



DOUBLE TRACK
Södertälje

Half-year Report January – June 2013

- Jesper Göransson appointed President and CEO
- Extensive action plan for greater profitability. Annual estimated savings of SEK 350 million
- One-off costs including value adjustments of SEK -920 million charge the operating result in the second quarter. Project write-downs of SEK -425 million were reported during the same period 2012
- One-off costs will not be included in the calculation of the dividend proposal for 2013
- Operative net sales amounted to SEK 19,534 million (21,495)
- Operative operating profit amounted to SEK -478 million (217)
- Earnings per share amounted to SEK -1.39 (0.36)
- Orders received during the first half year amounted to SEK 18,789 million (20,968)
- Order backlog in Construction and Civil Engineering amounted to SEK 30,591 million compared to SEK 28,056 million at the end of 2012

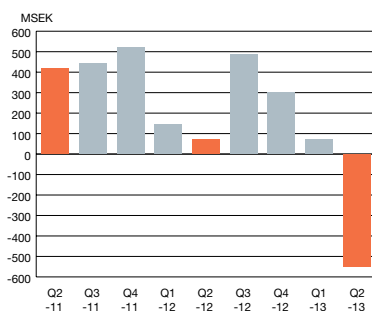
HALF-YEAR REPORT JANUARY - JUNE 2013

Operative net sales



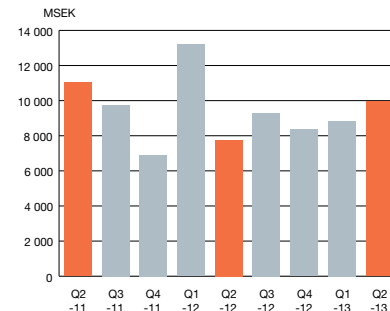
Group operative net sales the first half of 2013 amounted to SEK 19,534 million (21,495), which was a decrease of 9 percent. Even after adjustments for acquired and divested units operative net sales decreased by 9 percent compared to the same period last year.

Operative operating profit



Operative operating profit the first half of 2013 amounted to SEK -478 million compared to SEK 217 million for the same period last year. One-off costs including value adjustments of SEK -920 million charge the operating result in the second quarter. Project write-downs of SEK -425 million were reported during the same period 2012.

Construction and Civil Engineering Orders received



Orders received the first half of 2013 amounted to SEK 18,789 million compared to SEK 20,968 million for the same period last year. The comparable period included the order for the Mall of Scandinavia for SEK 3,500 million. Order backlog amounted to SEK 30,591 million compared to SEK 28,056 million per 31 December 2012.

Group

MSEK	Jan-Jun 2013	Jan-Jun 2012	Jul-Jun 2012/2013	Jan-Dec 2012	Financial objectives
Operative net sales ¹⁾	19,534	21,495	44,036	45,997	
Net sales	19,676	21,568	44,948	46,840	
Operative operating profit ¹⁾	-478	217	309	1,004	
Operative operating margin, % ¹⁾	-2.4	1.0	0.7	2.2	
Operating profit	-436	226	395	1,057	
Operating margin, %	-2.2	1.0	0.9	2.3	
Pre-tax profit	-521	136	158	815	
Profit for the period	-411	102	213	726	
Earnings per share before dilution, SEK	-1.39	0.36	0.73	2.47	
Return on equity, %	3.0 ²⁾	10.1 ²⁾	3.0	9.2	> 20%
Equity/assets ratio, %	21.6	22.8	21.6	24.9	> 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:

- Rebuilding of the quarter Braxen in central Linköping. The client is Byggnads AB LE Lundberg and the contract amounts to SEK 175 million.
- Extension of the road highway 40 past Ulricehamn. The client is the Swedish Transport Administration and the contract amounts to approximately SEK 200 million.
- Construction of homes and shops in central Jönköping. The client is HSB Göta with Corallen Fastighets AB and the contract amounts to SEK 147 million.
- Construction of a new quay at the port of Narvik. The customer is LKAB and the contract amounts to NOK 120 million, with an option for an additional NOK 55 million.
- Construction of 191 rental apartments on Ringstorpshöjden in northern Helsingborg. The customer is AB Helsingborgshem and the contract amounts to SEK 322 million.
- Construction of 54 new apartments close to Rönne river in central Ängelholm. The construction concerns project Rönnebygga with Backahill AB as customer and the contract amounts to SEK 161 million.
- Construction of a new mall in central Strömstad. The client is BT Property Strömstad AB and the contract amounts to SEK 252 million. The project will be registered in the third quarter.
- Reconstruction of the football stadium Olympia in Helsingborg. The client is Kärnfastigheter in Helsingborg and the estimated contract amount is SEK 230 million. The project will be registered during the second half-year.

COMMENTS BY THE CEO

We have intensified our work to improve profitability in Peab during the second quarter. We are in the process of implementing an extensive action plan. We are streamlining our operations, primarily through a pervasive reorganization of business area Construction. Our goal is to create a regional and more local organization focused on customers, developing our employees and efficient production. Through greater specialization capital efficiency will improve while Group costs will be reduced - all of this to make Peab more profitable.

In business area Construction the change entails replacing eight divisions and 30 regions with 12 regions in Sweden, two in Norway and two in Finland. At the same time housing development with associated projects will be transferred from Construction to Property Development, now renamed Project Development. One-off costs including value adjustments for a total of SEK -920 million charge Construction's result during the second quarter. The reservation comprises redundancy costs for personnel, value corrections of project properties, an updated assessment of the project result for Tele2 Arena as well as a review of the final cost forecasts in another three projects that are almost finished. Tele2 Arena has been problematic for Peab but despite this we have delivered a world class arena to a content customer. We will hold negotiations during the autumn regarding the final settlement of the project.

Operative net sales during the first half year of 2013 amounted to SEK 19,534 million (21,495) which is a reduction of 9 percent compared to the same period in 2012. A weaker construction cycle together with a long, cold winter has led to lower volumes in all our business areas. The operative operating result was SEK -478 million compared to SEK 217 million the same period last year. Construction's underlying operating margin, cleared from one-off costs including value adjustments of SEK -920 million the first half year of 2013 and SEK -425 million for the same period in 2012, is unchanged. Developments are stable in Civil Engineering while Industry reports a lower result than that of the same period last year, mostly due to lower volumes. The results in both Civil Engineering and Industry have also been affected by winter. Property Development has not made any major deals during the first half year and the result is also charged with negative participation results from property projects in associated companies in the process of development.

The level of orders received was SEK 18.8 billion compared to SEK 21.0 billion in the first half year of 2012. Included in orders received in the first half year of 2012 was the order amount for the Mall of Scandinavia in Arenastaden in Solna worth SEK 3.5 billion. The level of orders received in the second quarter is evenly divided among various product segments and well spread geographically. Order backlog at the end of the first half of the year was SEK 30.6 billion compared to SEK 28.1 billion at the end of 2012.

Conditions for housing developments are relatively unchanged with a big housing shortage but loan ceilings, drawn out planning processes and municipal special demands create long lead times. In the past months home buyers have been showing signs of growing interest in our projects. There were 792 (849) start-ups of our own developed houses during the first half year and 874 (841) homes were sold. The percent of sold homes in production was 73 compared to 72 percent at the same time last year.



Market forecasts regarding construction investments in Sweden, Norway and Finland are about the same as the forecasts presented in the first quarter report and indicate a decline in 2013. Marketing conditions in civil engineering are expected to be stable in all three countries.

During the period Northland Resources finalized its refinancing. Peab participates in a consortium together with Metso, Norrskenet and Folksam that each has invested USD 22 million. Through this we have ensured our outstanding bills and can complete our construction and transportation contracts.

The substantial reservations in the quarter naturally make deep dents in Peab's result for 2013, which is a big disappointment. Despite this we are very confident about the future. The pervasive action plan we are carrying out will create a platform for a much more profitable Peab. Changes in Construction entail a stronger focus on production, a new work method closer to our customers and more cost-efficient operations. The action plan is expected to generate savings of SEK 350 million annually starting in 2014. In addition, coordinating project development operations in business area Project Development will increase specialization and put a greater focus on capital tied up in project and development property.

The Board has now appointed me President and CEO of Peab. I am honored to be entrusted with leadership of the company at a time when we launch our extensive action plan and I am thoroughly committed to the job ahead. Standing firmly on the platform of Peab's core values and focused on the future, we continue to build a profitable and competitive Peab.

*Jesper Göransson
CEO and President*

EXTENSIVE ACTION PLAN FOR GREATER PROFITABILITY

One of Peab's four business areas, business area Construction, has been insufficiently profitable for a while. Peab is therefore implementing extensive and important rationalizations in its Nordic construction operations. The change entails replacing eight divisions and 30 regions with 12 regions in Sweden, two in Norway and two in Finland. The result will be a local organisation focused on customers, employees and production. In order to increase specialization, and thereby improve cost efficiency, housing production regions will be created in Stockholm/Mälardalen, Gothenburg and the Öresund region. Construction maintenance operations will be run in a nationwide region concentrated to major cities. Operations in Norway and Finland will be run in two regions in each country that will be fully integrated into the management model for business area Construction.

Through this action plan Peab will incorporate all housing development into the previous business area Property Development, now renamed business area Project Development. The new business area will handle everything regarding Peab's housing and property developments including the capital tied up in project developments.

Up until now Peab's construction system for housing production has been run in Peab PGS AB and in Skandinaviska Byggelement AB. In the new business model these units will have the same management and both will be run under business area Industry.

The primary purpose of the action plan is to create a cost-efficient organization. Redundancy after implementation of the action plan is at this point in time estimated at more than 100 white-collar workers.

Potential annual savings are estimated at SEK 350 million starting in 2014. The savings will be generated by a more cost-efficient organization with lower personnel costs, the effects of greater specialization and synergies in our concept for industrial construction.

In total SEK 920 million has been reserved in the second quarter 2013 for the action plan. The reservation comprises assessed redundancy costs for personnel, value corrections of project properties, an updated assessment of the project result for Tele2 Arena as well as a review of the final cost forecasts in another three projects that are almost finished.

Given the background of the above pervasive action plan to increase profitability in Peab the Board has decided that the one-off cost totalling SEK -700 million after taxes will not be included in the calculation of the dividend proposal that will be presented to the Annual General Meeting 2014.

The quarterly report for the third quarter of 2013 will be presented according to the previous structure. In conjunction with the quarterly report for the fourth quarter of 2013 translated comparable numbers for the quarters in 2012 up to the third quarter of 2013 will be published. Peab will report according to the new structure

with business areas Construction, Civil Engineering, Industry and Project Development starting with the quarterly report for the fourth quarter for 2013.

NET SALES AND PROFIT ¹⁾

Group operative net sales for the first half of 2013 amounted to SEK 19,534 million (21,495), which was a decrease of 9 percent. Even after adjustments for acquired and divested units operative net sales decreased by 9 percent compared to same period last year. Adjustments in housing reporting affected net sales by SEK 142 million (73). Group net sales for the first half of 2013 decreased by 9 percent to SEK 19,676 million (21,568). Of the period's net sales, SEK 3,918 million (4,133) were attributable to sales and production outside Sweden.

Operative operating profit for the first half of 2013 amounted to SEK -478 million compared to SEK 217 million for the same period last year. One-off costs including value adjustments of SEK -920 million have charged the operating profit for the first half year of 2013. Project adjustments of SEK -425 million were included in the same period last year. Adjustments in housing reporting affected operating profit by SEK 42 million (9). Operating profit for the first half of 2013 amounted to SEK -436 million compared to SEK 226 million for the same period last year. Corrected for one-off costs profit was down in Construction but the operating margin remained the same compared to last year. This is largely due to a weaker construction cycle and a lower level of orders received. The long and cold winter has also had a negative effect, primarily in business areas Civil Engineering and Industry. Positive effects on profits from property sales of SEK 15 million, compared to SEK 73 million from the same period last year, are included in the business area Property Development.

Depreciation for the period was SEK 402 million (425).

Net financial items amounted to SEK -85 million (-90), of which net interest expense amounted to SEK -115 million (-145).

Pre-tax profit was SEK -521 million (136).

Tax for the period was SEK 110 million (-34).

Profit for the period was SEK -411 million (102).

FINANCIAL POSITION

The equity/assets ratio on 30 June 2013 was 21.6 percent compared to 24.9 percent at the previous year-end. Interest-bearing net debt amounted to SEK 6,699 million compared to SEK 6,478 million at the end of 2012. Net debt has been affected by the paid dividend of SEK 472 million (620). The average interest rate in the loan portfolio, including derivatives, was 2.6 percent (3.2) on 30 June 2013.

Group liquid funds, including unutilized credit facilities, were SEK 5,525 million at the end of the period compared to SEK 5,661 million on 31 December 2012.

At the end of the period Group contingent liabilities, excluding joint and several liabilities in trading and limited partnerships,

¹⁾ Peab applies IFRIC 15, Agreements for the Construction of Real Estate, in the reporting. IAS 18, Revenue, is applied on Peab's housing projects in Finland and Norway as well as Peab's own single homes in Sweden. Revenue from these projects are 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.

amounted to SEK 4,272 million compared to SEK 4,457 million on 31 December 2012. Of contingent liabilities, obligations to tenant-owners associations under construction were SEK 2,360 million compared to SEK 2,623 million at the previous year-end.

INVESTMENTS

Tangible and intangible fixed assets were invested during the period for SEK 103 million (576). Investments in project and development properties totaled SEK 416 million (494) during the period.

CASH FLOW

Cash flow from current operations was SEK -224 million (-463). The acquisition of project and development property for SEK -816 million (-506) is also included in the cash flow from current operations, mostly in Property Development.

Cash flow from investment activities was SEK 20 million compared to SEK -406 million the same period last year. The rate of investments is lower than in previous years which, together with divestitures, contributed to a positive cash flow from investment operations.

Cash flow before financing amounted to SEK -204 million compared to SEK -869 million for the same period last year.

ORDERS RECEIVED AND ORDER BACKLOG CONSTRUCTION AND CIVIL ENGINEERING

Orders received for the first half of 2013 amounted to SEK 18,789 million compared to SEK 20,968 million for the same period last year. The Mall of Scandinavia was included in the comparable period for SEK 3,500 million. The level of orders received was evenly divided among various product segments and well spread geographically.

Orders received and Order backlog Construction and Civil Engineering

Orders received

MSEK	Jan-Jun 2013	Jan-Jun 2012	Jul-Jun 2012/2013	Jan-Dec 2012
Construction	14,094	14,501	26,778	27,185
Civil Engineering	5,627	7,023	11,333	12,729
Eliminations	-932	-556	-1,547	-1,171
Group	18,789	20,968	36,564	38,743

Order backlog

MSEK	30 Jun 2013	30 Jun 2012	31 Dec 2012
Construction	21,773	21,959	20,132
Civil Engineering	9,714	9,978	8,610
Eliminations	-896	-792	-686
Group	30,591	31,145	28,056

Order backlog yet to be produced at the end of the period amounted to SEK 30,591 million compared to SEK 31,145 million the same period last year.

Of the total order backlog, 56 percent (55) is expected to be produced after 2013. Swedish operations accounted for 85 percent (85) 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 14,360 employees compared to 15,209 at the same time the previous year.

COMMENTS ON THE BUSINESS AREAS

The Peab Group is presented in four different business areas: Construction, Civil Engineering, Industry and Property Development.

Construction of our own development projects booked as an asset in our 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 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.

Operative net sales for the first half of 2013 amounted to SEK 12,237 million (13,477), which is a decrease of 9 percent. Even after adjustments for acquired and divested units the decrease was 9 percent.

Operative operating profit for the period amounted to SEK -639 million (-112). One-off costs including value adjustments of SEK -920 million have charged the operating profit for the first half year of 2013. Project adjustments of SEK -425 million were included in the same period last year. Cleared of one-off costs the operative operating margin in Construction was 2.3 percent, which is unchanged compared to the first half year of 2012.

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 of apartments for rent are handled in business area Property Development.

New production of Peab's own housing developments made up 8 percent (10) of operative net sales for the first half year 2013.

Conditions for housing developments are relatively unchanged with a big housing shortage but loan ceilings, drawn out planning processes

Peab's own housing development construction

	Jan-Jun 2013	Jan-Jun 2012	Jan-Dec 2012
Number of housing starts during the period	792	849	1,679
Number of homes sold during the period	874	841	1,738
Total number of homes under construction, at the end of the period	3,132	3,389	3,134
Share of sold homes under construction, at the end of the period	73%	72%	72%
Number of repurchased homes in the balance sheet, at the end of the period	146	198	191

and municipal special demands create long lead times. In the past months home buyers have been showing signs of growing interest in our projects. We continue to sell well in ongoing projects. The level of own housing development start-ups amounted to 792 (849). Production starts are more spread out geographically in the first half year of 2013 compared to 2012 when they were largely concentrated to the Stockholm area. The number of sold homes during the period were 874 compared to 841 during the same period last year. The number of homes in production at the end of the period were 3,132 compared to 3,134 the previous year-end. The percent of sold homes in production was 73 compared to 72 percent at the same time last year.

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 2013 was 146 compared to 191 per 31 December 2012.

Civil Engineering

The business area Civil Engineering works in the market segments Local market, Infrastructure and heavy construction as well as Operations and maintenance. The operations are run in geographical regions in Sweden, Norway and Finland.

Net sales for the first half of 2013 amounted to SEK 5,091 million compared to SEK 5,570 million for same period last year, which is a decrease of 9 percent.

Operating profit for the period amounted to SEK 156 million (154). The operating margin was 3.1 percent (2.8). The operating margin for the latest rolling 12 month period was 3.6 percent compared to 3.5 percent for full year 2012.

The long, cold winter has had a negative effect on net sales and profits. Developments in the second quarter have been positive. Net sales and profits were lower in Local market compared to last year. Net sales in Operations and maintenance rose but profit was lower. Net sales in Infrastructure and heavy construction contracted but profits improved.

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 the first half of 2013 amounted to SEK 4,390 million compared to SEK 4,924 million for the same period last year, which was a decrease of 11 percent. Even after adjustments for divested units the decrease was 11 percent.

The operating profit for the period was SEK 150 million compared to SEK 260 million for same period last year. The operating margin was 3.4 percent compared to 5.3 percent for the same period last year. The operating margin for the latest rolling 12 month period was 6.7 percent compared to 7.3 percent for full year 2012.

The slower construction cycle and the cold winter have affected the business area negatively. The segments Gravel and Rock

and Transportation and Machines have also been affected by lower volumes in large infrastructure projects that are being wound up. Net sales in all the segments were lower and thus lower profits compared to the same period last year.

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 through wholly owned and partly owned companies and projects. Partly owned companies 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. 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 partly owned companies and joint ventures as well as capital gains from the divestiture of completed property and shares in partly owned companies and joint ventures.

During the period net sales were SEK 213 million (149) and operating profit amounted to SEK -33 million (52). Operating profit is charged with negative participation results from property projects in associated companies in the process of development. Profits from property sales had a positive effect of SEK 15 million compared to SEK 73 million last year.

THE CONSTRUCTION MARKET

Start-ups of public premises have increased dramatically in first quarter. The housing sector and especially apartment buildings are also growing steadily compared to the same period in 2012. Renovations were on the rise in every sector except offices in the first quarter of 2013 compared to in the first quarter of 2012. The analysis company Industrifakta expects building construction start-ups in Sweden to decline on the whole in 2013 and end up slightly under the level of 2012.

The single home market will probably continue to develop weakly in 2013 and will not grow again until the beginning of 2014 at the earliest. This despite an accumulated housing shortage and housing prices that are relatively stable and rising in growth regions. The stable population growth creates the right conditions for a more expansive housing policy but financing problems and the ability of households to pay for housing are hampering housing construction.

Repairs and maintenance is the segment that continues to have stable growth and the need for this service seems to increase in leaps and bounds in several sectors. Renovation of apartment buildings is also a very stable segment and Industrifakta has predicted it will have the best development of all the sectors in the coming years.

Swedish civil engineering had an upswing during 2012 and volumes are expected to remain the same during 2013, but there are big differences between regions.

The Norwegian building construction market began more slowly in 2013 than in 2012. Growth is lower in public premises and office/retail while new construction of apartment buildings continues

to be a relatively strong sector. Industrifakta forecasts negative trends in general in 2013, even though developments in housing are proving to be unusually strong. Civil engineering in Norway is expected to have stable growth in 2013 and continue to grow in 2014.

Finland's connection the euro makes the country more vulnerable than Norway or Sweden, and at the same time it creates competitive advantages for industry that exports to countries with a stronger currency than the euro. The total building construction sector began stronger than expected in 2013, primarily in housing and public premises. Building construction on the whole is expected to shrink after the summer and turn up again in 2014 and 2015. Civil engineering is slowing down compared to the previous forecast.

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. The largest risk in fixed price contracts is a miscalculation in the tender. In addition, there is a risk that price hikes cut into profitability without being able to claim compensation from the customer.

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 2012 Annual Report.

IMPORTANT EVENTS DURING THE PERIOD

Peab is working on several major projects for Northland Resources that are connected to the iron ore mine outside Pajala. On February 8, 2013 Northland Resources applied for a company reconstruction. As a part of a long-term financial solution for Northland, the company raised USD 335 million through the issue of bonds. A consortium consisting of Folksam, Metso, Norrskenet and Peab has invested USD 22 million each in Northland bonds. Peab's outstanding debts will be converted into an interest-bearing supplier loan with semi-annual amortization from January 2016 until maturity, at the latest in July 2020. The refinancing of Northland ensures outstanding debts and that Peab can continue

to work on existing construction contracts and the 10 year contract for the transportation of iron ore from Pajala to Svappavaara.

Jesper Göransson was appointed CEO and acting President of Peab on 25 March.

Tore Hallersbo, deputy CEO, has decided to leave his post in Peab. Tore had been a member of executive management since 2009 and held various senior positions in business area Construction since 2011.

During the second quarter new areas of responsibility were created in executive management. Roger Linnér was appointed COO and BA Construction Manager. Roger has worked at Peab since 1996, most recently as BA Civil Engineering Manager. Karl-Gunnar Karlsson, BA Industry Manager has been made BA Civil Engineering Manager as well. Karl-Gunnar has worked at Peab since 2003. Niclas Winkvist, Business Support and Investments Manager, will be responsible for coordinating Peab's construction operations in Norway and Finland. All of them are already members of executive management.

Peab has refinanced existing credit agreements totaling SEK 5.4 billion maturing in May and September 2014, with a new credit facility of SEK 5.0 billion maturing on 1 September 2016.

IMPORTANT EVENTS AFTER THE PERIOD

Jesper Göransson has been appointed President and CEO of Peab. Jesper assumes this position immediately, continuing in the roll he has had in the Group since 25 March 2013. Jesper has worked at Peab since 1996 and has long and solid experience in leading positions in the company, among them Deputy CEO, and he has been a member of Peab's executive management since 2006.

Niclas Winkvist has been made CFO of the Peab Group. This post also comprises responsibility for Business Support and Investments, which Niclas is currently responsible for. Niclas has worked at Peab since 1995 and is a member of Peab's executive management.

HOLDINGS OF OWN SHARES

At the beginning of 2013 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 the first half of 2013.

THE PEAB SHARE

Peab's B share is listed on the NASDAQ OMX Stockholm, Large Cap list. As of 19 August 2013, the price of the Peab share was SEK 37.70, an increase of 21 percent during 2013. During the same period, the Swedish stock market increased by 14 percent according to the general index in the business magazine "Affärsvärlden". During 2013, the Peab share has been quoted at a maximum of SEK 39.39 and a minimum of SEK 30.81.

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 2013	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 2013	1,583.9	34,319,957	261,729,773	296,049,730	1,086,984	294,962,746

Report on the Group income statement in summary

MSEK	Jan-Jun 2013	Jan-Jun 2012	Apr-Jun 2013	Apr-Jun 2012	Jul-Jun 2012/2013	Jan-Dec 2012
Net sales	19,676	21,568	10,369	11,670	44,948	46,840
Production costs	-18,924	-20,233	-10,288	-11,042	-42,230	-43,539
Gross profit	752	1,335	81	628	2,718	3,301
Sales and administrative expenses	-1,218	-1,161	-643	-594	-2,435	-2,378
Profit from participation in joint ventures/associated companies	1	9	10	19	10	18
Other operating income	36	44	12	25	120	128
Other operating costs	-7	-1	-5	0	-18	-12
Operating profit	-436	226	-545	78	395	1,057
Net financial items	-85	-90	-59	-45	-237	-242
Pre-tax profit	-521	136	-604	33	158	815
Tax	110	-34	127	-8	55	-89
Profit for the period	-411	102	-477	25	213	726

Profit for the period, attributable to:

Shareholders in parent company	-411	105	-477	26	214	730
Non-controlling interests	0	-3	0	-1	-1	-4
Profit for the period	-411	102	-477	25	213	726

Key ratios

Earnings per share, SEK	-1.39	0.36	-1.62	0.09	0.73	2.47
- after dilution	-1.39	0.36	-1.62	0.09	0.73	2.47
Average number of outstanding shares, million	295.0	295.0	295.0	295.0	295.0	295.0
- after dilution	295.0	303.8	295.0	303.8	298.7	303.0
Return on capital employed, %	3.9 ¹⁾	8.4 ¹⁾			3.9	7.7
Return on equity, %	3.0 ¹⁾	10.1 ¹⁾			3.0	9.2

¹⁾ Calculated on rolling 12 months

Report on the Group income statement and other comprehensive income in summary

MSEK	Jan-Jun 2013	Jan-Jun 2012	Apr-Jun 2013	Apr-Jun 2012	Jul-Jun 2012/2013	Jan-Dec 2012
Profit for the period	-411	102	-477	25	213	726

Other comprehensive income

Items that can be reclassified or have been reclassified to income for the period

Translation differences for the period from translation of foreign operations	-61	1	19	-3	-74	-12
Profit/loss from currency risk hedging in foreign operations	-	-3	-	-	1	-2
Changes for the period in fair value of available-for-sale financial assets	9	-65	-35	-72	-13	-87
Changes in fair value of cash flow hedges for the period	81	79	47	-49	36	34
Change in fair value of cashflow hedges carried over to profit for the period	-46	-	-	-	-63	-17
Share in associated companies' and joint ventures other comprehensive income	0	-1	0	-	0	-1
Tax referring to items that can be reclassified or have been reclassified to income for the period	-32	-2	-9	6	-15	15
	-49	9	22	-118	-128	-70

Items that cannot be reclassified to income for the period

Revaluation of defined benefit pension plans	-	-	-	-	10	10
Tax referring to items that cannot be reclassified to income for the period	-	-	-	-	-3	-3
	-	-	-	-	7	7

Other comprehensive income for the period

	-49	9	22	-118	-121	-63
Total comprehensive income for the period	-460	111	-455	-93	92	663

Total comprehensive income for the period, attributable to:

Shareholders in parent company	-460	114	-455	-92	93	667
Non-controlling interests	0	-3	0	-1	-1	-4
Total comprehensive income for the period	-460	111	-455	-93	92	663

Report on balance sheet for the Group in summary

MSEK	30 Jun 2013	30 Jun 2012	31 Dec 2012
Assets			
Intangible assets	2,088	2,213	2,126
Tangible assets	4,181	4,749	4,443
Interest-bearing long-term receivables	1,474	1,269	1,157
Other financial fixed assets	1,804	2,436	1,829
Deferred tax recoverables	272	232	233
Total fixed assets	9,819	10,899	9,788
Project and development properties	6,881	5,674	6,239
Inventories	457	459	465
Work-in-progress	989	1,649	1,106
Interest-bearing current receivables	648	299	567
Other current receivables	13,519	13,445	13,471
Short-term holdings	21	11	10
Liquid funds	313	208	429
Total current assets	22,828	21,745	22,287
Total assets	32,647	32,644	32,075
Equity and liabilities			
Equity	7,042	7,424	7,979
Liabilities			
Interest-bearing long-term liabilities	6,840	7,546	6,787
Deferred tax liabilities	300	361	444
Other long-term liabilities	446	393	536
Total long-term liabilities	7,586	8,300	7,767
Interest-bearing current liabilities	2,315	2,355	1,854
Other current liabilities	15,704	14,565	14,475
Total current liabilities	18,019	16,920	16,329
Total liabilities	25,605	25,220	24,096
Total equity and liabilities	32,647	32,644	32,075
Key ratios			
Capital employed	16,197	17,325	16,620
Equity/assets ratio, %	21.6	22.7	24.9
Net debt	6,699	8,114	6,478
Equity per share, SEK	23.87	25.18	27.05
- after dilution	23.87	26.41	27.05
Number of outstanding shares at the end of the period, million	295.0	295.0	295.0
- after dilution	295.0	303.8	295.0

Report on changes in Group's equity in summary

MSEK	30 Jun 2013	30 Jun 2012	31 Dec 2012
Equity attributable to shareholders in parent company			
Opening equity on 1 January	7,978	7,947	7,947
Adjustment retroactive application	-	-14	-14
Adjusted opening equity on 1 January	7,978	7,933	7,933
Profit for the period	-411	105	730
Other comprehensive income for the period	-49	9	-63
Comprehensive income for the period	-460	114	667
Cash dividend	-472	-620	-620
Acquisition of non-controlling interests, controlling interests held already	-4	-	-2
Closing equity	7,042	7,427	7,978
Non-controlling interests			
Opening equity on 1 January	1	0	0
Comprehensive income for the period	0	-3	-4
Disposal to shareholders in parent company	-1	-	-
New share issue	-	-	5
Closing equity	0	-3	1
Total closing equity	7,042	7,424	7,979

Report on Group cash flow in summary

MSEK	Jan-Jun 2013	Jan-Jun 2012	Apr-Jun 2013	Apr-Jun 2012	Jul-Jun 2012/2013	Jan-Dec 2012
Cash flow from current operations before changes in working capital	-47	321	-339	12	898	1,266
Cash flow from changes in working capital	-177	-784	446	-355	-156	-763
Cash flow from current operations	-224	-463	107	-343	742	503
Acquisition of subsidiaries	-21	-113	-	-55	-314	-406
Disposal of subsidiaries	143	92	13	37	186	135
Acquisition of fixed assets	-721	-965	-591	-617	-1,129	-1,373
Sales of fixed assets	619	580	387	153	2,154	2,115
Cash flow from investment operations	20	-406	-191	-482	897	471
Cash flow before financing	-204	-869	-84	-825	1,639	974
Cash flow from financing operations	92	107	107	311	-1,508	-1,493
Cash flow for the period	-112	-762	23	-514	131	-519
Cash at the beginning of the period	439	970	307	718	219	970
Exchange rate differences in cash	7	11	4	15	-16	-12
Cash at the end of the period	334	219	334	219	334	439

PARENT COMPANY

The parent company Peab AB's net sales for first half of 2013 amounted to SEK 43 million (48) and mainly consisted of internal Group services. Profit after tax amounted to SEK 229 million (-12).

The parent company's assets mainly consist of participations in Group companies amounting to SEK 12,909 million (11,314) and shares in Lemminkäinen Oyj worth SEK 268 million (284). The Catena holding of SEK 133 million, the Brinova holding of SEK 517 million and convertible promissory notes in Peab Industri AB of SEK 585 million are included in the comparable year.

The assets have been financed from equity of SEK 6,988 million (7,462) and long-term liabilities amounting to SEK 6,386 million (5,548).

The parent company's liquid assets amounted to SEK 0 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.

Report on the parent company income statement in summary

MSEK	Jan-Jun 2013	Jan-Jun 2012	Apr-Jun 2013	Apr-Jun 2012	Jul-Jun 2012/2013	Jan-Dec 2012
Net sales	43	48	22	24	91	96
Administrative expenses	-94	-81	-60	-44	-163	-150
Operating profit	-51	-33	-38	-20	-72	-54
Result from financial investments						
Profit from participation in Group companies	324	20	82	0	216	-88
Profit from participation in associated companies	-	5	-	5	22	27
Other financial items	-83	-32	-50	-5	-163	-112
Profit after financial investments	190	-40	-6	-20	3	-227
Appropriations	-	-	-	-	0	0
Pre-tax profit	190	-40	-6	-20	3	-227
Tax	39	28	24	15	11	0
Profit for the period	229	-12	18	-5	14	-227

Report on the parent company income statement and other comprehensive income

MSEK	Jan-Jun 2013	Jan-Jun 2012	Apr-Jun 2013	Apr-Jun 2012	Jul-Jun 2012/2013	Jan-Dec 2012
Profit for the period	229	-12	18	-5	14	-227
Other comprehensive income						
Items that can be reclassified or have been reclassified to income for the period						
Changes for the period in fair value of available-for-sale financial assets	12	-71	-23	-75	-16	-99
Total comprehensive income for the period	241	-83	-5	-80	-2	-326

Report on balance sheet for the parent company in summary

MSEK	30 Jun 2013	30 Jun 2012	31 Dec 2012
Assets			
Machinery and equipment	2	2	2
Participation in Group companies	12,909	11,314	12,547
Participation in associated companies	–	133	–
Receivables from Group companies	–	965	1,586
Interest-bearing long-term receivables	203	43	105
Other securities held as fixed assets	275	820	277
Deferred tax recoverables	37	26	–
Other long-term receivables	1	1	1
Total fixed assets	13,427	13,304	14,518
Receivables from Group companies	150	3	46
Other current receivables	1	–	2
Prepaid expenses and accrued income	6	31	5
Liquid funds	0	2	3
Total current assets	157	36	56
Total assets	13,584	13,340	14,574
Equity and liabilities			
Equity	6,988	7,462	7,219
Untaxed reserves	156	156	156
Liabilities to Group companies	6,386	4,954	7,122
Convertible promissory note	–	594	–
Total long-term liabilities	6,386	5,548	7,122
Accounts payable	9	9	55
Liabilities to Group companies	3	2	2
Income tax liabilities	–	119	1
Other liabilities	2	3	3
Accrued expenses and deferred income	40	41	16
Total current liabilities	54	174	77
Total liabilities	6,440	5,722	7,199
Total equity and liabilities	13,584	13,340	14,574
Pledged assets and contingent liabilities for the parent company			
Pledged assets	–	–	–
Contingent liabilities	20,891	19,471	20,760

NOTE 1 ACCOUNTING PRINCIPLES

This quarterly 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.

Amended IAS 19 Employee benefits eliminates the current rules that make it possible to even out actuary gains and losses over time. Instead actuary gains and losses will be recognized in the comprehensive income statements as they occur. The yield on plan assets in the result is recognized for an amount calculated on the discount rate used when calculating employee benefit obligations. The difference between the real and calculated yield of

plan assets is recognized in the other comprehensive income statement. The amendments are applied from the financial year 2013 and retroactively. Amendments in IAS 19 has affected Group equity per 1 January 2012 by SEK -14 million after taking deferred tax into consideration. The translation effect on the Group result was SEK 1 million and SEK 7 million on the comprehensive result for 2012. Equity at the end of 2012 was affected by SEK -6 million taking deferred tax into consideration.

This quarterly report has otherwise been presented according to the same accounting principles and prerequisites as described in the Annual Report of 2012.

NOTE 2 OPERATING SEGMENT

Group Jan-Jun 2013

MSEK	Con- struction	Civil Engine- ering	Industry	Property Develop- ment	Group functions	Elimina- tions	Total operative for the Group ¹⁾	Adjustment for housing reporting ²⁾	Group
External sales	11,914	4,399	2,733	200	14	274	19,534	142	19,676
Internal sales	323	692	1,657	13	173	-2,858	0		0
Total income	12,237	5,091	4,390	213	187	-2,584	19,534	142	19,676
Operating profit	-639	156	150	-33	-108	-4	-478	42	-436
Operating margin, %	-5.2	3.1	3.4	-15.5			-2.4		-2.2
Net financial items									-85
Pre-tax profit									-521
Tax									110
Profit for the period									-411
Other comprehensive income for the period									-49
Total comprehensive income for the period									-460

Group Jan-Jun 2012

MSEK	Con- struction	Civil Engine- ering	Industry	Property Develop- ment	Group functions	Elimina- tions	Total operative for the Group ¹⁾	Adjustment for housing reporting ²⁾	Group
External sales	13,302	5,050	2,962	135	5	41	21,495	73	21,568
Internal sales	175	520	1,962	14	53	-2,724	0		0
Total income	13,477	5,570	4,924	149	58	-2,683	21,495	73	21,568
Operating profit	-112	154	260	52	-117	-20	217	9	226
Operating margin, %	-0.8	2.8	5.3	34.9			1.0		1.0
Net financial items									-90
Pre-tax profit									136
Tax									-34
Profit for the period									102
Other comprehensive income for the period									9
Total comprehensive income for the period									111

Group Jan-Dec 2012

MSEK	Con- struction	Civil Engine- ering	Industry	Property Develop- ment	Group functions	Elimina- tions	Total operative for the Group ¹⁾	Adjustment for housing reporting ²⁾	Group
External sales	27,601	11,448	6,623	321	4		45,997	843	46,840
Internal sales	391	1,195	4,100	24	105	-5,815	0		0
Total income	27,992	12,643	10,723	345	109	-5,815	45,997	843	46,840
Operating profit	-11	440	788	51	-232	-32	1,004	53	1,057
Operating margin, %	0.0	3.5	7.3	14.8			2.2		2.3
Net financial items									-242
Pre-tax profit									815
Tax									-89
Profit for the period									726
Other comprehensive income for the period									-63
Total comprehensive income for the period									663

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)

NOTE 3 FINANCIAL ASSETS AND LIABILITIES VALUED AT FAIR VALUE

Measurement of fair value is based on a three level hierarchy;

Level 1: prices that reflect quoted prices on an active market for identical assets.

Level 2: based on direct or indirect observable inputs not included in level 1.

Level 3: based on inputs unobservable to the market.

The table below shows the allocated level for financial assets and financial liabilities recognized as fair value in the Group's balance sheet.

Group				
30 Jun 2013	Level 1	Level 2	Level 3	Total
MSEK				
Assets				
Other securities held as fixed assets	268		51	319 ¹⁾
Prepaid expenses and accrued income		3		3 ²⁾
Total assets	268	3	51	322
Liabilities				
Other long-term liabilities		73		73 ³⁾
Accrued expenses and deferred income		2		2 ⁴⁾
Total liabilities	-	75	-	75

¹⁾ Are included in Other financial assets totaling SEK 1,804 million.

²⁾ Are included in Other current assets totaling SEK 13,519 million.

³⁾ Are included in Other long-term liabilities totaling SEK 446 million.

⁴⁾ Are included in Other current liabilities totaling SEK 15,704 million.

For a description of how fair value has been calculated see the Annual report 2012, note 36 page 71. The fair value of financial assets and liabilities is estimated to be, in principle, the same as their booked values.

FUTURE FINANCIAL INFORMATION

- Quarterly report January-September 2013 14 November 2013
- Year-end report 2013 13 February 2014
- Annual report 2013 April 2014

The Board of Directors and the CEO hereby certify that the interim report for the first half-year 2013 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, 20 August 2013

Jesper Göransson
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

Torsten Centerdal
Deputy Board member

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

Quarterly data

Group

MSEK	Apr-Jun 2013	Jan-Mar 2013	Oct-Dec 2012	Jul-Sep 2012	Apr-Jun 2012	Jan-Mar 2012	Oct-Dec 2011	Jul-Sep 2011	Apr-Jun 2011
Net sales	10,369	9,307	13,893	11,379	11,670	9,898	13,244	10,557	11,030
Production costs	-10,288	-8,636	-12,949	-10,357	-11,042	-9,191	-12,068	-9,609	-10,151
Gross profit	81	671	944	1,022	628	707	1,176	948	879
Sales and administrative expenses	-643	-575	-732	-485	-594	-567	-665	-517	-479
Profit from participation in joint ventures/associated companies	10	-9	17	-8	19	-10	-14	18	17
Other operating income	12	24	89	-5	25	19	14	12	10
Other operating costs	-5	-2	7	-18	0	-1	-7	-1	-
Operating profit	-545	109	325	506	78	148	504	460	427
Net financial items	-59	-26	-87	-65	-45	-45	-74	-107	-89
Pre-tax profit	-604	83	238	441	33	103	430	353	338
Tax	127	-17	61	-116	-8	-26	-51	-93	-89
Profit for the period	-477	66	299	325	25	77	379	260	249
Profit for the period, attributable to:									
Shareholders in parent company	-477	66	300	325	26	79	379	259	250
Non-controlling interests	0	0	-1	0	-1	-2	0	1	-1
Profit for the period	-477	66	299	325	25	77	379	260	249
Key ratios									
Earnings per share, SEK	-1.62	0.22	1.01	1.10	0.09	0.27	1.31	0.90	0.87
- after dilution	-1.62	0.22	1.01	1.10	0.09	0.27	1.30	0.90	0.87
Average number of outstanding shares, million	295.0	295.0	295.0	295.0	295.0	295.0	288.9	287.2	286.7
- after dilution	295.0	295.0	300.7	303.8	303.8	303.8	297.7	296.0	295.5

Business areas

MSEK	Apr-Jun 2013	Jan-Mar 2013	Oct-Dec 2012	Jul-Sep 2012	Apr-Jun 2012	Jan-Mar 2012	Oct-Dec 2011	Jul-Sep 2011	Apr-Jun 2011
Net sales									
Construction	6,364	5,873	8,340	6,175	6,964	6,513	9,013	5,998	6,722
Civil Engineering	2,709	2,382	3,878	3,195	3,116	2,454	3,413	2,835	2,930
Industry	2,694	1,696	2,751	3,048	2,930	1,994	3,017	3,023	2,675
Property Development	105	108	105	91	86	63	65	47	37
Group functions	94	93	26	25	30	28	32	28	44
Eliminations	-1,642	-942	-1,537	-1,595	-1,499	-1,184	-1,885	-1,461	-1,315
Operative ¹⁾	10,324	9,210	13,563	10,939	11,627	9,868	13,655	10,470	11,093
Adjustment for housing reporting ²⁾	45	97	330	440	43	30	-411	87	-63
Legal	10,369	9,307	13,893	11,379	11,670	9,898	13,244	10,557	11,030
Operating profit									
Construction	-761	122	-6	107	-251	139	220	99	142
Civil Engineering	125	31	162	124	116	38	128	109	115
Industry	177	-27	225	303	234	26	229	269	196
Property Development	-20	-13	25	-26	27	25	9	13	4
Group functions	-58	-50	-90	-25	-40	-77	-58	-44	-31
Eliminations	-11	7	-17	5	-13	-7	-7	-4	-8
Operative ¹⁾	-548	70	299	488	73	144	521	442	418
Adjustment for housing reporting ²⁾	3	39	26	18	5	4	-17	18	9
Legal	-545	109	325	506	78	148	504	460	427
Order situation									
Orders received	9,941	8,848	8,473	9,302	7,768	13,200	6,902	9,751	11,027
Order backlog at the end of the period	30,591	28,815	28,056	31,379	31,145	32,989	28,378	32,888	31,515

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)

List of shareholders 31 July 2013

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
Länsförsäkringar Funds		6,616,961	6,616,961	2.2	1.1
Lannebo Fonder		5,336,612	5,336,612	1.8	0.9
Handelsbanken Funds		4,213,945	4,213,945	1.4	0.7
Danica Pension		4,082,658	4,082,658	1.4	0.7
Swedbank Robur Funds		3,533,099	3,533,099	1.2	0.6
Skandia Liv		3,254,157	3,254,157	1.1	0.5
Foreign owners		30,497,328	30,497,328	10.3	5.0
Others	335,523	105,435,548	105,771,071	35.6	18.0
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





DOUBLE TRACK
Södertälje



OMSLAGSFOTO: Peter Steen

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.

Peab AB (publ) • SE-260 92 Förslöv • Tfn +46-431-890 00 • Fax +46-431-45 17 00 • www.peab.com