

Half-year report

January - June 2015

MAX IV
Lund

- Operative net sales SEK 20,452 million (20,885)
- Operative operating profit SEK 678 million (657)
- Operative operating margin 3.3 percent (3.1)
- Pre-tax profit SEK 586 million (493)
- Earnings per share SEK 1.64 (1.32)
- Orders received SEK 18,973 million (16,668)
- Order backlog SEK 27,162 million (27,499)
- Cash flow before financing SEK 237 million (802)
- Net debt SEK 4,315 million (5,736)
- Equity/assets ratio 27.5 percent (23.8)

Comments by the CEO

Peab's market conditions continue to be good which is reflected in an increase in orders received during the first half-year. In terms of results we see stability with a certain improvement in operating profit. In addition, the effects of less capital tied-up are exhibited in our improved net financial items.

Market conditions

Swedish building construction investments show increase in 2015 and housing construction are expected to grow the most. Falling oil prices are seriously dampening growth in Norway's economy this year, which means a possible curtailment of building construction investments on the whole. The building construction market in Finland may experience a slight improvement after several years of shrinking investments. The forecast for the civil engineering market in Sweden and Norway is still pointing upward while developments in Finland are expected to be weak.

Orders received

Orders received in the first half-year of 2015 amounted to SEK 19 billion compared to SEK 16.7 billion for the same period in 2014. Orders received in business area Construction and Civil Engineering have increased. Orders received in Project Development were lower compared to the first half-year in 2014 due to fewer housing production starts. The order backlog amounted to SEK 27.2 billion compared to SEK 24.9 billion at the beginning of the year.

Business area development

Net sales in business area Construction were unchanged but the margin improved. Net sales in business area Civil Engineering rose by 6 percent during the first half-year and the margin improved. The net sales in business area Industry were unchanged but the result was slightly lower in part due to a reduction in operations in Transportation and Machines in Northern Sweden. Net sales in business area Project Development were lower but the result is better. Net sales and result have contracted in Housing Development due to



fewer production starts during the period. There were no significant property sales in Property Development during the first half-year but the result from partly owned companies have gone up.

Group development

Operative net sales during the period were SEK 20,452 million (20,885). Operative operating profit improved to SEK 678 million compared to SEK 657 million during the first half-year 2014, which entails an operative operating margin of 3.3 percent (3.1). We have continued to streamline tied up capital although there has been a seasonal increase of working capital during the second quarter. Cash flow before financing was SEK 237 million (802) and net debt amounted to SEK 4,315 million (5,736). The reduced net debt together with low interest rates has led to radically improved net interest. Pre-tax profit rose to SEK 586 million (493).

Mall of Scandinavia

Mall of Scandinavia in Solna - our largest project ever has been a challenge from the start, due to the size of the project and all the changes as it has progressed. The mall is progressing according to the timetable and is scheduled to open in November 2015. The profound changes in the project, the ongoing discussions with our customer regarding the extent of the work created by changes and additions as well as other dividing line issues make it difficult to assess the final result of the project. This will only be possible after we have

handed over the mall, and the final negotiations with our customer concerning all settlements are concluded.

The road ahead

A strong Swedish economy, the population growth and low interest rates are all circumstances that signal good opportunities for Peab in the coming years. There are, however, a number of challenges to deal with in a strong business cycle. A shortage of resources primarily in the big city regions, higher costs in, for example, subcontractors as well as hiked up land prices affect our profitability.

In July the Group was refinanced through long-term credit notes with better terms which provides Peab with a stable financial platform for the coming years.

We continue to work on our ambition to be the best company in the industry. In order to achieve this we have three target areas:

- Most satisfied customers in the industry
- Best workplace in the industry
- Most profitable company in the industry

Jesper Göransson
CEO and President

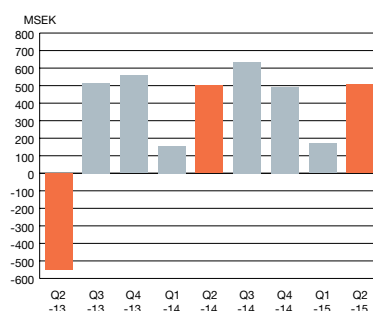
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Operative net sales



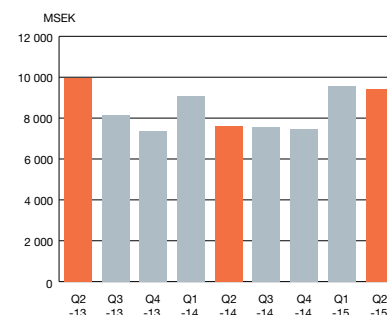
Group operative net sales the first half-year 2015 amounted to SEK 20,452 million (20,885), which was a decrease of 2 percent. After adjustments for acquired units net sales decreased by 3 percent compared to the same period last year.

Operative operating profit



Operative operating profit the first half-year 2015 amounted to SEK 678 million compared to SEK 657 million for the same period last year.

Orders received



Orders received the first half-year 2015 amounted to SEK 18,973 million compared to SEK 16,668 million for the same period last year. Order backlog amounted to SEK 27,162 million compared to SEK 27,499 million at the end of the same period last year.

Group					
	Jan-Jun	Jan-Jun	Jul-Jun	Jan-Dec	Financial
MSEK	2015	2014	2014/2015	2014	goals
Operative net sales ¹⁾	20,452	20,885	43,387	43,820	
Net sales	20,444	20,606	43,468	43,630	
Operative operating profit ¹⁾	678	657	1,804	1,783	
Operative operating margin, % ¹⁾	3.3	3.1	4.2	4.1	
Operating profit	646	630	1,768	1,752	
Operating margin, %	3.2	3.1	4.1	4.0	
Pre-tax profit	586	493	1,323	1,230	
Profit for the period	485	389	1,123	1,027	
Earnings per share, SEK	1.64	1.32	3.81	3.48	
Return on equity, %	14.1 ²⁾	15.1 ²⁾	14.1	13.1	> 20%
Net debt	4,315	5,736	4,315	3,886	
Equity/assets ratio, %	27.5	23.8	27.5	28.2	> 25%

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

²⁾ Calculated on rolling 12 months.

NEW CONTRACTS DURING THE SECOND QUARTER

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

- Construction of a new school and preschool in Bredvik, Växjö. The school includes grades 1-9. The client is Växjö Fastigheter and the contract amounts to approximately SEK 233 million.
- Construction of 96 tenant-owner apartments and garage in Limhamn, Malmö. The client is HSB Projekt i Malmö HB and the contract amounts to approximately SEK 168 million.
- Construction of a new railway between Daglösen and Ställdalen in Värmland and Västmanland. The contract also includes new construction and renovation of operating stations. The customer is Swedish Transport Administration and the contract amounts to approximately SEK 170 million.
- Construction of a new collision-free stretch of road 252 between Hallstammar and Surahammar in Västmanland County. The customer is Swedish Transport Administration and the contract amounts to approximately SEK 135 million.
- Construction of 121 apartments, preschool and gym in the neighborhood Vårsången in Lindängen, Malmö. The client is Fastighets AB Trianon and the contract amounts to approximately SEK 193 million.
- Construction of a new city hall in Huskvarna that also includes a library and an ICA store. Shared client for the project is Jönköping Municipality and ICA. The contract amounts to about SEK 163 million.
- Construction of a new arena in Eskilstuna. The client is Eskilstuna Kommunfastigheter AB and the contract amounts to approximately SEK 300 million.
- Construction of tenant-owner property Brf Honnören in Örebro. The client is HSB Produktion i Mälardalen HB and the contract amount to about SEK 181 million.
- Construction of 132 new apartments in the center of Enköping. The client is AB Enköpings Hyresbostäder and the contract amounts to SEK 214 million.
- Construction of the Arena Ulstein in Ulsteinvik, in Norway. The client is Ulstein Eiendomsselskap KF and the contract amounts to NOK 137 million.

NET SALES AND PROFIT ¹⁾

Group operative net sales for the first half-year 2015 amounted to SEK 20,452 million (20,885). Adjustments in housing reporting affected net sales by SEK -8 million (-279). Group net sales for the first half-year 2015 decreased by 1 percent to SEK 20,444 million (20,606). Business area Civil Engineering has grown by 6 percent while volumes in Construction and Industry remain unchanged compared to the same period last year. Net sales in Project Development have contracted due to fewer production starts in housing. Of the period's net sales SEK 3,320 million (3,328) were attributable to sales and production outside Sweden.

Operative operating profit for the first half-year 2015 was SEK 678 million compared to SEK 657 million in the corresponding period last year. The operative operating margin was 3.3 percent (3.1).

All the business areas show improved operating margins except Industry which reported a slightly lower operating margin.

Eliminating internal profit in our own projects has affected the result by SEK -43 million (-17). Elimination is reversed in connection with the external divestment of a project. The increase in elimination during the period is explained by the development of our property development operations along with the fact that there have been no significant divestitures.

Operating profit for the first half-year 2015 was SEK 646 million (630). The operating margin amounted to 3.2 percent (3.1). Adjustments in housing reporting affected operating profit by SEK -32 million (-27).

Depreciation and write-downs for the period were SEK 399 million (388).

Net financial items amounted to SEK -60 million (-137). Net interest improved to SEK -59 million (-145), primarily as a result of lower net debt.

Pre-tax profit was SEK 586 million (493).

Profit for the period was SEK 485 million (389).

FINANCIAL POSITION

The equity/assets ratio on 30 June 2015 was 27.5 percent compared to 28.2 percent at the

year-end. Interest-bearing net debt amounted to SEK 4,315 million compared to SEK 3,886 million at the end of 2014. Net debt has been affected by dividends of SEK 664 million (531) distributed during the second quarter. The average interest rate in the loan portfolio, including derivatives, was 2.9 percent (3.2) on 30 June 2015.

Group liquid funds, including unutilized credit facilities, were SEK 5,942 million at the end of the period compared to SEK 6,752 million on 31 December 2014.

At the end of the period Group contingent liabilities, excluding joint and several liabilities in trading and limited partnerships, amounted to SEK 8,611 million compared to SEK 7,378 million on 31 December 2014. Of contingent liabilities, obligations to tenant-owners associations under construction were SEK 4,000 million compared to SEK 4,247 million at the year-end.

INVESTMENTS

Tangible and intangible fixed assets have been net invested during the period of SEK 188 million (307). Net investments in project and development properties totaled SEK 393 million (52) during the period.

CASH FLOW

Cash flow from current operations was SEK 374 million (1,003). The reduction in cash flow is a result of a higher level of capital tied up in

working capital, largely more capital tied up in projects being produced within our property development operations.

Cash flow from investment activities was SEK -137 million compared to SEK -201 million for the same period last year. Included in cash flow from investment operations during the period are divestitures of business and tangible fixed assets, the sales of shares in the partly owned company S:t Eriks as well as higher investments in machines.

Cash flow before financing amounted to SEK 237 million compared to SEK 802 million for the corresponding period last year.

Cash flow from financing operations amounted to SEK -656 million (-159), and is due to paid dividends.

ORDERS RECEIVED AND ORDER BACKLOG

Orders received for the first half-year 2015 amounted to SEK 18,973 million compared to SEK 16,668 million for the same period last year. The level of orders received in Construction and Civil Engineering is higher compared to the same period last year. Orders received in Project Development have contracted as a result of fewer production starts in housing. There is a wider geographical spread of orders received for housing in the first half of 2015 compared to last year when most of them were concentrated to the Stockholm region.

Orders received and order backlog

Orders received				
MSEK	Jan-Jun 2015	Jan-Jun 2014	Jul-Jun 2014/2015	Jan-Dec 2014
Construction	12,705	11,871	23,569	22,735
Civil Engineering	5,433	4,402	10,079	9,048
Project Development	2,758	3,236	5,230	5,708
Eliminations	-1,923	-2,841	-4,883	-5,801
Group	18,973	16,668	33,995	31,690

Order backlog			
MSEK	30 Jun 2015	30 Jun 2014	31 Dec 2014
Construction	18,566	19,228	17,966
Civil Engineering	8,205	8,429	7,525
Project Development	3,734	3,852	3,536
Eliminations	-3,343	-4,010	-4,105
Group	27,162	27,499	24,922

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 reported according to legal accounting.

Order backlog yet to be produced at the end of the period amounted to SEK 27,162 million compared to SEK 27,499 million the same time last year. Order backlog has increased since the beginning of the year by SEK 2,240 million.

Of the total order backlog, 53 percent (52) is expected to be produced after 2015 (2014). Swedish operations accounted for 87 percent (84) 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 13,723 employees compared to 13,684 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 11 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 con-

struction in their geographic areas.

Net sales for the first half-year 2015 were SEK 12,231 million (12,380) which was a decrease of 1 percent. Adjusted for acquisitions the decrease was 2 percent compared with the same period last year.

Operating profit for the first half-year 2015 amounted to SEK 295 million (277). The operating margin was 2.4 percent (2.2). Operating margin for the latest rolling 12 month period was unchanged at 2.3 percent compared to the entire year 2014. The business has stabilized in all the regions.

Our largest project ever – the Mall of Scandinavia in Solna – was registered as an order for around SEK 3,500 million and work on it began in the first quarter of 2012. The project has been a challenge from the start, in part due to the size of the project and changes as it has progressed. The mall is progressing according to the timetable and is scheduled to open in November 2015. Completing the project is demanding and requires a great deal of resources from the business area and from the Group. The profound changes in the project, the ongoing discussions with our customer regarding the extent of the work created by changes and additions as well as other dividing line issues make it difficult to assess the final result of the project. This will only be possible after we have handed over the mall, and the final negotiations with our customer concerning all settlements are concluded.

Civil Engineering

The business area Civil Engineering works in the product areas Local market, Infrastructure as well as Operations and maintenance. The

operations are run in geographical regions in Sweden, Norway and Finland.

Net sales for the first half-year 2015 amounted to SEK 4,780 million compared to SEK 4,498 million for the same period last year, which is an increase of 6 percent.

Operating profit for the first half-year 2015 amounted to SEK 159 million (137) and the operating margin increased to 3.3 percent (3.0). The operating margin for the latest 12 month rolling period was 3.4 percent compared to 3.3 percent for the entire year 2014.

Net sales and result have improved in Local market and Infrastructure. In Operations and maintenance net sales were unchanged but the result was better.

Industry

Business area Industry is run in seven product areas; 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-year 2015 amounted to SEK 4,741 million compared to SEK 4,760 million for the same period last year.

Operating profit for the first half-year 2015 amounted to SEK 174 million (197). The operating margin was 3.7 percent (4.1). The operating margin for the latest 12 month rolling period was 6.0 percent compared to 6.2 percent for the entire year 2014.

Net sales and result were slightly higher in Asphalt and Gravel and Rock but contracted in Concrete due to lower demand compared

Net sales and operating profit per business area

MSEK	Net sales				Operating profit				Operating margin			
	Jan-Jun 2015	Jan-Jun 2014	Jul-Jun 2014/2015	Jan-Dec 2014	Jan-Jun 2015	Jan-Jun 2014	Jul-Jun 2014/2015	Jan-Dec 2014	Jan-Jun 2015	Jan-Jun 2014	Jul-Jun 2014/2015	Jan-Dec 2014
Construction	12,231	12,380	24,325	24,474	295	277	570	552	2.4%	2.2%	2.3%	2.3%
Civil Engineering	4,780	4,498	10,240	9,958	159	137	353	331	3.3%	3.0%	3.4%	3.3%
Industry	4,741	4,760	10,811	10,830	174	197	648	671	3.7%	4.1%	6.0%	6.2%
Project Development	2,971	3,779	7,022	7,830	121	109	354	342	4.1%	2.9%	5.0%	4.4%
- of which Property Development	279	340	1,346	1,407	-20	-66	58	12	-7.2%	-19.4%	4.3%	0.9%
- of which Housing Development	2,692	3,439	5,676	6,423	141	175	296	330	5.2%	5.1%	5.2%	5.1%
Group functions	416	370	869	823	-28	-46	-53	-71				
Eliminations	-4,687	-4,902	-9,880	-10,095	-43	-17	-68	-42				
Operative ¹⁾	20,452	20,885	43,387	43,820	678	657	1,804	1,783	3.3%	3.1%	4.2%	4.1%
Adjustment for housing reporting ²⁾	-8	-279	81	-190	-32	-27	-36	-31				
Legal	20,444	20,606	43,468	43,630	646	630	1,768	1,752	3.2%	3.1%	4.1%	4.0%

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)

with the same period last year. Activity was lower in Transportation and Machines during the first half-year compared with the same period last year when iron ore transportation for Northland contributed positively to net sales and the result. Net sales in Rentals was unchanged but the result was lower.

Capital employed in Industry at the end of the period amounted to SEK 5,085 million compared to SEK 5,257 million at the year-end.

Project Development

Business area Project Development comprises Peab's developments in housing and commercial properties. 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-year 2015 in business area Project Development amounted to SEK 2,971 million (3,779) and operative operating profit was SEK 121 million (109).

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

There were 1,022 (1,342) start-ups of our own developed homes that are spread out geographically. During the same period last year many of the start-ups were in the Stockholm region. The number of sold homes during the period was 930 (1,400). The number of own developed homes in production at the end of the period was 4,329 compared to 4,034 at the year-end. The level of sold homes in production was 83 percent compared to 84 percent at the year-end. The number of repurchased homes per 30 June 2015 amounted to 71 compared to 97 at the year-end.

Net sales and profit were lower compared to the same period last year due to fewer production starts in Housing Development during the period. During the first half-year 2015 operative net sales were SEK 2,692 million (3,439) and operative operating profit was SEK 141 million (175). The operative operating margin was 5.2 percent (5.1). The operating margin for the latest 12 month rolling period was 5.2 percent compared to 5.1 percent for the entire year 2014.

Operations in Property Development revolve around the acquisition, development and divestiture of commercial property. During the first half-year 2015 net sales in Property Development were SEK 279 million (340) and operating profit was SEK -20 million (-66). Profit from property sales has had an effect on the result by SEK -3 million compared to SEK 20 million the same period last year.

Operating profit from partly owned companies has improved compared to the same period last year. However, operating profit is still charged with negative results from properties in the developmental phase.

Capital employed in Project Development at the end of the period amounted to SEK 11,077 million compared to SEK 10,646 million at year-end.

THE CONSTRUCTION MARKET

Swedish GDP growth is expected to accelerate this year and the next stimulated in part by household consumption and in part by greater gross investments. Low interest rates and oil prices along with growing employment are good for private consumption while building construction investments are an important factor behind the rising gross investments. The prospects for exports have died down a

Peab's own housing development construction

	Jan-Jun 2015	Jan-Jun 2014	Jan-Dec 2014
Number of housing starts during the period	1,022	1,342	2,502
Number of homes sold during the period	930	1,400	2,871
Total number of homes under construction, at the end of the period	4,329	4,338	4,034
Share of sold homes under construction, at the end of the period	83%	78%	84%
Number of repurchased homes in the balance sheet, at the end of the period	71	111	97

Capital employed Project Development

MSEK	30 Jun 2015	30 Jun 2014	31 Dec 2014
Project and development properties	6,893	6,832	6,523
Participation in joint ventures	922	822	752
Financial statements and others	3,262	3,221	3,371
Total	11,077	10,875	10,646

On 30 June 2015 booked values for project and development properties of SEK 6,893 million were allocated as shown in the table below:

Project and development properties

MSEK	30 Jun 2015	30 Jun 2014	31 Dec 2014
Housing Development	3,263	3,916	3,263
- Of which development rights	3,035	3,561	2,974
- Of which shares in tenant owner associations or the like	228	355	289
Property Development	3,630	2,916	3,260
- Of which investment properties	1,519	1,209	1,406
- Of which projects under construction	1,457	1,042	1,144
- Of which commercial development rights	654	665	710
Total Project and development properties	6,893	6,832	6,523

Development rights for housing

Number, approx.	30 Jun 2015	30 Jun 2014	31 Dec 2014
Development rights on our own balance sheet	14,900	15,500	15,200
Development rights via joint ventures	7,700	6,900	6,900
Development rights via options etc.	7,100	6,100	7,000
Total	29,700	28,500	29,100

little due to continued instable recovery in Europe and the slowdown in growth in China. The forecast by the analysis company Industrifakta indicates a general rise in the total volumes in building construction investments 2015-2016. Most growth percentagewise is expected in housing production. Industrial building construction will probably have a weaker development compared to the other building construction sectors during the period. Civil engineering construction is also expected to grow but at a more moderate rate. All in all forecasts indicate relatively strong economic growth for the Swedish construction and civil engineering market during the next two years.

Norway's economy is expected to slow down considerably this year and the next. This is primarily due to falling oil prices which this year has contributed to falling gross investments and the risk of this downfall spreading to the other business sectors. Household consumption has not yet been particularly affected and the forecasts do not indicate any major change. The Norwegian economy is nonetheless in good shape and there are good opportunities to drive an expansive political program in order to thwart a steeper downturn in the economy. Housing construction is showing signs of slowing down with the exception of renovations. This is probably an effect of growing uncertainty concerning the economy on the whole. The forecast for premise construction is more uncertain. All together investment volumes are expected to decline this year only to make a clear recovery in 2016. The forecast by Industrifakta indicates that building construction investments on the whole may contract this year. On the positive side civil engineering construction is still pointing upwards this year and the next.

The prospects for Finland's economy continue to be dire with only marginal growth. Weak development that comes after years of a shrinking economy is expected. Continued growing unemployment this year together with falling prices for homes are making households careful, which affects consumption negatively. Household consumption is expected to remain on the same level this year and

increase only slightly in 2016. The slide downward the past two years in gross investments is expected to level out this year and inch upward in 2016. Building construction seems to be fragmented and development this year is hard to predict. During the first quarter single home construction showed very little development. Apartment building construction, however, is expected to grow. Industrial building construction is on the backburner since Finnish industry is still suffering from the collapse of the cell phone industry. In addition, it needs to update itself and improve productivity. There appears to be an increase in the total volume of private and public investments in premises this year, which means that the building construction market on the whole might just lift a little. When it comes to civil engineering construction the tendency is a slight decline this year and next.

RISKS AND UNCERTAINTY FACTORS

Peab's business is exposed to operational and financial risks. The impact of these risks on Peab's result and position depends on how well we handle the day-to-day business. In addition, Peab faces circumstantial risks such as developments in the economy and altered conditions like changes in laws and regulations and other political decisions.

Handling operational risks is a constant ongoing process since there are always a large number of projects that are beginning, up and running and ending. Operational risks are taken care of in the line organization in each business area. The financial risks are connected to tying up capital and the need for capital, primarily in the form of interest rate risk and refinancing risk. Financial risks are dealt with on Group level.

For further information on risks and uncertainty factors, see the 2014 Annual Report.

IMPORTANT EVENTS AFTER THE END OF THE PERIOD

Peab has refinanced a credit facility for a total of SEK 5.0 billion which will mature in September 2016 to be followed by a new credit facility of SEK 4.0 billion with better terms.

The new contract runs until 30 September 2018 with the possibility to extend it one year plus another.

HOLDINGS OF OWN SHARES

At the beginning of 2015 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-year of 2015.

THE PEAB SHARE

Peab's B share is listed on the NASDAQ OMX Stockholm, Large Cap list. As of 20 August 2015 the price of the Peab share was SEK 63.90, an increase of 16 percent during 2015. During the same period, the Swedish stock market increased by 7 percent according to the general index in the business magazine "Affärsvärlden". During 2015 the Peab share has been quoted at a maximum of SEK 74.70 and a minimum of SEK 55.00.

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 2015	1,583.9	34,319,957	261,729,773	296,049,730	1,086,984	294,962,746
Share capital and number of shares 30 June 2015	1,583.9	34,319,957	261,729,773	296,049,730	1,086,984	294,962,746

Report on the Group income statement in summary

MSEK	Jan-Jun 2015	Jan-Jun 2014	Apr-Jun 2015	Apr-Jun 2014	Jul-Jun 2014/2015	Jan-Dec 2014
Net sales	20,444	20,606	11,568	11,604	43,468	43,630
Production costs	-18,661	-18,885	-10,458	-10,544	-39,463	-39,687
Gross profit	1,783	1,721	1,110	1,060	4,005	3,943
Sales and administrative expenses	-1,172	-1,153	-625	-616	-2,262	-2,243
Profit from participation in joint ventures	2	5	3	11	-45	-42
Other operating income	50	69	20	57	94	113
Other operating costs	-17	-12	-2	-7	-24	-19
Operating profit	646	630	506	505	1,768	1,752
Net financial items	-60	-137	-26	-83	-445	-522
Pre-tax profit	586	493	480	422	1,323	1,230
Tax	-101	-104	-83	-88	-200	-203
Profit for the period	485	389	397	334	1,123	1,027
Profit for the period, attributable to:						
Shareholders in parent company	485	389	397	334	1,123	1,027
Non-controlling interests	0	-	0	-	0	-
Profit for the period	485	389	397	334	1,123	1,027
Key ratios						
Earnings per share before and after dilution, SEK	1.64	1.32	1.35	1.13	3.81	3.48
Average number of outstanding shares, million	295.0	295.0	295.0	295.0	295.0	295.0
Return on capital employed, %	12.8 ¹⁾	11.3 ¹⁾			12.8	12.1
Return on equity, %	14.1 ¹⁾	15.1 ¹⁾			14.1	13.1

¹⁾ Calculated on rolling 12 months

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

MSEK	Jan-Jun 2015	Jan-Jun 2014	Apr-Jun 2015	Apr-Jun 2014	Jul-Jun 2014/2015	Jan-Dec 2014
Profit for the period	485	389	397	334	1,123	1,027
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	-25	49	-36	32	-58	16
Changes for the period in fair value of available-for-sale financial assets	54	-24	21	14	-19	-97
Changes in fair value of cash flow hedges for the period	6	-82	23	-41	-45	-133
Shares in joint ventures' other comprehensive income	-1	-	-1	-	-1	-
Tax referring to items that can be reclassified or have been reclassified to income for the period	-4	38	-8	19	5	47
	30	-19	-1	24	-118	-167
Items that cannot be reclassified to income for the period						
Revaluation of defined benefit pension plans	-	8	-	-	0	8
Tax referring to items that cannot be reclassified to income for the period	-	-2	-	-	0	-2
	-	6	-	-	0	6
Other comprehensive income for the period	30	-13	-1	24	-118	-161
Total comprehensive income for the period	515	376	396	358	1,005	866
Total comprehensive income for the period, attributable to:						
Shareholders in parent company	515	376	396	358	1,005	866
Non-controlling interests	0	-	0	-	0	-
Total comprehensive income for the period	515	376	396	358	1,005	866

Report on balance sheet for the Group in summary

MSEK	30 Jun 2015	30 Jun 2014	31 Dec 2014
Assets			
Intangible assets	2,023	2,007	2,039
Tangible assets	3,669	3,891	3,830
Interest-bearing long-term receivables	1,663	1,767	1,663
Other financial fixed assets	1,500	1,815	1,607
Deferred tax recoverables	140	193	145
Total fixed assets	8,995	9,673	9,284
Project and development properties	6,893	6,832	6,523
Inventories	405	395	379
Work-in-progress	1,182	1,314	1,186
Interest-bearing current receivables	451	322	404
Other current receivables	10,176	11,855	9,797
Short-term holdings	20	20	20
Liquid funds	369	1,134	792
Total current assets	19,496	21,872	19,101
Total assets	28,491	31,545	28,385
Equity and liabilities			
Equity	7,848	7,507	7,997
Liabilities			
Interest-bearing long-term liabilities	2,967	5,615	3,397
Deferred tax liabilities	507	483	562
Other long-term liabilities	716	663	760
Total long-term liabilities	4,190	6,761	4,719
Interest-bearing current liabilities	3,851	3,364	3,368
Other current liabilities	12,602	13,913	12,301
Total current liabilities	16,453	17,277	15,669
Total liabilities	20,643	24,038	20,388
Total equity and liabilities	28,491	31,545	28,385
Key ratios			
Capital employed	14,666	16,486	14,762
Equity/assets ratio, %	27.5	23.8	28.2
Net debt	4,315	5,736	3,886
Equity per share, SEK	26.60	25.45	27.11
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 2015	30 Jun 2014	31 Dec 2014
Equity attributable to shareholders in parent company			
Opening equity on 1 January	7,997	7,668	7,668
Profit for the period	485	389	1,027
Other comprehensive income for the period	30	-13	-161
Comprehensive income for the period	515	376	866
Cash dividend	-664	-531	-531
Acquisition of non-controlling interests, controlling interests held already	-	-6	-6
Closing equity	7,848	7,507	7,997
Non-controlling interests			
Opening equity on 1 January	0	0	0
Comprehensive income for the period	0	-	-
Acquisition of non-controlling interests, controlling interests held already	-	-	0
Closing equity	0	0	0
Total closing equity	7,848	7,507	7,997

Report on Group cash flow in summary

MSEK	Jan-Jun 2015	Jan-Jun 2014	Apr-Jun 2015	Apr-Jun 2014	Jul-Jun 2014/2015	Jan-Dec 2014
Cash flow from current operations before changes in working capital	965	908	580	576	2,655	2,598
Cash flow from changes in working capital	-591	95	-722	222	466	1,152
Cash flow from current operations	374	1,003	-142	798	3,121	3,750
Acquisition of subsidiaries/ businesses	-19	-16	-19	-16	-129	-126
Disposal of subsidiaries/ businesses	75	-	-	-	75	-
Acquisition of fixed assets	-611	-536	-356	-232	-1,753	-1,678
Sales of fixed assets	418	351	133	121	924	857
Cash flow from investment operations	-137	-201	-242	-127	-883	-947
Cash flow before financing	237	802	-384	671	2,238	2,803
Cash flow from financing operations	-656	-159	425	-47	-2,968	-2,471
Cash flow for the period	-419	643	41	624	-730	332
Cash at the beginning of the period	812	459	354	476	1,154	459
Exchange rate differences in cash	-4	52	-6	54	-35	21
Cash at the end of the period	389	1,154	389	1,154	389	812

PARENT COMPANY

The parent company Peab AB's net sales for first half-year 2015 amounted to SEK 126 million (107) and mainly consisted of internal Group services. Profit after tax amounted to SEK 149 million (1,112).

The parent company's assets mainly consist of participations in Group companies amounting to SEK 11,894 million (13,173) and shares in Lemminkäinen Oyj worth SEK 264 million (258). The assets have been financed from equity of SEK 5,941 million (7,559) and long-term liabilities amounting to SEK 6,389 million (5,952).

The parent company's liquid funds amounted to SEK 1 million (8) 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 2015	Jan-Jun 2014	Apr-Jun 2015	Apr-Jun 2014	Jul-Jun 2014/2015	Jan-Dec 2014
Net sales	126	107	66	54	256	237
Administrative expenses	-119	-157	-94	-94	-282	-320
Operating profit	7	-50	-28	-40	-26	-83
Result from financial investments						
Profit from participation in Group companies	200	1,225	200	1,225	-1,054	-29
Other financial items	-77	-92	-36	-46	-321	-336
Result after financial investments	130	1,083	136	1,139	-1,401	-448
Appropriations	-	-	-	-	399	399
Pre-tax profit	130	1,083	136	1,139	-1,002	-49
Tax	19	29	18	18	70	80
Profit for the period	149	1,112	154	1,157	-932	31

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

MSEK	Jan-Jun 2015	Jan-Jun 2014	Apr-Jun 2015	Apr-Jun 2014	Jul-Jun 2014/2015	Jan-Dec 2014
Profit for the period	149	1,112	154	1,157	-932	31
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	42	-25	20	12	-21	-88
Total comprehensive income for the period	191	1,087	174	1,169	-953	-57

Report on balance sheet for the parent company in summary

MSEK	30 Jun 2015	30 Jun 2014	31 Dec 2014
Assets			
Machinery and equipment	1	1	1
Participation in Group companies	11,894	13,173	11,894
Participation in joint ventures	70	–	–
Interest-bearing long-term receivables	–	216	28
Other securities held as fixed assets	265	265	223
Deferred tax recoverables	72	–	82
Total fixed assets	12,302	13,655	12,228
Accounts receivable	0	–	1
Receivables from Group companies	69	44	1,019
Tax assets	33	32	–
Other current receivables	0	3	5
Prepaid expenses and accrued income	8	15	5
Liquid funds	1	8	0
Total current assets	111	102	1,030
Total assets	12,413	13,757	13,258
Equity and liabilities			
Equity	5,941	7,559	6,414
Untaxed reserves	0	156	0
Liabilities to Group companies	6,368	5,952	6,061
Other provisions	21	–	20
Total long-term liabilities	6,389	5,952	6,081
Accounts payable	9	12	20
Liabilities to Group companies	11	6	690
Income tax liabilities	–	–	1
Other liabilities	12	10	7
Accrued expenses and deferred income	51	62	45
Total current liabilities	83	90	763
Total liabilities	6,472	6,042	6,844
Total equity and liabilities	12,413	13,757	13,258
Pledged assets and contingent liabilities for the parent company			
Pledged assets	–	–	–
Contingent liabilities	22,277	23,165	21,615

NOTE 1 ACCOUNTING PRINCIPLES

The quarterly report has been prepared according to the IFRS standards that have been adopted by EU as well as the interpretations that have been adopted by EU of the valid standards, IFRICs. This report has been prepared according to IAS 34, Interim financial reporting.

The parent company reports have been prepared according to the Swedish Company Accounts Act and RFR 2, Accounting rules for legal entities.

New standards and interpretations have not had any material effect on Group accounting.

The quarterly report has otherwise been prepared according to the same accounting principles and conditions described in the Annual Report 2014.

NOTE 2 OPERATING SEGMENT

Group Jan-Jun 2015

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	9,969	4,260	3,234	2,947	42	0	20,452	-8	20,444
Internal sales	2,262	520	1,507	24	374	-4,687	0		0
Total income	12,231	4,780	4,741	2,971	416	-4,687	20,452	-8	20,444
Operating profit	295	159	174	121	-28	-43	678	-32	646
Operating margin, %	2.4	3.3	3.7	4.1			3.3		3.2
Net financial items									-60
Pre-tax profit									586
Tax									-101
Profit for the period									485
Capital employed (closing balance)			5,085	11,077					

Group Jan-Jun 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	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
Total income	12,380	4,498	4,760	3,779	370	-4,902	20,885	-279	20,606
Operating profit	277	137	197	109	-46	-17	657	-27	630
Operating margin, %	2.2	3.0	4.1	2.9			3.1		3.1
Net financial items									-137
Pre-tax profit									493
Tax									-104
Profit for the period									389
Capital employed (closing balance)			5,507	10,875					

Group Jan-Dec 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	19,505	8,711	7,332	7,740	78	454	43,820	-190	43,630
Internal sales	4,969	1,247	3,498	90	745	-10,549	0		0
Total income	24,474	9,958	10,830	7,830	823	-10,095	43,820	-190	43,630
Operating profit	552	331	671	342	-71	-42	1,783	-31	1,752
Operating margin, %	2.3	3.3	6.2	4.4			4.1		4.0
Net financial items									-522
Pre-tax profit									1,230
Tax									-203
Profit for the year									1,027
Capital employed (closing balance)			5,257	10,646					

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

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

For a description of how fair value has been calculated see the Annual Report 2014, note 35. The fair value of financial assets and liabilities is estimated to be, in principle, the same as their booked values.

Group	30 Jun 2015				30 Jun 2014				31 Dec 2014			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
MSEK												
Assets												
Other securities held as fixed assets	264		73	337	258		63	321	223		66	289
<i>Whereof shareholding in listed company</i>	264			264	258			258	223			223
<i>Whereof investment in an unlisted fund</i>			73	73			63	63			66	66
Other long-term receivables						1		1				
<i>Whereof commodity hedge</i>						1		1				
Other current receivables		0		0		7		7		10		10
<i>Whereof currency swaps</i>		0		0		7		7		10		10
Total assets	264	0	73	337	258	8	63	329	223	10	66	299
Liabilities												
Other long-term liabilities		165		165		121		121		171		171
<i>Whereof commodity hedge</i>		1		1						2		2
<i>Whereof interest rate swaps</i>		164		164		121		121		169		169
Other current liabilities		1		1		1		1		2		2
<i>Whereof currency swaps</i>		1		1		1		1		2		2
Total liabilities	-	166	-	166	-	122	-	122	-	173	-	173
Parent company												
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
MSEK												
Assets												
Other securities held as fixed assets	264			264	258			258	223			223
<i>Whereof shareholding in listed company</i>	264			264	258			258	223			223
Total assets	264	-	-	264	258	-	-	258	223	-	-	223

The table below is a reconciliation between the opening and closing balance for assets included in level 3.

Group	Other securities held as fixed assets		
	30 Jun 2015	30 Jun 2014	31 Dec 2014
MSEK			
Opening balance	66	53	53
Investments during the period	3	2	5
Reported in other comprehensive income	4	8	8
Closing balance	73	63	66

FUTURE FINANCIAL INFORMATION

- Quarterly report January-September 2015 12 November 2015
- Year-end Report 2015 16 February 2016
- Annual Report 2015 April 2016

The Board of directors and the CEO pledge that the half-year report provides a fair and true overview of the parent company's and the Group's business, position and results as well as describes the significant risks and uncertainty factors faced by the parent company and the companies included in the Group.

Förslöv, 21 August 2015

*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 interim report has not been reviewed separately by the company's auditors.

Quarterly data Group

MSEK	Apr-Jun 2015	Jan-Mar 2015	Oct-Dec 2014	Jul-Sep 2014	Apr-Jun 2014	Jan-Mar 2014	Oct-Dec 2013	Jul-Sep 2013	Apr-Jun 2013
Net sales	11,568	8,876	12,213	10,811	11,604	9,002	12,926	10,522	10,370
Production costs	-10,458	-8,203	-11,046	-9,756	-10,544	-8,341	-11,765	-9,635	-10,290
Gross profit	1,110	673	1,167	1,055	1,060	661	1,161	887	80
Sales and administrative expenses	-625	-547	-637	-453	-616	-537	-663	-424	-643
Profit from participation in joint ventures	3	-1	-54	7	11	-6	3	9	9
Other operating income	20	30	29	15	57	12	69	21	14
Other operating costs	-2	-15	-6	-1	-7	-5	-7	-6	-5
Operating profit	506	140	499	623	505	125	563	487	-545
Net financial items	-26	-34	-348	-37	-83	-54	-88	-58	-59
Pre-tax profit	480	106	151	586	422	71	475	429	-604
Tax	-83	-18	15	-114	-88	-16	-105	-90	127
Profit for the period	397	88	166	472	334	55	370	339	-477
Profit for the period, attributable to:									
Shareholders in parent company	397	88	166	472	334	55	370	339	-477
Non-controlling interests	0	0	-	-	-	-	0	0	0
Profit for the period	397	88	166	472	334	55	370	339	-477
Key ratios									
Earnings per share, SEK	1.35	0.30	0.56	1.60	1.13	0.19	1.25	1.15	-1.62
Average number of outstanding shares, million	295.0	295.0	295.0	295.0	295.0	295.0	295.0	295.0	295.0

Business areas

MSEK	Apr-Jun 2015	Jan-Mar 2015	Oct-Dec 2014	Jul-Sep 2014	Apr-Jun 2014	Jan-Mar 2014	Oct-Dec 2013	Jul-Sep 2013	Apr-Jun 2013
Net sales									
Construction	6,548	5,683	6,832	5,262	6,865	5,515	6,165	5,311	5,957
Civil Engineering	2,670	2,110	2,905	2,555	2,525	1,973	3,142	2,939	2,709
Industry	2,896	1,845	2,865	3,205	2,888	1,872	2,871	3,086	2,694
Project Development	1,555	1,416	2,024	2,027	1,981	1,798	2,162	1,368	1,196
- of which Property Development	202	77	172	895	233	107	313	87	103
- of which Housing Development	1,353	1,339	1,852	1,132	1,748	1,691	1,849	1,281	1,093
Group functions	214	202	265	188	190	180	138	94	94
Eliminations	-2,432	-2,255	-2,733	-2,460	-2,758	-2,144	-1,877	-2,171	-2,325
Operative ¹⁾	11,451	9,001	12,158	10,777	11,691	9,194	12,601	10,627	10,325
Adjustment for housing reporting ²⁾	117	-125	55	34	-87	-192	325	-105	45
Legal	11,568	8,876	12,213	10,811	11,604	9,002	12,926	10,522	10,370
Operating profit									
Construction	175	120	147	128	162	115	100	66	-807
Civil Engineering	127	32	104	90	115	22	113	102	125
Industry	172	2	161	313	196	1	226	305	177
Project Development	74	47	112	121	50	59	153	61	26
- of which Property Development	-9	-11	11	67	-46	-20	51	-14	-21
- of which Housing Development	83	58	101	54	96	79	102	75	47
Group functions	-14	-14	-12	-13	-23	-23	-26	-19	-58
Eliminations	-27	-16	-21	-4	2	-19	-9	-1	-11
Operative ¹⁾	507	171	491	635	502	155	557	514	-548
Adjustment for housing reporting ²⁾	-1	-31	8	-12	3	-30	6	-27	3
Legal	506	140	499	623	505	125	563	487	-545
Order situation									
Orders received	9,414	9,559	7,458	7,564	7,591	9,077	7,345	8,158	9,941
Order backlog at the end of the period	27,162	26,750	24,922	27,547	27,499	29,475	28,164	30,515	30,591

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 Nordic Community Builder

Peab is the Nordic Community Builder with approximately 13,000 employees and a net sales exceeding SEK 43 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 Stockholm.