

Quarterly report January - March 2014



- Operative net sales amounted to SEK 9,194 million (9,212)
- Operative operating profit was SEK 155 million (70)
- Earnings per share amounted to SEK 0.19 (0.22)
- Orders received during the first quarter amounted to SEK 9,077 million (8,848)
- Order backlog amounted to SEK 29,475 million (28,815)
- Positive cash flow before financing of SEK 131 million (-122)
- The action plan is having the intended effect

Comments by the CEO

The year began on a positive note for Peab. The action plan carried out in 2013 has had the intended effect and operations have developed according to plan. In addition, a growing housing market is successfully raising the temperature on the construction market.

Market conditions

After several years of production on low levels housing construction increased in Sweden in 2013. The current housing shortage is a good basis for further growth in 2014. The other segments in building construction in Sweden are expected to grow during the year as well. Building construction in Norway is expected to slow down in 2014 although public stimuli may fuel greater activity. It looks like development in building construction in Finland will be weak in 2014 as a result of the tough financial situation in the country. The civil engineering market is expected to remain stable in Sweden and Norway while slower development is foreseen for Finland.

Orders received

Orders received in the first quarter of 2014 amounted to SEK 9.1 billion compared to SEK 8.8 billion for the same period in 2013. Orders received in business area Construction consisted to a greater extent of housing projects. Orders received in Civil Engineering have contracted during the first quarter. We have continued to work according to our strategy of increasing the number of mid-sized and smaller projects we take on. The order backlog amounted to SEK 29.5 billion compared to SEK 28.2 billion at the end of the year.

Business areas' development

The first quarter is usually seasonally slow compared to the other quarters, particularly in Civil Engineering and Industry. Net sales were slightly lower in business area Construction than in the first quarter in 2013 but the operating margin was better. The



financial effects of the action plan carried out in 2013 are beginning to show in the form of lower costs. Net sales in business area Civil Engineering contracted in the first quarter as a result of lower orders received in 2013, which has also affected profits. The year has begun positively for business area Industry with higher net sales and profit due in part to an early start in the season after a mild winter. Net sales in business area Project Development have grown considerably and profit is up in the first quarter due to a stronger housing market, particularly in Stockholm. Start-ups of our own developed housing were 734 (381) during the first quarter and sold homes numbered 734 (503). No major property sales have taken place in Property Development during the first quarter.

Group development

Operative net sales during the period were SEK 9,194 million (9,212) which meant net sales were unchanged compared to the first quarter of 2013. Operative operating profit amounted to SEK 155 million compared to SEK 70 million last year, which is an operative operating margin of 1.7 percent (0.8). Work on streamlining capital binding continues and cash flow before financing was SEK 131 million (-122).

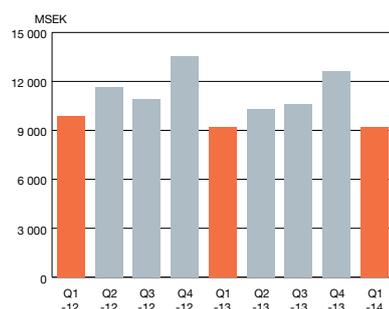
Continued improvements

The measures we have taken to raise Group profitability are unfolding according to plan. We can see how the work method and new organization structure we are working with support our earning goals. We are constantly in the process of improving our day-to-day business and focusing more on our local markets.

Jesper Göransson
President and CEO

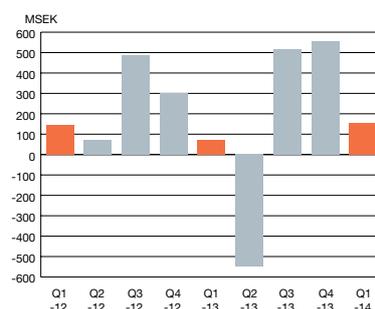
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Operative net sales



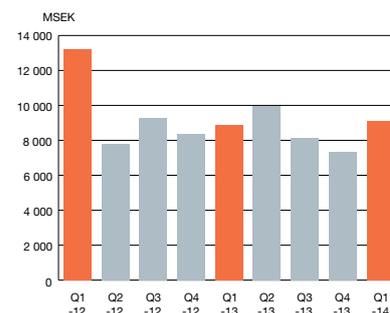
Group operative net sales the first quarter 2014 amounted to SEK 9,194 million (9,212).

Operative operating profit



Operative operating profit the first quarter 2014 amounted to SEK 155 million compared to SEK 70 million for the same period last year.

Orders received



Orders received the first quarter 2014 amounted to SEK 9,077 million compared to SEK 8,848 million for the same period last year. Order backlog amounted to SEK 29,475 million compared to SEK 28,164 million per 31 December 2013.

Group					
MSEK	Jan-Mar 2014	Jan-Mar 2013	Apr-Mar 2013/2014	Jan-Dec 2013	Financial goals
Operative net sales ¹⁾	9,194	9,212	42,747	42,765	
Net sales	9,002	9,309	42,820	43,127	
Operative operating profit ¹⁾	155	70	678	593	
Operative operating margin, % ¹⁾	1.7	0.8	1.6	1.4	
Operating profit	125	109	630	614	
Operating margin, %	1.4	1.2	1.5	1.4	
Pre-tax profit	71	83	371	383	
Profit for the period	55	66	287	298	
Earnings per share, SEK	0.19	0.22	0.98	1.01	
Return on equity, %	3.7 ²⁾	8.9 ²⁾	3.7	3.8	> 20%
Equity/assets ratio, %	24.5	25.9	24.5	24.0	> 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 FIRST QUARTER

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

- Construction of the residential care facility Oskarslund in Karlstad. The client is the municipality of Karlstad and the contract amounts to SEK 195 million.
- Expansion of the University Hospital in Tampere, Finland. The client is the Birkaland Hospital District and the contract amounts to EUR 17 million.
- Construction of a Smarhotel in Hammerfest in Norwegian Finnmark. The client is Smarhotel Hammerfest Eien-dom AS and the contract amounts to NOK 118 million.
- Construction of 104 new rental units in Nyköping. The client is Nyköpingshem and the contract amounts to SEK 96 million.
- Construction of the second phase of the Scandinavian Office Building on the roof of the shopping center Mall of Scandinavia in Solna. The client is Råsta Köpcenterkontor AB and the contract amounts to SEK 900 million, of which SEK 300 million were registered during 2013.

NET SALES AND PROFIT ¹⁾

Group operative net sales for the first quarter 2014 amounted to SEK 9,194 million (9,212). Adjustments in housing reporting affected net sales by SEK -192 million (97). Group net sales for the first quarter 2014 decreased by 3 percent to SEK 9,002 million (9,309).

Increased housing production has contributed to higher net sales although production volumes in Civil Engineering are lower than in the first quarter. Of the period's net sales, SEK 1,358 million (1,893) were attributable to sales and production outside Sweden.

Operative operating profit for the first quarter in 2014 were SEK 155 million compared to SEK 70 million in the corresponding period last year. All the business areas are showing some improvement except Civil Engineering where operating profit is down slightly. The financial effects of the action plan carried out in 2013 are beginning to show in the form of lower costs, primarily in business areas Construction and Project Development as well as in Group functions. Eliminating internal profit in our own projects has affected the result by SEK -19 million (7). Elimination is reversed in connection with the external divestment of a project.

Operating profit for the first quarter in 2014 was SEK 125 million (109). The operating margin amounted to 1.4 percent (1.2). Adjustments in housing reporting affected operating profit by SEK -30 million (39) due to greater housing production and fewer projects that have been turned over.

Depreciation and write-downs for the period were SEK 192 million (219).

Net financial items amounted to SEK -54 million (-26), of which net interest expense amounted to SEK -65 million (-50).

Pre-tax profit was SEK 71 million (83).

Tax for the period was SEK -16 million (-17).

Profit for the period was SEK 55 million (66).

FINANCIAL POSITION

The equity/assets ratio on 31 March 2014 was 24.5 percent compared to 24.0 percent at the previous year-end. Interest-bearing net debt amounted to SEK 5,866 million compared to SEK 5,948 million at the end of 2013.

The average interest rate in the loan portfolio, including derivatives, was 3.2 percent (2.6) on 31 March 2014.

Group liquid funds, including unutilized credit facilities, were SEK 4,394 million at the end of the period compared to SEK 4,806 million on 31 December 2013.

At the end of the period Group contingent liabilities, excluding joint and several liabilities in trading and limited partnerships, amounted to SEK 5,279 million compared to SEK 5,057 million on 31 December 2013. Of contingent liabilities, obligations to tenant-owners associations under construction were SEK 3,156 million compared to SEK 3,083 million at the previous year-end.

INVESTMENTS

Investments in tangible and intangible fixed assets during the period were SEK 146 million (net divestments with SEK 18 million). Investments in project and development properties totaled SEK 262 million (44) during the period.

CASH FLOW

Cash flow from current operations was SEK 205 million (-333). The improvement is a result of lower working capital changes compared to the first quarter of 2013. The cash flow includes acquisitions of project and development properties for SEK -274 million (-318).

Cash flow from investment activities was SEK -74 million compared to SEK 211 million the same period last year.

Cash flow before financing amounted to SEK 131 million compared to SEK -122 million the same period last year.

ORDERS RECEIVED AND ORDER BACKLOG

Orders received for the first quarter 2014 amounted to SEK 9,077 million compared to SEK 8,848 million the same period last year. Orders received in business area Construction consisted to a greater extent of housing projects. Orders received in Civil Engineering have contracted during the first quarter. Orders received in Project Development have grown as a result of more production starts in our own developed homes.

Order backlog yet to be produced at the end of the period amounted to SEK 29,475 million compared to SEK 28,815 million at the same period last year.

Of the total order backlog, 38 percent (41) is expected to be produced after 2014. Swedish operations accounted for 85 percent (87) of the order backlog.

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

Orders received and order backlog

Orders received	Jan-Mar 2014	Jan-Mar 2013	Apr-Mar 2013/2014	Jan-Dec 2013
MSEK				
Construction	6,936	5,808	24,872	23,744
Civil Engineering	1,977	3,019	10,050	11,092
Project Development	1,608	602	6,121	5,115
Eliminations	-1,444	-581	-6,522	-5,659
Group	9,077	8,848	34,521	34,292

Order backlog	31 Mar 2014	31 Mar 2013	31 Dec 2013
MSEK			
Construction	21,011	19,332	19,647
Civil Engineering	8,535	9,247	8,483
Project Development	4,013	3,678	3,975
Eliminations	-4,084	-3,442	-3,941
Group	29,475	28,815	28,164

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.

PERSONNEL

At the end of the period, the company had 13,094 employees compared to 13,628 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 Project Development.

Construction

Business area Construction comprises Group resources in construction related services. Construction builds for external customers as well as internally, primarily for business area Project Development. Operations are run through 12 regions in Sweden, two in Norway and two in Finland. Three of the Swedish regions are focused on housing production. These are in Stockholm/Mälardalen, Gothenburg and the Öresund region. Construction maintenance operations are run in a nationwide region primarily focused on the big city areas. The other regions do all kinds of construction in their geographic areas.

Net sales for the first quarter 2014 were SEK 5,515 million (5,676) which is a drop by 3 percent.

Operating profit for the first quarter 2014 amounted to SEK 115 million (102). The operating margin was 2.1 percent (1.8). Corrected for one-off costs of SEK 920 million during the second quarter 2013 the operating margin in Construction is 1.7 percent for the latest rolling 12 month period compared to 1.6 percent for the entire year 2013. The action plan

carried out in 2013 is showing financial effects in the form of lower costs.

Civil Engineering

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

Net sales for first quarter 2014 amounted to SEK 1,973 million compared to SEK 2,382 million for the same period last year, which is a drop of 17 percent. Even after adjustments for acquired units the decrease was 17 percent. A low level of orders received in 2013 has led to lower net sales during the first quarter 2014.

Operating profit for the first quarter 2014 amounted to SEK 22 million (31). The operating margin was 1.1 percent (1.3). Operative margin for the latest rolling 12 month period was 3.4 percent compared to 3.3 percent for the entire year of 2013.

In comparison with the previous year both net sales and profit have shrunk in Local market. Net sales in Operations and maintenance have contracted and the level of profitability is too low. Competition on the operations and maintenance market has grown resulting in pressed prices. Net sales in Infrastructure are down but profit is unchanged.

Industry

Business area Industry is run in seven product segments; Asphalt, Concrete, Gravel and Rock, Transportation and Machines, Foundations, Rentals and Construction System (Indu-

strial Construction). All of them work on the Nordic construction and civil engineering markets.

Net sales for the first quarter 2014 amounted to SEK 1,872 million compared to SEK 1,696 million for the same period last year, which was an increase of 10 percent.

Operating profit for the first quarter 2014 amounted to SEK 1 million (-27). The operating margin was 0.1 percent (-1.6). Operative margin for the latest rolling 12 month period was 6.7 percent compared with 6.6 percent for the entire year of 2013.

The improvement in profit is in part due to an early start in the season after a mild winter, primarily in Asphalt and Gravel and Rock. Lower volumes in Civil Engineering have had a negative effect on the business area.

Capital employed in Industry at the end of the period amounted to SEK 5,263 million compared to SEK 5,301 million at previous year-end.

Project Development

Business area Project Development comprises Peab's developments in housing and property. The business is run in two segments, Housing development and Property development.

Operative net sales for the first quarter 2014 in business area Project Development amounted to SEK 1,798 million (1,027) and operative operating profit was SEK 59 million (7).

Housing development develops all kinds of housing such as apartment buildings in tenancy ownership, ownership and rental form as well as the production of single homes.

Net sales and operating profit per business areas												
MSEK	Net sales				Operating profit				Operating margin			
	Jan-Mar 2014	Jan-Mar 2013	Apr-Mar 2013/2014	Jan-Dec 2013	Jan-Mar 2014	Jan-Mar 2013	Apr-Mar 2013/2014	Jan-Dec 2013	Jan-Mar 2014	Jan-Mar 2013	Apr-Mar 2013/2014	Jan-Dec 2013
Construction	5,515	5,676	22,948	23,109	115	102	-526	-539	2.1%	1.8%	-2.3%	-2.3%
Civil Engineering	1,973	2,382	10,763	11,172	22	31	362	371	1.1%	1.3%	3.4%	3.3%
Industry	1,872	1,696	10,523	10,347	1	-27	709	681	0.1%	-1.6%	6.7%	6.6%
Project Development	1,798	1,027	6,524	5,753	59	7	299	247	3.3%	0.7%	4.6%	4.3%
- of which Property Development	107	105	610	608	-20	-14	-4	2	-18.7%	-13.3%	-0.7%	0.3%
- of which Housing Development	1,691	922	5,914	5,145	79	21	303	245	4.7%	2.3%	5.1%	4.8%
Group functions	180	93	506	419	-23	-50	-126	-153				
Eliminations	-2,144	-1,662	-8,517	-8,035	-19	7	-40	-14				
Operative ¹⁾	9,194	9,212	42,747	42,765	155	70	678	593	1.7%	0.8%	1.6%	1.4%
Adjustment for housing reporting ²⁾	-192	97	73	362	-30	39	-48	21				
Legal	9,002	9,309	42,820	43,127	125	109	630	614	1.4%	1.2%	1.5%	1.4%

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)

The conditions for housing development are relatively unchanged with a substantial housing shortage but loan ceilings, drawn out planning processes and municipal special demands create long lead times. The growing interest home buyers have been showing in our homes has led to a higher rate of production start-ups in housing projects. There were 734 (381) start-ups of our own developed homes, of which most were in the Stockholm region. The number of sold homes during the period was 734 (503). The number of own developed homes in production at the end of the period increased and was 4,276 compared to 3,654 at the previous year-end. The share of sold homes in production was 77 percent compared to 73 percent at the previous year-end. The number of repurchased homes per 31 March 2014 amounted to 127 compared to 141 at the previous year-end.

The increase in activity in Housing Development has led to higher net sales and improved profit. During the first quarter 2014 operative net sales in Housing Development were SEK 1,691 million (922) and operative operating profit was SEK 79 million (21). The operative operating margin was 4.7 percent (2.3). Operative operating margin for the latest rolling 12 month period was 5.1 percent compared with 4.8 percent for the entire 2013.

Operations in Property Development revolve around the acquisition, development and divestiture of commercial property in the Nordic region. The business includes projects in wholly owned and partly owned companies. Partly owned companies consist of, among other things, Peab's ownership in Tornet (ownership of apartments for rent), in Centur (ownership and development of commercial property) and 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 are 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 first quarter 2014 net sales in Property Development were SEK 107 million (105) and operating profit was SEK -20 million (-14). Profit from property sales has had a positive effect on the result of SEK 15 million compared to SEK 10 million the same period last year.

Operating profit is charged by negative shares in the results of property projects in partly owned companies in the development phase. Included in this result is Peab's share of the operations result of Friends Arena. Friends Arena is an essential part of the realization of Arenastaden, a completely new city district in Solna. For Peab the development of Arenastaden means significant construction and civil engineering contracts, the creation of interesting development rights for, among other things, housing and opportunities for commercial property development. The projects in its entirety follows the plans established when Peab made the decision to participate in this development.

Capital employed in Property Development at the end of the period amounted to SEK 11,365 million compared to SEK 11,376 million at previous year-end.

THE CONSTRUCTION MARKET

The total volume of initiated building construction rose slightly in Sweden in 2013. There are a variety of factors driving this growth in different sectors. Growth was strongest in housing construction last year while private and public premise construction declined.

The need for housing is considerable due to a general growth in the population, intense migration to the big city areas, especially Stockholm, and several years of underproduction. Industrifakta therefore believes that housing construction will continue to develop well. The need to refurbish the large apartment building districts built in 1961-1975 is substantial. The

is a good basis for continued large renovation and maintenance volumes in housing considering the current housing shortage in growth regions, major technology needs, energy developments and low rents.

Private premise construction, which includes industrial, office and commercial space, contracted last year due to the uncertain economy. Industrifakta believes private premise construction will develop positively in the next two years.

The forecast for civil engineering construction in the next two years is positive, influenced by the lift in ambition signalled in the national infrastructure plan that the government recently presented.

Last year the Norwegian economy slowed down dramatically. The major factor behind this development was a weaker rise in private and public consumption. Building construction investments also developed negatively last year. Public investments declined mostly as a result of the strong upswing in 2012. Single home construction continued to increase slightly despite a growing nervousness regarding housing prices. New production of apartment buildings slowed instead. The outlook for 2014 is somewhat negative due to rising unemployment and signals that prices are falling on the housing market. Strong finances can, however, lead to certain investments to stimulate the economy and raise activity on the construction and civil engineering market.

The challenging situation in Finland's economy is expected to last for at least another year. A continued weak business cycle, general cautiousness and lower demand will most likely hold down building construction this year. The forecast for 2014 for civil engineering is slightly lower volumes compared to 2013.

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 cru-

Peab's own housing development construction

	Jan-Mar 2014	Jan-Mar 2013	Jan-dec 2013
Number of housing starts during the period	734	381	2,077
Number of homes sold during the period	734	503	2,034
Total number of homes under construction, at the end of the period	4,276	3,214	3,654
Share of sold homes under construction, at the end of the period	77%	75%	73%
Number of repurchased homes in the balance sheet, at the end of the period	127	160	141

cial 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 2013 Annual Report.

NORTHLAND RESOURCES

Peab has carried out several major projects for Northland Resources that are connected to the iron ore mine outside Pajala. On 8 February 2013 Northland Resources applied for a company reorganization. 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. Outstanding debts to Peab have been converted into an interest-bearing supplier loan with semi-annual amortization from January 2016 until maturity, at the latest in July 2020.

On 14 November 2013 Northland announced a plan to strengthen its financial buffers by USD 150 million. As part of this funding super senior notes for USD 60 million have been issued and approved by bondholders at the bondholding meeting on 4 April 2014. The financing proposal for this plan will be presented at the latest in May 2014.

Peab's total risk exposure in the balance sheet currently amounts to SEK 260 million and consists of outstanding unprioritized receivables that are included in the refinancing plan (reclassified as long-term interest-bearing receivables) and bonds guaranteed by liens.

IMPORTANT EVENTS AFTER THE END OF THE PERIOD

In a structural deal 15,706,663 Peab A shares have changed hands. The sellers are Sara Karlsson with companies and Svante Paulsson with companies. The buyers are Fredrik Paulsson with family and companies, and Mats Paulsson with companies, who together acquired 12,006,000 A shares and disposed 4,000,000 B shares.

In addition, Karl-Axel Granlund with family and companies acquired 1,500,000 A shares, Malte Åkerström with family and companies acquired 1,377,163 A shares and Göran Grosskopf with family and companies acquired 823,500 A shares.

After the change in ownership Mats and Fredrik Paulsson with families and companies own a total of 26.8 percent of the capital and 58.3 percent of the votes in Peab.

HOLDINGS OF OWN SHARES

At the beginning of 2014 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 quarter 2014.

THE PEAB SHARE

Peab's B share is listed on the NASDAQ OMX Stockholm, Large Cap list. As of 12 May 2014, the price of the Peab share was SEK 52.90, an increase of 34 percent during 2014. During the same period, the Swedish stock market increased by 5 percent according to the general index in the business magazine "Affärsvärlden". During 2014 the Peab share has been quoted at a maximum of SEK 53.50 and a minimum of SEK 38.89.

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 2014	1 583.9	34,319,957	261,729,773	296,049,730	1,086 984	294,962,746
Share capital and number of shares 31 March 2014	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-Mar 2014	Jan-Mar 2013	Apr-Mar 2013/2014	Jan-Dec 2013
Net sales	9,002	9,309	42,820	43,127
Production costs	-8,341	-8,638	-40,031	-40,328
Gross profit	661	671	2,789	2,799
Sales and administrative expenses	-537	-575	-2,267	-2,305
Profit from participation in joint ventures/associated companies	-6	-9	15	12
Other operating income	12	24	116	128
Other operating costs	-5	-2	-23	-20
Operating profit	125	109	630	614
Net financial items	-54	-26	-259	-231
Pre-tax profit	71	83	371	383
Tax	-16	-17	-84	-85
Profit for the period	55	66	287	298
Profit for the period, attributable to:				
Shareholders in parent company	55	66	287	298
Non-controlling interests	-	0	-	0
Profit for the period	55	66	287	298
Key ratios				
Earnings per share, SEK	0.19	0.22	0.98	1.01
Average number of outstanding shares, million	295.0	295.0	295.0	295.0
Return on capital employed, %	4.9 ¹⁾	7.7 ¹⁾	4.9	5.2
Return on equity, %	3.7 ¹⁾	8.9 ¹⁾	3.7	3.8

¹⁾ Calculated on rolling 12 months

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

MSEK	Jan-Mar 2014	Jan-Mar 2013	Apr-Mar 2013/2014	Jan-Dec 2013
Profit for the period	55	66	287	298
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	17	-80	-42	-139
Changes for the period in fair value of available-for-sale financial assets	-38	44	-65	17
Changes in fair value of cash flow hedges for the period	-41	34	-6	69
Change in fair value of cashflow hedges carried over to profit for the period	-	-46	-	-46
Share in associated companies' and joint ventures' other comprehensive income	0	0	0	0
Tax referring to items that can be reclassified or have been reclassified to income for the period	19	-23	10	-32
	-43	-71	-103	-131
Items that cannot be reclassified to income for the period				
Revaluation of defined benefit pension plans	8	-	8	0
Tax referring to items that cannot be reclassified to income for the period	-2	-	-2	0
	6	-	6	0
Other comprehensive income for the period	-37	-71	-97	-131
Total comprehensive income for the period	18	-5	190	167
Total comprehensive income for the period, attributable to:				
Shareholders in parent company	18	-5	190	167
Non-controlling interests	-	0	-	0
Total comprehensive income for the period	18	-5	190	167

Report on balance sheet for the Group in summary

MSEK	31 Mar 2014	31 Mar 2013	31 Dec 2013
Assets			
Intangible assets	2,049	2,099	2,053
Tangible assets	3,931	4,247	3,973
Interest-bearing long-term receivables	1,745	1,080	1,717
Other financial fixed assets	1,769	1,686	1,866
Deferred tax recoverables	171	269	156
Total fixed assets	9,665	9,381	9,765
Project and development properties	7,068	6,398	6,806
Inventories	418	471	412
Work-in-progress	1,186	1,250	1,100
Interest-bearing current receivables	354	527	410
Other current receivables	12,219	12,502	12,953
Short-term holdings	20	1	21
Liquid funds	456	314	438
Total current assets	21,721	21,463	22,140
Total assets	31,386	30,844	31,905
Equity and liabilities			
Equity	7,686	7,974	7,668
Liabilities			
Interest-bearing long-term liabilities	6,002	6,189	5,064
Deferred tax liabilities	487	483	492
Other long-term liabilities	573	496	531
Total long-term liabilities	7,062	7,168	6,087
Interest-bearing current liabilities	2,439	2,344	3,470
Other current liabilities	14,199	13,358	14,680
Total current liabilities	16,638	15,702	18,150
Total liabilities	23,700	22,870	24,237
Total equity and liabilities	31,386	30,844	31,905
Key ratios			
Capital employed	16,127	16,507	16,202
Equity/assets ratio, %	24.5	25.9	24.0
Net debt	5,866	6,611	5,948
Equity per share, SEK	26.06	27.03	26.00
Number of outstanding shares at the end of the period, million	295.0	295.0	295.0

Report on changes in Group's equity in summary

MSEK	31 Mar 2014	31 Mar 2013	31 Dec 2013
Equity attributable to shareholders in parent company			
Opening equity on 1 January	7,668	7,978	7,978
Profit for the period	55	66	298
Other comprehensive income for the period	-37	-71	-131
Comprehensive income for the period	18	-5	167
Cash dividend	-	-	-472
Acquisition of non-controlling interests, controlling interests held already	-	-	-5
Closing equity	7,686	7,973	7,668
Non-controlling interests			
Opening equity on 1 January	0	1	1
Comprehensive income for the period	-	0	0
Acquisition of non-controlling interests, controlling interests held already	-	-	-1
Closing equity	0	1	0
Total closing equity	7,686	7,974	7,668

Report on Group cash flow in summary

MSEK	Jan-Mar 2014	Jan-Mar 2013	Apr-Mar 2013/2014	Jan-Dec 2013
Cash flow from current operations before changes in working capital	332	293	1,225	1,186
Cash flow from changes in working capital	-127	-626	-861	-1,360
Cash flow from current operations	205	-333	364	-174
Acquisition of subsidiaries	-	-21	-102	-123
Disposal of subsidiaries	-	130	188	318
Acquisition of fixed assets	-304	-130	-1,380	-1,206
Sales of fixed assets	230	232	1,807	1,809
Cash flow from investment operations	-74	211	513	798
Cash flow before financing	131	-122	877	624
Cash flow from financing operations	-112	-26	-758	-672
Cash flow for the period	19	-148	119	-48
Cash at the beginning of the period	459	460	315	460
Exchange rate differences in cash	-2	3	42	47
Cash at the end of the period	476	315	476	459

PARENT COMPANY

The parent company Peab AB's net sales for the first quarter 2014 amounted to SEK 53 million (21) and mainly consisted of internal Group services. Profit after tax amounted to SEK -45 million (211).

The parent company's assets mainly consist of participations in Group companies amounting to SEK 13,173 million (12,909) and shares in Lemminkäinen Oyj worth SEK 246 million (291). The assets have been financed from equity of SEK 6,921 million (7,464) and long-term liabilities amounting to SEK 6,672 million (5,344).

The parent company's liquid funds amounted to SEK 4 million (0) 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-Mar 2014	Jan-Mar 2013	Apr-Mar 2013/2014	Jan-Dec 2013
Net sales	53	21	137	105
Administrative expenses	-63	-34	-201	-172
Operating profit	-10	-13	-64	-67
Result from financial investments				
Profit from participation in Group companies	0	242	-22	220
Other financial items	-46	-33	-204	-191
Result after financial investments	-56	196	-290	-38
Appropriations	-	-	267	267
Pre-tax profit	-56	196	-23	229
Tax	11	15	-4	0
Profit for the period	-45	211	-27	229

Report on the parent company income statement and other comprehensive income in summary

MSEK	Jan-Mar 2014	Jan-Mar 2013	Apr-Mar 2013/2014	Jan-Dec 2013
Profit for the period	-45	211	-27	229
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	-37	35	-46	26
Total comprehensive income for the period	-82	246	-73	255

Report on balance sheet for the parent company in summary

MSEK	31 Mar 2014	31 Mar 2013	31 Dec 2013
Assets			
Machinery and equipment	1	2	1
Participation in Group companies	13,173	12,909	13,173
Receivables from Group companies	–	25	–
Interest-bearing long-term receivables	208	109	194
Other securities held as fixed assets	252	317	289
Deferred tax recoverables	0	13	–
Other long-term receivables	–	1	1
Total fixed assets	13,634	13,376	13,658
Receivables from Group companies	171	739	1,544
Tax assets	12	–	–
Other current receivables	2	14	2
Prepaid expenses and accrued income	7	5	5
Liquid funds	4	0	8
Total current assets	196	758	1,559
Total assets	13,830	14,134	15,217
Equity and liabilities			
Equity	6,921	7,464	7,002
Untaxed reserves	156	156	156
Liabilities to Group companies	6,672	5,344	6,396
Total long-term liabilities	6,672	5,344	6,396
Accounts payable	9	12	7
Liabilities to Group companies	6	1,134	1,595
Income tax liabilities	–	–	3
Other liabilities	11	1	3
Accrued expenses and deferred income	55	23	55
Total current liabilities	81	1,170	1,663
Total liabilities	6,753	6,514	8,059
Total equity and liabilities	13,830	14,134	15,217
Pledged assets and contingent liabilities for the parent company			
Pledged assets	–	–	–
Contingent liabilities	21,036	20,490	21,464

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.

As of 1 January Peab applies IFRS 11 Joint Arrangements. This is a new standard that regulates the accounting of joint ventures and joint operations. For Peab the change entails reclassifying a few joint ventures to joint operations. Joint operations are accounted for according to the proportionate consolidation method which means that each party in a joint operation presents their share of assets, liabilities, income and costs. Joint ventures will continue to be accounted for according to the equity method. The effects of the amended standard on individual balance and income items are marginal. For the entire year of 2013 net sales increase by SEK 32 million and the balance sheet total by SEK 54 million. The comparison periods' income and balance sheets have been recalculated. Other new standards are only expected to affect presentation demands.

This quarterly report has otherwise been presented according to the same accounting principles and prerequisites as described in the Annual Report of 2013.

NOTE 2 OPERATING SEGMENT**Group Jan-Mar 2014**

MSEK	Con- struction	Civil Engine- ering	Industry	Project Develop- ment	Group functions	Elimina- tions	Total operative for the Group ¹⁾	Adjustment for housing reporting ²⁾	Group
External sales	4,542	1,651	1,098	1,764	6	133	9,194	-192	9,002
Internal sales	973	322	774	34	174	-2,277	0		0
Total income	5,515	1,973	1,872	1,798	180	-2,144	9,194	-192	9,002
Operating profit	115	22	1	59	-23	-19	155	-30	125
Operating margin, %	2.1	1.1	0.1	3.3			1.7		1.4
Net financial items									-54
Pre-tax profit									71
Tax									-16
Profit for the period									55
Other comprehensive income for the period									-37
Total comprehensive income for the period									18
Capital employed (closing balance)			5,263	11,365					

Group Jan-Mar 2013

MSEK	Con- struction	Civil Engine- ering	Industry	Project Develop- ment	Group functions	Elimina- tions	Total operative for the Group ¹⁾	Adjustment for housing reporting ²⁾	Group
External sales	4,998	2,088	952	941	7	226	9,212	97	9,309
Internal sales	678	294	744	86	86	-1,888	0		0
Total income	5,676	2,382	1,696	1,027	93	-1,662	9,212	97	9,309
Operating profit	102	31	-27	7	-50	7	70	39	109
Operating margin, %	1.8	1.3	-1.6	0.7			0.8		1.2
Net financial items									-26
Pre-tax profit									83
Tax									-17
Profit for the period									66
Other comprehensive income for the period									-71
Total comprehensive income for the period									-5
Capital employed (closing balance)			5,589	11,173					

Group Jan-Dec 2013

MSEK	Con- struction	Civil Engine- ering	Industry	Project Develop- ment	Group functions	Elimina- tions	Total operative for the Group ¹⁾	Adjustment for housing reporting ²⁾	Group
External sales	20,346	9,770	6,534	5,516	31	568	42,765	362	43,127
Internal sales	2,763	1,402	3,813	237	388	-8,603	0		0
Total income	23,109	11,172	10,347	5,753	419	-8,035	42,765	362	43,127
Operating profit	-539	371	681	247	-153	-14	593	21	614
Operating margin, %	-2.3	3.3	6.6	4.3			1.4		1.4
Net financial items									-231
Pre-tax profit									383
Tax									-85
Profit for the year									298
Other comprehensive income for the year									-131
Total comprehensive income for the year									167
Capital employed (closing balance)			5,301	11,376					

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 inputs observable to the market 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 at fair value in the Group's balance sheet.

Group				
31 Mar 2014	Level 1	Level 2	Level 3	Total
MSEK				
Assets				
Other securities held as fixed assets	246		53	299 ¹⁾
Other current receivables		4		4 ²⁾
Total assets	246	4	53	303
Liabilities				
Other long-term liabilities		80		80 ³⁾
Other current liabilities		3		3 ⁴⁾
Total liabilities	-	83	-	83

¹⁾ Are included in the balance sheet item Other financial fixed assets totaling SEK 1,769 million.

²⁾ Are included in the balance sheet item Other current receivables totaling SEK 12,219 million.

³⁾ Are included in the balance sheet item Other long-term liabilities totaling SEK 573 million.

⁴⁾ Are included in the balance sheet item Other current liabilities totaling SEK 14,199 million.

For a description of how fair value has been calculated see the Annual report 2013, note 36 page 72. The fair value of financial assets and liabilities is estimated to be, in principle, the same as their booked values.

Parent company				
31 Mar 2014	Level 1	Level 2	Level 3	Total
MSEK				
Assets				
Other securities held as fixed assets	246			246
Total assets	246	-	-	246

FUTURE FINANCIAL INFORMATION

- Quarterly report January-June 2014 22 August 2014
- Quarterly report January-September 2014 13 November 2014
- Year-end report 2014 12 February 2015
- Annual report 2014 April 2015

Förslöv, 13 May 2014

Jesper Göransson
CEO and President

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

Quarterly data Group

	Jan-Mar 2014	Oct-Dec 2013	Jul-Sep 2013	Apr-Jun 2013	Jan-Mar 2013	Oct-Dec 2012 ¹⁾	Jul-Sep 2012 ¹⁾	Apr-Jun 2012 ¹⁾	Jan-Mar 2012 ¹⁾
MSEK									
Net sales	9,002	12,926	10,522	10,370	9,309	13,893	11,379	11,670	9,898
Production costs	-8,341	-11,765	-9,635	-10,290	-8,638	-12,949	-10,357	-11,042	-9,191
Gross profit	661	1,161	887	80	671	944	1 022	628	707
Sales and administrative expenses	-537	-663	-424	-643	-575	-732	-485	-594	-567
Profit from participation in joint ventures/associated companies	-6	3	9	9	-9	17	-8	19	-10
Other operating income	12	69	21	14	24	89	-5	25	19
Other operating costs	-5	-7	-6	-5	-2	7	-18	0	-1
Operating profit	125	563	487	-545	109	325	506	78	148
Net financial items	-54	-88	-58	-59	-26	-87	-65	-45	-45
Pre-tax profit	71	475	429	-604	83	238	441	33	103
Tax	-16	-105	-90	127	-17	61	-116	-8	-26
Profit for the period	55	370	339	-477	66	299	325	25	77
Profit for the period, attributable to:									
Shareholders in parent company	55	370	339	-477	66	300	325	26	79
Non-controlling interests	-	0	0	0	0	-1	0	-1	-2
Profit for the period	55	370	339	-477	66	299	325	25	77
Key ratios									
Earnings per share, SEK	0.19	1.25	1.15	-1.62	0.22	1.01	1.10	0.09	0.27
- after dilution	0.19	1.25	1.15	-1.62	0.22	1.01	1.10	0.09	0.27
Average number of outstanding shares, million	295.0	295.0	295.0	295.0	295.0	295.0	295.0	295.0	295.0
- after dilution	295.0	295.0	295.0	295.0	295.0	300.7	303.8	303.8	303.8

Business areas

	Jan-Mar 2014	Oct-Dec 2013	Jul-Sep 2013	Apr-Jun 2013	Jan-Mar 2013	Oct-Dec 2012 ¹⁾	Jul-Sep 2012 ¹⁾	Apr-Jun 2012 ¹⁾	Jan-Mar 2012 ¹⁾
MSEK									
Net sales									
Construction	5,515	6,165	5,311	5,957	5,676	7,052	5,909	6,563	6,253
Civil Engineering	1,973	3,142	2,939	2,709	2,382	3,878	3,195	3,116	2,454
Industry	1,872	2,871	3,086	2,694	1,696	2,751	3,048	2,930	1,994
Project Development	1,798	2,162	1,368	1,196	1,027	1,986	1,280	1,299	1,117
- of which Property Development	107	313	87	103	105	101	87	81	61
- of which Housing Development	1,691	1,849	1,281	1,093	922	1,885	1,193	1,218	1,056
Group functions	180	138	94	94	93	26	25	30	28
Eliminations	-2,144	-1,877	-2,171	-2,325	-1,662	-2,130	-2,518	-2,311	-1,978
Operative ²⁾	9,194	12,601	10,627	10,325	9,212	13,563	10,939	11,627	9,868
Adjustment for housing reporting ³⁾	-192	325	-105	45	97	330	440	43	30
Legal	9,002	12,926	10,522	10,370	9,309	13,893	11,379	11,670	9,898
Operating profit									
Construction	115	100	66	-807	102	-104	70	-328	96
Civil Engineering	22	113	102	125	31	162	124	116	38
Industry	1	226	305	177	-27	225	303	234	26
Project Development	59	153	61	26	7	123	11	104	68
- of which Property Development	-20	51	-14	-21	-14	23	-28	23	24
- of which Housing Development	79	102	75	47	21	100	39	81	44
Group functions	-23	-26	-19	-58	-50	-90	-25	-40	-77
Eliminations	-19	-9	-1	-11	7	-17	5	-13	-7
Operative ²⁾	155	557	514	-548	70	299	488	73	144
Adjustment for housing reporting ³⁾	-30	6	-27	3	39	26	18	5	4
Legal	125	563	487	-545	109	325	506	78	148
Order situation									
Orders received	9,077	7,345	8,158	9,941	8,848	8,473	9,302	7,768	13,200
Order backlog at the end of the period	29,475	28,164	30,515	30,591	28,815	28,056	31,379	31,145	32,989

¹⁾ Not translated according to IFRS 11, Joint Arrangements

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

³⁾ Adjustment in accounting principle for own single homes in Sweden as well as housing in Finland and Norway according to the completed contract method (IAS 18)

List of shareholders 30 April 2014

Shareholder	A shares	B shares	Total no of shares	Proportion of capital, %	Proportion of votes, %
Mats Paulsson with companies	13,754,910	35,255,750	49,010,660	16.6	28.6
Karl-Axel Granlund with family and companies	1,500,000	18,402,000	19,902,000	6.7	5.5
Anita Paulsson with family and companies	8,280,811	5,013,905	13,294,716	4.5	14.5
Fredrik Paulsson with family and companies	8,280,810	5,002,154	13,282,964	4.5	14.5
Kamprad family foundation		8,581,236	8,581,236	2.9	1.4
Peab's profit sharing foundation		8,253,432	8,253,432	2.8	1.4
Swedbank Robur Funds		6,413,562	6,413,562	2.2	1.1
Handelsbanken Funds		6,053,095	6,053,095	2.0	1.0
Folksam		6,050,000	6,050,000	2.0	1.0
Danica Pension		3,794,037	3,794,037	1.3	0.6
Carnegie Funds		2,913,233	2,913,233	1.0	0.5
Foreign owners		45,595,865	45,595,865	15.4	7.5
Others	2,503,426	109,314,520	111,817,946	37.7	22.2
Number of outstanding shares	34,319,957	260,642,789	294,962,746		
Peab AB		1,086,984	1,086,984	0.4	0.2
Number of registered shares	34,319,957	261,729,773	296,049,730	100.0	100.0

Source: Euroclear Sweden AB

Peab is the Nordic Community Builder with approximately 13,000 employees and a net sales exceeding SEK 40 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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