

MEDIA EVOLUTION CITY  
Varvsstaden, Malmö

# Peab

## Year-end Report

### January – December 2012

- Operative net sales amounted to SEK 45,997 million (44,015)
- Operative operating profit amounted to SEK 1,002 million (1,483).  
The result has been charged by write-downs for a total of SEK 675 million
- Earnings per share amounted to SEK 2.47 (3.26)
- Orders received during the year amounted to SEK 38,743 million (37,986)
- Order backlog in Construction and Civil Engineering amounted to SEK 28,056 million (28,378)
- Strong cash flow during the fourth quarter
- The Board proposes a dividend of SEK 1.60 (2.10) per share, corresponding to 65 percent (66) of the profit for the year

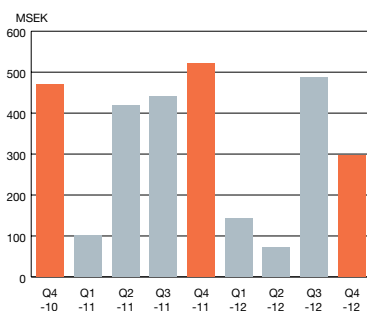
## YEAR-END REPORT JANUARY - DECEMBER 2012

### Operative net sales



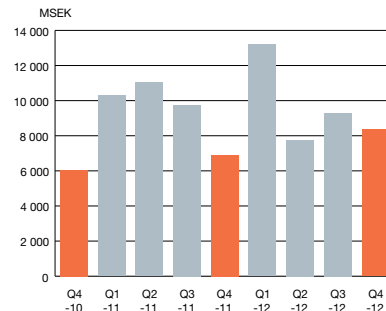
Group operative net sales for 2012 amounted to SEK 45,997 million (44,015), which was an increase of 5 percent. Even after adjustments for acquired and divested units operative net sales increased by 5 percent compared to last year.

### Operative operating profit



Operative operating profit for 2012 amounted to SEK 1,002 million compared to SEK 1,483 million for last year. The result has been charged by write-downs for a total of SEK 675 million.

### Construction and Civil Engineering Orders received



Orders received for 2012 amounted to SEK 38,743 million compared to SEK 37,986 million for last year. Order backlog amounted to SEK 28,056 million compared to SEK 28,378 million per 31 December 2011.

## Group

MSEK	Jan-Dec 2012	Jan-Dec 2011	Jan-Dec 2010	Financial objectives
Operative net sales <sup>1)</sup>	45,997	44,015	38,184	
Net sales	46,840	43,539	38,045	
Operative operating profit <sup>1)</sup>	1,002	1,483	1,563	
Operative operating margin, % <sup>1)</sup>	2.2	3.4	4.1	
Operating profit	1,055	1,505	1,503	
Operating margin, %	2.3	3.5	4.0	
Pre-tax profit	813	1,195	1,513	
Profit for the year	725	943	1,190	
Earnings per share before dilution, SEK	2.47	3.26	4.11	
Return on equity, %	9.2	12.1	15.6	> 20%
Equity/assets ratio, %	24.9	25.4	27.8	> 25%

<sup>1)</sup> 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.

## NEW CONTRACTS DURING THE FOURTH QUARTER

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

- An extension to Hotel Scandic Rubinen in Gothenburg ordered by Diligentia Köpcentrum AB. The contract is worth SEK 120 million.
- Reconstruction of the wharf at SSAB's Stålhamn in Oxelösund. The project is the largest diving job in Sweden in modern history and around sixteen divers will be occupied full-time. The contract is worth around SEK 150 million.
- Peab and HSB are erecting the highest apartment building in Umeå in the new city district Sandåkern. In the first stage two tower blocks will be built with 89 tenant-owned apartments. The contract is worth around SEK 135 million.
- Construction of the second stage of the Max IV laboratory in Lund. The customer is Fastighets AB ML4 and the contract is worth SEK 1.3 billion.
- Renovation and construction of an extension to Scandic Elmia in Jönköping for Scandic and the real estate owner Pandox. Peab will build three new floors and 64 new hotel rooms. The contract for the new floors is worth SEK 63 million.
- Peab and Folksam has formed a joint venture company which has acquired KF Fastigheter's share in Kvarnholmen Utveckling AB and another company containing development rights. After the acquisition Kvarnholmen Utveckling AB is owned equally by JM and by the Peab and Folksam jointly owned company. Kvarnholmen Utveckling AB works with managing the development rights for the production of more than 1,500 new apartments.

## COMMENTS BY THE CEO

Year 2012 has been challenging for Peab. The year has been characterized by a high level of production at the same time profitability has been weak in construction operations. On top of that demand on the Nordic construction market has declined during the second half of the year.

Operative net sales during the year were SEK 45,997 million (44,015), which was an increase of 5 percent compared to 2011. Operative operating profit amounted to SEK 1,002 million compared to SEK 1,483 million last year. The reduction in profit is concentrated to Business Area Construction due to the project write-down for Tele2 Arena in Stockholm totaling SEK 300 million and write-downs in Norway of SEK 375 million. The other business areas have developed positively during the year. Both net sales and results have increased in Civil Engineering and Industry and the newly established Property Development has already begun to generate results and will clearly bolster our development in the future.

Net debt shrunk by some SEK 1,600 million in the fourth quarter as a result of less capital tied up due to divestments and settling receivables in partnership projects. Investment levels in 2013 will be lower than in 2012 in all our operations except Property Development which we are in the process of building up.

There has been a high level of orders received in 2012 but because of speedy production our order backlog is slightly lower than at the end of last year. At the end of the year order backlog was SEK 28.1 billion.

In general, demand on the housing market is low and most of our production start-ups are concentrated to projects in Stockholm, Gothenburg and Helsinki. In 2012 there were 1,679 (1,711) production start-ups of our own developed homes and the number of sold homes amounted to 1,738 (1,531). During the fourth quarter two major housing projects, one in Solna and one in Bromma with a total of some 300 apartments, were started up. The level of sold homes in production was 72 percent compared to 73 percent at the end of last year.

The market situation for construction investments in Sweden, Norway and Finland has weakened after a strong start at the beginning of the year. There has been a drop in building construction investment in Sweden and Finland in 2012 as opposed to Norway where it is on the rise. Civil engineering investments have increased in all three countries and this has had a leveling effect. A drop in building construction investment volumes but stable levels in civil engineering is expected in all three countries in 2013.

Right now our main focus is on energetically resolving the profitability problems we have in Construction by working with the action plan we set up. Our expansion over the past few years, together with a wave of retirements, has entailed a great number of new employees and new operations, and this requires more of our organization and leadership. We are now methodically developing our leadership, project organization and internal processes. In addition to this we are adjusting Group costs and overhauling our operations based on long-term profitability demands.



Our order backlog has developed well and given us a stable platform for 2013, even though market prospects appear low, at least for the beginning of the year. We have run our operations in four business areas for a year now and three of them show good results. Our units in Industry have had high capacity utilization and results are on the rise. Civil Engineering has continued to develop stably and Property Development feels right based on our ambition to be a community builder. We have had a number of challenges in the fourth, Construction, and profitability has been low. Against this background we strengthened leadership in the business area in the beginning of 2013 and will now raise results to desirable levels through our goal-oriented work.

*Jan Johansson  
CEO and President*

## NET SALES AND PROFIT <sup>1)</sup>

Group operative net sales for 2012 amounted to SEK 45,997 million (44,015), which was an increase of 5 percent. Even after adjustments for acquired and divested units operative net sales increased by 5 percent compared to last year. Adjustments in housing reporting affected net sales by SEK 843 million (-476). Group net sales for 2012 increased by 8 percent to SEK 46,840 million (43,539). Of the period's net sales, SEK 9,551 million (7,616) were attributable to sales and production outside Sweden.

Operative operating profit for 2012 amounted to SEK 1,002 million compared to SEK 1,483 million last year. Adjustments in housing reporting affected operating profit by SEK 53 million (22). Operating profit for 2012 amounted to SEK 1,055 million compared to SEK 1,505 million last year. The reduction in profit is primarily due to project write-downs during the second quarter in three projects in Construction totaling SEK 425 million. Write-downs in the fourth quarter in Norwegian construction operations charged results by SEK 250 million. Underlying earnings in construction operations are stable but too low. Net sales and results have increased in both Civil Engineering and Industry. Property Development has continued to develop positively.

Depreciation for the year was SEK 848 million (803).

Net financial items amounted to SEK -242 million (-310), of which net interest expense amounted to SEK -294 million (-234). Received dividends during the year amounted to SEK 46 million (20). The effect of valuing financial instruments at fair value affected net financial items by SEK 39 million (-78). The income effect of valuing the Brinova holding at fair value up to the time of disposal in the third quarter is included at SEK 27 million (-81).

Pre-tax profit amounted to SEK 813 million compared to SEK 1,195 million last year.

Tax for the year amounted to SEK -88 million (-252). Tax levels have been affected by the disposal of property projects through share sales where the gains are not subject to tax. There have also been positive tax effects due to the lowered tax rate in Sweden, which affected deferred tax positively by approximately SEK 90 million.

Profit for the year amounted to SEK 725 million (943).

## FINANCIAL POSITION

The equity/assets ratio on 31 December 2012 was 24.9 percent compared to 25.4 percent at the previous year-end. Interest-bearing net debt amounted to SEK 6,470 million compared to SEK 6,626 million at the end of 2011. Net debt contracted during the fourth quarter by about SEK 1,600 million due to property divestitures, settling receivables in partnership projects and the disposal of the holding in Catena. The average interest rate in the loan portfolio including derivatives on 31 December 2012 was 2.9 percent (3.5).

Group liquid funds, including non-utilized credit facilities, were SEK 5,961 million at the end of the year compared to SEK 4,944 million on 31 December 2011.

At the end of the year Group contingent liabilities, excluding joint

and several liabilities in trading and limited partnerships, amounted to SEK 4,457 million compared to SEK 2,136 million on 31 December 2011. Of contingent liabilities, obligations to tenants' associations under construction were SEK 2,623 million compared to SEK 1,554 million at the previous year-end.

## INVESTMENTS

Net investment of tangible and intangible assets amounted to SEK 924 million (906) during the year. Investments in project and development properties totaled SEK 800 million (273) during the year.

## CASH FLOW

Cash flow from current operations was SEK 503 million (60). The acquisition of project and development property for SEK -989 million (-682) is also included in the cash flow from current operations.

Cash flow from investment activities was SEK 471 million compared to SEK -1,131 million the last year. The year has been affected positively by property divestitures, settling interest-bearing receivables in partnership projects and the disposal of the holdings in Brinova and Catena. During the year we have 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. Last year was characterized by broad expansion with investments in all our operations.

Cash flow before financing amounted to SEK 974 million compared to SEK -1,071 million for the last year.

## ORDERS RECEIVED AND ORDER BACKLOG CONSTRUCTION AND CIVIL ENGINEERING

Orders received for 2012 amounted to SEK 38,743 million compared to SEK 37,986 million for the last year. Included in orders received for Construction is Peab's single largest project ever, the Mall of Scandinavia in Solna, worth around SEK 3,500 million.

### Order backlog and orders received Construction and Civil Engineering

Orders received	Jan-Dec 2012	Jan-Dec 2011
<b>MSEK</b>		
Construction	27,185	27,841
Civil Engineering	12,729	11,350
Eliminations	-1,171	-1,205
<b>Group</b>	<b>38,743</b>	<b>37,986</b>
<b>Order backlog</b>	<b>31 Dec 2012</b>	<b>31 Dec 2011</b>
<b>MSEK</b>		
Construction	20,132	20,578
Civil Engineering	8,610	8,526
Eliminations	-686	-726
<b>Group</b>	<b>28,056</b>	<b>28,378</b>

<sup>1)</sup> 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.

Order backlog yet to be produced at the end of the year amounted to SEK 28,056 million compared to SEK 28,378 million last year.

Of the total order backlog, 30 percent (24) is expected to be produced after 2013. Swedish operations accounted for 87 percent (86) of the order backlog.

No orders received or order backlog is given for the business areas Industry or Property Development.

## PERSONNEL

At the end of the period, the company had 14,000 employees compared to 14,830 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 booked as an asset in our own balance sheet 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 geographic divisions in Sweden, one division in Norway, one division in Finland and a Nordic division, Special Projects, which is specialized in larger, more complex projects.

Operative net sales for 2012 amounted to SEK 27,992 million (27,822).

Operative operating profit for the year amounted to SEK -13 million (600). Project write-down for Tele2 Arena, Stockholm, has charged profits by SEK 300 million. Construction operations in Norway and Finland have charged profits through higher costs and lower earnings in ongoing production. In the second quarter two project write-downs charged profits in Norwegian operations by SEK 125 million. A revision of Norwegian operations was completed in the fourth quarter. This has led to further write-downs for a total of SEK 250 million attributable to write-downs in goodwill and receivables, revaluation of disputes in a number of finished projects in the Oslo region and write-downs of property developments.

Operative operating margin sank to 0.0 percent compared to 2.2 percent for last year. Adjusted for write-downs of SEK 675 million

the operating margin for the period was 2.4 percent, which shows that underlying earnings are too low. We are working according to an action plan aimed at improving profitability by methodically developing our leadership, project organization and internal processes. This will, among other things, lead to a greater focus on profitability when choosing projects, that we are sure we have the right resources for the projects we take on and that follow-up and control over ongoing projects functions well.

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 8 percent of net sales for 2012 compared to 11 percent for 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 1,679 (1,711). During the fourth quarter two major housing projects, one in Solna and one in Bromma with a total of some 300 apartments, were started up. The number of sold homes during the year was 1,738 compared to 1,531 during 2011. The number of homes in production at the end of the year was 3,134 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 housing 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 31 December 2012 was 191 compared to 183 per 31 December 2011.

### 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 2012 amounted to SEK 12,643 million compared to

## Peab's own housing development construction

	Jan-Dec 2012	Jan-Dec 2011	Jan-Dec 2010
Number of housing starts during the year	1,679	1,711	2,113
Number of homes sold during the year	1,738	1,531	2,179
Total number of homes under construction, at the end of the year	3,134	3,470	3,212
Share of sold homes under construction, at the end of the year	72%	73%	77%
Number of repurchased homes in the balance sheet, at the end of the year	191	183	213

SEK 11,554 million for last year, which is an increase of 9 percent. Even after adjustments for acquired units the increase was 9 percent.

Operating profit for the year amounted to SEK 440 million (390). Operating margin amounted to 3.5 percent (3.4).

The Local civil engineering market has had a positive development during the year as a result of higher activity on the construction market. Volumes have been higher in Operation & maintenance but the result was lower. Net sales and results in Infrastructure and heavy industry were both lower than the previous year.

### **Industry**

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

Net sales for 2012 amounted to SEK 10,723 million compared to SEK 10,404 million for last year, which is an increase of 3 percent. After adjustments for acquired and divested units the increase was 2 percent.

Operating profit for the year amounted to SEK 788 million compared to SEK 693 million for last year. Operating margin has increased and was 7.3 percent compared to 6.7 percent for the last year.

As a result of the high level of activity in the construction and civil engineering markets net sales and profits have grown in Foundations, Industrial Construction, Rentals and Transportation & Machines compared to last year. Gravel & Rock and Asphalt have lower net sales but higher results. Concrete has increased its net sales but is less profitable.

### **Property Development**

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

During the year the business has been followed up in three areas; listed holdings, associated companies and wholly owned subsidiaries and projects. Listed holdings during the year has primarily consisted of shares in Brinova and Catena. Both holdings were divested in 2012. Associated companies 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 in Solna 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 2012 net sales were SEK 345 million (189) and operating profit amounted to SEK 51 million (31). This includes capital gains of SEK 76 million (-) from property sales and other income amounting to SEK 42 million (-).

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. However, a prerequisite for this business is that potential buyers can find financing. We have continued to invest in existing and new property development projects during 2012, among them a hotel in Malmö that will be rented and run by Nordic Choice Hotels.

### **THE CONSTRUCTION MARKET**

Swedish building construction start-ups in 2012 have shown weak development, despite a relatively strong start at the beginning of the year. This is primarily due to the weak development in start-ups in private and public locations during the third quarter. Civil engineering, however, defies the trend in building construction start-ups and has had a very good development in 2012. According to the analysis company Industrifakta, all this taken together would entail lesser volumes in total construction investments in Sweden in 2012 compared to the previous year.

There is a great deal of uncertainty about how the construction and property markets will develop in 2013. We can already see that housing production does not meet the need for new homes. This leads to an ever growing housing shortage, which hampers development on the labor market and can even affect economic growth. A large part of the investments made over the next few years will in all probability be in maintenance and repair. The greatest decline is expected in the industrial sector in 2013. All in all the forecast for building construction start-ups in 2013 is continued contraction on approximately the same level as in 2012.

Civil engineering has developed very well in 2012. The volume of investments is, however, expected to level off in 2013 and end up on the same level as in 2012. Focus will continue to be on communications and energy supplies.

Norwegian building construction start-ups have had stable growth in 2012, although not at the same high rate as previous years and a hefty negative turn is expected in building construction start-ups in 2013. Although this downturn is anticipated in every building construction sector it is expected to hit the industrial sector hardest. Housing production, both apartment buildings and single homes, is expected to slow in 2013. The reasons for the decline are a shortage of land and construction capacity as well as stringent financing requirements. In 2012 civil engineering construction developed very well and this is expected to continue in 2013.

As a result of a dramatic drop in building construction start-ups in Finland during the third quarter the development for 2012 is slightly down from the previous year. Industrifakta's assessment is that building construction volumes will continue to contract in 2013 but then turn up slightly again in 2014. The sector that is expected to develop best, and which is also the largest sector in building construction, is construction of public premises. Current interest rates in Finland are very low and they expected to fall even lower in 2013. There are also signs that lending to households and companies have increased and this is expected to have a positive effect on investments. Despite the positive signals it appears that the housing market will continue to shrink in 2013 as well and will not turn up again until, at the earliest, 2014. The total volume of civil engineering investments in 2012 was unchanged compared to the previous year and this is expected to remain the same in 2013.

Maintenance and repairs have historically proven to be much more resistant to financial crises and ups and downs in the economy. The forecasts for 2013 are no exception and these volumes are expected to increase in all three Nordic countries.

## 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 YEAR

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 Head 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 1,000 million in the MTN program, which was established in February 2012. The maturity of the bonds varies from 1.5 years up to a term of 4 years.

Niclas Winkvist has been appointed Head of Strategy and Business Support and a member of executive management. He will

keep his responsibilities for M&A, and he will also take on the overall responsibility for the Group's strategy work. Niclas 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 Head of HR Tina Hermansson Berg.

Roger Linnér was appointed the new Business Area Manager Civil Engineering and he will be a member of Peab's executive management from 1 January 2013. Roger will succeed Tore Nilsson as head of Peab's business area Civil Engineering. Roger has been working in Peab since 1996 primarily in Civil Engineering.

Peab has divested its holdings in Brinova Fastigheter AB and Catena AB.

## IMPORTANT EVENTS AFTER THE YEAR

In connection with the revision of the Norwegian operations, and in order to increase focus on improved profitability in Business Area Construction, there has been a division of responsibility. Deputy CEO Tore Hallersbo is, as of 1 January 2013, responsible for the further development of divisions Norway, Finland and Special Projects. With its specialist expertise Division Special Projects will support operations in Norway throughout the entire production process. CEO Jan Johansson has taken over direct responsibility for the Swedish construction divisions in Business Area Construction.

Peab is carrying out several major projects for Northland Resources connected to the iron ore mine in Kaunisvaara outside Pajala. As a result of the information released on 8 February 2013 by Northland Resources regarding the business reconstruction, Peab has declared that outstanding accounts receivable to companies in the Northland group amount in total to around SEK 160 million, of which around SEK 70 million are included in the reconstruction. During the reconstruction period Peab will receive regular payments for work performed. Peab has a close dialogue with the company regarding its financial development.

## 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.

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

## 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
<b>Share capital and number of shares 31 December 2012</b>	<b>1,583.9</b>	<b>34,319,957</b>	<b>261,729,773</b>	<b>296,049,730</b>	<b>1,086,984</b>	<b>294,962,746</b>

## **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 during 2012.

## **PERSONNEL CONVERTIBLES**

Convertibles 2007/2012 matured on 30 November 2012. There have been no conversions to shares and the loan has been paid in full.

## **THE PEAB SHARE**

Peab's B share is listed on the NASDAQ OMX Stockholm, Large Cap list. As of 31 December 2012, the price of the Peab share was SEK 31.04, a decrease of 10 percent during 2012. During the same period, the Swedish stock market increased by 12 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 28.91.

## **PARENT COMPANY**

The parent company Peab AB's net sales for 2012 amounted to SEK 96 million (99) and mainly consisted of internal Group services. Profit after tax amounted to SEK -227 million (1,292).

The parent company's assets mainly consist of participations in Group companies amounting to SEK 12,547 million (11,525) and shares in Lemminkäinen Oyj worth SEK 256 million (191). The Catena holding of SEK 133 million, the Brinova holding of SEK 491 million and convertible subordinated loans in Peab Industri AB for SEK 582 million are included in the comparable year. The assets have been financed from equity of SEK 7,219 million (8,164) and long-term liabilities amounting to SEK 7,122 million (5,386).

The parent company's liquid assets amounted to SEK 3 million (2) 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 1.60 per share (2.10) is proposed for 2012. Excluding the 1,086,984 shares owned by Peab AB per 13 February 2013, which are not entitled to a dividend, the proposed dividend is equivalent to a total dividend distribution of SEK 472 million (619). Calculated as a share of the Group's reported profit for the year, the proposed dividend amounts to 65 percent (66). The proposed dividend is equivalent to a direct return of 4.7 percent based on the closing price on 13 February 2013.

## **ANNUAL GENERAL MEETING**

The Annual General Meeting of Peab will be held on 14 May 2013 at Grevieparken in Grevie.

## **NOMINATING COMMITTEE**

At the Annual General Meeting held on 15 May 2012, Malte Åkerström, Göran Grosskopf, Bengt Johansson (chairman) and Magnus Swärd were appointed to the Peab nominating committee.

## **FUTURE FINANCIAL INFORMATION**

- Annual report 2012 April 2013
- Interim report January-March 2013 and Annual General Meeting 14 May 2013
- Interim report January-June 2013 20 August 2013
- Interim report January-September 2013 14 November 2013
- Year-end report 2013 13 February 2014

*Förslöv, 14 February 2013*

*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 2012	Jan-Dec 2011	Oct-Dec 2012	Oct-Dec 2011
Net sales	46,840	43,539	13,893	13,244
Production costs	-43,541	-39,842	-12,951	-12,068
<b>Gross profit</b>	<b>3,299</b>	<b>3,697</b>	<b>942</b>	<b>1,176</b>
Sales and administrative expenses	-2,378	-2,265	-732	-665
Profit from participation in joint ventures/associated companies	18	24	17	-14
Other operating income	128	58	89	14
Other operating costs	-12	-9	7	-7
<b>Operating profit</b>	<b>1,055</b>	<b>1,505</b>	<b>323</b>	<b>504</b>
Net financial items	-242	-310	-87	-74
<b>Pre-tax profit</b>	<b>813</b>	<b>1,195</b>	<b>236</b>	<b>430</b>
Tax	-88	-252	62	-51
<b>Profit for the period</b>	<b>725</b>	<b>943</b>	<b>298</b>	<b>379</b>
<b>Profit for the period, attributable to:</b>				
Shareholders in parent company	729	943	299	379
Non-controlling interests	-4	0	-1	0
<b>Profit for the period</b>	<b>725</b>	<b>943</b>	<b>298</b>	<b>379</b>
<b>Key ratios</b>				
Earnings per share, SEK	2.47	3.26	1.01	1.31
- after dilution	2.47	3.26	1.01	1.30
Average number of outstanding shares, million	295.0	288.9	295.0	288.9
- after dilution	303.0	297.7	300.7	297.7
Return on capital employed, %	7.7	10.5		
Return on equity, %	9.2	12.1		

## Condensed comprehensive income statement for the Group

MSEK	Jan-Dec 2012	Jan-Dec 2011	Oct-Dec 2012	Oct-Dec 2011
<b>Profit for the period</b>	<b>725</b>	<b>943</b>	<b>298</b>	<b>379</b>
<b>Other comprehensive income</b>				
Translation differences for the period from translation of foreign operations	-12	0	34	-45
Profit/loss from currency risk hedging in foreign operations	-2	1	-15	19
Translation differences transferred to profit for the period	-	-1	-	-1
Changes for the period in fair value of available-for-sale financial assets	-87	-17	-32	-15
Changes in fair value of cash flow hedges for the period	17	-204	-34	-36
Share in associated companies' other comprehensive income	-1	-2	1	-1
Tax attributable to components in other comprehensive income	15	16	10	0
<b>Other comprehensive income for the period</b>	<b>-70</b>	<b>-207</b>	<b>-36</b>	<b>-79</b>
<b>Total comprehensive income for the period</b>	<b>655</b>	<b>736</b>	<b>262</b>	<b>300</b>
<b>Total comprehensive income for the period, attributable to:</b>				
Shareholders in parent company	659	736	263	300
Non-controlling interests	-4	0	-1	0
<b>Total comprehensive income for the period</b>	<b>655</b>	<b>736</b>	<b>262</b>	<b>300</b>

## Condensed balance sheet for the Group

MSEK	31 Dec 2012	31 Dec 2011
<b>Assets</b>		
Intangible assets	2,126	2,231
Tangible assets	4,443	4,580
Interest-bearing long-term receivables	1,157	1,314
Other financial fixed assets	1,829	2,567
Deferred tax recoverables	231	158
<b>Total fixed assets</b>	<b>9,786</b>	<b>10,850</b>
Project and development properties	6,239	5,180
Inventories	465	416
Work in progress	1,106	1,689
Interest-bearing current receivables	567	237
Other current receivables	13,471	12,007
Short-term holdings	10	9
Liquid funds	429	961
<b>Total current assets</b>	<b>22,287</b>	<b>20,499</b>
<b>Total assets</b>	<b>32,073</b>	<b>31,349</b>
<b>Equity and liabilities</b>		
<b>Equity</b>	<b>7,985</b>	<b>7,947</b>
<b>Liabilities</b>		
Interest-bearing long-term liabilities	6,779	7,412
Deferred tax liabilities	444	376
Other long-term liabilities	536	420
<b>Total long-term liabilities</b>	<b>7,759</b>	<b>8,208</b>
Interest-bearing current liabilities	1,854	1,735
Other current liabilities	14,475	13,459
<b>Total current liabilities</b>	<b>16,329</b>	<b>15,194</b>
<b>Total liabilities</b>	<b>24,088</b>	<b>23,402</b>
<b>Total equity and liabilities</b>	<b>32,073</b>	<b>31,349</b>
<b>Key ratios</b>		
Capital employed	16,618	17,094
Equity/assets ratio, %	24.9	25.4
Net debt	6,470	6,626
Equity per share, SEK	27.07	26.94
- after dilution	27.07	28.10
Number of outstanding shares at the end of the year, million	295.0	295.0
- after dilution	295.0	303.8

## Condensed statement of changes in Group's equity

MSEK	31 Dec 2012	31 Dec 2011
<b>Equity attributable to shareholders in parent company</b>		
Opening equity on 1 January	7,947	7,673
Profit for the year	729	943
Other comprehensive income for the year	-70	-207
Comprehensive income for the year	659	736
Cash dividend	-620	-746
Acquisition of own shares	-	-16
Disposal of own shares	-	300
Acquisition of non-controlling interests, controlling interests held already	-2	-
<b>Closing equity</b>	<b>7,984</b>	<b>7,947</b>
<b>Non-controlling interests</b>		
Opening equity on 1 January	0	0
Profit for the year	-4	0
New share issue	5	-
<b>Closing equity</b>	<b>1</b>	<b>0</b>
<b>Total closing equity</b>	<b>7,985</b>	<b>7,947</b>

## Condensed cash flow statement for the Group

MSEK	Jan-Dec 2012	Jan-Dec 2011	Oct-Dec 2012	Oct-Dec 2011
Cash flow from current operations before changes in working capital	1,266	2,192	242	806
Cash flow from changes in working capital	-763	-2,132	699	-156
<b>Cash flow from current operations</b>	<b>503</b>	<b>60</b>	<b>941</b>	<b>650</b>
Acquisition of subsidiaries	-405	-329	-87	-32
Disposal of subsidiaries	134	77	40	79
Acquisition of fixed assets	-1,373	-1,348	-215	-237
Sales of fixed assets	2,115	469	1,012	259
<b>Cash flow from investment operations</b>	<b>471</b>	<b>-1,131</b>	<b>750</b>	<b>69</b>
<b>Cash flow before financing</b>	<b>974</b>	<b>-1,071</b>	<b>1 691</b>	<b>719</b>
Cash flow from financing operations	-1 493	1,227	-1 528	-575
<b>Cash flow for the period</b>	<b>-519</b>	<b>156</b>	<b>163</b>	<b>144</b>
Cash at the beginning of the period	970	810	314	823
Exchange rate differences in cash	-12	4	-38	3
<b>Cash at the end of the period</b>	<b>439</b>	<b>970</b>	<b>439</b>	<b>970</b>

## Net sales and operating profit per business area

MSEK	Net sales		Operating profit		Operating margin	
	Jan-Dec 2012	Jan-Dec 2011	Jan-Dec 2012	Jan-Dec 2011	Jan-Dec 2012	Jan-Dec 2011
Construction	27,992	27,822	-13	600	0.0%	2.2%
Civil Engineering	12,643	11,554	440	390	3.5%	3.4%
Industri	10,723	10,404	788	693	7.3%	6.7%
Property Development	345	189	51	31	14.8%	16.4%
Group functions	109	132	-232	-210		
Eliminations	-5,815	-6,086	-32	-21		
<b>Operative <sup>1)</sup></b>	<b>45,997</b>	<b>44,015</b>	<b>1,002</b>	<b>1,483</b>	<b>2.2%</b>	<b>3.4%</b>
Adjustment for housing reporting <sup>2)</sup>	843	-476	53	22		
<b>Legal</b>	<b>46,840</b>	<b>43,539</b>	<b>1,055</b>	<b>1,505</b>	<b>2.3%</b>	<b>3.5%</b>

<sup>1)</sup> According to the percentage of completion method (IAS 11)

<sup>2)</sup> 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 2012	Jul-Sep 2012	Apr-Jun 2012	Jan-Mar 2012	Oct-Dec 2011	Jul-Sep 2011	Apr-Jun 2011	Jan-Mar 2011	Oct-Dec 2010
<b>MSEK</b>									
Net sales	13,893	11,379	11,670	9,898	13,244	10,557	11,030	8,708	11,538
Production costs	-12,951	-10,357	-11,042	-9,191	-12,068	-9,609	-10,151	-8,014	-10,491
<b>Gross profit</b>	<b>942</b>	<b>1,022</b>	<b>628</b>	<b>707</b>	<b>1,176</b>	<b>948</b>	<b>879</b>	<b>694</b>	<b>1,047</b>
Sales and administrative expenses	-732	-485	-594	-567	-665	-517	-479	-604	-656
Profit from participation in joint ventures/associated companies	17	-8	19	-10	-14	18	17	3	29
Other operating income	89	-5	25	19	14	12	10	22	19
Other operating costs	7	-18	0	-1	-7	-1	-	-1	-3
<b>Operating profit</b>	<b>323</b>	<b>506</b>	<b>78</b>	<b>148</b>	<b>504</b>	<b>460</b>	<b>427</b>	<b>114</b>	<b>436</b>
Net financial items	-87	-65	-45	-45	-74	-107	-89	-40	28
<b>Pre-tax profit</b>	<b>236</b>	<b>441</b>	<b>33</b>	<b>103</b>	<b>430</b>	<b>353</b>	<b>338</b>	<b>74</b>	<b>464</b>
Tax	62	-116	-8	-26	-51	-93	-89	-19	-60
<b>Profit for the period</b>	<b>298</b>	<b>325</b>	<b>25</b>	<b>77</b>	<b>379</b>	<b>260</b>	<b>249</b>	<b>55</b>	<b>404</b>
<b>Profit for the period, attributable to:</b>									
Shareholders in parent company	299	325	26	79	379	259	250	55	403
Non-controlling interests	-1	0	-1	-2	0	1	-1	0	1
<b>Profit for the period</b>	<b>298</b>	<b>325</b>	<b>25</b>	<b>77</b>	<b>379</b>	<b>260</b>	<b>249</b>	<b>55</b>	<b>404</b>
<b>Key ratios</b>									
Earnings per share, SEK	1.01	1.10	0.09	0.27	1.31	0.90	0.87	0.19	1.39
- after dilution	1.01	1.10	0.09	0.27	1.30	0.90	0.87	0.19	1.39
Average number of outstanding shares, million	295.0	295.0	295.0	295.0	288.9	287.2	286.7	286.7	286.7
- after dilution	300.7	303.8	303.8	303.8	297.7	296.0	295.5	295.5	295.5

### Business areas

	Oct-Dec 2012	Jul-Sep 2012	Apr-Jun 2012	Jan-Mar 2012	Oct-Dec 2011	Jul-Sep 2011	Apr-Jun 2011	Jan-Mar 2011	Oct-Dec 2010 <sup>1)</sup>
<b>MSEK</b>									
<b>Net sales</b>									
Construction	8,340	6,175	6,964	6,513	9,013	5,998	6,722	6,089	7,552
Civil Engineering	3,878	3,195	3,116	2,454	3,413	2,835	2,930	2,376	3,319
Industry	2,751	3,048	2,930	1,994	3,017	3,023	2,675	1,689	2,265
Property Development	105	91	86	63	65	47	37	40	
Group functions	26	25	30	28	32	28	44	28	46
Eliminations	-1,537	-1,595	-1,499	-1,184	-1,885	-1,461	-1,315	-1,425	-1,613
<b>Operative <sup>2)</sup></b>	<b>13,563</b>	<b>10,939</b>	<b>11,627</b>	<b>9,868</b>	<b>13,655</b>	<b>10,470</b>	<b>11,093</b>	<b>8,797</b>	<b>11,569</b>
Adjustment for housing reporting <sup>3)</sup>	330	440	43	30	-411	87	-63	-89	-31
<b>Legal</b>	<b>13,893</b>	<b>11,379</b>	<b>11,670</b>	<b>9,898</b>	<b>13,244</b>	<b>10,557</b>	<b>11,030</b>	<b>8,708</b>	<b>11,538</b>
<b>Operating profit</b>									
Construction	-8	107	-251	139	220	99	142	139	241
Civil Engineering	162	124	116	38	128	109	115	38	113
Industry	225	303	234	26	229	269	196	-1	160
Property Development	25	-26	27	25	9	13	4	5	
Group functions	-90	-25	-40	-77	-58	-44	-31	-77	-45
Eliminations	-17	5	-13	-7	-7	-4	-8	-2	
<b>Operative <sup>2)</sup></b>	<b>297</b>	<b>488</b>	<b>73</b>	<b>144</b>	<b>521</b>	<b>442</b>	<b>418</b>	<b>102</b>	<b>469</b>
Adjustment for housing reporting <sup>3)</sup>	26	18	5	4	-17	18	9	12	-33
<b>Legal</b>	<b>323</b>	<b>506</b>	<b>78</b>	<b>148</b>	<b>504</b>	<b>460</b>	<b>427</b>	<b>114</b>	<b>436</b>
<b>Order situation</b>									
Orders received	8,473	9,302	7,768	13,200	6,902	9,751	11,027	10,306	6,056
Order backlog at the end of the period	28,056	31,379	31,145	32,989	28,378	32,888	31,515	29,689	27,063

<sup>1)</sup> Not translated according to the new business area structure

<sup>2)</sup> According to the percentage of completion method (IAS 11)

<sup>3)</sup> 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 2012	Jan-Dec 2011	Oct-Dec 2012	Oct-Dec 2011
Net sales	96	99	24	16
Administrative expenses	-150	-145	-30	-26
<b>Operating profit</b>	<b>-54</b>	<b>-46</b>	<b>-6</b>	<b>-10</b>
<b>Result from financial investments</b>				
Profit from participation in Group companies	-88	1,862	-141	716
Profit from participation in associated companies	27	6	22	-130
Other financial items	-112	-249	-46	-41
<b>Profit after financial investments</b>	<b>-227</b>	<b>1,573</b>	<b>-171</b>	<b>535</b>
Appropriations	0	-156	0	-156
<b>Pre-tax profit</b>	<b>-227</b>	<b>1,417</b>	<b>-171</b>	<b>379</b>
Tax	0	-125	-40	-167
<b>Profit for the period</b>	<b>-227</b>	<b>1,292</b>	<b>-211</b>	<b>212</b>

## Condensed comprehensive income statement for the parent company

MSEK	Jan-Dec 2012	Jan-Dec 2011	Oct-Dec 2012	Oct-Dec 2011
<b>Profit for the period</b>	<b>-227</b>	<b>1,292</b>	<b>-211</b>	<b>212</b>
<b>Other comprehensive income</b>				
Changes for the period in fair value of available-for-sale financial assets	-99	-21	-29	-22
<b>Total comprehensive income for the period</b>	<b>-326</b>	<b>1,271</b>	<b>-240</b>	<b>190</b>

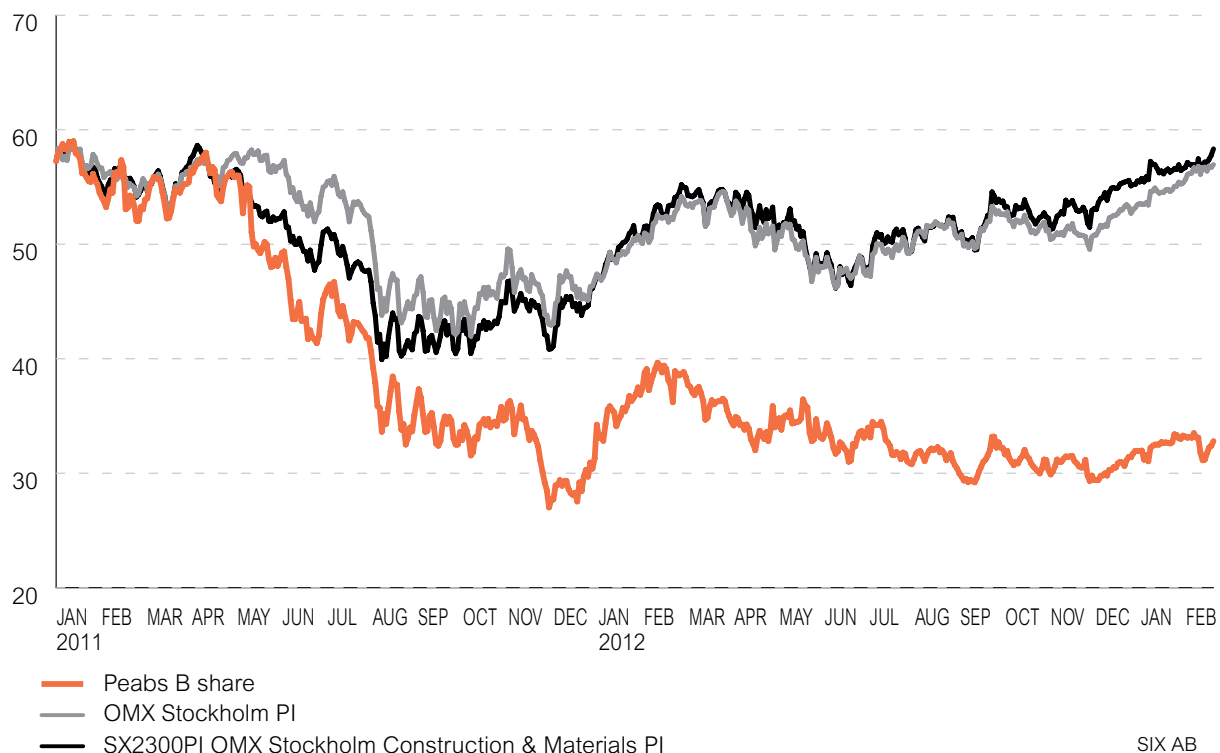
## Condensed balance sheet for the parent company

MSEK	31 Dec 2012	31 Dec 2011
<b>Assets</b>		
Machinery and equipment	2	2
Participation in Group companies	12,547	11,525
Participation in associated companies	-	133
Receivables from Group companies	1,586	1,447
Interest-bearing long-term receivables	105	-
Other securities held as fixed assets	277	709
Other long-term receivables	1	1
<b>Total fixed assets</b>	<b>14,518</b>	<b>13,817</b>
Receivables from Group companies	46	37
Other short-term receivables	2	-
Prepaid expenses and accrued income	5	7
Liquid funds	3	2
<b>Total current assets</b>	<b>56</b>	<b>46</b>
<b>Total assets</b>	<b>14,574</b>	<b>13,863</b>
<b>Equity and liabilities</b>		
<b>Equity</b>	<b>7,219</b>	<b>8,164</b>
<b>Untaxed reserves</b>	<b>156</b>	<b>156</b>
Liabilities to Group companies	7,122	4,794
Convertible promissory note	-	590
Deferred tax liabilities	-	2
<b>Total long-term liabilities</b>	<b>7,122</b>	<b>5,386</b>
Accounts payable	55	11
Liabilities to Group companies	2	2
Income tax liabilities	1	120
Other liabilities	3	6
Accrued expenses and deferred income	16	18
<b>Total current liabilities</b>	<b>77</b>	<b>157</b>
<b>Total liabilities</b>	<b>7,199</b>	<b>5,543</b>
<b>Total equity and liabilities</b>	<b>14,574</b>	<b>13,863</b>
<b>Pledged assets and contingent liabilities for the parent company</b>		
Pledged assets	-	-
Contingent liabilities	20,922	18,195

## List of shareholders 31 December 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 Fonder		5,687,779	5,687,779	1.9	0.9
Länsförsäkringar Funds		5,456,788	5,456,788	1.8	0.9
Danica Pension		4,290,512	4,290,512	1.4	0.7
Swedbank Robur Funds		3,533,099	3,533,099	1.2	0.6
SEB Investment Management		3,211,995	3,211,995	1.1	0.5
Handelsbanken Funds		3,102,986	3,102,986	1.0	0.5
Foreign owners		29,905,229	29,905,229	10.1	4.9
Others	335,523	107,781,920	108,117,443	36.5	18.5
<b>Number of outstanding shares</b>	<b>34,319,957</b>	<b>260,642,789</b>	<b>294,962,746</b>		
Peab AB		1,086,984	1,086,984	0.4	0.2
<b>Number of registered shares</b>	<b>34,319,957</b>	<b>261,729,773</b>	<b>296,049,730</b>	<b>100.0</b>	<b>100.0</b>

Source: Euroclear Sweden AB



## MEDIA EVOLUTION CITY

Varvsstaden, Malmö



Peab is the Nordic Community Builder with 14,000 employees and net sales of some SEK 45 billion. The Group's subsidiaries have strategically located offices in Sweden, Norway and Finland. Group headquarters are located in Förslöv, Skåne in south of Sweden. The share is listed on NASDAQ OMX Stockholm.

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