935	-1,477	-2,132
Cash flow from current operations	-463	-630	-343	-304	227	60
Acquisition of subsidiaries	-113	-252	-55	-76	-190	-329
Disposal of subsidiaries	92	-2	37	-1	171	77
Acquisition of fixed assets	-965	-593	-617	-96	-1,720	-1,348
Sales of fixed assets	580	175	153	137	874	469
Cash flow from investment operations	-406	-672	-482	-36	-865	-1,131
Cash flow before financing	-869	-1,302	-825	-340	-638	-1,071
Cash flow from financing operations	107	1,146	311	454	188	1,227
Cash flow for the period	-762	-156	-514	114	-450	156
Cash at the beginning of the period	970	810	718	540	654	810
Exchange rate differences in cash	11	-	15	-	15	4
Cash at the end of the period	219	654	219	654	219	970

Net sales and operating profit per business area

MSEK	Net sales				Operating profit				Operating margin			
	Jan-Jun 2012	Jan-Jun 2011	Jul-Jun 2011/2012	Jan-Dec 2011	Jan-Jun 2012	Jan-Jun 2011	Jul-Jun 2011/2012	Jan-Dec 2011	Jan-Jun 2012	Jan-Jun 2011	Jul-Jun 2011/2012	Jan-Dec 2011
Construction	13,477	12,811	28,488	27,822	-112	281	207	600	-0.8%	2.2%	0.7%	2.2%
Civil Engineering	5,570	5,306	11,818	11,554	154	153	391	390	2.8%	2.9%	3.3%	3.4%
Industry	4,924	4,364	10,964	10,404	260	195	758	693	5.3%	4.5%	6.9%	6.7%
Property Development	149	77	261	189	52	9	74	31	34.9%	11.7%	28.4%	16.4%
Group functions	58	72	118	132	-117	-108	-219	-210				
Eliminations	-2,683	-2,740	-6,029	-6,086	-20	-10	-31	-21				
Operative ¹⁾	21,495	19,890	45,620	44,015	217	520	1,180	1,483	1.0%	2.6%	2.6%	3.4%
Adjustment for housing reporting ²⁾	73	-152	-251	-476	9	21	10	22				
Legal	21,568	19,738	45,369	43,539	226	541	1,190	1,505	1.0%	2.7%	2.6%	3.5%

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

	Apr-Jun 2012	Jan-Mar 2012	Oct-Dec 2011	Jul-Sep 2011	Apr-Jun 2011	Jan-Mar 2011	Oct-Dec 2010	Jul-Sep 2010	Apr-Jun 2010
MSEK									
Net sales	11,670	9,898	13,244	10,557	11,030	8,708	11,538	9,124	10,283
Production costs	-11,042	-9,191	-12,068	-9,609	-10,151	-8,014	-10,491	-8,289	-9,283
Gross profit	628	707	1,176	948	879	694	1,047	835	1,000
Sales and administrative expenses	-594	-567	-665	-517	-479	-604	-656	-401	-560
Profit from participation in joint ventures/associated companies	19	-10	-14	18	17	3	29	26	51
Other operating income	25	19	14	12	10	22	19	6	8
Other operating costs	0	-1	-7	-1	-	-1	-3	0	0
Operating profit	78	148	504	460	427	114	436	466	499
Net financial items	-45	-45	-74	-107	-89	-40	28	55	-75
Pre-tax profit	33	103	430	353	338	74	464	521	424
Tax	-8	-26	-51	-93	-89	-19	-60	-131	-105
Profit for the period	25	77	379	260	249	55	404	390	319
Profit for the period, attributable to:									
Shareholders in parent company	26	79	379	259	250	55	403	390	315
Non-controlling interests	-1	-2	0	1	-1	0	1	0	4
Profit for the period	25	77	379	260	249	55	404	390	319
Key ratios									
Earnings per share, SEK	0.09	0.27	1.31	0.90	0.87	0.19	1.39	1.36	1.09
- after dilution	0.09	0.27	1.30	0.90	0.87	0.19	1.39	1.35	1.08
Average number of outstanding shares, million	295.0	295.0	288.9	287.2	286.7	286.7	286.7	286.8	290.0
- after dilution	303.8	303.8	297.7	296.0	295.5	295.5	295.5	295.6	298.8

Business areas

	Apr-Jun 2012	Jan-Mar 2012	Oct-Dec 2011	Jul-Sep 2011	Apr-Jun 2011	Jan-Mar 2011	Oct-Dec 2010 ¹⁾	Jul-Sep 2010 ¹⁾	Apr-Jun 2010 ¹⁾
MSEK									
Net sales									
Construction	6,964	6,513	9,013	5,998	6,722	6,089	7,552	5,619	6,035
Civil Engineering	3,116	2,454	3,413	2,835	2,930	2,376	3,319	2,657	2,703
Industry	2,930	1,994	3,017	3,023	2,675	1,689	2,265	2,556	2,392
Property Development	86	63	65	47	37	40			
Group functions	30	28	32	28	44	28	46	33	34
Eliminations	-1,499	-1,184	-1,885	-1,461	-1,315	-1,425	-1,613	-1,453	-1,150
Operative²⁾	11,627	9,868	13,655	10,470	11,093	8,797	11,569	9,412	10,014
Adjustment for housing reporting ³⁾	43	30	-411	87	-63	-89	-31	-288	269
Legal	11,670	9,898	13,244	10,557	11,030	8,708	11,538	9,124	10,283
Operating profit									
Construction	-251	139	220	99	142	139	241	198	279
Civil Engineering	116	38	128	109	115	38	113	99	79
Industry	234	26	229	269	196	-1	160	232	175
Property Development	27	25	9	13	4	5			
Group functions	-40	-77	-58	-44	-31	-77	-45	-26	-49
Eliminations	-13	-7	-7	-4	-8	-2			
Operative²⁾	73	144	521	442	418	102	469	503	484
Adjustment for housing reporting ³⁾	5	4	-17	18	9	12	-33	-37	15
Legal	78	148	504	460	427	114	436	466	499
Order situation									
Orders received	7,768	13,200	6,902	9,751	11,027	10,306	6,056	9,547	10,570
Order backlog at the end of the period	31,145	32,989	28,378	32,888	31,515	29,689	27,063	30,753	29,039

¹⁾ Not translated according to the new business area structure

²⁾ According to the percentage of completion method (IAS 11)

³⁾ 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-Jun 2012	Jan-Jun 2011	Apr-Jun 2012	Apr-Jun 2011	Jul-Jun 2011/2012	Jan-Dec 2011
Net sales	48	60	24	36	87	99
Administrative expenses	-81	-86	-44	-45	-140	-145
Operating profit	-33	-26	-20	-9	-53	-46
Result from financial investments						
Profit from participation in Group companies	20	1,146	0	1,146	736	1,862
Profit from participation in associated companies	5	136	5	136	-125	6
Other financial items	-32	-130	-5	-109	-151	-249
Profit after financial investments	-40	1,126	-20	1,164	407	1,573
Appropriations	-	-	-	-	-156	-156
Pre-tax profit	-40	1,126	-20	1,164	251	1,417
Tax	28	28	15	12	-125	-125
Profit for the period	-12	1,154	-5	1,176	126	1,292

Condensed comprehensive income statement for the parent company

MSEK	Jan-Jun 2012	Jan-Jun 2011	Apr-Jun 2012	Apr-Jun 2011	Jul-Jun 2011/2012	Jan-Dec 2011
Profit for the period	-12	1,154	-5	1,176	126	1,292
Other comprehensive income						
Changes for the period in fair value of available-for-sale financial assets	-71	-	-75	-	-92	-21
Total comprehensive income for the period	-83	1,154	-80	1,176	34	1,271

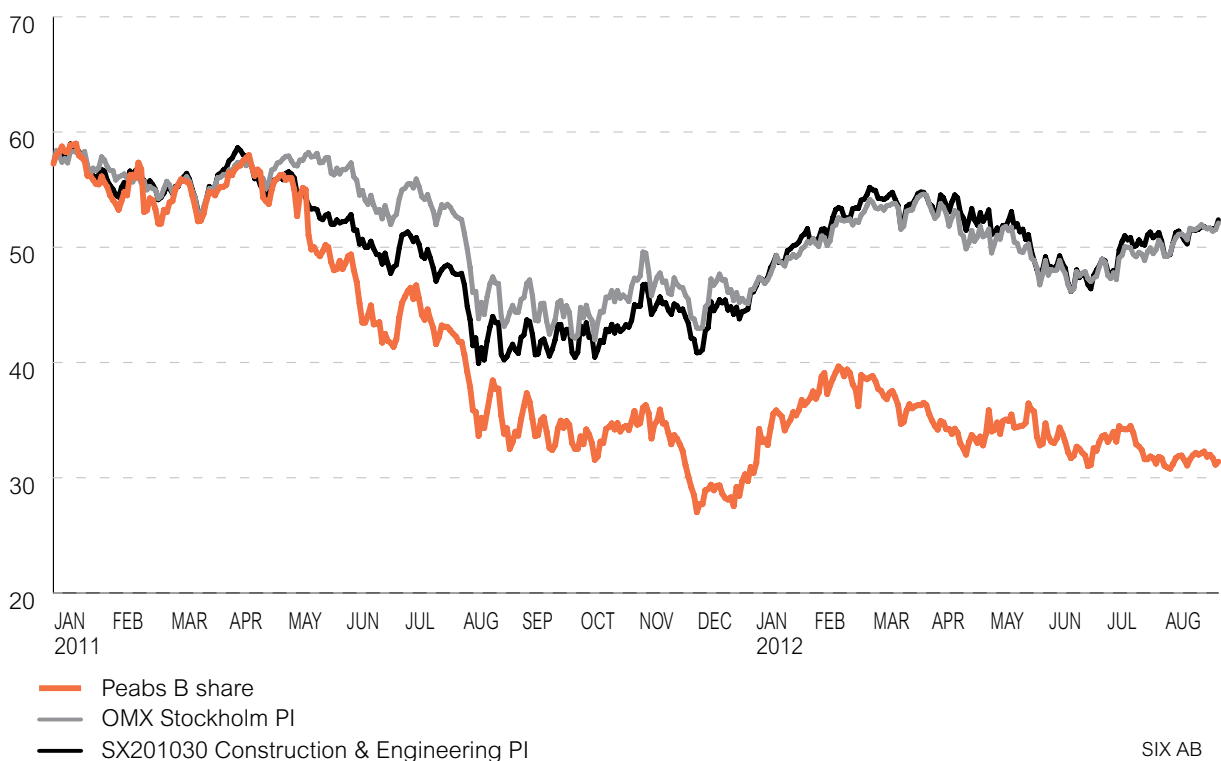
Condensed balance sheet for the parent company

MSEK	30 Jun 2012	30 Jun 2011	31 Dec 2011
Assets			
Machinery and equipment	2	2	2
Participation in Group companies	11,314	11,728	11,525
Participation in associated companies	133	263	133
Receivables from Group companies	965	676	1,447
Interest-bearing long-term receivables	43	-	-
Other securities held as fixed assets	820	553	709
Deferred tax recoverables	26	25	-
Other long-term receivables	1	1	1
Total fixed assets	13,304	13,248	13,817
Receivables from Group companies	3	32	37
Prepaid expenses and accrued income	31	24	7
Liquid funds	2	2	2
Total current assets	36	58	46
Total assets	13,340	13,306	13,863
Equity and liabilities			
Equity	7,462	7,756	8,164
Untaxed reserves	156	0	156
Liabilities to Group companies	4,954	4,902	4,794
Convertible promissory note	594	586	590
Deferred tax liabilities	-	-	2
Total long-term liabilities	5,548	5,488	5,386
Accounts payable	9	5	11
Liabilities to Group companies	2	3	2
Income tax liabilities	119	0	120
Other liabilities	3	12	6
Accrued expenses and deferred income	41	42	18
Total current liabilities	174	62	157
Total liabilities	5,722	5,550	5,543
Total equity and liabilities	13,340	13,306	13,863
Pledged assets and contingent liabilities for the parent company			
Pledged assets	-	-	-
Contingent liabilities	19,471	17,633	18,195

List of shareholders 31 July 2012

Shareholder	A shares	B shares	Total no of shares	Proportion of capital, %	Proportion of votes, %
Mats Paulsson with companies	9,754,910	37,255,750	47,010,660	15.9	22.3
Karl-Axel Granlund with family and companies		18,402,000	18,402,000	6.2	3.0
Folksam		11,400,000	11,400,000	3.9	1.9
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
Svante Paulsson with family and companies	7,824,715	1,350,705	9,175,420	3.1	13.2
Sara Karlsson with family and companies	7,881,948	863,299	8,745,247	3.0	13.2
Kamprad family foundation		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
Lannebo Funds		6,415,067	6,415,067	2.2	1.1
Danica Pension		4,371,713	4,371,713	1.5	0.7
Handelsbanken Funds		3,876,327	3,876,327	1.3	0.6
Länsförsäkringar Funds		3,722,851	3,722,851	1.2	0.6
Swedbank Robur Funds		3,381,165	3,381,165	1.1	0.6
SEB Investment Management		3,073,343	3,073,343	1.0	0.5
Foreign owners		26,352,632	26,352,632	8.9	4.4
Others	335,523	111,777,210	112,112,733	37.8	19.0
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





Peab is the Nordic Community Builder with 15,000 employees and a net sales exceeding SEK 40 billion. The Group's subsidiaries have strategically located offices in Sweden, Norway and Finland. The registered office of the Group is at Förslöv, Skåne in south of Sweden. The share is listed on NASDAQ OMX Stockholm.

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