

Annual Report 2015



STRONG HOUSING MARKET



The Swedish housing market continued to develop positively in 2015 and this has been favorable for all the business areas.

HIGHER LEVEL OF ORDERS RECEIVED



The level of orders received increased in all the business areas and broadly spread in both product segments and geography.

INVESTING IN INFRASTRUCTURE



The outlook for infrastructure investments continues to be good which is positive for business areas Civil Engineering and Industry.

INAUGURATION OF MALL OF SCANDINAVIA



The Mall of Scandinavia in Solna was inaugurated on 12 November 2015. In 2012 Peab began construction on what is now the largest and most modern mall in the Nordic area. It has over 200 shops, some twenty restaurants, gyms, a cinema, 3,700 parking places and much more.

ACQUISITION OF HOUSING DEVELOPMENT RIGHTS IN ATTRACTIVE AREAS



In 2015 business area Project Development acquired housing development rights in, among other places, Solna, Partille and Kungsbacka.

FOCUS ON HEALTH AND THE WORK ENVIRONMENT



On Reflection Day 28 April and during the focus week in August questions about the work environment and safety were discussed throughout the entire Group.

A locally engaged

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Formal annual and Group financial reports which have been audited by company accountants, pages 25-91.

Peab AB is a public company, Company ID 556061-4330. Domicile Båstad, Sweden.

All values are expressed in Swedish crowns, abbreviated to SEK. Numbers presented in parentheses refer to 2014 unless otherwise specified.

Data regarding markets and the competition are Peab's own assessments, unless another source is specified. These assessments are based on the best and latest available facts from, among others, previously published material.

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Peab is one of the leading Nordic construction and civil engineering companies with more than 13,000 employees and net sales over SEK 44 billion. The Group's four business areas have strategically located offices in Sweden, Norway and Finland. Through its four specialized and coordinated business areas Peab handles small, medium and more complex projects.

PEAB TAKES RESPONSIBILITY FOR THE FUTURE

Peab affects the community and environment for people who now or in the future will live in what we develop, build and construct. Peab is also a large employer with local roots and this comes with a big responsibility.

Peab is a catalyst in developing a more sustainable society. This means that Peab complies with external demands and expectations and at the same time acts to create new business opportunities.

Peab's operations contribute to society by developing and building new homes and offices, public schools, libraries and hospitals as well as infrastructure such as roads and bridges. We make a difference in everyday life in both small and large communities this way.

Long-term relationships with customers and suppliers lead to better financial, social and environmental projects that benefit all of society. Stable profitability provides the means to develop Peab's business and generate returns for shareholders.

Peab is a lasting and secure employer that prioritizes health and a safe work environment. Peab offers personal development opportunities in a company culture based on respect for equal rights and characterized by our core values Down-to-earth, Developing, Personal and Reliable.

44

SEK billion in sales

13,000

Nordic employees

36,000

shareholders

10%

of the employees
are women



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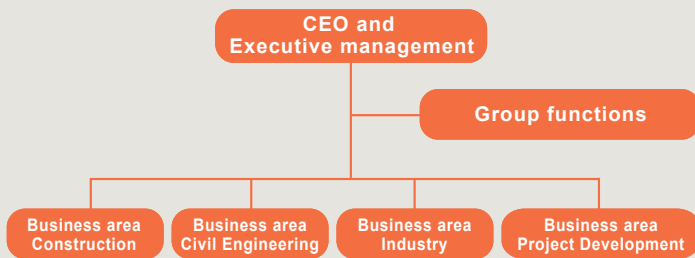
Listed
Stock

Regional community builder

Companies with more
 or business areas
 with local familiarity
 local and large,

ORGANIZATION

Peab is characterized by a simple, flat and cost-efficient organization with four cooperating business areas whose operations are based on local entrepreneurship close to the customer. The business areas have a regional structure that works together with central resources and they profit from support functions on business area and Group levels in sharpening their competitive edge.



Business area Construction works with everything from new construction of homes, public and commercial premises to renovations and extensions as well as offering construction services. Construction does contract work for both external customers and handles internal orders primarily from business area Project Development.

Business area Civil Engineering works both on the local civil engineering market as well as in larger Nordic infrastructure projects such as highways, railways and bridges as well as maintaining streets and highways.

Business area Industry delivers, among other things, foundations, ballast, concrete, asphalt, electricity and prefabricated concrete elements to external customers and the other business areas in Peab. The business area also provides equipment and transportation and takes care of production waste.

Business area Project Development handles Group acquisitions as well as developments and divestments of housing and commercial property. Housing Development is mainly geared towards private consumers while Property Development is aimed at real estate investors. Project Development also generates contracts for the other business areas.

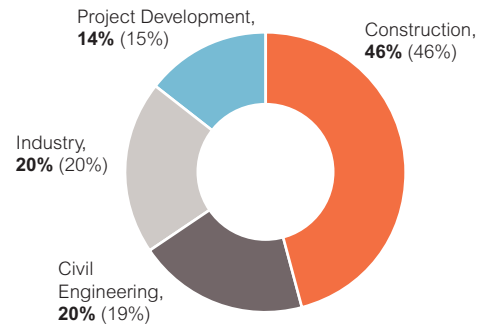


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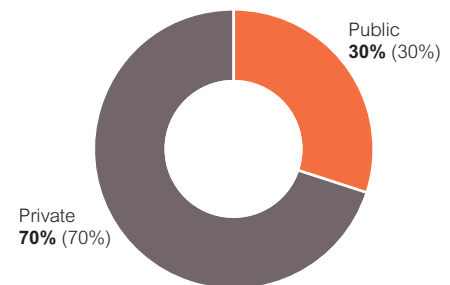
listed at Nasdaq Stockholm
 Stock Exchange

Operative net sales

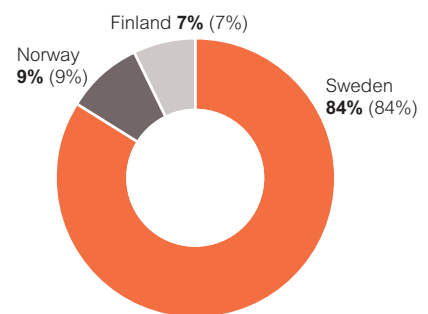
Per business area



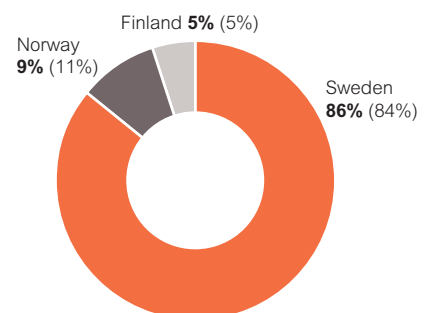
Per customer segment



Per geographic area



Employees – percentage per country



Strong housing market had a positive effect

- The operative net sales excluding the write-down of the project Mall of Scandinavia increased by 3 percent and amounted to SEK 45,052 million (43,820). A strong housing market affected positively all business areas. Operative net sales amounted to SEK 44,252 million.
- The write-down of the project Mall of Scandinavia has reduced net sales and operating profit by SEK -800 million.
- The operative operating profit excluding the write-down of the project Mall of Scandinavia increased to SEK 1,852 million (1,783) and the operative operating margin of 4.1 percent was unchanged in comparison to last year. Operative operating profit amounted to SEK 1,052 million and the operative operating margin was 2.4 percent.
- Orders received increased by 19 percent to SEK 37,812 million (31,690). Orders received has increased in all business areas, driven by a strong housing market.
- Order backlog per 31 December 2015 amounted to SEK 26,991 million (24,922) well spread in terms of product and geography.
- Strengthened financial position with a reduced net interest as a result of lower debt levels and lower interest rates. A strong cash flow has contributed to the lower net debt of SEK 3,118 million (3,886).
- Equity/assets ratio increased to 28.8 percent (28.2).
- The Board proposes a dividend of SEK 2.60 (2.25) per share, which corresponds to 96 percent (65) of the profit for the year. Excluding the write-down of Mall of Scandinavia the proposed dividend is equivalent to 54 percent of profit for the year.

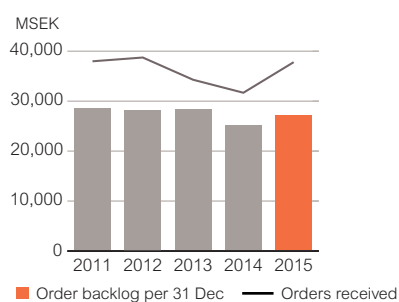
Financial summary

	Jan-Dec 2015	Jan-Dec 2014	Jan-Dec 2013	Financial Goals
Operative net sales, MSEK ¹⁾	44,252	43,820	42,765	
Net sales, MSEK	44,376	43,630	43,127	
Operative operating profit, MSEK ¹⁾	1,052	1,783	593	
Operative operating margin, % ¹⁾	2.4	4.1	1.4	
Operating profit, MSEK	1,009	1,752	614	
Operating margin, %	2.3	4.0	1.4	
Pre-tax profit, MSEK	906	1,230	383	
Earnings per share, SEK	2.71	3.48	1.01	
Dividend per share, SEK ²⁾	2.60	2.25	1.80	>50%
Return on equity, %	9.9	13.1	3.8	>20%
Equity/assets ratio, %	28.8	28.2	24.0	>25%
Cashflow before financing, MSEK	1,787	2 803	624	
Net debt, MSEK	3,118	3,886	5,948	
Orders received, MSEK	37,812	31,690	34,292	
Order backlog, MSEK	26,991	24,922	28,164	

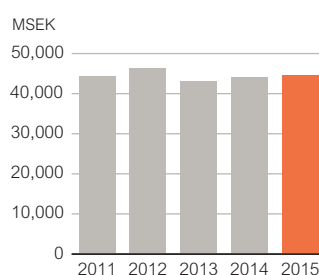
¹⁾ Operative net sales and operative operating profit are reported according to percentage of completion method following operating segment reporting. Net sales and operating profit are reported according to legal accounting.

²⁾ Board of Directors' proposal to the AGM for 2015.

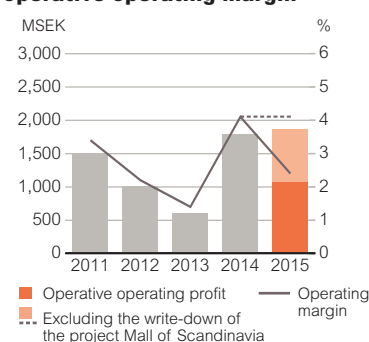
Orders received and order backlog



Operative net sales



Operative operating profit and operative operating margin



Well-equipped for future challenges

A strong Swedish housing market has provided Peab with good marketing conditions during 2015. There is a huge need for new housing and we can see some great opportunities ahead. We have built a stable platform for our business the past few years. Our financial position continues to improve despite the effects of the project Mall of Scandinavia. Our goal is to become the best business in the industry but we have a number of hurdles along the way.



THE MARKET

Even though the conditions for construction vary between Sweden, Norway and Finland the market prospects for Peab the coming years look good. Most of our business is in Sweden where we are primarily exposed to a market experiencing strong economic growth. The burgeoning population and years of insufficient housing construction is steadily making the housing shortage in Sweden worse. According to the Swedish National Board of Housing, Building and Planning more than 700,000 homes need to be built in Sweden by 2025. This would entail annual volumes that far exceed current ones as well as the Swedish construction industry's capacity. The way this situation is solved will have a heavy influence on growth in Sweden. We believe this requires long-term political measures that stretch far beyond political parties' terms of office and that, in the end, resources are what it's all about.

RESULTS AND ORDERS

The transition work of the past few years at Peab has primarily been directed at reducing costs, improving profitability and freeing tied-up capital. Now we can see the positive effects of our efforts.

Operative net sales, excluding the write-down of the project Mall of Scandinavia, grew in 2015 to SEK 45.1 billion (43.8),

which was an increase by 3 percent. Operative operating profit, excluding the write-down of the Mall of Scandinavia, was SEK 1.9 billion compared to SEK 1.8 billion the previous year, which means an unchanged operative operating margin of 4.1 percent.

A strong cash flow resulted in lower net debt amounting to SEK 3.1 billion. The reduced net debt together with low interest rates has led to radically improved net interest.

The underlying net sales and the margin in business area Construction were unchanged. We still have a ways to go in achieving a satisfactory margin level but the important thing is that business in all our regions has stabilized. After a couple of years of declining volumes net sales in business area Civil Engineering rose by 5 percent and the margin improved. The net sales in business area Industry were on par with 2014 but the result was lower, in part due to a drop in transportation operations for the mining industry in northern Sweden. Net sales in business area Project Development were lower due to fewer production starts in Housing Development but the margin in Housing Development improved. There were no significant result effects from property sales in Property Development in 2015 while the previous year was affected positively by property divestments. Profit

from partly owned companies in Property Development improved during the year.

Orders received in all the business areas increased largely as a consequence of a strong housing market. There is a wider geographic spread of orders received for housing during 2015 compared to last year when most of them were concentrated to the Stockholm region. Orders received in 2015 amounted to SEK 37.8 billion compared to SEK 31.7 billion in 2014.

The deciding factors when choosing a project are having the right skills and resources for it as well as having handled the risks connected to the project. Today we have a well-defined process and structure for decisions concerning tenders. Our current order backlog consists to a higher degree of smaller and mid-sized projects with shorter production times and lower risk profiles.

MALL OF SCANDINAVIA IN SOLNA

The project has been reviewed after the mall was opened on 12 November 2015 and thereafter written-down by SEK -800 million. The write-down charged business area Construction in the fourth quarter of 2015. The project has been extremely challenging from the moment the contract was signed at the end of 2011. The structure of the construction contract, the major alterations in the project and an inadequate dialogue with our customer has made the project much more expensive. The write-down is based on accounting rules and has nothing to do with the discussions we are holding with our customer.

BEST COMPANY IN THE INDUSTRY

Peab is currently the largest Swedish construction company in terms of net sales

“Our current order backlog consists to a higher degree of smaller and mid-sized projects with shorter production times and lower risk profiles.”

“Our ambition is to become the best company in the industry.”



and number of employees in Sweden. Our ambition is to become the best company in the industry and to achieve this we have three Group target areas:

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

These target areas are continuously followed-up through SCI surveys (Satisfied Customer Index), employee surveys and our financial outcome and are focused on our three most important stakeholders: customers, employees and shareholders. Sustainable matters are given a central and strategic role through these target areas. Sustainable operations create long-term value and through them Peab takes responsibility towards our stakeholders.

CORE VALUES DRIVE PEAB

Everything we do at Peab is based on our core values and vision to be the Nordic Community Builder. We run our business in a down-to-earth, developing, personal and reliable manner. Sustainability is a vital issue for Peab's continued competitive ability in a changing world affected by urbanization, digitalization, climate change, migration and integration. Since we signed the UN Global Compact in 2012 our focus on sustainability has grown. Integrating sustainability into every part of Peab's operations is one of six Group strategies intended to develop our business. In our big and project oriented company this work is a challenge. It is also never-ending since there will always be more things we can do better. Collaboration and stakeholder dialogues inform us which challenges and areas are most vital and we prioritize them.

During the year Peab established a new Sustainability Council that I chair and together with the other members we coordinate the overriding work on sustainability and create the right conditions for integrating it into every aspect of our business.

WE CONCENTRATE AND DEVELOP

Our ambition is to offer the best workplace in an industry where the challenges surrounding health and the work environment are still significant. Our goal is to halve the number of workplace accidents during the period 2015-2017. Achieving this requires working systematically and strengthening our safety culture through dialogue and reflection around health and safety on our worksites. The Group Reflection Day and Focus Week get people at workplaces involved in work environment and safety issues.

The entire industry suffers from a lack of resources which makes long-term and perseverant recruitment essential. Being the best company in the industry is also our point of departure when we develop our employees or recruit new ones. If we want to be best we have to build the best team. Peab's employees should have the best skills for their job and be committed to our core values. Based on these simple principles we welcome everybody and exclude no one. This is also the basis of our work on equality and diversity. Peab then invests in each employee based on their individual factors and Peab's needs.

Peab strives to have the most satisfied customers while being the most profitable company in the industry. Lasting customer relations and close cooperation provide us with the opportunity to develop both the customer's and our own business. We have noted that the percentage of partnering projects, which are based on tight collaboration, has increased in 2015. Regular SCI surveys inform us how customers experience contact with Peab and how well our deliveries meet their expectations. According to the latest survey we are moving in the right direction but we have more to do. One focus area that holds great potential is the entire supply chain. Through supplier assessments, measuring and follow-up in purchasing Peab strives to keep costs under control and business sustainable. Our work with ethics and against corruption

is aimed at building confidence, preventing brand damage and creating safe and profitable business for everyone involved.

When it comes to environmental work we are streamlining our resource use. One challenge we face is continuing to develop our work methods and making systematic improvements. By conserving resources and taking measures to increase the use of renewable energy sources we contribute to reducing climate impact. We participate in an industry-wide initiative to phase out health and environmentally hazardous substances and collaborate with suppliers to advance the phasing out process.

In 2015 we formulated new goals for Peab in three areas: educating young people, local community building projects and mentoring. Investing in our youth is an investment in our future skills supply and growth. The refugee situation characterized 2015 and Peab is taking responsibility by contributing to greater integration. In Sweden we work together with the Swedish Employment Service and others to give newly arrived refugees employment, a trainee spot or make an assessment of their skills.

WELL-EQUIPPED FOR THE FUTURE

As we enter 2016 we have a good underlying business, a well-dimensioned development rights portfolio and a higher level of orders received. Our capital structure is better and we have a strong financial base for the future. The changes in Peab in the past few years have resulted in a tremendous shared effort throughout the Group. We have our adept employees to thank for that who, with their skills and enthusiasm, are Peab's greatest asset.

As we continue to develop our employees and company culture we have every reason to believe that we can keep building on our success and become the best company in the industry.

Förslov in April 2016


Jesper Göransson
President and CEO

Stable market with emphasis in residential construction

INCREASED BUILDING CONSTRUCTION IN THE NORDIC AREA

Building construction investments are expected to have grown in Sweden, Norway and Finland in 2015, but not at the same rate. In Sweden and Norway, both with positive development in building construction in 2014, the increase in 2015 was relatively small. In Finland the growth in 2015 was a positive reaction to the decrease in 2014, but still only marginally better than building construction volumes in 2013. Housing construction was the primary catalyst in construction in Sweden but construction of public premises developed positively as well. In Norway growth could be found in all sectors of the building construction market. In Finland the situation was generally positive but varied between sectors. Total building construction is expected to drop severely in Norway in 2016 and also in 2017, whereas both Sweden and Finland have the prerequisites for continued growth.

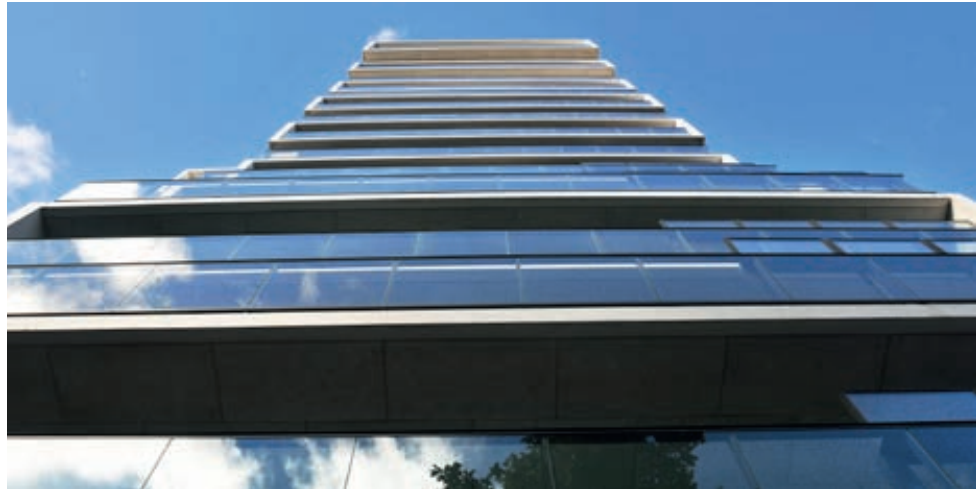
THE ECONOMY IN THE NORDIC COUNTRIES

Sweden

The Swedish economy is going through a period of strong financial growth. Preliminarily the increase in GDP can have amounted to about 3.7 percent in 2015 and the conditions seem to be right for similarly strong growth in 2016. The low interest rates are also beneficial for the household consumption and make for a weak Swedish krona, which has a positive effect on exports that are also being helped by some international recovery. The unemployment rate is expected to fall in 2016 and 2017 and this creates the conditions for higher domestic consumption. The latest signals from some sections of the industry are positive. The capital goods sector is signaling low stocks of finished goods and growing backlogs. Both the service sector and the construction industry have positive expectations concerning the economy while households have a more negative view than usual of the nation's economy. There are a couple of key uncertainty factors that could have a negative influence on the Swedish economy. One is the hot housing market with a risk for negative price adjustments in the long run and the other is the shaky international recovery.

Norway

Financial growth in Norway slowed down



significantly because of the dramatic drop in oil prices. The total increase in GDP was probably around 1.6 percent in 2015 and is expected to remain so in 2016. Fewer business investments and growing unemployment in the wake of the oil crisis has led to a drop in the key interest rate to its current record low level of 0.5 percent. It is difficult to say if this, together with a weaker currency, will be enough in order to increase investment, stimulate household consumption and favor exports that are so crucial for Norway.

Finland

In the last seven years Finland's economy has alternated between recession and zero growth. The economy continued its slow development in 2015 with a GDP that probably just about made it above zero. The forecast for 2016 indicates a GDP growth of about 0.5 percent. Finland was hit hard by weak international demand, lack of competitive power, increasing unemployment and restrictive financial politics that resulted in weak household consumption. The coming years will probably continue in the same vein with high unemployment rates and restrictive financial politics that will hold back household demand while international recovery continues to be shaky.

CHANGE IN SCENERY IN THE NORDIC BUILDING CONSTRUCTION MARKET

Sweden, housing politics and households on center stage

Sweden has strong financial growth with low interest rates, falling unemployment rates and an escalating population. The negative side of this is increasing house-

hold indebtedness and the acute housing crisis. Building construction continued to develop strongly in 2015, both in single homes as well as in new construction and refurbishment of apartment buildings. Austerity measures aimed at reducing household indebtedness, the threat of the housing bubble popping as well as simpler regulation and stimulation packages to increase the apartment building construction may mean that the rate of growth in single homes construction might slow somewhat as of 2016. At the same time it is possible that new construction of apartment buildings will increase even further from the present historically high levels. An obstacle for such a development is the lack of capacity to execute this. Housing prices continued to rise in Norway and Sweden in 2015 and there is a worry that prices have reached problematic levels. The trend in Finland and Norway shows a leveling of housing prices this year and next due to dips in the economy. The signals are not as clear in Sweden. A lack of housing, migration to cities and extremely low interest rates could continue to support price hikes in the coming year. The Nordic countries, including Sweden, are influenced by the financial recovery in Europe and future developments in Russia and Ukraine. These factors influence household confidence and the prerequisites for growth and labor market in general. Civil engineering construction developed positively in Sweden in 2015 driven particularly by investments in railway and energy. There will probably not be any growth in 2016. Bypass Stockholm has now been initiated

Text source: Industrifakta

and construction will also start on extending the metro system in Stockholm in 2016. Investment volumes will be positively affected in the long run by several large railway projects such as the West and East Connections.

FINLAND, STRUCTURAL CHANGES NEEDED

There was an increase in building construction in all three Nordic countries in 2015. This tendency was particularly clear in Finland where the total building construction volumes showed a positive reaction to the drop in 2014. In Finland most of the growth in building construction was in office and retail sectors as well as new production of apartment buildings. The positive development in public premises also contributed to the increase. However, construction of single homes continued to fall. The need for a structural change in business might have a positive influence on construction in the industry and office sectors as it has had in the last two years. At the same time large parts of Finnish industry have surplus capacity reducing investment needs in certain sectors. High unemployment and continued public savings have a dampening effect on households' ability to consume and invest which can be seen in the decrease in construction of single homes the past few years. Weak growth is expected in all building construction in 2016 mainly driven by housing construction and public building construction. While building construction in Finland was a positive surprise in 2015 civil engineering construction showed no growth tendencies in 2015 and volumes are expected to remain the same in 2016.

NORWAY, POSSIBLE OIL EFFECTS IN 2016

In Norway total building construction investments increased on the whole in 2015. However, there is a risk of zero growth in 2016. New construction and refurbishment of apartment buildings increased substantially in 2015 while new construction of single homes grew much more slowly. Population growth, migration to big cities and increased immigration are heightening the housing shortage. On the other hand weakening consumer confidence and growing unemployment might hold back construction of single homes and tenant-owned apartment buildings in 2016 in spite of lower interest rates. New construction and refurbishment in the industry, office and retail trades rose in 2015 but there is a risk that the investments will be put on hold in 2016 if the crisis in the oil sector influ-

ences other businesses. These negative effects are expected to mainly have an impact in the regions where the oil industry is dominant. Public construction grew in 2015 and is expected to continue in a positive direction in 2016 as well. Given the worsening situation for private building construction there is a possibility that public investments will be made to counteract the cycle. Civil engineering has grown fiercely in Norway since 2012, and 2015 was no exception. However, the increase has slowed in the last two years and will probably continue to do so in 2016.

URBANIZATION AND SUSTAINABLE CONSTRUCTION

Environmental and sustainability issues are being integrated into construction and everything points to the industry collectively taking a greater responsibility for the entire chain, from production to management. Previous life cycle analyses focused on running buildings but new research suggests that emissions from the construction process itself, from material production to finished building, have a bigger impact and that this is an issue which needs to be addressed. It will be a challenge both for constructors and material manufacturers to create products and constructions that will stand against a changed climate with stronger winds, more powerful rain and the risk of flooding. At the same time the constructions need to be manufactured in a way that saves energy and resources. All the materials used should be durable, sustainable and easy to recycle. In addition to stricter regulations and requirements from authorities, environmental issues is becoming more important to the market and consumers as well. One result of this is the dramatic increase in demand for environmentally certified buildings and environmental certificates for construction material. The present qualification and certification system has been established on the market for a long time. Now discussions are focusing on new criteria that will consider social and ethical factors as well as environmental issues.

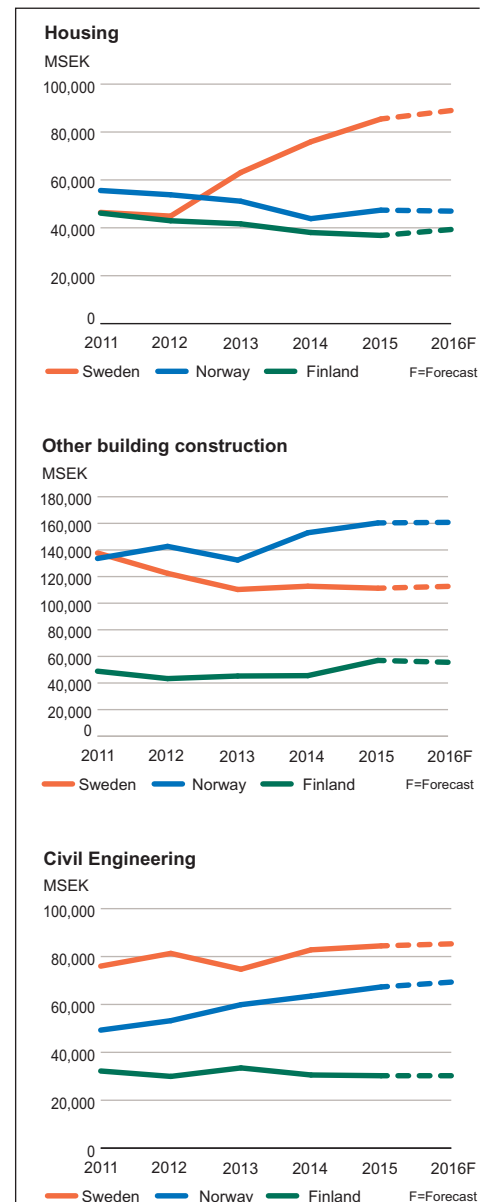
OTHER MAJOR COMPETITORS

Nordic construction consists mainly of a large number of small and local companies operating under intense competition. At the same time there are a few very large players active in the entire Nordic region competing with the largest construction companies in Europe. On the Nordic market the top companies are Peab together with Skanska and NCC, Norwegian Veidekke and Finnish Lemminkäinen. Other noteworthy major players are JM,

Danish MT Højgaard, AF Gruppen in Norway and Finnish YIT.

When it comes to civil engineering, road construction, asphalt and maintenance there are companies like SVEVIA, NCC, Skanska, Lemminkäinen, Veidekke, Strabag, Hochtief, Colas and CRH.

Investments 2011-2016



Going from biggest to best

A few years ago a major restructuring program was initiated meant to take Peab from being the biggest construction company in Sweden to the best. The Group now has a more efficient organization with four specialized business areas positioned closer to the customer.

On the local market Peab continues to develop traditional entrepreneurship and recruit the right skills. The Group has worked actively to reduce tied up capital and debt. These changes have resulted in better earnings, greater care in selecting projects and as a result a larger variation in smaller and larger projects which has led to a lower risk profile. The platform is in place and today Peab is more profitable, financially stronger and more competitive.

BUSINESS THAT CREATES VALUE

Peab's operations are influenced by and influences many different parties. It is therefore important to understand the challenges and opportunities that can be found in our own operations and in the world at large and how these effect society, environment, employees and customers. In order to understand expectations of Peab stakeholder dialogues are conducted regularly. The dialogues are focused on how Peab, together with the stakeholders, can contribute to the development of a sustain-

able society. Peab contributes by developing and constructing housing and public schools, hospitals, research facilities, sport centers, offices, malls as well as roads and railroads. Since Peab is a community builder and a large employer its business affects many people every day.

Employees

At Peab employees are encouraged to participate in creating their own positive development and that of the company, customers and society. Peab's leadership and company culture are built on Peab's core values and respect for everyone's equal rights.

Customers

Long-term customer relations create the basis for financial, social and environmental solutions that benefit society as a whole. Peab's broad range of customers encompasses single homebuyers, private companies, municipalities, authorities and government agencies.

Suppliers

Peab strives towards openness, high business morals and long-term relations with its suppliers and contractors. A sustainable supply chain is built on quality at every stage and a common responsibility in following international conventions and laws along with other demands from customers. A prerequisite for creating value together is greater cooperation.

Society

The result of Peab's operations generates value for the society for instance through new housing, offices, workplaces, research facilities and new construction or maintenance of infrastructure. Due to Peab's local roots it is often an important employer that contributes to the local development and labor market. The common denominator in Peab's social commitment is the education of young people, local community-building projects and mentoring.

Owners

Through stable profitability Peab has the means to develop its business and generate dividends for the owners. Shareholder value is created long-term through share developments and annual dividends.

FUNDAMENTAL VALUES AND BRAND

Down-to-earth, Developing, Personal and Reliable - are Peab's solid core values the brand is built on.

Peab, originally Paulssons Entreprenad AB, is one of the strongest brands in Sweden and the name represents the strength in our offer – total quality in every step of the construction process.

OPERATIONS

Peab has a flat and cost efficient organization with four cooperating business areas.

Our vision – the Nordic Community Builder

Peab builds sustainable communities for the future

We are the obvious partner for community building in the Nordic region. We come up with ideas, take initiative and break new ground. We conserve resources and our climate smart solutions have spearheaded developments. Our work is sustainable throughout its entire life cycle.

Peab is the Nordic company

We work across borders with the goal to exceed our customers' expectations. Peab is always close to our customers no matter whether they operate locally, nationally or globally. Satisfied customers contribute to our success in the entire Nordic region.

Peab attracts talented people

We are the number one employer in the Nordic region. Our values are simple and clear. Our personnel are deeply engaged and our leaders committed to helping people develop. When our employees grow, Peab grows.

Business concept

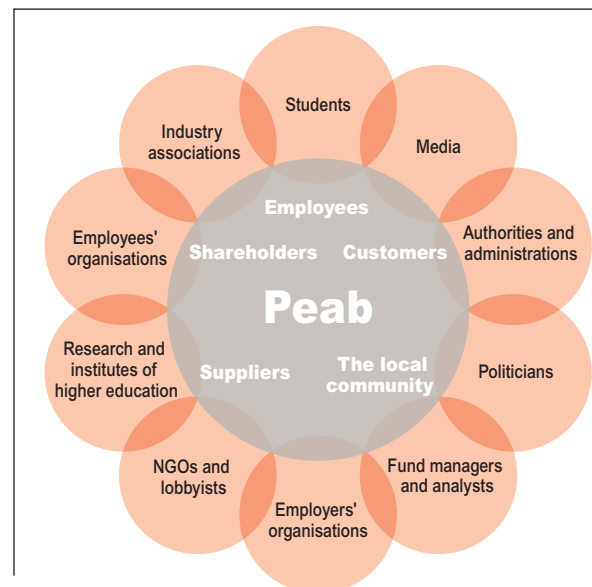
Peab is a construction and civil engineering company that puts total quality in every step of the construction process first. Through innovation combined with solid professional skills we make the customer's interest our own and thereby build for the future.



Peab's definition of sustainable community building

Everything we plan and carry out will be completely in line with our ethical guidelines as well as responsibly and lastingly constructed. In this way we will accommodate environmental, financial and social aspects.

Stakeholders



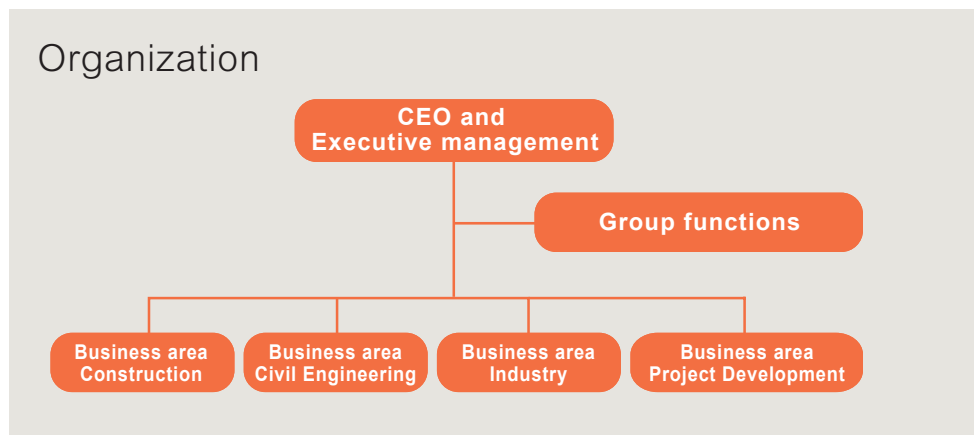


The business areas are structured according to the conditions of each market and are divided according to geography and product segment. Peab's local units strengthen their competitive power by taking advantage of central support functions. Peab can therefore take on both smaller local projects as well as more complex construction and civil engineering projects.

Business area Construction provides construction related services for both external and internal customers. The business area consists of 15 regions; 11 regions in Sweden, two in Norway and two in Finland. There are specialized housing production regions in Stockholm, Gothenburg and the Öresund region. In Sweden there is also a national Construction service region. Other regions perform all kinds of construction projects in their geographical area.

Business area Civil Engineering is a leader in civil engineering in Sweden and also has operations in Norway and Finland. Peab's civil engineering operations build and maintain roads, railroads, bridges and other infrastructure. Operations are primarily directed towards the local market and are organized in geographical regions and specialized product areas. Customers are mainly authorities and state companies, municipalities and local businesses.

Business area Industry is run in seven product segments: Asphalt, Concrete, Gravel and Rock, Transportation and Machines, Foundations, Rentals, and Construction System (Industrial construction) as well as in a large number of brands



geared towards the Nordic construction and civil engineering market. Customers are mainly public clients such as authorities and municipalities as well as private businesses like industrial companies and other construction companies.

Business area Project Development is run in two segments, Housing Development, which develops housing concepts for private homebuyers, and Property Development that acquires, develops and divests commercial property where business is mainly run through wholly owned and partly owned companies.

COST EFFICIENT ORGANIZATION

Profitability has been the focal point since an action plan was initiated in 2013. The transition to greater focus on customers, employees and production has worked out well and is now a platform for a more efficient and profitable business. The effects

could be seen already in 2014 with lower costs and higher earnings. The Group now has a stable financial base and is working continuously on strengthening profitability in each project and unit, although adjustments in work methods are still being made. As a part of the company strategy Peab now has a broader and more diversified project portfolio with more smaller and medium sized projects and as a result a lower risk profile.

GROUP STRATEGIES

Peab's six Group strategies inform how the company should develop operations and reach the goals in the business plan.

- Cost efficient business
- Strengthen and develop Peab's customer relations
- Best workplace
- Long-term profitable operation



- Sustainability integrated in Peab's operations
- To be seen and heard

Cost efficient business

Cost efficiency and good earning power are essential to developing a long-term competitive business. Cost efficiency means productivity and the right overhead level. As a result of the earlier reorganization Peab firmly established a satisfactory overhead level in 2015 and is now focusing on increasing productivity in all operations.

Strengthen and develop Peab's customer relations

Strong customer relations are the key to positive cooperation and more efficient production with lower costs and higher quality. By explicitly focusing operations on customer relations, and coupled with continuous surveys, Peab shifted in the right direction in 2015 and strengthened relationships with its most important stakeholders.

Best workplace

Peab is its employees and it is their commitment and professional skills that are the basis of the company's success. In the coming years Peab will need to attract many new qualified employees with different areas of expertise. Peab works to ensure greater equality and diversity according to established Group goals. In 2015 Peab concentrated on implementing plans to achieve the ambitious work environment goal, i.e. to reduce to number of work accidents by half from 2015 to 2017.

Long-term profitable operation

Long-term profitability is necessary for Peab's value creation. Profitability is fundamental since it allows Peab to continue to grow and develop. The company's strategic direction take both margin and return goals into account. *Read more about Peab's financial goals on pages 10-11.*

Sustainability integrated in Peab's operations

The work to ensure that all aspects of sustainability – financial, environmental and social – are integrated into operations is ongoing. Responsibilities and rights are delegated to business areas where they are supported by experts on different levels of the organization. *Read more about Peab's sustainability work on pages 12-23.*

To be seen and heard

Peab's ambition is to be the Nordic Community Builder. Participating in, and contributing to, developing society increases the ability to attract customers, employees and investors. Peab should be seen and heard in the community and work close to the customers. In 2015 Peab continued to prioritize its regional presence but has also chosen to engage in larger societal issues such as the construction industry agreement against bribes and corruption as well as solutions for better integration.

Focus areas for sustainability

<p>THE EMPLOYEEES</p> <ul style="list-style-type: none"> ■ Health and work environment ■ Skills supply ■ Equality, diversity and equal treatment <p>CLIMATE AND ENVIRONMENT</p> <ul style="list-style-type: none"> ■ Climate impact ■ Streamlining resource use ■ Phasing out environmentally and health hazardous substances 	<p>THE BUSINESS</p> <ul style="list-style-type: none"> ■ Customer and supplier cooperation ■ Responsibility in the supply chain ■ Ethics and anti-corruption <p>SOCIAL ENGAGEMENT</p> <ul style="list-style-type: none"> ■ Educating young people ■ Local community building projects ■ Mentoring
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Business plan objectives and financial goals

BUSINESS PLAN OBJECTIVES 2015-2017

Sustainable business objectives are clearly stated in Peab's vision and Group strategies. The business plan objective for 2015-2017 is to become the best company in the industry. In 2015 Peab identified three target areas that will be measured and evaluated continuously:

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

Most satisfied customers

In order to find out how customers experience their contact with Peab and how well the delivered product or service fulfills expectations SCI surveys (Satisfied Customer Index) are made. The surveys are sent to company customers, external and internal, and to private housing customers living in our own developed homes. In 2015 significantly more people answered the survey and the combined SCI index for the Group improved to 73 (72) on a scale from 1-100.

Best workplace

Handshake is Peab's personnel survey, a digital survey done every other year. The latest survey was done in 2014 when 77 percent of employees said that Peab's employer brand is strong from an employee perspective. A new survey will be done in 2016.

Most profitable company

In order to become the most profitable company in the industry Peab needs to work continuously on improving earning power. By taking on projects with the right risk profile, ensuring that the right resources are available in the projects and having high productivity in operations Peab will achieve its goal of becoming the most profitable company in the industry.

FINANCIAL GOALS

The surplus generated in the business as a result of the company's earning power will be used for investments, developing the company and generating returns for the owners. Peab's executive management steers the business using the guidelines adopted by the Board of Directors based on three financial goals: Return on equity, Equity/assets ratio and Dividends.

OPERATIVE GOALS

To manage the internal goals of the business areas Peab annually sets financial operative goals focusing primarily on three areas: profitability, cash flow and liquidity along with tied up capital. The business areas have goals based on their respective conditions and unique operations. Follow-up of goals is continuous throughout the year.

Profitability

Profitability is measured through the operating margin where price-setting and cost

efficiency are the most important. The return on capital employed ensures optimal use of the capital tied up in facilities and project developments.

Cash flow and liquidity

Cash flow before financing must always be positive in the long-term. Even if this may deviate for a particular year, the tied up working capital and investment levels must, over time, match the cash flow generated by operative units.

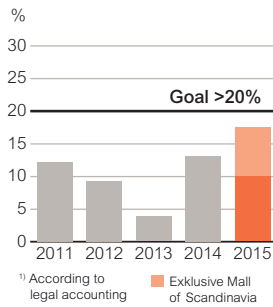
Tied up capital

Tied up capital is an important steering instrument for the business areas Industry and Project Development to ensure that the business areas are capital effective and that the Group prioritizes the right investments. The Group level investment team decides on the business areas' investments, making sure that they are within investment limits and on par with return goals.



Financial goals

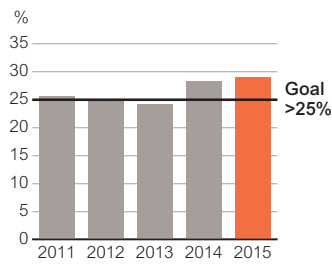
Return on equity



Return on equity should be at least 20 percent

The goal is set in order to create efficient operations and a rational capital structure adapted to Peab's operations.

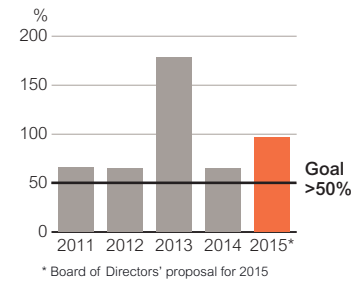
Equity/assets ratio



Equity/assets ratio should be at least 25 percent

The equity/assets ratio regulates the relationship between equity and debts. The goal, aimed at balancing the owners' demand on return and the need for securing the business for times also when market conditions are worse, means the Group assets should be financed through equity by at least 25 percent.

Dividend



Dividends should be at least 50 percent of the result after taxes

The goal is set in order to ensure owners' return on capital as well as meet the company's need for funds to develop operations.



Skilled and engaged employees

Peab is successful thanks to skilled and engaged employees. Peab's goal as an employer is to offer the best workplace, where leadership and company culture is founded on Peab's core values and equality. Peab works systematically and lastingly to make the work environment safe and foster good health. At the best workplace employees are co-creators of their own, the company's, customers' and the community's positive development.

HEALTH AND THE WORKING ENVIRONMENT

Health and the work environment are highly prioritized at Peab. There are a number of risk factors in the construction industry but through risk management, systematic work and exchanging knowledge and experience it is possible to diminish or avoid accidents. Each quarter Peab checks on the Group goal of during the period 2015-2017 halving the number of workplace accidents and what is being done to achieve the goal. This is measured in each business area and in the entire Group. The goal is challenging and requires intensifying our efforts in the coming years. During 2016 Peab will establish a common work method focused on labor-related issues that affect psychosocial health.

Systematic work environment management

Peab's work environment policy is integrated into the company policy and is the basis for our strategic work environment measures which are included in the business management system and Peab follows the laws and regulations of each country.

Work environment organization

Work environment issues are part of daily operations. Strategic work is done on the Group and business area levels and relevant competence in work environment matters can be found on every level of the company. Assignments and mandates have been delegated to the organization. Peab and trade union representatives collaborates on the work environment and health on every level of the company. Union organizations carry out their own investigations and come with suggestions for improvement. All (100 percent) of Peab's employees are covered by collective bargaining agreements.

Peab's crisis organization is activated in the event of a serious accident. It consists of 111 employees in Sweden and Norway specially trained by the Swedish Civil Contingencies Agency.

Prevention for health in the work environment

In order to prevent accidents at worksites Peab continually develops quality assured

work methods and trains personnel in this area. When employees and subcontractors come to a new workplace they are given an introduction with a review of the regulations and risks on the site. Peab continued to spread safety warnings throughout our organization in 2015. Safety warnings contain information about actual incidents or accidents and provide advice on how similar situations can be avoided.

Peab has noted that more knowledge about the fundamental factors behind accidents and sickness is needed. The need to take measures was charted by examining Peab's operations. We have also pinpointed the measures that improve safety behavior in managers and employees, improving thereby Peab's safety culture in

“Good planning, order and organization are crucial to safety.”

Christian Helmström,
site manager

the long run as well. A project that will develop work methods, tools and an investigation methodology was started in 2015 in all three countries along with a short and long term action plan.

Core values

Down-to-earth, Developing, Personal and Reliable – Peab's fundamental core values that our brand is built on. Our core values describe what kind of people we are, what we stand for, how we work, what we can achieve and how we want to be seen. We work actively with our core values in every part of our business because how we are and how we work is fundamental to our success. It is also the basis of our development of customer and supplier relations, our employees and our business from a long-term, sustainable perspective.

Working together for safe worksites

The 28th of April is World Day for Safety and Health at Work which Peab 2015 observed under the name Reflection Day. Employees and subcontractors at Peab's worksites paused production to consider: How do we make our workplaces safe and achieve our goal of halving the number of accidents at Peab? During the meeting everyone thought about how they could contribute to greater safety:

"I can contribute by not backing down and always speak up when I see something that isn't safe," said Alexander Augustin, carpenter.

"I can improve my own behavior by keeping things in better order and throwing the trash away every day," said Mikael Warting, ventilation installer.

"We can try even harder to create a common vision and consensus. Good planning, order and organization are crucial to safety. Good planning reduces stress," said Christian Helmström, site manager.

Executive management communicated its message through the managers: The work environment is one of the most important focus areas in Peab. We can never accept accidents at our worksites. We all need to reflect on – what can we do better?

Reflection Day will be held in 2016 again. Peab also has an annual work environment week.



Follow-up and improvement work

All incidents and accidents are reported as they happen and form the basis for measures aimed at preventing these occurrences. There were no fatal accidents at Peab's worksites in 2015.

A number of workplace audits are also conducted annually in Sweden, Norway and Finland. The results are analyzed in connection with the audit which, combined with results from employee statistics, surveys and development discussions as well as Peab's occupational healthcare provider, makes it possible to identify causes and connections. This then forms the basis of decisions on priorities, goals and measures.

Promoting health

Peab focuses on further developing work methods to promote health. Employees that are happy and have a good balance between work and leisure more often feel motivated and job satisfaction. Peab offers employees a broad range of activities in exercise and culture as well as keep-fit subsidies and other benefits.

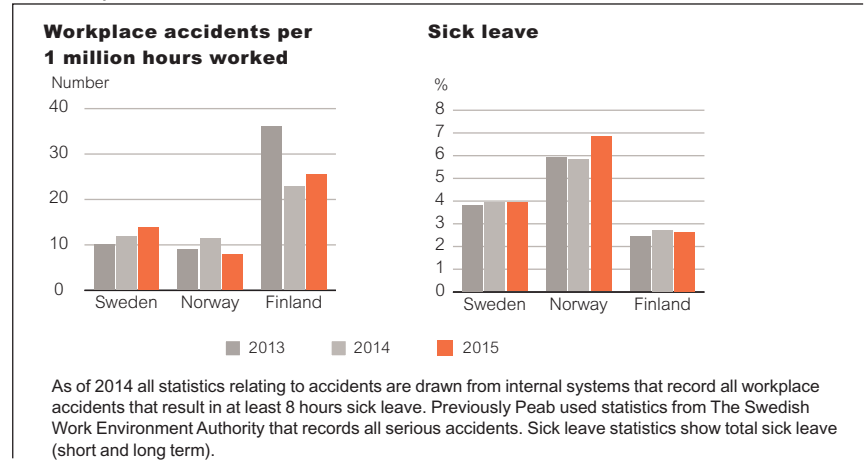
SKILLS SUPPLY

Having employees with the right know-how is crucial to Peab's success. Competition for the skills Peab is looking for is fierce and that means efforts to acquire these skilled workers has top priority. In 2015 Peab reviewed the current competence in the company. This was aimed at registering which skills Peab has today and which will be needed tomorrow, and creating the basis for an action plan to bridge any gaps in between. The most apparent need is engineers closely involved in production and various trade-related specialist functions.

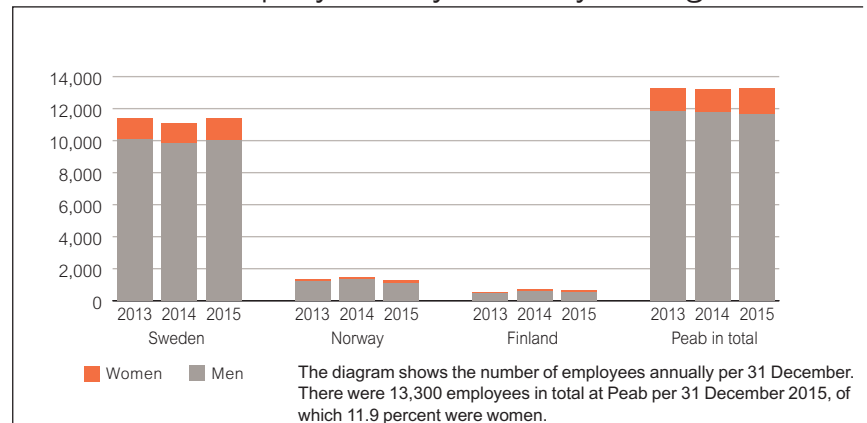
Employer offer

Well-defined values and a strong brand are factors for success in competition. An extensive project aimed at examining, analyzing and further developing Peab's employer offer led to a new strategy. By carefully listening to internal and external sources an image of how Peab is currently seen as an employer emerged as well as the image the company would like to have in the future. An Employer Branding specialist was recruited at the end of 2015 charged with developing Peab's employer brand based on the new strategy.

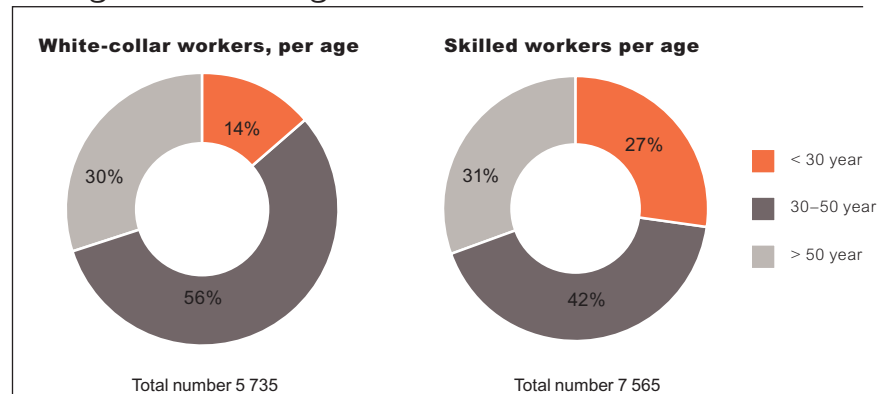
Workplace accidents and sick leave



Number of employees by country and gender



Employees divided into personnel categories and age



“Rooted in reality”

Peab wants new employees to receive the best possible introduction and suited to their situation. Training a week on a worksite plays a part for positions, primary manager or specialist, that affect production. The purpose is to provide a deeper understanding of Peab's core business.

Ida Edström, work environment specialist, talks about a rewarding training week.

“I got the chance to follow different roles on the worksite; supervisor, purchaser, site manager and skilled craftsmen. This experience will be very useful to me in my usual role. It's important to have a realistic perspective when I draw up work methods and strategies for Peab, that I'm firmly rooted in reality. I had the most fun being together with our skilled craftsmen and trying a few things myself. I felt super welcome right from the start.”

As of 2015 Peab has an updated group-wide introduction concept for new employees. Study visits, an expanded common program and production training are the most important new features.



Introduction for new employees

In 2015 Peab launched an updated introduction program for new employees aimed at providing them with a better understanding of the Group's core business. For this reason the group-wide section of the introduction was supplemented by a visit to a construction site. Training a week on a worksite plays part for positions, primary manager or specialist, that affect production. In 2015, 601 (458) people participated in the group-wide introduction program.

Skills development

It is vital that Peab can offer skills and career development on every level. Implementation of Peab's new model for skills development heavily focused on learning while working continues. Managers and co-workers alike have become more aware of Peab's concepts and methods and during 2015 formal education and courses have been combined with structured learning at employees' worksites. One example is the new development program for young engineers just starting in construction. Similar development concepts close to operations are in the making. Position descriptions, individual development plans and skills charting will decide what skills development will be offered.

Peab's new uniform leadership program is being carried out throughout the entire Group and leadership is being reinforced on both individual and Group levels. The positive effects are visible after a year's work and the program will be implemented on yet another management level in 2016. Slightly more than 500 managers participated in the internal development program during 2015.

Goal and developmental discussions

A new tool was implemented for goal and developmental discussions in 2015. All told the pilot project encompassed around 1,000 employees in Sweden. Implementation of a fully developed web-based tool is expected to take place on a large scale in 2017. With the new tool employees take greater responsibility and form their goals for their development themselves. The last employee survey in 2014 showed that 70 percent of Peab employees had participated in goal and developmental discussions, and it appears the same level was true for 2015. The next survey will be held in 2016. Holding regular discussions about goals and development with their employees is a key element of a leader's job at Peab. Therefore a threshold value based on holding goal and developmental discussions has become a bonus criteria for managers.

EQUALITY, DIVERSITY AND EQUAL OPPORTUNITY

Modernizing the construction industry's perspective regarding equal opportunity and diversity is a slow process and many challenges have yet to be overcome. Vital to changing the generally held view of diversity and equality is getting people to better understand the issue and the key to that is, as always, responsible leadership. For this reason Peab continued to work on employee inclusion during the year.

For equal opportunity and against discrimination

A new group-wide plan for equal rights and opportunities and an action plan against discrimination were completed in 2015.

Diversity, equality and equal opportunity, and the managerial responsibility connected to that, are included as part of the education comprised in Peab's leadership program. Other measures aimed at enhancing skills in this area were initiated in the autumn of 2015 and will continue throughout 2016 as a step in changing the culture around these issues. Peab has chosen a down-to-earth method that emphasizes the individual's own responsibility. The method is based on workshops containing discussion and participation as well as policy documents that give managers an important role. Peab has to ensure that leadership has the proper competence and support to take responsibility for diversity, equality and equal opportunity issues.

Equal pay

At Peab the nature, performance and skills level of an employee's job decide their pay level, independent of gender, age or ethnic background. According to Swedish law a wage review must be conducted every third year containing an analysis of wages paid to women and men. The purpose of this analysis is to identify, rectify and prevent non-subjective differences in pay and other terms of employment for the same or equivalent positions. Non-subjective differences must be rectified. In the review of 4,330 individuals that Peab conducted in 2015 a total of 28 non-subjective pay differences were identified. The wages of these individuals have been adjusted afterwards. Legislation in Norway and Finland have similar requirements for an analysis of wages and ensuing measures.

A sustainable business

During 2015 Peab began the shift from being biggest to being best. Peab's goal is to have the most satisfied customers, be the best workplace and the most profitable company in the industry. Sustainability has been given a key role through these goals and Peab is working to integrate sustainability aspects in both our business and value chain.

LONG LASTING CUSTOMER RELATIONS

Long lasting customer relations create opportunities to develop the company and better understand customers' needs and wishes. This improves Peab's ability to satisfy customers which strengthens Peab's brand and leads to new business opportunities. Peab has a flexible way of working in order to fulfil the desires and demands of the company's wide range of customers that include everything from single home buyers to privately owned companies, municipalities, authorities and government agencies.

Paradigm shift in the construction industry

Both customers and suppliers are taking a growing interest in the more profound cooperation that comes with partnering. Peab sees partnering as a way to modernize and streamline the, in many respects, conservative construction industry. Peab advocates

this type of collaboration which can be used in any kind of contracting. Being in better sync with each other saves time and money and contributes to higher quality while putting new demands on an organization and leadership regarding social and communicative skills. During 2015 Peab has better structured the work with partnering by, among other things, developing better tender documents for partnering projects.

“ In addition to shared good planning between us as customers, Peab and other contractors, an important advantage is that onsite management is responsive not only to our views but to the needs of our tenants as well ”

Anders Eriksson
Project Manager, Helsingborgshem

Follow-up for better performance

Shifting from the biggest to the best requires continual improvement, especially when it comes to customer relations. In addition to the stakeholder dialogues focused on sustainability Peab conducts regular surveys to see how customers

experience contact with the company and how well the delivered product or service lives up to customers' expectations. Peab's SCI surveys (Satisfied Customer Index surveys) are sent to external and internal business clients and housing customers. Results from the surveys are used in internal work on improvement and are included in the operative business plans that support the Group strategy to strengthen and develop Peab's customer relations.

Social procurement

Many forces in society are acting to make production of products and services more sustainable through aware purchasing choices. Municipalities and other government agencies are taking a growing interest in procurements that promote a more sustainable society. Social considerations in public purchasing can lead to procurement criteria that contribute to jobs, greater equality, integration etc. The criteria can also include demands like systematic follow-up of the supply chain and that the supplier, in this case Peab, adds to local employment during the project. This provides Peab with yet another chance to affect societal development in a positive direction.

SUSTAINABLE CONSTRUCTION PROCESS

Peab works with the entire construction

Partnering

Partnering is a structured form of collaboration built on close cooperation and trust between all the stakeholders in a project. This method creates the platform for a more profound collaboration than in traditional contracts since the general contractor and the customer, together with subcontractors, architects, consultants and other key players organize the construction process based on a common goal. Shared processes, plans and activities form the foundation for better dialogue and greater trust.



process through its four business areas. However, construction processes are complex and involve both internal and external parties and the company has to use subcontractors for certain areas. This underlines the importance of a work method that promotes quality and sustainability throughout the process.

Controlling construction sites

In 2015 a new regulation called general contractor responsibility came into force for the entire construction industry. The general contractor is responsible for ensuring that everyone, including subcontractors, follow the rules at construction sites. The purpose is to weed out rogue players from the labor market, promote healthy competition and avoid workers being taking advantage of. It is also intended to, as far as possible, eliminate work environment problems and safety breaches.

During the year UE2015 took effect and compared with the previous version UE2004, it focuses more on the entire subcontractor chain. This means that every subcontractor is now obliged to provide information upstream in the chain and, among other things, guarantee that they have collective bargaining agreements, hold an F-tax certificate and that there are no wage or other compensation disputes with employees.

Peab uses attendance records that are usually linked to the so-called ID06 system. Attendance records significantly increase the chances of discovering rogue subcontractors. In addition to following the legislation concerning electronic attendance records requirements, Peab participates actively together with the Swedish Construction Federation and its suppliers in the work to develop ID06's technical solutions in order to make it more user friendly, effective and create more added value for ID06.

Preventing robberies and break-ins at construction sites

Through the initiative of Peab's security department and supported by the Swedish Construction Federation South and the Development Fund of the Swedish Construction Industry, in the autumn of 2014 Malmö University and the Department of Criminology began a study to chart robberies and break-ins at construction sites. The report "Systematic risk analysis of robberies and break-ins at Swedish construction sites" which was presented during 2015 has, among other things, contributed to more in-depth knowledge about the structure of acquisitive crime and thereby improved the construction trade's ability to spread prevention knowledge throughout the industry. This knowledge helps to make construction sites safer

People from the community get job opportunities

Peab is erecting four buildings containing 121 apartments, a daycare center, offices and gym in the housing project Lindängen in Malmö for Trianon Fastighet AB. When Malmö City distributed the land it required recipients to take a social responsibility. Ten fulltime positions had to be recruited from the city's longtime unemployed.

"Naturally this was a challenge," says Linus Svensson, assistant construction manager at Peab. For some of the recruits the transition of working at a construction site was more than they could handle and some of them quit. Nonetheless so far the project has generated three jobs with subcontractors which is a good result.

Peab feels that landowner Malmö City is doing a good thing by discounting the land rental fee in return for land renters taking social responsibility. This gives contractors an opportunity to contribute to improving a neighborhood, in both its physical and social environments.

"We get a chance to learn more about the area and can change prejudices regarding the older housing projects," Linus continues. The fact that people living there get job opportunities creates added value in the form of a feeling of responsibility for the area and a higher tolerance for new construction from those living close to it.



and reduces costs for Peab and customers alike.

SUSTAINABLE PURCHASING

Peab expects their suppliers to live up to the same demands the company makes on itself. In addition to existing legislation and valid regulations as well as traditional requirements concerning quality and total costs Peab demands suppliers live up to our Code of Conduct.

Peab has established a process and tool through the in-house developed purchasing and supplier portal for structured supplier assessments, evaluations and purchasing and support measures for better statistics and follow-up. The portal makes it easier to identify suppliers that do not live up to the company's demands and at the same time facilitates internal steering.

In 2015 Peab changed the supplier of customer and supplier data which made it easier to discover potential improprieties.

Peab works closely with The Swedish Tax Agency in order to improve controls of subcontractors and fight economic crime. This cooperation facilitates the identifica-

tion of rogue companies and increases the possibility of eliminating criminal elements.

Suppliers are barred through Peab's system because of criminal behavior, suspicion of dishonest activities, insolvency/bankruptcy or the like.

An evaluation is performed at the end of a project of the suppliers deemed to have had an essential influence on it and their commitment to the customer with an emphasis on quality and the environment. The purpose of the evaluations is to ensure that knowledge and experience are exchanged and to contribute to the supplier's development.

Supplier evaluations as well as measuring and following up purchasing is essential for a big company in the construction and civil engineering industries, in order to run a sustainable business and have control over finances. It is a challenge for all big companies to get those involved to follow procedures and use existing tools. Peab has the instruments in place and works actively to further develop the right conditions through work teams charged with developing user friendliness and functional-

ity in procedures and tools. In 2016 the key ratios concerning sustainability aspects in purchasing will be developed.

ETHICS FOR GOOD RELATIONS

Peab's work with ethics and against corruption is aimed at building confidence, averting brand risks and creating secure and profitable deals for everyone involved. By preventing, monitoring and managing risks they can be turned into opportunities that generate long-term values for customers, the company and society in general. Systematic work on ethics which is focused on preventative education, and clear-cut consequences when transgressions occur are the foundation of a strong brand and healthy competition.

Peab's ethical guidelines

Peab stands for good business ethics and transparency. All employees are expected to take personal responsibility for their behavior. The company's ethical guidelines are attached to every employment contract and describe how employees in their professional roles represent Peab by following and communicating our fundamental values, within the company and out in the community. In addition to these guidelines there are supplementary instructions and guidelines on how Peab personnel should behave in specific situations.

The Ethical Council

Peab's Ethical Council answers among other things questions pertaining to ethics concerning our business or from

employees, communicates Peab's stance in ethical issues internally and externally, as well as prepares different matters and decides in cases of transgressions.

Together with Peab's security department the Council prepares the documents needed to make a decision and proposes what steps should be taken in the case of a transgression. This might be anything from a reprimand to a written warning, termination, dismissal or reporting to the police. The Ethical Council ensures that incidents in the Group are handled equally, regardless of which operations or position they concern. In 2015 the Ethical Council's function and work has been evaluated and the function will be developed in 2016.

Preventative education in ethics

An extensive educational program for white-collar workers, the Ethics Round, was launched in 2009 to bolster our efforts to thwart corruption and breaches of Peab's ethical guidelines. The education includes discussions about ethical dilemmas that can occur in day-to-day work. The point is to give employees the opportunity to test their own ethical compass against the norms and rules Peab has set up and provide them with a method of identifying solutions of various ethical dilemmas. Ethics are also included in other Peab internal courses such as the group-wide introduction day, position preparation programs and leadership training.

The number of incidents reported to Peab's security department concerning

economic crime has dropped considerably in the past few years. This is almost certainly due to preventative ethics work, improved internal controls and a higher level of knowledge and awareness.

New system for whistle-blowing

Peab strives for an open business and working climate. Employees have an important role to play in noting possibly illegal dealings and serious breaches of Peab's core values, ethical guidelines and Code of Conduct. They therefore need a way to bring up situations that might damage individuals, the company or the environment. There are several ways to report suspicions of wrongdoing at Peab, openly and anonymously. Peab prefers open reporting but if someone does not wish to give their name a system is needed that will guarantee anonymity. The new whistle-blower system, which was introduced into all Peab's operations in 2015, permits someone reporting a transgression to be anonymous. Reporting goes through an external web-based system that allows the investigators of the report to ask supplementary questions to the reporter and then communicate the results of the investigation via the system with guaranteed anonymity for the reporter.

EVENTS DURING THE YEAR

During 2015, no incidents of anticompetitive activities, breaches of the competition law or monopolistic behavior leading to legal action have occurred.

Industry agreement against bribes – easier to do the right thing

Peab takes an active role against corruption since it leads to unhealthy competition, inefficiency and in a longer perspective it is a threat to democracy.

In December 2015 several leading players in Swedish construction signed an agreement to fight bribes and corruption within the publicly financed construction and real estate sector. In addition to Peab and other nationwide construction companies the Swedish Construction Federation, the Swedish Construction Clients and The Swedish Association of Local Authorities and Regions are parties to this agreement. It has been designed to meet external demands of greater transparency and moderation and it gives practical help through examples and ethical guidance regarding, for example, representation and sponsoring. New parties are welcome to join and the hope is that it can contribute to establishing a common perspective between procurers and suppliers.

"Almost everyone wants to do the right thing and so it should be simple to do the right thing. An industry agreement with clear-cut examples provides common grounds, makes it easier to do the right thing and can also contribute to a positive dialogue about how parties can avoid getting into difficult situations," says Jesper Göransson, CEO and President of Peab.



Reducing climate impact

The responsibility for slowing down the negative development that is expected in the wake of climate change will only weigh heavier on major players like Peab as time passes. Global agreements such as the one from the UN Climate Change Conference in Paris, COP21, and the UN Sustainable Development Goals are examples that point out the road ahead. Peab focuses on climate and environmental issues and works systematically to reduce the environmental impact of its entire business.

SYSTEMATIC ENVIRONMENTAL WORK

Peab's climate and environmental work is performed on every level of the organization and is an integral part of the business. Coordinating climate and environmental issues takes place on Group level since many of the matters are shared by, and touch, all the business areas. The business areas are responsible for developing and running climate and environmental work in their own operations. The business areas have resources at business area, company and regional level to support the work in day-to-day operations.

Environmental studies at relevant levels in the Group identify significant environ-

mental aspects that are the basis of the goals formulated and priorities made. The focus areas Peab has established concerning the climate and environment are climate impact, streamlining resource use and phasing out environmental and health hazardous substances. Well-functioning processes for follow-up are needed to streamline work on improvements. Measurement methods and the extent of the follow-up have to be continually developed as well. One way of achieving this is mapping energy flows and producing different types of climate and environmental reports.

Peab's environmental management system is an integral part of the business management system. The environment policy is integrated into Peab's company policy and is in harmony with the Code of Conduct, which is based on the principles of the UN Global Compact including the precautionary principle. The environment policy satisfies all of the requirements for ISO 14001:2004, and large parts of Peab's business are now certified in accordance with ISO 14001 or other certification systems. In Norway Peab works according to Eco-Lighthouse, a Norwegian environmental business certification system.

Certifying products

Peab works with environmental certification, both at customers' requests and in our own development projects. Peab is also

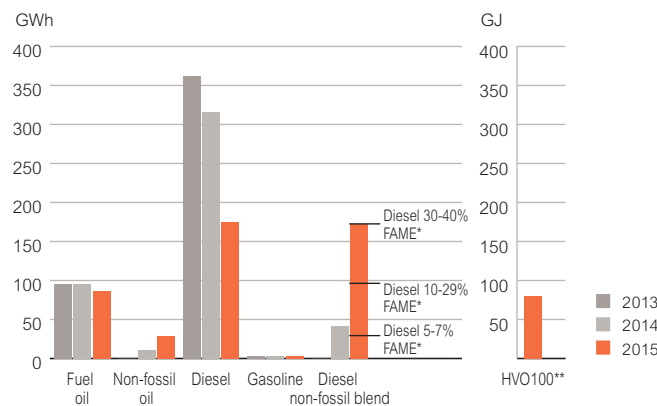
involved in developing certification systems together with other members of the industry. Environmental certification is mostly established on the market for buildings but there is a growing interest in sustainable certification of infrastructure. Peab has employees who are competent in CEEQUAL, BREEAM, LEED, the Swan and Miljöbyggnad. Certification is a tool that facilitates systematic work with environmental and sustainable issues from the planning stage to construction and operation.

CLIMATE IMPACT

The community building sector has been identified as a key sector to succeeding in reaching national and international climate goals. The sector is very energy intensive and this means it has a high potential to affect greenhouse gas emissions. Peab strives to continually develop and implement energy efficient solutions that reduce energy consumption in production and in the projects turned over to clients. At the same time Peab promotes renewable energy sources for the energy used. In 2015 Peab began working on reviewing the energy used in the entire Group according to the Law on energy reviews in big businesses. This work will be intensified in the coming years by developing follow-up processes and measuring methods.

Consumption and emissions

Fuel consumption, 466 GWh + 80 GJ

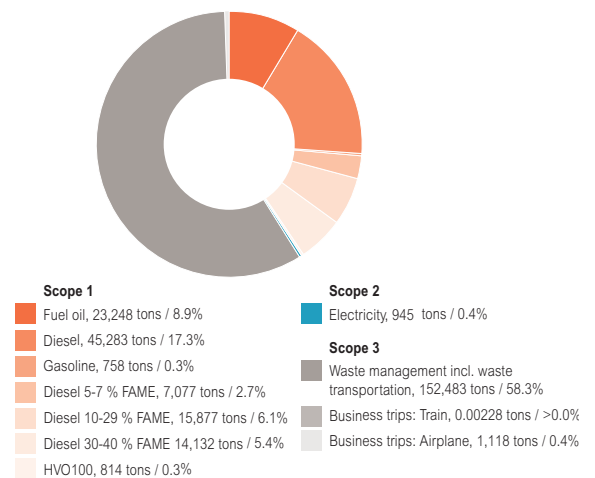


* As of 2015 the different types of diesel with non-fossil blends purchased by Peab are reported separately, see the color-divided column. The renewable level in these types of diesel is as much as 40 percent.

** During the year Peab gained access to the fuel HVO 100, a 100 percent renewable and fossil-free diesel that reduces CO2 emissions by up to 88 percent.

The chart shows Peab's fuel consumption in Sweden. The statistics are based on the number of liters purchased. The energy content (GWh/GJ) for 2015 has been calculated with the aid of conversion factors from the Swedish Petroleum and Biofuels Institute (SPBI) along with specifications from fuel suppliers. Conversion factors from GRI were used for 2013 and 2014.

Carbon dioxide emissions, 261,736 tons



The above chart shows Peab's carbon dioxide emissions for the Swedish business. Included are carbon dioxide emissions from fuel, electricity, waste and business trips. For more information concerning calculation methods see the corresponding diagram in Peab's Sustainability Report, page 24.

Energy efficiency

Peab continually works to cut energy consumption in areas such as transportation and running construction equipment, warming up and lighting workplaces and construction sites along with energy use in permanent facilities. Financial and environmental savings go hand-in-hand. Peab can make its production more sustainable by changing behavior and focusing more on energy matters.

Peab works to make worksites for civil engineering and construction projects more energy efficient through a number of different measures. Some examples are well-insulated trailers, control systems for regulating heating on evenings and weekends, presence-controlled lighting and LED lamps.

Over the last ten-year period, Peab has been working intensively to develop an energy efficient manufacturing process for asphalt aimed at conserving energy and lowering emissions. Reducing the laying temperature of the asphalt by around 30 degrees cuts energy consumption by an estimated 20 percent and carbon dioxide emissions by 30 percent. In 2015 lower temperature asphalt represented 1.9 (3.9) percent of Peab's total asphalt laid in Sweden and Norway. The reduction is due to diminished demand from customers.



Reducing the laying temperature of the asphalt by around 30 degrees cuts energy consumption by an estimated 20 percent and carbon dioxide emissions by 30 percent.

Peab contributes to the development of nearly zero-energy municipal service buildings through creative solutions as a step in achieving the EU 2020 energy efficiency targets.



The percentage of bio-oil used in asphalt production increased in 2015 to slightly more than 25 (14) percent, which reduced carbon dioxide emissions by 6,700 (3,100) tons compared to using traditional fuel-oil.



In 2015 Peab invested in two new hybrid wheel loaders. The machines reduce fuel consumption since they generate energy which is then reused. The savings is thought to be at least 15 percent.

In Finland Peab is participating in the research project COMBI (Comprehensive development of nearly zero-energy municipal service buildings) together with several universities and municipalities. The purpose of the project is to contribute to the development of nearly zero-energy municipal service buildings through creative solutions as a step in achieving the EU 2020 energy efficiency targets. This is just one of many examples of how Peab cooperates with different partners in developing methods to reduce climate impact.

Renewable energy sources

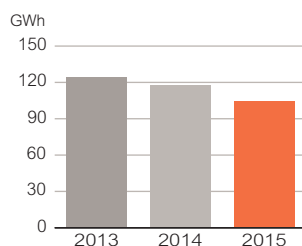
Peab is increasing the use of renewable fuels in several areas of production. Our goal is to continually reduce the percentage of fossil fuel used in operations. During the year Peab has begun to use 100 percent

fossil free diesel. Now the company is reviewing the possibilities to replace fossil diesel with this alternative.

Substantial amounts of fuel go to transportation and running construction equipment. One solution is hybrid construction equipment, which Peab supports. In 2015 Peab invested in two new hybrid wheel loaders. The machines reduce fuel consumption since they generate energy which is then reused. The savings is thought to be at least 15 percent. The machines are primarily used in gravel and rock operations.

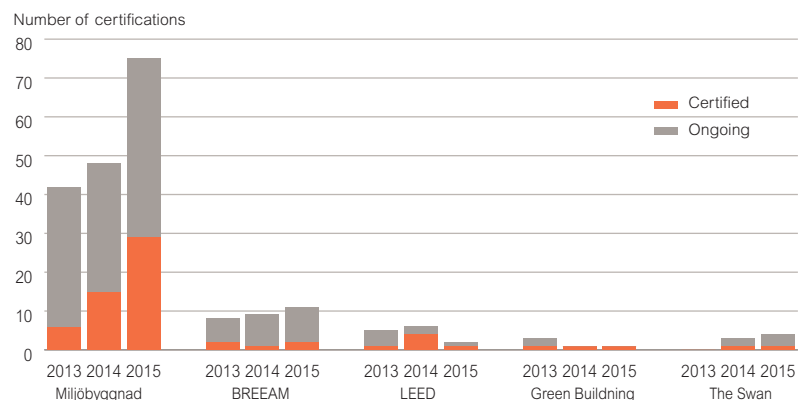
Peab uses a bio-oil instead of traditional fuel-oil at four of its 21 asphalt plants in Sweden. This bio-oil is classified as carbon dioxide neutral by the Swedish Energy Agency. The percentage of bio-oil used in 2015 increased to slightly more than 25

Electricity usage, 104 GWh



The statistics for electricity include the business in Sweden and Finland. Electricity utilisation in Sweden is limited to the electricity purchased via a central contract supplier. This electricity is environmentally declared, and corresponds to around 50 per cent of the purchasing volume for electricity. The electricity usage in Finland is estimated on the basis of our finance system.

Environmental certification of buildings



The diagram shows the number of projects that are certified or where certification is underway. The diagram includes Peab's own in-house projects where Peab is responsible for certification and projects Peab is building for a customer. For each project there may have been several certifications if there were several buildings in the project.

(14) percent, which reduced carbon dioxide emissions by 6,700 (3,100) tons compared to using traditional fuel-oil. Even in the energy demanding manufacture of special sand Peab only uses biofuel.

Peab can also drive sustainable development through attractive offers to customers, especially in the area of energy, where the company now has a comprehensive concept for constructing and running wind-power projects as well as designing, installing and managing solar power plants. During the year Peab completed Ikea's new office building in Malmö, which produces its own energy, in part through rooftop solar panels. The building also has a geothermal energy facility which generates heat and air conditioning and the rest of the energy used to run the building comes from its two windpower stations. This example illustrates how Peab can also contribute to reducing climate impact through the products it turns over to customers.

Planning logistics to reduce greenhouse gas emissions

Good planning is required to reduce the amount of transportation to and from construction sites. This planning is done together with suppliers and Peab works continually to minimize road wear and emissions by choosing the right vehicles. In our Nordic climate road wear creates significant health hazards. This road wear comes primarily from studded tires and generates

high levels of coarse particles (PM10) that can cause heart and lung disease when inhaled. Commissioned by the Traffic Department of Stockholm City Peab has applied dust control agents to reduce particle levels and thereby contribute to better air quality in central Stockholm.

STREAMLINING RESOURCE USE

Peab prioritizes using resources more efficiently. Reduced material consumption lowers costs as well as climate and environment impact. One challenge is to develop key ratios as a tool in the systematic work for improvements in every area of Peab's operations and projects. New research and more stringent laws contribute to developments but better use of resources can also be attained through new, smarter work methods and sharing knowledge.

Efficient waste management

Waste from construction and civil engineering represents a significant amount of the waste generated by society. Construction contractors are being spotlighted as communities focus on minimizing waste and conserving resources.

Peab has set its sights high when it comes to the amount of waste that gets sorted. The goal is that at least 87 percent is sorted before it leaves the worksite and only maximum eight percent goes to landfill. Drywall is a prioritized fraction in construction since recycling more of it minimizes the environmental impact, both

because landfilling is minimized and the recycled material can be used in the production of new drywall. First and foremost our ambition is to stop producing any waste at all. Reducing waste is a challenge for the industry. Peab uses a series of models and tools to more precisely calculate the amount of material needed thus avoiding waste.

The biggest challenges are identifying where waste occurs in the construction process and implementing changes in our systems in order to move towards circular economy. This can entail designing buildings that provide better opportunities to recycle and reuse material. This, in turn, requires choosing material that can be reused and meets Peab's function and quality demands as well as choosing technical solutions that facilitate dismantling.

Mass material is a prioritized area in Peab's civil engineering operations. A couple of the major challenges are mass material and logistics optimization of the vast amounts of material in varying quality and characteristics being moved around and in between projects. Excess material occurs in many projects which, depending on how it can be handled, can be classed either as waste or a resource. During the year Peab has established instructions for a way to handle mass material that occurs, is received or leaves a construction site. This way Peab can reduce the spread of undesired substances and increase the chances of recycling and reusing mass material.

This work method is also aimed at achieving good profitability through streamlining resource use, withdrawing less untouched material, diminishing waste fees for mass material going to landfill and lower transportation costs. In 2015 Peab established eight new sites under the trademark Swerock-cycling that are focused on recycling mass material from civil engineering projects and this expansion will continue.

PHASING OUT ENVIRONMENTAL AND HEALTH HAZARDOUS SUBSTANCES

The work to remove environmental and health hazardous substances in construction and civil engineering has been ongoing for many years. Despite broad cooperation in the industry there are still dangerous substances on the market and new ones keep coming. Peab intends to intensify the work since we want to be able to offer healthy and sound indoor and outdoor environments. This is why Peab is also active in industry initiatives to phase out hazardous substances. Focus lies on choosing the right material and on traceability. If there are no good alternatives and the company needs to use less suitable substances they have to be traceable.

Sweden's first concrete mixer truck fueled by renewable energy

In 2015 business area Industry became the first in Sweden with a concrete mixer truck that is run solely on renewable fuel. Both the fact that the rotor makes half the noise and no hazardous emissions improves the work environment significantly. The new concrete mixer trucks are a big advantage in tunnels or industrial sheds as well as in big cities where environmental demands are strict.

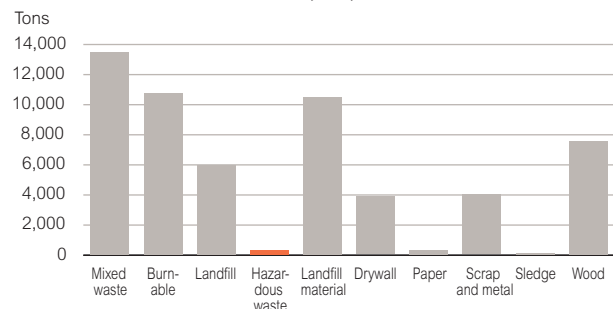
The truck's motor runs on HVO fuel, a synthetic fuel produced from rapeseed oil and slaughterhouse waste. The actual rotor is electric and can be charged via the mains or while driving when a generator charges the battery. The mixer can run for four hours solely on electricity when the truck is standing on a construction site. This technology contributes to the concrete mixer truck's ability to

run on renewable fuel 100 percent. "We are proud to be the first company with the new concrete mixer truck model on the Swedish market. We see this is as just the start. If everything works out satisfactorily we will invest in more trucks," says Karl-Gunnar Karlsson, BA Manager Civil Engineering and BA Manager Industry.

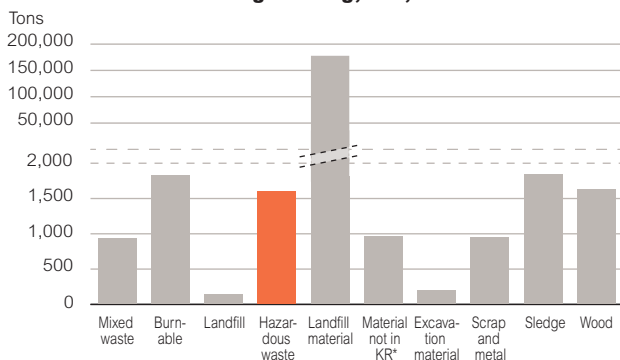


Waste

Business Area Construction, 56,490 tons



Business Area Civil Engineering, 187,050 tons



Processing method per fraction

Fraction	Landfill %	Incineration %	Recycling %
Mixed waste	14	76	10
Burnable		100	
Landfill	100		
Hazardous waste	50	50	
Landfill material	27		73
Drywall	50		50
Material not in KR*	50		50
Paper			100
Excavation material	50		50
Scrap and metal			100
Sledge	50		50
Wood		100	

* KR: Material not included in Kretsloppsrådets nomenclature such as mineral material, asphalt and park and garden refuse.

The statistics cover Swedish operations and are limited to the waste handled by Peab's main waste management partners. The bar diagram shows the amount of waste, sorted into fractions, created by operations in business area Construction respectively from business area Civil Engineering. The table shows how the sorted fractions are then handled by Peab's main waste management partners.

Proactive phasing-out

In order to drive the development of products that are healthier and better for the environment Peab has deepened its cooperation with several suppliers. This collaboration is aimed at making it easier for its own organization to choose the right products and its effects are already apparent, as several products containing hazardous substances have disappeared from the Swedish market.

Peab primarily uses two systems in Swedish construction operations to make material selections aimed at phasing out hazardous substances: BASTA and Byggarbedömningen (Building Material Assessment System). The Norwegian equivalents are the electronic systems coBuilder and ProductXchange. In Finland TUKES (Finnish Safety and Chemicals Agency) safety sheets are used to ensure that products used in production comply with current legislation.

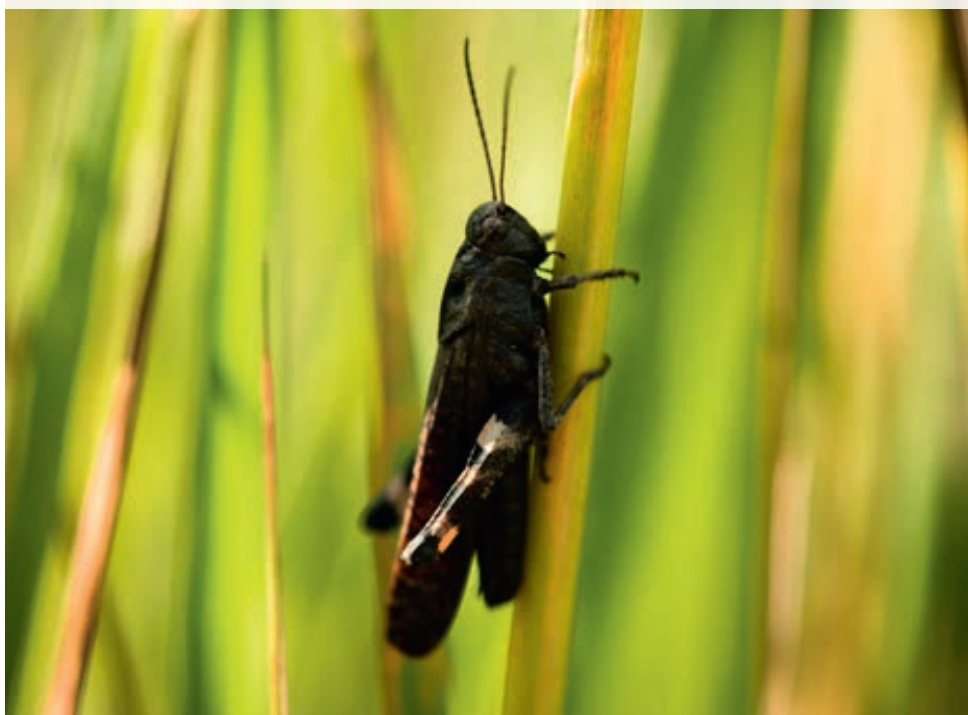
During the year Peab's Swedish industry and civil engineering businesses have inventoried chemical products and registered them in the chemical management system iChemistry, which, among other things, provides access to all information about the products electronically. Future work will be focused on risk assessment and phasing out hazardous chemical products.

Biodiversity

During 2015 Peab has been engaged in several projects to safeguard biodiversity:

Business area Industry participated in the co-financed development project *Greater biodiversity in pits during production and after shutdown*. A manual has been created within the project framework aimed at illustrating possibilities for biodiversity in different kinds of pits. The project has been nominated as "The Innovation of the Year" by the Development Fund of the Swedish Construction Industry.

Business area Project Development collaborates with the County Administrative Board of Stockholm to preserve the very rare and endangered species the rattle grasshopper (*Psophus stridulus*) which is classed as critically endangered on the national red list. An action plan was drawn up in 2015 to aid the species. Restoration and improvement measures will be required for many years to come.



Social engagement for future growth

As a community builder Peab has both the responsibility and the opportunity to contribute to society. Peab adopted goals in the following three areas for social engagement in 2015: educating young people, local community building projects and mentoring. With a clearer focus and based on core operations our efforts can contribute to the company and the community – investing in our youth is investing in our future growth. The refugee situation characterized 2015 and Peab decided to work for greater integration.

EDUCATING YOUNG PEOPLE

Commitment to educating young people and the need for future skilled workers has been the foundation of Peab's independent upper secondary school, the Peab School, since the first one opened in 2006. The Peab School offers an upper secondary school construction and civil engineering program in five schools in five towns involving around 450 students and nearly 50 employees in total. Every year a number of spots are earmarked for students with incomplete compulsory school grades. In addition to the national program Peab schools also offer introduction programs such as the Vocational introduction.

The students' worksite placed learning

(APL) takes place at Peab's (in certain cases Peab partners') construction and civil engineering sites under the tutelage of craftsmen who are trained instructors. Peab's instructor training has been acknowledged by the Swedish Schools Inspectorate for its high level of quality and ambition. The instructors act as mentors while the students are in school and continue to be very important as the youths turn into adults and start their careers.

Work on developing the schools with the goal "Best school – Best journey", where every student has the chance to make their best journey in development, continues. One of the challenges is to engage more female students in the construction and civil engineering industry. Peab schools are industry recommended by Construction Industry Training Board.

Training and thesis work

Training is the first step to getting a job for many young people. Peab accepts trainees from industry-related educational programs as well as taking on skilled workers in training.

In the summer of 2015 Peab accepted some 500 trainees. Every year a number of students from colleges and universities do their thesis at Peab. The students are given the opportunity to immerse themselves in an area of interest to themselves and Peab,

and at the same time the two get to know each other. The result is that about half the students become employees at Peab after completing their theses.

LOCAL COMMUNITY BUILDING PROJECTS

Peab is a big employer with strong local roots. Whatever Peab constructs affects the labor market and people's everyday lives in both big and small towns and this opens the door to broadening our engagement. Norwegian Utøya is a good illustration of how Peab wants to take our responsibility for the community, in this case by building up long-term partnerships that both the Peab School and the Norwegian Labor Party Youth League (AUF) learn from and where both parties are winners.

Since the autumn of 2011 Peab and the Peab School has been active in rebuilding Utøya. Together with AUF, students from the Peab School have built and renovated buildings and improved other facilities at the summer camp. New training weeks were held in the spring and summer of 2015 and together with co-workers from Peab's Norwegian operations the students worked to make it possible for the island camp to open its doors again.

When Utøya was rededicated in August the Peab School's representative

Sustainability on several levels in the Peab office building Lyckholms

Peab's newly constructed office building on the historic Lyckholms plot in southern Gothenburg was completed in the spring of 2015.

Here sustainability has truly been in focus. The building is not only now certified according to BREEAM but environmental impact under construction and on the surroundings in the longer perspective has been minimized. Energy conservation, a good indoor climate and sustainable material choices are some of the ways this is evident.

Before moving from the old offices there was a discussion about what to do with the old furniture. Could it be reused in some way? Via the company reCreate Design Co a number of aid organizations were identified. The furniture, which would have otherwise been thrown away, was donated to around 15 different aid organizations and is being used in places like Queen Silvia Children's Hospital, Agrenska and families in Romania.



presented a cabin built by students to illustrate the long-term partnership formed at Utøya that will be continually developed. The support to Utøya gives a lot back: the students develop their craftsmen skills at the same time they receive an education in fundamental values on a present day historical site. Taking young people to such a dramatic environment is a serious responsibility and the training is safeguarded by counselor support, many teachers and time to talk about the experience. Students who have participated tell how they grew and learned lessons for life.

MENTORING

Peab has been collaborating with the Mentor Sweden Foundation for years. Mentor Sweden is a nonprofit organization that strives to provide young people with self-esteem and the strength to grow. The purpose is to support them in making positive decisions and resisting violence and drugs. This is achieved in part through mentoring. In addition the foundation arranges a number of other activities like cooperation between schools and courses for both youths and their parents.

NEW SPONSORING POLICY

A new sponsoring policy was adopted in

December 2015. The purpose was to even more tightly tie sponsoring to taking responsibility for the community and young people. The policy establishes that the focus of sponsoring should be on meaningful free time for youths which comprises both sports and cultural pursuits. Activities that promote integration, equality and diversity are prioritized. Peab's sponsoring should support Peab's vision and business goals and have a local connection. New in the policy is the requirement that the sponsored associations sign a partner profile that emphasizes the value foundation of social and ethical responsibility Peab expects.

MIGRATION AND INTEGRATION

From a global perspective the growing international migration is a challenge, not just because of the extent of it but the way in which it is taking place. At the same time it creates new opportunities for communities. Peab has chosen to work for greater integration and positive societal development.

In order to more rapidly and better make use of immigrants' skills and experience Peab has signed a letter of intent with the Swedish Employment Service stating our ambition to during a three-year period give at least 100 newly arrived refugees

employment, a trainee spot or make an assessment of their skills. The letter of intent is aimed at creating a far-reaching and strategic link between the immigrants coming to live in Sweden and Peab's skills supply. There is a shortage of skilled workers in many areas of construction and since the need to recruit is growing there is a risk that this will dampen growth. By utilizing the skills of immigrants this investment can aid integration in society as well as diversity and growth in the construction industry.

In the autumn of 2015 the decision was made to start the new course Language introduction for 100 newly arrived youths at the Peab School in Gothenburg. Language introduction is a two year course consisting of classes in the Swedish language, Swedish society orientation and several other grade school subjects. Peab School's previous experience of unaccompanied refugee youths and expertise in areas like special pedagogics match this mission well. The objective is for the students to be approved to enter the education system. Hopefully some of them will choose a future in construction or civil engineering.

About The Peab School

- A total of 619 students have graduated from The Peab School system since it started in 2006.
- In 2015 129 students graduated.
- In 2015 84 percent of the students received a complete degree. The figure also includes the students that had not graduated from grade school when they came to a Peab School.
- There are 401 applicants to The Peab School system for the 144 places available in the fall term of 2016.



Tying sponsoring to taking responsibility for our youth

- We at Peab engage locally as community builders
- We at Peab engage long-term in young people's education
- We at Peab engage in providing youths with active free time and good leadership
- We at Peab engage in young entrepreneurship

Interchange Spillepengen Malmö

During the year the new bridge solution Peab built to improve capacity and safety at interchange Spillepengen was completed. The project is a good example of how Peab can minimize waste and conserve resources in production. By first categorizing the excavation material then testing, managing and intermediately storing it the level of carbon dioxide per ton of handled excavation material was radically reduced. Usable material was returned to the project minimizing the amount that went to landfill. This management led to greater safety and better control since all excavation material passed through Peab's own facility.



Board of Directors' Report

The Board of Directors and the Chief Executive Officer of Peab AB (publ), Corporate ID Number: 556061-4330, hereby submit the following annual report and consolidated accounts for the 2015 financial year.

NET SALES ¹⁾

Group operative net sales for 2015, excluding the write-down of the project Mall of Scandinavia, amounted to SEK 45,052 million (43,820), an increase of 3 percent compared with the previous year. Including the SEK -800 million write-down Group operative net sales amounted to SEK 44,252 million. Adjusted for acquired and divested operations operative net sales was unchanged compared to previous year.

Adjustments in housing reporting affected net sales by SEK 124 million (-190). Group net sales for 2015 increased by 2 percent to SEK 44,376 million (43,630).

Business Area Civil Engineering grew by 5 percent while business area Industry had net sales on par with the previous year. Net sales in business area Construction, excluding the write-down of Mall of Scandinavia, was on par with the previous year. Net sales in business area Project Development decreased as a result of fewer home production starts. Of the year's net sales SEK 7,596 million (7,689) were attributable to sales and production outside Sweden.

RESULT ¹⁾

Operative operating profit for 2015, excluding the project write-down of Mall of Scandinavia, was SEK 1,852 million (1,783). This entails an unchanged operative opera-

ting margin of 4.1 percent compared to the previous year. Including the project write-down of SEK -800 million operative operating profit amounted to SEK 1,052 (1,783) and the operating margin was 2.4 percent.

The Mall of Scandinavia in Solna, Peab's largest project ever with a contract sum of SEK 3.5 billion, has been a challenge from the beginning, in part because of the size of the project and in part because of the alterations made during the project. This has made it difficult to assess the final result of the project. After the inauguration of the mall on 12 November 2015, the project was revised and a write-down of SEK -800 million was made in the fourth quarter.

Business area Construction had unchanged net sales and a margin of 2.3 percent, excluding the write-down of the project Mall of Scandinavia. Business areas Civil Engineering and Project Development had better operating margins. For Project Development the result in the comparable year included a positive net result of SEK 100 million resulting from the divestiture of Varvsstaden in Malmö and the revision of values in the project portfolio. The profit from the divestiture of Varvsstaden in Malmö amounted to SEK 580 million and costs regarding reservations in the project portfolio amounted to SEK -480 million. Business area Industry presented a somewhat lower operating margin compared to the previous year. In the previous year the result was charged with shutting down costs for Northland Resources of SEK -33 million as well as the write-down of the share value in S:t Eriks of SEK -40 mil-

lion. The result for Group functions includes costs of SEK -35 million (-) for long-term incentive programs.

Eliminations and dispersal of internal profit in our own projects impacted the result by SEK -50 million (-42). The elimination is returned when the projects are sold externally. The increase in elimination in 2015 stems from building up property development operations.

Operating profit for 2015 was SEK 1,009 million (1,752). The operating margin amounted to 2.3 percent (4.0). Adjustments in housing reporting affected operating profit by SEK -43 million (-31).

Depreciation and write-downs for the year were SEK -842 million (-844).

Net financial items amounted to SEK -103 million (-522). In 2014 net financial items were charged with write-downs of interest-bearing receivables of SEK -261 million referring to Northland Resources. Net interest improved to SEK -99 million (-216) primarily due to lower net debt.

Pre-tax profit was SEK 906 million (1,230).

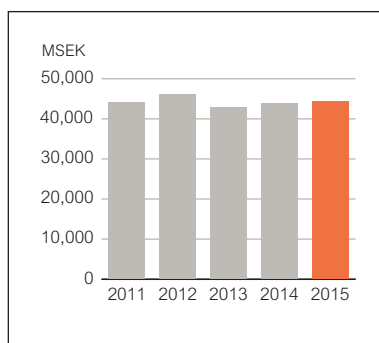
Tax for the year was SEK -108 million (-203) which corresponds to a tax rate of 12 percent (17). The positive tax effect of the write-down of Mall of Scandinavia is SEK 176 million.

Profit for the year was SEK 798 million (1,027).

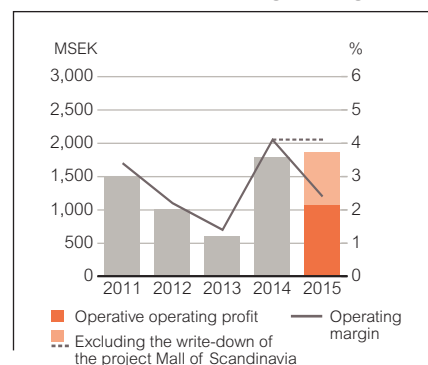
FINANCIAL POSITION

The equity/assets ratio on 31 December 2015 was 28.8 (28.2). Interest-bearing net debt decreased to SEK 3,118 million (3,886). Net debt has been affected by the

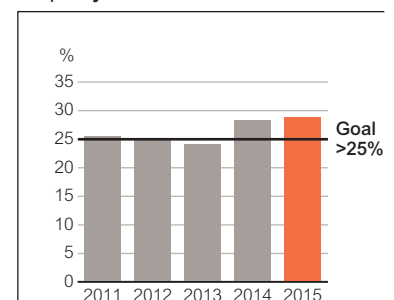
Operative net sales



Operative operating profit and operative operating margin



Equity/assets ratio ²⁾



1) Peab applies IFRIC 15, Agreements for the Construction of Real Estate, in the legal 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 is first recognized 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 refer to the legal reporting.

2) According to legal accounting.

distributed dividend of SEK 664 million (531) paid in the second quarter. The average interest rate in the loan portfolio, including derivatives, was 2.4 percent (3.0) on 31 December 2015.

Group liquid funds, including unutilized credit facilities, were SEK 4,953 million (6,752) at the end of the year.

At the end of the period Group contingent liabilities amounted to SEK 9,604 million (7,381) on 31 December 2015. Of contingent liabilities, obligations to tenant-owners associations under construction were SEK 3,778 million (4,247).

INVESTMENTS

Investments in tangible and intangible fixed assets during the year were SEK 515 million (666). Most of the investments were in equipment in Industry operations. Net investments in project and development properties totaled SEK 291 million (net divestments -238) during the year. During 2015 housing development rights corresponding to around 700 apartments were acquired at the previous Råsunda plot in Solna. Last year Varvsstaden in Malmö was divested for a booked value of SEK 220 million.

CASH FLOW

Cash flow from current operations was SEK 2,825 million (3,750). The reduction in cash flow compared to last year is primarily due to less free working capital.

Cash flow from investment activities was SEK -1,038 million (-947). This mainly

includes investments in equipment, loans to partly owned project companies as well as the divestiture of Peab's share in the partly owned company S:t Eriks.

Cash flow before financing amounted to SEK 1,787 million (2,803).

Cash flow from financing operations amounted to SEK -1,663 million (-2,471) due to loan amortization and paid dividends of SEK -664 million (-531).

ORDERS RECEIVED AND ORDER BACKLOG

Orders received in 2015 amounted to SEK 37,812 million (31,690). Orders received increased in every business areas due to a strong housing market. In 2015 orders received were characterized by a broader geographic spread of housing production starts in Project Development compared to last year when a large part of orders received were concentrated to the Stockholm region.

Order backlog yet to be produced at the end of 2015 amounted to SEK 26,991 million (24,922). Of the total order backlog, 30 percent (23) is expected to be produced after 2016 (2015). Swedish operations accounted for 84 percent (86) of the order backlog.

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

BUSINESS AREA AND GROUP FUNCTIONS PRESENTATIONS

The Peab Group is presented in four different business areas: Construction, Civil

Engineering, Industry and Project Development. The business areas are also operating segments.

The net sales and result for business area Construction presented refer to the contract construction in our own housing projects, in rental projects and other projects for business area Project Development. The percentage of completion method is used in the reporting.

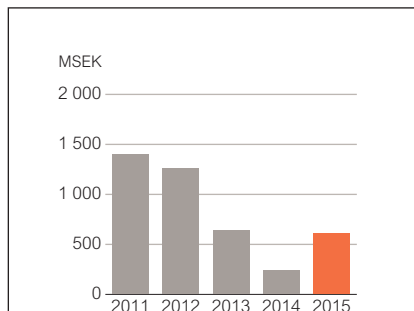
Net sales for both contract construction and the developer part of our own housing projects are reported in business area Project Development. The booked result consists of the result in the developer part using the percentage of completion method. The underlying sales value of property projects on our own balance sheet that are sold in the form of a company via shares is recognized as net sales and the booked value is recognized as an expense on the balance sheet.

In addition to the business areas, central companies, certain subsidiaries and other holdings are presented as Group functions. The central companies primarily consist of the parent company Peab AB, Peab Finans AB and Peab Support Group. Peab AB's operations consist of executive management and shared group functions. The internal bank, Peab Finans, handles the Group's liquidity and debt management as well as financial risk exposure. The company is also a service function for the subsidiaries and works out solutions for loans and investments, project-related financing and hedging. Peab Support delivers services within the process-oriented personnel and systems intensive businesses Accounting, Payroll/Systems and IT to all Group entities.

Operating profit for the year for Group functions was SEK -100 million (-71).

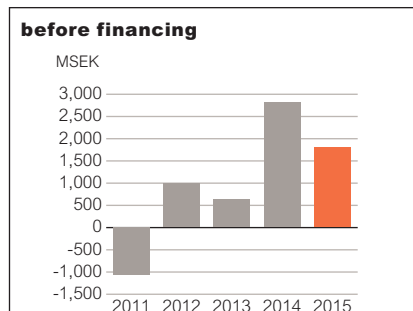
Read more about Peab's business areas on pages 28-37.

Net investments ¹⁾

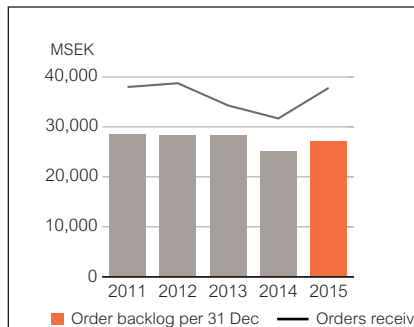


1) Including project and development properties and shares and participations.

Cash flow



Orders received and order backlog



Per business area MSEK	Orders received			Order backlog		
	2015	2014	2013	31 Dec 2015	31 Dec 2014	31 Dec 2013
Construction	25,999	22,735	23,744	19,529	17,966	19,647
Civil Engineering	10,433	9,048	11,092	7,292	7,525	8,483
Project Development	6,498	5,708	5,115	4,357	3,536	3,975
Eliminations	-5,118	-5,801	-5,659	-4,187	-4,105	-3,941
Group	37,812	31,690	34,292	26,991	24,922	28,164

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

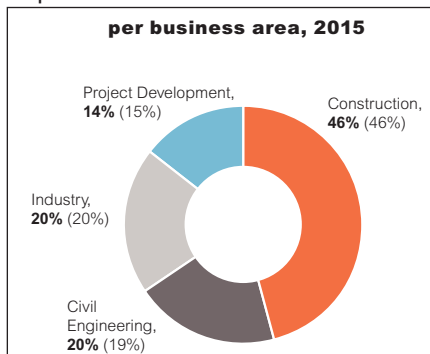
Net sales and operating profit per business area

MSEK	Net sales			Operating profit			Operating margin		
	2015	2014	2013	2015	2014	2013	2015	2014	2013
Construction	24,645	24,474	23,109	575	552	-539	2.3%	2.3%	-2.3%
Civil Engineering	10,448	9,958	11,172	381	331	371	3.6%	3.3%	3.3%
Industry	10,800	10,830	10,347	648	671	681	6.0%	6.2%	6.6%
Project Development	7,605	7,830	5,753	398	342	247	5.2%	4.4%	4.3%
of which Property Development	1,634	1,407	608	10	12	2	0.6%	0.9%	0.3%
of which Housing Development	5,971	6,423	5,145	388	330	245	6.5%	5.1%	4.8%
Group functions	836	823	419	-100	-71	-153			
Eliminations	-9,282	-10,095	-8,035	-50	-42	-14			
Operative excluding write-down ¹⁾	45,052	43,820	42,765	1,852	1,783	593	4.1%	4.1%	1.4%
Construction - write-down of project Mall of Scandinavia	-800	-	-	-800	-	-			
Operative ¹⁾	44,252	43,820	42,765	1,052	1,783	593	2.4%	4.1%	1.4%
Adjustment for housing reporting ²⁾	124	-190	362	-43	-31	21			
Legal	44,376	43,630	43,127	1,009	1,752	614	2.3%	4.0%	1.4%

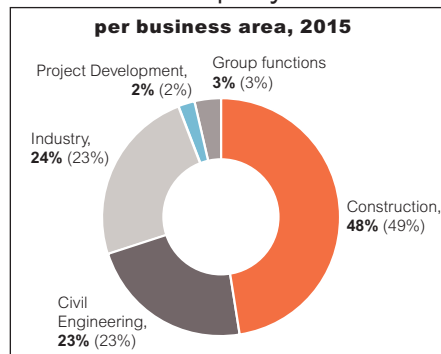
1) According to percentage of completion method (IAS 11).

2) Adjustment of the accounting for own homes in Sweden and housing in Finland and Norway to the completion method (IAS 18).

Operative net sales



Share of employees

Capital employed
31 December

MSEK	2015	2014
Industry	4,885	5,257
Project Development	10,838	10,646
Other/Eliminations	-1,247	-1,141
Group	14,476	14,762



Strong regional roots with a broad range of orders

With local roots close to customers business area Construction performs contract work for both external and internal customers. Construction projects include everything from new production of housing, public and commercial premises to renovations and extensions as well as construction maintenance.

Operations in business area Construction are run via some 150 local offices around the Nordic area, organized in 11 regions in Sweden, two in Norway and two in Finland. There are three specialized housing production areas in Stockholm, Gothenburg and the Öresund region. Construction maintenance operations are run in a nationwide region primarily focused on the big city areas. Other regions are responsible for all types of construction projects in their geographic area.

THE BUSINESS AREA IN 2015

For business area Construction 2015 was characterized by continued strong housing construction. Previously most of it was concentrated to the larger cities but in 2015 construction took off in smaller cities.

For example, Peab started work on 344 new apartments with an adjoining track, street basketball court and a flight of sun stairs on the roof, in the Rosendal neighborhood in Uppsala. In the same city Peab began work with 224 rentals for Uppsalahem. In Örebro Peab started up two new housing projects, one in Södra Sörbyängen with 130 apartments, both tenant-owner apartments and rentals, and one project with 116 tenant-owner apartments for HSB.

Peab is building a 96 tenant-owner apartment building in Limhamn for HSB Malmö. The building's architecture melts into the quarter's small scale terraced houses. The building will be environmentally classified as a Miljöbyggnad Silver building.

Fastighets AB Trianon has given Peab the mission to modernize and densify the quarter Vårsången in the older housing project Lindängen in Malmö. This will be the first new production in the area in over 30 years and it includes 121 apartments, a daycare center and gym. This is an explicit local community building project and Peab, together with subcontractors, will hire ten people living in Lindängen. Peab started up



construction of 198 apartments, offices and retail premises in the Hajen quarter in the center of Mölndal.

Commissioned by Malmö City and Stadsfastigheter Peab started construction on a new school, daycare center and gym in Bunkeflostrand and 130 youth apartments and a gym in Västra Hamnen. In Växjö Peab has started construction on the largest municipal elementary school in Bredvik. The school will be environmentally classified as a Miljöbyggnad Silver building.

Peab started construction of a new arena in Eskilstuna. The arena, with three halls, will be divisible for better flexibility and be suitable for sports, concerts as well as larger fairs. The project will be environmentally classified as a Miljöbyggnad Gold building. LKAB has commissioned Peab to build Kiruna's new City Hall that should be finished by 2018.

For a few years Peab has been highly involved in the development of Arenastaden in Solna and in 2015 Peab worked on the construction of an office building for Fabege. It will contain seven floors of offices, a garage and commercial premises on the ground level. The property will be environmentally classified as a Miljöbyggnad Gold building.

The National Property Board of Sweden

has commissioned Peab to substantially renovate and extend its existing offices in the government block of southern Klara in central Stockholm. The contract comprises offices with reorganized rooms, densification and modernization while the Adelscrantz Palace will be completely restored. In the expanding Inner Harbour area in Karlstad Klövern has commissioned Peab to construct the office building Skeppet. The project will follow the guidelines for Green Building.

In Ängelholm Peab is refurbishing and building new care and rehabilitation premises, doctors' offices and offices for Hälsostaden Ängelholm AB. In Malmö Peab began building new care and reception premises in Skåne's university hospital commissioned by Region Skåne. In Helsingborg Peab is responsible for an extensive renovation and extension of Helsingborg Hospital including replacing the façade and windows, updating the interior and putting in new installations in order to create a modern hospital building.

Peab started a number of new construction projects on the Norwegian market, including 75 new apartments in Oslo, 68 new apartments in Sandvika as well as the construction of 100 apartments for mountain tourism in Hemsedal. Just south of

Ålesund Peab started the construction of a new multi-arena. Arena Ulstein will have sports halls, a pool, a climbing wall and a library. Peab also won the general contract covering the new premises for medical education at Tromsø University from Norwegian Statsbygg. The project is expected to be completed in February 2018.

In 2015 Peab erected a number of housing projects all around Finland. Peab signed a contract to build three five-story buildings with 94 apartments in Esbo outside Helsinki and Peab was awarded the contract to refurbish a school on the Brändö Campus in Vasa.

The construction of the synchrotron laboratory MAX IV in Lund that Peab constructed for Fastighets AB ML4 was finished in May 2015. The project was named best project in both Green Building and BREEAM at the Sweden Green Building Conference. The extension of Hotel Gothia Towers in Gothenburg was also completed in 2015 making it the largest hotel in Europe with the environmental certification BREEAM Very good.

In a unique project in Gothenburg Peab is working together with Bygg-Fast and Gårdstensbostäder on the initiative of the Robert Dickson Foundation to train and engage young people as well as offer them apartments in connection with the foundation's construction of 99 new apartments in Gårdsten. Peab is the general contractor and will put 5-10 unemployed young people into a construction training program during the two-year project. After their apprentice period they will be offered employment at Peab or subcontractors in the project. The Robert Dickson Foundation will also offer those that complete their training a rental apartment from the ones owned by the foundation.

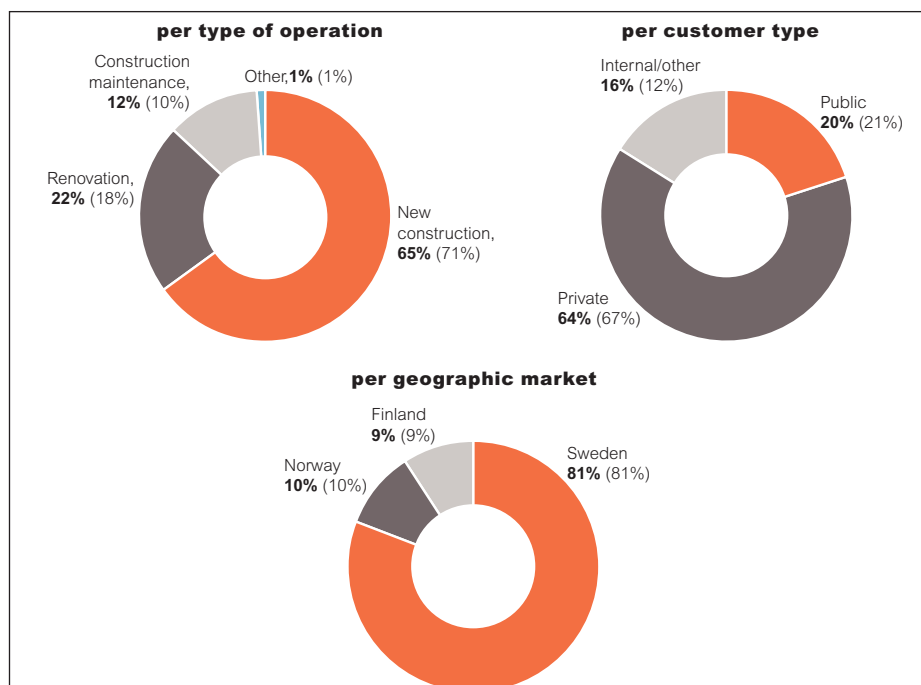
MALL OF SCANDINAVIA IN SOLNA

Mall of Scandinavia, Peab's largest project ever, was a challenge from the start, in part due to the size of the project and the changes made as it has progressed. Due to extensive changes the project has turned out to be significantly more expensive than when the contract was signed in the autumn of 2011. This made it difficult to assess the end result of the project. The wording of the contract, major changes in the project and a lack of dialogue with the orderer made the project much more

Key ratios

	2015	2014	2013
Net sales, MSEK	23,845	24,474	23,109
Operating profit, MSEK	-225	552	-539
Operating margin, %	-0.9	2.3	-2.3
Orders received, MSEK	25,999	22,735	23,744
Order backlog on 31 December, MSEK	19,529	17,966	19,647
Number of employees	6,320	6,434	6,356

Net sales



expensive. After the Mall of Scandinavia was inaugurated on 12 November 2015 the project was revised and thereafter it was written down in the fourth quarter by SEK -800 million which affected both net sales and result.

NET SALES AND RESULT

Net sales, excluding the write-down of Mall of Scandinavia, in 2015 were SEK 24,645 million (24,474). Including the SEK -800 million write-down net sales amounted to SEK 23,845 million. Adjusted for acquisitions net sales decreased by 3 percent compared to the previous year.

Operating profit for the year, excluding the write-down of Mall of Scandinavia, amounted to SEK 575 million (552) and the

operating margin amounted to 2.3 percent (2.3). Including the SEK -800 million write-down of Mall of Scandinavia operating profit was SEK -225 million. Business is stabilized in all regions.

ORDERS RECEIVED AND ORDER BACKLOG

Orders received increased in 2015 by 13 percent and amounted to SEK 25,999 million (22,735). Orders received are diversified in terms of product and geography although a large part of them are housing projects.

Order backlog on 31 December 2015 was SEK 19,529 million (17,966).

Building society and infrastructure

Business area Civil Engineering is a leading civil engineering supplier in Sweden with operations in Norway and Finland as well. We build and maintain roads, railroads, bridges and other infrastructure. Peab's civil engineering operations are primarily directed at the local market and are organized in geographic regions and specialized product areas.

In local market we work with landscaping and pipelines, foundation work and build different kinds of facilities.

In infrastructure and heavy construction we build roads, railroads, bridges, tunnels and ports. Peab also builds heavier facilities for industry and the public sector.

Operation and maintenance provides just that for national and municipal highway and street networks as well as care of parks and outdoor property. We also operating the sewage and water supply networks.

The business area cooperates extensively over regional and country borders for joint development and experiences exchanges, project management as well as considerable scale advantages in larger and more complex projects.

THE BUSINESS AREA IN 2015

Each year Peab's civil engineering operations complete a large number of projects ranging from smaller contracts on the local market to large, regional projects worth billions.

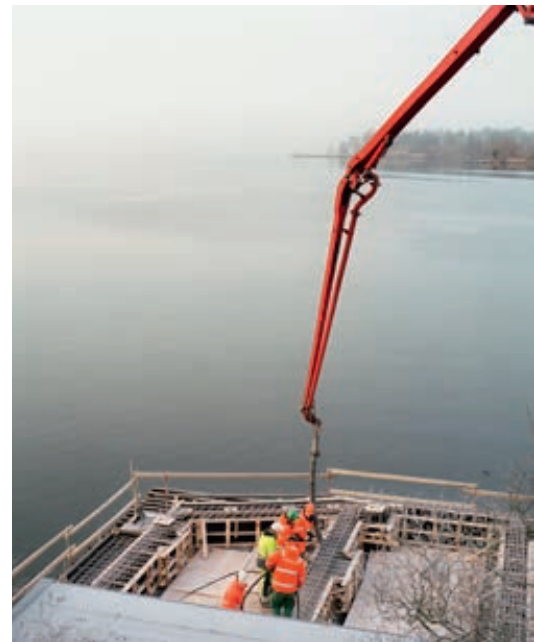
On behalf of the Swedish Transport Administration Peab is refurbishing seventy kilometers of railway between Daglösen and Ställdalen in Värmland and Västmanland and this also includes new construction and renovation of operation stations to raise capacity. In Västmanland Peab is building a new stretch of road 252 between Halstahammar and Surahammar installing lanes separated by median barriers, a new off-ramp to Halstahammar and new bridges. In Närke Peab has begun the extension of road 50 which is crucial for heavy traffic and commuters and very busy. In order to open up the flow of traffic and improve safety the road is being widened and facing traffic will be separated by median barriers. Peab will also build a new stretch of E22 outside of Linderöd in central Skåne. The enlargement will make the road safer and the environment better for those living next



to it and it will also contribute to developing the local economy and increase mobility on the labor market in the Öresund Region. In Uppsala the municipality has asked Peab to construct a new, broader and moveable bridge with adjoining walking and biking lanes over Fyrisån at Flottsund.

One of the business area's ongoing projects is "basic maintenance" on public roads in Sveg, Svenstavik, Bollnäs and Älvdalen. The customer is the Swedish Transport Administration and the contract covers road maintenance in winter and summer and runs for four years with an option for another extension. Peab has also been commissioned to maintain public roads in Kungälv. Peab has been awarded the contract to do operation and maintenance work in a partnering project with Täby municipality and together we will develop a work model. The contract comprises maintenance of approximately 400 kilometers roads and 130 hectare green areas in the municipal parks and it runs for five years with a possible extension of three years. At the end of 2015 E6 the West Coast Highway in Malmö was reopened with two new bridges over the Spillepeng roundabout aimed at separating pedestrian and commuter traffic from heavy traffic.

Civil engineering operations developed positively in 2015 in Norway with several interesting projects. For example, Peab started work on ground and construction



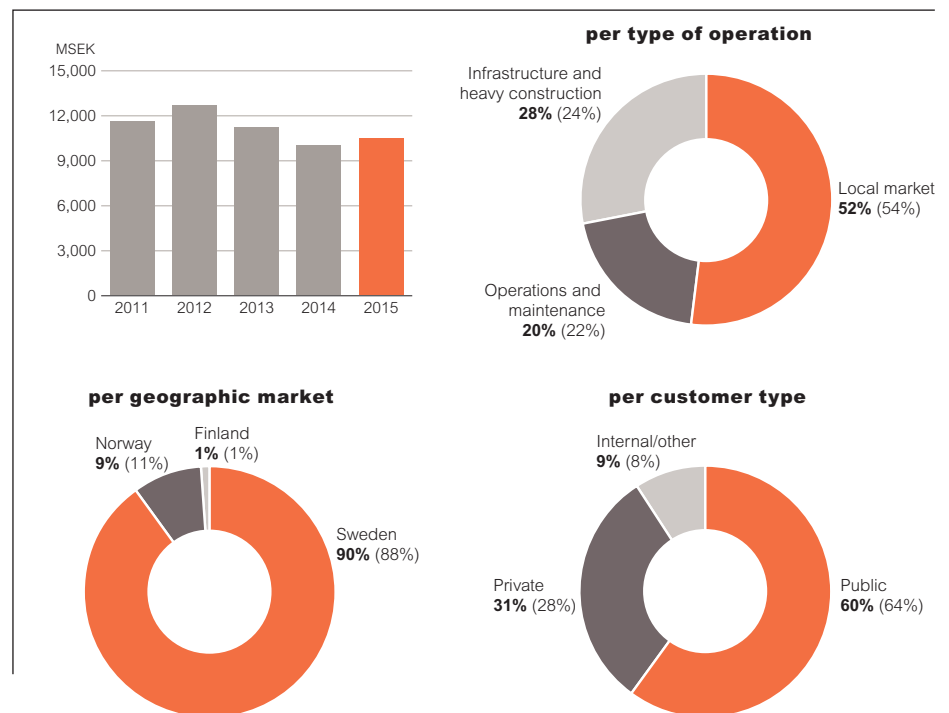
work for three transformer stations for Norwegian Statnett. Peab also built three kilometers of railroad at Rombak station, ordered by Jernbaneverket. We are also participating in the foundation and concrete work on Follobanen south of Oslo, the largest civil engineering project in Norway. Starting in January 2016 Peab will begin upgrading the road E16 through Kongsvinger in Norway ordered by the Norwegian Public Roads Administration.



Key ratios

	2015	2014	2013
Net sales, MSEK	10,448	9,958	11,172
Operating profit, MSEK	381	331	371
Operating margin, %	3.6	3.3	3.3
Orders received, MSEK	10,433	9,048	11,092
Order backlog on 31 December, MSEK	7,292	7,525	8,483
Number of employees	3,019	3,049	3,188

Net sales



NET SALES AND RESULT

Net sales for 2015 amounted to SEK 10,448 million (9,958), an increase of 5 percent. The increase is primarily a result of more order received in 2015.

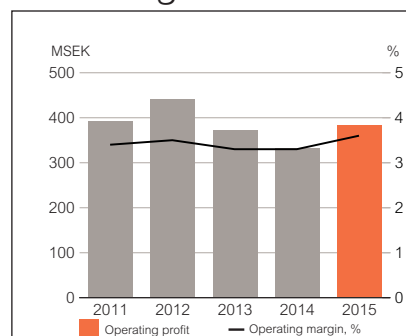
Operating profit for the year amounted to SEK 381 million (331) and the operating margin improved to 3.6 percent (3.3). In comparison with last year net sales and the result improved both in Local market and Infrastructure. Net sales were lower in Operation and maintenance but the result was somewhat better compared to last year.

ORDERS RECEIVED AND ORDER BACKLOG

Orders received in 2015 amounted to SEK 10,433 million (9,048), an increase of 15 percent. The increase was primarily in Operation and maintenance along with Local market.

Order backlog on 31 December 2015 was SEK 7,292 million (7,525).

Operating profit and margin



Development 2015 vs 2014

	Net sales	Operating profit
Local market	↗	↗
Operations and maintenance	↘	↗
Infrastructure and heavy construction	↗	↗

Strategic resources for the construction and civil engineering markets

Business area Industry is a complete supplier of all the products and services needed in order to carry out a construction and civil engineering project cost efficiently. This is achieved by offering industrial construction, possessing strategically placed quarries, asphalt plants and concrete factories as well as by renting out construction equipment and cranes.

THE BUSINESS AREA IN 2015

During 2015 business area Industry acquired several new quarries and continued the strategic work of establishing new ones. An extension of the plant in Ucklum is under production in order to increase volumes in Construction system and meet the demand from the housing sector. Several mobile units were established during the year in the Concrete segment, some of them in Norway. In the autumn of 2015 Peab Civil Engineering received several large infrastructure jobs in which Industry contributes with a large part of input goods and services.

A program for newly graduated engineers, TIRO, was initiated. The program runs 18 months and the participants are given theoretical and practical training in two of Industry's largest companies – Peab Asphalt and Swerock. This will give them a platform for a long career in Peab Industry.

Peab PGS, a standardized construction system from construction to assembly, has received several calls from SABO's framework procurement of their Kombo House Series which Peab PGS won in the late autumn of 2014. The Kombo Houses, which are concentrated on creating good and functional living values in a small space, will be erected in Strömstad, Sölvesborg, Kalmar and Malmö.

In 2015 Peab Asphalt acquired Masab Asfalt's cold paving operations. The company is one of the largest Swedish players in preventive road maintenance, strengthening and cost-efficient damage reduction pavements. With this acquisition we can now handle all the paving types on the market; warm, semi-warm, heat and cold paving. Besides a number of contracts for municipalities and the Swedish Transport Administration Peab Asfalt also received an extension of its contract with Swedavia.

Lambertsson Sweden won a number of contracts, among them a contract for traffic



redirections for Region Skåne in connection with the refurbishment of the area around SUS, Skåne University Hospital, Malmö. A framework procurement has also been signed with the National Historical Museums, Archeological commissioned work in Linköping. The contract is for installing work trailers for excavations in the eastern region of Sweden (Östergötland, Jönköping, Kalmar and Gotland counties).

Glacell, specialized in solar energy, was awarded yet another contract with Västfastigheter for installing solar energy at Skövde Hospital. When this contract is completed Glacell will have installed solar energy on the hospital corresponding to approximately 1 MW and it will be the largest solar energy installation on a building in Sweden.

ATS Kraftservice acquired Öresundskraft Tjänster AB with business in service, operation and maintenance as well as construction of primarily Öresundskraft's plants. ATS Tjänster AB was formed in connection with the acquisition.

Lambertsson Kran mobile cranes operations invested in a, for the company, new type of equipment, the self-erecting mobile crane. The investment was a success and will be expanded.

During the autumn Swerock introduced the first concrete mixer truck using 100 percent renewable energy. Swerock has also begun work on opening a new quarry in Arendal, Gothenburg aimed at providing the growing infrastructure market in the Gothenburg region with aggregates.

As there is an increasing need to utilize

production waste from construction and civil engineering markets Industry has continued to open waste disposal plants. In Gävle we have decontaminated soil, bulldozed and freighted contaminated masses to the plant. Offering these kinds of services conserves resources.

Cliffon Mining received an extension on the contract for machinery and transport services in Svappavaara. The contract comprises handling raw material and additives as well as service work at LKAB's enrichment and pelletizing plants. Loading and transporting iron ore and gangue from the open pit in Gruvberget are also part of the contract.

In addition to Peab Asphalt, Rådasand has also converted to bio-oil in its production of special sand. The production process includes drying sand and requires a great deal of energy. To reduce environmental impact Rådasand now only uses bio-oil in production.

NET SALES AND RESULT

Net sales for 2015 amounted to SEK 10,800 million (10,830).

Operating profit for 2015 amounted to SEK 648 million (671). The result was charged during the fourth quarter last year by shutting down costs of SEK -33 million regarding Northland Resources and by SEK -40 million referring to the value of Peab's share in S:t Eriks. The operating margin shrunk slightly to 6.0 percent (6.2).

Net sales were somewhat higher in Asphalt and Gravel and Rock compared to last year while the results were slightly

lower. Net sales in Concrete were the same but the result has improved. Activity has been lower in Transportation and Machines in 2015 compared to last year when iron ore transportation for Northland made a positive contribution. However, the result has improved compared to last year. Net sales and the result were unchanged in Foundation Work. Net sales have risen slightly in Rentals but the result is the same. Both net sales and the result are lower in Construction System. Capital employed in Industry at year end amounted to SEK 4,885 million (5,527).

STRONG BRANDS

To a certain extent Peab has built its industrial operations on the acquisition of a large number of different companies with strong, local brands that complement the Peab brand, for example: Lambertsson, Swerock, Cliffton, Skandinaviska Byggelement, Glacell, ATS Kraftservice, Lättklinkerbetong, MBR, Virtanen, Kranor, Ferdigbetong.

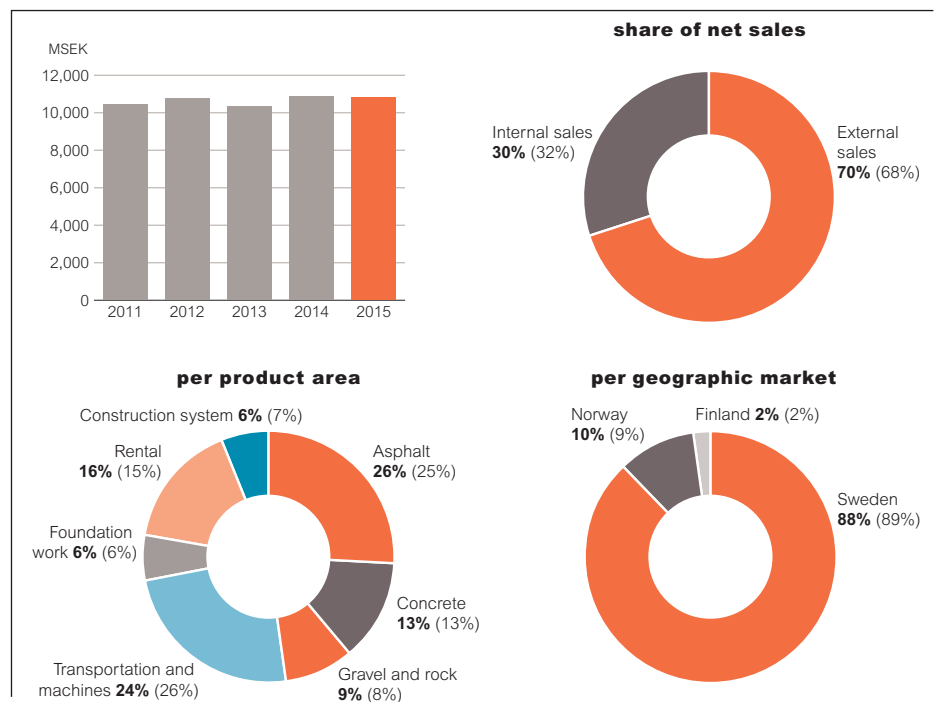
THE BUSINESS AREA INDUSTRY PRODUCT AREAS

- **Asphalt:** Manufacture and laying of asphalt.
- **Concrete:** Production and delivery of ready-mixed concrete.
- **Gravel and Rock:** Production and delivery of materials for asphalt and concrete production to the civil engineering sector.
- **Transportation and Machines:** Flexible solutions in transportation and construction machine services. Peab also offers customized machine and transportation solutions for the mining industry, among others.
- **Foundation Work:** Qualified competence in foundation work, pile-driving, tonguing, drill plinths, stabilization, etc. as well as production of concrete piles.
- **Rentals:** A broad range of construction machines, work wagons, scaffolding, construction cranes, mobile cranes, crane trucks, construction elevators, temporary installations, electrical material and generators as well as services in energy technology.
- **Construction system:** Produces prefabricated concrete elements and complete construction systems for apartment buildings for industrial construction.

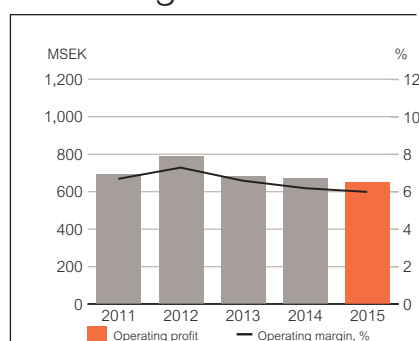
Key ratios

	2015	2014	2013
Net sales, MSEK	10,800	10,830	10,347
Operating profit, MSEK	648	671	681
Operating margin, %	6.0	6.2	6.6
Capital employed on 31 December, MSEK	4,885	5,257	5,301
Number of employees	3,204	3,016	3,135

Net sales



Operating profit and margin



Development 2015 vs 2014

	Net sales	Operating profit
Asphalt	↗	→
Concrete	→	↗
Gravel and rock	↗	→
Transportation and machines	↘	↗
Foundation work	→	→
Rental	↗	→
Construction system	↘	↘

Develops attractive and sustainable housing and commercial space

Business area Project Development is responsible for the Group's acquisition, development and sales of housing, commercial property and city districts. The ability to understand and predict society's and customers' needs and demands regarding location and design is what makes Peab so successful when it comes to developing attractive and sustainable housing and property.

Project Development takes place in wholly owned projects or in cooperation with other partners through joint ventures. The area is run in two segments – Housing Development and Property Development.

THE BUSINESS AREA IN 2015

A few years ago Project Development began working to streamline capital binding. This work continued in 2015 and Peab divested properties in Botkyrka, Solna, Södertälje and Esbo in Finland. At the same time strategic housing development rights in attractive areas have been acquired.

Housing Development

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

Together with JM Peab is developing Kvarnholmen in Nacka. Kvarnholmen is an isthmus with an attractive position across from Djurgården at the entrance to Stockholm. The project Stockholm Lighthouse will with its 226 apartments become a new landmark that with its architecture will look like the silos that used to stand on Kvarnholmen. Besides the magnificent view the inhabitants will also have access to a spa and a party room.

Peab is involved in developing Folkets Park in central Uddevalla and is building both our own developed tenant-owned apartments and rentals for Uddevallahem. A total of 160 apartments will be constructed in the new area. In Skövde construction has started on Gårdshem, Peab's new housing form with small two-story buildings placed around pleasant courtyards designed for creating good relations between neighbors.

Peab is developing a new city block in S.t Lars Park in Lund that has a beautiful green environment at the same time the center of Lund with shops, service and culture is just a short bike ride away. In Hel-



singborg Peab is remodeling the historical Magnus Stenbock School into attractive tenant-owner apartments.

Plans are in the works to build more attractive housing in both Eskilstuna and Västerås, among them a new phase in Fristaden in central Eskilstuna and Kajutan in the desirable neighborhood of Öster Mälarstrand next to Lake Mälaren in Västerås.

In 2015 Peab divested zoned land in Rikstens friluftstad in Botkyrka municipality to Svenska Hyreshus which, together with business area Industry (PGS), plans to build two new buildings with 46 tenant-owner apartments. They are expected to be ready in 2016. The new city district will comprise around 2,500 new apartments, workplaces, a school, daycare centers and academic education close by. Peab is also building a large supermarket (ICA) in the area.

In 2015 Peab and Faberge decided to split ownership in Visio Exploatering AB, and this meant that Peab acquired all housing project and development properties on the former site of the Råsunda Stadium in Solna, corresponding to approximately 700 apartments. The site is divided in two blocks: Klacken and Liraren. The Klacken block will comprise about 340 apartments and be constructed in blocks of six to nine-story buildings, including a garage and commercial space at ground level. The houses will be designed to fit in with the surrounding buildings. Construction is



expected to start in autumn of 2016 with occupancy scheduled for the autumn of 2018. Construction on the Liraren block will preliminarily start in the summer 2018.

Peab acquired from KF Fastigheter the remaining shares in the jointly owned company Fastighets AB Partille, for development of Partille Port outside of Gothenburg. Partille Port is a city development project in Partille municipality where Peab is building about 800 apartments and approximately 15,000 square meters of commercial space. The goal is to create a bustling part of the city. Coupled to the sale Coop is also moving to Partille Port and will become a new Peab tenant. Coop Väst plans to open a 3,500 square meter supermarket in a few years.

In 2015 a number of project and development rights were acquired from Aranäs



Key ratios

	2015	2014	2013
Operative net sales ¹⁾ , MSEK	7,605	7,830	5,753
of which Property Development	1,634	1,407	608
of which Housing Development ¹⁾	5,971	6,423	5,145
Operative operating profit ¹⁾ , MSEK	398	342	247
of which Property Development	10	12	2
of which Housing Development ¹⁾	388	330	245
Operative operating margin ¹⁾ , %	5.2	4.4	4.3
of which Property Development	0.6	0.9	0.3
of which Housing Development ¹⁾	6.5	5.1	4.8
Capital employed on 31 December, MSEK	10,838	10,646	11,376
Orders received, MSEK	6,498	5,708	5,115
Order backlog on 31 December, MSEK	4,357	3,536	3,975
Number of employees	285	254	225

¹⁾ According to the percentage of completion method (IAS11).

AB in the new city district Kolla Parkstad in Kungälv, the largest construction project in Kungälv's history. Peab plans to construct 100 apartments and be the first to offer housing that caters to several generations in that part of the city.

In Finland Peab divested a property project to Tapiola Försäkring and signed a contract to build 94 apartments in Esbo outside of Helsinki.

In Norway Peab is developing new housing in places like Jesseheim, Ålesund and Tromsø.

Property Development

Operations in Property Development revolve around the acquisition, development and divestiture of commercial property in wholly owned and partly owned companies. As a property developer Peab has broad range of expertise in enriching and developing areas and land for commercial space or uses such as offices, malls, hotels, industries and sports facilities.

Wholly owned companies

Projects in wholly owned companies consist of everything from land for development in the process of being zoned to completed projects ready for divestment.

In Ulriksdal in Solna Peab is developing a city block. In 2015 Peab and Nordic Wellness signed a rental agreement for a new 885 square meter gym in Johnson & Johnson's new office next to the commuter

train station in Ulriksdal. Within a few years Ulriksdal will have about 1,500 new apartments and 9,000 new workplaces. There will also be 125,000 square meters of commercial space for offices, retail and service, as well as daycare centers and schools.

Peab divested a property including development rights for an office building in Solna. The buyer was Vasakronan, with whom Peab also signed a contract to project and construct an office building.

In Västerås Peab will, together with ESS, create a new destination hotel adjoining Sweden's first action water park Kokpunkten. This will include 220 rooms, meeting and conference facilities as well as a spa.

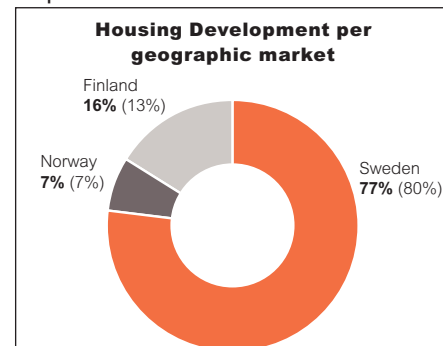
Development of the area Point Hyllie in Malmö continues. In the fourth stage Peab, through its subsidiary Annehem, is building offices with space efficient solutions in one of the most unique and highest office buildings in Sweden.

Partly owned companies

Peab uses the joint venture model in order to finance and spread risks in larger development projects. These projects are run in cooperation with established partners on the construction and housing market. Today Peab has about 50 partly owned companies.

In 2015 a property consisting of a cold storage was sold to the development com-

Operative net sales



pany Fastighets AB Centur, owned jointly by Peab and Balder and Findus is the tenant.

In June 2015 Peab acquired 31 percent of Tornet Bostadsproduktion AB. Before the acquisition the company was a part of the joint venture company TCL S.å.r.l.

When Peab and Fabege agreed to divide Visio Exploatering Peab acquired 50 percent of Visio Utveckling AB, a former subsidiary to Visio Exploatering AB. Visio Utveckling AB is responsible for the development of Arenastaden.

NET SALES AND RESULT

Operative net sales in 2015 in business area Project Development decreased by 3 percent to SEK 7,605 million (7,830). Adjusted for acquisitions net sales

Own housing development construction

	2015	2014
Number of housing starts during the year	2,363	2,502
Number of sold homes during the year	2,295	2,871
Total number of homes under construction, at year-end	4,043	4,034
Share of sold homes under construction, at year-end	82%	84%
Number of repurchased homes on the balance sheet, at year-end	61	97

Capital employed

MSEK	31 Dec 2015	31 Dec 2014
Project and development property	6,742	6,523
Participation in joint ventures	693	752
Financial statements and others	3,403	3,371
Total	10,838	10,646

Project and development property

MSEK	31 Dec 2015	31 Dec 2014
Housing Development	4,011	3,263
<i>of which development rights</i>	3,831	2,974
<i>of which shares in tenant-owner associations or the like</i>	180	289
Property Development	2,731	3,260
<i>of which investment properties</i>	1,244	1,406
<i>of which projects under construction</i>	944	1,144
<i>of which commercial development rights</i>	543	710
Total Project and development property	6,742	6,523

Development rights for housing

Number, approx.	31 Dec 2015	31 Dec 2014
Development rights on our own balance sheet	17,400	15,200
Development rights via joint ventures	4,400	6,900
Development rights via options etc.	6,800	7,000
Total	28,600	29,100

decreased by 4 percent. Operative operating profit was SEK 398 million (342). The operating profit of the comparable year contained a positive net result of SEK 100 million for the sale of Varvsstaden in Malmö to the development company Centur, jointly owned by Peab and Balder, and a revision of values in the project portfolio in the business area. The profit for the sale of Varvsstaden in Malmö amounted to SEK 580 million and costs for reservations in the project portfolio amounted to SEK 480 million.

Capital employed in Project Development amounted to SEK 10,838 million (10,646) at year end.

Housing Development

In 2015 operative net sales in Housing Development were SEK 5,791 million

(6,423). The reduction is due to fewer housing production starts in 2015 compared to last year. Operative operating profit was SEK 338 million (330) and operating margin improved to 6.5 percent (5.1).

Start-ups of our own developed homes decreased and amounted to SEK 2,363 million (2,502), but are well spread geographically. The number of homes sold in 2015 was 2,295 (2,871). The number of own developed homes in production at year-end was 4,043 (4,034). The share of sold homes in production was 82 percent (84) at year-end. The number of repurchased homes per 31 December 2015 amounted to 61 (97).

Property Development

Net sales and operating profit from operations is derived from managing wholly



owned property, shares in the result from partly owned companies as well as capital gains/losses from the divestiture of completed projects and shares in partly owned companies.

During 2015 net sales in Property Development were SEK 1,634 million (1,407) and operating profit was SEK 10 million (12).

The result from property sales affected the result positively by SEK 32 million (157). The comparable year contained a net SEK 100 million from the effects of divesting Varvsstaden in Malmö and reservations in the project portfolio as described above. The result from partly owned companies has improved compared to the previous year, primarily from Fastighets AB Centur.



Significant joint ventures

Fastighets AB Centur

Own, manage and develop commercial property and housing.

Peab's share: 50 percent

Partner: Balder

Geography: Stockholm, Gothenburg and the Öresund region

Tornet Bostadsproduktion AB

Build and manage attractive and environmentally friendly rentals in larger cities

Peab's share: 31 percent

Partner: Riksbbyggen, Folksam and Balder

Geography: Stockholm, the Mälaren region, Gothenburg and the Öresund region

Fastighets AB ML4

Own and manage the research facility Max IV. The facility is rented to Lund University.

Peab's share: 50 percent

Partner: Wahlborgs

Geography: Lund

Visio Utveckling AB

Own and manage companies responsible for developments, including handling zoning plans and exploitation matters, implementation, construction and sales of land.

Peab's share: 50 percent

Partner: Fabege

Geography: Solna

Key ratios 2015 significant joint ventures ¹⁾

MSEK	Fastighets AB Centur	Tornet Bostads- produktion AB	Fastighets AB ML4	Visio Utveckling AB
Operating net sales	274	71	42	41
Profit for the year	278	130	-5	22
Total assets	4,881	1,886	1,955	1,143
- of which book value of properties	4,259	1,845	1,862	980

1) Refers to the book value of joint venture companies for January – December 2015 and per 31 December 2015. Since some of the joint venture companies apply the market value of properties, the values in the table above differ from the values presented in the Peab Group for joint venture companies in note 17.

Risks and risk management

MATERIAL RISKS AND UNCERTAINTY FACTORS

Peab's business is exposed both to operational and financial risks. The effects of risks on Peab's results and position depend on how well daily operations are handled in the company. In addition, as a construction and civil engineering company Peab is vulnerable to external risks such as developments in the economy and changes in circumstances due to amendments in laws and regulations, and other political decisions. The parent company is indirectly affected by the risks described in this section.

RISK MANAGEMENT

The management of operative risks is a continuous process considering the large

number of projects the company has in different phases of started up, carried out and completed. Operative risks are managed in the line organization in the business areas through established procedures, processes and control systems. Financial risks are associated with capital tied up in the company and its capital requirements.

OPERATIVE RISKS

Peab's business is largely project related and each project is unique in terms of design and other prerequisites. Operative risks in day-to-day business are connected to tenders where erroneous calculations can lead to incorrect tenders, which can then lead to losses in projects regardless of how well they have been completed in the

field. There are a number of contract types and the risk level varies accordingly. Regardless of contract type uncertainties concerning terms might lead to responsibility issues and this can lead to a dispute with the orderer. This makes it hard to assess the result of both ongoing and completed projects. Therefore structured risk assessment is crucial to ensure that risks are identified and priced in the tender and the calculations made. The right resources in projects mean they will be carried out according to stipulated procedures, and with the right products and methods.

Peab's operations are subject to market risks in the form of price risks such as unforeseen cost increases for material, subcontractors or the employee salaries.



The risks vary depending on the type of contract.

The risks affecting the profitability of Peab's housing project developments are, in addition to the risks linked to production, circumstantial factors such as the general economy, interest rates, customers' willingness to buy and other market conditions. Peab's commercial property development faces similar risks, including the fact that the investor market's willingness to buy also influences sales conditions. A common factor for development operations is the risk in planning land exploitation since decisions taken by the authorities can have a great impact on land values and thereby on project profitability. The sales risk is reduced through set requirements for advance sales before production starts in housing projects. The corresponding risk management for commercial property development is the requirement for a certain level of rented apartments before production start. From a risk perspective it is also important to shorten lead times from land acquisition to finished project in view of the risk for changed market prerequisites.

Peab's sustainability risks are unwanted consequences regarding skills supply, the work environment, ethics and the environment. Peab is dependent on attracting and keeping competent employees in order to fulfill the customers' expectations on products and services. The competition is hard for the competence that Peab need and this makes the recruitment process a priority. Peab's structured work with equality, diversity and equal treatment is a part of the work to handle risk con-

nected to the recruitment process and increase diversity in the industry.

Work related accidents at Peab's construction sites can lead to employees or subcontractors getting hurt or at worst killed. To prevent accidents at worksites Peab develops quality-ensured work methods and trains personnel in this area.

Ethical risks can entail Peab employees not following the Code of Conduct or Peab's ethical guidelines and becoming involved in irregularities, bribes or corruption. This can lead to fines, legal sanctions and a damaged brand. Peab requires that subcontractors live up to Peab's Code of Conduct regarding human rights, work conditions, the environment and anti-corruption. Systematic ethic work focused on preventive education and strict consequences for transgressions are the foundation of a strong brand and healthy competition.

Peab is also exposed to environmentally related risks. Serious environmental accidents at Peab's construction sites can have a considerable effect on the local environment, lead to fines and damage its brand. Extreme weather can cause problems and delays on worksites and in the supply chain. Higher costs for energy and the emission of greenhouse gases can have a negative effect on Peab's profitability. Peab works with prevention focused on climate impact, streamlining resource use and phasing out environmentally and health hazardous substances.

FINANCIAL RISKS

The Group is exposed to financial risks, such as interest rate risks linked to changes

in debt and interest rate levels. For further information on financial risks, see note 35.

RISKS CONNECTED TO FINANCIAL REPORTING

Since Peab uses the percentage of completion method in most of our ongoing projects erroneous project forecasts mean that reporting and follow-ups will be misleading. A prerequisite for correct percentage of completion is reliable forecasting. Well-developed procedures and system support for the monitoring and forecasting of each project is crucial to limiting risks of erroneous percentage of completion.

A number of balance items are valued based on estimations and assessments and this value can be affected by, for example, the current market and customers' preferences.

SENSITIVITY ANALYSIS

Peab's operations are sensitive to changes in, among other things, volumes and margins. The sensitivity analysis below describes how pre-tax profit is affected by changes in some of the important Group variables.

Sensitivity analysis

MSEK	Calculation basis	Change	Pre-tax profit effect
Operative			
Volume (operating margin constant)	44,000	+/- 10%	+/- 180
Operating margin (volume constant)	4.1%	+/- 1 percentage	+/- 440
Material and subcontractors	24,000	+/- 1%	+/- 240
Financial			
Net debt (interest rate constant)	3,118	+/- 10%	+/- 7
Average effective int.rate ¹⁾ (net debt constant)	2.4%	+/- 1 percentage	+/- 24

1) The calculation is based on the assumption that SEK 2,435 million of the total net debt, has a fixed interest period shorter than one year and is thereby affected almost at once by a change in market interest rates.



Other information and appropriation of profit

PEAB'S SUSTAINABILITY WORK

Peab strives to permeate our business with sustainability. Peab signed the UN Global Compact in 2012. This has contributed to greater awareness and competence in Peab, partly through the methodic follow up work Peab has pledged to do. More detailed information concerning Peab's work on sustainable development is given in Peab's sustainability report which follows the international guidelines laid down by the GRI (Global Reporting Initiative). The report is available on Peab's website www.peab.com.

Peab's environmental work is a part of the company's work with sustainability and takes place on all levels in the organization. Coordination is done on Group level since many issues are common to all business areas. At the same time the business areas are responsible for developing and managing climate and environmental work in each operation. Each business area has resources on a business area, region and company level supporting environmental work in daily operations.

Environmental reviews on relevant levels in the Group identify significant environmental aspects that are the foundation of the work to formulate goals and priorities. Focus areas in climate and environmental work are climate impact, streamlining resource use and phasing out environmental and health hazardous substances.

Phasing out environmentally and health hazardous substances

The work to remove environmental and health hazardous substances in construction has been going on for many years. Despite broad cooperation in the industry there are still dangerous substances on the market and new ones keep coming. Peab

intends to intensify this work since we want to be able to offer healthy and sound indoor and outdoor environments. This is why Peab is also active in industry initiatives to phase out hazardous substances. Focus lies on choosing the right material and traceability. If there are no good alternatives and the company needs to use less suitable substances they have to be traceable.

Therefore Peab has increased its cooperation with a number of subcontractors in order to facilitate the choice of the right products in its own organization. The Group uses systems common for the industry when it comes to conscious choices of material in order to phase out substances with dangerous properties. Collaboration and common systems have been effective and in consequence several hazardous products have been taken off the Swedish market.

Energy efficiency

Peab strives to offer energy efficient solutions both in production as well as in the products that are handed over to the customers when finished. Peab has taken a number of steps in production to make construction sites in civil engineering and construction projects more energy efficient. Some examples are well-insulated trailers, control systems for regulating heating on evenings and weekends, presence-controlled lighting and LED lamps.

Peab uses large amounts of fuel for vehicles for transportation and construction equipment in its operations for example asphalt and concrete. Through a number of different initiatives Peab seeks energy efficient solutions.

During the last ten year period Peab Asphalt has developed asphalt that is

energy efficient to manufacture and has a lower environmental impact. The calculated reduction in energy consumption from lowering the laying temperature by some 30 degrees is around 20 percent and the reduction in CO₂ emissions is some 30 percent. In 2015 low temperature asphalt represented 1.9 percent (3.9) of Peab's total asphalt laid in Sweden and Norway.

Peab also cooperates with a number of parties in developing methods to reduce climate impact. In Finland Peab participates in a research project together with a university and municipalities for the development of nearly zero-energy municipal service buildings. This cooperation is a step in reaching EU's energy efficiency demands for 2020.

Efficient waste management

Currently the construction and civil engineering industries are the source of a large part of the waste generated in society. For Peab it's a matter of using resources as efficiently as possible by minimizing both the extraction of finite natural resources and the amount of waste generated.

Peab has set its sights high when it comes to reducing waste and raising the amount of construction waste that gets sorted. But first and foremost our ambition is to produce less waste from the start. Our goal for the waste which nonetheless does occur under construction is that at least 87 percent is sorted before it leaves the work-site and only maximum eight percent goes to landfill.

The company uses a number of models and tools in order to calculate the amount of material that is purchased in order to reduce waste.

In civil engineering operations mass



material have been identified as a prioritized area. During the year Peab has produced instructions for a way to handle mass material that occurs, is received or leaves a construction site. This way Peab can reduce the spread of undesired substances and increase the chances of recycling and reusing mass material. In 2015 Peab established eight new sites that are focused on recycling mass material from civil engineering projects and this expansion will continue.

Operations required to have permits or submit reports

Operations required to have permits and submit reports according to the environmental code are found in the Swedish sub-groups Swerock, Skandinaviska Byggelement and Peab Asphalt. In Finland permit operations are run according to the Environmental Protection Act.

Operations required to have permits in Sweden are gravel and rock quarries, transportation of waste and hazardous waste and asphalt plants. These operations primarily affect the environment through the extraction of finite resources and future land use. Operations required to have permits in Finland are mainly concrete manufacturing and ballast operations. Permit operations represented about 3 (3) percent of Group net sales in 2015. Renewal and supplementation of permits is continuous.

Swerock's concrete factories and Skandinaviska Byggelement's concrete product factories as well as Peab Asphalt's permanent and mobile asphalt plants are operations that must submit reports. Operations that must submit reports represented about 7 (7) percent of Group net sales in 2015.

PEAB'S EMPLOYEES

The average number of employees in the Peab Group during 2015 was 13,036 (13,176), a decrease of about 1 percent compared to 2014.

Peab's employees are the very foundation of the company. Besides offering a good work environment with opportunity for personal development Peab should also be a safe place to work and therefore health and work environment are prioritized.

Peab's work environment policy is integrated into the company policy and is the basis of the strategic work with the work environment. The work environment management system is integrated into the business management system and Peab follows the requirements in each country's legislation. The requirements set out in AFS 2001:1 are observed in Sweden and in Norway Peab works according to the Work Environment Act and follows valid regulations for the construction and civil engineering industries. Finnish operations are certified according to OHSAS 18001.

There are a number of risk factors in the construction industry and Peab has been working preventively with work environment issues for a long time. Through risk management, systematic work and exchanging knowledge and experience it is possible to diminish or avoid accidents. Each quarter Peab checks on the Group goal of during the period 2015-2017 halving the number of workplace accidents and what is being done to achieve the goal. Peab's crisis organization is activated in the event of a serious accident. It consists of 111 employees in Sweden and Norway specially trained the Swedish Civil Contingencies Agency.

In order to prevent accidents at worksites Peab continually develops quality assured work methods and trains personnel in this area. Peab continued to spread safety warnings throughout our organization in 2015. Safety warnings contain information about actual incidents or accidents and provide advice on how similar situations can be avoided. All incidents and accidents are reported as they happen and form the basis for measures aimed at preventing these occurrences. There were no fatal accidents at Peab's worksites in 2015.

Peab strives to develop work methods that promote health. Peab also works systematically with promotive, preventative and rehabilitating health measures. In 2015 the number of registered occupational illnesses at Peab increased from 43 to 66 in Sweden. With Peab's current system the reasons behind an illness cannot be identified but according to a review by the Swedish Work Environment Authority in the industry strain has been identified as the major cause (65 per cent) of occupational illnesses. In 2016 Peab will work on raising awareness about ergonomics to a greater extent and among more employees. Sick leave remained on the same level in 2015, about four percent, as in 2014.

Competence and career development

Developmental discussions are an important part of Peab's business development. They offer an opportunity to discuss an employee's possible need for competence development in order to achieve the goals in our business plan. A new tool was implemented for goal and developmental discussions in 2015. All told the pilot project encompassed around 1,000 employees in



Sweden. Implementation of a fully developed web-based tool is expected to take place on a large scale in 2017. With the new tool employees take greater responsibility and form their goals for their development themselves. With the new tool employees take greater responsibility and form their goals for their development themselves.

The last employee survey in 2014 showed that 70 percent of Peab employees had participated in goal and developmental discussions and it appears the same level was true for 2015. The next survey will be held in 2016.

Equality and diversity

Equality and diversity continue to be a challenge and core issue for the entire construction industry and for Peab.

Currently women make up 12 percent (11) of employees and men 88 percent (89). In the new business plan for 2015-17 executive management clearly states goals with the ambition to become an attractive employer for more people. A new Group plan for equal rights and opportunities as well as a new action plan against discrimination was prepared in 2015.

Diversity, equality and equal treatment are part of Peab's leadership training program. Other competence boosting efforts in this area were initiated in the fall and will continue throughout 2016 with the aim to change the culture surrounding these issues. The Peab Group must ensure that managers have the right competence and support to take their responsibility regarding diversity, equality and equal treatment.

Wage reviews are conducted every third year according to law. At Peab the nature, performance and skills level of an employee's job decide their pay level, independent of gender, age or ethnic background.

RESEARCH AND DEVELOPMENT

Peab's research and development is aimed at providing society, customers and ourselves with added value and sustainable development. The new knowledge is used to improve or develop new products, services and production processes. Peab does not have a central unit for research and development. Instead this is an ongoing process in each business area.

Peab cooperates with universities, colleges and trade organization and is an active participant in many of the trade organizations that run or fund R&D such as Sveby, BEAst, SGBC, SBUF, SBI, Bygginovationen, IQ community construction, The Swedish Construction Federation, Safe Water, SBMI and CBI.

Some projects that Peab ran together with other trade organizations in 2015 are, in business area Construction, "BEAst logistics", "Safe water – Laundry Rooms and Kitchens" and "Systematic Risk Analy-

sis of Robberies and Break in on Swedish Construction Sites", partly financed by SBUF.

In 2015 business area Civil Engineering held projects in "Non-destructive testing of jet grouting", "Prognosis model for surface packing of friction earth", "Quality improvements in laboratory studies using image analysis, part 2", partly financed by SBUF, the Swedish Transport Administration and Vinnova.

Some examples of projects in business area Industry in 2015 are "Greater Biologic Diversity in Quarries While Active and After", "Development of Alternative Paving Constructions" and "Develop Technology for Greater Use of Recycled Asphalt", partly financed by SBUF.

THE PEAB SHARE

At the end of the year Peab's share capital amounted to SEK 1,583,866,056 divided among a total of 296,049,730 shares, resulting in a nominal value of SEK 5.35 per share. Of the shares, 34,319,957 are A shares with ten votes per share, and 261,729,773 are B shares with one vote per share.

All shares carry equal rights to participation in the company's assets, profits and dividends. There are no restrictions in the articles of association concerning transferring shares or votes at the AGM. On 31 December 2015 there were approximately 36,000 shareholders in Peab.

Mats Paulsson with companies represents 28.6 percent of the votes, Fredrik Paulsson with family and companies 14.5 percent of the votes and Anita Paulsson with family and companies 14.5 percent of the votes. The total holding connected to the Paulsson families amounted to 25.6 percent of the capital and 57.6 percent of the votes.

The company has no knowledge of any agreements between shareholders that can result in restriction of the right to transfer shares.

In 2007 Peab established a profit-sharing foundation. According to the foundation's placement policy its capital should be placed primarily in Peab shares. On 31 December 2015 the foundation owned 8,613,432 B shares in Peab, corresponding to 2.9 percent of the B shares.

HOLDINGS OF OWN SHARES

At the beginning of 2015 Peab's own B shareholding was 1,086,984 which corresponds to 0.4 percent of the total number of shares. Peab's Annual General Meeting on 13 May 2015 resolved to authorize the Board to, during the period until the next Annual General Meeting, acquire shares so that the company would have at most 10 percent of the total shares in Peab. No own shares were purchased nor divested during 2015 which means that Peab's own share-

holding was 1,086,984 B shares at the end of 2015.

CORPORATE GOVERNANCE

For a detailed description of the work of the Board of Directors, corporate governance and systems for internal control, see page 94, Corporate governance.

REMUNERATION FOR SENIOR OFFICERS

The Board will propose to the Annual General Meeting on 10 May 2016 that the remuneration policy be unchanged. For more information about adopted guidelines regarding salaries and other remunerations to the Chief Executive Officer and other members of executive management, see note 9, page 64.

ANTICIPATED FUTURE DEVELOPMENT

The Swedish economy grew exponentially in 2015. The GDP forecast was adjusted positively and the good growth rate in 2015 is expected to continue in 2016. The rapid acceleration in the housing sector in 2015 will probably slow somewhat in 2016 despite a great need for housing. After a weak year in 2015 for private premises a positive reaction is expected in 2016, while building construction volumes for public premises is expected to stay on the same level as in 2015. Industrial building construction will probably grow in 2016 after a slowdown in 2015. The forecast for civil engineering investments is somewhat brighter for 2016, primarily due to more investments in railroads and energy.

As a result of plummeting oil prices Norway's economy has been hit by fewer industrial investments and higher unemployment. Total building construction volumes are expected to have grown in 2015, mainly through investments in the industry and housing construction. Public premises also contribute, while private premises decreased somewhat. Building construction volumes for 2016 are expected to be on par with 2015. Civil engineering construction is currently developing well and major projects in roads, railroads and energy are the catalysts.

After several years of negative development it is believed that the Finnish economy bottomed out in 2015. Recovery will probably be slow, starting with marginal growth in 2016. Recovery in total building construction started in 2015, primarily due to more investments in apartment buildings and private premises. Industrial building construction also contributes to the increase after several weak years. Slow growth in total building construction is expected in 2016 compared to 2015 and only investments in housing and public premises will contribute. It appears civil engineering will remain at about the same

level in 2016. Weak public finances is one of the factors behind this development.

PARENT COMPANY

The activities of the parent company consist of executive management and joint Group functions. Net sales in 2015 amounted to SEK 267 million (237) and primarily consisted of internal Group services. Operating profit for 2015 amounted to SEK -17 million (-83). The result from shares in Group companies was SEK 0 million (-29), of which dividends from subsidiaries amounted to SEK 200 million (1,278) and write-downs in shares in subsidiaries were SEK -200 million (-1,307). Other net financial items amounted to SEK -149 million (-336). In 2014 depreciation of interest-bearing receivables as a result of the Northland Resources bankruptcy were included of SEK -164 million. The result after net financial items amounted to SEK -166 million (-448).

Proposed appropriation of profit

The following amounts in SEK are at the disposal of the Annual General Meeting;

Share premium reserve	2,308,208,948
Special reserve	55,000,000
Fair value reserve	-95,502,305
Profit brought forward	1,685,474,541
Profit for the year	62,597,593
Total	4,015,778,777

The Board of Directors propose the following appropriation of disposable profit and non-restricted reserves;

Dividend, 296 049 730 shares at SEK 2,60 per share	769,729,298
Carried forward ¹⁾	3,246,049,479
Total	4,015,778,777

1) of which to share premium reserve	2,308,208,948
of which to special reserve	55,000,000
of which to fair value reserve	-95,502,305





MSEK	Note	2015	2014
Net sales	3,4	44,376	43,630
Production costs		-41,151	-39,687
Gross profit		3,225	3,943
Sales and administrative expenses		-2,296	-2,243
Profit from participation in joint ventures	17	-3	-42
Other operating income	6	106	113
Other operating costs	7	-23	-19
Operating profit	4,8,9,10,11,36	1,009	1,752
Financial income		157	122
Financial expenses		-252	-634
Profit from participation in joint ventures	17	-8	-10
Net finance	12	-103	-522
Pre-tax profit		906	1,230
Tax	14	-108	-203
Profit for the year		798	1,027
Profit for the year attributable to:			
Shareholders in parent company		798	1,027
Non-controlling interests		0	-
Profit for the year		798	1,027
Profit per share before and after dilution, SEK		2.71	3.48

Statement of comprehensive income for the Group

MSEK	Note	2015	2014
Profit for the year		798	1,027
Other comprehensive income			
Items that have been reclassified or can be reclassified as income for the year			
Translation difference for the year when translating foreign operations		-155	16
Translation differences transferred to profit for the year		1	-
Change for the year in fair value of financial assets available-for-sale		103	-97
The change in fair value of financial assets available-for-sale transferred to profit for the year		-13	-
Change for the year in fair value of cash flow hedges		28	-133
Shares in joint ventures' other comprehensive income		-1	-
Tax referring to items that have been reclassified or can be reclassified as income for the year	14	-18	47
		-55	-167
Items that cannot be reclassified to income for the year			
Revaluation of defined benefit pension plans		0	8
Tax referring to items that cannot be reclassified as income for the year	14	0	-2
		0	6
Other comprehensive income for the year		-55	-161
Total comprehensive income for the year		743	866
Total comprehensive income for the year attributable to:			
Shareholders in parent company		743	866
Non-controlling interests		0	0
Total comprehensive income for the year		743	866

Balance sheet for the Group

MSEK	Note	2015	2014
Assets			
Intangible assets	15	1,994	2,039
Tangible assets	16	3,654	3,830
Participation in joint ventures	17	787	1,006
Other securities held as fixed assets	20,34,35	489	480
Interest-bearing long-term receivables	19,30,34,35	2,199	1,663
Deferred tax recoverables	14	102	145
Other long-term receivables	21	98	121
Total fixed assets		9,323	9,284
Project and development properties	22	6,742	6,523
Inventories	23	363	379
Work-in-progress	24	1,010	1,186
Accounts receivable	25,35	6,435	6,110
Interest-bearing current receivables	19,34,35	210	404
Tax assets		44	15
Recognized but not invoiced income	26	2,193	2,739
Prepaid expenses and accrued income		365	491
Other current receivables	21	483	442
Current holdings	34,35	8	20
Liquid funds	34,35	865	792
Total current assets		18,718	19,101
Total assets		28,041	28,385
Equity			
	28		
Share capital		1,584	1,584
Other contributed capital		2,576	2,576
Reserves		-504	-449
Profit brought forward including profit for the year		4,420	4,286
Equity attributable to shareholders in parent company		8,076	7,997
Non-controlling interests		0	0
Total equity		8,076	7,997
Liabilities			
Interest-bearing long-term liabilities	29,34,35	3,301	3,397
Other long-term liabilities	32,34	157	205
Deferred tax liabilities	14	455	562
Provisions for pensions	30,34	-	0
Other provisions	31	592	555
Total long-term liabilities		4,505	4,719
Interest-bearing current liabilities	29,34,35	3,099	3,368
Accounts payable	34,35	3,980	3,837
Tax liabilities		45	75
Invoiced income not yet recognized	26	4,176	4,234
Accrued expenses and deferred income		2,805	2,858
Other current liabilities	32,34	1,236	1,134
Provisions	31	119	163
Total current liabilities		15,460	15,669
Total liabilities		19,965	20,388
Total equity and liabilities		28,041	28,385

See note 38 for information about the Group's pledged assets and contingent liabilities.

Equity attributable to shareholders in parent company

MSEK	Share capital	Other contributed capital	Translation reserve	Fair value reserve	Hedging reserve	Profit brought forward including profit for the year	Total	Non-controlling interests	Total equity
Opening balance equity 2014-01-01	1,584	2,576	-124	-87	-72	3,791	7,668	0	7,668
Total comprehensive income for the year									
Profit for the year						1,027	1,027		1,027
Other comprehensive income for the year			34	-97	-103	5	-161		-161
Total comprehensive income for the year	-	-	34	-97	-103	1,032	866	-	866
Contribution from, and value transferred to, owners									
Dividends						-531	-531		-531
Acquisition of non-controlling interests, previous controlling interests						-6	-6		-6
Total contribution from, and value transfers to, owners	-	-	-	-	-	-537	-537	-	-537
Closing balance equity 2014-12-31	1,584	2,576	-90	-184	-175	4,286	7,997	0	7,997

Opening balance equity 2015-01-01	1,584	2,576	-90	-184	-175	4,286	7,997	0	7,997
Total comprehensive income for the year									
Profit for the year						798	798		798
Other comprehensive income for the year			-167	90	22		-55		-55
Total comprehensive income for the year	-	-	-167	90	22	798	743	0	743
Contribution from, and value transferred to, owners									
Dividends						-664	-664		-664
Closing balance equity 2015-12-31	1,584	2,576	-257	-94	-153	4,420	8,076	0	8,076

Cash flow statement for the Group

MSEK	Note	2015	2014
Current operations	42		
Pre-tax profit		906	1,230
Adjustments for non-cash items		1,486	1,407
Income tax paid		-38	-39
Cash flow from current operations before working capital changes		2,354	2,598
Cash flow from changes in working capital			
Increase (-) /Decrease (+) project and development properties		-39	286
Increase (-) /Decrease (+) inventories		158	18
Increase (-) /Decrease (+) current receivables		199	3,188
Increase (+) /Decrease (-) current liabilities		153	-2,340
Cash flow from changes in working capital		471	1,152
Cash flow from current operations		2,825	3,750
Investment operations			
Acquisition of subsidiaries/businesses, net effect on liquid funds		-30	-126
Sale of subsidiaries/businesses, net effect on liquid funds		75	-
Acquisition of intangible fixed assets		-1	-1
Acquisition of tangible fixed assets		-597	-515
Sale of tangible fixed assets		207	174
Acquisition of financial assets		-993	-1,162
Sale of financial assets		301	683
Cash flow from investment operations		-1,038	-947
Cash flow before financing		1,787	2,803
Financing operations			
Change in used loan facility		1,200	-1,250
Raised loans		797	1,713
Loan amortization		-2,564	-2,025
Raised bonds		300	-
Bond amortization		-599	-498
Leasing liabilities amortization		-169	-197
Change in issued commercial papers		36	317
Dividend distributed to shareholders in parent company		-664	-531
Cash flow from financing operations		-1,663	-2,471
Cash flow for the year		124	332
Cash at the beginning of the year		812	459
Exchange rate differences in cash		-63	21
Cash at year-end		873	812

MSEK	Note	2015	2014
Net sales	3	267	237
Administrative expenses	9,10	-284	-320
Operating profit		-17	-83
Result from financial investments	12		
Result from participations in Group companies		0	-29
Result from securities and receivables recognized as fixed assets		2	-125
Interest expenses and similar profit/loss items		-151	-211
Result after financial items		-166	-448
Appropriations	13	220	399
Pre-tax profit		54	-49
Tax	14	9	80
Profit for the year and total comprehensive income for the year		63	31

Statement of comprehensive income for the parent company

MSEK	2015	2014
Profit for the year	63	31
Other comprehensive income		
Items that can be reclassified or have been reclassified as income for the year		
Change for the year in fair value of financial assets available-for-sale	87	-88
Other comprehensive income for the year	87	-88
Total comprehensive income for the year	150	-57

Balance sheet for the parent company

MSEK	Note	2015	2014
Assets			
Fixed assets			
Tangible assets			
Machinery and equipment	16	1	1
Total tangible assets		1	1
Financial assets			
Participation in Group companies	40	11,776	11,894
Interest-bearing long-term receivables	19,34	–	28
Other securities held as fixed assets	20,34,35	310	223
Deferred tax recoverables	14	88	82
Total financial assets		12,174	12,227
Total fixed assets		12,175	12,228
Current assets			
Current receivables			
Accounts receivable	25,35	1	1
Receivables from Group companies	34	1,263	1,019
Tax assets		4	–
Other current receivables	21	3	5
Prepaid expenses and accrued income	27	7	5
Total current receivables		1,278	1,030
Liquid funds	34	8	0
Total current assets		1,286	1,030
Total assets		13,461	13,258
Equity and liabilities			
Equity	28		
Restricted equity			
Share capital		1,584	1,584
Statutory reserve		300	300
Non-restricted equity			
Share premium reserve		2,308	2,308
Special reserve		55	55
Fair value reserve		–96	–182
Profit brought forward		1,686	2,318
Profit for the year		63	31
Total equity		5,900	6,414
Untaxed reserves	41	0	0
Long-term liabilities			
Liabilities to Group companies	34	6,465	6,061
Other provisions	31	25	20
Total long-term liabilities		6,490	6,081
Current liabilities			
Accounts payable	34	24	20
Liabilities to Group companies	34	992	690
Tax liabilities		–	1
Other current liabilities	32	7	7
Accrued expenses and deferred income	33	48	45
Total current liabilities		1,071	763
Total equity and liabilities		13,461	13,258
Pledged assets and contingent liabilities for parent company			
Pledged assets		–	–
Contingent liabilities	38	23,012	21,615

MSEK	Restricted equity		Non-restricted equity					Total equity
	Share capital	Statutory reserve	Share premium reserve	Special reserves	Fair value reserve	Profit/loss brought forward	Profit for the year	
Opening balance equity, 2014-01-01	1,584	300	2,308	55	-94	2,620	229	7,002
Profit for the year							31	31
Other comprehensive income for the year					-88			-88
Total comprehensive income for the year	-	-	-	-	-88	-	31	-57
Allocation of profit						229	-229	0
Cash dividends						-531		-531
Closing balance equity, 2014-12-31	1,584	300	2,308	55	-182	2,318	31	6,414

Opening balance equity, 2015-01-01	1,584	300	2,308	55	-182	2,318	31	6,414
Profit for the year							63	63
Other comprehensive income for the year					87			87
Total comprehensive income for the year	-	-	-	-	87	-	63	150
Allocation of profit						31	-31	0
Cash dividends						-664		-664
Closing balance equity, 2015-12-31	1,584	300	2,308	55	-95	1,685	63	5,900

Cash flow statement for the parent company

MSEK	Note	2015	2014
Current operations	42		
Pre-tax profit		-166	-448
Adjustments for non-cash items		206	1,464
Income tax paid		-3	-4
Cash flow from current operations before working capital changes		37	1,012
Cash flow from changes in working capital			
Increase (-) /Decrease (+) current receivables		-7	-3
Increase (+) /Decrease (-) current liabilities		-21	-718
Cash flow from changes in working capital		-28	-721
Cash flow from current operations		9	291
Investment operations			
Acquisition of financial assets		0	-29
Sale of financial assets		0	37
Cash flow from investment operations		0	8
Cash flow before financing		9	299
Financing operations			
Received Group contribution		898	1,128
Paid Group contribution		-655	-862
Change in loans		420	-42
Dividend distributed		-664	-531
Cash flow from financing operations		-1	-307
Cash flow for the year		8	-8
Cash at the beginning of the year		0	8
Cash at year-end		8	0

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Note 1 Accounting principles

1 Compliance with standards and legislation

2 The consolidated accounts have been drawn up in accordance with
3 the International Financial Reporting Standards (IFRS) issued by the
4 International Accounting Standards Board (IASB) which have been
5 adopted by EU. In addition, the Swedish Financial Reporting Board
6 recommendation RFR 1 Supplementary accounting rules for groups
7 has also been applied.

8 The parent company applies the same accounting principles as the
9 Group except in the cases stated below in the section on the parent
10 company accounting principles.

11 The annual report and the consolidated accounts have been
12 approved of by the Board and CEO for publication on 6 April 2016.
13 The consolidated income statement and balance sheet and the parent
14 company's income statement and balance sheet will be presented for
15 adoption by the AGM on 10 May 2016.

12 Valuation basis applied for preparation of the parent company and group financial reports

13 Assets and liabilities are reported at historical acquisition values
14 except for certain financial assets and liabilities which are assessed
15 at fair value. Financial assets and liabilities valued at fair value consist
16 of derivatives and shares and holdings that are not subsidiaries, joint
17 arrangements or associated companies.

17 Functional currency and reporting currency

18 The parent company's functional currency is the Swedish krona,
19 which is also the currency in which the accounts of the parent com-
20 pany and the Group are reported. Unless otherwise indicated all
21 amounts are rounded off to the nearest million.

21 Estimates and assessments in the financial reports

22 Preparing the financial reports requires on the one hand making
23 assessments concerning the application of the accounting policies
24 and on the other hand estimating the value of assets, liabilities, reve-
25 nues and costs. Estimates and assumptions are based on historical
26 experience and other factors considered relevant. Estimates and
27 assumptions are regularly reviewed and compared to the actual out-
28 come. Important assessments are described in more detail in note 2.

27 Changed accounting principles

28 In essence the accounting principles, computations and presentation
29 are the same as in the Annual Report 2014. As of 1 January 2015
30 Peab applies the new standard IFRIC 21 Levies which provides guid-
31 ance on different kinds of levies governments impose on a company
32 and when an obligating event that requires debt recognition occurs.
33 As a result of the Interpretation the liability for Swedish property tax is
34 reported in its entirety on the 1st of January every year. Recognition,
35 however, takes place progressively throughout the year. The change in
36 the principal means total assets will increase marginally during the
37 year but not at the end of it.

35 New IFRSs and interpretations that have not yet been applied

36 The Group has chosen not to prematurely apply new standards or
37 interpretations when preparing these financial reports and plans no
38 premature application in the coming years.

39 IFRS 15 Revenue from contracts with customers will be applied as
40 of 2018 and replaces the current IAS 18 Revenue and IAS 11 Con-
41 struction contracts. According to IFRS 15 all performance obligations
42 must be identified in a contract with customers and the transaction
43 price fixed for each performance obligation. Revenue from perfor-
44 mance obligations is recognized progressively or at a single point in
45 time. Peab is currently analyzing the effects this standard may have
46 on the Group's result and position as well as additional information.
47 The standard is expected to have limited effect on income recognition
48 from contractor operations.

IFRS 9 Financial instruments, will replace IAS 39 Financial instru-
ments: Recognition and measurement, as of 2018. IFRS 9 deals with
classification and valuation of financial assets and financial liabilities
and hedging accounting. IFRS 9 has not yet been approved for appli-
cation by the EU and therefore cannot be applied in advance. Peab
has begun a consequence analysis. The areas principle areas affect-
ed are recognition and valuing financial assets and recognition of
credit losses.

IFRS 16 Leases is a completely new standard specifying how to
recognize leases. For lessees IFRS 16 entails recognizing all leased
objects as assets and liabilities representing the right to use assets
respectively obligations to pay future leasing fees. Only leases with a
low value or that have a term of no more than 12 months are exempt
from the requirement to recognize assets and liabilities. There are no
substantial changes for lessors except for additional disclosure
requirements. IFRS 16 will be applied as of 1 January 2019 on the
condition that it is approved by EU. Peab will begin to investigate the
effect of the new standard in 2016.

Other new or amended IFRSs together with interpretations are not
expected to have any effect material on Group accounting.

Operating segments

An operating segment is an entity in the Group that engages in busi-
ness activities that generate revenues and expenses and the result of
which is regularly reviewed by executive management.

Classification

Fixed assets, long-term liabilities consist of amounts which may be
expected to be recovered or defrayed later than 12 months after the
balance sheet date. Current assets and current liabilities consist of
amounts which may be expected to be recovered or defrayed within
12 months of the balance sheet date.

Consolidation principles

Subsidiaries

Subsidiaries are entities over which Peab AB exercises a direct or
indirect controlling influence. Controlling influence exists if the parent
company has direct or indirect influence over investment objects, is
exposed to or has the right to variable yields from its interest in invest-
ment objects and can use its influence over investment objects to
affect the size of its yield.

Subsidiary financial reports are recognized in the consolidated
accounts from the day controlling influence occurs until it no longer
exists.

Business combinations

Business combinations are recognized using the purchase account-
ing method. The method is applied. The purchase accounting method
means acquisitions are regarded as transactions through which the
Group indirectly acquires the assets of the subsidiary and takes over
its liabilities. The consolidated acquisition value is calculated in an
acquisition analysis in conjunction with the acquisition. The analysis
establishes the acquisition value of the participations or the business,
the fair value on acquisition date of the acquired identifiable assets
and the liabilities taken over. If ownership and controlling influence is
successive a remeasuring of previous holdings to fair value at the
point in time the company has controlling influence over the acquisi-
tion is performed and this change in value is reported in the result.

Goodwill is calculated as the sum of payment for the shares or the
business and the fair value of previously acquired shares (in step
acquisitions) less the fair value of the subsidiary's identifiable assets
and overtaken liabilities. Where the difference is negative this is re-
cognized directly in profit/loss for the year. Transaction costs for busi-
ness combinations are charged immediately upon acquisition.

Conditional consideration is measured at fair value at the time of
acquisition and subsequent changes in fair value are recognized in
profit/loss as they occur.

Net assets attributable to owners of non-controlling interests (the minority) are recognized either as the fair value of all net assets excluding goodwill or the fair value of all assets including goodwill. The choice of principle is made for each acquisition individually.

When control has been achieved the change in ownership is reported as a transfer in equity between the parent company and the non-controlling interests, without remeasuring the subsidiary's net assets.

If partial disposal of a subsidiary results in the loss of control any residual holding is recognized at fair value and the amount of the change is recognized in profit/loss.

Asset acquisition

When acquisitions of subsidiaries involve the acquisition of net assets which do not comprise operations, the acquisition cost of each identifiable asset and liability is divided up based on its fair value at the time of acquisition. Transaction costs are added to the purchase price of the acquired net assets when assets are acquired and the change in contingent payments after acquisition are added to the purchase price of the acquired assets. If the acquisition of a subsidiary is successive and an asset acquisition no remeasuring of previous acquisitions is performed when controlling influence occurs. If ownership diminishes through partial divestiture of shares in subsidiaries in an asset divestiture, unlike a transfer of operations, the remaining holdings are not remeasured if the remaining holdings constitute a joint venture or associated company. Any internal gain is eliminated against the remaining owned shares.

Joint ventures

For accounting purposes, joint ventures are entities where the Group through cooperation agreements with one or more partners exercises a joint controlling influence, where the Group has the right to net assets instead of direct right to assets and obligations for liabilities.

Associated companies and joint ventures are consolidated in accordance with the equity method. The equity method means that the booked value of shares corresponds to the Group's share of the company's equity as well as Group goodwill and any other Group deficit and surplus values. The Group's share of the profit/loss in holdings after tax and minorities adjusted for depreciation, write-downs or dispersal of acquired deficit and surplus values are recognized in consolidated profit/loss. Received dividends reduce the booked value of the investment.

The equity method is applied until the time the joint controlling influence ceases.

Joint operations

Joint operations, usually run as a company, are joint arrangements where Peab and one or more partners are have the right to all the financial advantages related to the assets of the operations. How the liabilities of the operations are settled depends on the partners' purchases of output from them or capital infusions to them. Joint operations are reported according to the proportional method which means each party in a joint operation recognizes their respective share in assets, liabilities, income and expenses.

Associated companies

Associated companies are those companies in which the Group has a significant but not controlling influence over operating and financial control usually through shareholdings of between 20 and 50 percent. Associated companies are reported according to the equity method.

Transactions which must be eliminated upon consolidation

Intra-group receivables and liabilities, revenues or costs or unrealized gains or losses stemming from intra-group transactions are eliminated completely when preparing the consolidated accounts

Unrealized gains arising from transactions with joint ventures, joint operations and associated companies are eliminated to the extent these refer to the Group's ownership participation in the company.

Unrealized losses are eliminated in the same way as unrealized gains but only to the extent there is no write-down requirement. When subsidiaries become joint ventures or associated companies the residue holding is remeasured to fair value according to the principles above concerning presentation when controlling influence ceases.

Foreign currency

Transactions in foreign currency

Transactions in foreign currency are converted to the functional currency at the exchange rate on the transaction date. The functional currency is the currency of the primary financial surroundings where the company operates. Monetary assets and liabilities in foreign currency are converted to the functional currency at the exchange rate applying on the balance sheet day. Exchange rate differences arising during translation are recognized in profit/loss for the year. Non-monetary assets and liabilities which are recognized at historical acquisition value are converted at the exchange rate applying at the time of the transaction. Non-monetary assets reported at fair value are recalculated to the functional currency at the exchange rate current at the time of valuation at fair value.

The financial reports of foreign business

Assets and liabilities in foreign entities including goodwill and other Group deficit and surplus values are converted from the foreign company's functional currency to the Group's reporting currency, Swedish crowns, at the exchange rate applying on balance sheet day. Earnings and costs in a foreign entity are converted to Swedish crowns at an average rate approximating to the rates applying on the respective transaction dates. Translation differences arising when converting the currency of foreign companies are recognized in other comprehensive income and are accumulated in a separate component in equity as a translation reserve.

Net investment in a foreign company

Translation differences arising from the translation of a foreign net investment are recognized via other comprehensive income in the translation reserve in equity. Translation differences also comprise exchange rate differences from loans which form a part of the parent company's investment in foreign subsidiaries (so-called extended investment). When a foreign subsidiary is divested, the accumulated translation differences attributable to the company are reclassified from equity to profit/loss for the year.

Income

Construction contracts

Current construction contracts are reported in accordance with IAS 11, Construction contracts. Income and expenses must be recognized as the contract is completed. This principle is known as the percentage of completion method. Income and expenses are recognized in profit and loss in proportion to the percentage completion of the contract. The percentage of completion of the contract is determined based on the defrayed project costs compared to the project costs corresponding to the project income for the whole contract. The application of the percentage of completion method is prerequisite on it being possible to calculate the outcome in a reliable manner. In case of contracts where the outcome cannot be reliably calculated, income is calculated in proportion to the costs defrayed. Feared losses are charged to income as soon as they become known.

In the balance sheet, construction contracts are entered project by project either as Recognized but non-invoiced income under current assets or as Invoiced income not yet recognized under current liabilities. Those projects with higher accumulated income than invoiced are recognized as assets whilst those projects which have been invoiced in excess of the accumulated income are recognized as liabilities.

Swedish tenant-owned housing projects are reported according to IAS 11 Construction contracts, which entails applying the percentage

of completion method based on the degree to which the project is completed through expenses that have occurred in relationship to the project's calculated total cost. A contract is drawn up which regulates the sales of land and construction of the property with the tenant-owned association, which is an independent legal entity.

Own developed housing projects for sales

In Peab's housing projects in Finland and Norway as well as our own home developments in Sweden Peab does not have an external independent other party at the start of a project, which means that the projects are reported according to IAS 18 Revenue and income from these projects is recognized first when the projects are handed over to the buyer. Expenses are recognized as work-in-progress in the balance sheet. On account invoices to customers are reported as non-interest-bearing liabilities, and loans to finance housing projects are reported as interest-bearing liabilities.

Sales of property projects

The underlying sales value of project and development property directly or that are sold in the form of a company via shares is recognized as net sales.

Other income

Other income excluding construction contracts is recognized in accordance with IAS 18 Revenue. Income from the sale of goods is recognized in profit/loss for the year when the material risks and benefits associated with ownership of the goods has been transferred to the buyer. Crane and machinery hire income is recognized linearly over the hiring period.

Leasing costs

Operational leasing agreements

Expenses for operational leasing agreements where the Group is the lessee are recognized linearly in profit/loss for the year over the leasing period. Benefits obtained from the signing of an agreement are recognized linearly in profit/loss for the year over the term of the leasing agreement. Variable costs are expensed in the periods they occur.

Revenues relating to operational leasing agreements where the Group is the lessor are recognized in a straight line over the life of the lease agreement. Costs arising from leasing agreements are recognized as they occur.

Financial leasing agreements

Assets that are rented under a financial leasing agreement are written down over their estimated useful life. Minimum leasing charges are divided between interest costs and amortization of the outstanding debt. Interest costs are distributed over the leasing term such that an amount corresponding to a fixed interest rate for the debt accounted in the respective period is recognized in each accounting period. Contingent rents are carried as expenses in the periods it occurs. See also Leased assets under heading Tangible assets below.

Financial income and expenses

Financial income and expenses consist of interest income on cash at bank, receivables and interest-bearing securities, interest expenses on loans, dividend revenues, realized and unrealized gains and losses on financial investments and derivatives used within the financial business.

Interest income on receivables and interest expenses on liabilities are calculated in accordance with the effective interest rate method. The effective interest rate is the discount rate for estimated future payments and disbursements during the expected life of a financial instrument to the financial asset's or liability's initial book value. Interest income and interest expenses include accrued transaction costs and possible discounts, premiums and other differences between the original value of the receivable or liability and the amount received when it falls due.

Dividend income is recognized when the right to payment is established.

The results of sales of financial investments are recognized when

the risks and benefits associated with ownership of the instrument are materially transferred to the buyer and the Group no longer has control of the instrument.

Interest costs are charged to income during the period to which they refer except to the extent that they are included in that asset's acquisition value. An asset for which interest is included in the acquisition price is an asset which must necessarily require considerable time to prepare for the intended use or sale. Interest rate swaps and hedge accounting are used to hedge against interest risks connected to Group loans. Interest rate swaps are valued at fair value in the balance sheet. The coupon rate part is recognized on a current basis in profit/loss for the year as a correction of the interest expense. Unrealized changes in the fair value of rate swaps are recognized in other comprehensive income and are part of the hedging provision until the hedged item affects profit/loss for the year and as long as the criteria for hedge reporting is met.

Taxes

Income tax consists of current tax and deferred tax. Income tax is recognized in profit/loss for the year except when the underlying transaction is recognized in equity, in which case the relevant tax is recognized in other comprehensive income respectively in equity.

Current tax is tax that must be paid or will be received during the current year. This also includes current tax attributable to earlier periods. Current and deferred tax is calculated applying the tax rates and tax rules resolved upon or in practice resolved upon on the balance sheet day.

Deferred tax is calculated according to the balance sheet method based on temporary differences between the accounted and tax values of assets and liabilities. Valuation of deferred tax is based on how the underlying value of assets or liabilities is expected to be realized or regulated. Temporary differences are not taken into account for the temporary difference generated by the acquisition of subsidiaries that are so-called asset acquisitions.

When shares in subsidiaries are acquired such acquisition either refers to business combinations or an asset purchase. An asset purchase refers to, for example, acquiring a company that only owns one or more properties with tenancy agreements but the acquisition does not comprise the processes required to operate a business. In business combinations deferred tax is recognized as a nominally valid tax rate with no discount according to the principles presented above. When recognizing an asset purchase deferred tax is not recognized separately at the time of acquisition. Instead the asset is recognized as a component of equity. Received dividends and write-downs are recognized in profit/loss for the year. When an asset is divested the accumulated profit/loss, which was previously reported in other comprehensive income, is recognized in profit/loss for the year.

Financial instruments

On the assets side, financial instruments entered to the balance sheet include liquid funds, short-term investments, accounts receivable, securities holdings, loan receivables and derivatives. On the liabilities side, they include accounts payable, borrowing and derivatives.

Recognition in and removal from the balance sheet

Financial assets and financial liabilities are entered to the balance sheet when the company becomes involved in accordance with the instrument's contractual terms. Accounts receivable are reported when the company has performed and the other party has a contractual responsibility to pay, even if the invoice has not yet been sent. Accounts receivable are entered into the balance sheet when the invoice has been sent. Liabilities are recognized when the counterparty has performed the service and there is a contractual payment obligation even if the invoice has not been received. Accounts payable are recognized when the invoice is received.

Financial assets are removed from the balance sheet when the rights of the agreement have been realized, fall due or the company loses control of them. The same applies to parts of financial assets.

Financial liabilities are removed from the balance sheet when contractual obligations are discharged or have been otherwise extinguished. The same applies to parts of financial liability.

Financial assets and financial liabilities are offset and recognized at a net amount in the balance sheet only where there is a legal right to offset the amounts and it is intended to adjust the items with a net amount or to at the same time capitalize the asset and adjust the liability.

On-demand acquisitions and on-demand sales of financial assets are reported on the transaction date, which is the date the company undertakes to acquire or sell the asset.

Classification and valuation

Financial instruments are initially recorded at acquisition value corresponding to the instrument's fair value with the addition of transaction costs for all financial instruments except for those classified as financial assets, which are recognized at fair value in profit for the year which are recorded minus transaction costs. Financial instruments are classified upon first recognition based on the purpose for which the instrument was acquired. Classification determines how financial instruments are valued after first recognition as described below.

Liquid funds consist of cash and immediately available balances at banks and equivalent institutes and current liquid investments with maturities from the acquisition date of less than three months and which are exposed to only insignificant value fluctuation risks.

Financial assets valued at fair value via profit/loss

Financial assets in this category are constantly valued at fair value with value changes recognized in profit/loss for the year. This category consists of two sub-groups: financial assets held for trading and other financial assets which the company initially chooses to place in this category with the support of the so called fair value option. The first sub-group includes derivatives with positive fair value except for derivatives which are identified and effective hedge instruments. The other sub-group, "fair value option", is not currently being used.

Financial assets available for sale

Included in the category financial assets available for sale are financial assets not classified in any other category or financial assets that the company has chosen to initially classify in this category. Shareholdings and participation not recognized at fair value via profit and loss, and which are not subsidiaries, associated companies or joint ventures, are reported in this category. Assets in this category are valued at fair value with the changes in value for the period reported in other comprehensive income. Accumulated changes in value are reported in a separate component of equity. Received dividends and write-downs are reported in profit/loss for the year. When the asset is divested the accumulated profit/loss, which was previously reported in other comprehensive income, is reported in profit/loss for the year.

Holdings of unlisted shares and participation valued at purchase price less any write-downs because the fair value could not be established with sufficient reliability are also reported in this category.

Loans and receivables

Loans and receivables are financial assets that are not derivatives which have fixed payments and which are not listed in an active market. These assets are valued at amortized cost. Accounts receivable are recognized at the estimated impact amount, i.e. after deduction of distressed debts.

Financial liabilities valued at fair value via profit/loss

Financial liabilities in this category are valued at fair value with the changes in value reported in profit/loss for the year. The Group uses this valuation category solely for valuing derivatives with negative fair value except for derivatives which are included in effective hedge instruments.

Other financial liabilities

Loans and other financial liabilities, e.g. accounts payable, are included in this category. Liabilities are recognized at accrued acquisition value.

Derivatives and hedge accounting

The Group's derivatives consist of interest, exchange and raw materials derivatives utilized to hedge risks of changes in exchange rates, interest rate changes and changes in the price of raw materials.

Derivatives not used for hedge accounting are classified as financial assets or financial liabilities held for trading and are valued at fair value. Value changes are recognized in profit/loss. The valuation method involves the discounting of future cash flows.

Derivatives are initially recognized at fair value, and consequently transaction costs are charged to profit/loss for the period. After first recognition derivatives are recognized as described below. If the derivative is used for hedge accounting and to the extent this is effective, the value change to the derivative is recognized on the same line in profit/loss for the year as the hedged item. Even if hedge accounting is not applied, the value gain or reduction to the derivative is recognized as income or expenses in operating profit or in net financial items depending on the purpose for which the derivative is used and whether its use relates to an operating item or a financial item. In hedge accounting, the non-effective part is recognized in the same way as value changes to derivatives that are not used in hedge accounting. If hedge accounting is not applied to the use of interest rate swaps, the coupon rate is recognized as interest and the remaining value change of the interest rate swap is recognized as other financial income or other financial costs.

The derivatives used to hedge future cash flow, so-called cash flow hedges, are recognized at fair value in the balance sheet. The value changes for the period are recognized in other comprehensive income and the accumulated value changes in a separate component of equity (the hedging reserve) until the hedged flow matches profit/loss for the year where upon the accumulated value changes of the hedge instrument are reclassified to profit/loss for the year.

The Group has holdings of shares listed on foreign stock exchanges that are classified as financial assets available for sale. To a certain extent the value of these holding has been hedged through forward exchange contracts. The hedge is identified as a fair value hedge. The hedges are accounted for through the correspondence of the exchange rate effects that occur when the shares are translated into functional value to changes in the hedging instrument's fair value. Any ineffective parts are recognized in profit/loss for the year.

Hedge accounting of net investments

To a certain extent measures have been taken to reduce exchange risks connected to investments in operations abroad. This has been done by taking out loans in the same currency as the net investments.

These loans are recognized at the translated rate on balance sheet day. The effective part of the period's exchange rate changes in relation to hedge instruments is recognized in other comprehensive income and the accumulated changes in a separate component of equity (the translation reserve), in order to meet and partly match the translation differences that affect other comprehensive income concerning net assets in the hedged operations abroad. In the cases where the hedge is not effective, the ineffective part is recognized directly in profit for the year as a financial item.

Tangible fixed assets

Owned assets

Tangible fixed assets are recognized in consolidated accounts at acquisition value minus accumulated depreciation and amortization and any write-downs. The acquisition value consists of the purchase price and costs directly attributable to putting the asset in place in the condition required for utilization in accordance with the purpose of the acquisition. Borrowing costs are included in the acquisition value of internally produced fixed assets. The accounting principles applying to impairment loss are listed below.

The value of a tangible fixed asset is derecognized from the balance sheet upon scrapping or divestment or when no future financial benefits are expected. Gains and losses arising from divestment or

scrapping of an asset consist of the difference between the sale price and the asset's booked value minus direct costs of sale.

Leased assets

Leasing is classified in the consolidated accounts either as financial or operational leasing. Financial leasing applies in circumstances where the financial risks and benefits associated with ownership are substantially transferred to the lessee. Where such is not the case, the leasing contract is operational.

Assets which are rented under financial leasing agreements are recognized as assets in the consolidated balance sheet. Payment obligations associated with future leasing charges have been recognized as long-term current liabilities. The leased assets are depreciated according to plan while leasing payments are entered under interest and amortization of liabilities.

Assets which are rented under operational leasing agreements have not been recognized as assets in the consolidated balance sheet. Leasing charges for operational leasing agreements are charged to income in a straight line over the life of the lease.

Future expenses

Future expenses are only added to the acquisition value if it is likely that the future financial benefits associated with the asset will benefit the company and the acquisition value can be reliably estimated. All other future expenses are recognized as costs as they occur.

Borrowing costs

Borrowing costs which are directly attributable to the purchase, construction or production of an asset and which require considerable time to complete for the intended use or sale are included in the acquisition value of the asset.

Depreciation principles

Depreciation is based on the original acquisition value minus the calculated residual value. Depreciation is made linearly over the assessed useful life of the asset.

Buildings (operating buildings)	25-100 years
Land improvements	25-50 years
Asphalt and concrete factories	10-15 years
Vehicles and construction machinery	5-10 years
Other equipment and inventories	3-10 years

The useful life and residual value of assets are assessed annually.

Gravel and rock quarries are written down based on substance depletion, i.e. the amount of gravel and rock removed in relation to the calculated total amount of substance deemed recoverable in the gravel and rock quarry.

Real estate

Group real estate holdings are divided as follows:

- Buildings and land entered under tangible fixed assets
- Project and development properties as inventories among current assets

Properties used in the Group's own operations consisting of office buildings and warehouses (operational buildings) are entered as buildings and land under tangible fixed assets. Valuation is made in accordance with IAS 16, Tangible fixed assets, at acquisition value deducted for accumulated depreciation and possible write-downs.

Direct and indirect holdings of undeveloped land and redeveloped tracts for future development, developed investment properties for project development, improvement and subsequent sale and which are expected to be realized during our normal operational cycle are entered as project and development property under current assets. Valuation is made in accordance with IAS 2, Inventories, at the lowest of either acquisition value or net sales value.

Intangible assets

Goodwill

Goodwill is valued at acquisition value minus any accumulated write-downs. Goodwill is divided between cash-generating units and is tested at least once a year for write-down needs. Goodwill stemming from the acquisition of joint ventures and associated companies is included in the recognized value of participations in joint ventures and associated companies.

Research and development

Research costs intended to acquire new scientific or technological knowledge are reported as costs as they arise. Development costs where the results of research or other knowledge is applied to the production of new or improved products or processes are reported as an asset in the balance sheet if the product or process is technically or commercially useful and the company has adequate resources for completing development and then applying or selling the intangible asset. The recognized value includes all directly attributable expenses, including for materials and services, payroll costs, the registration of legal rights, depreciation of patents and licenses, borrowing costs. Other development costs are reported in profit for the year as costs as they arise. Development costs are recognized in the balance sheet at acquisition value minus accumulated depreciation and possible write-downs.

Other intangible assets

Other intangible assets acquired by the Group are recognized at acquisition value minus accumulated depreciation and write-downs.

Depreciation policies

Depreciation is linearly recognized in profit for the year over the estimated useful life of the intangible asset provided the useful life can be determined. Goodwill and other intangible assets with an indeterminate useful life is not depreciated but is tested for the need for write-down annually or as soon as there are indications that the asset in question has declined in value. Depreciable intangible assets are depreciated from the date when the asset became available for use.

The estimated useful lives are:

Brands	5-10 years
Customer relations	3-5 years
Site leasehold agreements	During the term of the agreement

The useful life and residual value of assets are assessed annually.

Inventories

Inventories are valued at the lowest of acquisition value and net sale value. The acquisition value of stocks are calculated using the first-in, first-out method and include expenses arising with the acquisition of the stock assets and their transport to their current location and condition. For manufactured goods the acquisition value includes a reasonable share of the indirect costs based on a normal capacity.

The net sale value is the estimated sale price in the current business minus estimated costs of completion and bringing about the sale.

Impairment loss

The recognized value of Group assets is checked each balance sheet day to assess whether there is a write-down requirement. IAS 36 is applied to the testing of write-down requirements for other assets besides;

- Financial assets which are tested in accordance with IAS 39
- Assets for sale and divestment groups recognized which are tested in accordance with IFRS 5
- Inventories
- Plan assets used for financing of remuneration to employees
- Deferred tax receivables.

The recognized value of the above-mentioned excepted assets is tested applying the respective standards.

Impairment test of tangible and intangible assets and participation in subsidiaries, joint ventures, associated companies etc.

If write-down requirements are indicated, the recovery value of the asset is estimated in accordance with IAS 36. Moreover, the recovery value of goodwill, other intangible assets of indeterminate useful life and intangible assets which are not yet ready for use is estimated each year. If it is not possible to establish materially independent cash flows for a certain asset, when testing for write-down needs the assets are grouped at the lowest level where it is possible to identify materially independent cash flow – a so-called cash-generating unit.

Write-downs are recognized when the book value of an asset or a cash generating unit exceeds the recovery value. Write-downs are expensed in profit for the year. Write-downs of assets attributable to a cash-generating unit, or a group of units, are firstly allocated to goodwill, followed by the proportional write-down of the other assets in the unit (group of units).

The recovery value is the highest of utility value and fair value minus cost of sale. When calculating utility value, future cash flows are discounted with a discount factor that takes into consideration the risk-free interest rate and the risks which are associated with the specific asset.

Impairment test for financial assets

Each time reports are drawn up the company assesses whether there are objective indications that a financial asset or a group of financial assets need to be written down. Objective indications partly consist of occurred observable circumstances which have a negative impact on possibilities of recovering the acquisition value and partly on significant or lengthy decreases in the fair value of an investment in a financial placing classified as a financial asset available for sale.

Accounts receivable that need to be written down are reported as the present value of the anticipated future cash flows. Current receivables are, however, not discounted. Write-downs charge profit for the year.

Equity instruments classified as financial instruments available for sale are written down if the fair value is significantly lower than the acquisition value, or when the decline in value has been a long, drawn out process.

When an equity instrument classified as a financial instrument available for sale is written down, previously reported accumulated remeasured losses in equity via other comprehensive income is reclassified to profit/loss for the year. The amount of accumulated loss that is reclassified from equity via other comprehensive income to profit/loss for the year consists of the difference between the acquisition cost and the current fair value after reductions for any write-downs on a financial asset which has already been reported in profit/loss for the year.

Reversed write-downs

A write-down is reversed if there are both indications that write-down requirements no longer exist and assumptions upon which the calculation of the recovery value were based have changed. However, write-downs of goodwill are never reversed. Reversing is only performed to the extent that the recognized value after reversing of the asset does not exceed the recognized value which would have been recognized deducted for depreciation where necessary if write-down had not been made.

Write-downs of investments held to maturity or loans and receivables recognized at amortized cost are reversed if a subsequent rise in the recovery value may objectively be attributed to a circumstance occurring after write-down was made.

Write-downs of equity instruments classified as financial instruments available for sale are reversed via other comprehensive income and not via profit/loss for the year. All revaluations that follow are based on the written down value and are reported in other comprehensive income.

Equity**Repurchase of own shares**

Holdings of own shares and other equity instruments are recognized as a reduction in equity. Liquid funds from the divestment of such equity instruments are recognized as an increase in equity. Any transaction costs are charged directly to equity.

Dividends

Dividends are entered as liabilities after they have been approved by the AGM.

Earnings per share

The calculation of earnings per share is based on consolidated profit for the year attributable to the shareholders of the parent company and on the weighted average number of outstanding shares during the year. When calculating earnings per share after dilution, profit and the average number of shares are adjusted to allow for the effects of the diluting potential of shares which in the reported periods stem from convertible certificates of claim and options issued to the employees. Earnings per share after dilution are calculated by increasing the number of shares with the total number shares the convertibles represent and increasing profit with the reported interest cost after tax.

Employee benefits**Defined contribution pension plans**

Pension plans are only classified as defined contribution pension plans where the company's obligations are limited to the contributions the company has undertaken to pay to an insurance company or to another independent legal entity. In such cases the size of an employee's pension depends on the size of the contributions the company pays to this legal entity and the yield it generates on the capital. The company's obligations concerning contributions to defined contribution plans are expensed in profit for the year as they are earned by the employee performing work for the company during the period.

Defined benefit pension plans

Pension plans that are not defined contribution plans are defined benefit plans, which means the employer is obligated to pay pension fees on a certain benefit level. The Group's defined benefit plans consist of the Swedish ITP Plan for Salaried Staff which is managed through insurance with Alecta, pension plans for a small number of personnel in Norway and the AFP pension in Norway. The ITP 2 pension plan, which is secured through insurance from Alecta, is recognized as a defined benefit plan that encompasses several employers. However, the plan is recognized as a defined contribution plan since Alecta cannot provide the necessary information required for each member company to report its proportional share of the plan obligations, assets and expenses.

The Group's recognized net obligations relating to defined benefit plans refer to Norwegian pension plans and are calculated separately for each plan through an assessment of the future payments which employees have earned. Such payment is discounted to a net present value deducted for the fair value of any plan assets. The discount rate is the market rate of Norwegian company bonds extrapolated to a period equivalent to that of the pension obligations. Calculations of pension liabilities are performed by a qualified actuary.

Remuneration upon resignation or dismissal

A reserve for remuneration relating to the dismissal of staff is only established if the company is demonstrably subject to, without any realistic opportunity for avoidance, the termination of employment prior to the normal time and the affected groups of employees have been informed about the dismissal plan. Reserves are made for severance compensation which will be paid without requiring any service from the employee.

Short-term remuneration

Short-term remuneration to employees is calculated without discount and are reported as a cost when the related services are received.

A provision is recognized for the expected costs of participations in profits and bonus payments when the Group has an applicable legal or informal obligation to make such payments for services received from employees and the obligations can be reliably estimated.

Provisions

Provisions are entered in the balance sheet when the Group is subject to an actual or informal legal obligation as a consequence of a circumstance occurring and it is likely that financial resources will be required to meet the obligation and a reliable estimate of the amount can be made.

Guarantees

Provisions for guarantees are recognized when the underlying products or services are sold. The provisions are based on historical data about the guarantees and a weighing up of the conceivable outcomes relative to the probabilities that the outcomes are associated with.

Restoration costs

Provisions are made for estimated restoration costs for rock and gravel quarries after operations are terminated. The provision increases with the quarried amount and is reversed after restoration is completed. The reserved amount is expected to be utilized successively following completion of quarrying.

Contingent liabilities

A contingent liability is recognized in accounts when there is a possible obligation attributable to events occurred, the occurrence of which can only be confirmed by one or more uncertain future events, or when there is an undertaking not recognized as a liability or provision because it is not likely that the use of resources will be required or the amount cannot be calculated with sufficient reliability.

Parent company accounting principles

The parent company has prepared its annual report in accordance with the Swedish Company Accounts Act (1995:1554) and Swedish Financial Reporting Board recommendation RFR 2 Accounting rules for legal entities. RFR 2 requires that the parent company, in the annual report for the legal entity, use all EU adopted IFRSs and interpretations as far as possible within the framework of the Swedish Company Accounts Act, the Job Security Law and with due regard for the relationship between accounting and taxes. The recommendation states which exceptions and additions must be made to the IFRSs.

Changed accounting principles

The parent company accounting principles are unchanged in 2015 compared to 2014.

Differences between the Group and parent company accounting principles

Differences between the Group's and parent company's accounting principles are given below.

Classification and design types

The parent company's income statement and balance sheet are presented in accordance with the design in the Swedish Company Accounts Act. The difference to IAS 1 Design of financial reports which is applied to the design of the consolidated financial reports refer primarily to reporting financial income and expenses, fixed assets, equity and the presentation of provisions under a separate heading in the balance sheet.

Subsidiaries and joint arrangements

Participation in subsidiaries and joint arrangements are recognized in the parent company applying the acquisition value method. This means that acquisition costs are included in the reported value of the holding in the subsidiary. In Group accounting acquisition costs are recognized directly in profit and loss as they occur.

Financial guarantees

The parent company's financial guarantee agreements mainly consist of personal guarantees to the benefit of subsidiaries and joint ventures. The parent company recognizes financial guarantee agreements as provisions in the balance sheet when the company has an obligation for which payment is likely to be required to adjust the obligation.

Leased assets

All leasing agreements in the parent company are recognized according to the rules for operating leasing.

Taxes

Untaxed reserves including deferred tax liabilities are recognized in the parent company. On the other hand, in the Group accounts, untaxed reserves are divided between deferred tax liabilities and equity.

Shareholder contributions

Received shareholder's contributions are activated in shares and participation in the provider after taking into consideration any need for write-downs.

Group contributions

Received and given group contributions are recognized as appropriations even though the group contribution has been given or received.

Note 2 Important estimates and assessments

Executive Management has together with the Board of Directors discussed developments, selections and information regarding the Group's important accounting principles and assessments, as well as the application of these principles.

Certain important accounting estimates made when applying the Group's accounting principles are described below.

The sources of uncertainty in the assessments given below refer to uncertainties that entail a risk that the value of assets or liabilities may be significantly adjusted in the coming fiscal year.

Peab's operative business is sensitive to changes in, among other things, volume and margins. The financial risks are connected to the business' tied-up capital, capital needs, interest risk and currency risk. For more information about how the changes in important variables affect Group profit after tax, see the sensitivity analysis on page 39.

Percentage of completion

Profit reported for contract projects in progress is calculated through a percentage of their completion based on the degree of completion of the project. This requires that project revenue and costs can be calculated in a reliable manner. A prerequisite is a well functioning system for calculation, forecasting and project monitoring. Forecasts of the final outcome of the projects are critical estimates crucial to accounting for the results of operations during the project. There is a risk that the final results of a project deviate from those that have been successively reported.

Impairment tests of goodwill

Group's total goodwill amounts to SEK 1,719 million (1,736). When calculating cash generating units' recoverable amount in order to assess the need to write-down goodwill, several estimations and assessments about the future have been made. These are presented in note 15. As is apparent in the description in note 15 changes beyond what can reasonably be expected during 2016 of the conditions for these estimations and assessments could have a significant effect on goodwill. This risk is however very low since the recoverable values are for the most part higher than the reported values in those cases where goodwill values are substantial.

Project and development property

Project and development property amounts to SEK 6,742 million (6,523). The booked value has been calculated as the lowest of the purchase price and the net sales price based on current price levels in the respective locations. Changes in supply and demand may alter reported values and write-downs may be required. For more information on Project and development property, see note 22.

Disputes

Peab's business is largely project-related. There are a number of different contract forms and risk levels vary depending on the contract form. With any type of contract however ambiguities can arise concerning the terms which can lead to demarcation issues followed by a dispute with the customer.

The actual outcome in disputed amounts may deviate from those recorded according to the best estimate. For more information on disputes, see note 31.

Taxes

Changes in tax legislation and changed praxis with regard to the interpretation of tax laws can have a considerable impact on the size of recorded deferred taxes. For more information on taxes, see note 14.

Accounting principles

Tenant-owner projects in Sweden

Tenant-owner associations that Peab signs construction contracts with are autonomous and legal entities independent from Peab. Tenant-owner associations are tools that members of the association can use to order, construct and manage a property and this is beneficial for the tenant-owners. Peab signs contracts regarding the sale of land and construction contracts with newly established tenant-owner associations as clients. The contracts are signed by the board in the tenant-owner association at the start-up of construction. No member of the board in the tenant-owner association represents Peab. Tenant-owner associations can influence the design of the buildings about to be constructed. A new obligatory financial plan is drawn up if changes are made that significantly affect the financial prerequisites. The contract gives the tenant-owner association normal client rights in relation to Peab. Our overall assessment is that the contracts meet the definition of a construction contract according to IAS 11.

Real estate agents handle the sales of the tenant rights through direct contracts with the tenant-owner associations. The individual home purchasers sign sub-contracts with the tenant-owner associations.

During construction the association finances the land and construction with two building loans, one where the association takes out a mortgage for the final financing and one that Peab stands surety for regarding the home purchasers' deposits.

The tenant-owner associations carry the entire value risk on the property.

In addition, Peab guarantees that it will acquire any apartments from the tenant-owner associations that remain unsold six months after the building is complete, which is a requirement from the certifiers, i.e. insurance companies and banks. This repurchase obligation is limited since tenant-owner associations do not sign construction contracts until most of the apartments are under contract with a home purchaser and, in our experience, generally do not represent high amounts. The few apartments bought by Peab are usually sold within a short period of time without any other costs than a few months of fees to the tenant-owner association. Reserves are made for possible estimated costs. No other guarantees or obligations are given to the tenant-owner association than the normal guarantees in conventional construction contracts.

Accounting standards and interpretations

New or changed accounting standards and interpretations of existing standards can lead to changes that wherein certain transactions in the future are handled differently than according to current praxis.

Note 3 Income distributed by type

Income distributed by main income type

MSEK	Group		Parent company	
	2015	2014	2015	2014
Income from contracting ¹⁾	36,915	36,347	–	–
Sales of goods	2,100	1,937	–	–
Sales of property developments	2,882	2,515	–	–
Crane, machine and vehicle rental	548	571	–	–
Transport services	1,471	1,671	–	–
Administrative services	1	–	267	236
Other	459	589	–	1
Total	44,376	43,630	267	237

¹⁾ The write-down of the project Mall of Scandinavia of SEK -800 million is included in the sum. For more information see note 4 page 62.

Note 4 Operating segment

Group business is divided into operating segments based on how the company's highest decision makers, i.e. executive management, follow the business.

The Group is reported into four business areas; Construction, Civil Engineering, Industry and Project Development. The business areas are also operating segments.

Segments are reported according to the percentage of completion in projects since that reflects the way executive management and the Board monitors operations. Peab applies IFRIC 15, Agreements for the construction of real estate, in legal accounting. IAS 18, Revenue, is applied for housing projects in Finland and Norway as well as our own home developments in Sweden. Revenue from these projects is first recognized when the home is handed over to the buyer. A bridge has therefore been created in segment reporting between operative reporting according to the percentage of completion method and legal reporting. For more information regarding principles for housing production, see note 1.

Business area Construction reports net sales and profit referring to the subcontractor part of our own housing, rental project developments and other property development projects to business area Project Development. Net sales and profit are reported according to the percentage of completion method. Net sales for both the general contractor part and the subcontractor part of our own housing developments are reported in business area Project Development. Reported profit is the result in the general contractor part reported according to the percentage of completion method. The underlying sales value of property projects on our own balance sheet that are sold in the form of a company via shares is recognized as net sales and the booked value is recognized as an expense on the balance sheet. Internal net sales between business area Construction and business area Project Development regarding the construction cost of our own housing developments are eliminated in consolidated reporting. Net sales and profit referring to the subcontractor part of property development projects on our own balance sheets are eliminated on Group level. Internal profit is returned when the project is divested.

The Group's internal reporting is constructed so that executive management follows every business area up to and including operating profit and operating margin. For business area Industry and Project Development executive management also follows the development of capital employed. The capital employed in the business areas consists of the business area's total capital reduced by deferred tax receivables and internal receivables from the internal bank Peab Finans with deductions for non-interest-bearing liabilities and deferred tax liabilities.

Internal pricing between Group segments is based on the "arm's length principle", in other words, by well informed parties who are independent of each other and interested in the realisation of the transactions.

Segments' operating profit includes attributable items which can be reasonably and reliably allocated to the segments. Non-allocated items consist of financial income and expenses, and taxes.

Operating segments

The Group consist of the following business areas:

- Construction:** Business area Construction comprises Group resources in construction related services. Construction builds for external customers and internally, 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, 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.
- Civil Engineering:** Business area Civil Engineering works with the construction of larger infrastructure and civil engineering projects and smaller projects on the local market. Civil Engineering also operates and maintains roads and municipal facilities. The operations are run in geographical regions in Sweden, Norway and Finland. Customers are the Swedish Transport Administration, municipalities and local businesses.
- Industry:** Business area Industry is run in seven product segments; Asphalt, Concrete, Gravel and rock, Transportation and machines, Rentals, Foundations and Industrial construction. All of them work on the Nordic construction and civil engineering markets. Customers are mainly Nordic construction and civil engineering companies.
- Project Development:** Business area Project Development comprises Peab's developments in housing and property. The business is run in two segments, Housing Development and Property Development. Housing development develops all kinds of housing such as apartment buildings in tenancy ownership, ownership and rental form as well as single homes. Operations in Property Development revolve around the acquisition, development and divestiture of commercial property in the Nordic region. The business includes projects in wholly owned and partly owned companies. Partly owned companies consist of, among other things, Peab's ownership in Tornet Bostadsproduktion AB (ownership of apartments for rent), in Fastighets AB 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.

Other operations are reported under "Group functions" and consist of central companies and group functions.

Group 2015	Civil Engineering			Project Development	Group functions	Elimination	Total operative for the Group ¹⁾	Adjustment for different accounting principles for housing production ²⁾	Group
MSEK	Construction	Engineering	Industry						
External sales	19,668	9,394	7,565	7,565	60		44,252	124	44,376
Internal sales	4,177	1,054	3,235	40	776	-9,282	0		0
Total income	23,845	10,448	10,800	7,605	836	-9,282	44,252	124	44,376
Operating costs	-24,076	-10,068	-10,216	-7,222	-930	9,232	-43,280	-167	-43,447
Profit from participation in joint ventures		-9	6				-3		-3
Other operating income	8	15	66	15	2		106		106
Other operating costs	-2	-5	-8		-8		-23		-23
Operating profit	-225	381	648	398	-100	-50	1,052	-43	1,009
Operating margin, %	-0.9	3.6	6.0	5.2			2.4		2.3
Financial income									157
Financial expenses									-252
Profit from participation in joint ventures									-8
Pre-tax profit									906
Tax									-108
Profit for the year									798
Depreciation	-18	-28	-659	-17	-13				-735
Write-downs within operating profit			-5	-96	-6				-107
Capital gains/losses	3	7	50	32	-9				83
Other significant non-cash items	-711	-29	-93	-67	-28				-928
Capital employed on 31 December	-1,264	-302	4,885	10,838		319 ³⁾			14,476

Group 2014	Construction	Civil Engineering	Industry	Project Development	Group Functions	Elimination	Total operative for the Group ¹⁾	Adjustment for different accounting principles for housing production ²⁾	Group
MSEK									
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 costs	-23,923	-9,667	-10,169	-7,492	-891	10,053	-42,089	159	-41,930
Profit from participation in joint ventures			-42				-42		-42
Other operating income	6	40	62	5	0		113		113
Other operating costs	-5	0	-10	-1	-3		-19		-19
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
Financial income									122
Financial expenses									-634
Profit from participation in joint ventures									-10
Pre-tax profit									1,230
Tax									-203
Profit for the year									1,027
Depreciation	-17	-32	-652	-14	-12				-727
Write-downs within operating profit	-5	-15	-30	-67					-117
Capital gains/losses			87	637					724
Other significant non-cash items	49		-73	-560	-50				-634
Capital employed on 31 December	-1,032	-237	5,257	10,646		128 ³⁾			14,762

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).

3) Non allocated capital employed.

Comments on the tables

A strong housing market has contributed to favorable development in the business areas in both 2015 and 2014. In business area Construction the write-down of the project Mall of Scandinavia in Solna in 2015 has affected both net sales and operating profit by SEK -800 million. During 2014 business area Industry has been affected by shutting down costs of SEK -33 million for Northland Resources and write-downs of the value of Peab's share in S:t Eriks by SEK -40 million. The sales of Varvsstaden in Malmö to Fastighets AB Centur, the development company jointly owned by Peab and Balder, and an overhaul of the values in the project portfolio in Project Development in 2014 had a positive effect on operating profit of SEK 100 million. The profit from the sales of Varvsstaden in Malmö amounted to SEK 580 million and costs regarding reservation in the project portfolio were SEK -480 million. Financial costs include in 2014 write-downs of interest receivables worth SEK -261 million related to Northland Resources.

Geographic areas

Income from external customers are grouped to geographic areas according to where customers are located. Information concerning intangible and tangible assets is based on geographic areas grouped according to where assets are located.

Group	Sweden		Norway		Finland		Other markets		Total	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
MSEK										
External sales	36,780	35,940	4,923	4,945	2,636	2,714	37	31	44,376	43,630
Intangible and tangible fixed assets	4,858	4,911	506	682	284	276	-	-	5,648	5,869
Parent company	Group functions		Sweden							
MSEK	2015	2014	2015	2014						
Net sales	267	237	267	237						

Note 5 Business combinations

2015

In 2015 Peab acquired 100 percent of ATS Tjänster AB and operations at Masab Asfalt and Renew Consulting och Construction.

The above acquisitions in 2015 individually do not have any material acquisition effect from a Group perspective and the information on acquisition effects is therefore given collectively.

In the period after acquisition the above subsidiaries contributed SEK 108 million to Group income and SEK 1 million to profit after tax in 2015. If the acquisitions had taken place on 1 January 2015, the combined effect of these acquisitions on Group income would have been SEK 200 million and on profit for the year after tax by SEK 1 million.

Effects of acquisitions in 2015

The acquisitions' preliminary effects on Group assets and liabilities are shown in the table on page 64. The acquisition analyses may be adjusted during a twelve month period.

Goodwill consists of, among other things, human resources and future synergy effects regarding common systems and shared resources which do not meet the criteria for recognition as intangible assets at the time of acquisition.

Acquired receivables were SEK 14 million and consist mainly of accounts receivables.

Total transferred compensation amounted to SEK 33 million.

During the year, the acquisition of assets also occurred through the acquisition of shares (asset acquisitions which are not operational) which resulted in a cash flow of SEK -675 million and primarily refer to project and development properties with development rights in Solna, Stora Hammar, Partille and Kungsbacka.

Acquisitions after the balance sheet date

No substantial acquisitions have been made during 2016 as of the presentation of these financial reports.

2014

In 2014 Peab acquired 100 percent of Firkanten Eiendom AS and operations at Karlstads Väggljus, Glacell and 3-B Tomas Pumpare. These acquisitions has no significant impact from a Group perspective.

Total transferred compensation amounted to SEK 148 million.

In the period after acquisition the above subsidiary and operations contributed SEK 21 million to Group income and SEK 0 million to profit after tax in 2014. If the acquisitions had taken place on 1 January 2014, the effect of these acquisitions on Group income would have been SEK 253 million and on profit for the year after tax SEK 31 million.

During the year, the acquisition of assets also occurred through the acquisition of shares (asset acquisitions which are not operational) which resulted in a cash flow of SEK -43 million.

In 2014 Peab acquired the remaining shares, 9.0 percent, in Telemark Vestfold Entreprenör AS. The company was previously consolidated to 100 percent using the Anticipated acquisition method, because there was a put/call option for the acquisition of the rest of the shares.

The acquired companies' net assets at the time of acquisition:

MSEK	2015	2014
Intangible fixed assets	9	41
Tangible fixed assets	21	23
Financial fixed assets	–	7
Deferred tax receivables	–	1
Project and development properties and inventories	1	52
Accounts receivable and other receivables	14	43
Liquid funds	2	22
Interest-bearing liabilities	-1	-13
Deferred tax liabilities	-1	-13
Accounts payable and other current liabilities	-15	-39
Net identifiable assets and liabilities	30	124
Group goodwill	3	24
Consideration transferred	33	148

Note 6 Other operating income

Group MSEK	2015	2014
Capital gains from shares sold in Group companies/joint ventures	–	3
Insurance compensation	8	12
Profit from sales of fixed assets	66	87
Exchange gains from receivables/liabilities relating to operations	7	4
Other	25	7
Total	106	113

Note 7 Other operating costs

Group MSEK	2015	2014
Capital loss from shares sold in Group companies/joint ventures	-6	–
Loss from sales of fixed assets	-7	-7
Exchange loss from receivables/liabilities relating to operations	-6	-8
Other	-4	-4
Total	-23	-19

Note 8 Government grants

Group
Government grants received as compensation for operating costs amounted to SEK 19 million (14) in 2015, and have reduced costs in the income statement.

Note 9 Employees, personnel costs and remuneration to senior officers**Payroll costs for employees**

Group MSEK	2015	2014
Wages and remuneration	5,889	5,725
Pension expenses, defined benefit plans	0	0
Pension expenses, defined contribution plans	550	504
Social insurance costs	1,798	1,735
Total	8,237	7,964

Average number of employees

	No. of employees 2015	Of were men 2015 percent	No. of employees 2014	Of were men 2014 percent
Parent company				
Sweden	119	50	113	49
Subsidiaries				
Sweden	10,917	90	11,127	90
Norway	1,328	92	1,247	91
Finland	669	86	687	86
Poland	3	67	2	50
Total in subsidiaries	12,917	90	13,063	90
Total in Group	13,036	90	13,176	90

Gender distribution in the Board of Directors and executive management

	2015 Percentage of women	2014 Percentage of women
Parent company		
The Board of Directors	20%	20%
Other senior officers	33%	33%
Group total		
The Board of Directors	20%	20%
Other senior officers	17%	17%

Salaries and other payments divided between senior officers and other staff, and social security costs

Group 2015 MSEK	Board of Directors and senior officers (13 persons) ¹⁾
Salary and remuneration – of which variable remuneration etc.	24
Social security costs – of which pension costs	19
	9

Group 2014 MSEK	Board of Directors and senior officers (13 persons) ¹⁾
Salary and remuneration – of which variable remuneration etc.	23
Social security costs – of which pension costs	23
	9

Parent company 2015 MSEK	Board of Directors and senior officers (10 persons) ¹⁾	Other employees	Total
Salary and remuneration – of which variable remuneration etc.	15	84	99
Social security costs – of which pension costs	–	2	2
	11	52	63
	5	19	24

Parent company 2014 MSEK	Board of Directors and senior officers (10 persons) ¹⁾	Other employees	Total
Salary and remuneration – of which variable remuneration etc.	14	85	99
Social security costs – of which pension costs	–	2	2
	16	64	80
	5	22	27

In the parent company variable remuneration has in certain cases been paid as a one-off pension premium to executive management for SEK 2 million (2). This part of variable remuneration is recognized in social security costs - of which pension costs.

Benefits for senior officers Remuneration and other benefits in 2015

Thousands, SEK	Basic salary/ Board remuneration	Variable remun.	LTI-program ³⁾	Other benefits	Pension costs	Total
Chairman of the Board, Göran Grosskopf	620					620
Vice Chairman of the Board, Mats Paulsson	3,060					3,060
Other members of the Board						
Karl-Axel Granlund	295					295
Lars Sköld	235					235
Fredrik Paulsson	235					235
Kerstin Lindell	235					235
Nina Udnes Tronstad	235					235
Total related to Board of Directors from the parent company	4,915					4,915
CEO, Jesper Göransson	4,923	2,136	671	82	2,564	10,376
Other senior officers, remuneration from the parent company ²⁾	5,292	2,319	729	176	2,960	11,476
Other senior officers, remuneration from subsidiaries ²⁾	8,461	3,601	1,132	159	3,808	17,161
Total	23,591	8,056	2,532	417	9,332	43,928
Remuneration from the parent company	15,130	4,455	1,400	258	5,524	26,767
Remuneration from subsidiaries	8,461	3,601	1,132	159	3,808	17,161

Benefits for senior officers Remuneration and other benefits in 2014

Thousands, SEK	Basic salary/ Board remuneration	Variable remun.	Other benefits	Pension costs	Total
Chairman of the Board, Göran Grosskopf	555				555
Vice Chairman of the Board, Mats Paulsson	3,020				3,020
Other members of the Board					
Karl-Axel Granlund	255				255
Lars Sköld	195				195
Fredrik Paulsson	195				195
Kerstin Lindell	195				195
Nina Udnes Tronstad	195				195
Total related to Board of Directors from the parent company	4,610				4,610
CEO, Jesper Göransson	4,839	1,059	94	2,411	8,403
Other senior officers, remuneration from the parent company ²⁾	5,043	1,144	154	2,594	8,935
Other senior officers, remuneration from subsidiaries ²⁾	8,187	1,816	190	3,505	13,698
Total	22,679	4,019	438	8,510	35,646
Remuneration from the parent company	14,492	2,203	248	5,005	21,948
Remuneration from subsidiaries	8,187	1,816	190	3,505	13,698

1) During 2014 and 2015 the group senior officers was comprised of six senior officers, of which three officers in the parent company.

2) Comprises the number of employees that during the year have received remuneration for the amount that was paid during the time they were senior officers.

3) The amount is dependent on the AGM's decision regarding the size of dividends. Furthermore, senior officers must still remain in employment on December 31, 2017 to obtain the allocated amount. For more information see part Long-term incentive program (LTI-program) on page 66.

Comments on the tables

From time to time the CEO and other senior officers may be offered variable remuneration. Other benefits refer to company cars.

Pension costs refer to costs charged to the year. See note 31 for additional information about pensions. In 2015 the group senior officers consisted of six persons (six), of which three officers (three) were in the parent company.

The Board of Directors

The 2015 AGM decided on a remuneration to external members of the Board of a maximum of SEK 4,915 thousand (4,610), of which SEK 535 thousand (495) consisted of remuneration to the Chairman of the Board. A remuneration of SEK 2,765 thousand, unchanged in comparison to last year, was decided as a special compensation to the Vice Chairman of the Board for his availability to the Group in matters concerning customers and the market. Remuneration to all members of the Board was a maximum of SEK 4,560 thousand (4,430), and SEK 180 thousand (180) for work in the remuneration and finance committees and SEK 175 thousand (-) for work in audit committee. During the year total remuneration amounted to SEK 4,915 thousand (4,610).

Remuneration is not paid to members of the Board who are permanent employees of the Group. There are no agreements on future pension/retirement remuneration or other benefits either for the Chairman of the Board of Directors or for other members of the Board.

Principles for the remuneration of senior officers

The group other senior officers is comprised of six senior officers who are members of executive management. The principles for remuneration of senior officers were adopted by the 2015 AGM.

Remuneration to the CEO and other senior officers consists of a fixed salary, any variable remuneration, extra health insurance and those benefits otherwise enjoyed by other Peab employees as well as pension. All pension obligations are defined contribution pensions. The total remuneration paid to each senior officer is based on market terms and the responsibilities and qualifications of the senior officer.

From time to time, senior officers may be offered variable remuneration. Such variable remuneration may not exceed 60 percent of the regular salary and must above all be based on the pre-tax profit of the Peab Group. Variable remuneration is decided upon each financial year.

Variable remuneration is settled the year after being earned and may either be paid out as salary or as a one-off pension premium. If variable remuneration is paid out on a one-off basis certain adjustments are made so as to neutralize the total cost for Peab.

From time to time, senior officers may be offered to participate in a LTI program. For senior officers and the CEO the upper limit is 40 percent of their fixed annual salary. The result of the LTI program is either paid out as salary or placed in a pension savings in a financial instrument connected to the Peab share.

Notice on the part of Peab is a maximum of 24 months and senior officers are required to give a maximum of six months notice.

If a severance pay is paid the total remuneration for salary during the period of notice and severance pay may not exceed 24 monthly wages.

Variable remuneration

Variable remuneration for the CEO and other senior officers is related to meeting profit targets for the Group. Variable remuneration for the financial year 2015 was maximized at SEK 2,772 thousand (2,664) for the CEO and a total of SEK 7,682 thousand (7,452) for the other senior officers.

LTI-program, for the CEO and other senior officers is related to meeting profit targets for the Group. Provision for LTI-program for 2015 was maximized at SEK 1,848 thousand for the CEO and a total of SEK 5,122 thousand for the other senior officers.

The CEO

The CEO of Peab AB, Jesper Göransson, has in 2015 received wages and other remuneration, including benefits, for a total of SEK 5,005

thousand (4,933). In addition, he has received variable remuneration for 2015 of SEK 2,136 thousand (1,059) and a provision for LTI-program of SEK 671 thousand, which will be placed in a pension savings connected to the Peab share. Pension premiums for the year were SEK 2,564 thousand (2,411).

Pension commitments for the CEO give him the right to pension from the age of 65. There is a supplementary commitment whereby the company or the CEO can trigger early retirement from the age of 62. Annual pension premiums of 47 percent of basic salary are paid for these commitments. These pensions are part of defined contribution plans.

Notice on the part of Peab is a maximum of 24 months and the CEO is required to give a maximum of six months notice.

If a severance pay is paid the total remuneration for salary during the period of notice and severance pay may not exceed 24 monthly wages.

Other senior officers

The term other senior officers refers to the five other persons in addition to the CEO that make up Peab's executive management. Salary and other remuneration including benefits for other senior officers amounted to SEK 14,088 thousand (13,574). In addition variable remuneration for 2015 amounted to SEK 5,920 thousand (2,960) and provision for LTI-program amounted to SEK 1,861 thousand, which will be placed in pension savings connected to the Peab share.

Pension premiums paid for other senior officers amounted to SEK 6,768 thousand (6,099) during the year.

Pension commitments for the other senior officers give them the right to pension from the age of 65. There is a supplementary commitment whereby the company or the other senior officers can trigger early retirement from the age of 62. Annual pension premiums of 47 percent of basic salary are paid for these commitments. These pensions are part of defined contribution plans.

If given notice by the company other senior officers are entitled to a maximum of 24 months' salaries deducted by salaries from new employers. The period of notice from senior officers is six months.

Long-term incentive program (LTI program)

From time to time, senior officers may be offered to participate in a LTI program.

A new LTI program has been launched for 2015 - 2017 with annual provisions based on meeting Group targets. The provisions' size is related to the total dividends disbursed to shareholders for the year. The program is open to 500 of the Group's key employees. In order for an employee to receive their share of the outcome in the LTI program the employee must still work for Peab on 31 December 2017. For senior officers and the CEO the upper limit is 40 percent of their fixed annual salary. For other positions the upper limit is 15-35 percent of their fixed annual salary, depending on their position. The result of the LTI program is either placed in a pension savings connected to the Peab share or alternatively paid out to the employee as salary in 2018. In 2015 Peab made a provision of SEK 35 million.

A previous LTI program was launched in 2011 and stretched to the end of 2014 with annual reviews of Group targets. The program was offered to senior officers and key personnel in the Group. The targets were not met in 2011-2014 and therefore no provisions were made for the LTI program.

Profit-sharing foundation

In 2007, Peab founded a profit-sharing foundation. The object of the profit-sharing foundation is to create greater participation through employee co-ownership and to better employees' financial situation after retirement. Individual annual shares in profits is related to the employee's profit sharing entitling work hours. Upon retirement employees can withdraw their share in the foundation. Under the foundation's investment policy, its assets must be mainly invested in shares in Peab.

In 2015 Peab allocated SEK 46 million. This amount less payroll tax will be paid into the foundation in 2016. In 2014 Peab allocated SEK 62 million less payroll tax. Senior officers are not entitled to benefits from the profit-sharing foundation.

Note 10 Fees and cost remunerations to accountants

MSEK	Group		Parent company	
	2015	2014	2015	2014
KPMG AB				
Auditing assignments	17	19	4	5
Other audit-related assignments	1	1	1	1
Total	18	20	5	6

Auditing assignments refer to examination of the annual report, accounting and administration by the Board of Directors and the CEO, other work which it is the business of the company accountant to perform and advice and other assistance stemming from observations made in connection with such examination of the performance of other similar work.

Note 11 Operating costs divided by type

Group MSEK	2015	2014
	Material	10,471
Subcontractors	12,033	11,619
Personnel expenses	8,965	9,050
Other production costs	9,999	10,130
Depreciation	735	727
Write-downs	107	117
Other operating costs	1,137	946
Total	43,447	41,930

Note 12 Net financial income/expense

Group MSEK	2015	2014
Interest income ¹⁾	100	110
Dividend received related to financial assets valued at fair value	50	1
Change in value currency swaps (trading)	5	10
Other items	2	1
Financial income	157	122
Interest expenses ²⁾	-199	-326
Net exchange rate fluctuation	-23	-13
Change in value currency swaps (trading)	-1	0
Write-downs ³⁾	-22	-261
Other items	-7	-34
Financial expenses	-252	-634
Profit from participation in joint ventures⁴⁾	-8	-10
Net financial income/expense	-103	-522

1) Refers to interest from items valued at accrued acquisition value.

2) Refers to interest from items valued at accrued acquisition value except current interest net from the interest coupon portion of interest swaps totaling SEK -71 million (-51).

3) Write-downs in 2015 refer to an unlisted fund, which is classified as a financial asset available for sale. 2014 refers to write-downs on receivables concerning Northland Resources.

4) Interest expenses on loans from joint venture companies have been offset against profit from participation in joint venture companies. There is, according to the contracts, a legal right for offsets in the balance sheet accounts between the debt to joint venture companies and holdings of preference shares in joint venture companies.

Profit from participation in Group companies

Parent company MSEK	2015	2014
Dividends	200	1,278
Write-downs ¹⁾	-200	-1,307
Total	0	-29

1) For more information about write-downs, see note 40.

Profits from securities and receivables recorded as fixed assets

Parent company MSEK	2015	2014
Interest income, external ¹⁾	2	13
Write-downs ²⁾	-	-164
Exchange rate gain/loss	0	26
Total	2	-125

1) Interest income refers to interest from items valued at accrued acquisition value.

2) Refers to write-downs on receivables concerning Northland Resources.

Interest expenses and similar profit/loss items

Parent company MSEK	2015	2014
Interest expenses, Group companies ¹⁾	-151	-211
Total	-151	-211

1) Interest expenses refer to interest from items valued at accrued acquisition value.

Note 13 Appropriations

Parent company MSEK	2015	2014
Change in additional depreciation, machinery and equipment	0	0
Resolution of tax allocation reserve	-	156
Received Group contribution	1,123	898
Paid Group contribution	-903	-655
Total	220	399

Note 14 Taxes**Recognized in the income statement**

Group MSEK	2015	2014
Current tax expenses/income		
Tax expenses/income for the year	4	-81
Adjustment of tax attributable to previous years	-5	-14
	-1	-95

Deferred tax expenses/income

Temporary differences	-39	18
Capitalised tax value of loss carry-forwards during the year	4	14
Utilisation of capitalised tax value of loss carry-forwards	-136	-131
Changed tax rates	-9	-
Tax income through the acquisition of companies with tax loss carry-forwards which were acquired at a price under the nominal value	25	-
Revaluation of reported deferred tax values	48	-9
	-107	-108
Total reported tax expenses in the Group	-108	-203

Parent company MSEK	2015	2014
Current tax expenses/income		
Tax expenses for the year	-1	-2
Adjustment of tax attributable to previous years	4	0
	3	-2
Deferred tax income		
Temporary differences	6	6
Revaluation of reported deferred tax values	-	76
	6	82
Total reported tax income in the parent company	9	80

Reconciliation of effective tax

Group MSEK	2015	2015 (%)	2014	2014 (%)	Parent company MSEK	2015	2015 (%)	2014	2014 (%)
Pre-tax profit	906		1,230		Pre-tax profit	54		-49	
Tax in accordance with tax rate for the parent company	-199	22.0	-270	22.0	Tax in accordance with tax rate for the parent company	-12	22.0	11	-22.0
Effect of other tax rates for foreign subsidiaries	-2	0.2	2	-0.2	Non-deductible expenses	-44	81.5	-289	589.6
Non-deductible expenses	-74	8.2	-64	5.2	Tax exempt income	44	-81.5	283	-577.6
Tax exempt income	46	-5.1	147	-11.9	Deductible non profit-influencing items	16	-29.5	-	-
Deductible non profit-influencing items	34	-3.7	27	-2.2	Revaluation of reported deferred tax values	-	-	76	-155.2
Revaluation of reported deferred tax values	48	-5.3	-9	0.7	Utilized non-capitalised loss carry-forwards	1	-1.8	-	-
Utilized non-capitalised loss carry-forwards	15	-1.7	20	-1.6	Standard interest on tax allocation reserve	-	-	-1	2.0
Tax attributable to previous years	-5	0.6	-14	1.1	Tax attributable to previous years	4	-7.4	0	0.0
Changed tax rates	-9	1.0	-	-	Reported effective tax	9	-16.7	80	-163.2
Increase in loss carry-forwards without corresponding activation of deferred tax	-2	0.2	-9	0.7					
Tax income through the acquisition of companies with tax loss carry-forwards which were acquired at a price under the nominal value	25	-2.8	-	-					
Standard interest on tax allocation reserve	0	0.0	-1	0.1					
Effect net profit of joint ventures	15	-1.7	-32	2.6					
Reported effective tax	-108	11.9	-203	16.5					

Tax attributable to other comprehensive income

Group MSEK	Pre-tax	Tax	After tax	Pre-tax	Tax	After tax
	2015			2014		
Translation difference for the year foreign operations	-155	-12	-167	16	18	34
Financial assets available-for-sale	90		90	-97		-97
Cash flow hedges	28	-6	22	-133	29	-104
Revaluation of defined benefit pension plans	0	0	0	8	-2	6
Other comprehensive income	-37	-18	-55	-206	45	-161

Reported on the balance sheet**Deferred tax recoverables and tax liabilities**

Group MSEK	Deferred tax recoverables		Deferred tax liabilities		Net		Changes recognized in income for 2015	
	2015	2014	2015	2014	2015	2014		
Tangible assets			-300	-301	-300	-301		0
Intangible assets			-60	-67	-60	-67		6
Financial assets			-1		-1	0		-1
Project and development properties	6			-2	6	-2		5
Work-in-progress	7	12			7	12		-3
Inventories	1	2			1	2		-2
Accounts receivable	18	24			18	24		-3
Recognized but not invoiced income			-45	-58	-45	-58		9
Other receivables				-4	-	-4		4
Interest-bearing liabilities	81	76			81	76		5
Provisions for pensions	48	26			48	26		21
Provisions	60	54			60	54		9
Invoiced income not yet recognized	90	37			90	37		53
Other liabilities	63	53			63	53		9
Loss carry-forwards	142	54			142	54		-79
Tax allocation reserve			-1	-1	-1	-1		0
Safety reserve			-462	-322	-462	-322		-140
Tax recoverables/tax liabilities	516	338	-869	-755	-353	-417		
Offset	-414	-193	414	193	-	-		
Net	102	145	-455	-562	-353	-417		-107
Parent company								
Provisions for pensions	88	82			88	82		6

Unreported deferred tax receivables regarding loss carry-forwards

Ongoing correspondence between the Swedish Tax Authorities as well as assessments made together with external experts on the deductibility of individual deductions have been taken into consideration when evaluating deferred tax receivables. Deferred tax attributable to deductions where the right to deduct is uncertain has not been reported as an asset. The value of the deferred tax in Sweden which has not been reported as an asset per 2015-12-31 is approximately SEK 284 million (323).

In consideration of earlier years reported losses in the Norwegian operations, remains an uncertainty in the use of loss carry-forwards amounting to SEK 397 million (473) which have not been activated. The fiscal value of the unactivated loss carry-forward is SEK 99 million (128).

Changed tax rates

As of 2016 the tax rate in Norway has changed to 25 percent from 27 percent.

Note 15 Intangible fixed assets

Group 2015	Intangible fixed assets, external purchase					Intangible fixed assets, internally developed	
	Goodwill	Brands	Customer relations	Tenancies gravel and rock quarries	Other intangible assets	Industrial construction	Total
MSEK							
Opening acquisition value	1,792	268	82	202	55	22	2,421
Purchases					1		1
Purchases through acquired companies	3	6	3				12
Sales/disposals	-32	-16	-27		-12		-87
Translation differences for the year	-23	-9	-2		0		-34
Closing accumulated acquisition value	1,740	249	56	202	44	22	2,313
Opening depreciation	-	-143	-70	-48	-46	-14	-321
Sales/disposals		16	27		12		55
Depreciation for the year ¹⁾		-19	-2	-8	-3	-1	-33
Translation differences for the year		5	1		0		6
Closing accumulated depreciation	-	-141	-44	-56	-37	-15	-293
Opening write-downs	-56	-	-	-	-	-5	-61
Sales/disposals	32						32
Translation differences for the year	3						3
Closing accumulated write-downs	-21	-	-	-	-	-5	-26
Closing book value	1,719	108	12	146	7	2	1,994

Group 2014	Intangible fixed assets, external purchase					Intangible fixed assets, internally developed	
	Goodwill	Brands	Customer relations	Tenancies gravel and rock quarries	Other intangible assets	Industrial construction	Total
MSEK							
Opening acquisition value	1,831	233	77	202	54	96	2,493
Purchases					1		1
Purchases through acquired companies	24	36	5				65
Sales/disposals	-65					-74	-139
Reclassifications	-1						-1
Translation differences for the year	3	-1	0		0		2
Closing accumulated acquisition value	1,792	268	82	202	55	22	2,421
Opening depreciation	-	-127	-68	-40	-41	-48	-324
Sales/disposals						37	37
Depreciation for the year ¹⁾		-16	-2	-8	-5	-3	-34
Translation differences for the year		0	0		0		0
Closing accumulated depreciation	-	-143	-70	-48	-46	-14	-321
Opening write-downs	-116	-	-	-	-	-	-116
Sales/disposals	65						65
Write-downs for the year ²⁾	-5					-5	-10
Reclassifications	1						1
Translation differences for the year	-1						-1
Closing accumulated write-downs	-56	-	-	-	-	-5	-61
Closing book value	1,736	125	12	154	9	3	2,039

1) Annual depreciation is reported in the following lines of the income statement:

MSEK	2015	2014
Production costs	-33	-34
Total	-33	-34

2) Annual write-downs are reported in the following lines of the income statement:

MSEK	2015	2014
Production costs	-	-10
Total	-	-10

Goodwill impairment testing in cash generating units

The balance sheet of the Peab Group 2015-12-31 included total goodwill of SEK 1,719 million (1,736). The table below shows goodwill per group of cash-generating units for which goodwill is tested for impairment.

MSEK	2015	2014
Construction		
Construction Sweden	68	68
Construction Finland	59	61
Construction Norway	144	158
Civil Engineering		
Civil Engineering Sweden	140	140
Industry	1,273	1,274
Project Development		
Property Development	21	21
Housing Development	14	14
Total	1,719	1,736

Goodwill write-downs

Group goodwill has not been written down in 2015. Last year write-downs amounted to SEK 5 million. For the cash generating units where a calculation of the recovery value was made and no write-down need was identified, executive management has assessed that no feasible possible changes in important assumptions would result in a recovery value lower than the reported value.

Method for calculating recovery value

The recovery value for the cash generating units has been based on calculation of useful value for all goodwill values. The calculation model is based on a discount of forecasted future cash flows compared to the unit's reported values. These future cash flows are based on 5 year forecasts produced by the management of the respective cash generating units. Goodwill impairment tests have an infinite time horizon and extrapolation of cash flow for the years after the forecast was calculated based on a growth rate from year 6 onwards of approximately 2 percent.

Important variables when calculating useful value

The following variables are important and common to all cash generating units in calculation of useful value.

Sales: The business' historical development, expected changes in the construction business cycle, general financial conditions, investment plans of public and municipal customers, interest rate levels and local market conditions.

Operating margin: Historic profitability levels and operative efficiency, access to key personnel and qualified manpower, access to internal resources, raises in salaries, materials and subcontractor costs.

Working capital requirements: Individual case assessment of whether the working capital reflects the company's needs or whether it should be adjusted for the forecast period. A reasonable or cautious assumption for future development is that it parallels net sales growth. A high level of internally developed projects may entail a greater need for working capital.

Investment needs: The company's investment needs are assessed on the investments required to achieve the initially forecasted cash flow, i.e. not including expansion investments. Normally investment levels are equivalent to the depreciation rate of tangible fixed assets.

Tax burden: The tax rate in forecasts is based on Peab's expected tax situation in Sweden, Norway and Finland with regards to tax rates, loss carry-forwards etc.

Discount rate: Forecasted cash flows and residual values are discounted to current value applying a weighted average cost of capital (WACC). Interest rates on borrowed capital have been market adjusted to each country. The required return on equity is based on the Capital Asset Pricing Model. A pre-tax weighted discount rate has been used in calculating useful value. The discount rate after tax used on cash generating units in Sweden is on average 7.5 percent (8.3), in Norway 9.1 percent (10.8) and in Finland 8.2 percent (8.9) The corresponding pre-tax discount in Sweden was on average 9.6 percent (10.0), in Norway 10.9 percent (13.1) and in Finland 9.8 percent (10.1).

Note 16 Tangible fixed assets

Group 2015	Buildings and land	Machinery and equipment	Construction in progress	Total
MSEK				
Opening acquisition value	2,141	6,921	71	9,133
Purchases	62	663	62	787
Purchases through acquired companies		24		24
Sales/disposals	-133	-331		-464
Sale of business	-68	-21	-14	-103
Reclassifications	16	35	-46	5
Translation differences for the year	-9	-86	-1	-96
Closing accumulated acquisition value	2,009	7,205	72	9,286
Opening depreciation	-739	-4,527	-	-5,266
Accumulated depreciation in acquired companies		-3		-3
Sales/disposals	23	279		302
Sale of business	9	4		13
Reclassifications	4	-15		-11
Depreciation for the year	-74	-628		-702
Translation differences for the year	3	56		59
Closing accumulated depreciation	-774	-4,834	-	-5,608
Opening write-downs	-21	-16	-	-37
Sales/disposals	13			13
Sale of business	6			6
Write-downs for the year ¹⁾		-6		-6
Closing accumulated write-downs	-2	-22	-	-24
Closing book value	1,233	2,349	72	3,654

Group 2014	Buildings and land	Machinery and equipment	Construction in progress	Total
MSEK				
Opening acquisition value	2,086	6,709	74	8,869
Purchases	24	555	69	648
Purchases through acquired companies	4	26		30
Sales/disposals	-20	-422		-442
Reclassifications	44	36	-73	7
Translation differences for the year	3	17	1	21
Closing accumulated acquisition value	2,141	6,921	71	9,133
Opening depreciation	-660	-4,218	-	-4,878
Accumulated depreciation in acquired companies		-7		-7
Sales/disposals	6	325		331
Reclassifications	-13	5		-8
Depreciation for the year	-71	-622		-693
Translation differences for the year	-1	-10		-11
Closing accumulated depreciation	-739	-4,527	-	-5,266
Opening write-downs	-5	-13	-	-18
Write-downs for the year ¹⁾	-16	-3		-19
Closing accumulated write-downs	-21	-16	-	-37
Closing book value	1,381	2,378	71	3,830

1) Annual write-downs are reported in the following lines of the income statement:

MSEK	2015	2014
Production costs	-6	-19
Total	-6	-19

Parent company	Machinery and equipment	
MSEK	2015	2014
Opening acquisition value	5	8
Sales/disposals	-	-3
Closing accumulated acquisition value	5	5
Opening depreciation	-4	-7
Sales/disposals	-	3
Closing accumulated depreciation	-4	-4
Closing book value	1	1

Group financial leasing

Companies in the Group lease vehicles, construction machinery and other production equipment through many different leasing agreements. The recorded value related to Group financial leasing amounted to SEK 471 million (448). When the leasing agreements terminate Peab normally has a liability to buy equipment at its residual value. The leased assets are owned by the lessors.

Note 17 Shares in joint ventures

Information regarding significant joint ventures in the Group

Fastighets AB Centur, 50 percent ownership. The company owns, manages and develops commercial property and homes.

Fastighets AB ML4, 50 percent ownership. The company will develop, own and manage research facility Max IV in Lund. The facility is rented to Lund University and was completed in 2015.

Visio Utveckling AB, 50 percent ownership. In 2015 Peab and Fabege agreed to divide ownership in Visio Exploatering AB which meant that Peab acquired all development rights for housing and Fabege acquired existing office buildings and one commercial development right. In December 2015 Peab acquired 100 percent of Visio Exploatering AB containing the housing development rights and 50 percent of Visio Utveckling AB, previously a subsidiary to Visio Exploatering AB. The profit generated in connection with the restructuring

has been eliminated within the Peab Group. Visio Utveckling AB is responsible for the development of Arenastaden and it owns and manages companies responsible for developments, including handling zoning plans and exploitation matters, realization, construction and divestiture of land.

Tornet Bostadsproduktion AB, 31 percent ownership. The company was acquired in June 2015 and was a part of the joint venture company TCL S.à.r.l. before the acquisition. The company will own, manage and develop housing.

The income statements for joint ventures acquired during 2015 are reported for a full calendar year in the table below and adjusted to the Peab Group's accounting policies. The Group's share of total comprehensive income only refers to the period that the Group owned the joint ventures.

Group	Significant joint ventures 2015-12-31				Significant joint ventures 2014-12-31		
	Fastighets AB Centur	Fastighets AB ML4	Visio Utveckling AB	Tornet Bostadsproduktion AB	Fastighets AB Centur	Fastighets AB ML4	Visio Exploatering AB
MSEK							
Net sales	274	42	41	71	196	22	72
Operating profit ¹⁾	359	15	57	40	145	9	46
Interest income and similar profit items	4	0	-	-	8	0	0
Interest expenses and similar profit/loss items	-87	-21	-25	-36	-97	-9	-59
Tax	-24	1	-10	-1	-13	0	6
Profit for the year	252	-5	22	3	43	0	-7
Other comprehensive income	-2	-	-	-	1	-	0
Comprehensive income for the year	250	-5	22	3	44	0	-7
Less non-controlling interest	-	-	-1	-	-	-	-2
Total comprehensive income less non-controlling interest	250	-5	21	3	44	0	-9
1) Depreciation amounts to	-	27	5	11	-	8	5

Group	Significant joint ventures 2015-12-31				Significant joint ventures 2014-12-31		
	Fastighets AB Centur	Fastighets AB ML4	Visio Utveckling AB	Tornet Bostads- produktion AB	Fastighets AB Centur	Fastighets AB ML4	Visio Exploatering AB
MSEK							
Fixed assets	–	–	–	–	–	–	271
Short-term investments and liquid funds	64	84	48	31	28	21	53
Project and development properties	3,908	1,862	980	1,685	3,743	1,661	1,699
Other current assets	558	8	115	10	112	2	176
Total assets	4,530	1,954	1,143	1,726	3,883	1,684	2,199
Long-term financial liabilities	3,972	1,895	863	1,483	3,636	1,656	1,697
Other long-term liabilities	43	–	17	–	33	–	0
Short-term financial liabilities	–	–	61	–	–	–	–
Other short-term liabilities	123	24	29	18	72	27	181
Total liabilities	4,138	1,919	970	1,501	3,741	1,683	1,878
Net assets	392	35	173	225	142	1	321
Less non-controlling interest	–	–	–52	–	–	–	–51
Net assets attributable to the parent company	392	35	121	225	142	1	270
Group share of net assets at the beginning of the year	71	0	0	0	49	0	139
Share of total comprehensive income ¹⁾	125	–3	–	0	22	0	–4
Acquisitions	–	–	61	70	–	–	–
Contribution / new issue	–	20	–	–	–	–	–
Group share of net assets at year-end	196	17	61	70	71	0	135
Group share of unrealized internal profit at the beginning of the year	–4	–41	0	0	–	–29	–
Elimination of unrealized profit on contracts ¹⁾	–11	–10	–1	–20	–4	–12	–1
Group share of unrealized internal profit at year-end	–15	–51	–1	–20	–4	–41	–1
Recognized value at year-end	181	–34	60	50	67	–41	134
Recognized amount is divided among the following items in the balance sheet:							
Shares in joint ventures	181	–	60	50	67	–	134
Accrued expenses and deferred income ²⁾	–	–34	–	–	–	–41	–
Total	181	–34	60	50	67	–41	134

1) Reported in production costs.

2) Refers to joint venture where the net sum of equity and internal profit elimination is negative.

Information on other joint ventures value in the Group

Group	2015	2014	Company, Registered Office, Corp. ID no.	Share percent 2015	Share percent 2014
MSEK					
Group share of comprehensive income	–5	–89			
Recognized amount is divided among the following items in the income statement:					
Productions costs	6	–37	Acturum Development AB, Stockholm, 556910-5488	50	50
Profit from participation in joint ventures	–3	–42	Ale Exploatering AB, Gothenburg, 556426-2730	50	50
Profit from participation in joint ventures in net financial items	–8	–10	Fastighets AB Tornet, Gothenburg, 559008-2912	50	–
Total	–5	–89	Blåsut Åstorp AB, Stockholm, 556627-4386	50	50
Recognized value of other joint ventures	447	758	Bondistranda Utvikling AS, Oslo, 992 512 741	50	50
Recognized amount is divided among the following items in the balance sheet:			Brekkeveien 5 Bolig AS, Oslo, 991 935 177	50	50
Participation in joint ventures	496	805	Byggutveckling Svenska AB, Linköping, 556627-2117	50	50
Other provisions ¹⁾	–46	–47	Express Betong AB, Halmstad, 556317-1452	50	50
Accrued expenses and deferred income ²⁾	–3	0	Fastighets AB Centur, Stockholm, 556813-6369	50	50
Total	447	758	Fastighets AB ML4, Malmö, 556786-2155	50	50
1) Refers to joint venture where the net sum of equity is negative.			Fjällvärme i Sälen AB, Malung-Sälen, 556536-1895	50	50
2) Refers to joint venture where the net sum of equity and internal profit elimination is negative.			Flöjfjellet AS, Tromsø, 915 467 407	50	–
			Fotbollsstadion i Malmö Fastighets AB, Malmö, 556727-4641	12.5	25
			HB Bergslagsgrus, Maserfrakt och Swerock, Smedjebacken, 916583-5258	–	50
			Hälsostaden i Ängelholm Holding AB, Ängelholm, 556790-5723	33.33	33.33
			ITolv AB, Eksjö, 556513-2478	35	35
			JHCS Skolfastigheter AB, Nacka, 559030-6923	50	–

Company, Registered Office, Corp. ID no.	Share percent 2015	Share percent 2014
Kaldslettneset AS, Tromsø, 911 692 058	50	–
KB Blåsut Åstorp, Stockholm, 969691-9043	50	50
KB Järnvägsstaden, Stockholm, 969681-8294	50	50
KB Älvhögsborg, Trollhättan, 916899-2734	50	50
Kirkebakken Vest AS, Horten, 988 796 174	50	50
Kungsörs Grusaktiebolag, Kungsör, 556044-4134	50	50
Ljusta Projektutveckling AB, Sundsvall, 556668-4899	50	50
Ljusta Projektutveckling KB, Sundsvall, 969700-6188	50	50
Log. Sunnanå AB, Helsingborg, 556699-7788	50	50
Log. Tostarp AB, Helsingborg, 556667-8784	50	50
Log Tostarp Två AB, Helsingborg, 559025-2259	50	–
Log Sunnanå Två AB, Helsingborg, 559023-3911	50	–
Medkila Nord AS, Harstad, 998 565 545	50	50
Mountain Resort Trysil AS, Trysil, 996 284 115	50	50
Nedre Holte AS, Harstad, 985 911 495	50	50
Nya Bara Utvecklings AB, Malmö, 556858-4311	50	50
Nyckel 0328 AB, Stockholm, 556871-6541	33.33	33.33
Nye Egne Hjem AS, Oslo, 913 624 149	50	50
PeBri Projektutveckling AB, Helsingborg, 556752-1108	50	50
Polarkanten AS, Tromsø, 994 417 657	50	50
PPE Holding AB, Solna, 559003-7304	50	–
Rewind Offshore AB, Karlstad, 556784-5978	–	24.5
Rewind Vänern AB, Karlstad, 556836-5265	–	25
Runö Fastigheter HB, Stockholm, 969723-2107	30	30
Råsta Administration AB, Solna, 556702-8682	–	20
S:t Eriks AB, Staffanstorps, 556203-4750	–	44.3
Sicklaön Bygg Invest AB, Solna, 556911-5479	50	50
Sikrenodalen AB, Stockholm, 556616-7242	50	50
Sjökrona Exploatering AB, Helsingborg, 556790-5624	25	25
Skanör Invest AB, Båstad, 556713-5743	–	50
Skiab Invest AB, Malung-Sälén, 556848-5220	50	50
Skiab Invest AS, Trysil, 915 659 454	50	–
Solligården Bolig DA, Oslo, 913 765 516	50	50
Solligården Naering AS, Oslo, 913 764 862	50	50
Stadsliden Utveckling AB, Umeå, 556874-7413	50	50
Stora Hammar Exploatering AB, Vellinge, 556763-4216	–	50
Strömstad Exploatering AB, Solna, 559002-4518	50	–
Svenska Fräs och Asfaltåtervinning SFA AB, Markaryd, 556214-7354	30	30
Sydpartner AB, Ängelholm, 556712-4952	50	50
TCL S.å.r.l., Luxemburg, 19982401227	50	50
Telemark Vestfold Utvikling AS, Skien, 987 208 279	33.4	33.4
Tomasjord Park AS, Tromsø, 983 723 853	50	50
Tornet Bostadsproduktion AB, Stockholm, 556796-2682	31	–
Tors Torn Utveckling AB, Stockholm, 556811-0836	–	50
Trysil Hotellutvikling AS, Trysil, 987 054 409	50	50
Trysil Suiter AS, Trysil, 991 276 068	50	50
Täljö Utveckling nr 4 AB, Stockholm, 556750-5069	30	30
Vardenbakken 99 AS, Oslo, 998 347 211	50	50
Visio Property Ltd, Buckingham, 3871355	50	50
Visio Utveckling AB, Solna, 556848-9032	50	–

Note 18 Joint operations

Specification of Group holdings in joint arrangements that are classified as joint operations, which are reported according to the proportional method.

Company, Registered Office, Corp. ID no.	Share in percent	Share in percent
	2015	2014
Dockan Exploatering AB, Malmö, 556594-2645	33.33	33.33
Fastighets AB Partille 11, Gothenburg, 556518-4354	–	50
Målarstrandens Utvecklings AB, Västerås, 556695-5414	44	44

Note 19 Interest-bearing receivables

Interest-bearing long-term receivables

MSEK	Group		Parent company	
	2015	2014	2015	2014
Receivables from Group joint ventures	1,877	1,481	–	28
Other interest-bearing receivables	322	182	–	0
Total	2,199	1,663	–	28

Interest-bearing current receivables

MSEK	Group		Parent company	
	2015	2014	2015	2014
Receivables from Group joint ventures	155	192	–	–
Other interest-bearing receivables	55	212	–	–
Total	210	404	–	–

Parent company

MSEK	2015	2014
Opening acquisition value	28	194
Additional receivables	–	23
Write-downs	–	–164
Settled receivables	–28	–41
Translation differences for the year	–	16
Closing balance per 31 December	–	28

Note 20 Other long-term security holdings

Group	MSEK	
	2015	2014
Available-for-sale financial assets		
Shares and participation	310	223
Holdings of unlisted funds	49	66
Unlisted shares and participation valued at purchase price	130	191
Total	489	480

Parent company

MSEK	2015	2014
Opening balance 1 January	223	289
Acquired assets	–	29
Divested assets	–	–6
Change in value	104	–113
Translation differences	–17	24
Closing balance per 31 December	310	223

Note 21 Other receivables

Other long-term receivables

MSEK	Group		Parent company	
	2015	2014	2015	2014
Receivables from joint ventures	34	57	–	–
Other long-term receivables	64	64	–	–
Total	98	121	–	–

Other current receivables

MSEK	Group		Parent company	
	2015	2014	2015	2014
Receivables from joint ventures	7	26	–	–
Other current receivables	471	406	3	5
Derivate instruments held for hedging purposes	5	10	–	–
Total	483	442	3	5

Note 22 Project and development properties

Group MSEK	2015	2014
Directly owned project and development properties	6,562	6,199
Participation in Finnish housing companies	131	150
Repurchased participation in tenant-owner's associations and similar	47	172
Other	2	2
Total	6,742	6,523

Project and development properties were written down during the year for a total of SEK 72 million (63). Loan interest of SEK 26 million (13) has been activated during the year.

Recovery

Of the booked value of project and development properties of SEK 6,742 million (6,523) some SEK 5,500 million (approximately 4,600) is expected to be recovered through the start of production or sales more than 12 months after the balance sheet day. The remaining part is expected to be recovered within 12 months of the balance sheet day.

Note 23 Inventories

Group MSEK	2015	2014
Raw materials and consumables	91	91
Products in progress	10	8
Finished products and goods for resale	262	280
Total	363	379

Note 24 Work-in-progress

At the end of the year there was work-in-progress for a total of SEK 1,010 million (1,186) in the Group referring to costs in housing projects reported according to IAS 18, Revenue.

Note 25 Accounts receivable

Accounts receivables were written down for factual and feared bad debts for a total of SEK 28 million (29). Factual bad debts amounted to SEK 8 million (31) in the Group, of which SEK 3 million were written down in 2014. The loss was a result of some of the company's customers going bankrupt. The parent company had no bad debts.

Note 26 Construction contracts

Recognized income not yet invoiced

Group MSEK	2015	2014
Recognized income on incomplete contracts	27,044	26,828
Invoiced sales on incomplete contracts	–24,851	–24,089
Total	2,193	2,739

Invoiced income not yet recognized

Group MSEK	2015	2014
Invoiced sales on incomplete contracts	37,443	45,405
Recognized income on incomplete contracts	–33,267	–41,171
Total	4,176	4,234

Recognized income from contracts in progress is reported with the application of percentage of completion method. The degree of recognition is calculated on the basis of the project costs incurred at the end of the period in relation to the project costs corresponding to the project income for the whole project.

Contract assignments are reported in the balance sheet on the basis of gross project for project, either as Recognized income not yet invoiced in current assets or as Invoiced income not yet recognized in current liabilities. Projects that have higher recognized incomes than amounts invoiced are reported as assets, while projects that have been invoiced for more than recognized income are reported as liabilities.

Note 27 Prepaid expenses and accrued income

Parent company MSEK	2015	2014
Prepaid overhead expenses	7	5
Total	7	5

Note 28 Equity

Shares and share capital

Group	A shares		B shares		Number of issued fully paid shares	Share capital, SEK
Number of issued shares 1 January 2015	34,319,957	261,729,773	296,049,730	1,583,866,056		
Total number of issued shares 31 December 2015	34,319,957	261,729,773	296,049,730	1,583,866,056		

An A share entitles the holder to 10 votes and a B share to 1 vote. The par value of all shares is SEK 5.35.

All the rights for the shares held by the company (see below) have been revoked until these shares are reissued.

Repurchased own shares that have reduced the equity item

Profit/loss brought forward including profit for the year

	Number of shares ¹⁾		Amount that affected equity, MSEK ²⁾	
	2015	2014	2015	2014
Opening repurchased own shares	1,086,984	1,086,984	929	929
Closing repurchased own shares	1,086,984	1,086,984	929	929

1) A withdrawal of 5,500,000 shares was made in 2007.

2) Amount affecting equity refers to the accumulated net sum of acquired and divested own shares.

Other contributed capital

Refers to equity contributed by the owners. Includes premiums paid in conjunction with new issues.

Reserves

Translation reserve

The translation reserve comprises all exchange rate differences generated by translating the financial reports from foreign companies presented in another currency than the one used in Group financial statements. The parent company and the Group present their reports in Swedish krona (SEK). The translation reserve also consists of exchange rate differences from extended investment in foreign business and re-borrowing from foreign operations.

Fair value reserve

The fair value reserve includes the accumulated net change of the fair value of financial assets available-for-sale until the asset has been eliminated from the balance sheet.

Hedging reserve

The hedging reserve comprises the effective part of the accumulated net changes in fair value in a hedge instrument attributable to a hedged risk in a cash flow which has as yet not affected the income statement.

Profit/loss brought forward including profit for the year

Profit/loss brought forward including profit for the year consists of profit in the parent company and its subsidiaries and joint arrangements.

Dividend

After the balance sheet day the Board of Directors proposed the following dividend; A cash dividend of SEK 2.60 (2.25) per share, totaling SEK 766,903,140 (663,666,179), was calculated on the number of registered shares. Total dividends are calculated on outstanding shares at the time of distribution. The dividend will be proposed for adoption by the AGM on 10 May 2016.

The parent company

Restricted reserves

Restricted reserves may not be impaired by the distribution of dividends.

Statutory reserve

The purpose of the reserve fund is to retain a part of the net profit which is not allocated to cover balanced losses. The reserve also includes amounts transferred to the share premium reserve before 1 January 2006.

Unrestricted equity

Together with profit for the year the following funds make up unrestricted equity, i.e. the amount available for dividends to the shareholders.

Share premium reserve

When shares are issued at a premium, i.e. when more must be paid for the shares than their nominal price, an amount equivalent to the amount received in excess of the share's nominal value is transferred to the share premium reserve. The amount transferred to the share premium reserve starting 1 January 2006 is included in unrestricted capital.

Special reserves

Refers to reserves to funds when the share capital is reduced, to be used as the AGM decides.

Fair value reserve

The company uses the Annual Accounts Act rules for the valuation of financial instruments at fair value according to chapter 4 paragraph 14a-e. A change in value is recognized in the reserve for fair value when it refers to a hedging instrument and the principles applied for hedge accounting allow for a portion or the entire change in value to be recognized in equity. A change in value caused by an exchange rate change on a monetary item which is part of the company's net investment in a foreign unit is recognized in equity.

Profit/loss brought forward

Consists of the previous year's profit/loss brought forward and profit after being reduced by paid out dividends.

Note 29 Interest-bearing liabilities

Long-term liabilities

Group	2015	2014
MSEK		
Bank loans	2,279	1,686
Bonds	650	1,348
Financial leasing liabilities	315	313
Other long-term liabilities	57	50
Total	3,301	3,397

Current liabilities

Group	2015	2014
MSEK		
Bank loans including overdraft facilities	719	1,435
Commercial paper	1,206	1,170
Bonds	999	600
Financial leasing liabilities	133	123
Liabilities to joint ventures	1	–
Other current liabilities	41	40
Total	3,099	3,368

Financial leasing liabilities

Financial leasing liabilities fall due for payment as follows:

Group	Minimum leasing charge		Interest		Capital amount	
	2015	2015	2015	2014	2014	2014
MSEK						
Within one year	140	7	133	132	9	123
Between one and five years	313	9	304	310	11	299
Later than five years	11	0	11	14	0	14
Total	464	16	448	456	20	436

Variable leasing fees were SEK 2 million (3).

For further information concerning Group financial leasing, see note 16.

Note 30 Pensions

Defined benefit pension plans

Defined benefit plans consist of the Swedish ITP Plan for Salaried Staff which is managed through insurance with Alecta, pension plans for a small number of personnel in Norway and the AFP pension in Norway. As Alecta cannot submit the information required to account for the ITP plan as a defined benefit plan, this is entered as a defined contribution plan (see below). Since the amount of the defined benefit plans in addition to Alecta's is insignificant only a few facts are given below.

Group	2015	2014
MSEK		
Present value of unfunded obligations	–	1
Present value of fully or partially funded obligations	9	9
Total present value of obligations	9	10
Fair value of plan assets	–10	–10
Net reporting of defined benefit plans recognized as interest-bearing long-term receivables	–1	0

Changes in present value of obligations for defined benefit plans

Group	2015	2014
MSEK		
Net obligations for defined benefit plans as of 1 January	10	11
Paid out remunerations	0	–2
Expenses for work during current period and interest expenses	0	0
Actuarial gains and losses	0	–8
Effects of acquiring operations	–	9
Translation differences	–1	0
Obligations for defined benefit plans as of 31 December	9	10

Changes in recognized fair value in the balance sheet for plan assets

Group	2015	2014
MSEK		
Fair value of plan assets as at 1 January	10	0
Effects of acquiring operations	–	10
Contributions from employer	1	0
Translation differences	–1	0
Fair value of plan assets on 31 December	10	10

Expenses recognized in comprehensive income

Group	2015	2014
MSEK		
Expenses recognized in the income statement	0	0
Revaluation of defined benefit pension plans in other comprehensive income	0	–8
Total net expense recognized in comprehensive income	0	–8

Historical information

MSEK	2015	2014	2013	2012	2011
Present value of defined benefit plan obligations	9	10	11	23	63
Fair value of plan assets	-10	-10	-	-8	-30
Net obligation in plan	-1	0	11	15	33

ITP 2 defined benefit plan obligations for old age pension and family pension obligations for salaried staff in Sweden are managed through insurance from Alecta. According to a statement from the Swedish Financial Reporting Board, UFR 10 Reporting pension plan ITP 2 which is financed through insurance from Alecta, this is a defined benefit plan that encompasses several employers. For the financial year of 2015 the company did not have the necessary information required to report its proportional share of the plans obligations, plan assets and expenses which has made it impossible to recognise this plan as a defined benefit plan. Therefore the ITP 2 pension plan which is secured through insurance from Alecta is reported as a defined contribution plan. Premiums for the defined benefit old age and family plans are calculated individually taking into account salary, previously earned pension and anticipated remaining employment period. Anticipated premiums for the next report period for ITP 2 insurance that are covered by Alecta amount to SEK 142 million (136). The Group's share of total premiums for the plan and the Group's share of the total number of active members of the plan are 0.66 percent (0.86) respective 0.60 percent (0.57).

The collective consolidation level is made up of the market value of Alecta's assets as a percentage of the insurance obligations calculated in accordance with Alecta's insurance methods and adjustment assumptions, which are not in accordance with IAS 19. Normally the collective consolidation level is permitted to vary between 125 and 155 percent. If Alecta's collective consolidation level is less than 125 percent or exceeds 155 measures must be taken aimed at returning the consolidation level to the normal interval. If the consolidation level is low one measure may be raising the agreed price for new subscriptions and expanding existing benefits. If the consolidation level is high one measure may be implementing premium reductions. At the end of 2015, Alecta's surplus in the form of the collective consolidation level amounted to 153 percent (143).

Defined contribution plans

The Group has defined contribution plans which are entirely paid for by the company. Payments to these plans are made on a current basis according to the rules of each plan.

MSEK	Group		Parent company	
	2015	2014	2015	2014
Expenses of defined contribution plans	550	504	24	27
<i>Of which ITP 2 plans financed in Alecta</i>	129	121	4	3

Note 31 Provisions

Provisions which are long-term liabilities

Group	2015	2014
MSEK		
Guarantee risk reserve	345	313
Re-establishment costs	96	85
Disputes	10	0
Negative shares in joint ventures	46	47
Special payroll tax on pensions	72	49
Other	23	61
Total	592	555

Provisions which are current liabilities

Group	2015	2014
MSEK		
Guarantee risk reserve	55	89
Demobilization costs	1	42
Disputes	51	18
Other	12	14
Total	119	163

Provisions which are long-term liabilities

Parent company	2015	2014
MSEK		
Special payroll tax on pensions	25	20
Total	25	20

Provisions which are long-term liabilities

Group 2015	Guarantee risk reserve	Re-establishment costs	Disputes	Negative shares in joint ventures	Special payroll tax on pensions	Other
MSEK						
Opening book value	313	85	0	47	49	61
Provisions set aside during the year	102	16	5	4	23	5
Amounts requisitioned during the year	-74	-5	0	-5	-	-47
Reversed unutilized provisions during the year	-14	0	-	-	-	-
Reclassifications	22	-	5	-	-	4
Translation difference for the year	-4	0	0	-	-	0
Closing book value	345	96	10	46	72	23

Provisions which are current liabilities

Group 2015	Guarantee risk reserve	Demobilization costs	Disputes	Other
MSEK				
Opening book value	89	42	18	14
Provisions set aside during the year	26	1	44	23
Amounts requisitioned during the year	-30	-41	-6	-9
Reversed unutilized provisions during the year	-3	-	0	-13
Reclassifications	-24	-	-5	-2
Translation difference for the year	-3	-1	0	-1
Closing book value	55	1	51	12

Guarantee risk reserve

Refers to the estimated cost of remedying faults and deficiencies in terminated projects that arise while the project is under warranty and rental guarantees. Resources are consumed during the guarantee period of the project which is generally two to five years. As the effect of the time point for payment is not significant expected future disbursements are not valued at their current value. Provisions for guarantee risks are set aside in all business areas.

Demobilization costs

In 2014 provisions were made for the cost of terminating operations connected to Northland Resources. These have been used in 2015. The remaining minor sums are attributable to Group functions.

Re-establishment costs

Refers to restoration costs for gravel pits and rock quarries after termination of operations. The provision grows in relation to the amount quarried and is reversed after restoration is complete. The reserved sum is expected to be used successively after operations are terminated. The estimated restoration time is 1 to 15 years.

Disputes

Refers to disputes in business area Construction and Industry.

Negative shares in joint ventures

Refers to shares in joint ventures with a negative consolidated value in the business area Project Development.

Others

Refers to other minor provisions.

Note 32 Other liabilities

Group MSEK	2015	2014
Other long-term liabilities		
Additional purchase price	–	3
Derivate instruments held for hedging purposes	144	171
Other liabilities	13	31
Total	157	205
Other current liabilities		
Liabilities to joint ventures	42	11
Additional purchase price	–	10
Tax at source, social security costs	169	155
VAT	424	430
On account work in progress	492	433
Derivate instruments held for hedging purposes	1	2
Other liabilities	108	93
Total	1,236	1,134
Parent company MSEK	2015	2014
Other current liabilities		
Tax at source	3	3
Other liabilities	4	4
Total	7	7

Note 33 Accrued expenses and deferred income

Parent company MSEK	2015	2014
Accrued payroll expenses	28	26
Accrued social security expenses	16	15
Accrued overhead expenses	4	4
Total	48	45

Note 34 Valuation of financial assets and liabilities at fair value

Under IAS 39, Financial instruments, financial instruments are valued either at accrued acquisition value or fair value depending on which category they belong to. Classification largely depends on the purpose of the holding. Items which have been the object of valuation at fair value are listed shareholdings, different types of derivatives and unlisted funds.

The fair value of listed shareholdings and share derivatives is calculated according to the closing price at the end of the accounting period. The fair value of the Group's shares in unlisted funds is based on the valuation received from the managing institute. The valuation belongs to level 3 in the fair value hierarchy. However, the Group does not have access to the information about the input data used by the

institute for the valuation and therefore no information about such data is given.

When calculating the fair value of interest-bearing receivables and liabilities and interest rate swaps, future cash flow were discounted to the listed market interest for the remaining terms of maturity. Spot rates on the balance sheet date were used to calculate the value of currency swaps. The booked value of non-interest-bearing asset and liability items such as accounts receivable and accounts payable with a remaining maturity of less than six months is believed to reflect the fair value. The adjacent tables show the reported values compared with the estimated fair value per type of financial asset and liability.

Group	Financial assets valued at fair value via the income statement		Derivatives used in hedge accounting		Financial assets available-for-sale		Accounts and loan receivables		Other financial liabilities		Total recognized value		Total fair value	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
MSEK														
Financial assets														
Other securities held as fixed assets					489	480					489	480	489	480
Interest-bearing long-term receivables							2,199	1,663			2,199	1,663	2,205	1,690
Other long-term receivables							90	106			90	106	90	106
Accounts receivable							6,435	6,110			6,435	6,110	6,435	6,110
Interest-bearing current receivables							210	404			210	404	211	404
Deferred expenses and accrued income							22	20			22	20	22	20
Other current receivables	5	10					287	234			292	244	292	244
Current holdings							8	20			8	20	8	20
Liquid funds							865	792			865	792	865	792
Total financial assets	5	10	-	-	489	480	10,116	9,349	-	-	10,610	9,839	10,617	9,866
Financial liabilities														
Interest-bearing long-term liabilities									3,301	3,397	3,301	3,397	3,306	3,401
Other long-term liabilities			144	171					13	34	157	205	157	205
Interest-bearing current liabilities									3,099	3,368	3,099	3,368	3,099	3,372
Accounts payable									3,980	3,837	3,980	3,837	3,980	3,837
Accrued expenses and deferred income									98	146	98	146	98	146
Other current liabilities			1	2					114	102	115	104	115	104
Total financial liabilities	-	-	145	173	-	-	-	-	10,605	10,884	10,750	11,057	10,755	11,065
Unrealised profit/loss ¹⁾							2	19						

1) In those cases where there is a difference between booked value and fair value the disclosure concerning fair value belongs to level 3 in the fair value hierarchy.

The effect of valuing financial instruments at fair value was included in the Group's profit for a total of SEK 4 million (10). Fair value of currency swaps was included for a total of SEK 4 million (10).

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Parent company MSEK	Financial assets available-for-sale		Accounts and loan receivables		Other financial liabilities		Total recognized value		Total fair value	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
Financial assets										
Other securities held as fixed assets	310	223					310	223	310	223
Interest-bearing long-term receivables				28				28		28
Accounts receivable			1	1			1	1	1	1
Current receivables Group companies			1,263	1,019			1,263	1,019	1,263	1,019
Liquid funds			8				8		8	
Total financial assets	310	223	1,272	1,048	-	-	1,582	1,271	1,582	1,271
Financial liabilities										
Long-term liabilities Group companies					6,465	6,061	6,465	6,061	6,465	6,061
Accounts payable					24	20	24	20	24	20
Current liabilities Group companies					992	690	992	690	992	690
Total financial liabilities	-	-	-	-	7,481	6,771	7,481	6,771	7,481	6,771
Unrealised profit/loss ¹⁾										

Fair value

Measurement of fair value is based on a three-level hierarchy.

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

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

Level 3: based on inputs unobservable to the market

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

Group MSEK	Level 1		Level 2		Level 3		Total	
	2015	2014	2015	2014	2015	2014	2015	2014
Financial assets								
Other securities held as fixed assets	310	223			49	66	359	289
<i>Whereof shareholding in listed company</i>	310	223					310	223
<i>Whereof investment in a unlisted fund</i>					49	66	49	66
Other current receivables			5	10			5	10
<i>Whereof currency swaps</i>			5	10			5	10
Total financial assets	310	223	5	10	49	66	364	299
Financial liabilities								
Other long-term liabilities			144	171			144	171
<i>Whereof interest rate swaps</i>			137	169			137	169
<i>Whereof commodity hedge</i>			7	2			7	2
Other current liabilities			1	2			1	2
<i>Whereof currency swaps</i>			1	2			1	2
Total financial liabilities	-	-	145	173	-	-	145	173

Parent company MSEK	Level 1		Level 2		Level 3		Total	
	2015	2014	2015	2014	2015	2014	2015	2014
Financial assets								
Other securities held as fixed assets	310	223					310	223
<i>Whereof shareholding in listed company</i>	310	223					310	223
Total financial assets	310	223	-	-	-	-	310	223

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

Group MSEK	Other securities held as fixed assets ¹⁾	
	2015	2014
Opening balance	66	53
Investments during the year	13	5
Dividends received	-50	-1
Reported in profit for the year ²⁾	28	1
Reported in other comprehensive income	-8	8
Closing balance	49	66

1) Refers in its entirety to an investment in an unlisted fund. The holding is classified as financial assets available for sale and is valued at fair value through other comprehensive income.

2) Reported in net financial items.

Note 35 Financial risks and financial policy

Finance and treasury

The Group is exposed to various types of financial risks through its operations. The term financial risk refers to fluctuations in the company's profits and cash flow resulting from changes in exchange rates, interest rates, refinancing and credit risks. Group finance and treasury is governed by the financial policy established by Peab's Board of Directors. The policy is a framework of guidelines and regulations in the form of a risk mandate and limitations in finance and treasury. The Board has appointed a finance and treasury committee which is chaired by the Chairman of the Board. It is authorised to make decisions that follow the financial policy in between meetings of the Board. The finance and treasury committee must report any such decisions at the next meeting of the Board. The Group Function Finance and treasury and the Group's internal bank Peab Finans AB manage coordination of Group finance and treasury. The overall responsibility of the Finance and Treasury function is to provide cost-effective funding and to minimise the negative effects on Group profit due to the price of financial risks.

The liquidity risk refers to the risk of Peab having difficulties in meeting its payment obligations as a result of a lack of liquidity or problems in converting or receiving new external loans. To ensure access to liquid funds binding credit facilities are contracted. The Group has a rolling one-month liquidity plan for all the units in the Group. Plans are updated each week. Group forecasts also comprise liquidity planning in the medium term. Liquidity planning is used to handle the liquidity risk and the cost of Group financing.

The objective is for the Group to be able to meet its financial obligations in favorable and unfavorable market conditions without running into significant unforeseen costs. Liquidity risks are managed centrally for the entire Group by the central Finance and Treasury function and the liquidity available at the year-end is presented below.

Available liquid funds

Group	2015-12-31	2014-12-31
MSEK		
Liquid funds and bank holdings	873	812
Unutilized overdraft facilities	1,080	1,240
Other unused credit lines	3,000	4,700
Total	4,953	6,752

The financial policy dictates that Group net debt should mainly be covered by loan commitments that mature between 1 and 7 years. At the end of the year, the average loan period for utilized credits was 35 months (30), for unutilized credits 25 months (18), and for all granted credits 31 months (25). In 2015 Peab refinanced its basic financing, a credit facility totaling SEK 5,000 million with a new credit facility of SEK 4,000 million with better terms. The new contract runs until September 2018 with the option to extend it one plus one year. This loan facility is supplemented by capital market financing, other kinds of short-term operations financing, project-related credits and financial leasing. The loan agreements contain financial covenants in the form of interest coverage ratios and equity/assets ratios that the Group must meet, which is standard for this kind of loan. Peab exceeded the key ratios by a broad margin at the end of the year.

Peab set up a lending program for commercial papers in 2004. Under the program, Peab can issue commercial papers for a maximum of SEK 3.5 billion. The borrower is Peab Finans AB and the guarantor is Peab AB. At the end of the year, Peab had outstanding commercial papers worth SEK 1,206 million (1,170).

In February 2012 Peab received FSA approval and registration for the issue of Medium Term Notes (MTN) with a loan limit of SEK 3 billion. In 2015 new bond loans were issued for SEK 300 million (-) under the MTN program while bond loans of SEK 599 million (489) matured during the year. At the end of the year Peab had outstanding bonds with a nominal value of SEK 1,649 million (1,950).

Total credit commitments, excluding unutilized leasing lines, the unutilized part of the certificate program and the unutilized part of MTN-program amounted to SEK 10,481 million (12,802) per 31 December 2015. Of the total credit commitments SEK 6,400 million (6,765) was utilized.

Age analysis of financial liabilities, undiscounted cash flow including interest

Group 2015 MSEK	Currency	Average interest rate on balance sheet date, %	Nominal value, original currency	Amount SEK	Matures 2016	Matures 2017	Matures 2018	Matures 2019	Matures 2020	Matures 2021-
Bank loans	NOK	3.7	162	155	130	1	10	6	8	-
Bank loans	EUR	1.9	78	710	375	69	4	4	3	255
Commercial paper	SEK	0.3	1,207	1,207	1,207	-	-	-	-	-
Bonds	SEK	1.7	1,690	1,690	1,025	360	104	201	-	-
Financial leasing liabilities	SEK	1.7	366	366	6	23	6	5	28	298
Financial leasing liabilities	NOK	1.9	107	102	5	6	20	16	19	36
Financial leasing liabilities	EUR	1.7	2	20	3	1	16	-	-	-
Total interest-bearing financial liabilities				6,592	2,878	531	1,752	361	205	865
Accounts payable	SEK	-	3,469	3,469	3,469	-	-	-	-	-
Accounts payable	NOK	-	402	384	384	-	-	-	-	-
Accounts payable	EUR	-	14	127	127	-	-	-	-	-
Other liabilities	SEK	-	191	191	177	9	2	-	-	3
Other liabilities	NOK	-	15	14	14	-	-	-	-	-
Other liabilities	EUR	-	2	20	20	-	-	-	-	-
Interest rate swaps	SEK	-	-	173	72	59	30	11	1	0
Total non-interest bearing financial liabilities				4,378	4,263	68	32	11	1	3
Total financial liabilities				10,970	7,141	599	1,784	372	206	868

Group 2014 MSEK	Currency	Average interest rate on balance sheet date, %	Nominal value, original currency	Amount SEK	Matures 2015	Matures 2016	Matures 2017	Matures 2018	Matures 2019	Matures 2020-
Bank loans	SEK	1.9	2,329	2,329	1,389	541	124	142	68	65
Bank loans	NOK	3.4	311	327	260	30	1	16	10	10
Bank loans	EUR	2.1	70	666	190	78	7	7	7	377
Commercial paper	SEK	1.3	1,172	1,172	1,172	–	–	–	–	–
Bonds	SEK	2.6	2,026	2,026	641	1,029	357	–	–	–
Financial leasing liabilities	SEK	2.3	344	344	87	92	148	8	5	5
Financial leasing liabilities	NOK	2.3	98	103	30	26	19	14	8	5
Financial leasing liabilities	EUR	2.2	1	10	3	3	3	–	–	–
Total interest-bearing financial liabilities				6,977	3,772	1,799	659	187	98	462
Accounts payable	SEK	–	3,174	3,174	3,174	–	–	–	–	–
Accounts payable	NOK	–	503	529	529	–	–	–	–	–
Accounts payable	EUR	–	14	134	134	–	–	–	–	–
Other liabilities	SEK	–	201	201	186	10	2	–	–	3
Other liabilities	NOK	–	23	24	24	–	–	–	–	–
Other liabilities	EUR	–	6	57	38	19	–	–	–	–
Interest rate swaps	SEK	–	–	179	57	52	37	20	5	8
Total non-interest bearing financial liabilities				4,298	4,142	81	39	20	5	11
Total financial liabilities				11,275	7,914	1,880	698	207	103	473

Interest rate risk

The interest rate risk is the risk that Peab's cash flow or the value of financial instruments may vary with changes in market interest rates. The interest rate risk can result in changes in fair values and cash flows. A crucial factor affecting interest rate risk is the fixed interest period. On 31 December 2015, interest-bearing net debt amounted to SEK 3,118 million (3,886). Total interest-bearing liabilities amounted to SEK 6,400 million (6,765), of which SEK 3,099 million (3,368) were short-term. The financial policy dictates that the average fixed interest period on total borrowing may not exceed 24 months. Peab has

chosen short fixed interest periods for outstanding credits. Per 31 December 2015 there were interest rate swaps of SEK 2,850 million (3,350) with maturity between 0 and 6 years at an effective interest rate of 2.2 percent (2.3) according to the table below. Peab pays a fixed annual interest rate and receives floating rates (Stibor 3 months) for the interest rate swap. The swap agreement is recognised at fair value on the balance sheet date. Per 2015-12-31 this fair value was SEK –137 million (–169).

Interest rate derivatives

MSEK	Currency	Effective rate %	Amount SEK	Matures 2015	Matures 2016	Matures 2017	Matures 2018	Matures 2019	Matures 2020	Matures 2021-
Interest rate swaps 2015-12-31	SEK	2.2	2,850	–	600	850	1,150	–	250	–
Interest rate swaps 2014-12-31	SEK	2.3	3,350	500	600	850	1,150	–	250	–

As the table below shows, the fixed interest period for SEK 4,150 million (3,415) of the Group's total interest-bearing liabilities, including derivatives, is less than 1 year. Interest-bearing asset items totaling SEK 842 million (1,933) have short fixed interest periods, with the result that the fixed interest period for SEK 2,435 million (1,482) of Group net debt, including derivatives, is less than 1 year, making these liabilities directly susceptible to changes in market interest rates. Since the majority of the financial liabilities have a short maturity most of the interest rate risk is considered a cash flow risk. For further information see the sensitivity analysis on page 39 in the Board of Directors' report.

Loan period for utilized credit per 31 December 2015

Fixed interest period	Amount, MSEK	Average effective interest rate, percent	Share, percent
2016	6,400	1.3	100
2017-	0	–	0
Total	6,400	1.3	100

Fixed interest rate period on utilized credits, including derivatives per 31 December 2015

Fixed interest rate period	Amount, MSEK	Average effective interest rate, percent	Share, percent
2016	4,150	2.5	65
2017-	2,250	2.2	35
Total	6,400	2.4	100

Currency risks

The currency risk that fair values and cash flows from financial instruments may fluctuate with changes in the value of foreign currencies is referred to as a currency risk.

Financial exposure

Group borrowing is done in local currencies to reduce currency risks in operations. Assets and liabilities in foreign currency are translated at the rate on the balance sheet date. Borrowing in the interest-bearing liabilities per 31 December 2015, including leasing but excluding currency derivatives, was allocated as follows:

	2015-12-31		2014-12-31	
	Local currency in millions	MSEK	Local currency in millions	MSEK
SEK	5,456	5,456	5,727	5,727
EUR	77	702	66	626
NOK	253	242	392	412
Total		6,400		6,765

Internal loans from Peab Finans AB are used to handle temporary liquidity needs in Peab's foreign operations. Currency swaps are used to eliminate exchange risks. Currency swaps usually run less than three months. Currency swaps are reported at fair value in book closing and value changes are reported as unrealized exchange rate differences in the income statement and as current receivables and liabilities in the balance sheet. At the end of the year, there were EUR 32 million (39) in outstanding currency swaps relating to financial exposure. Of the currency swaps referring to financial exposure EUR 32 million (28) are a hedge for the shareholding in Lemminkäinen Oyj. Exchange rate differences in net financials items from financial exposure were SEK –23 million (–13). Exchange rate differences in operating profit were SEK 1 million (–4).

Exposure of net assets in foreign currency

The translation exposure arising from investments in foreign net assets is primarily hedged through loans in foreign currency or forward exchange contracts. At the end of 2015 hedges in forward exchange contracts in EUR for foreign net assets in Finland were EUR 10 million (16).

Foreign net assets

Local currency in millions	2015-12-31	Of which hedged	2014-12-31	Of which hedged
NOK	922	–	950	–
EUR	28	10	39	16
PLN	3	–	6	–

A 10 percent stronger euro rate on 31 December 2015 would entail a positive translation effect on equity of SEK 16 million (22). A corresponding strengthening of the Norwegian crown would generate a positive translation effect on equity of SEK 88 million (100). The translation effects are calculated on that part of foreign net assets which are not hedged. The effects of corresponding exchange rate changes on profit for the year are limited.

Annual exchange rate differences in equity (net assets in foreign subsidiaries) amounted to SEK -155 million (16).

Commercial exposure

Although international purchases and sales of goods and services in foreign currency are currently small, they are expected to increase as the competition grows regarding purchasing goods and services. Contracted or forecasted currency flows can be hedged for 12 months from the date of the contract. At the end of the year, there were exchange rate hedges related to forecasted currency flows of EUR 6 million (10).

Since anticipated currency flows are hedged there are no transaction or translation effects on equity (other than in the hedged reserve) or in profit for the year if currency rates change.

Share price risk

Peab is exposed to share price risk through shareholding in the listed company Lemminkäinen Oyj. On closing date the total reported value of this holding was SEK 310 million (223).

Credit risk

Credit risk refers to the risk of a counterparty failing to meet their obligations.

Credit risks in financial instruments

Credit risks in financial instruments are very limited, since Peab only deals with counterparties with high credit ratings. Counterparty risks are primarily associated with receivables to banks and other counterparties involved in the purchase of derivatives. The financial policy contains special counterparty regulations which specify the maximum credit exposure for various counterparties. The framework agreement of the International Swaps and Derivatives Association (ISDA) is used with all counterparties in derivative transactions. The agreement entails that when a counterparty cannot settle its obligations in all transactions the agreement is discontinued and all outstanding dealings are then settled for a net amount. ISDA agreements do not meet the criteria for offsetting in the balance sheet.

The information in the table below shows the financial instruments covered by ISDA agreements.

Group	2015		2014	
	Financial assets	Financial liabilities	Financial assets	Financial liabilities
MSEK				
Booked gross amount	5	145	10	172
Amount covered by netting agreement	-5	-5	-10	-10
Net sum after netting agreement	0	140	0	162

Peab did not suffer any financial instrument losses in 2015. Total counterparty exposure related to derivative trading calculated as a net receivable per counterparty amounted to SEK 0 million (0) at the end of 2015. The estimated gross exposure to counterparty risks related to liquid funds and current investments amounted to SEK 873 million (812).

Credit risk in accounts receivable

The risk that Group customers cannot meet their obligations, i.e. payment is not received from customers, is a customer credit risk. Bad debts are very rare in construction since invoicing is continuous during production in most projects. The Group's customers undergo a credit rating control providing information on customers' financial positions from various credit rating companies before a project is undertaken. The Group has established a credit policy for handling customer credit. For instance, it specifies where decisions regarding credit limits of various magnitudes are taken and how uncertain receivables should be handled. Bank guarantees or other collateral are required for customers with low credit ratings or insufficient credit history. The maximum exposure to credit risk is the reported value presented in the Group balance sheet. Total bad debts amounted in 2015 to SEK 8 million (31). The credit quality in accounts receivable that are not yet due and not written down is considered good.

Age analysis, overdue not written down accounts receivable

MSEK	Booked value of receivables not written-down	
	2015	2014
Accounts receivable, not mature	5,022	4,728
Accounts receivable, overdue 0 – 30 days	508	722
Accounts receivable, overdue 31 – 90 days	466	134
Accounts receivable, overdue 91 – 180 days	155	83
Accounts receivable, overdue 181 – 360 days	38	185
Accounts receivable, overdue > 360 days	290	286
Total	6,479	6,138

Accounts receivable written down

MSEK	2015	2014
Opening balance	28	34
Reversed write-downs	-7	-16
Write-downs for the year	23	10
Translation difference	0	0
Balance carried forward	44	28

There are no mature receivables of significant amounts for other financial receivables.

Offsetting agreements

The financial instruments below are covered by a binding agreement concerning offsetting. The agreement on offsetting means that repayment of loans and the redemption of preference shares must take place at the same time. Offsets have therefore been recognized on the balance sheet.

Group	2015	2014
MSEK		
Holding of preference shares in a joint venture	2,667	2,667
Interest-bearing long-term liabilities in a joint venture	-2,667	-2,667
Total	0	0

Capital management

Peab aims to have a good capital structure and financial stability in order to provide a stable basis for continuing business activities, thereby enabling the company to keep existing owners and attract new ones. A good capital structure is also intended to promote the development of good relations with the Group's creditors in a manner which benefits all parties.

Capital is defined as Equity and refers to equity attributable to shareholders in the parent company.

Equity

MSEK	2015	2014
Share capital	1,584	1,584
Other contributed capital	2,576	2,576
Reserves	-504	-449
Retained earnings including profit for the year	4,420	4,286
Equity related to shareholders in parent company	8,076	7,997

One of Peab's financial targets is an equity/assets ratio (equity divided by the balance sheet total) in excess of 25 percent. The Board of Directors believes that this level is well suited to Peab's construction and civil engineering activities in Sweden, Norway and Finland. The target is a part of the Group's strategic planning. If the equity/assets ratio is expected to exceed this level on a permanent basis, the capital should be transferred to the shareholders in an appropriate form. The equity/assets ratio at the end of 2015 was 28.8 percent (28.2).

It is the ambition of the Board of Directors to preserve a balance between a high rate of return on equity, which can be done through increased lending, and the security and benefits associated with a higher equity ratio. Therefore, one of Peab's financial targets is a return on equity (profit for the period attributable to holders of participations in the parent company divided by the average equity attributable to holdings of participations in the parent company) in excess of 20 percent. The return on equity was 9.9 percent (13.1) at the end of 2015. The Board believes the target figure is a long-term relevant level for Peab. By way of comparison, the Group's average interest expenses on interest-bearing borrowing were 2.4 percent (3.0).

Peab's target concerning dividends is an annual distribution of at least 50 percent of profits after tax to shareholders. The level of dividends should be reasonable in relationship to developments in Peab's profit and consolidation requirements. An ordinary dividend of SEK 2,60 per share (2.25) is proposed for 2015. Calculated as a share of the Group's reported profit after tax, the proposed dividend amounts to 96 percent (65). Excluding the 1,086,984 B shares owned by Peab AB on 29 February 2016, which do not entitle to dividends, the proposed dividend is equivalent to a total dividend distribution of SEK 767 million (664). Besides the ordinary dividend, extra cash dividends may be proposed if the Board of Directors finds there are sufficient funds which are not considered necessary to Group development. Extra dividends may also be made in other forms besides cash.

At the start of 2015, Peab's holding of own shares amounted to 1,086,984 B-shares, corresponding to 0.4 percent of the total number of shares. On 13 May 2015, the Peab Annual General Meeting authorise the Board of Directors to acquire at the most the number of shares in Peab AB such that after acquisition Peab would hold a maximum of 10 percent of the registered shares in the company. During 2015 no repurchases or divestitures have taken place. The purpose of the purchase of own shares is to improve the capital structure of the company or to be used in the financing of acquisitions.

Note 36 Operational leasing contracts

Expensed leasing payments for the period:

Group	2015	2014
MSEK		
Minimum lease payments	524	571
Total leasing costs	524	571

Interminable leasing payments amount to:

MSEK	2015	2014
Within a year	406	408
Between one and five years	595	806
Later than five years	46	36
Total	1,047	1,250

Rental of premises, office inventories and some vehicles are classified as operational leasing contracts. Most of the leasing cost refers to rental of premises according to operational leasing contracts. The leasing contracts run without special restrictions with an option to renew. Other operational leasing contracts are divided among a number of lesser agreements.

Leasing income generated by objects that are rented to a third party is marginal.

Note 37 Investment obligations

In 2015, the Group signed agreements to acquire tangible fixed assets amounting to SEK 153 million (81).

At the end of both 2015 and 2014, the Group had no commitments to invest in joint arrangements.

Companies classified as joint arrangements have committed investments of SEK 1,105 million (1,073). Most of the investment obligations should be regulated in the coming financial year.

The parent company has not signed any agreements to acquire tangible fixed assets.

Note 38 Pledged assets, contingent liabilities and contingent assets

Pledged assets

MSEK	Group		Parent company	
	2015	2014	2015	2014
For own liabilities and provisions				
Real estate mortgages	804	1,916		
Floating charges	–	1		
Assets with attached lines	898	841		
Other	49	418		
Other pledged assets and guarantees				
Real estate mortgages	3	3		
Floating charges	8	8		
Total pledged assets	1,762	3,187	–	–

Contingent liabilities MSEK	Group		Parent company	
	2015	2014	2015	2014
Shared obligations as part-owner in limited partnerships	35	3	–	–
Guarantees and contracting guarantees for Group companies	–	–	13,443	14,237
Guarantee liabilities for the benefit of joint arrangements	2,188	2,441	2,188	2,441
Obligations to tenant-owners associations under construction	3,778	4,247	3,778	4,247
Obligations to tenant-owners associations for advances and operation warranties	3,464	552	3,464	552
Other guarantees and contingent liabilities	139	138	139	138
Total	9,604	7,381	23,012	21,615

Note 39 Related parties

The Group is subject to considerable influence by Mats Paulsson, Fredrik Paulsson and Anita Paulsson together with families, children and companies. Their combined votes accounted for some 58 percent of the votes in Peab AB per 31 December 2015.

Until the beginning of April 2014 Svante Paulsson and Sara Karlsson with families, children and companies were also a part of this circle with major influence in Peab. At the beginning of April 2014 they divested their entire holdings in Peab and Svante Paulsson left his position on the Board of Directors of Peab.

Wihlborgs Fastigheter/Fabege/Backahill

Transactions are included up until the time when the considerable influence on Peab ended link to above connection to Svante Paulsson and Sara Karlsson.

Skistar

The Skistar Group is subject to considerable influence by Mats Paulsson with families, children and companies through their ownership of the company. Mats Paulsson has been a member of the Board of Directors of Skistar until December 2015.

Kranpunkten

Kranpunkten is subject to considerable influence by Fredrik Paulsson with family, children and companies through their ownership of the company. Fredrik Paulsson is also CEO of Kranpunkten.

Ocay

Fredrik Paulsson was one of the major owners of Ocay up to August 2012 when he sold the majority of his share of the company. Fredrik Paulsson has been a member of the Board of Directors of Scandinavian Office Group until December 2015, which is the parent company of Ocay.

AB Axel Granlund/Volito

Karl-Axel Granlund member of the Board of Directors of Peab and has decisive influence in AB Axel Granlund/Volito together with families, children and companies.

Joint arrangements

In addition to the related parties presented below the Group has a related party relation with its joint arrangements, see note 17 and 18.

Subsidiaries

In addition to the related parties below given for the group, the parent company has a close relationship with its subsidiaries, see note 40.

Summary of transactions with related parties

Group MSEK	2015	2014
Transactions with joint arrangements		
Sales to joint arrangements	1,065	1,762
Purchases from joint arrangements	121	191
Interest income from joint arrangements	63	75
Interest costs to joint arrangements	80	125
Receivables from joint arrangements	2,203	1,869
Liabilities to joint arrangements ¹⁾	58	28
Dividends from joint arrangements	621	218
Guarantee liabilities for the benefit of joint arrangements	2,188	2,441
Transactions with Wihlborgs ²⁾		
Sales to Wihlborgs	–	6
Purchases from Wihlborgs	–	5
Transactions with Fabege ²⁾		
Sales to Fabege	–	95
Purchases from Fabege	–	23
Transactions with Backahill ²⁾		
Sales to Backahill	–	45
Transactions with Skistar		
Sales to Skistar	27	13
Purchases from Skistar	1	0
Receivables from Skistar	3	1
Transactions with Kranpunkten		
Sales to Kranpunkten	29	29
Purchases from Kranpunkten	53	57
Receivables from Kranpunkten	5	4
Liabilities to Kranpunkten	5	7
Transactions with Ocay		
Sales to Ocay	10	10
Purchases from Ocay	30	52
Receivables from Ocay	2	2
Liabilities to Ocay	2	9
Transactions with AB Axel Granlund/Volito		
Sales to AB Axel Granlund/Volito	4	12
Purchases from AB Axel Granlund/Volito	1	1
Receivables from AB Axel Granlund/Volito	1	2
Dividends to AB Axel Granlund/Volito	44	36

1) Note 35, page 83, section Offsetting agreements describes offsetting rights regarding preference shares in joint ventures and interest-bearing long-term liabilities, which have not been included in Liabilities to joint arrangements.

2) Peab has continued operations with Wihlborgs, Fabege and Backahill but above include only transactions during the time they were related parties to Peab.

Summary of transactions with related parties

Parent company	2015	2014
MSEK		
Transactions with subsidiaries		
Sales to subsidiaries	267	236
Purchases to subsidiaries	46	38
Receivables from subsidiaries	1,263	1,019
Liabilities to subsidiaries	7,456	6,751
Interest costs to subsidiaries	151	211
Dividends from subsidiaries	200	1,278
Transactions with joint arrangements		
Receivables from joint arrangements	–	28
Interest income from joint arrangements	–	2
Transactions with Ocaj		
Purchases from Ocaj	2	1
Liabilities to Ocaj	0	1
Transactions with AB Axel Granlund/Volito		
Dividends to AB Axel Granlund/Volito	44	36

Executive management

For information on salaries and other remuneration to the Board of Directors and the CEO and senior officers along with information on costs and obligations relating to pensions and similar benefits and agreements on retirement remuneration, see note 9.

Transaction terms

Transactions with related parties were priced on general market terms.

Note 40 Group companies

Company	Corp.ID.nr	Registered office	Share of equity ^(1,2)	Book value in parent company, MSEK	
				2015	2014
Peab Finans AB	556552-1324	Båstad	100.0%	1,616	1,616
Peab Sverige AB	556099-9202	Båstad	100.0%	3,622	3,622
Peab Sp.z.o.o	40624	Warszawa	100.0%		
Kompetenskraft i Solna AB	556737-7683	Solna	100.0%		
Kompetanskraft AS	991687971	Oslo	100.0%		
KB Muraren 135	916837-9841	Båstad	100.0%		
KB Möllevarvet	969639-7877	Båstad	100.0%		
KB Snickaren 204	969684-0975	Båstad	100.0%		
Torghuset i Värnamo AB	556607-6807	Båstad	100.0%		
Undertak- och Fasad-entreprenader Sverige AB	556058-5837	Stockholm	100.0%		
Rörman Installation & Service Sverige AB	556026-0316	Sundbyberg	100.0%		
Fastighetsförvaltningsbolaget Gasellen 2 HB	916563-4271	Stockholm	100.0%		
Olsson & Zarins Baltinvest AB	556439-3592	Uppsala	100.0%		
Kungsfiskaren Bygg & Fastighet AB	556471-2296	Stockholm	100.0%		
Kipsala Business Center	40003729343	Riga	100.0%		
Peab Construction Syd AB	556292-2368	Båstad	100.0%		
Peab Construction i Göteborg AB	556626-9089	Båstad	100.0%		
Peab Byggservice AB	556066-3675	Båstad	100.0%		
Nybyggarna i Nerike AB	556582-1146	Örebro	100.0%		
Geodells Byggnads AB	556396-4187	Järfälla	100.0%		
Peab Fastigheter i Växjö AB	556716-6664	Båstad	100.0%		
Peab Ugglarp AB	556094-5072	Båstad	100.0%		
HälsingeBygg i Hudiksvall AB	556624-4025	Hudiksvall	100.0%		
Vårby Fastighets AB	556703-4771	Båstad	100.0%		
Peab Exploatering AB	556129-8562	Stockholm	100.0%		
Berg och Falk AB	556602-3064	Ödeshög	100.0%		
BEFAB Schakt AB	556555-2287	Mjölby	100.0%		
Peab Sverige AB, dansk filial	1595622	Fredrikshavn	100.0%		
Mora-Orsa Byggtjänst AB	556624-6160	Solna	100.0%		
Byggtjänst i Offerdal AB	556835-9755	Solna	100.0%		
Peab Boarp AB	556715-0247	Båstad	100.0%		
Malmööket AB	556709-6713	Båstad	100.0%		
Malmööket Ekonomisk Förening	769614-7821	Båstad	100.0%		
KB Bråmaregården 18:4	969638-3364	Kristianstad	100.0%		
Peab Infra Oy	2303725-2	Helsinki	100.0%		
Peab Bostadsproduktion AB	556554-6487	Båstad	100.0%		
AB Alingsås Tråhus	556576-5194	Alingsås	100.0%		
Norrberga Exploaterings AB	556809-1846	Solna	100.0%		
Fastighets AB Partille 11	556518-4354	Gothenburg	100.0%		
Partille 11 Bostad Holding AB	556958-4146	Gothenburg	100.0%		
Partille 11 Bostad 4B AB	556960-0256	Gothenburg	100.0%		
Partille 11 Bostad BR 1 AB	556960-0330	Gothenburg	100.0%		
Partille 11 Bostad BR 2 AB	556960-0348	Gothenburg	100.0%		
Partille 11 Bostad BR 3 & 4 AB	556960-0355	Gothenburg	100.0%		
Partille 11 Bostad 3A AB	556960-0363	Gothenburg	100.0%		
Partille 11 Bostad 3B AB	556960-0371	Gothenburg	100.0%		
Partille 11 Bostad 4A AB	556960-0389	Gothenburg	100.0%		
Partille Port Holding AB	556960-0264	Gothenburg	100.0%		
Fastighets AB Partille Port 3	556960-0272	Gothenburg	100.0%		
Fastighets AB Partille Port 4	556960-0280	Gothenburg	100.0%		
Peab Anläggning AB	556568-6721	Båstad	100.0%	462	381
Berg & Våg Maskin AB	556130-4972	Salem	100.0%		
Skillingenäs AB	556587-0192	Båstad	100.0%		
Peab Drift & Underhåll AB	556569-4386	Stockholm	100.0%		
Stockholms Hammentreprenad AB	556036-9133	Stockholm	100.0%		
Linje & Kabelplöjning i Borlänge AB	556487-3098	Borlänge	100.0%		
Olof Mobjer Entreprenad AB	556445-1275	Båstad	100.0%		
West Wind AB	556615-7797	Solna	100.0%		
G Nilsson Last & Planering i Ranseröd AB	556236-0908	Båstad	100.0%		
BEFAB Entreprenad Mjölby AB	556595-7452	Linköping	100.0%		
Peab Industribyggnad i Norr AB	556851-7121	Båstad	100.0%		

Company	Corp.ID.nr	Registered office	Share of equity ¹⁾²⁾	Book value in parent company, MSEK		Company	Corp.ID.nr	Registered office	Share of equity ¹⁾²⁾	Book value in parent company, MSEK	
				2015	2014					2015	2014
Peab Anlegg AS	913 502 566	Oslo	100.0%			Stadiogatans Lokalutyrning AB	556141-1736	Båstad	100.0%		
Peab Prosjekt i Nord ANS	913 935 047	Oslo	100.0%			Norraviken Exploaterings AB	556245-3356	Båstad	100.0%		
Peab Oy	1509374-8	Helsinki	100.0%	488	488	Vejby Transport & Miljø AB	556240-2742	Ångelholm	100.0%	1	1
Kehitysyhtiö Pyyrikki Oy	2214064-5	Helsinki	100.0%			Peab Support AB	556061-1500	Stockholm	100.0%	55	55
Peab AS	990 040 729	Oslo	100.0%	605	538	Peab Support AS	998 622 670	Oslo	100.0%		
Björn Bygg AS	943 672 520	Tromsø	100.0%			Peab Support Oy	2586326-7	Helsinki	100.0%		
Firkanten Eiendom AS	982 794 520	Harstad	100.0%			Peab Försäkrings AB	556511-5408	Båstad	100.0%	1,370	1,370
Nilsen & Haukland AS	986 359 168	Harstad	100.0%			Birsta Fastigheter AB	556190-3765	Helsingborg	100.0%	60	60
Bogstrand AS	996 043 428	Harstad	100.0%			Peabskolan AB	556442-7432	Båstad	100.0%	1	1
Firkanten Utbygging AS	915 464 254	Tromsø	100.0%			Peab Norden AB	556134-4333	Båstad	100.0%	7	7
Peab Eiendomsutvikling AS	987 099 011	Oslo	100.0%			Peab Skandinavien AB	556568-8784	Båstad	100.0%	0	0
ANS Solliggården	957 524 346	Oslo	100.0%			Flygstaden Intressenter i Söderhamn AB	556438-9665	Båstad	100.0%	241	241
Peab Bolig Prosjekt AS	990 892 385	Oslo	100.0%			HDWG Finans AB	556470-0184	Båstad	100.0%		
Telemark Vestfold Entreprenør AS	959 414 572	Skien	91.0%			Skånska Stenhus AB	556233-8680	Stockholm	100.0%		
Hus & Hyttebygg AS	990 347 093	Skien	100.0%			Flygstaden Intressenter i Grevie AB	556541-5360	Båstad	100.0%		
K.Nordang AS	936 574 696	Stranda	90.1%			Peab Projektutveckling AB	556715-0254	Båstad	100.0%	6	4
Byggservice & Vedlikhold AS	986 346 384	Bærum	100.0%	-	68	Peab Bostad AB	556237-5161	Stockholm	100.0%		
Peab Invest AS	981 704 665	Oslo	100.0%	256	256	Peab BU Holding 2 AB	559036-7396	Stockholm	100.0%		
Peab Industri AB	556594-9558	Båstad	100.0%	2,588	2,588	Peab Jakten 1 AB	559036-7347	Solna	100.0%		
Peab Industri Växtorp AB	556232-8368	Båstad	100.0%			Peab Riksten 1 AB	559036-7354	Solna	100.0%		
Peab Industri Sverige AB	556594-9624	Ångelholm	100.0%			Peab Riksten 2 AB	559036-7461	Solna	100.0%		
Lambertsson Sverige AB	556190-1637	Båstad	100.0%			Peab Riksten 3 AB	559036-7453	Solna	100.0%		
Lambertsson Kran AB	556543-5293	Båstad	100.0%			Peab Riksten 4 AB	559036-7446	Solna	100.0%		
KB Muraren 105	916837-9544	Möndal	100.0%			Stockholms Kommersiella Fastighets AB	556105-6499	Stockholm	100.0%		
Krantorp KB	969623-0540	Möndal	100.0%			Stora Hammars Exploatering AB	556763-4216	Vellinge	100.0%		
ATS Kraftservice AB	556467-5998	Båstad	100.0%			Hatteskår AB	556874-6936	Båstad	100.0%		
ATS Tjänster AB	556501-1011	Helsingborg	100.0%			Peab Projektutveckling Väst AB	556092-9852	Gothenburg	100.0%		
Hagström i Nås AB	556377-1376	Vansbro	100.0%			Peab Trading Väst AB	556594-9590	Gothenburg	100.0%		
Swerock AB	556081-3031	Helsingborg	100.0%			Lambel AB	556577-8890	Gothenburg	100.0%		
Swerock Uppsala AB	556031-3289	Uppsala	100.0%			Smögen Exploatering AB	556090-5472	Båstad	100.0%		
AB Uppsala Grus	556206-6281	Uppsala	100.0%			Peab Borås Exploatering AB	556651-7727	Båstad	100.0%		
Rådasand AB	556042-8699	Lidköping	100.0%			Kreaton AB	556644-5010	Gothenburg	100.0%		
Peab Transport & Maskin AB	556097-9493	Örkelljunga	100.0%			Peab Holding Väst AB	556900-2586	Gothenburg	100.0%		
AB Roler	556100-0729	Örebro	100.0%			Kompligens Fastigheter AB	556691-2555	Båstad	100.0%		
Ferdigbetong AS	987 013 117	Tromsø	100.0%			KB Klagshamn Exploatering	916563-4412	Båstad	100.0%		
Gryttby Grus och Sand AB	556846-9323	Uppsala	100.0%			Peab Trading Nord AB	556715-4827	Solna	100.0%		
Skandinaviska Byggelement AB	556034-2148	Helsingborg	100.0%			Fastighetsbolaget Pollaren AB	556715-5337	Solna	100.0%		
Lättklinkerbetong AB	556239-1721	Alingsås	100.0%			H2 Helsingborg AB	556544-1986	Båstad	100.0%		
P Andersson Fastighet 1 i Mälardalen AB	556824-5624	Helsingborg	100.0%			Fastighets AB Ekudden	556628-0326	Alingsås	100.0%		
Peab PGS AB	556428-5905	Båstad	100.0%			Entreprenad AB	556644-1308	Alingsås	100.0%		
Peab Asfalt AB	556098-8122	Båstad	100.0%			Husgruppen i Alingsås KB	969728-7887	Gothenburg	100.0%		
Bodenus AB	556279-8768	Boden	100.0%			Peab i Kungsbacka 8 AB	556789-7466	Gothenburg	100.0%		
Pionjären Fastighets AB	556114-9773	Boden	100.0%			Peab i Kungsbacka 9 AB	556791-4493	Gothenburg	100.0%		
Kvalitetsasfalt i Mellansverige AB	556537-5432	Västerås	100.0%			Kista Gärd 3 Parkering AB	556938-3648	Solna	100.0%		
Peab Asfalt Norge AS	994 628 577	Oslo	100.0%			Fastighetsbolaget Måsbodarna Tre AB	556691-9907	Solna	100.0%		
Peab Grundläggning AB	556154-7364	Båstad	100.0%			Telge Peab AB	556790-5889	Södertälje	100.0%		
Nordisk Fundamentering AS	996 217 981	Oslo	100.0%			Peab Trading Öst AB	556778-8749	Stockholm	100.0%		
Peab Bildrift Norden AB	556707-8380	Helsingborg	100.0%			Fastighets AB Isolatorn	556913-9644	Solna	100.0%		
Peab Bildrift Sverige AB	556313-9608	Helsingborg	100.0%			Perioden Fastighets AB	556832-7919	Solna	100.0%		
Peab Bildrift Norge AS	892 890 692	Skedsmo	100.0%			Enavallens Fastighets AB	556734-0871	Enköping	100.0%		
Peab Vagnpark AB	556234-0371	Båstad	100.0%			Peab Trading Solna AB	556793-1554	Solna	100.0%		
Swecem AB	556919-5760	Helsingborg	100.0%			KB Messingen	916837-9817	Stockholm	100.0%		
Peab Industri Norge AS	990 609 527	Oslo	100.0%			Fastighets AB Spelhagen	556795-0992	Solna	100.0%		
Lambertsson Norge AS	985 129 738	Skedsmo	100.0%			DGV i Enskede AB	556750-3791	Stockholm	100.0%		
Kranor AS	976 313 062	Slemmestad	100.0%			ATS Service AB	556707-9719	Sigtuna	100.0%		
Rolf Olsens vei 30/32 AS	990 285 624	Oslo	100.0%			Hanbjelken AB	556699-4306	Solna	100.0%		
Peab Industri Finland AB	556687-9226	Helsingborg	100.0%			Furuspecialen i Nyköping Fastighets AB	556695-9986	Solna	100.0%		
Peab Industri Oy	1509160-3	Helsinki	100.0%			Eldslundfastigheter Sverige AB	556750-2165	Linköping	100.0%		
Lambertsson Oy	0937993-4	Helsinki	100.0%			Råsta Arenabostäder AB	556789-3002	Solna	100.0%		
Annehem Fastigheter AB	556683-4452	Båstad	100.0%	22	222	Råsta Köpcenterbostäder AB	556789-2921	Solna	100.0%		
Annehem Fastigheter & Projekt AB	556715-5220	Båstad	100.0%			Peab Hermelinen AB	556872-5633	Stockholm	100.0%		
Fastighets AB Skeppsdockan i Malmö	556563-0711	Ångelholm	100.0%	0	0	Peab Racketen AB	556721-1635	Stockholm	100.0%		
Valhall Flyg AB	556718-8593	Ångelholm	100.0%			Peab Söderbymalm 3:405 AB	556722-0735	Stockholm	100.0%		
Valhall Flyg KB	969724-7865	Ångelholm	100.0%	0	0	Centrumhuset i Sigtuna AB	556961-9769	Solna	100.0%		
Br Paulsson Peab AB	556113-4114	Båstad	99.9%	157	157						

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Company	Corp.ID.nr	Registered office	Share of equity 1)2)	Book value in parent company, MSEK	
				2015	2014
Ångström & Mellgren AB	556592-6895	Västerås	100.0%		
Norrvikens Fastigheter AB	556703-1470	Stockholm	100.0%		
Peab Markutveckling AB	556949-4437	Solna	100.0%		
Peab BU Holding 1 AB	559019-1846	Solna	100.0%		
Peab Målet 2 i Nyköping AB	559025-3836	Solna	100.0%		
Peab Målet 3 i Nyköping AB	559025-3844	Solna	100.0%		
Peab Målet 4 i Nyköping AB	559025-3851	Solna	100.0%		
Peab Hyllie Allé AB	559033-0543	Solna	100.0%		
Peab i Valla AB	559019-1853	Solna	100.0%		
Peab Alp Lodge AB	559019-1903	Solna	100.0%		
Peab Innovation H AB	559019-2497	Solna	100.0%		
Åkanten Smedstabäcken AB	559019-1929	Solna	100.0%		
Peab Etage AB	559019-1895	Solna	100.0%		
Paletten i Valla AB	559019-1887	Solna	100.0%		
Valla Tegelbrännaren AB	559019-1879	Solna	100.0%		
White Campus Corner AB	559019-1861	Solna	100.0%		
Peab Råsunda Holding AB	559030-7723	Solna	100.0%		
Visio Exploatering AB	556570-7030	Solna	100.0%		
Peab Fastighetsutveckling AB	556824-8453	Båstad	100.0%		
Peab FU Holding 6 AB	556649-9116	Båstad	100.0%		
Båråmo i Värnamo AB	556713-7871	Båstad	100.0%		
Peab Invest Oy	1773022-9	Helsinki	100.0%		
Property Gardener Oy	2558819-7	Helsinki	100.0%		
Kiinteistö Oy Eventos II	1582860-1	Esbo	100.0%		
Kiinteistö Oy Mallanpuisto	1580499-2	Esbo	100.0%		
Kiinteistö Oy City Garden	2625235-3	Tammerfors	100.0%		
Peab Fastighetsutveckling Sverige AB	556825-9856	Båstad	100.0%		
Peab Utveckling Nord AB	556341-7228	Båstad	100.0%		
Peab Ågaarena 1 AB	556741-8552	Solna	100.0%		
Peab Ågaarena 2 AB	556741-8560	Solna	100.0%		
Peab Exploateraarenastaden AB	556741-8586	Solna	100.0%		
Peab Drivaarena AB	556741-8578	Solna	100.0%		
Peab Högsbo AB	556594-4583	Gothenburg	100.0%		
Peab Hem AB	556077-8499	Båstad	100.0%		
Peab Fågelbärsvägen AB	559011-5613	Solna	100.0%		
Peab Fabriksgatan AB	556963-9825	Solna	100.0%		
Peab Brämregården AB	556781-6698	Båstad	100.0%		
Peab Kastanjeparken AB	556059-0910	Båstad	100.0%		
Annehem Hylliecentrum AB	556683-4478	Båstad	100.0%		
Annehem Bygg & Projekt AB	556699-8430	Båstad	100.0%		
Peab Bad AB	556870-3564	Solna	100.0%		
Pebri Glumslöv AB	556758-6853	Helsingborg	100.0%		
Pebri Glumslöv HB	969717-3335	Helsingborg	100.0%		
Åke & Clas Skoogh Holding AB	556722-9066	Kristianstad	100.0%		
Peab FU Holding 1 AB	556855-6954	Solna	100.0%		
Peab FU Måby AB	556874-6837	Solna	100.0%		
INSPI Sweden AB	556796-7970	Stockholm	100.0%		
Peab FU Sporthall AB	556901-4557	Solna	100.0%		
Peab FU Holding 3 AB	556866-8635	Solna	100.0%		
Peab FU Almnäs AB	556594-9160	Solna	100.0%		
Peab FU Visby AB	556679-4862	Solna	100.0%		
Peab FU Visby Exploatering AB	556800-9335	Solna	100.0%		
Peab FU Fartygsmekano AB	556345-8586	Solna	100.0%		
Peab FU Jupiter 11 AB	556892-3428	Solna	100.0%		
Peab FU Jupiter 4 AB	556126-0745	Solna	100.0%		
Peab FU ÖFU AB	556916-2596	Solna	100.0%		
Annehem MAH AB	556919-5752	Solna	100.0%		
Våxjö Skatan 12 AB	556914-7514	Solna	100.0%		
Peab FU Bommen AB	556928-0752	Solna	100.0%		
Peab FU Holding 2 AB	556864-4156	Solna	100.0%		
Peab Projektfastigheter AB	556202-6962	Stockholm	100.0%		
Peab Förvaltning Nyköping AB	556632-7747	Nyköping	100.0%		
Peab Park AB	556107-0003	Båstad	100.0%		
Kokpunkten Fastighets AB	556759-5094	Stockholm	100.0%		
Ångelholms Flygplats AB	556814-2896	Båstad	100.0%		
Ljungbyhed Park AB	556545-4294	Båstad	100.0%		
Ljungbyheds Golfcenter AB	556571-3012	Båstad	100.0%		
Projektfastigheter Götaland AB	556259-3540	Båstad	100.0%		

Company	Corp.ID.nr	Registered office	Share of equity 1)2)	Book value in parent company, MSEK	
				2015	2014
Skånehus AB	556547-6958	Båstad	100.0%		
Peab FU Silhouette 1 AB	556895-0116	Solna	100.0%		
Ulriksdal Utveckling AB	556509-6392	Solna	100.0%		
Riksten Friluftstad AB	556547-8764	Stockholm	100.0%		
Peab Holding AB	556594-9533	Båstad	100.0%		
Fältjägaren 1 AB	556851-7287	Östersund	100.0%		
Fältjägaren 3 AB	556851-7261	Östersund	100.0%		
Fältjägaren 4 AB	556851-7279	Östersund	100.0%		
Fältjägaren 5 AB	556851-7246	Östersund	100.0%		
Fältjägaren 7 AB	556855-7176	Östersund	100.0%		
Visborg Infanteristen 1 AB	556970-5717	Solna	100.0%		
Peab FU Rebberberga 147 AB	556470-0176	Solna	100.0%		
Peab FU Holding 4 AB	556946-9058	Solna	100.0%		
Peab FU Vintrie 1 AB	559034-8925	Solna	100.0%		
Peab FU Vintrie 2 AB	559034-8917	Solna	100.0%		
Peab FU Distansen AB	556946-9033	Solna	100.0%		
Peab FU Husbacka AB	556946-9108	Solna	100.0%		
Peab FU Spinnakern AB	556949-4338	Solna	100.0%		
Peab FU Trossen AB	556949-4304	Solna	100.0%		
Peab FU Gennakern AB	556949-4312	Solna	100.0%		
Peab FU Holding 5 AB	556979-7698	Solna	100.0%		
Peab FU Holding 7 AB	559030-7301	Solna	100.0%		
Kokpunkten Hotellfastigheter AB	559023-4026	Solna	100.0%		
Peab FU Linné AB	559023-4034	Solna	100.0%		
Annehem Hyllie point 3 AB	556762-0587	Båstad	100.0%		
Annehem Hyllie point 4 AB	556901-4565	Båstad	100.0%		
Incasec AB	556591-2267	Båstad	100.0%	0	0
Peab Grevie AB	556715-0213	Båstad	100.0%	0	0
Peab Invest Yek AB	556753-4226	Borås	100.0%		
Peab Vejby AB	556663-2682	Båstad	100.0%	50	50
Sieglo AB	556556-0595	Båstad	100.0%	169	169
Skåne Projektfastigheter AB	556471-9143	Båstad	100.0%	0	0
Lappmarken i Malmö AB	556796-2849	Båstad	100.0%		
Mauritz Larsson Byggnads AB	556036-8242	Båstad	100.0%		
Projektfastigheter Väst AB	556044-1866	Båstad	100.0%		
Peab Lokal AB	559025-6607	Solna	100.0%	0	-
Total				11,776	11,894

1) The share of capital corresponds to the share of votes.

2) Except for the Group companies acquired in 2015 (see note 5), the share of capital in 2015 corresponds to the share of capital in 2014.

Parent company

MSEK	2015	2014
Acquisition value brought forward	16,066	16,038
Paid shareholder contribution	82	28
Accumulated acquisition values brought forward	16,148	16,066
Revaluations brought forward	100	100
Accumulated revaluations carried forward	100	100
Write-downs brought forward	-4,272	-2,965
Write-downs for the year	-200	-1,307
Accumulated write-downs carried forward	-4,472	-4,272
Book value carried forward	11,776	11,894

During the year, participations in Group companies were written down by SEK -200 million (-1,307). The write-downs refer to share in dormant companies or companies with little activity where the value of the write-downs is equivalent to equity. The write-downs for the comparable year refer to shares in Peab AS for a total of SEK 187 million based on impairment tests. In the calculation of the useful value of Peab AS a pre-tax weighted discount rate of 13.1 percent has been used. Annual write-downs are reported in the income statement on the "Profit from shares in Group companies" line.

Note 41 Untaxed reserves

Parent company MSEK	2015	2014
Accumulated additional depreciation, machinery and equipment	0	0
Total	0	0

Note 42 Cash flow statement**Paid interest and dividends received**

MSEK	Group		Parent company	
	2015	2014	2015	2014
Dividends received	671	219	200	1,278
Interest received	98	116	2	3
Interest paid	-354	-450	-151	-212

Adjustments for items not included in cash flow

MSEK	Group		Parent company	
	2015	2014	2015	2014
Profit from participation in joint ventures	-24	158	-	-
Dividends received from joint ventures	621	218	-	-
Depreciation and write-downs	864	1,110	200	1,472
Unrealised exchange rate difference	11	-49	-	-16
Losses on sale of fixed assets	-47	-73	-	-2
Profit on sale of business/sub- sidiary	1	-	-	-
Provisions	47	101	5	20
Change in fair value of financial instruments	11	-16	-	-
Accrued income	-	-	-	-10
Other	2	-42	1	-
Total	1,486	1,407	206	1,464

Transactions without payments

Group MSEK	2015	2014
Aquisition of assets by financial leasing	191	133

Acquisition of subsidiaries/businesses

Group MSEK	2015	2014
<i>Acquired assets and liabilities</i>		
Intangible assets	12	65
Tangible assets	21	23
Financial assets	0	7
Deferred tax recoverables	0	1
Project and development properties and inventories	1	52
Accounts receivable and other receivables	14	43
Liquid funds	2	22
Interest-bearing liabilities	-1	-13
Deferred tax liabilities	-1	-13
Accounts payable and other current liabilities	-15	-39
	33	148
Purchase prices	33	148
Promissory note	-1	-
Paid purchase sum	32	148
Less: Liquid funds in acquired companies	-2	-22
Effect on liquid funds	30	126

Disposal of subsidiaries/businesses

Group MSEK	2015	2014
<i>Disposed assets and liabilities</i>		
Tangible assets	84	–
Accounts payable and other current liabilities	–8	–
	76	–
Sales price	75	–
Received purchase sum	75	–
Effect on liquid funds	75	–

Liquid funds

The following components are included in liquid funds:

Group MSEK	2015	2014
Liquid funds	865	792
Current holdings (equivalent to liquid funds)	8	20
Total	873	812

Note 43 Information on parent company

Peab AB is a Swedish registered limited company domiciled in Båstad. Peab AB's shares are listed on Nasdaq Stockholm. The address of the head office is Margretetorpsvägen 84, SE-269 73 Förslöv. The consolidated accounts for 2015 consist of the parent company and its subsidiaries, together referred to as the Group. The Group also includes shares of holdings in joint arrangements.

The Annual Report has been prepared in accordance with good accounting practices in Sweden and the consolidated accounts have been prepared in accordance with International Accounting Standards, stated in the regulation of the European Parliament and the Council of Ministers (EG) no 1606/2002 of July 19, 2002, concerning the application of international accounting standards. The Annual Report and the consolidated accounts give a true and fair view of the parent company as well as of the Group's position and result. The Board of Directors' report for the parent company and the Group gives a true and fair view of the parent company's and Group's business development, position and result. It also describes the major risks and uncertainty factors facing the parent company and Group companies.

Förslöv, April 6, 2016



Göran Grosskopf
Chairman of the Board



Mats Paulsson
Vice Chairman of the Board




Karl-Axel Granlund
Member of the Board



Kerstin Lindell
Member of the Board



Fredrik Paulsson
Member of the Board



Lars Sköld
Member of the Board



Nina Udnes Tronstad
Member of the Board



Patrik Svensson
Member of the Board



Kim Thomsen
Member of the Board



Jesper Göransson
Chief Executive Officer

The Annual Report and the consolidated accounts have been approved for publication by the Board of Directors and the Chief Executive Officer on April 6, 2016. The consolidated income statement and balance sheet and the parent company's income statement and balance sheet will be presented for adoption by the AGM on May 10, 2016.

Our Auditor's report was submitted on April 8, 2016

KPMG AB



Thomas Thiel

Authorized Public Accountant

Auditor's report

To the annual meeting of the shareholders of Peab AB, corp. id. 556061-4330

REPORT ON THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS

We have audited the annual accounts and consolidated accounts of Peab AB (publ) for the year 2015. The annual accounts and consolidated accounts of the company are included in the printed version of this document on pages 25 - 91.

Responsibilities of the Board of Directors and the Managing Director for the annual accounts and consolidated accounts

The Board of Directors and the Managing Director are responsible for the preparation and fair presentation of these annual accounts in accordance with the Annual Accounts Act and of the consolidated accounts in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act, and for such internal control as the Board of Directors and the Managing Director determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these annual accounts and consolidated accounts based on our audit. We conducted our audit in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the annual accounts and consolidated accounts are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts and consolidated accounts. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the annual accounts and consolidated accounts in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors and the Managing Director, as well as evaluating the overall presentation of the annual accounts and consolidated accounts.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act, and present fairly, in all material respects, the financial position of the parent company as of 31 December 2015 and of their financial performance and cash flows for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2015 and of their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards, as adopted by the EU, and in accordance with the

Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the annual meeting of shareholders adopt the income statement and balance sheet for the parent company and the group.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the proposed appropriations of the company's profit or loss and the administration of the Board of Directors and the Managing Director of Peab AB (publ) for the year 2015.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss, and the Board of Directors and the Managing Director are responsible for administration under the Companies Act.

Auditor's responsibility

Our responsibility is to express an opinion with reasonable assurance on the proposed appropriations of the company's profit or loss and on the administration based on our audit. We conducted the audit in accordance with generally accepted auditing standards in Sweden.

As basis for our opinion on the Board of Directors proposed appropriations of the company's profit or loss we examined the Board of Directors' reasoned statement and a selection of supporting evidence in order to be able to assess whether the proposal is in accordance with the Companies Act.

As basis for our opinion concerning discharge from liability, in addition to our audit of the annual accounts and consolidated accounts, we examined significant decisions, actions taken and circumstances of the company in order to determine whether any member of the Board of Directors or the Managing Director is liable to the company. We also examined whether any member of the Board of Directors or the Managing Director has, in any other way, acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Opinions

We recommend to the annual meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

Förslöv, April 8, 2016

KPMG AB



Thomas Thiel

Authorized Public Accountant

Kapellskär

Thanks to self-compacting concrete, SCC, casting becomes quicker. This frees resources and lowers costs. When using SCC there is no need to vibrate the concrete and this makes the working environment better in terms of lower noise and lesser strain injuries. Swerock's experience in casting SCC in high complex shapes such as in Kapellskär allows us to have the form print under control and still cast these constructions using half the casting time needed for conventional concrete.



Corporate governance report 2015

CORPORATE GOVERNANCE AND THE CORPORATE GOVERNANCE REPORT

Corporate governance is the decision-making systems that owners use to govern the company directly or indirectly. On the one hand these systems consist of external laws and regulations such as the Company Act and other relevant laws, the regulations for Nasdaq Stockholm issuers and the Swedish Code of Corporate Governance and on the other hand they consist of Peab's Articles of Association as well as Peab's own internal regulations and policies that the Board of Directors and executive management decide on.

The corporate governance report is not a part of the financial reports. The company's auditor read the corporate governance report and acknowledge that a corporate governance report has been drawn up and that its legally stipulated information is consistent with the annual accounts and group accounts.

SHAREHOLDERS, THE ANNUAL GENERAL MEETING AND THE NOMINATION PROCEDURE

The Annual General Meeting (AGM) is the highest decision-making organ in Peab. All shareholders can use their right to vote at the AGM. The shareholders also have the right to ask questions and have opinions about Peab's business at the AGM.

The procedure of preparing the nomination of members of the Board of Directors and the auditor for the AGM follows the nomination procedure established at the previous AGM.



The AGM was held on 13 May 2015 at Grevieparken, Grevie. It was attended by 471 shareholders, representing over 71 percent of the votes, either personally or through representatives. The AGM elected Malte Åkerström, Göran Grosskopf, Mats Rasmussen, all reelected, and Ulf Liljedahl, new election, to act as Peab's nomination committee with Ulf Liljedahl as Chairman. The nomination committee's proposals will be presented to shareholders in the notice to attend the 2016 AGM. An account of the work of the nomination committee will be available on Peab's website.

THE BOARD OF DIRECTORS AND ITS WORK

Peab's Board of Directors is ultimately responsible for the business. According to Peab's Articles of Association the Board of Directors must be made up of no fewer than five and no more than nine members in addition to the statutory employee representatives. The members of the Board of Directors are elected annually by the AGM. It was decided at the 2015 AGM that the Board of Directors should consist of seven members chosen by the AGM and the following persons were elected as members of the Board of Directors (all reelected);

- Göran Grosskopf
- Karl Axel Granlund
- Fredrik Paulsson
- Mats Paulsson
- Lars Sköld
- Kerstin Lindell
- Nina Udnes Tronstad

Göran Grosskopf was appointed Chairman of the Board by the AGM. The members of the Board of Directors elected by the shareholders are compensated in accordance with decisions taken by the AGM.

The following employee representatives were appointed by the employee unions at the 2015 AGM; Patrik Svensson, Kim Thomsen and Lars Modin (members), Torsten Centerdal and Kristina Bengtsson (deputies).

The Board of Directors held eight meetings in 2015, of which six were ordinary Board meetings (including the constitutional meeting) and two additional Board meetings, which were held per capsulam.

Members of executive management have given reports at the Board meetings. The principle company accountant was present at two Board meetings. The Board's work follows the work program adopted by the Board of Directors. The Board evaluates its work on an annual basis.

THE AUDIT COMMITTEE

Members in 2015:

- Göran Grosskopf, Chairman
- Karl-Axel Granlund
- Fredrik Paulsson
- Mats Paulsson
- Lars Sköld
- Kerstin Lindell
- Nina Udnes Tronstad

The audit committee prepares the work of the Board of Directors by ensuring the quality of company financial reports, establishing guidelines for which other services

besides auditing the company may procure from the company accountants, maintaining regular contact with the company accountant regarding the scope and focus as well as their view of company risks, evaluating the auditing work and informing the nomination committee of the evaluation and assisting the nomination committee in producing proposals for auditors and remuneration for auditing work. The auditing committee met twice in 2015. All members of the committee attended the meeting as well as the principle company accountant. The audit committee regularly reports to the Board of Directors.

THE FINANCE COMMITTEE

Members in 2015:

- Göran Grosskopf, Chairman
- Karl-Axel Granlund
- Mats Paulsson

The finance committee handles and makes decisions on financial matters in accordance with the Finance Policy established by the Board of Directors. Executive management representatives give reports to the finance committee meetings. The finance committee met six times during 2015. All members attended all meetings, except for one when the Chairman could not be present. The finance committee regularly reports to the Board of Directors.

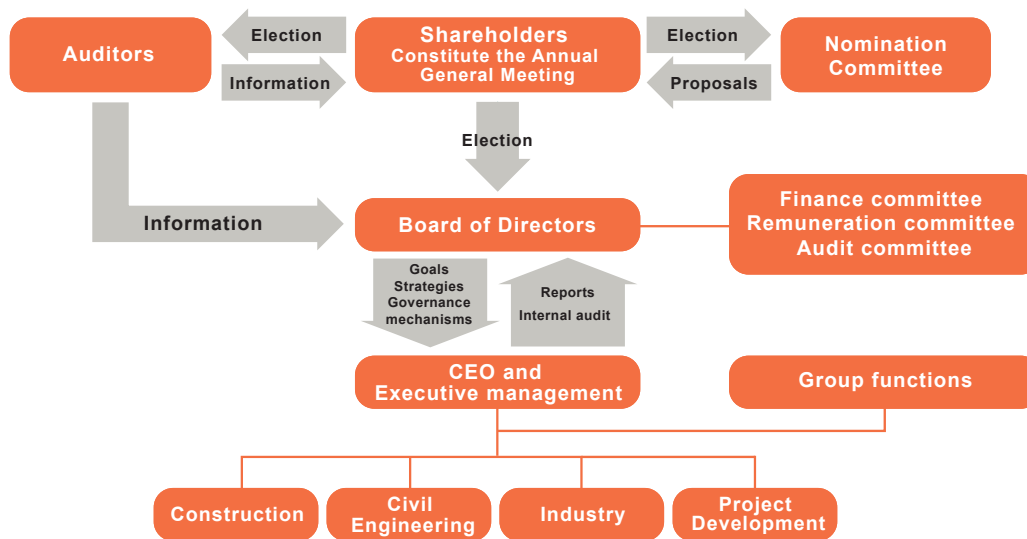
THE REMUNERATION COMMITTEE

Members in 2015:

- Göran Grosskopf, Chairman
- Karl-Axel Granlund,
- Mats Paulsson

Board meetings, attendance 2015

AGM elected members	Independent in relation to the company and executive management	Independent in relation to the major share-holders	Attendance board meetings	Audit committee	Presence audit committee	Remuneration committee	Presence remuneration committee	Finance committee	Presence finance committee
Göran Grosskopf	Yes	Yes	100%	C	100%	C	100%	C	83%
Mats Paulsson	No	No	100%	M	100%	M	100%	M	100%
Karl-Axel Granlund	Yes	Yes	100%	M	100%	M	100%	M	100%
Fredrik Paulsson	No	No	100%	M	100%				
Lars Sköld	Yes	Yes	100%	M	100%				
Kerstin Lindell	Yes	Yes	100%	M	100%				
Nina Udnes Tronstad	Yes	Yes	88%	M	100%				
Employee representatives									
Patrik Svensson, ordinary			100%						
Kim Thomsen, ordinary			25%						
Lars Modin, ordinary			100%						
Torsten Centerdal, deputy			100%						
Kristina Bengtsson deputy			100%						
C - Chairman									
M - Member									



The remuneration committee prepares guidelines and the framework for Group executives regarding salaries and other terms of employment and it provides the Board of Directors with a proposal regarding the CEO's salary and other terms, in accordance with the remuneration policy established each year by the AGM. The remuneration committee also decides the salaries and other terms for other members of executive management based on proposals from the CEO. The remuneration committee met twice in 2015. All members of the committee participated. The remuneration committee regularly reports to the Board of Directors.

REMUNERATION TO EXECUTIVE MANAGEMENT

The 2015 Annual General Meeting approved the Remuneration Policy for executive management. The remuneration policy is available on Peab's website, www.peab.se. Information about salaries and other remuneration to the CEO and members of executive management can be found in note 9 in the Annual Report, page 64 and on our website.

INCENTIVE PROGRAM

Peab has no outstanding share or share-related incentive programs for the Board of Directors or executive management.

AUDITORS

Under Peab's articles of association one or two auditors with an equal number of deputies are elected by the AGM. At the AGM in 2015 KPMG was elected the company auditor with the authorized public accountant Thomas Thiel as principle company accountant until the AGM 2016.

In addition to auditing, the accountant has only provided services for Peab in the

form of accounting and tax advisement and certain analyses in connection with acquisitions and divestments over the last three years.

EXECUTIVE MANAGEMENT

The President and CEO leads the company according to the framework established by the Board of Directors and is responsible for the administration and control of the Group. Executive management consists of the CEO, the CFO, HR Director, the Business Area Manager of Construction and COO, the Business Area Manager of Civil Engineering and Industry and the Business Area Manager of Project Development.

Executive management meetings are held once a month and address issues of strategy and tactics to improve operations. Heads of Group staff teams and other officers are called to attend meetings when needed.

BUSINESS MANAGEMENT

Executive management adopts comprehensive goals and strategies for the business in the Group business plan. This is then passed on to the business areas, regions and companies that then make their own business plans.

Peab's organization is characterized by a focus on production with a clear decentralization and delegation of authority and responsibility in order to achieve efficiency and steering in each area.

Control is ensured through a clear decision process for each kind of major decision, comprising the need for specific approval from executive management or an organ appointed by executive management. This applies to acquisitions and divestitures of project and development property, operations and other major investments as well as in procurement processes

where there are predefined levels for each position. The principles for manning boards of directors and signatories in Group companies are adopted centrally.

BUSINESS AREAS

Group operations are run in four business areas: Construction, Civil Engineering, Industry and Project Development. Each business area has a management team led by the BA Manager and consisting otherwise of operational managers in the business area and staff members. The BA Managers are responsible for running the business and for relaying sustainability work down the line organization by delegating responsibility and authorizations. BA Managers are responsible for integrating sustainability issues into everyday operations.

GROUP FUNCTIONS

The Group functions, which support both executive management and operations in the business areas, strategically and in day-to-day operations, are divided into the following teams;

- Finance and treasury
- Communication
- HR
- Production

THE SUSTAINABILITY COUNCIL

Peab Sustainability Council coordinates the overall sustainability work and creates the prerequisites for integrating sustainability work into the business. The Group CEO is the Chairman of the Sustainability Council and the other members are: COO, CFO, HR Director, Head of Communication, Head of Sustainability, General Counsel, and Head of Competence Development. The Sustainability Council met five times in 2015.

THE ETHICAL COUNCIL

Peab has an Ethical Council that consists of one representative of executive management, three from Group functions and, where applicable, the senior manager (business area manager, Group function manager or administrative manager) under whose business area the area in question belongs.

The Ethical Council's undertaking is to answer questions of an ethical nature from the business and employees, to communicate Peab's approach to ethical issues, both internally and externally, and to prepare and make decisions on issues when laws or ethical guidelines are breached. The function and work of the Ethical Council was evaluated in 2015 and the development of the function will continue in 2016.

ETHICAL GUIDELINES

Peab founded its ethical work on Peab's core values; Down-to-earth, Developing, Personal and Reliable many years ago. These core values form the basis of "Peab's Ethical Guidelines" established by executive management. We work continuously to spread and root Peab's Ethical Guidelines throughout the organization.

THE BOARD OF DIRECTORS' DESCRIPTION OF INTERNAL CONTROL AND RISK MANAGEMENT CONCERNING FINANCIAL REPORTING

Peab's Board of Directors is responsible for ensuring that there are efficient procedures for the management and control of the Group regarding financial reporting. The CEO is responsible for ensuring that internal control is organized and follows the guidelines laid down by the Board of Directors. There is a clear set of rules in the Group for the delegation of responsibility and authority which follows the Group's operative structure. Processes and tools for internal steering and control is provided and coordinated by the Group function Finance and treasury.

The Board of Directors' guidelines for internal control concerning financial reporting were laid down in the Internal Control Policy. This policy establishes the way in which the internal control of financial reporting is organized, reviewed and assessed based on the following factors;

- control environment
- risk assessment
- information and communication
- control structure
- evaluation/follow-up

The CEO has the comprehensive responsibility for an efficient control environment and good internal control in the Group. It is the responsibility of each Business Area Manager to ensure good internal control in their respective area and they need also to ensure that everyone works in accordance with the Group policies, systems and routines.

The CEO is responsible for evaluating the financial reporting at the first ordinary meeting of the Board of Directors after the end of the financial year.

The Board of Directors has assessed the need for an internal auditing department. The established control structure in Peab ensures sufficient management and control of the Group. At this time there is therefore no need for an internal auditing function in the company.

DEVIATIONS FROM THE CODE

Peab has elected to make the following deviations from the code.

Code rule 9:2

The Chairman of the Board may chair the remuneration committee.

Other members elected by the AGM must be independent in relation to the company and Group management.

Deviation

Mats Paulsson, who is a member of the remuneration committee, is not inde-

pendent in relation to the company and Group management.

Explanation of the deviation

The Board wishes to take advantage of the long and unique experience in matters of compensation for senior officers that founder and former CEO of Peab, Mats Paulsson, has. The majority of the members of the remuneration committee are independent in relation to the company and Group management and this is believed to guarantee the objectivity and independence of the remuneration committee.

AUDITOR'S STATEMENT ON THE CORPORATE GOVERNANCE REPORT To the Annual General Meeting of Peab AB (publ) Company ID nr. 556061-4330

The Board of Directors are responsible for the corporate governance report 2015 on pages 94-97 and that it has been prepared according to the Annual Accounts Act.

We have read the corporate governance report and based on this reading and our knowledge of the company and the Group we believe we have sufficient grounds for our statement. This means that our statutory review of the corporate governance report has a different focus and a much more narrow scope than compared to the focus and scope of an audit according to the International Standards on Auditing and the professional code for auditors in Sweden.

In our opinion a corporate governance report has been prepared, and its legal contents agree with the annual accounts and Group accounts.

Förslöv, April 8, 2016
KPMG AB



Thomas Thiel
Authorized Public Accountant



Board of Directors



Göran Grosskopf

Born 1945. Appointed 2004. Professor, LLD and Dr Econ
Chairman of the Boards of Peab AB, Stichting INGKA Foundation, Stichting IKEA Foundation, Stichting IMAS Foundation, Birgma Holdings (Hongkong) Ltd, ColoPlus AB, Mats Paulsson's Foundation and Medicon Village AB. Member of the Boards of Birgma International SA, Permak AB and Stichting Polar Light. Former professor of tax law and working chairman of the board of Tetra Laval Group.
Holding:
823,500 A shares
460,000 B shares



Mats Paulsson

Born 1944. Appointed 1992. Vice chairman of the Board of Peab AB.
Member of the Boards of Mentor Sverige AB, Mats Paulsson's Foundation and Medicon Village AB.
Formerly, various positions in Peab since 1959.
Holding:
13,754,910 A shares
35,255,750 B shares



Karl-Axel Granlund

Born 1955. Appointed 2000. MSc (economics), MSc (engineering)
Main owner and chairman of the Board of Volito AB.
Holding:
1,500,000 A shares
17,902,000 B shares



Kerstin Lindell

Born 1967. Appointed 2014. MSc (engineering), Ph D Polymer Chemistry, MSc (economics),
CEO of Bona AB.
Vice chairman of the Board of the Chamber of Commerce and Industry of Southern Sweden.
Member of the Boards of HMS Networks AB and Exel Composites Plc.
Holding: None



Fredrik Paulsson

Born 1972. Appointed 2009. Member of the Board and CEO of Kranpunkten i Skandinavien AB. Member of the Boards of Stichting INGKA Foundation, Stichting IKEA Foundation and Stichting IMAS Foundation.
Holding:
8,280,810 A shares
5,002,154 B shares



Lars Sköld

Born 1950. Appointed 2007. Chairman of the Boards of Kulturgastronomen AB, Södertuna Slott drift AB and Södertuna Konferensslott AB.
Formerly positions as CEO and President of STC Interfinans AB, CEO of Sveaskog AB and CEO of Klöver Fastigheter AB.
Holding:
20,000 B shares



Nina Udnes Tronstad

Born 1959. Appointed 2014. MSc (engineering),
Senior Vice President Procurement Kvaerner ASA. Member of the Boards of Trelleborg AB, Norwegian University of Science and Technology (NTNU), GIEK (The Norwegian Export Credit Guarantee Agency) and Nordox AS. Formerly positions as Group Executive of Kvaerner ASA, CEO of Kvaerner Verdal AS, Group Executive of Statoil ASA and various management positions at Statoil in Scandinavia.
Holdings: None



Patrik Svensson

Born 1969. Appointed 2007. Foreman Construction Sweden
Employee representative
Holding: None



Kim Thomsen

Born 1965. Appointed 2008. Carpenter Construction maintenance Sweden
Employee representative
Holding: None



Lars Modin

Born 1957. Appointed 2011. Project Manager Construction Sweden
Employee representative
Holding: None
Resigned from the Board of Directors Mars 21, 2016.



Torsten Centerdal

Born 1958. Appointed 2013. Asphalt layer Industry Sweden
Employee representative (deputy)
Holding: 7,000 B shares



Kristina Bengtsson

Born 1977. Appointed 2013. KMA-coordinator Construction Sweden
Employee representative (deputy)
Holding: None

The holdings reported were those on 29 February 2016. Holdings include those of spouses, children who are minors and private company holdings.

Executive management



Jesper Göransson
CEO and President
Born 1971
Employed since 1996
Holding: 427,000 B shares



Niclas Winkvist
CFO
Born 1966
Employed since 1995
Holding: 98,000 B shares



Tina Hermansson Berg
Human Resources and Safety
Born 1969
Employed since 2012
Holding: 3,200 B shares



Roger Linnér
BA Manager Construction
and COO
Born 1970
Employed since 1996
Holding: None



Karl-Gunnar Karlsson
BA Manager Civil
Engineering and BA Manager
Industry
Born 1956
Employed since 2003
Holding: 15,400 B shares



Tomas Anderson
BA Manager Project
Development
Born 1956
Employed since 1996
Holding: 35,100 B shares

Auditor

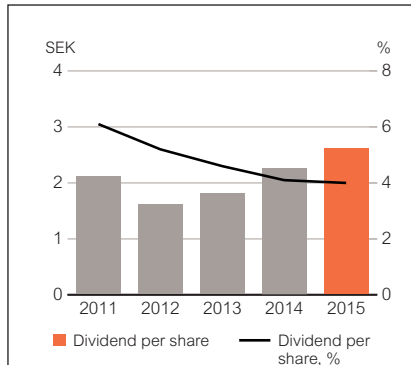


KPMG AB
Thomas Thiel
Principle company accountant
Born 1947
Authorized public accountant
Accountant at Peab AB since
2009

The holdings reported were those on 29 February 2016. Holdings include those of spouses, children who are minors and private company holdings.

The Peab share

Dividend and direct return



Peab's B share is listed on the Nasdaq Stockholm, Large Cap. As of 31 December 2015 the total market capital of Peab was SEK 19.2 billion (16.3).

TRADING IN THE PEAB SHARE

As of 30 December 2015 the last trading day of the year the closing price of the Peab B share was SEK 64.85 (54.95), which was a 18 percent increase during the year. The Swedish Stock Exchange, measured by the Affärsvärlden Index, increased in 2015 by 7 (12) percent. In 2015, the Peab B share was quoted at a maximum of SEK 74.70 (55.65) and a minimum of SEK 55 (38.89). About 136 million shares (146) were traded, which is equivalent to 540,000 shares per trading day (586,000) and a turnover rate of 51.8 percent.

TOTAL RETURN

The total return on the Peab share in 2015 amounted to 22.1 percent, to be compared to the SIX Return index of 10.4 percent. In the five-year period 1 January 2011 to 31 December 2015 the annual total return on Peab's B share amounted to 41.4 percent, to be compared to the SIX Return Index of 64.8 percent during the same period.

SHARES AND SHARE CAPITAL

The total number of shares at the beginning of 2015 was 296,049,730 divided into 34,319,957 A shares with 10 voting rights per share and 261,729,773 B shares with

1 voting right per share. The share capital amounted to SEK 1,583.9 million (1,583.9).

At the end of 2015 the number of A shares was 34,319,957 representing 11.6 percent (11.6) of capital and 56.7 percent (56.7) of the votes and the number of B shares was 261,729,773 representing 88.4 percent (88.4) of capital and 43.3 percent (43.3) of the votes. Information on share capital development over time is available at www.peab.com.

HOLDINGS OF OWN SHARES

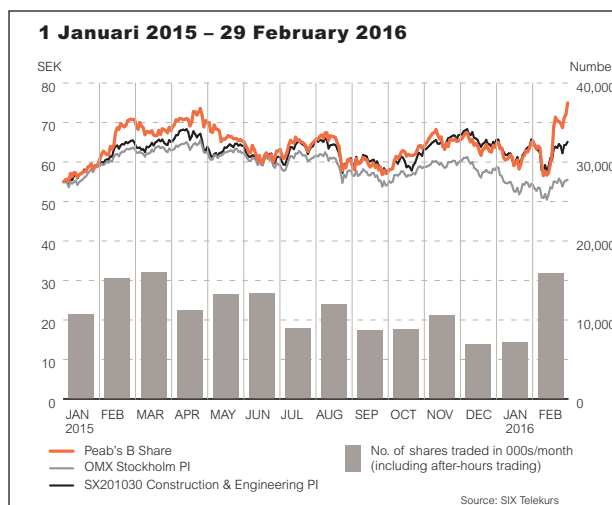
At the beginning of 2015 Peab's own B shareholding was 1,086,984 which corresponds to 0.4 percent of the total number of shares. No own shares were repurchased or divested in 2015.

DIVIDEND

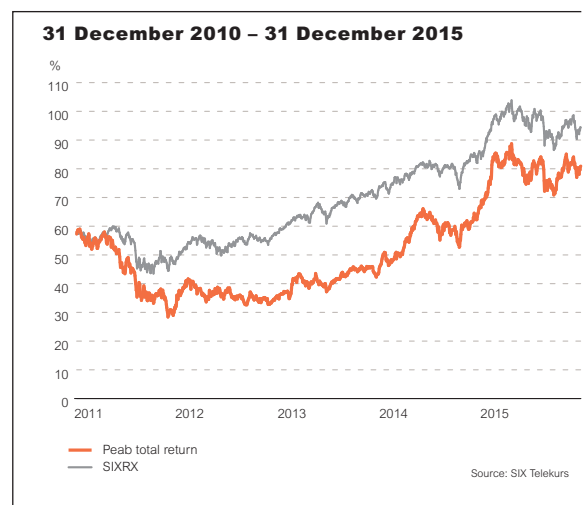
A dividend of SEK 2.60 (2.25) per share is proposed for 2015. Excluding the 1,086,984 shares owned by Peab AB per 30 December 2015, which are not entitled to dividend, the proposed dividend is equivalent to a total dividend distribution of SEK 767 million (664). Calculated as a share of the Group's reported profit for the year, the proposed dividend amounts to 96 percent (65).

The direct return calculated on the proposed dividend and at the closing price on 30 December 2015 is 4.0 percent (4.1).

Price trend of the Peab share



Peab share, total return



List of shareholders on 29 February 2016

	A shares	B shares	Total number 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	17,902,000	19,402,000	6.6	5.4
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
Carnegie Funds		9,807,091	9,807,091	3.3	1.6
Peab's profit share foundation		8,613,432	8,613,432	2.9	1.4
Kamprad family foundation		8,581,236	8,581,236	2.9	1.4
CBNY-Norges Bank		6,928,701	6,928,701	2.3	1.1
SIX SIS AG, W8IMY	823,500	4,832,754	5,656,254	1.9	2.2
Handelsbanken Funds		4,285,971	4,285,971	1.4	0.7
CBNY-DFA-INT SML CAP V		3,474,694	3,474,694	1.2	0.6
Danica Pension		3,442,916	3,442,916	1.2	0.6
JP Morgan Bank Luxembourg S.A.		3,242,247	3,242,247	1.1	0.5
Clients Account-DCS		3,100,281	3,100,281	1.0	0.5
Other shareholders	1,679,926	141,159,657	142,839,583	48.2	26.2
Number of outstanding shares	34,319,957	260,642,789	294,962,746		
Peab AB		1,086,984	1,086,984	0.4	0.2
Number of registered shares	34,319,957	261,729,773	296,049,730	100.0	100.0

Data per share

	2015	2014
Earnings, SEK	2.71	3.48
Equity, SEK	27.38	27.11
Cash flow before financing, SEK	6.06	9.50
Share price at year-end, SEK	64.85	54.95
Share price/equity, %	236.9	202.7
Dividend, SEK ¹⁾	2.60	2.25
Direct return, % ²⁾	4.0	4.1
P/E-ratio ²⁾	24	16

1) For 2015, Board of Directors' proposal to the AGM.

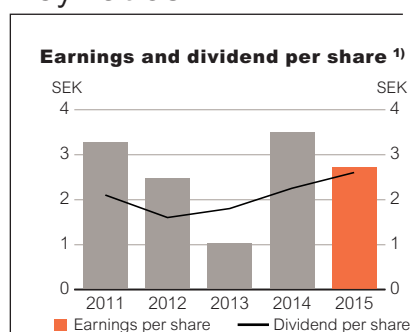
2) Based on closing price at year-end.

Allocation of shareholdings ¹⁾

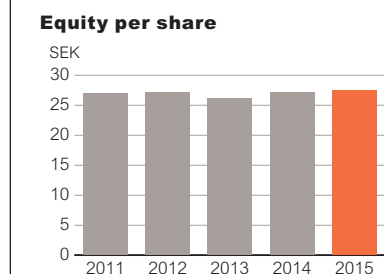
Number of shares	Number of shareholders	Proportion of capital, %	Proportion of votes, %
1- 500	19,275	1.2	0.6
501- 1 000	5,848	1.7	0.8
1 001- 5 000	7,697	6.3	3.1
5 001- 10 000	1,423	3.5	1.7
10 001- 15 000	527	2.2	1.1
15 001- 20 000	260	1.6	0.8
20 001-	724	83.5	91.9
	35,754	100.0	100.0

1) Per 2016-02-29.

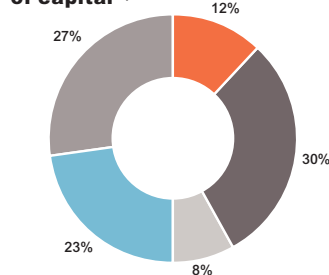
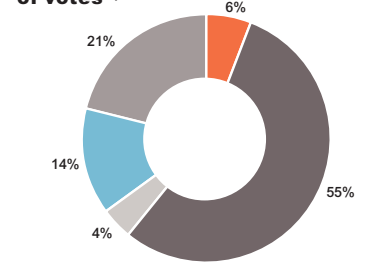
Key ratios



1) For 2015, Board of Directors' proposal to the AGM.

Shares and votes per share class ¹⁾

Share class	Number	Number of votes	Proportion of capital, %	Proportion of votes, %
A	34,319,957	10	11.6	56.7
B	261,729,773	1	88.4	43.3
Total	296,049,730		100.0	100.0

Shareholder categories, proportion of capital ¹⁾Shareholder categories, proportion of votes ¹⁾

■ Financial companies and trust funds ■ Interest organizations ■ Swedish private persons
■ Other Swedish legal entities ■ Foreign shareholders

1) Per 2016-02-29.

Group

MSEK	2015	2014	2013	2012 ^{1), 2)}	2011 ¹⁾
Income statement items					
Net sales	44,376	43,630	43,127	46,840	43,539
Operating profit	1,009	1,752	614	1,057	1,505
Pre-tax profit	906	1,230	383	815	1,195
Profit for the year	798	1,027	298	726	943
Balance sheet items					
Fixed assets	9,323	9,284	9,770	9,788	10,850
Current assets	18,718	19,101	22,135	22,287	20,499
Total assets	28,041	28,385	31,905	32,075	31,349
Equity	8,076	7,997	7,668	7,978	7,947
Non-controlling interests	0	0	0	1	0
Long-term liabilities	4,505	4,719	6,087	7,767	8,208
Current liabilities	15,460	15,669	18,150	16,329	15,194
Total equity and liabilities	28,041	28,385	31,905	32,075	31,349
Key ratios					
Operating margin, percent	2.3	4.0	1.4	2.3	3.5
Profit margin, percent	2.6	4.3	2.0	2.8	3.8
Return on equity, percent	9.9	13.1	3.8	9.2	12.1
Capital employed	14,476	14,762	16,202	16,620	17,094
Return on capital employed, percent	8.2	12.1	5.2	7.7	10.5
Equity/assets ratio, percent	28.8	28.2	24.0	24.9	25.4
Net debt	3,118	3,886	5,948	6,478	6,626
Debt/equity ratio, multiple	0.4	0.5	0.8	0.8	0.8
Interest coverage ratio, multiple	5.5	4.8	1.9	2.9	4.3
Capital expenditures					
Goodwill	-17	26	-14	14	79
Other intangible assets	5	-2	-4	2	47
Buildings and land	-94	36	0	57	-234
Machinery and equipment	627	532	261	847	1,014
Shares and participations	-210	-263	105	-487	231
Project and development properties	291	-99	265	822	273
Orders					
Orders received	37,812	31,690	34,292	38,743	37,986
Order backlog	26,991	24,922	28,164	28,056	28,378
Personnel					
Average number of employees	13,036	13,176	13,792	14,828	14,560
Data per share					
Earnings, SEK	2.71	3.48	1.01	2.47	3.26
after completed subscription and conversion	2.71	3.48	1.01	2.47	3.26
Cash flow, SEK	6.06	9.50	2.12	3.30	-3.71
after completed subscription and conversion	6.06	9.50	2.12	3.21	-3.60
Equity, SEK	27.38	27.11	26.00	27.05	26.94
after completed subscription and conversion	27.38	27.11	26.00	27.05	28.10
Share price at year-end, SEK	64.85	54.95	39.35	31.04	34.30
Ordinary dividend, SEK ³⁾	2.60	2.25	1.80	1.60	2.10
Number of shares at year-end, millions	295.0	295.0	295.0	295.0	295.0
after completed subscription and conversion	295.0	295.0	295.0	295.0	303.8
Average number of outstanding shares, millions	295.0	295.0	295.0	295.0	288.9
after completed subscription and conversion	295.0	295.0	295.0	303.0	297.7

1) Not translated according to IFRS 11, Joint Arrangements.

2) Changes have occurred in the reporting of employee benefits, for which the revised IAS 19 has been applied since January 1, 2013. Comparative figures for 2012 have been recalculated. In brief, the amendment of IAS 19 entailed that the opportunity to utilize the corridor method has been discontinued whereby actuarial gains and losses arising must be recognized directly in Other comprehensive income in the period they arise. The return on plan assets must also be calculated using the same rate as the discount rate for the pension commitment.

3) For 2015, the Board of Director's proposal to the AGM.

Financial definitions

Capital employed

Total assets at year-end less non-interest-bearing operating liabilities and provisions.

Capital employed for the business areas

Total assets reduced by deferred tax receivables and internal receivables from the internal bank Peab Finans with deductions for non-interest-bearing liabilities and deferred tax liabilities.

Cash flow per share

Cash flow per share calculated as the total of the cash flow from current operations and cash flow from investment activities divided by the average number of outstanding shares during the year.

Direct return

Dividend as a percentage of the share price at year-end.

Earnings per share

Profit for the period attributable to shareholders in parent company divided by the average number of outstanding shares during the period.

Equity/assets ratio

Equity as a percentage of total assets at year-end.

Equity per share

Equity attributable to shareholders in parent company divided by the number of outstanding shares at the end of the period.

Interest coverage ratio

Pre-tax profit items plus interest expenses in relation to interest expenses.

Net debt

Interest-bearing liabilities including provisions for pensions less liquid and interest-bearing assets.

Net debt/equity ratio

Interest-bearing net debt in relation to equity.

Operating margin

Operating profit as a percentage of net sales.

Order backlog

The value of the remaining income in ongoing production plus orders received yet to be produced.

Orders received

The sum of orders received during the year.

P/E ratio

Share price at year-end divided by earnings per share.

Profit margin

Pre-tax profit items plus financial expenses as a percentage of net sales.

Return on capital employed

Pre-tax profit items plus financial expenses as a percentage of average capital employed.

Return on equity

Profit for the period attributable to shareholders in parent company divided by average equity attributable to shareholders in parent company.

Construction related definitions

Contract amount

The amount stated in the contract for contract work excluding VAT.

Design and construct contract

Contract work where the contractor, in addition to building, is also responsible for planning the project.

Fixed price

Contract to be carried out for a fixed price without the contractor being able to alter it, unless the client makes changes to the contract or makes supplementary orders.

General contract

Contract work where the contractor carries out construction and appoints and is responsible for subcontractors on the basis of documentation provided by the client.

Partnering/Collaboration

A type of structured collaboration in the construction industry in which the developer, consultants, contractors and other key players work together to achieve a construction goal. The collaboration is founded on trust where each person's professional skills supplement the others' throughout the construction process.

The basic idea is that the developer gathers together all the expertise needed to realize the project early on. We avoid different players only being involved in the process for a limited time. In partnering/collaboration we take advantage of everyone's know-how all the time as we work together from start to finish.

PGS

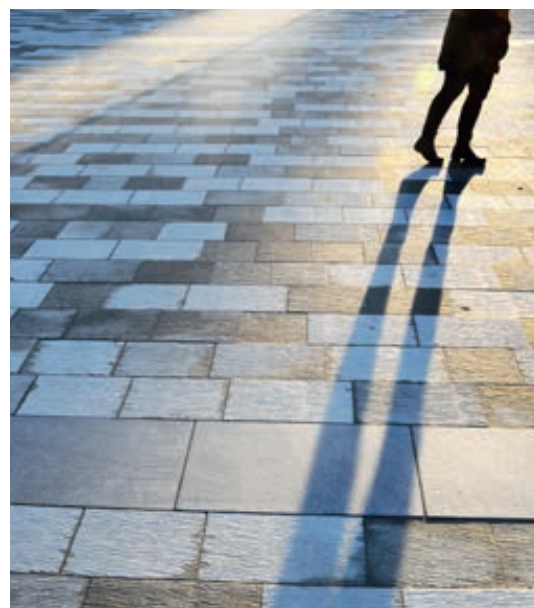
PGS stands for Peab Gemensamt System (Peab's General System) and refers to standardized construction elements manufactured in Peab's own factories or by partners. PGS means industrial construction from fabrication to final mounting.

Project and development property

Holdings of unimproved land and decontamination property for future development, real estate with buildings for project development or improvement and thereafter sales within Peab's normal operation cycle.

Project development

Finding project and development properties in the market and developing these into complete projects.



Welcome to Peab's Annual General Meeting



TIME AND LOCATION

The Annual General Meeting of Peab AB will be held at 3 p.m. on Tuesday 10 May 2016, Grevieparken in Grevie, Sweden.

NOTIFICATION

Notification of participation in the Annual General Meeting must be submitted at the latest at 2 p.m. on Tuesday 3 May 2016. Notification may be submitted by telephone to +46 431 893 50, by mail to Peab Annual General Meeting, c/o Euroclear Sweden AB, Box 7841, SE-103 98 Stockholm, or via the company's website at www.peab.com. To participate in the Annual General Meeting shareholders must be registered in the share register kept by Euroclear Sweden AB by Tuesday 3 May 2016 at the latest. Shareholders who have registered their shares in trust must have registered such shares in their own names at the latest by this date. Shareholders should request trustees to undertake such registering a few days in advance.

DIVIDEND

The Board of Directors proposes to the Annual General Meeting an ordinary dividend of SEK 2.60 per share for 2015. The proposed record day is Thursday 12 May 2016. If the Annual General Meeting approves the proposal submitted, dividends will be distributed from Euroclear Sweden AB on Tuesday 17 May 2016.

Financial information



At www.peab.com we continually provide current information on the company, financial results and how our share is developing. Financial reports and publications can be downloaded there as well. They can also be ordered by contacting: Peab AB, Margretetorpsvägen 84, SE-269 73 Förslöv or Tfn +46 431-890 00.

FOLLOW PEAB QUARTER BY QUARTER

When Peab publishes our quarterly reports we also present the financial results for the previous quarter and a description of the current situation. The link to the presentations can be found at www.peab.com/reports.

SHAREHOLDER CONTACT

Niclas Winkvist, CFO	Charlotte Hagö, CIO
Tfn +46 431-890 00	Tfn +46 431-890 00
niclas.winkvist@peab.se	charlotte.hago@peab.se

Annual calendar 2016

First Quarter Report	10 May
Annual General Meeting	10 May
Second Quarter Report	17 August
Third Quarter Report	10 November
Year-end Report	10 February 2017
Annual Report	April 2017

Analysts who follow Peab

Company	Name	Email
ABG Sundal Collier	Fredric Cyon	fredric.cyon@abgsc.se
Carnegie	Tobias Kaj	tobias.kaj@carnegie.se
Danske Bank	Jonas Andersson	jonaa@danskebank.se
DNB	Simen Mortensen	simen.mortensen@dnb.no
Handelsbanken	Albin Sandberg	alsa06@handelsbanken.se
Nordea	Niclas Höglund	niclas.hoglund@nordea.com
SEB Enskilda	Stefan Andersson	stefan.andersson@enskilda.se
Swedbank	Jan Ihrfelt	jan.ihrfelt@swedbank.se



Peab is the Nordic Community Builder with more than 13,000 employees and net sales of more than SEK 44 billion. The Group has strategically located offices in Sweden, Norway and Finland. Group headquarters are in Förslöv on the Bjäre Peninsula in Skåne. The share is listed on Nasdaq Stockholm.