

# Half-year report January - June 2014



VENUS  
Gothenburg

- Operative net sales amounted to SEK 20,885 million (19,537)
- Operative operating profit was SEK 657 million (-478). Last year's operating profit was charged with one-off costs of SEK 920 million
- Earnings per share amounted to SEK 1.32 (-1.39)
- Orders received during the first half year amounted to SEK 16,668 million (18,789)
- Order backlog amounted to SEK 27,499 million (30,591)
- Positive cash flow before financing of SEK 802 million (-199)
- The action plan that was implemented in 2013 is having the intended effect



# Comments by the CEO

The first half year has been positive for Peab. The action plan which was implemented in 2013 has had the intended effect and operations are developing according to plan. A strong housing market contributes to good market conditions.

## Market conditions

Conditions continue to be positive on the Swedish construction market where new housing production is the strongest segment. There are also indications of some volume growth within the other building construction segments in 2014. Building construction in Norway is expected to slow in 2014 although the stabilization of housing prices and government boosts may fuel activity. It looks like the building construction market in Finland will have a weak development in 2014 as a result of the country's tight economy. The civil engineering market is expected to be stable in Sweden and Norway but development is expected to be weaker in Finland.

## Order situation

Orders received in the first half year of 2014 amounted to SEK 16.7 billion compared to SEK 18.8 billion for the same period in 2013. Orders received in business area Construction have declined during the period, which is partly a result of Peab's strategy to be selective concerning orders. The number of internal and external housing projects has increased. Fewer orders were received in Civil Engineering during the first half year. We continue to follow our strategy of increasing the number of mid-sized and smaller construction and civil engineering projects. The order backlog amounted to SEK 27.5 billion compared to SEK 28.2 billion at the end of the year.

## Business areas' development

Net sales were slightly higher in business area Construction than in the first half year of 2013 and the operating margin was better. The action plan carried out in 2013 is producing the profit improvements we planned on. The operating margin was 2.2 percent compared to -6.1 percent (underly-



ing, i.e. exclusive one-off costs of SEK 920 million, 1.8 percent) in the same period last year. Net sales in business area Civil Engineering contracted in the first half year as a result of lower orders received, which has also affected profits. Net sales in business area Industry have grown and profit is up in part due to an early start in the season after a mild winter. In addition, there has been more activity in the second quarter. Net sales in business area Project Development have grown considerably and profit is up in the first half year due to a growing housing market, particularly in Stockholm. Start-ups of our own developed housing were 1,342 (792) during the first half year and sold homes numbered 1,400 (874). No major property sales have taken place in Property development during the first half year.

## Group development

Operative net sales during the period were SEK 20,885 million (19,537) which was an increase by 7 percent compared to the first half year of 2013. Operative operating profit amounted to SEK 657 million compared to SEK -478 million (underlying 442) last year, which is an operative operating margin of 3.1 percent compared to -2.4 percent (underlying 2.3 percent). Work on streamlining capital binding continues and cash flow before financing was SEK 802 million (-199).

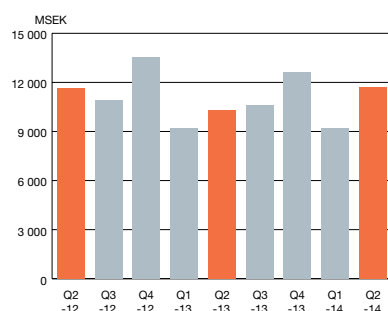
## Continued improvements

The measures we have taken to raise Group profitability are producing the planned effects. We 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. As a result of this we have revised our business model in business area Project Development which led to the divestiture of Varvsstaden in Malmö to Centur. In addition, we overhauled our project development portfolio. These two measures generated a positive effect on operating profit of SEK 100 million and a reduction in capital employed of some SEK 500 million, which will be reported in the third quarter 2014. Based on stable market conditions we continue to work on increasing customer focus on the local market. The biggest challenge for us and the industry is the lack of resources such as personnel that can manage projects and the lack of land to build rental housing on.

*Jesper Göransson  
President and CEO*

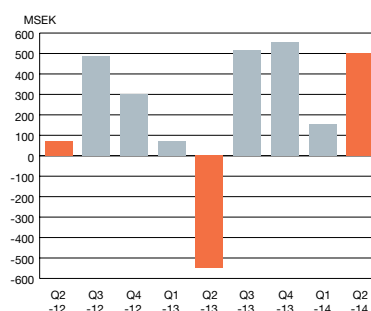
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## Operative net sales



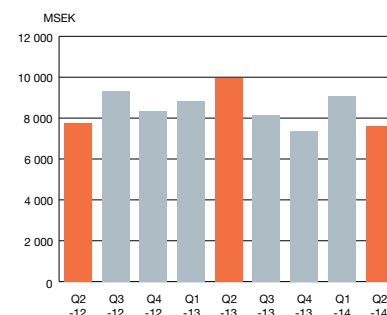
Group operative net sales the first half year 2014 amounted to SEK 20,885 million (19,537), which was an increase of 7 per cent.

## Operative operating profit



Operative operating profit the first half year 2014 amounted to SEK 657 million compared to SEK -478 million for the same period last year.

## Orders received



Orders received the first half year 2014 amounted to SEK 16,668 million compared to SEK 18,789 million for the same period last year. Order backlog amounted to SEK 27,499 million compared to SEK 28,164 million per 31 December 2013.

Group					
MSEK	Jan-Jun 2014	Jan-Jun 2013	Jul-Jun 2013/2014	Jan-Dec 2013	Financial goals
Operative net sales <sup>1)</sup>	20,885	19,537	44,113	42,765	
Net sales	20,606	19,679	44,054	43,127	
Operative operating profit <sup>1)</sup>	657	-478	1,728	593	
Operative operating margin, % <sup>1)</sup>	3.1	-2.4	3.9	1.4	
Operating profit	630	-436	1,680	614	
Operating margin, %	3.1	-2.2	3.8	1.4	
Pre-tax profit	493	-521	1,397	383	
Profit for the period	389	-411	1,098	298	
Earnings per share, SEK	1.32	-1.39	3.72	1.01	
Return on equity, %	15.1 <sup>2)</sup>	3.0 <sup>2)</sup>	15.1	3.8	> 20%
Equity/assets ratio, %	23.8	21.5	23.8	24.0	> 25%

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

<sup>2)</sup> Calculated on rolling 12 months.

## NEW CONTRACTS DURING THE SECOND QUARTER

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

- Construction of offices in Arenastaden in Solna. The client is Fabege and the contract is worth approximately SEK 400 million.
- Renewed contract for loading and transporting ore and waste rock from LKAB's opencast mine Gruvberget in Svappavaara. The contract has been extended from 2014-10-01 to 2015-12-31 with an option for a further year. The customer is LKAB and the contract is worth approximately SEK 300 million per year.
- Framework agreement with Swedavia regarding asphaltting airport surfaces and other airport surfaces. The contract runs from 1 April 2014 to 31 March 2016 with an extension option for a further year. The contract is worth around SEK 50 million annually.
- Expansion of Jula's Warehouse in Skara. The customer is Jula Logistic AB Skara and the contract is worth SEK 150 million.
- Construction of 242 new rental apartments in Aspö in Skövde. The customer is AB Skövdebostäder and the contract is worth approximately SEK 300 million.
- Construction of 540 rental apartments and 10,000 square meters of commercial premises in Örebro. The client is Husherrren Fastigheter AB and the contract amounts to SEK 650 million.
- Construction of Nye Narvik Torv. The customer is Forte Narvik and the contract is worth NOK 215 million.
- Construction of 155 new apartments in Gothenburg. The customer is HSB and the contract is worth SEK 339 million.

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

Group operative net sales for the first half of 2014 amounted to SEK 20,885 million (19,537). Adjustments in housing reporting affected net sales by SEK -279 million (142). Group net sales for the first half of 2014 increased by 5 percent to SEK 20,606 million (19,679). Increased housing production and greater activity in Industry has contributed to higher net sales while production volumes in Civil Engineering are lower. Of the period's net sales, SEK 3,328 million (3,918) were attributable to sales and production outside Sweden.

Operative operating profit for the first half of 2014 was SEK 657 million compared to SEK -478 million in the corresponding period last year. One-off costs for the action plan of SEK 920 million were included in operating profit for the comparable period.

All the business areas are showing some improvement except Civil Engineering where operating profit is down slightly due to lower net sales. The action plan carried out in 2013 is generating the expected improvements in profits, 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 -17 million (-4). Elimination is reversed in connection with the external divestment of a project.

Operating profit for the first half of 2014 was SEK 630 million (-436). The operating margin amounted to 3.1 percent (-2.2). Adjustments in housing reporting affected operating profit by SEK -27 million (42) due to greater housing production in relation to projects that have been turned over.

Depreciation and write-downs for the period were SEK 388 million (423).

Net financial items amounted to SEK -137 million (-85), of which net interest expense amounted to SEK -145 million (-115).

Pre-tax profit was SEK 493 million (-521).

Tax for the period was SEK -104 million (110).

Profit for the period was SEK 389 million (-411).

## FINANCIAL POSITION

The equity/assets ratio on 30 June 2014 was 23.8 percent compared to 24.0 percent at the previous year-end. Interest-bearing net debt amounted to SEK 5,736 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 30 June 2014.

Group liquid funds, including unutilized credit facilities, were SEK 5,291 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 6,343 million compared to SEK 5,057 million on 31 December 2013. Of contingent liabilities, obligations to tenant-owners associations under construction were SEK 4,218 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 307 million (103). Investments in project and development properties totaled SEK 52 million (416) during the period.

## CASH FLOW

Cash flow from current operations was SEK 1,003 million (-222). The improvement is a result of higher operating profit compared to the first half year of 2013.

Cash flow from investment activities was SEK -201 million compared to SEK 23 million the same period last year.

Cash flow before financing amounted to SEK 802 million compared to SEK -199 million the same period last year.

## ORDERS RECEIVED AND ORDER BACKLOG

Orders received for the first half of 2014 amounted to SEK 16,668 million compared to SEK 18,789 million the same period last year. Business area Construction has received fewer orders compared to last year. The share of internal and external housing projects has increased compared to last year. Fewer orders were received in Civil Engineering during the first half year. 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 27,499 million compared to SEK 30,591 million the same period last year.

Orders received and order backlog				
<b>Orders received</b>				
<b>MSEK</b>	<b>Jan-Jun 2014</b>	<b>Jan-Jun 2013</b>	<b>Jul-Jun 2013/2014</b>	<b>Jan-Dec 2013</b>
Construction	11,871	13,516	22,099	23,744
Civil Engineering	4,402	5,627	9,867	11,092
Project Development	3,236	1,928	6,423	5,115
Eliminations	-2,841	-2,282	-6,218	-5,659
<b>Group</b>	<b>16,668</b>	<b>18,789</b>	<b>32,171</b>	<b>34,292</b>
<b>Order backlog</b>				
<b>MSEK</b>	<b>30 Jun 2014</b>	<b>30 Jun 2013</b>	<b>31 Dec 2013</b>	
Construction	19,228	20,597	19,647	
Civil Engineering	8,429	9,714	8,483	
Project Development	3,852	3,919	3,975	
Eliminations	-4,010	-3,639	-3,941	
<b>Group</b>	<b>27,499</b>	<b>30,591</b>	<b>28,164</b>	

<sup>1)</sup> 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.

Of the total order backlog, 52 percent (56) is expected to be produced after the current year. Swedish operations accounted for 84 percent (85) of the order backlog.

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

## PERSONNEL

At the end of the period, the company had 13,684 employees compared to 14,360 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 as well as internal customers, 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 half of 2014 were SEK 12,380 million (11,633) which was an increase of 6 percent due largely to an increase in housing production.

Operating profit for the first half of 2014 amounted to SEK 277 million (-705). Operating profit for the comparable period included one-off costs for the action plan of SEK 920 million. The operating margin was 2.2 percent (-6.1). Corrected for one-off costs of SEK 920 million during the second quarter 2013 the operating margin in Construction was 1.8 percent. For the past rolling 12 month period the operating margin was 1.9 percent compared to 1.6 percent (excluding one-off costs) for the entire year of 2013. The action plan carried out in 2013 is producing the expected improvements in profits.

### 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 half of 2014 amounted to SEK 4,498 million compared to SEK 5,091 million for the same period last year, which is a drop of 12 percent. A lower level of orders received has led to lower net sales during the first half of 2014.

Operating profit for the first half of 2014 amounted to SEK 137 million (156). The operating margin was 3.0 percent (3.1). The operative margin for the latest rolling 12 month period was 3.3 percent which is unchanged compared to 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 (Industrial Construction). All of them work on the Nordic construction and civil engineering markets.

Net sales for the first half of 2014 amounted to SEK 4,760 million compared to SEK 4,390 million for the same period last year, which was an increase of 8 percent.

Operating profit for the first half of 2014 amounted to SEK 197 million (150). The operating margin was 4.1 percent (3.4). The operative margin for the latest rolling 12 month period was 6.8 percent compared with 6.6 percent for the entire year of 2013.

Higher net sales and profit are due in part to an early start in the season after a mild winter, primarily in Asphalt and Gravel and Rock. There has been more activity in the second quarter of 2014 than in the same period last year.

Capital employed in Industry at the end of the period amounted to SEK 5,507 million compared to SEK 5,301 million at previous year-end.

### Project Development

Business area Project Development comprises Peab's developments in housing and pro-

Net sales and operating profit per business areas												
MSEK	Net sales				Operating profit				Operating margin			
	Jan-Jun 2014	Jan-Jun 2013	Jul-Jun 2013/2014	Jan-Dec 2013	Jan-Jun 2014	Jan-Jun 2013	Jul-Jun 2013/2014	Jan-Dec 2013	Jan-Jun 2014	Jan-Jun 2013	Jul-Jun 2013/2014	Jan-Dec 2013
Construction	12,380	11,633	23,856	23,109	277	-705	443	-539	2.2%	-6.1%	1.9%	-2.3%
Civil Engineering	4,498	5,091	10,579	11,172	137	156	352	371	3.0%	3.1%	3.3%	3.3%
Industry	4,760	4,390	10,717	10,347	197	150	728	681	4.1%	3.4%	6.8%	6.6%
Project Development	3,779	2,223	7,309	5,753	109	33	323	247	2.9%	1.5%	4.4%	4.3%
- of which Property Development	340	208	740	608	-66	-35	-29	2	-19.4%	-16.8%	-3.9%	0.3%
- of which Housing Development	3,439	2,015	6,569	5,145	175	68	352	245	5.1%	3.4%	5.4%	4.8%
Group functions	370	187	602	419	-46	-108	-91	-153				
Eliminations	-4,902	-3,987	-8,950	-8,035	-17	-4	-27	-14				
<b>Operative <sup>1)</sup></b>	<b>20,885</b>	<b>19,537</b>	<b>44,113</b>	<b>42,765</b>	<b>657</b>	<b>-478</b>	<b>1,728</b>	<b>593</b>	<b>3.1%</b>	<b>-2.4%</b>	<b>3.9%</b>	<b>1.4%</b>
Adjustment for housing reporting <sup>2)</sup>	-279	142	-59	362	-27	42	-48	21				
<b>Legal</b>	<b>20,606</b>	<b>19,679</b>	<b>44,054</b>	<b>43,127</b>	<b>630</b>	<b>-436</b>	<b>1,680</b>	<b>614</b>	<b>3.1%</b>	<b>-2.2%</b>	<b>3.8%</b>	<b>1.4%</b>

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

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

erty. Project development projects are either wholly owned by Peab or in partnerships via joint ventures. The business is run in two segments, Housing development and Property development.

Operative net sales for the first half of 2014 in business area Project Development amounted to SEK 3,779 million (2,223) and operative operating profit was SEK 109 million (33).

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.

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 1,342 (792) start-ups of our own developed homes, of which most were in the Stockholm region. The number of sold homes during the period was 1,400 (874). The number of own developed homes in production at the end of the period increased and was 4,338 compared to 3,654 at the previous year-end. The share of sold homes in production was 78 percent compared to 73 percent at the previous year-end. The number of repurchased homes per 30 June 2014 amounted to 111 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 half of 2014 operative net sales in Housing Development were SEK 3,439 million (2,015) and operative operating profit was SEK 175 million (68). The operative operating margin was 5.1 percent (3.4). Operative operating margin for the latest rolling 12 month period was 5.4 percent compared with 4.8 percent for the entire 2013.

Operations in Property Development revolve around the acquisition, development and divestiture of commercial property. The business includes projects in wholly owned and partly owned companies. Partly owned com-

panies 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 as well as capital gains from the divestiture of completed property and shares in partly owned companies.

During the first half of 2014 net sales in Property Development were SEK 340 million (208) and operating profit was SEK -66 million (-35). Profit from property sales has had an effect on the result of SEK 20 million compared to SEK 15 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 Project Development at the end of the period amounted to SEK 10,875 million compared to SEK 11,376 million at previous year-end.

## Capital employed Project Development

MSEK	30 Jun 2014
Project and development properties	6,832
Participation in joint ventures	822
Financial statements and other	3,221
<b>Total</b>	<b>10,875</b>

On 30 June 2014 booked values for project and development properties of SEK 6,832 million were allocated as shown in the table below (including Varvsstaden):

## Project and Development properties

MSEK	30 Jun 2014
<b>Housing Development</b>	<b>3,916</b>
- Of which development rights	3,561
- Of which shares in tenant owner associations or the like	355
<b>Property Development</b>	<b>2,916</b>
- Of which investment properties	1,209
- Of which projects under construction	1,042
- Of which commercial development rights	665
<b>Total Project and Development properties</b>	<b>6,832</b>

During the third quarter Peab sold Varvsstaden to the company Centur, jointly owned by Peab and Balder, see the comment under Important events after the period. After the divestiture of Varvsstaden the development rights portfolio regarding housing per 30 June 2014 is allocated according to the following (Peab's share of development rights in Varvsstaden is presented in the item Development rights via joint ventures):

## Development rights for housing

Number, approx.	30 Jun 2014
Development rights on our own balance sheet	15,500
Development rights via joint ventures	6,900
Development rights via options etc.	6,100
<b>Total</b>	<b>28,500</b>

## Peab's own housing development construction

	Jan-Jun 2014	Jan-Jun 2013	Jan-dec 2013
Number of housing starts during the period	1,342	792	2,077
Number of homes sold during the period	1,400	874	2,034
Total number of homes under construction, at the end of the period	4,338	3,132	3,654
Share of sold homes under construction, at the end of the period	78%	73%	73%
Number of repurchased homes in the balance sheet, at the end of the period	111	146	141

## THE CONSTRUCTION MARKET

In Sweden the urbanization trend continues to accelerate and there are no signs that housing construction will abate in the growth regions which Stockholm leads. Production start-ups of both single homes and apartment buildings have increased during the first half year. Industrifakta forecasts good growth in the housing sector over the next two years. Higher amortization demands for homebuyers

is a risk factor that can lead to a drop in housing prices and less purchasing power. This, however, is countered by the positive signals concerning housing construction being communicated in the ongoing election campaign.

Growth was good in private premise, industrial, office and commercial space construction at the start of 2014. The export market is an uncertain factor for industry since important export countries are experiencing weak domestic industrial production. It is difficult to judge the business cycle since no clear trend up or down is discernible. Industrifakta believes that building construction in the public sector will show poor growth for the entire year of 2014, as a result of the weak start in the year.

Current civil engineering volumes in Sweden are historically high and, considering the federal budget plans for management, repairs and new projects, this is expected to continue over the next few years.

The Norwegian economy continues to slow. The leveling off of investments in the oil and gas industry, which affects investments on the mainland, is one major factor. The forecast for housing construction, single homes and apartment buildings is slightly lower in 2014 than 2013 and growth is expected first in 2015. Investments in other building construction, industry, office/commercial and public premises, are expected to be lower than last year with an upswing in 2015. The Norwegian civil engineering market is expected to continue to grow.

Finland's economy has been pressed harder in the global economic downturn than other Nordic countries and growth will most likely be slower than in Sweden and Norway the next few years. A lack of consumer confidence is reflected in the housing market through diminished demand. Industrifakta forecasts a slight decline in total building construction in 2014 and an upswing is expected at the earliest in 2015. The forecast for civil engineering in 2014 is somewhat lower volumes compared to last year.

## **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 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.

On 14 July 2014 Northland applied for a new reconstruction, which was also granted. The creditor's meeting on 4 August 2014 clubbed a continuation of the reconstruction according to the preliminary reconstruction plan presented.

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 DURING 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 25.5 percent of the capital and 57.6 percent of the votes in Peab.

## **IMPORTANT EVENTS AFTER THE PERIOD**

Project development's business was reviewed during the first half year in order to develop its business model which resulted in, among other things, clarification of its strategy and an overhaul of the Project development's portfolio.

Peab's primary strategy is to carry out development projects based on development rights that are on our own balance sheet. Cooperation with other partners via joint ventures may take place at certain intervals during a project. The goal is to create capital effective exploitation partnerships that bolster our business and thus profitability.

As part of this strategy a collaboration with Balder regarding the further development of Varvsstaden in Malmö was created. In this collaboration Varvsstaden was sold in its entirety to the company Centur, which is jointly owned by Peab and Balder. Varvsstaden contains future development rights for some 350,000 square meters housing and commercial space.

These changes and transactions including the sales of Varvsstaden had a positive effect on operating profit of SEK 100 million and a reduction of consolidated capital employed by around SEK 500 million. These effects will be presented in the third quarter 2014.

## 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 half of 2014.

## THE PEAB SHARE

Peab's B share is listed on the NASDAQ OMX Stockholm, Large Cap list. As of 21 August 2014, the price of the Peab share was SEK 50.25, an increase of 28 percent during 2014. During the same period, the Swedish stock market increased by 6 percent according to the general index in the business magazine "Affärsvärlden". During 2014 the Peab share has been quoted at a maximum of SEK 55.00 and a minimum of SEK 38.89.

### List of shareholders 31 July 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
Handelsbanken Funds		5,796,554	5,796,554	1.9	1.0
Swedbank Robur Funds		5,760,709	5,760,709	1.9	1.0
Folksam		4,420,000	4,420,000	1.5	0.7
Danica Pension		3,785,273	3,785,273	1.3	0.6
Carnegie Funds		3,357,300	3,357,300	1.1	0.6
Foreign owners		46,780,064	46,780,064	15.8	7.7
Others	2,503,426	110,234,412	112,737,838	38.1	22.3
<b>Number of outstanding shares</b>	<b>34,319,957</b>	<b>260,642,789</b>	<b>294,962,746</b>		
Peab AB		1,086,984	1,086,984	0.4	0.2
<b>Number of registered shares</b>	<b>34,319,957</b>	<b>261,729,773</b>	<b>296,049,730</b>	<b>100.0</b>	<b>100.0</b>

Source: Euroclear Sweden AB

### 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
<b>Share capital and number of shares 30 June 2014</b>	<b>1 583.9</b>	<b>34,319,957</b>	<b>261,729,773</b>	<b>296,049,730</b>	<b>1,086 984</b>	<b>294,962,746</b>



## Report on the Group income statement in summary

MSEK	Jan-Jun 2014	Jan-Jun 2013	Apr-Jun 2014	Apr-Jun 2013	Jul-Jun 2013/2014	Jan-Dec 2013
Net sales	20,606	19,679	11,604	10,370	44,054	43,127
Production costs	-18,885	-18,928	-10,544	-10,290	-40,285	-40,328
<b>Gross profit</b>	<b>1,721</b>	<b>751</b>	<b>1,060</b>	<b>80</b>	<b>3,769</b>	<b>2,799</b>
Sales and administrative expenses	-1,153	-1,218	-616	-643	-2,240	-2,305
Profit from participation in joint ventures/associated companies	5	0	11	9	17	12
Other operating income	69	38	57	14	159	128
Other operating costs	-12	-7	-7	-5	-25	-20
<b>Operating profit</b>	<b>630</b>	<b>-436</b>	<b>505</b>	<b>-545</b>	<b>1,680</b>	<b>614</b>
Net financial items	-137	-85	-83	-59	-283	-231
<b>Pre-tax profit</b>	<b>493</b>	<b>-521</b>	<b>422</b>	<b>-604</b>	<b>1,397</b>	<b>383</b>
Tax	-104	110	-88	127	-299	-85
<b>Profit for the period</b>	<b>389</b>	<b>-411</b>	<b>334</b>	<b>-477</b>	<b>1,098</b>	<b>298</b>
<b>Profit for the period, attributable to:</b>						
Shareholders in parent company	389	-411	334	-477	1,098	298
Non-controlling interests	-	0	-	0	0	0
<b>Profit for the period</b>	<b>389</b>	<b>-411</b>	<b>334</b>	<b>-477</b>	<b>1,098</b>	<b>298</b>
<b>Key ratios</b>						
Earnings per share, SEK	1.32	-1.39	1.13	0.22	3.72	1.01
Average number of outstanding shares, million	295.0	295.0	295.0	295.0	295.0	295.0
Return on capital employed, %	11.3 <sup>1)</sup>	3.9 <sup>1)</sup>				5.2
Return on equity, %	15.1 <sup>1)</sup>	3.0 <sup>1)</sup>				3.8

<sup>1)</sup> Calculated on rolling 12 months

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

MSEK	Jan-Jun 2014	Jan-Jun 2013	Apr-Jun 2014	Apr-Jun 2013	Jul-Jun 2013/2014	Jan-Dec 2013
<b>Profit for the period</b>	<b>389</b>	<b>-411</b>	<b>334</b>	<b>-477</b>	<b>1,098</b>	<b>298</b>
<b>Other comprehensive income</b>						
<b>Items that can be reclassified or have been reclassified to income for the period</b>						
Translation differences for the period from translation of foreign operations	49	-61	32	19	-29	-139
Changes for the period in fair value of available-for-sale financial assets	-24	9	14	-35	-16	17
Changes in fair value of cash flow hedges for the period	-82	81	-41	47	-94	69
Change in fair value of cashflow hedges carried over to profit for the period	-	-46	-	-	-	-46
Tax referring to items that can be reclassified or have been reclassified to income for the period	38	-32	19	-9	38	-32
	<b>-19</b>	<b>-49</b>	<b>24</b>	<b>22</b>	<b>-101</b>	<b>-131</b>
<b>Items that cannot be reclassified to income for the period</b>						
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
	<b>6</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6</b>	<b>0</b>
<b>Other comprehensive income for the period</b>	<b>-13</b>	<b>-49</b>	<b>24</b>	<b>22</b>	<b>-95</b>	<b>-131</b>
<b>Total comprehensive income for the period</b>	<b>376</b>	<b>-460</b>	<b>358</b>	<b>-455</b>	<b>1,003</b>	<b>167</b>
<b>Total comprehensive income for the period, attributable to:</b>						
Shareholders in parent company	376	-460	358	-455	1,003	167
Non-controlling interests	-	0	-	0	0	0
<b>Total comprehensive income for the period</b>	<b>376</b>	<b>-460</b>	<b>358</b>	<b>-455</b>	<b>1,003</b>	<b>167</b>

## Report on balance sheet for the Group in summary

MSEK	30 Jun 2014	30 Jun 2013	31 Dec 2013
<b>Assets</b>			
Intangible assets	2,007	2,088	2,053
Tangible assets	3,891	4,181	3,973
Interest-bearing long-term receivables	1,767	1,449	1,717
Other financial fixed assets	1,815	1,726	1,866
Deferred tax recoverables	193	273	156
<b>Total fixed assets</b>	<b>9,673</b>	<b>9,717</b>	<b>9,765</b>
Project and development properties	6,832	6,992	6,806
Inventories	395	457	412
Work-in-progress	1,314	989	1,100
Interest-bearing current receivables	322	648	410
Other current receivables	11,855	13,536	12,953
Short-term holdings	20	21	21
Liquid funds	1,134	328	438
<b>Total current assets</b>	<b>21,872</b>	<b>22,971</b>	<b>22,140</b>
<b>Total assets</b>	<b>31,545</b>	<b>32,688</b>	<b>31,905</b>
<b>Equity and liabilities</b>			
<b>Equity</b>	<b>7,507</b>	<b>7,042</b>	<b>7,668</b>
<b>Liabilities</b>			
Interest-bearing long-term liabilities	5,615	6,840	5,064
Deferred tax liabilities	483	301	492
Other long-term liabilities	663	446	531
<b>Total long-term liabilities</b>	<b>6,761</b>	<b>7,587</b>	<b>6,087</b>
Interest-bearing current liabilities	3,364	2,324	3,470
Other current liabilities	13,913	15,735	14,680
<b>Total current liabilities</b>	<b>17,277</b>	<b>18,059</b>	<b>18,150</b>
<b>Total liabilities</b>	<b>24,038</b>	<b>25,646</b>	<b>24,237</b>
<b>Total equity and liabilities</b>	<b>31,545</b>	<b>32,688</b>	<b>31,905</b>
<b>Key ratios</b>			
Capital employed	16,486	16,206	16,202
Equity/assets ratio, %	23.8	21.5	24.0
Net debt	5,736	6,718	5,948
Equity per share, SEK	25.45	23.87	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	30 Jun 2014	30 Jun 2013	31 Dec 2013
<b>Equity attributable to shareholders in parent company</b>			
Opening equity on 1 January	7,668	7,978	7,978
Profit for the period	389	-411	298
Other comprehensive income for the period	-13	-49	-131
<b>Comprehensive income for the period</b>	<b>376</b>	<b>-460</b>	<b>167</b>
Cash dividend	-531	-472	-472
Acquisition of non-controlling interests, controlling interests held already	-6	-4	-5
<b>Closing equity</b>	<b>7,507</b>	<b>7,042</b>	<b>7,668</b>
<b>Non-controlling interests</b>			
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	-1
<b>Closing equity</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total closing equity</b>	<b>7,507</b>	<b>7,042</b>	<b>7,668</b>

## Report on Group cash flow in summary

MSEK	Jan-Jun 2014	Jan-Jun 2013	Apr-Jun 2014	Apr-Jun 2013	Jul-Jun 2013/2014	Jan-Dec 2013
Cash flow from current operations before changes in working capital	908	-45	576	-338	2,139	1,186
Cash flow from changes in working capital	95	-177	222	449	-1,088	-1,360
<b>Cash flow from current operations</b>	<b>1,003</b>	<b>-222</b>	<b>798</b>	<b>111</b>	<b>1,051</b>	<b>-174</b>
Acquisition of subsidiaries	-16	-21	-16	-	-118	-123
Disposal of subsidiaries	-	143	-	13	175	318
Acquisition of fixed assets	-536	-718	-232	-588	-1,024	-1,206
Sales of fixed assets	351	619	121	387	1,541	1,809
<b>Cash flow from investment operations</b>	<b>-201</b>	<b>23</b>	<b>-127</b>	<b>-188</b>	<b>574</b>	<b>798</b>
<b>Cash flow before financing</b>	<b>802</b>	<b>-199</b>	<b>671</b>	<b>-77</b>	<b>1,625</b>	<b>624</b>
Cash flow from financing operations	-159	81	-47	107	-912	-672
<b>Cash flow for the period</b>	<b>643</b>	<b>-118</b>	<b>624</b>	<b>30</b>	<b>713</b>	<b>-48</b>
Cash at the beginning of the period	459	460	476	315	349	460
Exchange rate differences in cash	52	7	54	4	92	47
<b>Cash at the end of the period</b>	<b>1,154</b>	<b>349</b>	<b>1,154</b>	<b>349</b>	<b>1,154</b>	<b>459</b>

## PARENT COMPANY

The parent company Peab AB's net sales for the first half of 2014 amounted to SEK 107 million (43) and mainly consisted of internal Group services. Profit after tax amounted to SEK 1,112 million (229).

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 258 million (268). The assets have been financed from equity of SEK 7,559 million (6,988) and long-term liabilities amounting to SEK 5,952 million (6,386).

The parent company's liquid funds amounted to SEK 8 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-Jun 2014	Jan-Jun 2013	Apr-Jun 2014	Apr-Jun 2013	Jul-Jun 2013/2014	Jan-Dec 2013
Net sales	107	43	54	22	169	105
Administrative expenses	-157	-94	-94	-60	-235	-172
<b>Operating profit</b>	<b>-50</b>	<b>-51</b>	<b>-40</b>	<b>-38</b>	<b>-66</b>	<b>-67</b>
<b>Result from financial investments</b>						
Profit from participation in Group companies	1,225	324	1,225	82	1,121	220
Other financial items	-92	-83	-46	-50	-200	-191
<b>Result after financial investments</b>	<b>1,083</b>	<b>190</b>	<b>1,139</b>	<b>-6</b>	<b>855</b>	<b>-38</b>
Appropriations	-	-	-	-	267	267
<b>Pre-tax profit</b>	<b>1,083</b>	<b>190</b>	<b>1,139</b>	<b>-6</b>	<b>1,122</b>	<b>229</b>
Tax	29	39	18	24	-10	0
<b>Profit for the period</b>	<b>1,112</b>	<b>229</b>	<b>1,157</b>	<b>18</b>	<b>1,112</b>	<b>229</b>

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

MSEK	Jan-Jun 2014	Jan-Jun 2013	Apr-Jun 2014	Apr-Jun 2013	Jul-Jun 2013/2014	Jan-Dec 2013
<b>Profit for the period</b>	<b>1,112</b>	<b>229</b>	<b>1,157</b>	<b>18</b>	<b>1,112</b>	<b>229</b>
<b>Other comprehensive income</b>						
<b>Items that can be reclassified or have been reclassified to income for the period</b>						
Changes for the period in fair value of available-for-sale financial assets	-25	12	12	-23	-11	26
<b>Total comprehensive income for the period</b>	<b>1,087</b>	<b>241</b>	<b>1,169</b>	<b>-5</b>	<b>1,101</b>	<b>255</b>

## Report on balance sheet for the parent company in summary

MSEK	30 Jun 2014	30 Jun 2013	31 Dec 2013
<b>Assets</b>			
Machinery and equipment	1	2	1
Participation in Group companies	13,173	12,909	13,173
Interest-bearing long-term receivables	216	203	194
Other securities held as fixed assets	265	275	289
Other long-term receivables	–	1	1
<b>Total fixed assets</b>	<b>13,655</b>	<b>13,390</b>	<b>13,658</b>
Receivables from Group companies	44	150	1,544
Tax assets	32	37	–
Other current receivables	3	1	2
Prepaid expenses and accrued income	15	6	5
Liquid funds	8	0	8
<b>Total current assets</b>	<b>102</b>	<b>194</b>	<b>1,559</b>
<b>Total assets</b>	<b>13,757</b>	<b>13,584</b>	<b>15,217</b>
<b>Equity and liabilities</b>			
<b>Equity</b>	<b>7,559</b>	<b>6,988</b>	<b>7,002</b>
<b>Untaxed reserves</b>	<b>156</b>	<b>156</b>	<b>156</b>
Liabilities to Group companies	5,952	6,386	6,396
<b>Total long-term liabilities</b>	<b>5,952</b>	<b>6,386</b>	<b>6,396</b>
Accounts payable	12	9	7
Liabilities to Group companies	6	3	1,595
Income tax liabilities	–	–	3
Other liabilities	10	2	3
Accrued expenses and deferred income	62	40	55
<b>Total current liabilities</b>	<b>90</b>	<b>54</b>	<b>1,663</b>
<b>Total liabilities</b>	<b>6,042</b>	<b>6,440</b>	<b>8,059</b>
<b>Total equity and liabilities</b>	<b>13,757</b>	<b>13,584</b>	<b>15,217</b>
<b>Pledged assets and contingent liabilities for the parent company</b>			
Pledged assets	–	–	–
Contingent liabilities	23,165	20,891	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 2013.

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

MSEK	Con- struction	Civil Engine- ering	Industry	Project Develop- ment	Group functions	Elimina- tions	Total operative for the Group <sup>1)</sup>	Adjustment for housing reporting <sup>2)</sup>	Group
External sales	9,953	3,960	3,069	3,732	18	153	20,885	-279	20,606
Internal sales	2,427	538	1,691	47	352	-5,055	0		0
<b>Total income</b>	<b>12,380</b>	<b>4,498</b>	<b>4,760</b>	<b>3,779</b>	<b>370</b>	<b>-4,902</b>	<b>20,885</b>	<b>-279</b>	<b>20,606</b>
<b>Operating profit</b>	<b>277</b>	<b>137</b>	<b>197</b>	<b>109</b>	<b>-46</b>	<b>-17</b>	<b>657</b>	<b>-27</b>	<b>630</b>
<b>Operating margin, %</b>	<b>2.2</b>	<b>3.0</b>	<b>4.1</b>	<b>2.9</b>			<b>3.1</b>		<b>3.1</b>
Net financial items									-137
<b>Pre-tax profit</b>									<b>493</b>
Tax									-104
<b>Profit for the period</b>									<b>389</b>
Other comprehensive income for the period									-13
<b>Total comprehensive income for the period</b>									<b>376</b>
<b>Capital employed (closing balance)</b>			<b>5,507</b>	<b>10,875</b>					

**Group Jan-Jun 2013**

MSEK	Con- struction	Civil Engine- ering	Industry	Project Develop- ment	Group functions	Elimina- tions	Total operative for the Group <sup>1)</sup>	Adjustment for housing reporting <sup>2)</sup>	Group
External sales	9,773	4,439	2,733	2,137	140	315	19,537	142	19,679
Internal sales	1,860	652	1,657	86	47	-4,302	0		0
<b>Total income</b>	<b>11,633</b>	<b>5,091</b>	<b>4,390</b>	<b>2,223</b>	<b>187</b>	<b>-3,987</b>	<b>19,537</b>	<b>142</b>	<b>19,679</b>
<b>Operating profit</b>	<b>-705</b>	<b>156</b>	<b>150</b>	<b>33</b>	<b>-108</b>	<b>-4</b>	<b>-478</b>	<b>42</b>	<b>-436</b>
<b>Operating margin, %</b>	<b>-6.1</b>	<b>3.1</b>	<b>3.4</b>	<b>1.5</b>			<b>-2.4</b>		<b>-2.2</b>
Net financial items									-85
<b>Pre-tax profit</b>									<b>-521</b>
Tax									110
<b>Profit for the period</b>									<b>-411</b>
Other comprehensive income for the period									-49
<b>Total comprehensive income for the period</b>									<b>-460</b>
<b>Capital employed (closing balance)</b>			<b>5,724</b>	<b>11,433</b>					

**Group Jan-Dec 2013**

MSEK	Con- struction	Civil Engine- ering	Industry	Project Develop- ment	Group functions	Elimina- tions	Total operative for the Group <sup>1)</sup>	Adjustment for housing reporting <sup>2)</sup>	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
<b>Total income</b>	<b>23,109</b>	<b>11,172</b>	<b>10,347</b>	<b>5,753</b>	<b>419</b>	<b>-8,035</b>	<b>42,765</b>	<b>362</b>	<b>43,127</b>
<b>Operating profit</b>	<b>-539</b>	<b>371</b>	<b>681</b>	<b>247</b>	<b>-153</b>	<b>-14</b>	<b>593</b>	<b>21</b>	<b>614</b>
<b>Operating margin, %</b>	<b>-2.3</b>	<b>3.3</b>	<b>6.6</b>	<b>4.3</b>			<b>1.4</b>		<b>1.4</b>
Net financial items									-231
<b>Pre-tax profit</b>									<b>383</b>
Tax									-85
<b>Profit for the year</b>									<b>298</b>
Other comprehensive income for the year									-131
<b>Total comprehensive income for the year</b>									<b>167</b>
<b>Capital employed (closing balance)</b>			<b>5,301</b>	<b>11,376</b>					

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

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

### 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				
30 Jun 2014	Level 1	Level 2	Level 3	Total
<b>MSEK</b>				
<b>Assets</b>				
Other securities held as fixed assets	258		63	321 <sup>1)</sup>
Other long-term receivables		1		1 <sup>1)</sup>
Other current receivables		7		7 <sup>2)</sup>
<b>Total assets</b>	<b>258</b>	<b>8</b>	<b>63</b>	<b>329</b>
<b>Liabilities</b>				
Other long-term liabilities		121		121 <sup>3)</sup>
Other current liabilities		1		1 <sup>4)</sup>
<b>Total liabilities</b>	<b>-</b>	<b>122</b>	<b>-</b>	<b>122</b>

<sup>1)</sup> Are included in the balance sheet item Other financial fixed assets totaling SEK 1,815 million.

<sup>2)</sup> Are included in the balance sheet item Other current receivables totaling SEK 11,855 million.

<sup>3)</sup> Are included in the balance sheet item Other long-term liabilities totaling SEK 663 million.

<sup>4)</sup> Are included in the balance sheet item Other current liabilities totaling SEK 13,913 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				
30 Jun 2014	Level 1	Level 2	Level 3	Total
<b>MSEK</b>				
<b>Assets</b>				
Other securities held as fixed assets	258			258
<b>Total assets</b>	<b>258</b>	<b>-</b>	<b>-</b>	<b>258</b>

### FUTURE FINANCIAL INFORMATION

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

Förslöv, 22 August 2014

Göran Grosskopf  
Chairman

Mats Paulsson  
Vice chairman

Karl-Axel Granlund  
Board member

Fredrik Paulsson  
Board member

Lars Sköld  
Board member

Nina Udnes Tronstad  
Board member

Kerstin Lindell  
Board member

Patrik Svensson  
Board member

Kim Thomsen  
Board member

Lars Modin  
Board member

Jesper Göransson  
CEO and President

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

## Quarterly data Group

	Apr-Jun 2014	Jan-Mar 2014	Oct-Dec 2013	Jul-Sep 2013	Apr-Jun 2013	Jan-Mar 2013	Oct-Dec 2012 <sup>1)</sup>	Jul-Sep 2012 <sup>1)</sup>	Apr-Jun 2012 <sup>1)</sup>
<b>MSEK</b>									
Net sales	11,604	9,002	12,926	10,522	10,370	9,309	13,893	11,379	11,670
Production costs	-10,544	-8,341	-11,765	-9,635	-10,290	-8,638	-12,949	-10,357	-11,042
<b>Gross profit</b>	<b>1,060</b>	<b>661</b>	<b>1,161</b>	<b>887</b>	<b>80</b>	<b>671</b>	<b>944</b>	<b>1,022</b>	<b>628</b>
Sales and administrative expenses	-616	-537	-663	-424	-643	-575	-732	-485	-594
Profit from participation in joint ventures/associated companies	11	-6	3	9	9	-9	17	-8	19
Other operating income	57	12	69	21	14	24	89	-5	25
Other operating costs	-7	-5	-7	-6	-5	-2	7	-18	0
<b>Operating profit</b>	<b>505</b>	<b>125</b>	<b>563</b>	<b>487</b>	<b>-545</b>	<b>109</b>	<b>325</b>	<b>506</b>	<b>78</b>
Net financial items	-83	-54	-88	-58	-59	-26	-87	-65	-45
<b>Pre-tax profit</b>	<b>422</b>	<b>71</b>	<b>475</b>	<b>429</b>	<b>-604</b>	<b>83</b>	<b>238</b>	<b>441</b>	<b>33</b>
Tax	-88	-16	-105	-90	127	-17	61	-116	-8
<b>Profit for the period</b>	<b>334</b>	<b>55</b>	<b>370</b>	<b>339</b>	<b>-477</b>	<b>66</b>	<b>299</b>	<b>325</b>	<b>25</b>
<b>Profit for the period, attributable to:</b>									
Shareholders in parent company	334	55	370	339	-477	66	300	325	26
Non-controlling interests	-	-	0	0	0	0	-1	0	-1
<b>Profit for the period</b>	<b>334</b>	<b>55</b>	<b>370</b>	<b>339</b>	<b>-477</b>	<b>66</b>	<b>299</b>	<b>325</b>	<b>25</b>
<b>Key ratios</b>									
Earnings per share, SEK	1.13	0.19	1.25	1.15	-1.62	0.22	1.01	1.10	0.09
- after dilution	1.13	0.19	1.25	1.15	-1.62	0.22	1.01	1.10	0.09
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	295.0	300.7	303.8	303.8

## Business areas

	Apr-Jun 2014	Jan-Mar 2014	Oct-Dec 2013	Jul-Sep 2013	Apr-Jun 2013	Jan-Mar 2013	Oct-Dec 2012 <sup>1)</sup>	Jul-Sep 2012 <sup>1)</sup>	Apr-Jun 2012 <sup>1)</sup>
<b>MSEK</b>									
<b>Net sales</b>									
Construction	6,865	5,515	6,165	5,311	5,957	5,676	7,052	5,909	6,563
Civil Engineering	2,525	1,973	3,142	2,939	2,709	2,382	3,878	3,195	3,116
Industry	2,888	1,872	2,871	3,086	2,694	1,696	2,751	3,048	2,930
Project Development	1,981	1,798	2,162	1,368	1,196	1,027	1,986	1,280	1,299
- of which Property Development	233	107	313	87	103	105	101	87	81
- of which Housing Development	1,748	1,691	1,849	1,281	1,093	922	1,885	1,193	1,218
Group functions	190	180	138	94	94	93	26	25	30
Eliminations	-2,758	-2,144	-1,877	-2,171	-2,325	-1,662	-2,130	-2,518	-2,311
<b>Operative <sup>2)</sup></b>	<b>11,691</b>	<b>9,194</b>	<b>12,601</b>	<b>10,627</b>	<b>10,325</b>	<b>9,212</b>	<b>13,563</b>	<b>10,939</b>	<b>11,627</b>
Adjustment for housing reporting <sup>3)</sup>	-87	-192	325	-105	45	97	330	440	43
<b>Legal</b>	<b>11,604</b>	<b>9,002</b>	<b>12,926</b>	<b>10,522</b>	<b>10,370</b>	<b>9,309</b>	<b>13,893</b>	<b>11,379</b>	<b>11,670</b>
<b>Operating profit</b>									
Construction	162	115	100	66	-807	102	-104	70	-328
Civil Engineering	115	22	113	102	125	31	162	124	116
Industry	196	1	226	305	177	-27	225	303	234
Project Development	50	59	153	61	26	7	123	11	104
- of which Property Development	-46	-20	51	-14	-21	-14	23	-28	23
- of which Housing Development	96	79	102	75	47	21	100	39	81
Group functions	-23	-23	-26	-19	-58	-50	-90	-25	-40
Eliminations	2	-19	-9	-1	-11	7	-17	5	-13
<b>Operative <sup>2)</sup></b>	<b>502</b>	<b>155</b>	<b>557</b>	<b>514</b>	<b>-548</b>	<b>70</b>	<b>299</b>	<b>488</b>	<b>73</b>
Adjustment for housing reporting <sup>3)</sup>	3	-30	6	-27	3	39	26	18	5
<b>Legal</b>	<b>505</b>	<b>125</b>	<b>563</b>	<b>487</b>	<b>-545</b>	<b>109</b>	<b>325</b>	<b>506</b>	<b>78</b>
<b>Order situation</b>									
Orders received	7,591	9,077	7,345	8,158	9,941	8,848	8,473	9,302	7,768
Order backlog at the end of the period	27,499	29,475	28,164	30,515	30,591	28,815	28,056	31,379	31,145

<sup>1)</sup> Not translated according to IFRS 11, Joint Arrangements

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

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

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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