

# Press Release

20 August 2013 – 7.50 a.m.

## Extensive action plan for greater profitability

- Streamlined construction operations, project development under one roof, further focus on construction systems.
- Estimated SEK 350 million in annual savings starting in 2014.
- Estimated redundancies of more than 100 white-collar workers.
- One-off costs including value adjustments for a total of SEK -920 million charge the second quarter of 2013. The effect of the result after tax is around SEK -700 million.
- One-off costs will not be included in the calculation of the dividend proposal for 2013.

**Peab streamlines its organisation – mainly in business area Construction – to strengthen focus on production and create a new work method that brings the company closer to its customers. Through greater specialization capital efficiency will improve while Group costs will be reduced - all of this to make Peab more profitable.**

### **New business area Construction**

One of Peab's four business areas, business area Construction, has been insufficiently profitable for awhile. Peab is therefore implementing extensive and essential rationalizations in its Nordic construction operations. The change entails replacing eight divisions and 30 regions with 12 regions in Sweden, two in Norway and two in Finland. The result will be a local organisation focused on customers, employees and production. In order to increase specialization, and thereby improve cost efficiency, specialized housing production regions will be created in Stockholm/Mälardalen, Gothenburg and the Öresund region. Construction maintenance operations will be run in a nationwide region concentrated to major cities. All housing development projects will be transferred to business Property Development.

Operations in Norway will be run in two regions that will be fully integrated into the management model for business area Construction. For this reason through a mutual agreement Petter Moe has stepped down as MD for Peab in Norway and has been replaced by two regional managers.

Even the operations in Finland will be run in two regions that will be fully integrated into the management model for business area Construction. Petri Suuperko, who was MD for Peab in Finland left his position earlier this year and has been replaced by two regional managers.

In addition, Peab has strengthened management in business area Construction. On 20 June Roger Linnér took over as BA Construction Manager and COO for the Group. Anders Bergeling, a Peab employee since 1998, and Peter Hårte, a Peab employee since 1997, have been appointed assistant BA Managers and share responsibility for the 12 Swedish regions.

CFO Niclas Winkvist, a Peab employee since 1995, has also been appointed acting assistant BA Manager with responsibility for the regions in Norway and Finland

### **Project development under one roof**

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

Tomas Anderson, previously BA Manager Property Development, has been appointed BA Manager Project Development. BA Project Development is divided in two units, Housing Development and Property Development. Anders Hylén, previously head of business and housing development in business area Construction has been made Housing Development Manager and Nils Olof Nilsson, previously MD of Peab PGS AB, has been made Property Development Manager. This means that business areas Construction and Civil Engineering are now solely concerned with production.

### **Further focus on construction systems**

Up until now Peab's construction system for housing production has been run in Peab PGS AB and in Skandinaviska Byggelement AB (incl. Lättklinkerbetong AB). In the new business model these units will have the same management and both will be run under business area Industry. Inge Andersson, currently MD of Skandinaviska Byggelement AB, has been made head of the integrated operations Construction Systems in business area Industry. The purpose of this coordination is to create the right conditions to further develop and reduce production costs in our construction systems and thereby meet the market's demand for cost-efficient products, in particular housing for young people.

### **Coordination in metropolises**

Three coordination managers have been appointed to optimize, rationalize and coordinate operations, regardless of business areas, in Sweden's three major cities. Tomas Anderson will be responsible for Stockholm, Peter Hårte for Gothenburg and Nils Olof Nilsson for Malmö.

### **Peab Support created**

A new Group function for internal Group services regarding financial administration, wage administration and IT management has been created. The purpose of Peab Support is to provide cost-efficient, high quality administration services on a Nordic basis.

### **Business management created**

An operative business management group has been created to support the Group in the work to carry out the above described changes and it will actively participate in implementing decisions that have been made. Business management consists of executive management, the Group's top line managers as well as the heads of the Group's support functions. Business management consists of:

#### Executive management

Jesper Göransson	President and CEO
Niclas Winkvist	CFO
Tina Hermansson Berg	HR Manager
Roger Linnér	BA Manager Construction and COO

K-G Karlsson	BA Manager Civil Engineering and Industry
Tomas Anderson	BA Manager Project Development

#### Line Managers

Peter Hårte	BA Construction
Anders Bergeling	BA Construction
Anders Jonasson	BA Civil Engineering
Magnus Bergendal	BA Civil Engineering
Peter Nilsson	BA Industry
Anders Hylén	BA Project Development
Nils Olof Nilsson	BA Project Development

#### Support functions

Marie Verneresson	Group Controller
Mikael Johansson	Head of Finance
Jan Persson	Head of Peab Support
Stefan Björck	Purchasing Manager
Niclas Brantingson	Head of Information

#### Other support functions

In addition to the five Group support functions, other support resources will be structured based on the needs in each business area and targets for Group expenses. Production related support will be placed in the regions while the business areas will provide strategic support and certain resources for business development.

The support resources currently at division level in business area Construction will be divided up among the regions, alternatively the business area, or phased out.

#### **Redundancy**

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

#### **Result effects**

SEK -920 million has been reserved in the second quarter 2013 as the operating cost for the action plan. The amount after tax is around SEK -700 million. The reservation comprises assessed redundancy costs for personnel, value corrections of project properties, an updated assessment of the project result for Tele2 Arena as well as a review of the final cost forecasts in another three projects that are almost finished. Annual savings are estimated at SEK 350 million starting in 2014. The savings will be generated by a more cost-efficient organization with lower personnel costs, the effects of greater specialization and synergies in our concept for industrial construction.

#### **Dividend distribution capacity**

Peab's financial goal is to distribute more than 50 % of the result for the year. Given the background of the above pervasive action plan to increase profitability in Peab the Board has decided that the one-off cost totalling SEK -700 million after taxes will not be included in the calculation of the dividend proposal that will be presented to the Annual General Meeting 2014.



### **Reporting**

The quarterly report for the second and third quarters of 2013 will be presented according to the previous structure. In the quarterly report for the fourth quarter of 2013 translated comparable numbers for the quarter in 2012 up to the third quarter of 2013 will be published. Peab will report according to the new structure with business areas Construction, Civil Engineering, Project Development and Industry as of the quarterly report for the fourth quarter for 2013.

*"We are now implementing a powerful action plan that will streamline our organization, primarily in business area Construction, and strengthen our focus on production as well as bring us closer to our customers. In addition, through greater specialization capital efficiency will improve while Group costs will be reduced - all of this to make Peab more profitable," says Jesper Göransson, President and CEO of Peab.*

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Peab AB discloses the information provided herein pursuant to the Securities Markets Act and/or the Financial Instruments Trading Act.

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